

Performance

This investment management report relates to performance figures to 31 March 2016.

	Month	Financial Yr* to date	Calendar Yr to date
BTEM NAV TR¹	5.7%	5.6%	0.4%
MSCI ACWI Ex US TR³	4.9%	8.6%	2.3%
MSCI ACWI Ex US Value¹	5.5%	6.7%	2.3%
MSCI ACWI TR¹	4.2%	11.2%	2.9%
Morningstar Global Growth TR¹	4.0%	8.3%	-0.1%

Manager's Comment

March was a very strong month for equity markets. The broad MSCI AC World index rose by 4.2%, while our formal benchmark the MSCI AC World ex-USA increased 4.9% as the US underperformed the rest of the world in Sterling terms due to the weak US Dollar. British Empire outperformed over the month with our NAV up +5.7%. This outperformance was consistent with the narrowing of the discount on our portfolio from 33.3% at end-February to 31.2% at end-March.

By far the largest contributor was Symphony International, the Asian-consumer focussed fund. Its shares climbed 19% (in GBP) on a total return basis following a distribution in March that equated to a near-9% yield on the undisturbed share price prior to the announcement. This is the third year in a row that Symphony has paid a substantial distribution, and should help counter the perception that management are oblivious to the very wide discount to NAV at which the company's shares trade (39% at month-end). Over the course of our current financial year, we have increased our shareholding in Symphony by almost a third to reflect our high level of conviction and the compelling valuation.

AP Alternative Assets was the next largest contributor as its shares recovered from the effects of a sizable sell order. We had taken advantage of the pressure on the share price in February to add to our holding at levels more than 20% below where the share price ended March. The likely IPO of Athene Insurance later this year should serve as a catalyst for a further re-rating. Other strong contributors included Wendel (strong performance from underlying listed holdings, Bureau Veritas and St Gobain, and 210bps narrowing of discount), Kinnevik (330bps of discount contraction due to strong results and share buybacks, of which we expect more given the robust balance sheet), and Hudson's Bay (sale of equity in its US REIT which further validates the value of its real estate).

After a poorly executed move to remove three of the existing directors from the Supervisory Board of Conwert, Adler now has one seat on the Board, fairly representing their 22% shareholding. Adler's share price recovered by 8% over the month. We own both stocks so were pleased, after much discussion with both companies, a satisfactory resolution was found.

Several of our European holding companies reported results in March and raised dividends. Wendel increased their pay-out by 7.5%, and this follows announcements from Investor AB, and Kinnevik of dividend increases of 11% and 8% respectively. Aker ASA maintained their dividend and at current levels the shares are yielding 6.7%. Outside Europe, Brookfield Canada paid a special distribution that equated to a 5.5% yield following the sale of a property well above carrying value (this is in addition to the regular ordinary annual yield of 4.5%).

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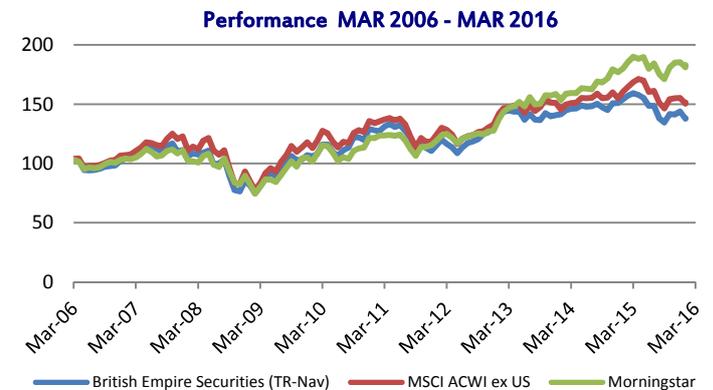
Major Movers (in local currency)

Largest Risers	1m TR %	Percent of Assets
SYMPHONY INTERNATIONAL HOLDI	23.3%	4.9%
AP ALTERNATIVE ASSETS LP	19.1%	4.7%

Largest Fallers	1m TR %	Percent of Assets
DOLPHIN CAPITAL INVESTORS	-22.0%	0.7%
LMS CAPITAL PLC	-6.8%	1.2%

