

British Empire

Securities and General Trust p.l.c.

Investment Objective: To achieve capital growth through a focused portfolio of investments, particularly in companies whose share prices stand at a discount to estimated underlying net asset value.

Performance

This investment management report relates to performance figures to 30 June 2015.

	Month	Financial Yr* to date	Calendar Yr to date
BTEM NAV TR¹	-4.4%	0.7%	-0.5%
MSCI ACWI Ex US TR³	-5.6%	3.5%	3.5%
Morningstar Global Growth TR¹	-4.1%	9.1%	4.6%
MSCI AC World TR¹	-5.2%	7.3%	2.1%

Manager's Comment

In a rather weak market we outperformed our benchmark due to the outperformance of our European and UK holdings, where we are substantially overweight. Notable outperformers during the month include Aker whose share price rose by 6.6%, JP Morgan Private Equity (+5.5%) and Better Capital (+7.5%). Our Canadian holdings also performed well with Dundee Corp rising 9.9% and Detour Gold up 8.1%.

Fears over the potential "Grexit" during the month of June, as well as extreme volatility in China spilled over into all markets. We used the volatility to add to companies we find very attractively priced. Most of the acquisitions were additional investments into our European names. The discount on Kinnevik has widened out to close to 25%, having been almost 10 percentage points narrower in recent months. In addition, the potential for NAV growth is extremely high as the core underlying investments such as Zalando, continue to perform well. We have added substantially to Kinnevik in recent weeks.

In Spain, Sacyr announced the full sale of Testa, its property investment business, at a 25% premium to NAV. This is a transformational deal for the company and another step towards the ultimate simplification of the conglomerate into a focussed concessions business, which should not trade at a discount to its sum of the parts. The cash from the Testa sale reduces the overall leverage of the group. The next step in the simplification process will be the sale of the stake in Repsol, which like all oil companies has been weak over the last year. Based upon the agreed sale price of Testa and the market price of Repsol, the implied valuation of the concessions business is €1.3 per share. We believe it is worth €3.4. We also added to our holding in French holding company, Wendel, where the discount remains c. 30%. We particularly like the potential for substantial growth in value from its holding in IHS which is a rapidly growing mobile phone mast business in Africa. Another round of financing was completed during the month, with Wendel adding \$109m to its \$800m holding. We anticipate a disposal or IPO of this business at some point in the next 1-2 years and see big upside potential here.

In Germany, the sale of Westgrund to Adler Real Estate completed and we received a combination of cash and shares in Adler. We have been using the cash to add to Adler on weakness, and also to invest further into our German commercial real estate play, DIC, which is trading on a 38% discount and c. 4.3% dividend yield. We think this leaves plenty of scope for a re-rating. Some of its peers such as Alstria and DO Deutsche Office are trading at more expensive levels.

We have continued to switch out of GBL in favour of its cheaper parent, Pargesa, although overall exposure to the group is lower

continued...

Major Movers

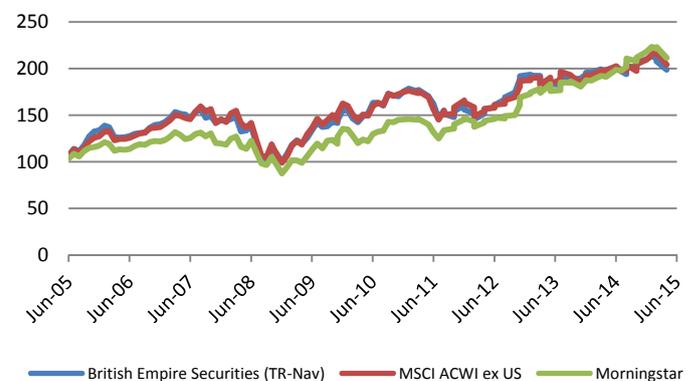
Largest Risers	Percent change	Percent of Assets
DUNDEE CORP -CL A	9.90%	2.07%
DETOUR GOLD CORP	8.13%	1.13%

Largest Fallers	Percent change	Percent of Assets
TECK RESOURCES LTD-CLS B	-14.44%	0.74%
SACYR SA	-12.11%	2.45%

Top Ten Equity Holdings

	%
Investor AB-A SHS	6.18
NB Private Equity Partners	4.30
Sofina	4.27
Jardine Matheson Hldgs Ltd	4.10
Harbourvest Global Private	4.02
Aker ASA-A Shares	3.32
Symphony International	3.09
AP Alternative Assets LP	3.04
Hitachi Ltd	3.04
Mitsui Fudosan Co Ltd	3.01
TOTAL	38.37

Performance JUN 2005 - JUN 2015



Statistics

	Value	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) TR ²	500.5	-4.3	2.8	32.1	34.5
Net Asset Value Total Return ¹	570.4	-4.4	0.5	28.8	39.6
MSCI ACWI ex US TR ³		-5.6	3.5	32.4	41.3
Morningstar Global Growth TR ³		-4.1	11.3	47.2	70.8
Annual Returns (%)	2014	2013	2012	2011	2010
Price TR ¹	8.3	5.1	17.8	-12.8	18.5
Net Asset Value TR ¹	5.2	7.6	19.6	-13.6	21.0
MSCI ACWI ex US (£)TR ³	2.6	13.6	12.2	-12.7	15.1
Morningstar Global Growth TR ³	8.0	21.6	12.7	-9.4	19.0

than previously as we have preferred to add to some of the companies described earlier.

