

keyfacts



KEY FEATURES

AVI ISA, AVI Share Plan,
British Empire Securities
and General Trust Plc



Key features

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Introduction

The Asset Value Investors (AVI) Individual Savings Account (ISA) and Share Plan Key Features provides information on the above plans and should be read in conjunction with the AVI Brochure. The Key Features will help to make sure that you have considered the most important information and relevant facts and figures prior to making your investment decision. In particular before investing, you should give thought to:

- whether the investment meets your financial objectives.
- the risk factors associated with the fund(s) you have chosen.
- the level of risk you are comfortable with, remembering that the higher the risk the greater the chance that you might not get back what you have invested.
- the effect that charges will have on the performance of your investment over the longer term.

If you are at all unsure of the suitability of these plans you should contact an Independent Financial Adviser.

The aim of the AVI ISA

The aim of the AVI ISA is to generate income and/or capital growth within a tax-efficient investment environment. The AVI ISA offers investors the opportunity of tax-efficient investment (please see page 10 for further information on taxation) in the shares of the British Empire Securities and General Trust Plc (“British Empire Trust”) managed by Asset Value Investors Limited. The value of tax benefits depends on individual circumstances and may change.

The aim of the AVI Share Plan

The aim of the AVI Share Plan is to offer a convenient and flexible route to invest in the British Empire Trust in order to generate income and/or capital growth. Both the AVI Share Plan and the AVI ISA offers investors the opportunity to make lump sum or monthly investments in British Empire Trust’s shares.

British Empire Trust investment objective

The investment objective of British Empire Trust is to achieve income and/or capital growth through a focused portfolio of investments, particularly in companies whose share prices stand at a discount to estimated underlying net asset value.

Your investment

What are the product characteristics of Investment Trusts?

An Investment Trust is a Public Limited Company which issues shares in return for cash sums. These cash sums are then invested in the shares of other companies or in bonds, property or a mix of the above. The Investment Trust has a board of directors and issues annual and interim reports. It is also responsible for appointing the Investment Manager who receives a management fee in return for investing the funds and managing the assets of the Trust.

As with Unit Trusts, Investment Trusts offer participants not only professional fund management but also greater diversification and liquidity than would be generally available to them as individuals. Unlike Unit Trusts, the price of an Investment Trust's shares is determined by supply and demand. They are therefore often referred to as 'closed-end' funds. Shares are traded on the London Stock Exchange or other stock exchanges.

The price of Investment Trust shares generally stands either below (at a discount) or above (at a premium) the underlying asset value attributable to each share, known as the Net Asset Value (NAV). The discount/premium varies continuously.

Investment Trust companies can borrow money to invest in additional stocks and shares for their portfolio. This is known as 'gearing' or 'leverage' and is intended to enhance returns. Policy on gearing varies and is shown in each Investment Trust's report and accounts. An Investment Trust which 'gears' will have a more volatile share price than one that does not.

The use of gearing in the form of bank borrowings means that changes in the value of the investment portfolio of the trust can be expected to result in exaggerated movements in the net asset value of the shares. While it will be more positive in a rising market, it will be unfavourable when the market moves downwards.

The British Empire Trust has the potential to gear. For the latest information on gearing levels, please refer to the Association of Investment Trust Companies' website, www.aitc.co.uk



ISA – Minimum investment levels

The minimum lump sum investment in the AVI ISA offered by our appointed provider is £1,000. For AVI ISA regular savers, the minimum is £100 per month. The minimum lump sum for an AVI ISA Transfer is £1,000.

Maximum investment levels

Stocks and Shares ISA the maximum investment permitted into a Stocks and Shares ISA is £7,200 for tax year 2009-2010. From 6 October 2009, the ISA subscription limit will increase to £10,200 for anyone eligible to invest in an ISA who was born on, or before, 5 April 1960 (i.e. who will be aged 50 or over during the current tax year). These higher limits will apply to all eligible ISA investors with effect from 6 April 2010.