Top Ten Equity Holdings

	%
Investor AB-A SHS	6.2
Investment AB Kinnevik-B SHS	5.5
Wendel	5.3
Pargesa Holding	5.2
Symphony International	4.9
NB Private Equity Partners	4.8
AP Alternative Assets	4.7
JP Morgan Private Equity	4.6
Aker ASA	4.2
DWS Vietnam Fund	4.2
TOTAL	49.6



Statistics

	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) TR ²	6.0	-11.7	0.9	6.5
Net Asset Value TR ¹	5.7	-9.7	-0.5	9.7
MSCI ACWI ex US TR ³	4.9	-5.8	8.1	15.8
MSCI ACWI ex US Value ¹	5.5	-8.9	3.1	8.9
MSCI ACWI TR ¹	4.2	-0.7	26.2	47.8
Morningstar Global Growth TR ³	4.0	-0.9	27.7	46.6

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

In other news that arrived at the end of the previous month, we were pleased to see Riverstone Energy's annual results contain a statement from the Board that further equity raises at a discount would only occur under "truly exceptional circumstances". This follows a letter from AVI to the Board recommending such a commitment be made to avoid a structural "corporate governance discount" emerging on the shares.

Detractors were few and far between with Dolphin Capital and JPEL (entirely FX-related) the only ones of note.

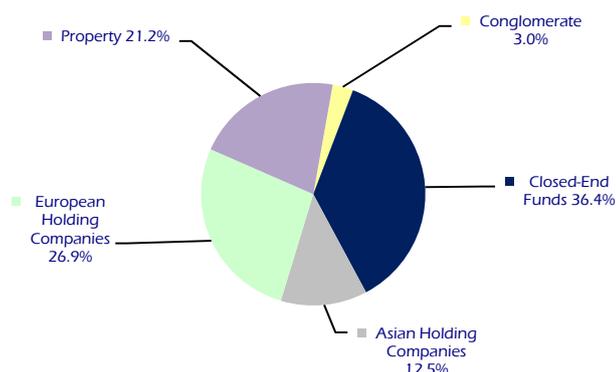
SVG Capital was sold. Our investment thesis when we acquired the position in Nov-14 was that continued secondary market sales of the large position in listed Hugo Boss would reduce the part of SVG's discount attributable to excessive portfolio concentration, while realisations from the rest of the mature portfolio would drive NAV uplifts and fund further capital returns to shareholders. Although we do see further upside from the current discount level, we sold out for a

+22% return over the 17 month holding period (+15% from NAV growth; +7% from discount contraction) to fund some of the other holdings in our portfolio where we see greater potential for upside.

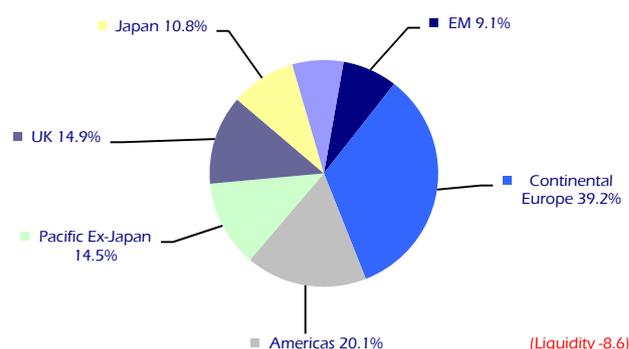
Aside from this exit, there were limited other changes. Turnover had increased for the first few months of the financial year as a result of taking out long-term debt and reducing the number of holdings to increase the degree of portfolio concentration and better reflect our high levels of conviction. The top 30 holdings now represent 97% of the portfolio vs 88% six months ago (as a result of taking on gearing and becoming fully-invested, these figures are 101% vs 87% expressed as a percentage of NAV). Now the portfolio has been re-aligned, turnover has naturally fallen.

BTEM ended the month 109% invested (i.e. 9% geared).

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
Shares held in Treasury	29,108,563
Loan Note A Sterling	£30,000,000
Loan Note B Euro	€30,000,000

Gross Assets/Gearing

Gross Assets	£780mil.
Debt par value	£68.7mil.
Actual Gearing (Debt less cash divided by net asset value)	8.6%

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 (E) Index. The investment management fee was changed to 0.7% of net assets and the performance related fee eliminated.

* British Empire 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

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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 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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