We also added to a recent new acquisition, Toyota Industries. We find the combination of a 36% discount, strong operating performance, and the potential for corporate governance improvements, particularly attractive.

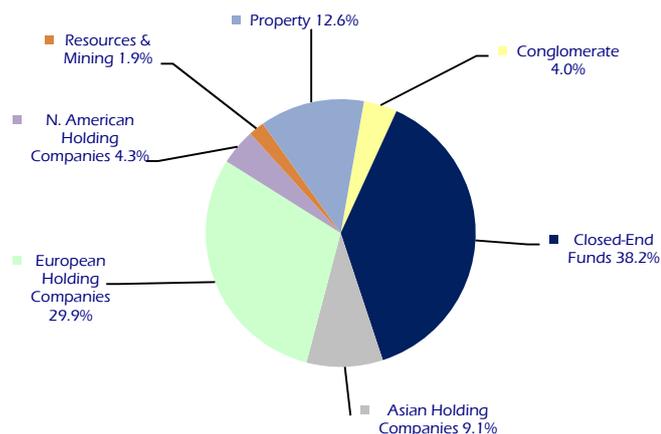
Cash at month end was c. 1.7%. We reduced Jardine Matheson by 2% over the month as we felt the upside potential for some of the European names was greater than for Jardine. The discount however, has widened back out towards the 30% level, and overall we still consider it to be attractively valued.

Within our closed end fund holdings, there were small add on investments made to Better Capital and Symphony International. We own the 2009 cell of Better Capital, where Gardner Aerospace

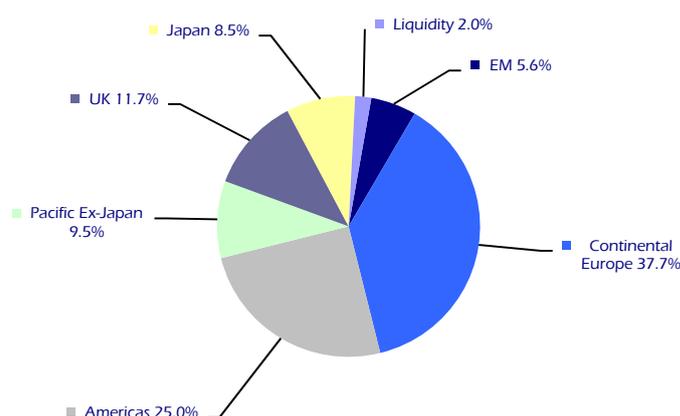
which makes up c. 50% of NAV, continues to perform very strongly and in addition, attract attention from potential acquirers of the business. With this in mind, we think the current discount of c. 16% is very compelling. A clumsy sell order saw Symphony's share price drop 12% over two days during which its underlying holdings were unchanged. We were able to add to our position at a 41% discount to NAV at what proved to be a temporarily depressed price, and were gratified to see the share price rebound quickly. We continue to see upside in Minor International, the high growth and high return-on-capital Thai-listed hotels & restaurants operator which is by far Symphony's largest holding at 45% of NAV.

During the month the weighted average discount to NAV increased to 25.1% from 23.5% one month earlier.

Sector Breakdown (% of invested assets)



Risk Region Breakdown (% of net assets)



Capital Structure

Ordinary Shares	160,014,089
8 1/8% Debenture stock 2023 [#]	£15,000,000
Shares held in Treasury	23,647,978

Gross Assets/Gearing

Gross Assets	£791mil.
Debt par value	£14.9mil.
Actual Gearing (Debt less cash divided by net asset value)	-1.7%

- 1 Source: Morningstar
 - 2 Source: Morningstar. Share price total return is on a mid-to-mid basis, with net income re-invested.
 - 3 From 1st October 2013 the lead benchmark was changed to the MSCI ACWI ex US (E) Index. The investment management fee was changed to 0.7% of net assets and the performance related fee eliminated.
- * British Empire Securities & General Trust financial year commences on the 1st October. All figures published before the fiscal results announcement are AVI estimates and subject to change.
 ** Last audited figure updated annually
 # Book Values updated annually

Further Information

Investment Manager – John Pennink and Joe Bauernfreund, AVI Ltd.

+44 20 7659 4800 info@assetvalueinvestors.com

The share price can be found under 'INVESTMENT COMPANIES' in The Financial Times, The Times, The Daily Telegraph, The Scotsman and The Evening Standard.

Information may be found on the following websites.

www.british-empire.co.uk or www.assetvalueinvestors.com

Risk Factors you should consider before investing

Investment in the British Empire Securities and General Trust plc (the "Trust") carries risks, which are more fully described in the Key Features Document. Listed below are some of the key risks:

Investors are reminded that past performance is not a guide to future performance and that their capital will be at risk and they may therefore lose some or all of the amounts that they choose to invest in the Trust.

The Trust utilises gearing techniques (leverage) which exaggerate market movements both down and up and which could mean sudden and large falls in market value.

Movements in exchange rates can impact both the level of income received and the capital value of your investment. If the currency of your residence strengthens against the currency in which the underlying investments of the fund are made, the value of your investment will reduce and vice versa.

As with all stock exchange investments the value of investment trust shares will immediately fall by the difference between the buying and selling prices.

Where investments are made in emerging market, unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, and the income from the investment.

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