

Performance

This investment management report relates to performance figures to 31 December 2015.

	Month	Financial Yr* to date	Calendar Yr to date
BTEM NAV TR¹	0.4%	5.2%	-4.7%
MSCI ACWI Ex US TR³	0.2%	6.2%	0.2%
Morningstar Global Growth TR¹	0.4%	8.0%	7.3%
MSCI ACWI TR¹	0.3%	8.1%	3.8%

Manager's Comment

The last month of 2015 saw BTEM's NAV register a gain of +0.38% after adjusting for the final dividend, slightly ahead of the +0.24% recorded for the MSCI AC World ex US benchmark and the +0.33% return from the broader MSCI AC World index. This was despite "Growth" extending its winning run over "Value" for another month, with the Growth segment of the MSCI World outperforming its Value counterpart by 41bps, and an even more pronounced differential of 173bps between the two segments in the MSCI Europe index.

The largest detractor over the month was Spanish-listed holding company, Sacyr which saw the value of its stake in Repsol fall by 17% following further falls in the oil price. Sacyr has valuable concession assets and trades on a discount of 45% to our estimate of its NAV, but these attractions are obscured by the volatility in the share price of Repsol. We expect Sacyr to sell Repsol in the event of a recovery in the oil price. Other areas of portfolio weakness included Dolphin Capital (no news), Rallye (Brazilian exposure at Casino, the French-listed food retailer), and Dundee Corp (mining exposure).

Symphony International was the largest contributor for the second month running as its discount narrowed 500bps into a still wide 42%. Sofina contributed 26bps to returns, with its strong share price performance buoyed by Euro strength. Sofina has been a consistent strong performer over an extended holding period, but we trimmed the position as its discount dipped below 30% having been as wide as 37% at the start of the year. Harbourvest Global Private Equity's ascension into the FTSE All-Share and FTSE 250 ensured it was a solid contributor to returns as index tracker buying pushed in its discount.

Sales included full exits from Power Corp of Canada and Colonial to fund more compelling opportunities elsewhere.

We added further to JP Morgan Private Equity on the basis that the c. 25% discount fails to reflect the opportunity to switch into a Redemption Share Class in Q1-16. The positions in Swire Pacific and Symphony International were also topped up. We also reinitiated a position in Hudson's Bay, the Canadian listed retail owner with assets in North America and Europe. We exited our position in May 2015 with an IRR of 34% just before the acquisition of German retailer, Galeria Kaufhof. Since then the share price has fallen by 36% as the retail environment in the US turned sour. However, we still believe the majority of the value is in the real estate assets and noise surrounding short term retail numbers has given us an opportunity to buy very good real estate assets at a 50% discount to our NAV valuation.

The three companies which provide exposure to German property (Adler, Conwert, and DIC) were amongst the strongest performers over the month contributing 0.56% to performance.

DIC is in a transitional period with a new CEO having started at the beginning of 2016. However, a portfolio sale above NAV that reduced gearing to below 60% was very much welcomed. All three trade at discounts to conservative NAV valuations with the prospect of consolidation in the sector and thus we added to Conwert and Adler over the month.

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Major Movers

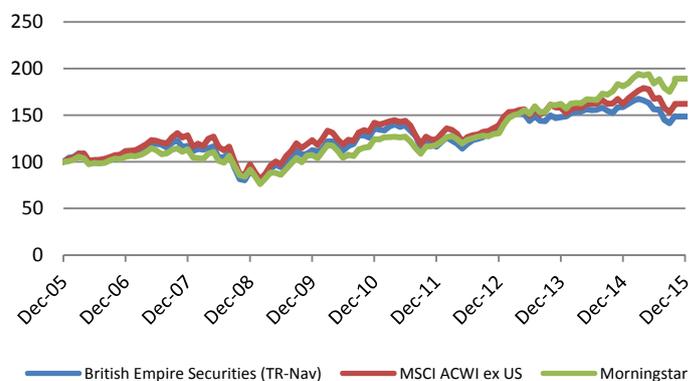
Largest Risers	Percent change	Percent of Assets
FIRST PACIFIC CO	6.64%	2.21%
SYMPHONY INTERNATIONAL HOLDI	5.84%	4.22%

