

Performance

This investment management report relates to performance figures to 31 January 2016.

	Month	Financial Yr* to date	Calendar Yr to date
BTEM NAV TR¹	-4.9%	0.1%	-4.9%
MSCI ACWI Ex US TR³	-3.2%	2.8%	-3.2%
MSCI ACWI Ex US Value¹	-3.8%	0.3%	-3.8%
MSCI ACWI TR¹	-2.3%	5.5%	-2.3%
Morningstar Global Growth TR¹	-4.3%	3.9%	-4.3%

Manager's Comment

The opening month of 2016 was witness to highly volatile markets as concerns on China and global growth led markets to lurch downwards. Our benchmark index, MSCI AC World ex-US fell 3.2% with its Value segment down 3.8% (vs 2.5% for Growth) continuing the ever-stretched theme of underperformance of Value stocks. BTEM's NAV fell even further (-4.9%) due to the discount on our portfolio pushing out from 28.5% to 32.6%.

The largest detractor over the month was Kinnevik, the Swedish holding company with investments in telecoms (including Tele2 and Millicom) and e-commerce (including Zalando and Rocket Internet). Weakness in Kinnevik's listed holdings saw its NAV fall by nearly 12% with the move exacerbated by discount widening of 500bps. Sterling weakness helped mitigate some of the losses and so our position fell in value by 13.9%. We added to our holding over the month. Kinnevik's management have stated two requirements for them to buy back shares: to have net cash on the balance sheet, and for the shares to trade at a significant discount to their intrinsic value. The former test has now been met following the completion of their sale of Russian online classified business Avito, and we are sure management share our belief that the shares are undervalued given the Company's track record of generating superior NAV returns over the long term.

Other areas of weakness came from Wendel (share price -13% in GBP; discount widened from 26% to 37%), Symphony International (share price -11% in GBP; discount out from 42% to 50%), Investor AB (share price -6% in GBP; discount expanded from 18% to 23%). As these figures show, the largest detractors all experienced widening discounts. While costly over the month, we see this as a store of deferred outperformance when market sentiment improves.

Given the negative market backdrop, it was no surprise that positive contributors over the month were few and far between. Jardine Matheson bucked the trend with a +8% rise in share price (+12% in GBP) as its discount narrowed dramatically from 25% to end the month at 17%. The spread between discounts on Jardine Matheson and Jardine Strategic, which own the same assets, widened significantly. Although the former should justifiably trade more richly given its higher dividend yield, greater liquidity, and closer alignment with the controlling Keswick family, the spread became irrationally wide and we executed a partial switch into the more heavily discounted Jardine Strategic (38% discount at month-end).

As previously announced, 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. We took advantage of very weak markets to deploy most of this capital in January at prices over 20% lower than the previous market highs seen in April-15 and into a portfolio which, as mentioned above, is trading on a very wide discount continued .../...

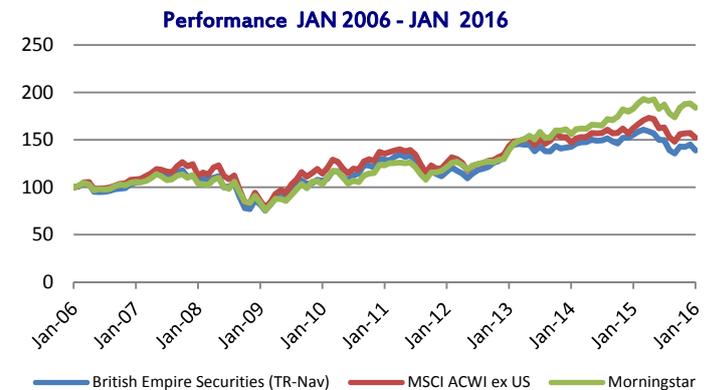
Major Movers

Largest Risers	Percent change	Percent of Assets
VIETNAM PROPERTY FUND LTD	11.63%	0.81%
JARDINE MATHESON HLDGS LTD	7.74%	4.14%

Largest Fallers	Percent change	Percent of Assets
INVESTMENT AB KINNEVIK-B SHS	-16.03%	4.81%
WENDEL	-15.78%	4.56%

Top Ten Equity Holdings

	%
Investor AB-A SHS	6.09
Pargesa Holding	4.96
NB Private Equity Partners	4.94
JP Morgan Private Equity	4.91
Investment AB Kinnevik-B SHS	4.81
Wendel	4.56
Jardine Matheson Hldgs Ltd	4.14
Symphony International	3.97
Toyota Industries Corp	3.95
Aker ASA	3.90
TOTAL	46.23



Statistics

	Value	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) TR ²	435.6	-5.1	-14.1	-7.4	-2.5
Net Asset Value TR ¹	507.6	-4.9	-11.1	-3.3	7.0
MSCI ACWI ex US TR ³		-3.2	-6.4	6.0	12.3
MSCI ACWI ex US Value ¹		-3.8	-10.4	-1.3	4.5
MSCI ACWI TR ¹		-2.3	-0.8	27.4	44.2
Morningstar Global Growth TR ³		-4.3	0.0	28.6	43.7
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
MSCI ACWI ex US Value ¹	-4.4	1.3	13.5	12.5	-12.1
MSCI ACWI TR ¹	3.8	11.2	21.1	11.7	-6.2
Morningstar Global Growth TR ³	7.2	8.8	23.1	13.9	-9.3

(widest in over three years). The look-through discount, i.e., the combined discount on BTEM's shares and on the portfolio, is at an all-time high.

