

2023

Annual General Meeting

Wednesday 8th November 2023

Brickworks Design Studio
2 Barrack Street, Sydney, NSW 2000


CONTACT
ASSET MANAGEMENT

BKI is managed by Contact Asset
Management AFSL 494045

Disclaimer



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Investors should consult their financial adviser in relation to any material within this document.

Agenda

1. Welcome
2. Introductions
3. Chairman's Address
4. Investment Manager's Report
5. Questions
6. Formal Business

Introductions

Non-Executive Directors

Robert Millner AO

Chairman of the Board
Chairman of the Investment Committee
Member of the Remuneration and Nomination Committees

David Hall AM

Independent Non-Executive Director
Chairman of the Audit Committee
Member of the Remuneration Committee

Alex Payne

Non-Executive Director
Chairman of the Remuneration Committee
Member of the Audit, Investment and Nomination Committees

Ian Huntley

Independent Non-Executive Director
Member of the Audit, Investment and Remuneration Committees

Jacqui Clarke

Independent Non-Executive Director
Member of the Audit, Investment, Remuneration and Nomination Committees

Introductions

Contact Asset Management

Tom Millner	Portfolio Manager Member of the Investment Committee
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Will Culbert	Portfolio Manager Member of the Investment Committee
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Amanda Wong	Company Secretary
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Rob Horne	Investment Analyst
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MGI Sydney Assurance Services

Kimmy Jongue	Company Auditor
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Chairman's Address

Full Year Results

For the year ended 30 June 2023



Result <u>excluding</u> special investment revenue	2023	2022	Movement
Investment revenue – ordinary	\$71.1m	\$62.6m	14%
Revenue from operating activities	\$72.8m	\$63.4m	15%
Net operating profit after tax	\$65.1m	\$58.1m	12%
Earnings per share	8.68c	7.84c	11%
Dividends per share	7.70c	7.15c	8%

Result <u>including</u> special investment revenue	2023	2022	Movement
Net operating profit after tax	\$70.1m	\$100.8m	-31%
Earnings per share	9.35c	13.60c	-31%
Special dividends per share	0.50c	1.50c	-67%

Corporate Actions

Share Purchase Plan

- Completed another successful Share Purchase Plan (SPP) during FY2023, raising \$72.98 million.
- Shareholders were given the opportunity to purchase shares up to a maximum amount of \$30,000 at \$1.66 per share. SPP Shares were eligible for the fully franked final dividend of 4.00cps.
- The new funds raised in the SPP have enabled BKI to invest further capital for the long term in profitable, high income producing, well-managed companies.

