

Performance

This investment management report relates to performance figures to 29 February 2016.

	Month	Financial Yr* to date	Calendar Yr to date
BTEM NAV TR¹	-0.2%	-0.1%	-5.0%
MSCI ACWI Ex US TR³	0.7%	3.5%	-2.5%
MSCI ACWI Ex US Value¹	0.8%	1.1%	-3.1%
MSCI ACWI TR¹	1.1%	6.7%	-1.2%
Morningstar Global Growth TR¹	0.2%	4.1%	-4.0%

Manager's Comment

While still volatile, markets were less weak in February. Fears surrounding a devaluation of the Chinese Yuan have receded somewhat, while the bounce in the oil price over the second half of the month helped markets given the correlation between stock markets and the oil price that has so far been a feature of 2016.

Sterling weakness on heightened Brexit fears meant most bourses recorded positive returns in GBP terms. The broad-based MSCI AC World index was up +1.1% over the month in, driven by the US; Europe was weaker with the MSCI Europe index flat. Our benchmark, the MSCI AC World ex-US, registered a +0.7% gain.

BTEM fared relatively poorly with a negative return of -0.2%, driven by (i) a mark-to-market increase in the value of BTEM's long-term fixed rate debt which wiped almost 50bps from the total return calculated with debt valued at fair value, (ii) high exposure to Europe which recorded dull monthly returns and (iii) further widening in the portfolio discount by 67bps to 33.3%. We remain confident that our actions in deploying the proceeds of the debt issue into selected portfolio holdings at historically wide discounts in mid-Jan will serve as the foundation for strong future returns.

The Jardine companies were strong sources of returns in February. Both were solid performers, especially Jardine Matheson. The two companies own substantially the same assets, with Jardine Strategic historically trading on a wider discount to NAV than Jardine Matheson due to the latter's higher dividend yield and closer alignment with the controlling Keswick family. Over the last 10y, Strategic has traded on an average discount of 35% vs 28% for Matheson. Since the start of 2016, Matheson's discount has narrowed dramatically on what proved to be well-founded speculation of its inclusion in the MSCI indices, moving from 25% at the start of the year to end the month on 8%. With the spread between the two companies' discounts at such abnormally wide levels, we sold out of Matheson to discount-insensitive index buyers and used part of the proceeds to add to the Strategic position we re-established this year. Over the 10y holding period, our position in Matheson recorded an IRR of +20%.

Other helpful contributors included Symphony International (NAV growth from rise in Minor International's share price, small contraction in discount), Blackrock World Mining (commodities rally), NB Private Equity Partners (200bps discount contraction, strong USD vs GBP), and DWS Vietnam (bounce in Vietnamese market).

The largest detractors included two Japanese stocks (Toyota Industries and Hitachi) and two German property names (Adler and DIC). Japan has been a very weak market so far in 2016 and our holdings have not been immune. For the moment, share prices are being driven by Central Bank policy, foreign flows and risk-on/risk-off sentiment. Should this macro cloud pass, we believe investors will wake up to the compelling value at our investee companies.

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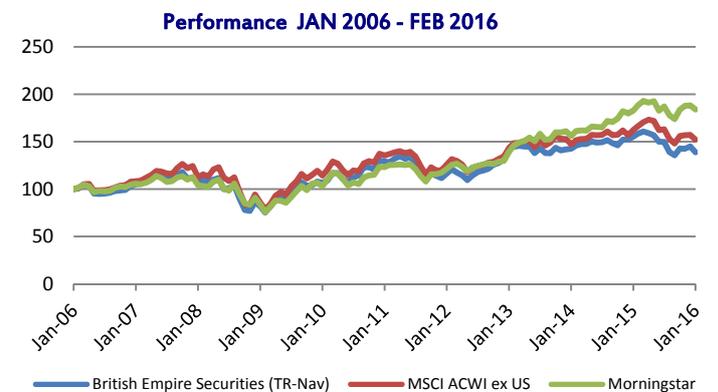
Major Movers

Largest Risers	Percent change	Percent of Assets
BLACKROCK WORLD MINING TRUST	17.5%	1.7%
RIVERSTONE ENERGY LTD	11.6%	1.9%

Largest Fallers	Percent change	Percent of Assets
DOLPHIN CAPITAL INVESTORS	-26.1%	1.0%
TOYOTA INDUSTRIES CORP	-20.2%	3.8%

Top Ten Equity Holdings

	%
Investor AB-A SHS	6.3
Pargesa Holding	5.2
Investment AB Kinnevik-B SHS	5.2
Wendel	5.0
NB Private Equity Partners	5.0
JP Morgan Private Equity	5.0
Symphony International	4.5
Aker ASA	4.4
DWS Vietnam Fund	4.3
AP Alternative Assets	4.3
TOTAL	49.2



Statistics

	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) TR ²	1.2	-14.7	-8.0	1.6
Net Asset Value TR ¹	-0.2	-13.1	-5.2	7.5
MSCI ACWI ex US TR ³	0.7	-8.0	3.2	11.8
MSCI ACWI ex US Value ¹	0.8	-12.0	-2.6	3.9
MSCI ACWI TR ¹	1.1	-2.2	23.3	43.8
Morningstar Global Growth TR ³	0.2	-2.4	24.5	43.5

