

Manager's Comment

AVI Global Trust (AGT)'s NAV rose by +1.9% in June, driven by underlying NAV growth. Currencies were a minor contributor over the month. The portfolio discount was unchanged at 33.3%. Major contributors included Fondul Proprietatea, EXOR, Wendel and Oakley Capital Investments; detractors included Tetragon Financial, JPEL Private Equity and the Japan Special Situations basket.

Fondul Proprietatea (FP) was the single-largest contributor in June, increasing AGT's NAV by 92 basis points (bps). The NAV rose by +10% which, together with a 4% tightening in the discount from 28% to 24%, led to total share price returns of +17%. Over the month, a dividend of RON0.09 (a yield of 6% on the NAV and 9% on the GDR share price) was paid out to shareholders. As we commented in the previous newsletter, the Romanian stock market has traded strongly following the pro-market Union to Save Romania (USR) Party's strong performance in the European elections. Against this backdrop, we believe the probability of an IPO of Hidroelectrica (36% of NAV) and Bucharest Airport (8%) over the medium-term has increased, which could lead to substantial upward revaluations. With a high dividend yield, conservative valuations for its unlisted assets, a steep discount to NAV, and a succession of potential value-unlocking catalysts on the horizon, we continue to consider FP to be a highly attractive investment.

EXOR was AGT's second-largest contributor, adding 57bps to returns. The share price rose by +10%, driven by a +6% increase in the NAV and a contraction in the discount from 34% to 32%. EXOR's main listed assets – Fiat Chrysler Automobiles (FCA)(25% of NAV), Ferrari (30%) and CNH Industrial (15%) – all performed well, with share price increases of +7%, +12% and +16% respectively. It was a turbulent month for FCA, as it withdrew from merger talks with Renault; this was a disappointing development, as the proposed deal would have created a European giant capable of dealing with the next generation of challenges: electrification of vehicles and autonomous driving. Management expected annualised synergies of €3 billion (13% of market cap) to accrue to FCA shareholders. While the deal is struggling – with Renault blaming the French state for delaying a crucial vote, and the French state blaming Nissan for not supporting the deal – we do not believe it is dead yet. The recent resolution of the Renault-Nissan governance spat is potentially an indication that talks can be resumed to the benefit of all parties. Elsewhere in the portfolio, Ferrari renewed its buyback programme, having already bought back 1% of shares outstanding since calendar year-end, and CNH continue to execute a \$700m buyback for approximately 5% of its outstanding shares.

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Oakley Capital Investments (OCI) contributed 30bps to returns, with NAV rising by +3% and the discount moving from 28% to 27%. Overall, the share price rose +5%. From 29th May, the day before the Inspired transaction was announced, the NAV rose +10%. OCI has had a busy few months, having made three acquisitions since March accounting for 10% of NAV (including one through its new Fund IV which recently closed at €1.4 billion). OCI also benefitted from a rebound in Time Out (14% of NAV)'s share price, which increased +25% in June. We believe that Time Out's share price increase has been driven by a combination of: (a) the Woodford stake being cleared out, which reduced overhang; and (b) the successful rollout of the Miami, New York and Boston markets, providing additional proof that the market concept can be profitable.

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.

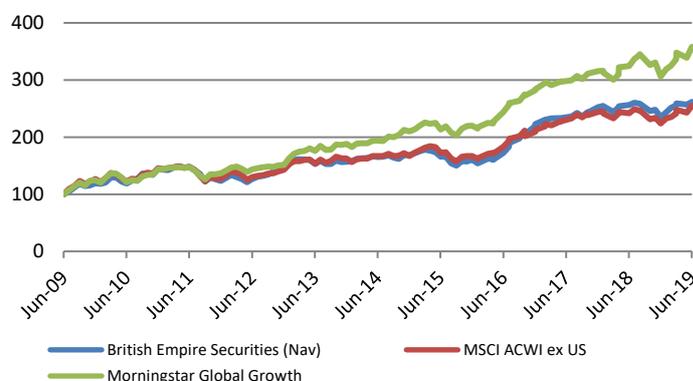
Performance Total Return

This investment management report relates to performance figures to 30 June 2019.