Share Plan – Minimum investment levels

The minimum lump sum investment in the AVI Share Plan is £250. For regular savers, the minimum is £50 per month. There is no limit to the amount you can invest in an investment trust.

You should be aware that there are certain risks arising from an investment in the AVI ISA and Share Plan.

Important – Risk factors

British Empire Trust – general risk factors

- The market value of investments and the income from the shares can go down as well as up, and the market price can reflect the underlying net asset value (NAV) and investor confidence in the future prospects of the company. Investment in Investment Trusts may be subject to sudden and large falls in value and you may not get back anything at all.
- Past performance should not be seen as an indication of future performance.
- Investment Trusts are specialised investments and may not be suitable for all investors. They should not form a disproportionate part of any portfolio and you should not invest more than you can afford.

Gearing

Investment Trusts are capable of borrowing in order to finance further investments. This is known as 'gearing'.

A 'Geared Investment Company' is an investment company that:

- Uses or proposes to use, gearing as an investment strategy; or
- Invests, or proposes to invest, in securities issued by other investment companies which use or propose to use gearing as an investment strategy.

Gearing is an investment strategy adopted with a view to enhancing investment return, involving one or more of the following:

- Borrowing money using one of the different forms of debt available to investment companies ('financial gearing');
- Investing in securities, such as warrants or derivatives, for which a relatively small movement in the value of the underlying rights to which such security relates, whether favourable or adverse, results in a larger movement in the value of the security;
- Structuring the rights of holders of a security so that a relatively small movement in the value of the underlying assets, whether favourable or adverse, results in larger movements in the value of the security.

The use of gearing by an investment company can result in:

- The price of its securities being more volatile than the price of the underlying assets held by that investment company;
- The securities being subject to sudden or large falls in value, which could result in investors in such securities getting nothing back.

The impact of gearing as a strategy can, depending on market conditions, be both favourable or unfavourable. It will tend to be more positive in a rising market, though it will probably be unfavourable when markets move downwards.

The impact may also vary depending on the rights attached to the individual security issued by the investment company in question.

The decision to gear is a matter for the investment company's Board. Typically, the degree of financial gearing is stated in terms of a ratio, e.g. a gearing factor of 120 means that a company with equity of £100 million, has £20 million of bank borrowings. The level of gearing is not fixed and can change significantly over a period of time due to changes in assets, borrowings or structure.

The investment company may seek to vary the loan facility or repay the capital to reflect their investment policy, their view of interest rates, currency risk, portfolio risk and prevailing market conditions. A fall in the value of underlying assets may result in a breach of the terms of the Loan leading to the capital being required to be repaid immediately, in whole or in part, together with any attendant costs. Companies may also seek to alter their structures which can lead to changes in gearing levels. Up to date information on the latest gearing levels for the British Empire Trust can be obtained by visiting the Association of Investment Trust Companies' website, www.aitc.co.uk

Charges

- British Empire Trust deducts part or all of its management charge from capital, which increases distributable income, at the expense of capital, which will either be eroded, or future growth constrained.
- Your investment return will also be affected by the charges levied. This is dealt with under 'How will charges and expenses affect my investment?' on page 16.

Exchange rates

Changes in exchange rates can affect the value of your investments. For example, if sterling strengthens against the currency in which the underlying investments of the trust are made, the net asset value of your investment trust holding will reduce, and vice versa.



Bonds

- Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yield given the economic background. Key determinants include economic growth prospects, inflation, the government's fiscal position, short-term interest rates and international market comparisons. Projected returns from bonds are fixed as at the time of purchase, when the fixed coupon payments and final redemption proceeds are known.

This means that, in the absence of default, if a bond is held until its redemption date, the total return achieved will be determined at its issue date. However, over the life of a bond, the yield (and hence market price) at any given time will depend on the market environment at that time. Therefore a bond sold before its redemption date is likely to have a different price to its purchase level and a profit or loss may be incurred.

