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 2014.

	Month	Financial Yr* to date	Calendar Yr to date
BTEM NAV TR[1]	1.1%	4.8%	2.0%
MSCI ACWI Ex US TR[3]	0.8%	2.4%	-0.1%
Morningstar Global Growth TR[1]	-0.3%	5.6%	0.5%
MSCI World TR[1]	0.7%	6.5%	0.7%

Manager's Comment

We have seen a notable pick up in corporate activity in recent months. This is a positive phenomenon for our investment style.

We mentioned last month that there were two bidders for Vivendi's SFR. These came from Bouygues and Altice. As we write this newsletter, the result of the bidding was has been announced and the victor is Altice. Along the way, when it appeared Bouygues had the upper hand its share price jumped by 12% over a two day period and we took our profits and exited, realising a 26% IRR over our 6 month holding period. We retain our holding in Vivendi, having reduced it earlier in the year, and await clarification from the company on any return of capital which we believe likely given the very substantial cash inflow it will see from the sale of SFR to Altice.

Jardine Matheson was the biggest contributor to performance over the month, with its shares rising by almost 9%. Shareholders will be aware that we reduced our exposure to the Jardine group by way of a sale of Jardine Strategic in May 2013. Since then the share prices of both Matheson and Strategic have been weak reflecting the effect on Asian stocks of fears of tapering. Since February of this year, these markets and Indonesia in particular, have been stronger and Jardine Matheson is up over 20% from its February lows.

The weakest performer over the month was Morrison, a fairly recent addition to the portfolio. Morrison had fallen sharply since September on fears of a challenging operating environment. We believed management would seek to deliver some value to shareholders by way of a sale of part of their freehold estate, with the potential for some of that capital to be returned to shareholders. The results confirmed that the operating environment was worse than feared and that the four UK majors face a real structural challenge from the low cost operators. Management announced a credible plan to deal with this challenge that will combine a focus on cash generation with price competiveness, cost cutting as well as plans to release capital from their freehold estate with disposals of up to £1bn. An increase in the dividend to 6% was also announced. This is clearly an attempt by management to put a floor under the share price. The dividend looks covered for now but its ongoing sustainability will depend on the operating measures being successful. Given the degree of asset backing, the current dividend yield and the plan put in place we think the current share price looks to have upside.

We made two new investments during the month and also a number of add-on investments to existing holdings. This leaves net cash level at month end of 7.4%.

The two new investments were Mitsui Fudosan and Dolphin Capital.

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Major Movers

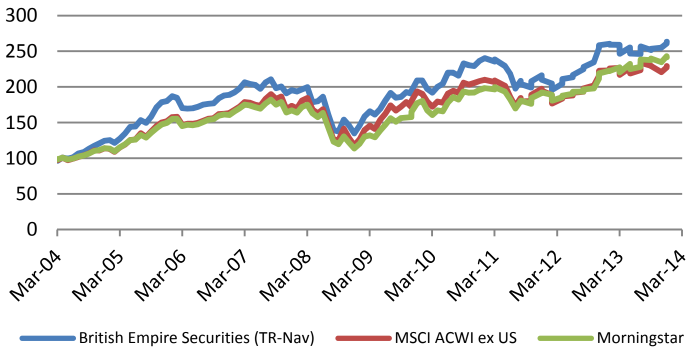
Largest Risers	Percent change	Percent of Assets
Dolphin Capital Investors	12.32%	1.98%
Rallye SA	10.50%	2.21%

Largest Fallers	Percent change	Percent of Assets
WM Morrison Supermarkets	-9.48%	2.35%
Immofinanz AG	-7.33%	2.39%

Top Ten Equity Holdings

	%
Jardine Matheson	6.71
Investor AB	6.15
Groupe Bruxelles Lambert	5.14
Sofina	4.06
Aker	4.04
Vivendi	3.83
Hyundai Motor	3.10
NB Private Equity Partners	2.99
First Pacific Co	2.94
Gagfah SA	2.53
TOTAL	41.49

Performance March 2004 - March 2014



Statistics

	Value	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) TR[2]	487.0	-0.4	0.5	6.0	53.9
Net Asset Value Total Return[1]		1.1	0.9	11.2	80.8
MSCI ACWI ex US TR[3]		0.8	2.7	10.1	80.9
Morningstar Global Growth TR[3]		-0.3	8.7	23.1	101.8

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

Mitsui Fudosan is one of the largest property investment and development companies in Japan, with a portfolio focused on high quality central Tokyo commercial buildings. The share price of the major Japanese property companies has fallen back some 20-25% following their very strong run last year and once again stand at relatively wide discounts of 25-30%. Despite relatively low cap rates in Japan, the yield spread is one of the widest in the world as government bond yields remain extremely low – Japanese 10 year bonds yield 0.6%. It is this yield spread combined with the reflationary policies of the Abe government that is attracting large amounts of capital from international investors to the Tokyo property market. In addition, with REITs in Japan trading at 30-40% premia, most are raising new capital. This money has to find a home in the direct property market thus adding fuel to the market and putting downward pressure on cap rates. In addition, improving fundamentals in the occupational market could drive NAVs even higher. Rents are starting to increase and vacancy rates are falling. Whilst Mitsui Fudosan's share price could react positively to an expansion of the already very loose monetary policies of the BoJ, we also see good value in the shares at these levels on a discount of around 25%, with potential for decent growth in the NAV. It has already started to announce increases in rents in Nihonbashi, an area of Tokyo where its portfolio is centred and this is an encouraging indication of the fundamental health of the property market.

