

# 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 Commentary

Investment management report with performance figures as at 30 July 2004.

Over the month NAV was down 0.8%<sup>1</sup>. This compares to a decrease in the benchmark of 2.8%<sup>2</sup> and a decrease of 3.2%<sup>1</sup> and 1.5%<sup>1</sup> for the MSCI World (£) and FTSE All Share indices respectively.

Financial year to date net asset value rose 17.0%<sup>1</sup> compared to a rise of 7.7%<sup>2</sup> for the Datastream index, 5.0%<sup>1</sup> for the MSCI World (£) and 10.8%<sup>1</sup> for the FTSE All Share.

Over three years NAV is up 26.7%<sup>1</sup> while the FTSE All Share is down 9.4%<sup>1</sup>.

## Manager's Comment

Equity markets drifted lower on the month despite companies reporting earnings growth on the whole. The lack of a positive response to a good reporting season may be down to summer doldrums with many market participants on holiday. There is a suspicion, however, that economic growth and earnings may be already peaking for this cycle and that equity market valuations are too rich. If global GDP growth is peaking, then the relative attractions of the bond markets, which have sold off sharply earlier this year, may increase, drawing some support away from the equity markets.

## Statistics

	Value	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) <sup>1</sup>	240.5	-2.0	26.9	35.2	85.2
Net Asset Value <sup>1</sup>	253.0	-0.8	23.2	23.4	57.0
Net Asset Value Total Return <sup>1</sup>		-0.8	24.0	26.7	63.4
Benchmark <sup>2</sup> (£)		-2.8	8.3	-11.5	-8.9
<b>Annual Returns (%)</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Price <sup>1</sup>	41.6	-12.2	0.8	26.0	52.6
MSCI World <sup>1</sup>	20.6	-27.4	-14.1	-5.8	28.6

<sup>1</sup> Source: Fundamental Data

<sup>2</sup> Datastream Global Growth Investment Trust Index(TR) Source: Thomson Financial

<sup>3</sup> Benchmark index changed to Datastream Global Growth Investment Trust Index(TR)

## Further Information

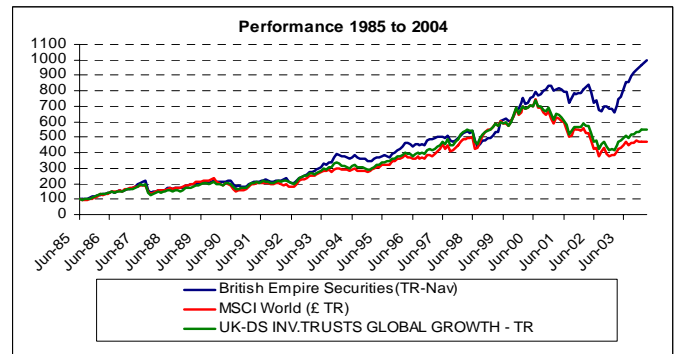
Investment Manager – John Pennink, AVI Ltd.  
+44 20 7647 2900 info@assetvalueinvestors.com

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)

## Top Ten Equity Holdings

	%
Eurazeo	6.11
Hansa Trust plc	6.03
Henderson Electric & General	4.20
Prospect Japan Fund Ltd	3.88
Jardine Strategic Holdings Ltd	3.87
Law Debenture Corp	3.38
Encana Corp	2.73
Wendel Investissement	2.72
CNP	2.53
European Asset Value Fund	2.20
<b>TOTAL</b>	<b>37.65</b>



Source: Bloomberg, Thomson Financial, Fundamental Data

## Capital Structure as at 30 June 2004

Ordinary Shares	160,080,089
10 3/8% Debenture stock 2011	£11,883,322
8 1/8% Debenture stock 2023	£15,000,000
Equities index unsecured loan stock 2013	3,101,197

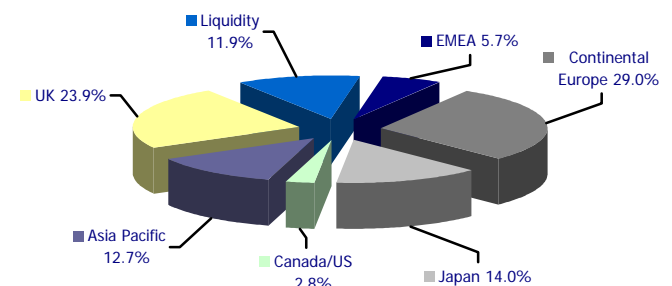
## Gross Assets/Gearing as at 30 June 2004

Gross Assets	£440.5mil.
Debt	£ 33.7mil.
Actual Gearing (Debt less cash divided by net asset value)	-3.2%

## Fund Codes

Bloomberg: BTEM  
Reuters Ticker / ISIN: GB0001335081

## Geographic Breakdown (% of total assets)



Asset Value Investors

All figures as at 30 July 2004. All sources Asset Value Investor unless otherwise stated. British Empire Securities Trust is managed by Asset Value Investors Ltd. The price of shares and the income from them may go down as well as up; they can be affected by exchange rate movements between currencies and it is possible that investors may not get back the full amount invested on disposal of the shares. Past performance is no guarantee of future performance. Investments in emerging markets carries a greater degree of risk, in particular the volatility of the markets and the local custody and registration arrangements, which may be less developed than in more mature markets. There is no guarantee that the market price of shares in Investment Trusts will fully reflect their underlying Net Asset Value (NAV). This Investment Trust should be considered only as part of a balanced portfolio, of which it should not form a disproportionate part. Under no circumstances should this information be considered as an offer, or solicitation, to deal in investments. Issued by Asset Value Investors Ltd., which is authorised and regulated by the Financial Services Authority.