- Convertibles are bond-type investments with rights to convert to company shares (or equities) or preference shares (these rank above equities but below bonds in the order of payment should a company go into liquidation) at some stated time in the future.
- Bonds and convertibles are subject to two types of risk, market (interest rate) risk and credit risk. Interest rate fluctuations affect the capital value of investments. Where long term interest rates rise the capital value of units is likely to fall, and vice versa. In addition to the interest rate risk, bond investments are also exposed to credit risk reflecting the ability of the borrower (i.e. bond issuer) to meet its obligations (i.e. pay the interest on a bond and return the capital on the redemption date).

Generally, the higher the quality of issuer, the lower the interest rate at which they can borrow money. Issuers of a lower quality will tend to have to pay more to borrow money to compensate the lender (the purchaser of a bond) for the extra risk taken. The impact of any default is reduced by diversifying the portfolio across a wide spread of issuers and sectors.



Tax

In particular if you are a basic rate tax payer and you do not anticipate any liability of Capital Gains Tax, you should consider if the advantages of an ISA investment justify the additional management cost/charges incurred.

Dealing spreads (including Government Stamp Duty)

The difference between the market dealing offer price (the price you pay to buy the share) and the market dealing bid price (the price which you would receive for the share if selling) is known as the dealing spread. This varies from day to day, and can be very wide on occasions. The price of the share must rise by this amount (together with charges and government stamp duty) before you will be able to realise your shares at a profit.

As at 31.03.2009, the dealing spread on British Empire Trust was 0.63%.

Emerging markets

Emerging markets tend to be more volatile than more mature markets and the value of your investments could in some circumstances move sharply either up or down. In some circumstances the underlying investments may become illiquid which may constrain the Investment Managers' ability to realise these.

The registration and settlement arrangements in emerging markets may be less developed than in more mature markets so the operational risks of investing are higher. Political risks and adverse economic circumstances are more likely to arise putting the value of your investment at risk. Portfolios may also invest indirectly in emerging markets via American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs). Though operational risks here are significantly reduced, the value of these securities will also be impacted by political and economic developments in the underlying markets.

Specialist sectors/small markets

Specialist funds which invest in small markets or sectors of industry are likely to be more volatile than a more diversified trust.

If a fund invests in smaller companies, at times the fund may experience difficulties in realising some of the underlying holdings due to the specialist nature of those investments.

If a fund is a specialist country specific fund the investment carries greater risk in return for higher potential rewards than a fund diversified across more countries of investment. If a fund also invests in smaller companies, it is likely to carry higher risks than most general investment trusts.

If a fund invests in a specialised geographical region the investment carries greater risk in return for higher potential rewards than a fund diversified across more regions of investments.

If you have any concerns about the relative risks of any of the British Empire Trust or the suitability of an AVI ISA or AVI Share Plan then you should contact an Independent Financial Adviser.

ISAs

- The value of tax benefits depends on individual circumstances and the favourable tax treatment for ISAs may not be maintained.
- For ISA transfers, there is potential for a loss of income or growth following a rise in the markets, whilst the ISA transfer remains pending.
- This AVI ISA does not meet the Government 'CAT' standards defining Charges, Access and Terms.

Your questions answered

What is an ISA?

An ISA is a wrapper in which you can put different types of investment (components) without having to pay tax on the investment growth, or interest produced. You can hold up to two components within an ISA; stocks and shares (including investment trusts) and cash.

Who can invest in an ISA?

Anyone aged 18 or over may invest in an ISA, provided that they are resident or ordinarily resident in the UK for tax purposes. This includes members of the armed forces and other Crown employees serving overseas and their spouses. ISAs may not be taken out in joint names.

How can I invest?

Which investment you choose clearly depends on the balance of income and capital growth you require and your view on the performance opportunity presented by the underlying holdings. Some Investment Trusts seek to provide high levels of income while others seek capital growth.

