

NTA AND MONTHLY REPORT

September 2019

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

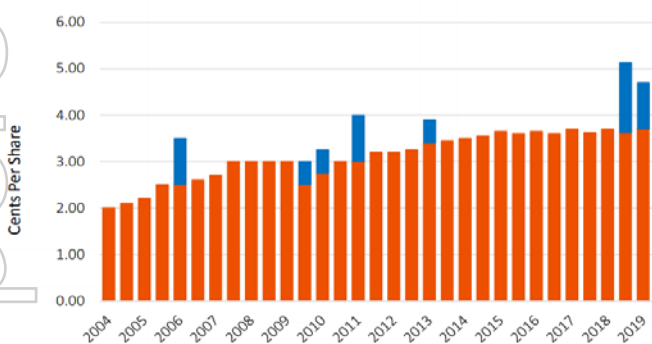
Business Overview

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 September 2019, using the interim dividend of 3.625cps, final dividend of 3.70cps and a share price of \$1.61, the historical dividend yield is 4.6%. Including both special dividends which total 2.5cps, the historical BKI dividend yield increases to 6.1%.



BKI has paid out over \$640m or \$1.02 per share in Dividends and Franking Credits to Shareholders since listing.

Pre-Tax Net Tangible Assets: \$1.66

Post-Tax Net Tangible Assets: \$1.56

Board of Directors

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

Investment Management

Contact Asset Management 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	\$1,181m
Investment Portfolio	\$1,174m
Cash & Cash Equivalents	\$48m
Total Portfolio Including Cash	\$1,222m
Debt	\$0
MER*	0.17%
Rolling 12 Month Dividend**	9.825cps
Historical Dividend Yield (excl. Specials)	4.6%
Percentage Franked	100%
Grossed Up Yield# (excl. Specials)	6.5%
DRP	Active
Share Price	\$1.61

Net Tangible Assets (NTA)

Pre Tax NTA	\$1.66
Post Tax NTA	\$1.56

Grossed Up
Dividend Yield

6.5%

As at 30 September 2019

Management
Expense Ratio

0.17%

As at 30 June 2019

15Yr Total Shareholder
Returns

10.6% pa

As at 30 September 2019

Total Assets

\$1,243m

As at 30 September 2019

No
Performance
Fees

~18,000
Shareholders

*MER as at 30 June 2019 **Includes FY2019 Final Ordinary Dividend of 3.70cps, FY2019 Interim Ordinary Dividend of 3.625cps and Special Dividends of 2.50cps, #Based on share price as at 30 September 2019. Grossed up yield includes franking credits and is based on a tax rate of 30%.

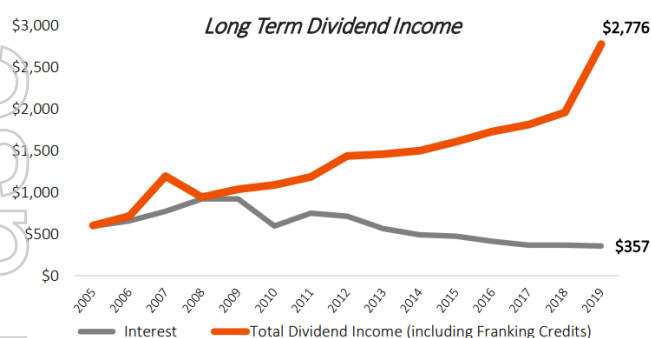
BKI INVESTMENT COMPANY LIMITED

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 \$1,943pa. The franking credits enhance the income by a further \$833, assuming a tax rate of 30%. The same investment in a term deposit (based on the cash rate + 0.50%) would be earning \$357pa with no franking credits.

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



Company	% of Total Portfolio
1 Commonwealth Bank	6.8%
2 National Australia Bank	6.1%
3 Macquarie Group	5.3%
4 Westpac Banking Corporation	5.0%
5 APA Group	4.6%
6 BHP Limited	4.5%
7 Transurban Group	4.4%
8 Woolworths Limited	4.4%
9 Wesfarmers Limited	3.7%
10 ANZ Banking Group	3.6%
11 Sydney Airport	3.0%
12 Woodside Petroleum	2.9%
13 TPG Telecom	2.7%
14 Ramsay Healthcare	2.7%
15 New Hope Corporation	2.7%
16 Telstra Corporation	2.7%
17 ASX Limited	2.6%
18 AGL Energy Limited	2.3%
19 IAG Limited	2.2%
20 Sonic Healthcare	2.2%
21 Invocare Limited	1.9%
22 Magellan Financial Group	1.6%
23 ARB Corporation	1.5%
24 Coles Group	1.4%
25 Harvey Norman	1.4%
Cash and cash equivalents	3.9%
Total of top 25 plus Cash and cash equivalents	86.1%

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

BKI Performance	1 Year	3 Years	5 Years	10 Years	15 Years
30 September 2019		(pa)	(pa)	(pa)	(pa)
S&P/ASX 300 Accumulation Index	12.6%	11.9%	9.5%	8.0%	8.7%
BKI Total Shareholder Returns (TSR)	11.9%	6.4%	5.5%	7.8%	8.4%
BKI TSR Outperformance vs Index	-0.7%	-5.5%	-4.0%	-0.2%	-0.3%
BKI Portfolio Performance	8.4%	7.4%	6.0%	6.4%	7.6%
BKI Portfolio Outperformance vs Index	-4.2%	-4.5%	-3.5%	-1.6%	-1.1%
S&P/ASX 300 Accumulation Index – 80% franked	14.9%	13.7%	11.3%	9.8%	10.4%
BKI Total Shareholder Returns – 100% Franked	14.9%	8.7%	7.7%	10.1%	10.6%

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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