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 January 2014.

	Month	Financial Yr* to date	Calendar Yr to date
BTEM NAV[1]	-1.4%	1.3%	-1.4%
MSCI ACWI Ex US[3]	-3.8%	-1.4%	-3.8%
Morningstar Global Growth[1]	-2.5%	2.4%	-2.5%
MSCI World[1]	-2.9%	2.6%	-2.9%

Top Ten Equity Holdings

Top Ten Equity Holdings	%
Vivendi	6.32
Jardine Matheson	5.93
Investor AB	5.72
Groupe Bruxelles Lambert	4.84
Sofina	3.95
Aker	3.83
First Pacific Co	2.99
NB Private Equity Partners	2.79
Hyundai Motor	2.72
Dundee Corp	2.71
TOTAL	41.80

Statistics

	Value	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£)[2]	474.9	-2.1	-3.4	1.6	57.3
Net Asset Value[1&]	548.0	0.6	-2.1	3.1	57.7
Net Asset Value Total Return[1]		-1.4	0.0	10.6	75.1
MSCI ACWI ex US[3]		-3.8	2.5	8.5	71.6
Morningstar Global Growth[3]		-2.5	10.9	22.2	91.8

Annual Returns (%)	2013	2012	2011	2010	2009
Price[1]	5.1	17.8	-12.8	18.5	27.9
MSCI ACWI ex US (£)[3]	13.6	12.5	-12.1	11.8	29.2
MSCI World[1]	25.0	11.4	-4.3	15.9	16.5

Capital Structure

Ordinary Shares	160,014,089
8 1/8% Debenture stock 2023[#]	£15,000,000

Gross Assets/Gearing

Gross Assets	£840mil.
Debt	£18.5mil.
Actual Gearing (Debt less cash divided by net asset value)	-7.0%

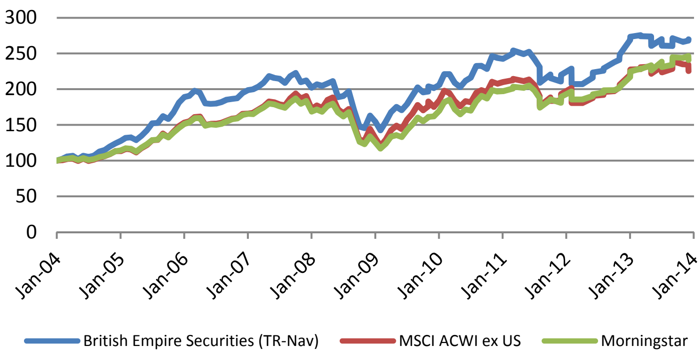
1 Source: Morningstar. & NAV Par Value CR.
2 Source: Morningstar. Share price total return is on a mid-to-mid basis, with net income re-invested.
3 From 1st October 2013 the lead benchmark was changed to the MSCI ACWI ex US (£) Index.
*British Empire Securities & General Trust financial year commences 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

Major Movers

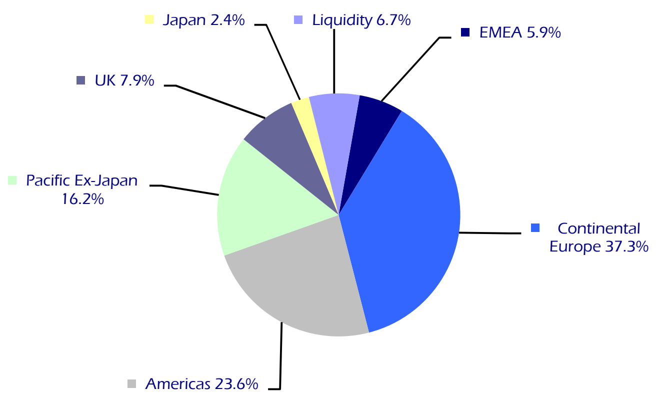
Largest Risers	Percent change	Percent of Assets
AP Alternative Assets LP	12.78%	2.21%
DWS Vietnam Fund Ltd	8.57%	1.45%

Largest Fallers	Percent change	Percent of Assets
WM Morrison Supermarkets	-17.28%	2.62%
Aker	-15.54%	3.82%

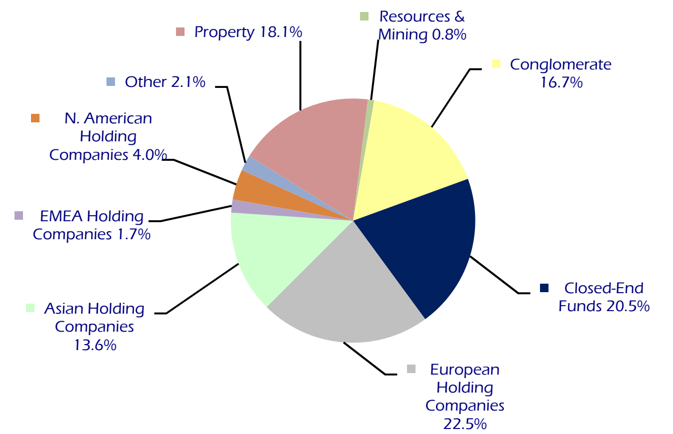
Performance January 2004 - January 2014



Risk Region Breakdown (% of total assets)



Sector Breakdown (% of invested assets)



Manager's Comment

We made a number of changes to the portfolio during the month as 5 new positions were initiated and 4 holdings were sold entirely.