Once you have decided that the British Empire Trust meets your investment needs and that the investment method is suitable, complete the appropriate Application Form and post it to us, with the appropriate remittance.

Applications from prospective investors with a 'PO Box' or 'care of' address, are not acceptable. However, where an investor's permanent residential address is a retirement home, nursing home, hospice or hospital, this address can be accepted. Cheques drawn on an account other than a UK Bank/Building Society account denominated in Sterling will not be accepted.

What are the tax advantages of ISAs?

The British Empire Trust included in this document qualifies as an ISA investment, which can grow free of any liability to Capital Gains Tax. Withdrawals from ISAs do not need to be entered on your tax return nor does the income.

Under HM Revenue and Customs rules, ISAs are currently permanent tax shelters. Investors should be aware, however, that the UK tax regime may be subject to change by the Government and that the rates of, and relief from, taxation depend on your own personal tax position and may vary over time.

Please note that this tax information applies to the UK only. Investors in other jurisdictions should take their own advice.

Do I want to invest a Lump Sum or start a Regular Savings Plan?

AVI ISAs

You may invest one or more lump sums or by monthly contributions.

The minimum lump sum investment to open either is £1,000. After that, you can make lump sum deposits of any amount, as long as you don't exceed the savings limits. Alternatively, you can choose to make regular monthly deposits from as little as £100 per month.

Lump Sum: The minimum lump sum investment into the AVI ISA is £1,000. Once you have opened an AVI ISA, lump sums may be invested at any time as long as you do not exceed the Stocks and Shares ISA limit. Should you wish to make additional subscriptions to your AVI ISA in a tax year subsequent to that in which you opened your plan you need only send a cheque and letter of instruction. If however, a full tax year of subscriptions has been missed please call our administrator on 0845 850 0181.

Regular Savings: These start at just £100 per month once you have opened an AVI ISA with a minimum of £1,000. If you invest by regular monthly contributions, an AVI ISA will automatically be opened for subsequent tax years unless you have terminated contributions prior to that new tax year beginning.



Share Plan

You may invest one or more lump sums or via monthly contributions.

Lump Sum: The minimum lump sum investment into the AVI Share Plan is £250. Once you have opened an AVI Share Plan, additional lump sums may be invested at any time (minimum additional lump sum investment £250).

Regular Savings: These start at just £50 per month per Investment Trust. Once you have opened a Regular Savings Plan with a minimum £250, your monthly contributions may be increased at any time.

How is my money invested?

Purchases of shares are usually combined for more than one account. Purchases will normally be dealt once a day. This combination of orders may result in you obtaining a more or less favourable price than if the order had been executed separately.

Shares can be sold at any time by telephoning or writing to the appointed administrator. They will be sold at the best price available at the time the order is executed.

Lump Sum: Once your Application Form and cheque are received, funds will normally be invested on the next business day.

Regular Savings: We collect your Direct Debit on or around the 15th of each month and the funds will normally be invested on the next business day following collection of your subscription.

Please ensure that you complete correctly the Direct Debit instruction at the bottom of the Application Form. Direct Debit contributions can be cancelled at any time by writing to or telephoning the appointed provider.

ISA Transfers: Once your AVI ISA transfer forms have been received, they will be forwarded to your current ISA manager requesting the transfer of funds. Your existing plan investments will then be liquidated, and the proceeds forwarded to us. Funds will normally be invested on the next business day following receipt of these proceeds from your current ISA manager. Market movements may impact on the value of your investment between the sale of existing holdings and new investment.

What documentation will I receive after I invest?

As soon as your application is accepted you will be sent a welcome pack, which will confirm your Personal Reference Number (PRN) and Account Code. By close of business after the date of trade you will be sent a contract note showing the number and cost of shares purchased.

All investors will receive a six-monthly statement within 25 business days of 5th April and 5th October each year giving a current valuation of the underlying investment(s) and details of all transactions and costs for the period. Copies of the Annual and Interim Report and Accounts will be sent to you. You may attend meetings of shareholders and exercise voting rights in respect of your shareholding upon giving prior written notice.

