



BKI Investment Company Limited

NTA AND MONTHLY REPORT—August 2017

Top 25 Investments

Stock	% of Total Portfolio
1 National Australia Bank	8.3%
2 Commonwealth Bank	8.2%
3 Westpac Banking Corp	7.2%
4 ANZ Banking Group	4.7%
5 Wesfarmers Limited	4.5%
6 Telstra Corporation	3.5%
7 APA Group	3.3%
8 Transurban Group	3.2%
9 AGL Energy Limited	3.1%
10 Woolworths Limited	2.9%
11 TPG Telecom	2.7%
12 Sydney Airport	2.6%
13 New Hope Corporation	2.4%
14 Ramsay HealthCare	2.4%
15 Invocare Limited	2.3%
16 ASX Limited	2.1%
17 IAG Limited	2.1%
18 Macquarie Group	2.0%
19 BHP Billiton	2.0%
20 Sonic Healthcare	2.0%
21 Challenger Limited	1.9%
22 Woodside Petroleum	1.7%
23 ARB Corporation	1.6%
24 Suncorp Group	1.6%
25 Flight Centre	1.3%
Cash and cash equivalents	3.7%

Total of Top 25 plus cash and cash equivalents 83.2%

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) with the equity portfolio managed by Contact Asset Management, an investment in BKI gives shareholders access to a diversified Australian equity portfolio.

Net Tangible Asset Backing

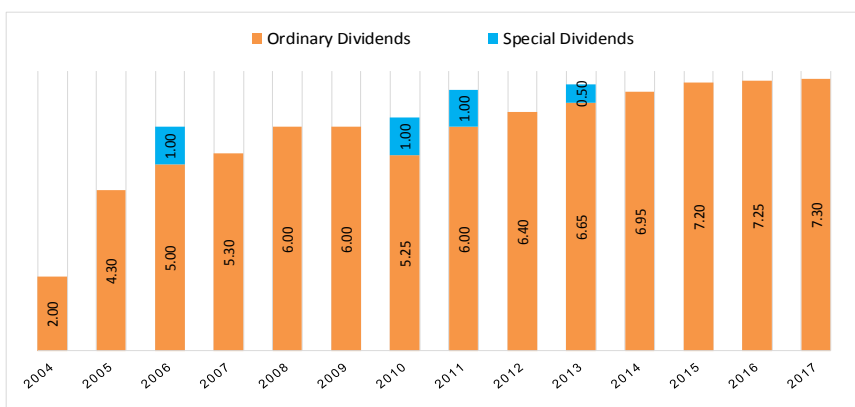
The consolidated unaudited pre-tax net asset backing at 31 August 2017 was **\$1.57** per share. The company is a long term equity investor and does not intend to dispose of its total portfolio. If estimated tax at 30% on unrealised portfolio gains were to be recognised, net asset backing post-tax would be **\$1.49** per share.

All calculations are after providing for the Final Dividend of 3.70cps which was paid to shareholders on 23 August 2017.

Growing Fully Franked Dividends

BKI's Board & Portfolio Managers 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 August 2017, BKI's fully franked dividend yield was 4.4% (based on the immediate past 12 Month rolling dividend** and share price of \$1.66), while the grossed up yield was 6.2% (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 \$1.03bn.
 - Simplicity** - An investment in BKI.ASX provides administration simplicity.
 - Liquidity** - Shares trade on the ASX. 14,800 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 Portfolio Managers 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 2017 was 0.15%.

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	\$1,026m
Investment Portfolio	\$945m
Cash & Cash Equivalents	\$36m
Total Portfolio Including Cash	\$981m
Debt	\$0
MER*	0.15%
Performance Fee	N/A
Rolling 12 Month Dividend**	7.30cps
Historical Dividend Yield***	4.4%
Percentage Franked	100%
Grossed up Yield***	6.2%
DRP	Active
Pre Tax NTA	\$1.57
Post Tax NTA	\$1.49
Share Price	\$1.66

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BKI Performance as at 31 August 2017	1 Year	3 Yrs (pa)	5 Yrs (pa)	7 Yrs (pa)	10 Yrs (pa)	13 Yrs (pa)
S&P/ASX 300 ACC INDEX (XKOA1)	9.5%	5.2%	10.4%	8.4%	3.5%	8.3%
BKI Total Shareholder Returns (TSR)	9.8%	4.2%	11.5%	10.4%	6.4%	9.3%
BKI TSR Outperformance V's XKOA1	0.3%	-1.0%	1.1%	2.0%	2.9%	1.0%
BKI Portfolio Performance	4.5%	2.6%	7.9%	7.3%	4.2%	7.7%
BKI Portfolio Outperformance V's XKOA1	-5.0%	-2.6%	-2.5%	-1.1%	0.7%	-0.6%

BKI Performance Including Franking Credits	1 Year	3 Yrs (pa)	5 Yrs (pa)	7 Yrs (pa)	10 Yrs (pa)	13 Yrs (pa)
S&P/ASX 300 ACC INDEX (XKOA1) - 80% Franked	11.2%	6.7%	12.1%	10.2%	5.3%	10.0%
BKI Total Shareholder Returns - 100% Franked	11.9%	6.1%	13.6%	12.6%	8.6%	11.5%

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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