Share Price (pence)	758.0
NAV (pence)	826.6
Premium / (Discount)	(8.3)

	Month	Financial Yr* to date	Calendar Yr to date
AGTNAV ¹	1.9%	0.7%	12.6%
MSCI ACWI ExUS ³	5.1%	3.5%	14.1%
MSCI ACWI ExUS Value ¹	4.4%	1.2%	10.6%
MSCI ACWI ¹	5.6%	4.4%	16.7%
Morningstar Global Growth ¹	5.7%	1.5%	16.2%

Performance Total Return JUN 2009 - JUN 2019



Top Ten Equity Holdings

Holding	%
Japan Special Situations**	18.5
Pershing Square Holdings #	9.9
Oakley Capital Investments	5.9
EXOR	5.4
Fondul Proprietatea	5.3
Tetragon Financial	5.2
Jardine Strategic	5.2
Swire Pacific Ltd 'B'	5.0
Third Point Offshore Investors	4.7
Eurocastle Investment	4.4
TOTAL	69.5

* 45% of this position (4.4% of NAV) is hedged, partially reducing BTEM's overall exposure to Pershing Square Holdings

However, the most impactful announcement for OCI came towards the end of May, when the trust announced that Fund II would be selling part of its stake in Inspired (14% of NAV), a leading global network of private K-12 schools, to the US private equity firm Warburg Pincus. The deal took place at an estimated 17x EV/EBITDA multiple, and lifted Inspired's valuation by +72%. Overall, including the impact of performance fees, we estimate that it raised OCI's NAV by approximately +7%. The transaction provides capital for Inspired's next leg of growth (to which OCI retains exposure via its direct co-investment and Fund II) and gives another external validation to the quality of Inspired's business model. Despite the strong track record of growth and the attractiveness of Oakley's unique offering (a focus on complex deals and utilising a network of entrepreneurs to source deals), the shares continue to languish at a 25-30% discount. We consider this to be an anomaly reflecting past transgressions; the market is hesitating to reward OCI for changes to its corporate governance practices, which include ruling out dilutive share issuances, a recent buyback for cancellation (albeit very small); increased management ownership; a commitment to review the listing; an energetic marketing campaign; and improved transparency on the portfolio.

We have been engaged with the Board and management of Pershing Square Holdings (PSH) throughout our ownership on the need to tackle the extraordinarily wide discount at which the company's shares trade. During the month, PSH announced a buyback programme for up to 3% of outstanding shares. While we believe the quantum of the buyback is insufficient, it is a small step in the right direction.

The Japan Special Situations basket was the largest detractor over the month, reducing returns by 29bps. The single-largest detractor, Pasona, saw its NAV fall by -14% over the month as the share price of listed holding Benefit One (92% of Pasona's NAV) fell by -10%. While the performance of the basket in June was disappointing – and trailed the broader Japanese market, which itself was a relative laggard over the month – we would point out that the long-term performance remains good. The Japan Special Situations basket has returned +14% since inception in June 2017, substantially ahead of both small- and large-cap Japanese indexes. The basket's stocks have, on average, a remarkable 86% of their market cap covered by cash and listed securities. As we have stated previously, we believe that we are in the midst of a secular change in corporate Japan's attitude to governance and capital allocation, and the resulting returns to investors who are positioned to benefit from this trend should be immensely attractive.