Largest Fallers	Percent change	Percent of Assets
SACYR SA	-24.64%	1.08%
RALLYE SA	-19.38%	1.12%

Top Ten Equity Holdings

	%
Investor AB-A SHS	6.15
Wendel	4.80
Pargesa Holding	4.51
NB Private Equity Partners	4.43
Investment AB Kinnevik-B SHS	4.42
Symphony International	4.22
JP Morgan Private Equity	4.14
Jardine Matheson Hldgs Ltd	4.10
Sofina	3.84
Toyota Industries Corp	3.69
TOTAL	44.30

Performance DEC 2005 - DEC 2015



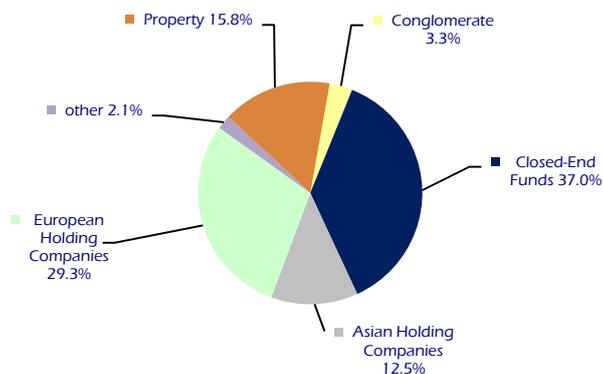
Statistics

	Value	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) TR ²	459.0	0.5	-8.6	4.0	6.8
Net Asset Value Total Return ¹	536.7	0.4	-4.7	7.9	11.4
MSCI ACWI ex US TR ³		0.2	0.2	16.8	14.5
Morningstar Global Growth TR ³		0.4	7.3	41.3	44.2
Annual Returns (%)	2015	2014	2013	2012	2011
Price TR ¹	-8.6	8.3	5.1	17.8	-12.8
Net Asset Value TR ¹	-4.7	5.2	7.6	19.6	-13.6
MSCI ACWI ex US (£)TR ³	0.2	2.6	13.6	12.2	-12.7
Morningstar Global Growth TR ³	7.3	8.0	21.6	12.7	-9.4

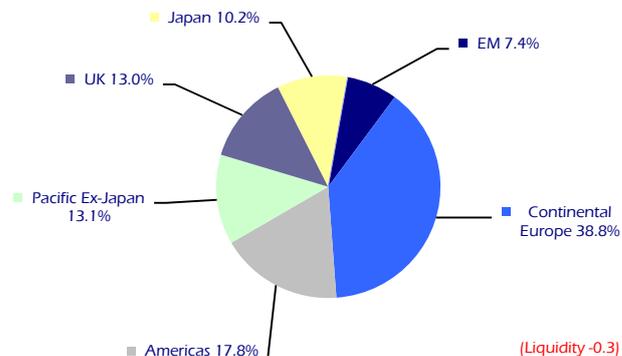
A new position was established in Riverstone Energy, a London-listed closed-end fund investing in private equity opportunities in the oil & gas sector, at a 25% discount to NAV. With 40% of NAV in dry powder, the experienced managers are extraordinarily well-placed to take advantage of the low oil price to acquire high quality assets from distressed operators. Hedges in place and exposure to gas as well as oil provide a cushion against the continuing oil price slump on the invested portion of the assets. We "held our nose" to invest in the company as part of a placing of shares at a discount to NAV, an action to which we are opposed on principle. We have since written to the Chairman advising him that the company risks trading with a permanent corporate governance discount in the event this becomes a habit.

In December, BTEM took advantage of historically low interest rates to issue fixed rate 20 year unsecured private placement notes in two tranches, £30m and €30m, at a blended annualised cost of 3.79%. This is in addition to the £15m of borrowings already in place via the 8.125% 2023 debenture.

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	27,338,268

Gross Assets/Gearing

Gross Assets	£725mil.
Debt par value	£14.9mil.
Actual Gearing (Debt less cash divided by net asset value)	0.3%

- 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 (£) 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 – 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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