

NTA AND MONTHLY REPORT

December 2018

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

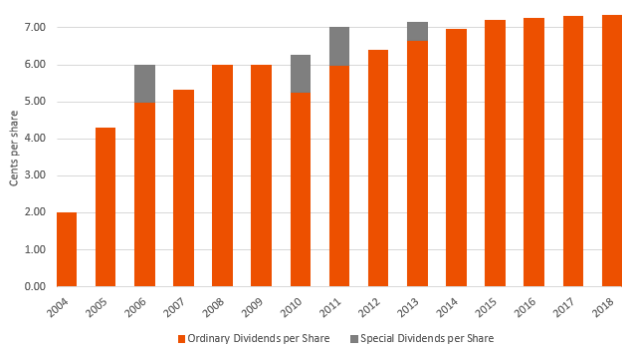
Business Overview

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 31 December 2018, BKI's fully franked dividend yield was 4.8% (based on the immediate past 12 month rolling dividend** and share price of \$1.515), 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: \$1.505

Post-Tax Net Tangible Assets: \$1.458

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	\$1,102m
Investment Portfolio	\$996m
Cash & Cash Equivalents	\$101m
Total Portfolio Including Cash	\$1,097m
Debt	\$0
MER*	0.16%
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	\$1.515

Net Tangible Assets (NTA)

Pre Tax NTA	\$1.505
Post Tax NTA	\$1.458

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

Dividend Yield

6.9%

Grossed up# as at
31 December 2018

Management Expense Ratio

0.16%

As at 30 June 2018

15Yr Total Shareholder Returns

9.9% pa

As at 31 December 2018

Total Assets

\$1,117m

As at 31 December 2018

**No
Performance
Fees**

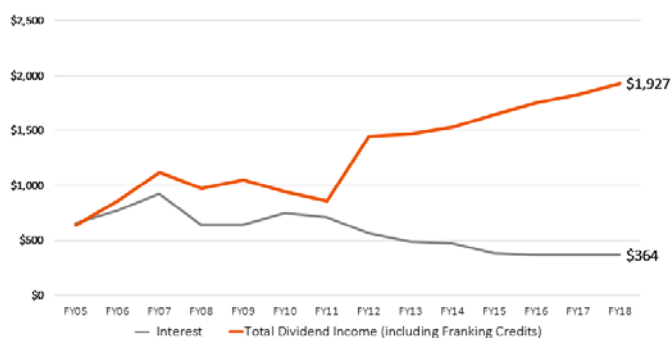
**~17,000
Shareholders**

BKI INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868

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 \$1,340pa. The franking credits enhance the income by a further \$587, assuming a tax rate of 30%. The same investment in a term deposit (based on the cash rate + 0.50%) would be earning \$364pa with no franking credits.



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

Contact Us

Web	www.bkilimited.com.au
E-Mail	info@bkilimited.com.au
Tom Millner	0408 754 180
Will Culbert	0410 627 378
Jaime Pinto	02 9210 7000

Company	% of Total Portfolio
1 Commonwealth Bank	6.6%
2 National Australia Bank	6.1%
3 Westpac Banking Corporation	5.3%
4 New Hope Corporation	4.6%
5 BHP Billiton	4.2%
6 Transurban Group	3.9%
7 APA Group	3.8%
8 ANZ Banking Group	3.5%
9 Woolworths Limited	3.4%
10 Wesfarmers Limited	3.3%
11 Macquarie Group	3.3%
12 TPG Telecom	2.8%
13 Sydney Airport	2.8%
14 AGL Energy Limited	2.8%
15 Woodside Petroleum	2.5%
16 Telstra Corporation	2.4%
17 Ramsay Healthcare	2.3%
18 IAG Limited	2.2%
19 ASX Limited	2.2%
20 Sonic Healthcare	1.9%
21 Invocare Limited	1.5%
22 Suncorp Group	1.4%
23 ARB Corporation	1.3%
24 Challenger Limited	1.3%
25 Coles Group	1.2%
Cash and cash equivalents	9.2%
Total of top 25 plus Cash and cash equivalents	85.8%

BKI Performance 31 December 2018	1 Year	3 Years (pa)	5 Years (pa)	10 Years (pa)	15 Years (pa)
S&P/ASX 300 Accumulation Index	-3.1%	6.7%	5.6%	8.9%	8.2%
BKI Total Shareholder Returns (TSR)	-8.7%	1.0%	3.7%	9.9%	7.8%
BKI TSR Outperformance vs Index	-5.6%	-5.7%	-1.9%	1.0%	-0.4%
BKI Portfolio Performance	-5.6%	2.3%	2.8%	7.8%	7.2%
BKI Portfolio Outperformance vs Index	-2.5%	-4.4%	-2.8%	-1.1%	-1.0%
S&P/ASX 300 Accumulation Index – 80% franked	-1.7%	8.2%	7.1%	10.7%	9.8%
BKI Total Shareholder Returns – 100% Franked	-6.9%	2.9%	5.7%	12.2%	9.9%

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.

The material contained within the BKI Investment Company Limited Monthly Report (The Report) has been prepared by Contact Asset Management (AFSL 494045). Figures referred to in The Report are unaudited. The Report is not intended to provide advice to investors or take into account an individual's financial circumstances or investment objectives. This is general investment advice only and does not constitute advice to any person. The opinions within The Report are not intended to represent recommendations to investors, they are the view of Contact Asset Management as of this date and are accordingly subject to change. Information related to any company or security is for information purposes only and should not be interpreted as a solicitation of offer to buy or sell any security. The information on which The Report is based has been obtained from sources we believe to be reliable, but we do not guarantee its accuracy or completeness. Investors should consult their financial adviser in relation to any material within this document.