Annual Returns (%)	2015	2014	2013	2012	2011
Price TR ¹	-8.6	8.3	5.1	17.8	-12.8
Net Asset Value TR ¹	-4.7	5.2	7.6	19.6	-13.6
MSCI ACWI ex US (£)TR ³	0.2	2.6	13.6	12.2	-12.7
MSCI ACWI ex US Value ¹	-4.4	1.3	13.5	12.5	-12.1
MSCI ACWI TR ¹	3.8	11.2	21.1	11.7	-6.2
Morningstar Global Growth TR ³	7.2	8.8	23.1	13.9	-9.3

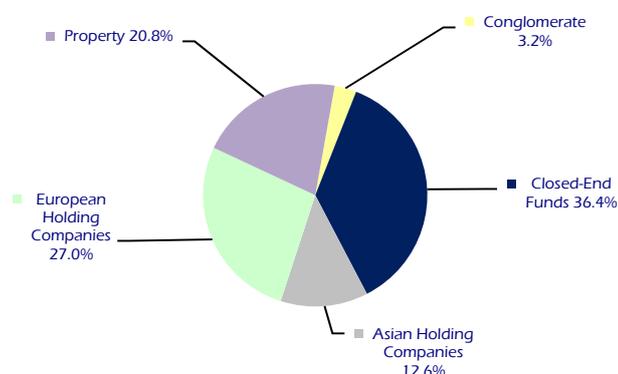
Adler (German residential) was marked down sharply due to its higher than average gearing, and its aggressive move to take control of Conwert's Board. Alder owns a 22% stake in Conwert, a stock we also own. We are still strong believers in the German residential sector and believe the underlying fundamentals will clearly benefit Adler when the short-term noise currently surrounding the name dissipates.

In addition to the sale of Jardine Matheson mentioned earlier, we also exited Harbourvest Global Private Equity (HVPE) in full. Over the 3y holding period, our position in HVPE registered a +18% IRR with the returns split 80/20 between NAV growth and discount contraction. We took advantage of the liquidity that resulted from the company's enfranchisement of shareholders and move to the Main Board of the LSE to sell down our holding and re-deploy the proceeds into other holdings where we see greater potential upside.

We added to twenty-four holdings over the month, the largest aside from Jardine Strategic being AP Alternative Assets, Bollere, Conwert, Brookfield Canada, Wendel, Better Capital 2009, and Kinnevik. We still expect AP Alternative (AAA)'s sole remaining asset, annuity provider Athene Insurance, to IPO later this year. The US Life Insurance sector has been weak in 2016 on the back of the narrowing 2-10y Treasury spread and concerns on energy exposure.

AAA's share price has been knocked back in sympathy, and we added to

Sector Breakdown (% of invested assets)



Capital Structure

Ordinary Shares	160,014,089
8 1/8% Debenture stock 2023 [#]	£15,000,000
Shares held in Treasury	28,156,225
Loan Note A Sterling	£30,000,000
Loan Note B Euro	£30,000,000

Gross Assets/Gearing

Gross Assets	£748mil.
Debt par value	£68.3mil.
Actual Gearing (Debt less cash divided by net asset value)	7.8%

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.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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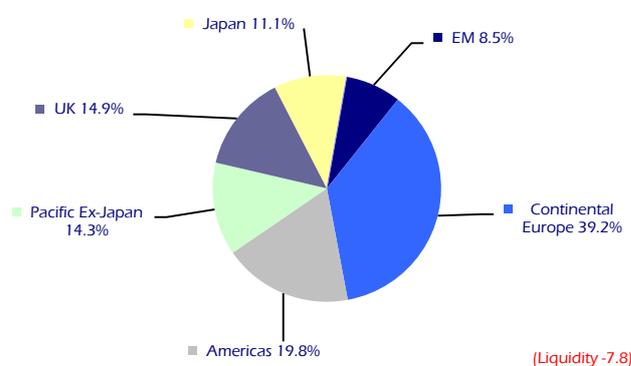
our holding at a price that implies a P/B of just 0.8x for Athene despite its consistently high ROE, its low high-yield energy exposure (27bps of invested assets), and its \$1bn of dry powder available to take advantage of any M&A opportunities that arise from distress in the sector.

Bollere, a French holding company with a stellar performance record, is a new position established this year. Led by veteran French industrialist/activist Vincent Bollere, the company owns market-leading African logistics/ports assets as well as substantial stakes in listed companies including Vivendi. Having de-rated sharply at the end of 2014, we acquired our stake at a discount to NAV in excess of 30%.

Brookfield Canada Office Properties is a Canadian REIT investing in offices mainly in Toronto and Calgary. It trades at a discount of 25% to what we believe to be a conservatively-calculated NAV (a recent sale of one of their buildings in Toronto came in at a 53% uplift to carrying value), pays a 4.9% dividend yield to be topped up this year with a special dividend, and we believe it likely that Brookfield Asset Management (40% shareholder) will at some point buy out minorities at a premium to current share price as they have done with other Brookfield-managed companies trading on substantial discounts to NAV.

BTEM ended the month 108% invested (i.e. 8% geared).

Risk Region Breakdown (% of net assets)



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 (E) 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