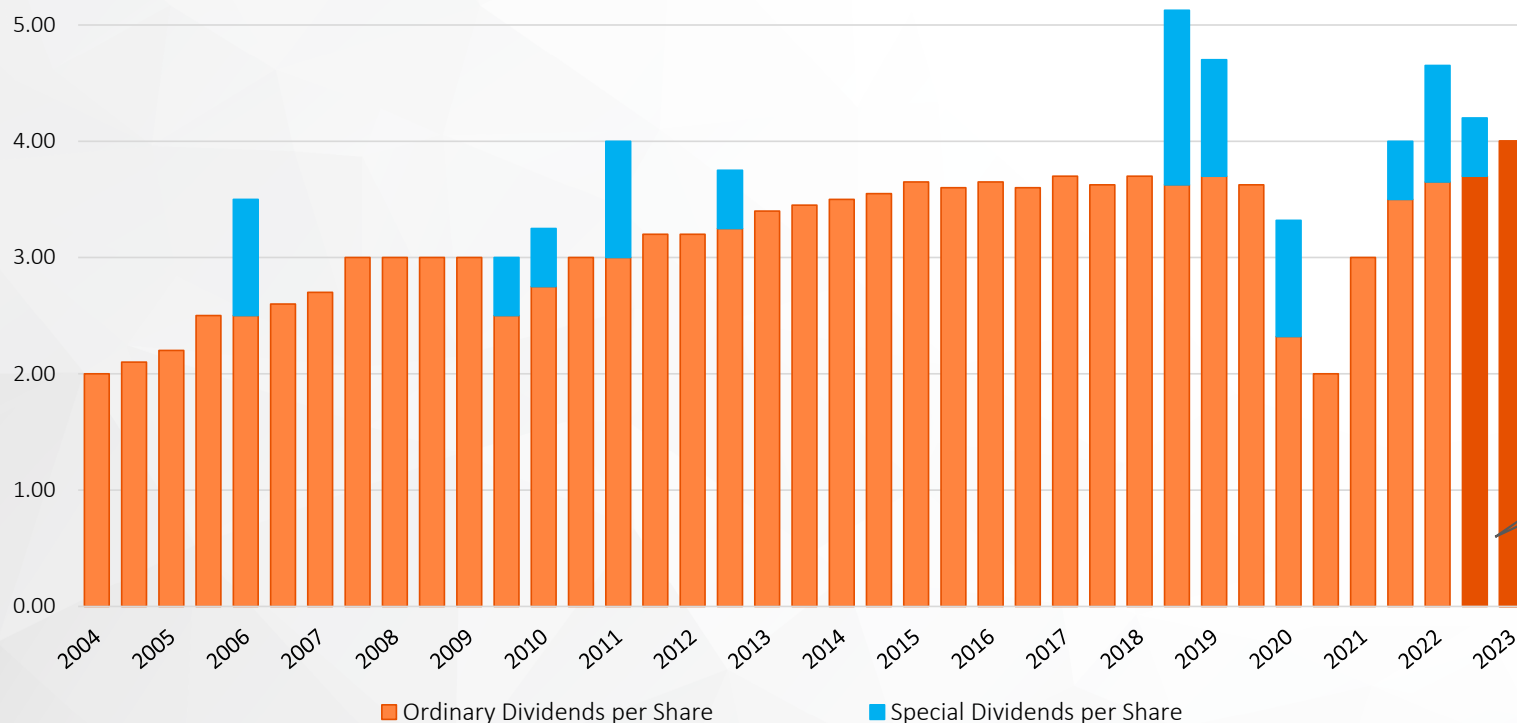
Acquisition of Unlisted Investment Company

- Completed the acquisition of an unlisted investment company with net assets of approximately \$16 million.
- BKI has now completed several transactions of this nature, benefiting existing BKI shareholders by increasing the size of BKI's portfolio in a cost-effective manner.
- The BKI Board welcomes the new shareholders onto the register and looks forward to engaging in similar transactions in the future.

20 Years of Strong Dividends

BKI has a strong history of paying fully franked dividends and offering an attractive yield.

BKI Dividend History – 20 Years (2003 -2023)



FY2023 Ordinary
Dividends of
7.70cps
was up 7% on
last year.

Source: BKI, Contact Asset Management

Investor Focused

BKI has an investor focused approach. Higher fees don't automatically translate into better returns.



History of BKI's Management Expense Ratio (MER)

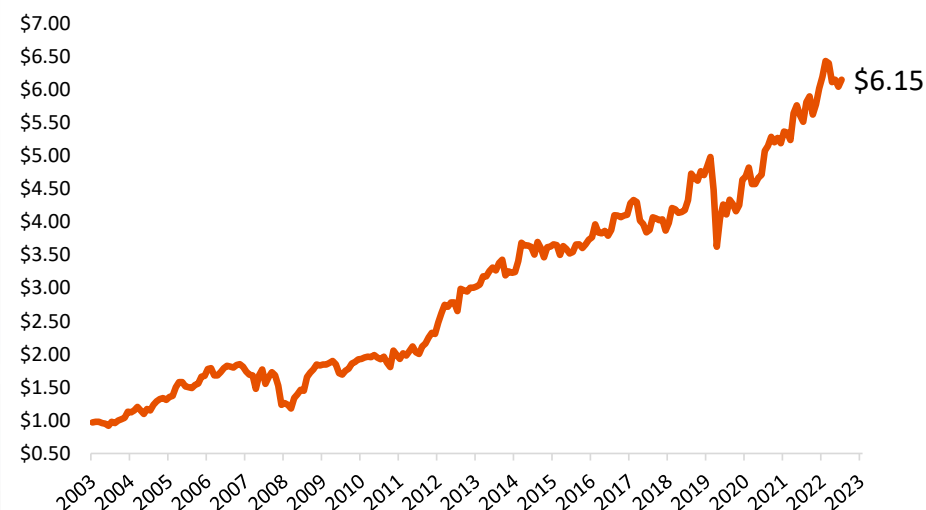
We know that small fees have positive impacts on investor returns. BKI offers a very competitive fee structure, with a Management Expense Ratio of 0.18%.