Statistics

	Value	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) TR ²	758.0	3.4	2.5	60.7	69.1
Net Asset Value TR ¹	826.6	1.9	2.1	51.0	57.8
MSCI ACWI ex US TR ³		5.1	5.6	39.5	53.1
MSCI ACWI ex US Value ¹		4.4	4.3	38.2	40.3
MSCI ACWI TR ¹		5.6	10.3	48.5	86.1
Morningstar Global Growth TR ³		5.6	5.2	61.0	93.1
Fiscal Yr Total Returns (%)					
	2018	2017	2016	2015	2014
Price ¹	12.0	18.7	34.3	-9.5	8.9
Net Asset Value ¹	10.0	18.8	31.0	-8.3	6.8
MSCI ACWI ex US (£) ³	5.2	16.3	28.0	-5.6	5.1
MSCI ACWI ex US Value ¹	3.9	18.4	25.5	-9.8	5.7
MSCI ACWI ¹	13.5	15.5	31.3	0.4	11.8
Morningstar Global Growth ³	16.7	21.3	26.9	3.7	8.7

Capital Structure

Ordinary Shares	129,526,165
Shares held in Treasury	18,621,612
4.184% Series A Sterling Unsecured Note 2036	£30,000,000
3.249% Series B Euro Unsecured Note 2036	€30,000,000
2.930% Unsecured Note 2037	€20,000,000
1.031%# JPY Revolving Credit Facility	¥4,000,000,000

Gross Assets/Gearing

Gross Assets	£1bn.
Debt par value	£104mil.
Actual Gearing (Debt less cash divided by net assets)	7.4%

- Source: Morningstar. All NAV figures are cum-fair values.
- Source: Morningstar. Share price total return is on a mid-to-mid basis, with net income re-invested.
- 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.
- AVI Global Trust financial year commences on the 1st October. All figures published before the fiscal results announcement are AVI estimates and subject to change.
- A basket of 18 stocks: Fujitec Co, Kato Sangyo, Tachi-S, Nishimatsuya Chain, Pasona Group, Daiwa Industries, SK Kaken Co, Kanaden Corp, Toshiba Plant, Nissan Shatai, Teikoku Sen-I, Nakano, Mitsubishi Belting, Sekisui Jushi Corp, Nufare, Toagosei, Konishi, Digital Garage.
- Fixed all-in rate for first six months (to 7th November 2019)

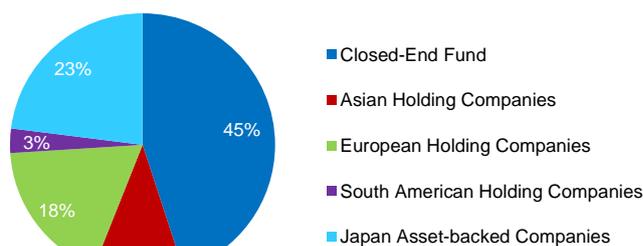
Contributors / Detractors (in GBP)

Largest Contributors	1 month contribution bps	Percent of NAV
FONDUL PROPRIETATEA	92	5.3
EXOR	57	5.4

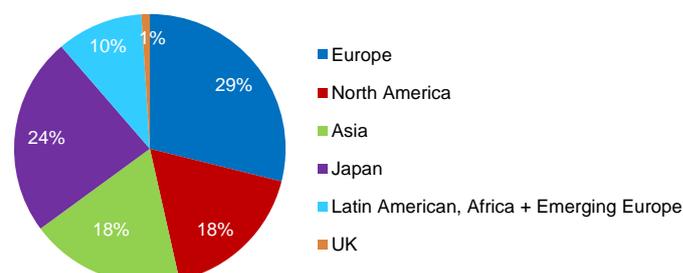
Largest Detractors	1 month contribution bps	Percent of NAV
JAPAN SPECIAL SITUATIONS**	-29	18.5
JPEL PRIVATE EQUITY	-12	4.2

#AVI estimate. Previously, this breakdown was calculated by assigning one region to each portfolio company held by BTEM. From the 31-Dec-16 newsletter onwards, this is calculated using the estimated multi-regional exposure for each portfolio company. For listed underlying holdings, the country of listing is used; for unlisted underlying holdings, the exposure is typically assigned according to the country where a majority of sales are made.

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.aviglobal.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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