

NTA AND MONTHLY REPORT

June 2018

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

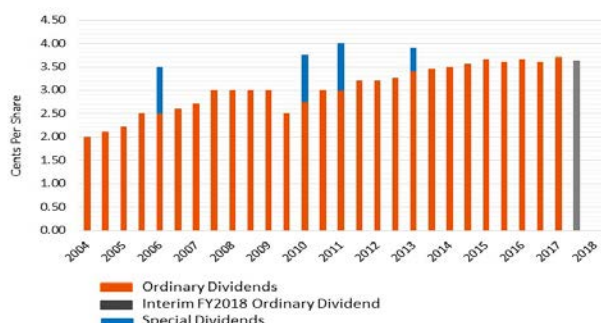
Business Overview

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.

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 30 June 2018, BKI’s fully franked dividend yield was 4.8% (includes FY2017 Final Dividend of 3.70cps and FY2018 Interim Dividend of 3.625cps** and share price of \$1.525), while the grossed up yield was 6.9%# (tax rate of 30%).



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

Pre-Tax Net Tangible Assets: \$1.63

Post-Tax Net Tangible Assets: \$1.54

Board of Directors

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

Investment Management

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



Company Overview

ASX Code	BKI.ASX
Mandate	Australian Listed Equities
Market Capitalisation	\$1,106m
Investment Portfolio	\$994m
Cash & Cash Equivalents	\$188m
Total Portfolio Including Cash	\$1,182m
Debt	\$0
MER*	0.17%
Performance Fee	N/A
Rolling 12 Month Dividend**	7.325cps
Historical Dividend Yield	4.8%
Percentage Franked	100%
Grossed Up Yield#	6.9%
DRP	Active
Share Price	\$1.525

Net Tangible Assets (NTA)

Pre Tax NTA	\$1.63
Post Tax NTA	\$1.54

*MER as at 31 December 2017, **Includes FY2017 Final Dividend of 3.70cps and FY2018 Interim Dividend of 3.625cps, #Based on share price as at 30 June 2018. Grossed up yield based on a tax rate of 30%.

Dividend Yield

6.9%

Grossed up# as at 30 June 18

Management Expense Ratio

0.17%

As at 31 Dec 2017

14Yr Total Shareholder Returns

10.3% pa

As at 30 June 2018

Market Capitalisation

\$1,106m

As at 30 June 2018

**No
Performance
Fees**

**16,900
Shareholders**

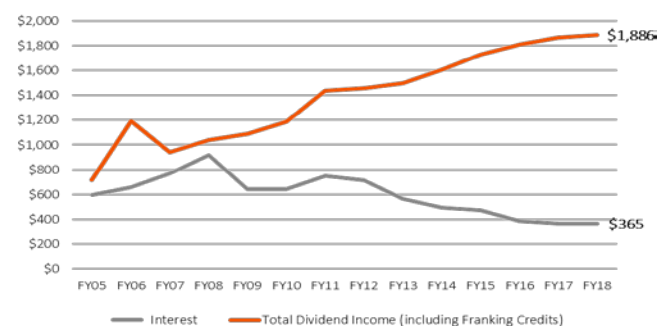
BKI INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868

Company	% of Total Portfolio
1 National Australia Bank	6.4%
2 Westpac Banking Corporation	5.8%
3 Commonwealth Bank	5.7%
4 Wesfarmers Limited	4.3%
5 New Hope Corporation	3.7%
6 ANZ Banking Group	3.7%
7 APA Group	3.7%
8 Macquarie Group	3.1%
9 Transurban Group	3.0%
10 Woolworths Limited	2.8%
11 BHP Billiton	2.7%
12 Sydney Airport	2.6%
13 AGL Energy Limited	2.4%
14 IAG Limited	2.3%
15 TPG Telecom	2.1%
16 Telstra Corporation	2.0%
17 ASX Limited	2.0%
18 Sonic Healthcare	1.9%
19 ARB Corporation	1.8%
20 Woodside Petroleum	1.8%
21 Invocare Limited	1.7%
22 Ramsay Healthcare	1.5%
23 Challenger Limited	1.5%
24 Suncorp Group	1.5%
25 Flight Centre	1.5%
Cash and cash equivalents	15.9%
Total of top 25 plus Cash and cash equivalents	87.4%

Focused on Capital Management

The chart below shows the dividends and franking credits received from a \$10,000 investment in BKI at inception versus bank quarterly interest. An investor who spent the equivalent of \$10,000 to purchase BKI shares upon listing in December 2003 would now be receiving fully franked dividends of \$1,320pa. The franking credits enhance the income by a further \$566, assuming a tax rate of 30%. The same investment in a term deposit (based on the cash rate + 0.50%) would be earning \$365pa with no franking credits.



This chart highlights the opportunity of receiving a fully franked dividend in a falling interest rate environment.

Contact Us

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BKI Performance 30 June 2018	1 Year	3 Years (pa)	5 Years (pa)	7 Years (pa)	10 Years (pa)	14 Years (pa)
S&P/ASX 300 Accumulation Index	13.2%	9.1%	10.0%	9.0%	6.3%	8.7%
BKI Total Shareholder Returns (TSR)	-1.7%	1.5%	5.9%	8.4%	7.4%	8.2%
BKI TSR Outperformance vs Index	-14.9%	-7.6%	-4.1%	-0.6%	1.1%	-0.5%
BKI Portfolio Performance	5.6%	4.3%	6.0%	6.8%	5.4%	7.6%
BKI Portfolio Outperformance vs Index	-7.6%	-4.8%	-4.0%	-2.2%	-0.9%	-1.1%
S&P/ASX 300 Accumulation Index – 80% franked	14.7%	10.7%	11.6%	10.7%	8.1%	10.4%
BKI Total Shareholder Returns – 100% Franked	0.1%	3.4%	7.9%	10.5%	9.6%	10.3%

Source: Contact Asset Management, 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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