Source: BKI, Contact Asset Management





Cumulative Share Price Returns

Assuming all dividends were reinvested and using the benefit of franking credits, the cumulative share price of BKI shares was \$6.15 per share as at 30 June 2023.



Quality Portfolio

BKI's Top 10 Investments

1 	2  MACQUARIE	3 	4  CommonwealthBank	5  NEW HOPE GROUP
6  nab	7  Woodside Energy	8  Wesfarmers	9  Transurban	10  Woolworths <i>The fresh food people</i>

Investment Manager's Address

Portfolio Movements

Purchases/Disposals during FY2023

Main Purchases Add

Sales Exit

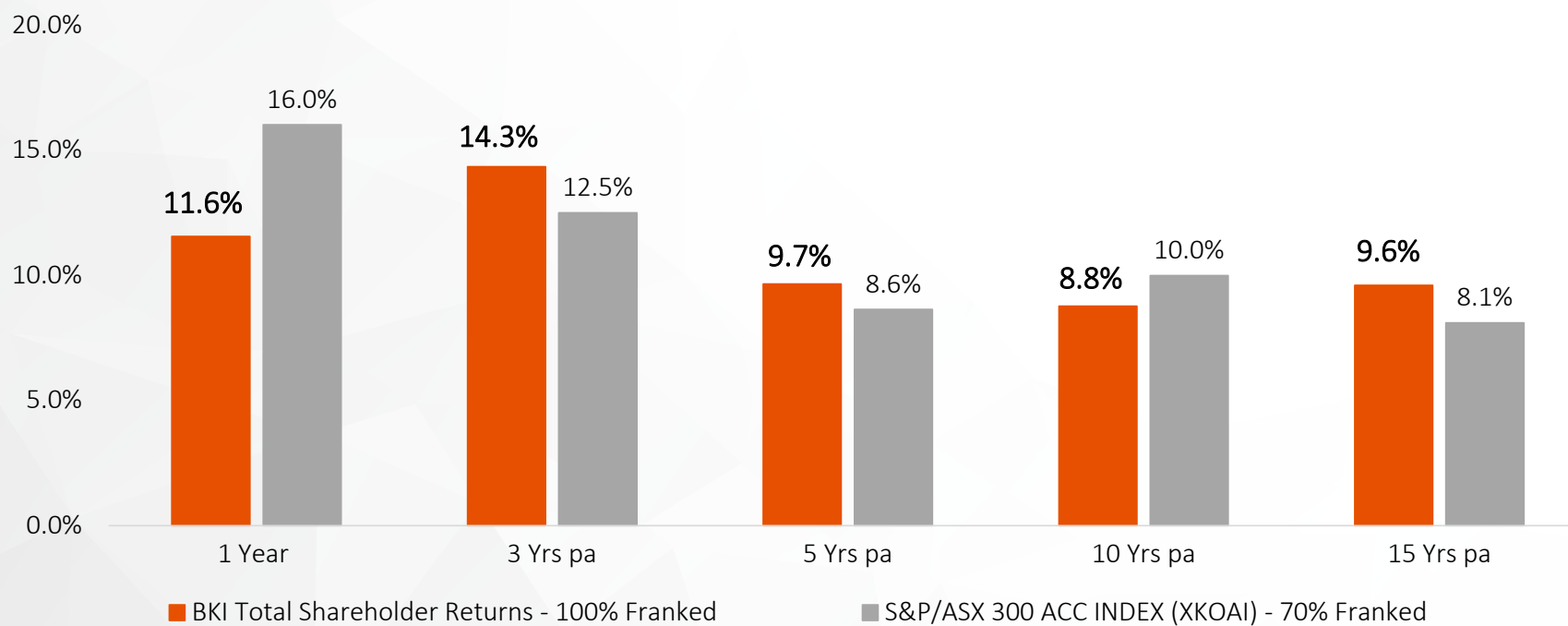





Performance - Total Shareholder Return (TSR)

