

Manager's Comment

BTEM had a good month with its NAV rising by 7.2%. A narrowing portfolio discount, in from 31.7% to 30.1%, strong performance from some of the largest positions in the portfolio, and continued Sterling weakness all contributed.

Aker was yet again our largest contributor. A combination of solid NAV growth (+4%), a narrowing discount (from 31% to 27%), and a strong Krone (+2.4% vs GBP) combined for a 14% return in Sterling over the month. On the last day of the month, Aker BP (which accounts for 57% of Aker's NAV) announced its maiden dividend. Aker BP was formed earlier this year through the merger of Aker's DetNorske business with BP Norway's assets, a transaction that has left the merged entity with not only exceptional growth prospects but substantial current cash-flows. The minimum dividend to be paid until first oil in 2019 at Aker BP's flagship Johan Sverdrup asset equates to an annual yield of 4.6%. The company also announced a lower than expected net debt figure, leaving a sizable \$1.5bn war-chest through which to exploit potential M&A opportunities.

JPEL Private Equity continued its march higher on the back of a narrowing discount, which now sits at 21% having been as wide as almost 30% just a couple of months ago. We view JPEL's portfolio as being well-balanced between mature legacy funds and more recent secondary direct investments. The former generate prodigious cash-flows flows (34% of opening value for the 2016 financial year) that will now be distributed to shareholders under the new realisation policy. The latter are largely high growth companies bought (and still carried) inexpensively - weighted average YoY EBITDA growth for the six months to 30-Jun-16 for the eight buyout investments in JPEL's top ten holdings was recorded at 38%, yet these same investments are carried at just 7.5x EV/EBITDA. These metrics help explain JPEL's 15% NAV growth over the last six months. JPEL's AGM in October saw the passing of a resolution permitting mandatory redemptions at NAV - this will ensure the efficient return of capital to shareholders under JPEL's realisation policy. Having recommended the appointment of Sean Hurst, an experienced closed-end fund investor, to the Board of JPEL, we were pleased to see Sean elected to the board at the AGM.

Symphony International was our third largest contributor, with its share price up +12% in GBP (+5% in traded currency, from \$0.77 to \$0.81). This had an exaggerated effect on the discount, which narrowed 420bps, due to a 2% fall in Symphony's NAV. The death of King Bhumibol Adulyadej, Thailand's highly revered monarch, hit the stock market as well as the currency. Symphony's largest investment, hotels and restaurants group Minor International, was not immune from the sell-off and was at one point down as much as 6.4% on the month before recovering to end the month just 1.3% down. While the situation in Thailand currently remains calm, there are understandable fears that the King's death may presage further upheaval given the country's history of political instability. While this cannot be ruled out, Minor International is a high quality business that has shown remarkable resilience to trade robustly through various crises in the last 15 years including SARS, the Tsunami, multiple coups and terrorism.

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Other material contributors included NB Private Equity Partners, Mitsui Fudosan, AP Alternative, Vietnam Phoenix Fund (formerly known as DWS Vietnam), Kinnevik, Toyota Industries, and Riverstone Energy.

NB Private Equity Partners' discount continued to grind tighter with NAV growth aided by an IPO of its top holding, an equity co-investment in Extraction Oil & Gas (XOG) made alongside Yorktown Partners. XOG, which owns land in the Colorado DJ Basin, accounted for 2.7% of NBPE's NAV prior to its listing which came at a price equating to a near-70% uplift over carrying value. XOG then traded up further with the share price at month-end representing an 86% increase over carrying value. Aside from the obvious benefit of an increase in NAV, this transaction also serves to highlight the conservative nature of valuations in NBPE's portfolio.

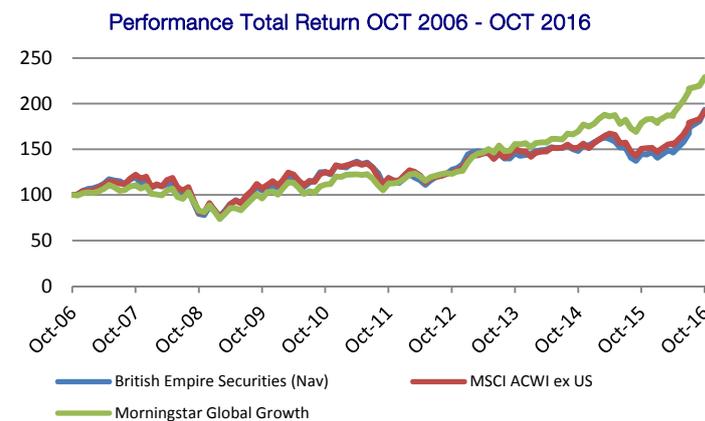
XOG's listing was the first IPO of a US E&P company in two years, and was 12x oversubscribed. This shows there is pent-up demand for those select E&P operators active in low-cost basins who are able to achieve positive returns from drilling at current spot prices. Riverstone Energy's portfolio,

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 Total Return

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

	Month	Financial Yr* to date	Calendar Yr to date
BTEM NAV ¹	7.2%	7.2%	33.4%
MSCI ACWI Ex US ³	4.9%	4.9%	26.5%
MSCI ACWI Ex US Value ¹	7.0%	7.0%	28.7%
MSCI ACWI ¹	4.6%	4.6%	27.1%
Morningstar Global Growth ¹	3.2%	3.2%	20.7%



Top Ten Equity Holdings

Holding	%
Aker ASA	7.9
AP Alternative Assets	6.6
Wendel	6.0
Investor AB-A SHS	5.9
JPEL Private Equity	5.3
NB Private Equity Partners	5.2
Vietnam Phoenix Fund	5.0
Symphony International	5.0
Investment AB Kinnevik - B SHS	4.9
Pargesa Holding	4.6
TOTAL	56.4

32% exposed to the Permian Basin and 39% to Western Canada, is particularly well placed to benefit from this demand. Riverstone's Q3 portfolio valuations saw significant write-ups in its Three Rivers holding (Permian Delaware Basin, +124%) and in its largest position, CIOC (Western Canada, +34%) for a 13% increase in NAV over Q3 (16% in GBP).