The Prospectus, together with the latest Annual (and if issued later, the Interim) Report and Accounts for any trust, are available free of charge on request from the Trust company secretary.

How will my dividends be paid or reinvested?

Dividends, where applicable, will be automatically reinvested unless you have elected to have them paid directly into your bank account.

Is there a Share Exchange facility?

You can exchange holdings in other stocks and shares to subscribe to the AVI ISA or Share Plan. Further details on Share Exchange are available by calling the Customer Support Team Helpline.



Can I transfer my investment?

We can accept the transfer in of existing stocks and shares ISAs or Cash ISAs from other qualifying ISA managers at any time without you losing your ISA's tax status. However, you may be charged by your previous ISA manager for transferring your investment from them, you should contact them directly to check if any charges would apply. We make **no charge** for transfers in.

You can transfer your ISA from us to a stocks and shares ISA with another qualifying manager. Please see page 9 of our brochure for details of our charges.

How do I stop or amend making monthly investments?

To stop or amend your Direct Debit you must inform us by telephone or in writing at least ten working days before the next collection date. Each collection is made on or around the 15th of the month.

How do I notify the appointed administrator of a change of personal details?

All notifications of a change of address can be accepted by telephone or in writing. Any other change of personal details must be sent to our appointed administrator accompanied by all appropriate signatures.

Who is the manager?

The manager of the British Empire Trust is Asset Value Investors Limited at Bennet House, 54 St James's Street, London SW1A 1JT, which is authorised and regulated by The Financial Services Authority.

Do I have the opportunity to change my mind after I invest?

ISAs: You may withdraw your ISA application at any time within 14 days of its receipt by the appointed administrator. Your shares will be sold at the current market price and the net proceeds less dealing charges, returned to you. Please be advised you may not get back the full amount which was invested.

AVI Share Plan and ISA transfers: There are no cooling off or cancellation rights in respect of the AVI Share Plan or ISA Transfers. If you change your mind, shares may be sold at the prevailing market price.

If you withdraw your request to purchase shares following an ISA transfer, the proceeds will be paid directly to you, and you will irrevocably lose any favourable tax treatment associated with an ISA holding.

How do I find out the current share price of my investment?

The share prices and yields of the British Empire Trust are quoted daily in the Financial Times, The Times, The Scotsman, The Evening Standard and the Daily Telegraph. Please remember that these newspapers are quoting historic prices and thus are not the ones that would apply if you were to deal.

Where will my shares be held?

Your shares will be registered on your behalf in the name of the appointed administrator's nominee. Please note that no certificate of title will be issued.

How can I sell my holding?

You may close your Plan at any time, however, you should take a medium to long-term view when entering into investments of this type. On notification of closure, the appointed administrator will sell the shares at the prevailing market price and credit the proceeds to your bank account.

Sales will generally be dealt immediately on receipt of your instruction and payment will normally be issued on the third working day following the dealing date.

ISA: Withdrawal of funds can also be made from the AVI ISA at any time, as long as it is for a minimum of £250 and does not reduce the value of the Plan below £1,000.

If you do want to cash in part of or all of your Plan, simply write to or telephone the appointed administrator letting them know how much you wish to withdraw. All contributions count towards your ISA subscription limits, so once you have withdrawn cash you may not be able to put it back in the same tax year.

Share Plan: Partial withdrawal of funds can also be made from the AVI Share Plan at any time, as long as it is for a minimum of £250 and does not reduce the value of the Share Plan below £250.

If you do want to cash in part of or all of your AVI Share Plan, simply write to or telephone the appointed administrator letting them know how much you wish to withdraw.

How will charges and expenses affect my investment?

What are the tax consequences?

The rates of and relief from taxation depend on your own personal tax position and may vary over time.