Dolphin Capital is an AIM listed property developer of assets principally located in the coastal areas of Greece and Cyprus. Its market capitalisation today of c £250m is significantly lower than the capital it raised on launch in the mid-2000s. The onset of the financial crisis hit this company hard and in late 2012 it was forced to raise additional capital from several hedge funds. Today, with many of its projects well on the way to being developed and markets such as Greece once again attracting interest from foreign investors, the future looks a lot brighter for Dolphin Capital and having acquired our stake on a discount to NAV of 45% we see a lot of upside. Management recently reported the first increase in NAV since 2008. This is a positive indicator of the changing fortunes for its asset base. The intention is to sell off the developments that are completed and to return capital to shareholders. The pace of capital returns is dependent of course on the timing of asset sales. We think it is possible that one or two larger schemes are sold in the not too distant future which will allow for a swifter re-rating of the shares and of course capital return.

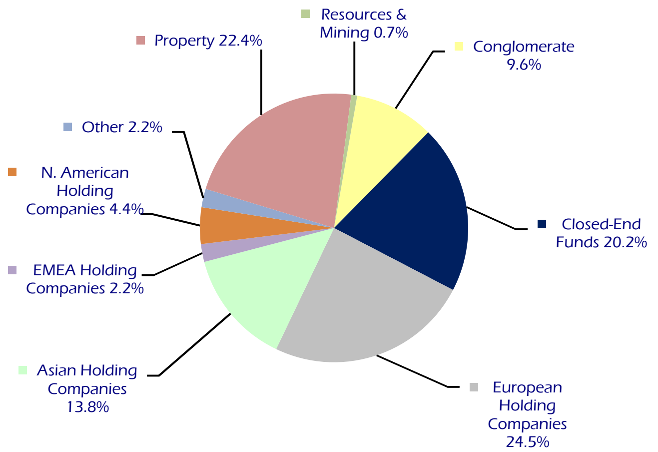
We added to a number of existing holdings. Some, like Dogan Holding, Dundee Corp and Aker have been underperformers and we have used the recent price weakness to boost our holdings. In each case, we believe the company to be trading on a very wide discount – Aker close to 40%, Dundee 45% and Dogan over 60%. In the case of Aker we have the benefit of a dividend yield over 6%.

During the month, Immofinanz the Austrian listed property company confirmed they had received shareholder approval to separately list its residential portfolio (Buwog). This had been our original investment thesis for investing in the company. With a portfolio split 27%:73% between German and Austrian residential and Central/Eastern European commercial, and trading on a discount of 45% we saw potential to create value for shareholders by listing the residential business separately. German residential companies trade close to NAV and if Immofinanz could achieve a similar rating for Buwog, then the remaining assets would be trading on an unduly wide discount to NAV. The company has some exposure to Russia (18% of combined assets) and this has held back the shares somewhat during the month, however, we believe these assets to be good quality with an international tenant base and rents in either US$ or Euro providing some protection to rental incomes.

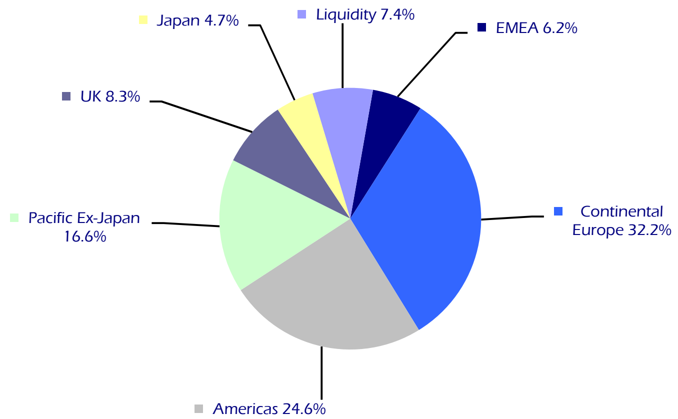
We are the largest shareholder in Symphony International, a London listed investment company focusing on listed and unlisted assets in Asia. Having acquired our stake towards the end of 2012 on a discount of 49% we have been encouraging management to be more pro-active in dealing with the persistently wide discount. Whilst management have been slow in adopting any policies we were reassured by the alignment of interests with the lead manager who has consistently been adding to his shareholding in the company – now worth $40m. At the end of March we were pleased to see that the company announced its first dividend. At prevailing prices this reflects a yield of almost 5.5% and the company intends to pay an ordinary dividend going forward together with one off extraordinary dividends. This is a positive first step from the company in tackling their wide discount.

At month end the weighted average discount on the portfolio was 27.5%.

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

Gross Assets/Gearing

Gross Assets	£861mil.
Debt	£18.5mil.
Actual Gearing (Debt less cash divided by net asset value)	-7.6%

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 (£) Index.
* 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 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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