On the sale side we exited fully from last year's top performer, Kinnevik. The share price has more than doubled since we first bought it in October 2012 and at the same time the discount has disappeared. We estimate the shares to be trading well above current NAV on expectations of a high valuation being achieved for Zalando in any future IPO.

Granite Real Estate, Henderson Land and JP Morgan Private Equity were also sold. The sales of Granite and Henderson reduce our exposure to Canadian and Hong Kong property markets respectively. These are markets where we see limited scope for upside in NAV's and these sales, along with partial disposals in other names allows us to invest in situations where we see greater upside. The sale of JP Morgan Private Equity came sooner than we anticipated. We invested 3 months ago and had expected the company to move towards a gradual realisation policy. The announcement this month of plans to start a new investment programme will delay a full realization of the fund, and we took the opportunity of demand for the stock to exit our position with a 90% + IRR.

In addition, partial profits were taken in Vivendi with a small reduction in the size of the holding as the discount moved in to single digits on the back of recent moves by management to spin off SFR and eliminate the conglomerate discount. The price was also boosted by rumours of a possible bid for SFR, as an alternative exit route. There is still potential for further narrowing of the discount and the speculation surrounding consolidation in the French mobile phone sector is positive for another holding, Bouygues.

The 5 new holdings make up over 11% of the portfolio.

In the Far East we bought into Hyundai Motor Preference Shares. Hyundai Motor is cheap as its current valuation is well below international peers and ought to trade higher than 6 x earnings. The preference shares trade on a 48% discount to the ordinary shares and provide a higher dividend.

We also bought Hitachi, one of the few Japanese companies making a commitment to better corporate governance and capital allocation. With numerous listed subsidiaries, the capital structure is cumbersome and inefficient. The implied value of the core business after stripping out the value of the listed stakes is close to a recent low, leaving plenty of scope for a re-rating.

We are always looking for measures that companies can take to improve shareholder returns and often try and engage with management accordingly. In the UK we recently bought a stake in WM Morrison. Recent weak operating performance has left the shares trading at relatively low multiples, as well as below the theoretical value of its real estate. Pressure is mounting on management to deliver returns for shareholders and a number of large value/activist investors have stakes in the company.

Similarly, we recently invested into German industrial conglomerate, ThyssenKrupp. It too has made poor capital allocation decisions in recent years with value destructive capital investments in their North American steel business. They have the attraction of a high quality elevator business, but the challenge of loss making steel business. They too are coming under pressure from activists. With activist investors boosting their influence in a recent capital raise to the detriment of the family foundation which no longer has a blocking minority, the prospect of a shake-up at the company has increased.

Amongst our investments in listed private equity funds, we continue to use our clout on the shareholder register to engage with management in a constructive manner. Following the sale of the last tranche of the Lehman Estate's holding in Neuberger Berman Private Equity Partners (NBPE), we met with the manager for an update. AVI is now the largest shareholder in NBPE with an 11% stake which accounts for 2.5% of our funds' NAV. In line with our thesis, the discount has narrowed sharply following the removal of the perceived Lehman Estate overhang and currently stands at 19%, in from the 28% level where we last acquired shares at the end of 2013. The company's transition from a fund of funds to a direct investor in private equity continues, with 55% of NAV now in direct investments. As the portfolio shift continues and is more widely recognised by the market, we expect its discount to contract further towards the single-digit average at which direct investing peers trade.

NBPE is differentiated by its exposure to direct yielding private investments (pre-dominantly floating rate, second lien and mezzanine) that help to support its yield of 3.5% of NAV (4.3% on share price). Closed-end funds in the alternative income sector trade at premium ratings and the read-across to NBPE suggests further support for a re-rating once this exposure of NBPE is more widely understood. The nature of NBPE's shareholder base has historically prevented shareholders from having full voting rights and left the company unable to list on the main market of the London Stock Exchange. We were pleased that sector peer Harbourvest Global Private Equity, which has faced exactly the same issues and in which we also own a substantial stake, announced last year a strategic review into its corporate governance and listing.

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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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.