Capital Gains Tax

Capital gains for ISA holders are not liable to tax. Holders whose realised capital gains from all investments do not exceed in that tax year the Capital Gains Tax limit will be exempt from CGT. Any excess is taxed at their marginal rate of income tax.

Income tax

Income distributions, whether paid or reinvested will be treated by the HM Revenue and Customs as income. With regard to lower and basic taxpayers, the tax credit was deemed to cover the liability, however after the 5th April 2004, managers were no longer able to claim the tax credits.

Higher rate taxpayers will have a liability to pay tax at 32.5% on grossed up dividend distributions.

Dealing Charges

There is no charge for buying British Empire Trust shares in the Plans. You must, however, pay Government Stamp Duty on your purchase of any UK registered trust of 0.5%.

Charges and Expenses

Shares are priced in the market and the price will vary depending upon whether you are buying or selling shares. The difference between the two is called the spread.

The spread varies according to the number of shares being purchased and their availability on the market. A typical spread based on figures at 31.03.2009. 0.63% for the Investment Trust has been included in the calculations for the tables below and overleaf.

ISA

There is an initial charge of £30 plus VAT to open an AVI ISA, and an ISA administration charge of 0.5% (plus VAT) per annum. This charge is accrued monthly and applied during April and October. There are also charges and expenses relating to the management of the Investment Trust Company. These charges include the Manager's fees, Directors' fees, audit fees and the cost of producing the Annual and Interim Reports. Such charges are generally deducted from the income of the company.

Additional costs

Dealing costs are not included. See the risk factor section for more information on the dealing spread. Government Stamp Duty of 0.5% payable on all purchases of Investment Trusts.

All such charges and expenses are based on the latest audited accounts.

The appointed administrator, giving not less than 10 working days' written notice, may vary these charges.

The effect of charges and expenses on an investment of £1,000

The effect of an investment of £1,000 into British Empire Trust assuming growth of 6% p.a. for direct investments in the Share Plan and 6% p.a. for direct investments in ISAs. These rates are laid down by the Financial Services Authority and are for illustration purposes only. The figures are not guaranteed, and serve only to demonstrate the effect of charges and expenses on an investment.

The effect of charges and expenses on your investment

British Empire Trust: Share Plan Lump Sum

Dealing Spread 0.63%, Stamp Duty 0.5%, Annual and administration charges 0.96%, Gross income yield 0%.*

(All data as at 31.03.2009). (Dealing spread may vary. Dealing spread at 31.03.2009).

At end of year	Investment to date	Effect of deductions to date £	INCOME PAID OUT		INCOME REINVESTED	
			Income to date £	What you might get back at 6%	Income to date £	What you might get back at 6%
1	£1,000	22	0	1,030	0	1,030
3		47	0	1,140	0	1,140
5		77	0	1,260	0	1,260
10		182	0	1,600	0	1,600

The last line in the table above shows that over 10 years the effect of the total charges and expenses amount to £182 if income was paid out, or reinvested. Putting it another way, if the growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 4.87% a year whether income is paid out or reinvested.

*A conservative approach has been taken with regard to the annual dividend distribution.

British Empire Trust: ISA Lump Sum

Dealing Spread 0.63%, Stamp Duty 0.5%, Initial charges 3.45%, Annual and administration charges 0.96%, Gross income yield 0%.*

(All data as at 31.03.2009). (Dealing spread may vary. Dealing spread at 31.03.2009).

At end of year	Investment to date	Effect of deductions to date £	INCOME PAID OUT		INCOME REINVESTED	
			Income to date £	What you might get back at 6%	Income to date £	What you might get back at 6%
1	£1,000	64	0	990	0	990
3		106	0	1,080	0	1,080
5		156	0	1,180	0	1,180
10		325	0	1,460	0	1,460

The last line in the table above shows that over 10 years the effect of the total charges and expenses amount to £325 if income was paid out, or reinvested. Putting it another way, if the growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 3.90% a year whether income is paid out or reinvested.

*A conservative approach has been taken with regard to the annual dividend distribution.