As at 30 June 2023

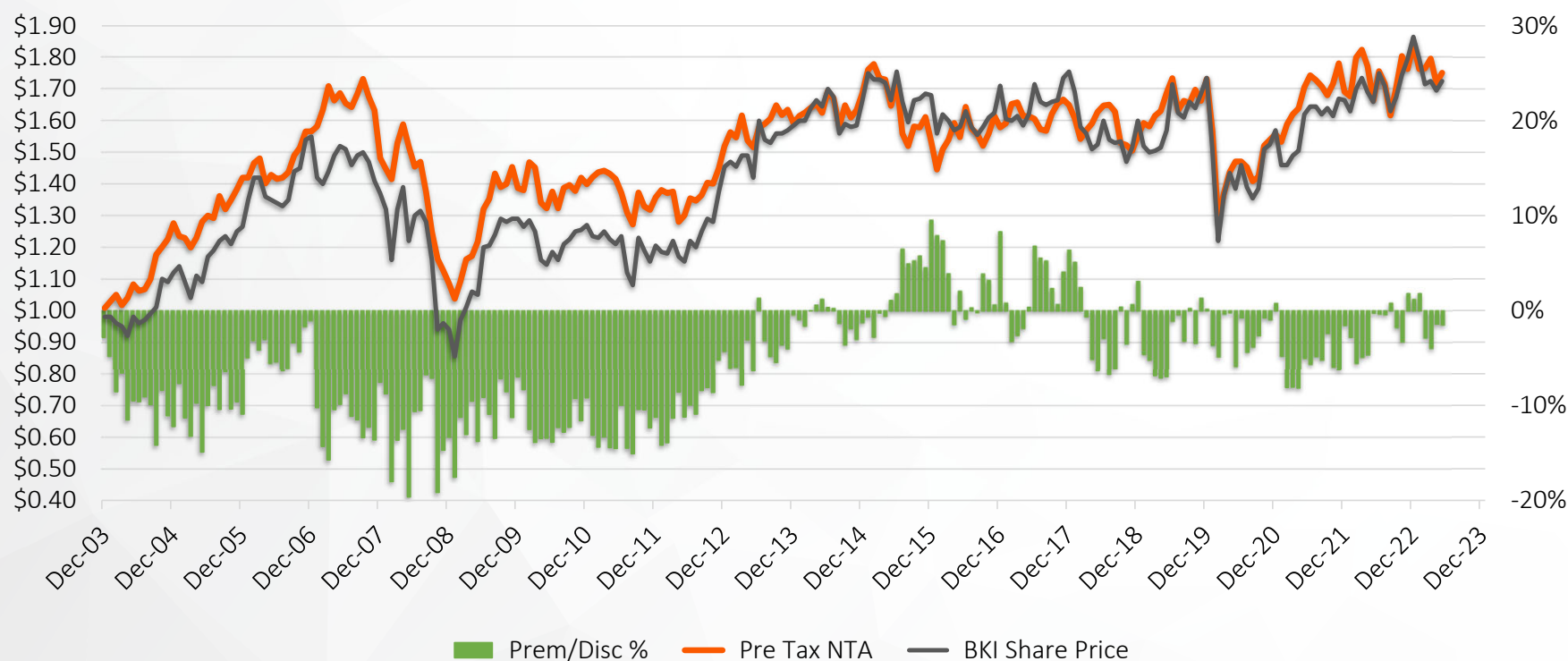
Total Shareholder Returns (TSR)



Source: IRESS, Factset, BKI, Contact Asset Management. S&P/ASX 300 Accumulation Index Franked at 70%.

Performance – Premium/Discount

As at 30 June 2023



Source: BKI, Contact Asset Management.

Portfolio Positioning

As at 30 June 2023

Stock	% of Total Portfolio	Stock	% of Total Portfolio
1 BHP Group	8.54%	11 Sonic Healthcare	3.23%
2 Macquarie Group	8.37%	12 Telstra Group Limited	3.01%
3 Commonwealth Bank	6.62%	13 Rio Tinto Limited	2.43%
4 National Australia Bank	6.14%	14 Ramsay HealthCare	2.33%
5 APA Group	6.12%	15 Harvey Norman Holdings	2.02%
6 New Hope Group	4.52%	16 TPG Telecom Limited	2.01%
7 Wesfarmers Limited	4.36%	17 ARB Corporation	2.01%
8 Woodside Energy Group	4.10%	18 Amcor	1.79%
9 Transurban Group	3.57%	19 Coles Group	1.50%
10 Woolworths Limited	3.32%	20 Suncorp Group	1.49%

Source: BKI, Contact Asset Management.

