

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 31 August 2014.

	Month	Financial Yr* to date	Calendar Yr to date
BTEM NAV TR¹	1.6%	9.2%	6.2%
MSCI ACWI Ex US TR³	2.2%	7.8%	5.2%
Morningstar Global Growth TR¹	3.5%	10.0%	4.7%
MSCI World TR¹	3.9%	13.0%	6.9%

Manager's Comment

The recent gyrations in European markets gave us the opportunity to invest in French holding company, Eurazeo. Its share price fell by 20% between June and mid-August and this pushed its discount up from mid-teen levels to close to 30%. There are two additional factors that make this particularly interesting. Firstly, the widening of the discount prompted comment from management about the absolute level of the discount, together with a statement regarding their intention to boost the level of share buybacks to 10% of the shares outstanding should the discount remain at these wide levels. And secondly, management confirmed the intention to sell two of their largest private equity holdings – Elis and Europcar – which together make up approximately one-third of total NAV. In early September, Elis confirmed its intention to proceed with an IPO. Both companies have performed strongly in operational terms over the past year and the prospect of successful disposals should provide support for further narrowing of the discount, as well as potential increases in NAV.

At Vivendi, the ongoing rationalisation continues with the company accepting a takeover bid for its Brazilian broadband business GVT. We used the strength in the share price to take partial profits on our holding. We had added to the position at the end of June on price weakness, and the recent strength allowed us to sell at a very narrow discount to our estimate of NAV.

Net cash levels increased very slightly to 5.6% and the weighted average discount increased marginally to 28.3%.

We continue to identify attractive opportunities on wide discounts at attractive valuation levels and with genuine catalysts for discount narrowing.

Major Movers

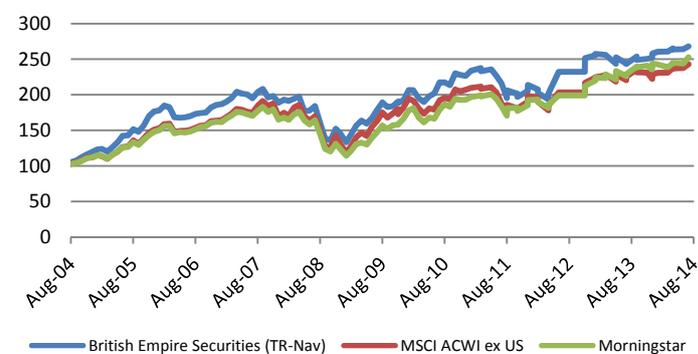
Largest Risers	Percent change	Percent of Assets
DWS VIETNAM FUND LTD	5.83%	2.13%
VIVENDI	5.46%	2.95%

Largest Fallers	Percent change	Percent of Assets
FORTERRA TRUST	-11.76%	0.55%
AKER ASA-A SHARES	-5.39%	4.83%

Top Ten Equity Holdings

	%
Jardine Matheson Hldgs Ltd	6.34
Investor AB-A SHS	6.15
Groupe Bruxelles Lambert SA	5.02
Aker ASA-A Shares	4.83
Sofina	3.76
NB Private Equity Partners	3.17
Harbourvest Global Private	3.09
First Pacific Co	3.08
Vivendi	2.95
Hitachi Ltd	2.65
TOTAL	41.04

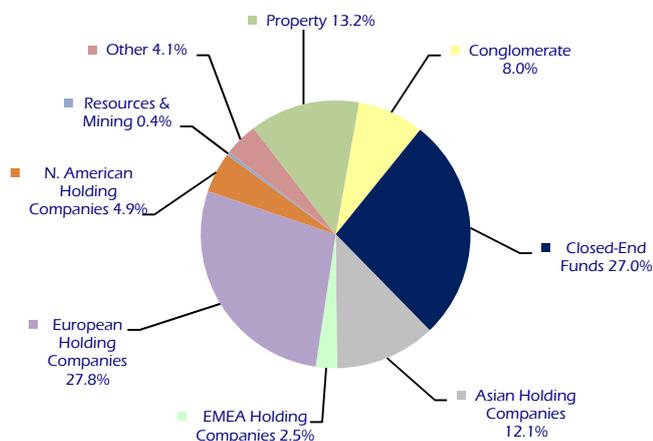
Performance August 2004 - August 2014



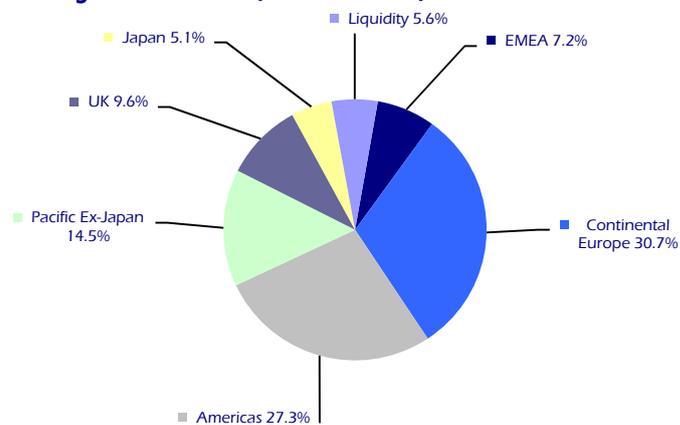
Statistics

	Value	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) TR ²	505.0	0.8	7.0	13.7	35.7
Net Asset Value Total Return ¹	588.4	1.6	9.1	23.3	50.6
MSCI ACWI ex US TR ³		2.2	10.1	29.7	48.5
Morningstar Global Growth TR ³		3.5	11.5	38.4	71.5
Annual Returns (%)	2013	2012	2011	2010	2009
Price TR ¹	5.1	17.8	-12.8	18.5	27.9
Net Asset Value TR ¹	7.6	19.6	-13.6	21.0	25.1
MSCI ACWI ex US (£)TR ³	13.6	12.2	-12.7	15.1	26.6
Morningstar Global Growth TR ³	21.3	12.7	-9.4	19.0	24.6
MSCI World TR ¹	25.0	11.4	-4.3	15.9	16.5

Sector Breakdown (% of invested assets)



Risk Region Breakdown (% of net assets)



Capital Structure

Ordinary Shares 160,014,089

Gross Assets/Gearing

Gross Assets £871mil.

Debt par value £14.9mil.

Actual Gearing (Debt less cash divided by net asset value) -5.6%

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

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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

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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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 Trust nor does it carry on any other activities with or for such investors that constitute "MiFID or equivalent third country business" for the purposes of the FCA's rules.