How much will advice cost?

If you wish to obtain advice on the ISAs and Share Plan then you should contact an Independent Financial Adviser (IFA) who will give you details about the cost of the advice.

The cost will depend on the size and frequency of your investments. It will be paid out of your capital investment. For lump sum investors, the standard IFA fee is 3% plus VAT of your initial contribution. Thus, if you invested £1,000, your adviser could receive an initial payment of up to £35.25.



Other important information

What if the Plan terms and conditions change?

We may alter the terms and conditions of the AVI ISA or Share Plan at any time. You will be given at least 10 working days' written notice of any significant changes and advised of the available options.

What if I have an administrative query?

If you have an administrative query or wish to close your plan you should write to the appointed administrator:

Halifax Share Dealing Limited
Lovell Park Road
Leeds
LS1 1NS
or call 0845 850 0181

Telephone calls will normally be recorded and may be monitored for your protection.

What if there is a corporate action?

AVI will only exercise voting rights attaching to the shares held in a Plan following receipt of written instructions from you to exercise such rights. If the Trust makes a scrip or bonus issue of shares, your account will be credited with the shares allotted to you.

How would any complaint be resolved?

If you need to complain about any aspect of our service, administration or probity, you should write to the appointed administrator, who will initiate their formal complaints procedure. A leaflet detailing the complaints procedure is available on request. If you remain dissatisfied, the complaint can generally, depending on its nature, be passed to the Financial Ombudsman Service.

If you make a valid claim against the appointed provider in respect of the investments they buy or sell for you, and they are unable to meet our liabilities in full, you may be entitled to redress from the Financial Services Compensation Scheme (FSCS). Details are available from the FSCS Helpline on 020 7892 7300.

What money laundering checks are carried out?

Under the Criminal Justice Act 1993 and the Proceeds of Crime Act 2002 as amended by the Serious Organised Crime and Police Act 2005, in certain circumstances the appointed administrator may be required to verify investors' identity in order to comply with UK money laundering legislation. This involves obtaining independent documentary evidence confirming identity and permanent residential address.

This may involve an electronic check of information. By signing an application form the Investor(s) provides authorisation to access such information under the Data Protection Act 1998. The Manager reserves the right to refuse any application to invest without providing any justification for doing so.

Will I have any further liability to tax?

The rates of and relief from taxation depend on your own personal tax position and may vary over time.

Income tax

Income distributions, whether paid, reinvested or accumulated will be treated by HM Revenue and Customs as income. The tax position depends on whether the distribution derives from dividends or from interest. Interest distributions have income tax deducted at 20%. Non-taxpayers and lower rate taxpayers may reclaim all or part of this tax.

With regard to basic rate taxpayers, the tax credit is deemed to cover their liability and no further tax is payable. Higher rate taxpayers will have a liability to pay further tax equal to 20% of the gross interest distribution. In accordance with current legislation, reports will be made to HM Revenue and Customs on all interest distributions paid to each investor, whether UK or non-UK resident.

ISAs

ISA investors currently have no income or Capital Gains Tax liability on their investment. Other favourable tax treatments of ISAs may not be maintained. The value of tax benefits depends on individual circumstances and may change.

Where can I obtain the latest Report and Accounts?

The latest Report and Accounts may be downloaded from www.british-empire.co.uk or call the trust's Company Secretary, Phoenix Administration, Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW. Tel: 01245 398950.

When are Key Features documents updated?

This document was prepared in July 2009 specifically for Asset Value Investors Plan investors and potential investors.

How can I obtain further information about the British Empire Trust?

Further information can always be obtained by telephoning or writing to our appointed administrator. Telephone calls will normally be recorded and may be monitored for your protection. We are, however, unable to give individual investment advice.

Issued by Asset Value Investors Ltd, 54 St James's Street, London, SW1A 1JT. Authorised and regulated by the Financial Services Authority.





British Empire

Securities and General Trust p.l.c.

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