



BKI Investment Company Limited

NTA AND MONTHLY REPORT—October 2016

Top 25 Investments

% of Total

1	Commonwealth Bank	9.0%
2	National Australia Bank	8.2%
3	Westpac Banking Corp	7.5%
4	Telstra Corporation	5.0%
5	ANZ Banking Group	4.7%
6	Wesfarmers Limited	4.6%
7	TPG Telecom	3.6%
8	APA Group	3.2%
9	New Hope Corporation	3.0%
10	Woolworths Limited	2.7%
11	Transurban Group	2.6%
12	AGL Energy Limited	2.6%
13	Ramsay HealthCare	2.1%
14	Invocare Limited	1.9%
15	ASX Limited	1.9%
16	IAG Limited	1.9%
17	Sonic Healthcare	1.8%
18	BHP Billiton	1.8%
19	ARB Corporation	1.8%
20	Challenger Limited	1.7%
21	Woodside Petroleum	1.6%
22	Macquarie Group	1.6%
23	Sydney Airport	1.6%
24	Suncorp Group	1.6%
25	Brambles Limited	1.3%

Cash and cash equivalents 3.5%

Total of Top 25 plus
cash and cash equivalents 82.8%

Our aim is to create wealth for BKI shareholders, through an increasing fully franked dividend and capital growth.

Business Overview

BKI is a research driven, Listed Investment Company, investing for the long term in profitable, high yielding, well managed companies. Listed on the Australian Stock Exchange (BKI.ASX) and managed by Contact Asset Management, an investment in BKI gives shareholders access to a diversified Australian equity portfolio.

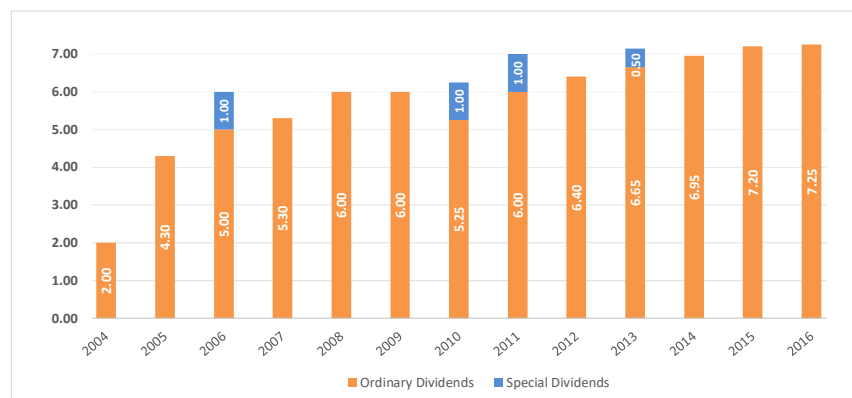
Net Tangible Asset Backing

The consolidated unaudited pre-tax net asset backing at 31 October 2016 was **\$1.52** per share. The company is a long term equity investor and does not intend to dispose of its total portfolio. If estimated tax at 30% on unrealised portfolio gains were to be recognised, net asset backing post-tax would be **\$1.45** per share.

Growing Fully Franked Dividends

BKI's Board & The Manager are shareholders in BKI. We invest for the long term and focus on creating wealth for all shareholders by keeping costs low and increasing fully franked dividends and capital growth.

As at 31 October 2016, BKI's fully franked dividend yield was 4.6% (based on the immediate past 12 Month rolling dividend** and share price of \$1.58), while the grossed up yield was 6.6% (tax rate of 30%).



BKI Dividends paid to shareholders (cents per share).

We focus on dividend payments - not generating excessive management or performance fees.

Benefits of Investing in BKI Investment Company Limited

- **High Value / Low Cost** - Active, high conviction, closed end portfolio. No excessive portfolio management fees. No performance fees.
- **Tax Effective** - All dividends have been fully franked.
- **Performance** - Delivering sound returns plus dividend growth.
- **Diversification** - Exposure to well managed, dividend paying companies.
- **Listed on the ASX**
 - ASX Listing Rules** - Continuous Disclosure requirements, High levels of Transparency and Compliance.
 - Size & strength** - Market Capitalisation of \$953m.
 - Simplicity** - An investment in BKI.ASX provides administration simplicity.
 - Liquidity** - Shares trade on the ASX. 14,500 shareholders. Settlement T+2.
- **Experience** - The Board and The Manager of BKI have over 180 years of collective industry experience (average of 26 years).
- **Alignment** - The Directors and The Manager are shareholders in BKI. We focus on dividend payments - not generating excessive management fees.

Management Expense Ratio (MER)

BKI's MER as at 30 June 2016 was 0.16%.

Board of Directors

Directors: Robert Millner (Chairman), Alex Payne, David Hall and Ian Huntley. Jaime Pinto (Company Secretary).

Investment Manager

Contact Asset Management: Tom Millner (Director/Portfolio Manager), Will Culbert (Director/Portfolio Manager). Contact provides investment management services to BKI in accordance with the directions of the BKI Board and BKI Investment Committee.

Company Overview

Mandate	Australian Listed Equities
Market Capitalisation	\$953m
Investment Portfolio	\$889m
Cash & Cash Equivalents	\$32m
Total Portfolio Including Cash	\$921m
Debt	\$0
MER*	0.16%
Performance Fee	N/A
Rolling 12 Month Dividend**	7.25cps
Historical Dividend Yield***	4.6%
Percentage Franked	100%
Grossed up Yield***	6.6%
DRP	Active
Pre Tax NTA	\$1.52
Post Tax NTA	\$1.45
Share Price	\$1.58

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BKI Performance as at 31 October 2016	1 Year	3 Yrs (pa)	5 Yrs (pa)	7 Yrs (pa)	10 Yrs (pa)	12 Yrs (pa)
S&P/ASX 300 ACC INDEX (XKOAI)	6.3%	3.9%	9.0%	6.4%	4.3%	7.4%
BKI Total Shareholder Returns (TSR)	-0.7%	4.9%	10.1%	8.0%	6.0%	8.9%
BKI TSR Outperformance V's XKOAI	-7.0%	1.0%	1.1%	1.6%	1.7%	1.5%
BKI Portfolio Performance	0.8%	1.7%	6.7%	6.1%	5.2%	6.8%
BKI Portfolio Outperformance V's XKOAI	-5.5%	-2.2%	-2.3%	-0.3%	1.1%	-0.6%
BKI Performance Including Franking Credits	1 Year	3 Yrs (pa)	5 Yrs (pa)	7 Yrs (pa)	10 Yrs (pa)	12 Yrs (pa)
S&P/ASX 300 ACC INDEX (XKOAI) - 80% Franked	7.9%	5.5%	10.7%	8.2%	6.0%	9.2%
BKI Total Shareholder Returns - 100% Franked	1.3%	6.8%	12.2%	10.3%	8.2%	11.1%

Source: BKI Investment Company Limited, Bloomberg. Portfolio Performance is measured by change in pre tax NTA and is after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends. TSR include reinvestment of dividends. TSR including franking credits are based on BKI's dividends being fully franked and the S&P/ASX300 Accumulation Index franked at 80%. Past performance is generally not indicative of future performance.

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