We initiated one new position (a European holding company which will remain undisclosed as we are still buying), and added to 23 existing holdings. Portfolio concentration and conviction has increased with the top 10 holdings now accounting for 46% of NAV (up from 41% one year ago) and the top 30 representing 99% of NAV (vs 84% one year ago). Despite broad market weakness, we have been adding to high conviction ideas in anticipation of the very strong upside over the longer term from these rather depressed levels.

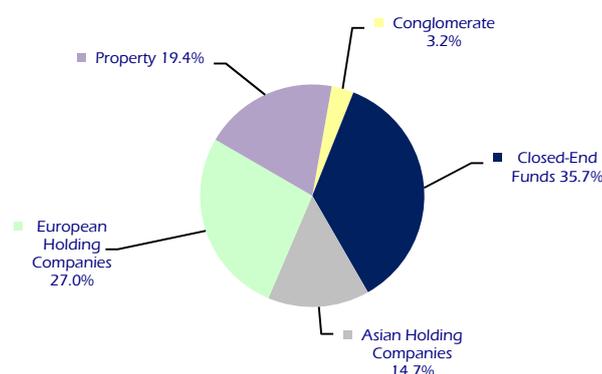
Investor AB released positive results and raised its dividend by +11% to record six years of unbroken dividend growth and a compound annual dividend growth rate over that time of 16.5%. The unlisted portfolio is now a strong source of cash-flow, with health-care company Molnycke (15% of Investor's NAV) paying a sizable distribution following a refinancing of its debt. We see Investor AB as a "best-in-class" family-controlled holding company, active and engaged in the companies in its listed portfolio and with a record of value creation at its privately-owned businesses. We cannot reconcile these attributes and the

company's annual running costs of just 15bps with the 25% discount on which the shares trade.

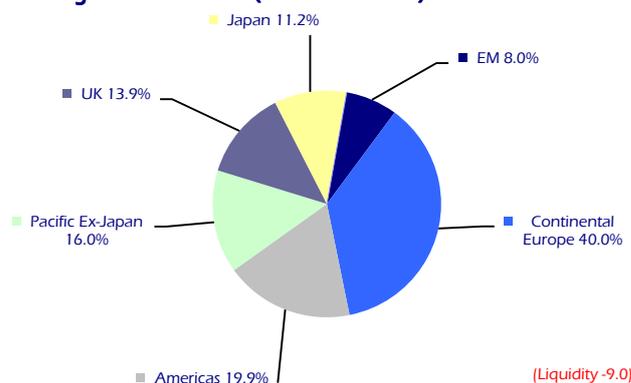
Within our holding companies in Europe, Asia, and Japan, we have now seen a price correction that leaves both valuations and discounts on compellingly attractive levels. This is a powerful platform from which they can outperform.

Looking ahead in 2016, we are excited at the number of catalysts that could see discounts eliminated or substantially narrowed in our closed-end fund portfolio. On this note, we were pleased with the announcement made by DWS Vietnam in January that our two nominated candidates would be joining the Board. This marks the nearing of the end of an 18-month campaign by AVI which has seen the management employees voted off the Board, the cancellation of treasury shares and resumption of share buybacks, and the Board and Manager announcing that open-ending proposals will be put forward to shareholders before the end of the year. The shares still trade on a 25% discount to a NAV which has significant upside potential from the 24% of the portfolio in listed securities that are at foreign ownership limits.

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	27,926,225
Loan Note A Sterling	£30,000,000
Loan Note B Euro	€30,000,000

Gross Assets/Gearing

Gross Assets	£747mil.
Debt par value	£67.8mil.
Actual Gearing (Debt less cash divided by net asset value)	9.0%

- 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.

British Empire Securities and General Trust plc, Beaufort House, 51 New Road South, Exeter, EX4 4EP. Registered in England & Wales No: 28203

All figures as at the period under review unless otherwise stated. All sources Asset Value Investors Ltd unless otherwise stated. Asset Value Investors Limited ("AVI") is authorised and regulated by the Financial Conduct Authority of the United Kingdom (the "FCA") and is a registered investment adviser with the Securities and Exchange Commission of the United States. While the Investment Manager is registered with the SEC as an investment adviser, it does not comply with the Advisers Act with regard to its non-U.S. clients. This document does not constitute an offer to buy or sell shares in the British Empire Securities and General Trust plc (the "Trust"). The contents of this message are not intended to constitute, and should not be construed as, investment advice. Potential investors in the Trust should seek their own independent financial advice. AVI neither provides investment advice to, nor receives and transmits orders from, investors in the Fund.