

# 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 March 2015.

	Month	Financial Yr* to date	Calendar Yr to date
<b>BTEM NAV TR<sup>1</sup></b>	1.8%	7.2%	6.0%
<b>MSCI ACWI Ex US TR<sup>3</sup></b>	2.5%	8.8%	8.8%
<b>Morningstar Global Growth TR<sup>1</sup></b>	2.3%	12.1%	7.4%
<b>MSCI World TR<sup>1</sup></b>	2.5%	13.1%	7.6%

## Manager's Comment

AP Alternative Assets' shares rose strongly over the month. The 11.5% jump over the month was boosted further in Sterling terms by a strong US dollar. Despite the stellar gains already recorded on the position to date (up almost +200% in less than 3 years), we still see significant future upside from the company's sole asset, Athene Insurance. We expect an IPO of Athene, slated for later this year, to be achieved at a value substantially in excess of the valuation used by AP Alternative in its reported NAV.

Paris Orleans has finally started to move ahead over the last couple of months. The French holding company of the Rothschild family is soon to be renamed Rothschild & Co and this may generate more attention to this little known holding company. At the same time, increased profitability from both investment banking work, as well as from the wealth management division, Provides further support for an increase in the share price.

Symphony International last year introduced a dividend policy following our constructive dialogue with management regarding the excessively wide discount to NAV at which the company's shares trade. The ordinary dividend was maintained at the same level, but a substantial special dividend was again paid (20% up on last year) for a total dividend yield of 5.8%. Symphony's shares are excessively cheap on a discount of 37% to diluted NAV with investments in listed shares and cash covering the market cap 1.3x over. We continue to engage with management regarding other measures to tackle the discount.

Sales over the month included an exit from our position in Pantheon's Ordinary shares on a 15% discount to NAV. We first acquired a holding in the shares five years on a discount of over 40%, achieving a return of +133% and an IRR of +22% over our holding period. The proceeds have been partially recycled into other listed private equity holdings where we see potential for greater upside. We believe Pantheon will continue to benefit from sales at strong uplifts to NAV from its mature portfolio, and retain exposure via Pantheon's redeemable shares which are less liquid but trade on a wider discount.

We have also started to reduce our position in Hudson's Bay after the company announced JV's with Simon Property Group and RioCan REIT for their US and Canadian freehold property portfolios at the end of February. These transactions valued the company's freehold property portfolio at C\$9.2bn - well above market expectations. We have taken advantage of strong demand and reduced our position.

Dolphin Capital's share price deteriorated further over March as tensions rose between Greece and their creditors. At the end of February a new Board was put in place with a mandate to review all assets and reassess capital requirements for each individual project. We believe the new Board has the relevant skill set to assess these projects and formulate a new and clear strategy for the company going forward, which we believe will contribute to a positive outcome.

The weighted average discount on the portfolio at the end of March was 24.1%.

## Major Movers

Largest Risers	Percent change	Percent of Assets
AP ALTERNATIVE ASSETS LP	11.53%	2.93%
PARIS ORLEANS	9.56%	0.63%

Largest Fallers	Percent change	Percent of Assets
DOREL INDUSTRIES-CL B	-13.61%	0.92%
TECK RESOURCES LTD-CLS B	-13.45%	1.00%

## Top Ten Equity Holdings

	%
Investor AB-A SHS	6.55
Jardine Matheson Hldgs Ltd	6.27
Groupe Bruxelles Lambert SA	4.83
Harbourvest Global Private	3.93
Sofina	3.89
NB Private Equity Partners	3.81
Aker ASA-A Shares	3.28
Symphony International	3.13
AP Alternative Assets LP	2.93
Mitsui Fudosan Co Ltd	2.86
TOTAL	41.48

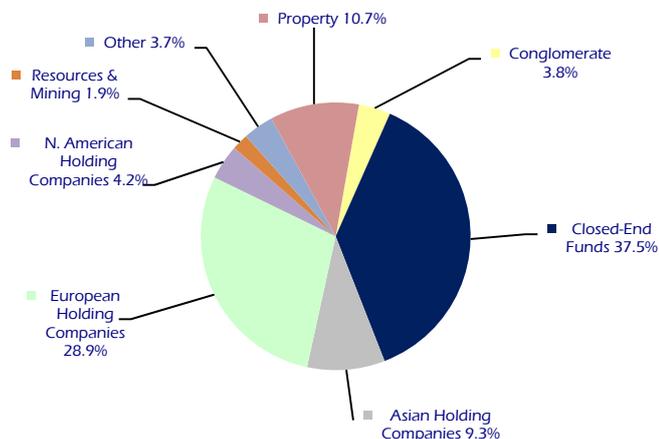
## Performance February 2005 - March 2015



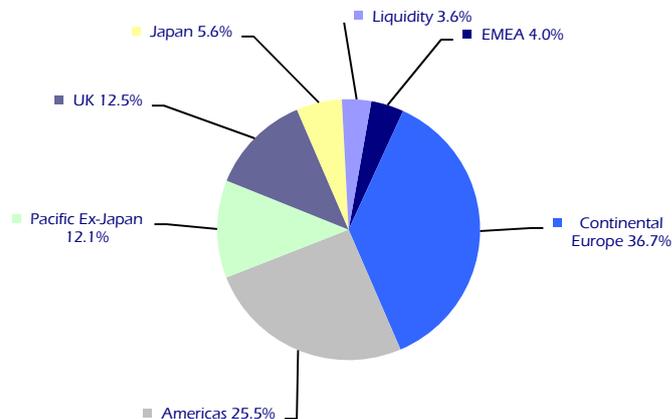
## Statistics

	Value	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) TR <sup>2</sup>	542.5	2.4	13.7	38.1	36.4
Net Asset Value Total Return <sup>1</sup>	609.1	1.8	9.3	36.2	37.6
MSCI ACWI ex US TR <sup>3</sup>		2.5	11.7	31.4	32.2
Morningstar Global Growth TR <sup>3</sup>		2.3	16.1	45.6	57.6
<b>Annual Returns (%)</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Price TR <sup>1</sup>	8.3	5.1	17.8	-12.8	18.5
Net Asset Value TR <sup>1</sup>	5.2	7.6	19.6	-13.6	21.0
MSCI ACWI ex US (£)TR <sup>3</sup>	2.6	13.6	12.2	-12.7	15.1
Morningstar Global Growth TR <sup>3</sup>	8.0	21.6	12.7	-9.4	19.0

## Sector Breakdown (% of invested assets)



## Risk Region Breakdown (% of net assets)



## Capital Structure

Ordinary Shares	160,014,089
8 1/8% Debenture stock 2023 <sup>#</sup>	£15,000,000
Shares held in Treasury	22,295,355

## Gross Assets/Gearing

Gross Assets	£860mil.
Debt par value	£14.9mil.
Actual Gearing (Debt less cash divided by net asset value)	-3.6%

- 1 Source: Morningstar
  - 2 Source: Morningstar. Share price total return is on a mid-to-mid basis, with net income re-invested.
  - 3 From 1<sup>st</sup> 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 – 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](http://www.british-empire.co.uk) or [www.assetvalueinvestors.com](http://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.