Mitsui Fudosan's share price rose +12% over the month (+15% in GBP). Underlying fundamentals in the Tokyo office market are encouraging with vacancy rates dropping to 3.9%, the lowest in eight years, with rents increasing 4.8% to the end of August. Given the prime quality of their portfolio and the strong fundamentals of the Tokyo office market, this strong performance is a retracement of what we felt were unjustified negative share price moves over the last few months.

While having no effect on our valuation, it was encouraging to see Kinnevik write up the value of its stake in Global Fashion Group (GFG). The streamlining of GFG's portfolio and narrowing losses warranted Kinnevik to lower the valuation discount to GFG's listed peers. We still think their valuation is far too conservative, and believe we are likely to see a further write up as GFG approaches a potential IPO. Toyota Industries conducted their first significant buyback in 9 years, adding weight to the view that management's attitudes towards capital allocation are changing. Wendel bought back over half a billion Euros of bonds, again highlighting their commitment to reduce gearing levels. AP Alternative Assets wrote up the carrying value of its sole remaining asset, Athene Insurance, although we still believe it is materially undervalued in AP's NAV, let alone its share price which trades on a 20% discount to published NAV.

There were no detractors of any note.

We continued to add to a new closed-end fund position we are building, and began buying shares in an Asian holding company we have held in the past. Both holdings will remain undisclosed until we have reached a full position in each. Our holding in Bollore was exited in full to fund investments elsewhere in the portfolio where we see greater upside.

Statistics

	Value	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) TR ²	635.0	6.2	37.7	36.0	55.3
Net Asset Value TR ¹	709.2	7.2	33.7	31.9	62.8
MSCI ACWI ex US TR ³	4.9	27.4	27.5	61.7	
MSCI ACWI ex US Value ¹	7.0	27.6	22.0	55.6	
MSCI ACWI TR ¹	4.6	29.8	47.0	99.9	
Morningstar Global Growth TR ³	3.2	24.2	42.4	94.6	

Fiscal Yr Total Returns (%)	2016	2015	2014	2013	2012
Price ¹	34.3	-9.5	8.9	13.8	6.2
Net Asset Value ¹	31.0	-8.3	6.8	13.1	9.6
MSCI ACWI ex US (£) ³	28.0	-5.6	5.1	16.6	11.0
MSCI ACWI ex US Value ¹	25.5	-9.8	5.7	17.1	10.2
MSCI ACWI ¹	31.3	0.4	11.8	18.0	17.4
Morningstar Global Growth ³	26.9	3.7	8.7	18.9	13.7

Capital Structure

Ordinary Shares	160,014,089
Shares held in Treasury	35,516,924
8 1/8% Debenture stock 2023**	£15,000,000
4.184% Series A Sterling Unsecured Note 2036	£30,000,000
3.249% Series B Euro Unsecured Note 2036	€30,000,000

Gross Assets/Gearing

Gross Assets	£963mil.
Debt par value	£71.7mil.
Actual Gearing (Debt less cash divided by net asset value)	6.8%

¹ Source: Morningstar. All NAV figures are cum-fair values.

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 Trust financial year commences on the 1st October. All figures published before the fiscal results announcement are AVI estimates and subject to change.

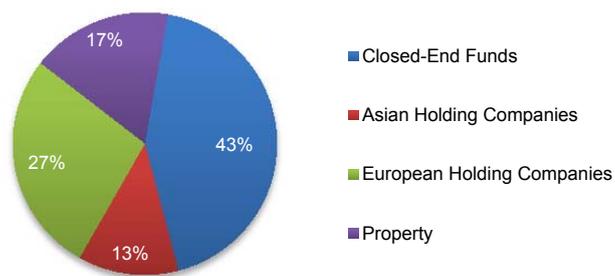
** Last audited figure updated annually

Major Movers (in local currency)

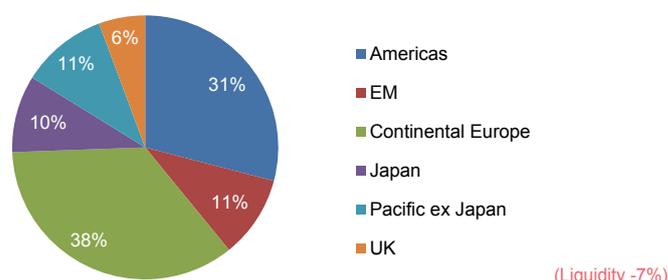
Largest Risers	1 month TR%	Percent of Assets
MITSUI FUDOSAN CO LTD	11.9%	3.2%
AKER ASA-A SHARES	10.9%	7.9%

Largest Fallers	1 month TR%	Percent of Assets
ADLER REAL ESTATE AG	-5.9%	4.4%
EF REALISATION CO LTD	-4.8%	0.2%

Sector Breakdown (% of invested assets)



Risk Region Breakdown (% of net assets)



Further Information

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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

IMPORTANT INFORMATION

Risk Factors you should consider before investing

Investment in the British Empire 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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