Portfolio Positioning

As at 30 June 2023

Stock	% of Total Portfolio
21 Aurizon Holdings	1.48%
22 Lindsay Australia	1.41%
23 Goodman Group Limited	1.36%
24 Yancoal Australia	1.15%
25 Metcash Limited	0.98%
26 W H. Soul Pattinson	0.90%
27 Brickworks Limited	0.84%
28 Equity Trustees	0.84%
29 Smartgroup Corporation	0.75%
30 Treasury Estate	0.73%

Stock	% of Total Portfolio
31 Reece Limited	0.69%
32 Ampol Limited	0.59%
33 Orora Limited	0.59%
34 Tuas Limited	0.43%
35 IPH Limited	0.37%
36 Stockland	0.36%
37 Nine Entertainment	0.33%
38 Regis Healthcare	0.29%
39 E&P Financial Group	0.20%
Cash and Cash Equivalents	8.26%

Source: BKI, Contact Asset Management.

Overweight / Underweight Positions

As at 30 June 2023

Overweight Positions

Company	Active Weight
APA Group	5.6%
Macquarie Group	5.5%
New Hope Group	4.3%
National Australia Bank	2.7%
Sonic Healthcare	2.5%
Wesfarmers Limited	2.0%
ARB Corporation	1.9%
Harvey Norman	1.8%
Ramsay Healthcare	1.8%
Transurban Group	1.7%

Underweight Positions

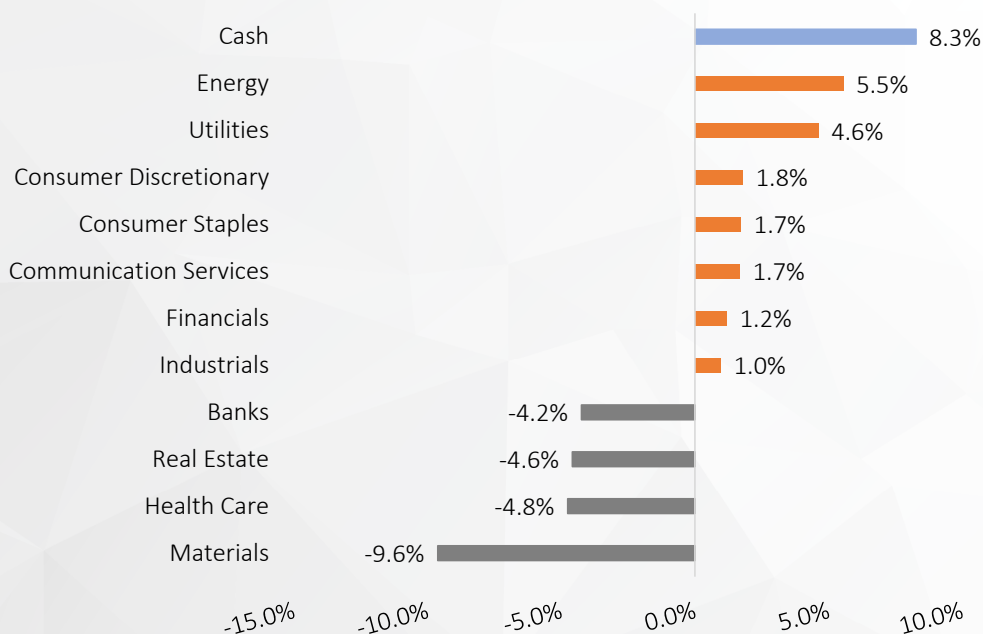
Company	Active Weight
CSL Limited	-5.6%
Westpac Bank	-3.1%
ANZ Banking Group	-3.0%
Fortescue Metals	-2.9%
WiseTech Global	-1.1%
Aristocrat Leisure	-1.1%
Santos Limited	-1.0%
BHP Group	-1.0%
Newcrest Mining	-1.0%
QBE Insurance Group	-1.0%

Source: IRESS, Factset, BKI, Contact Asset Management.

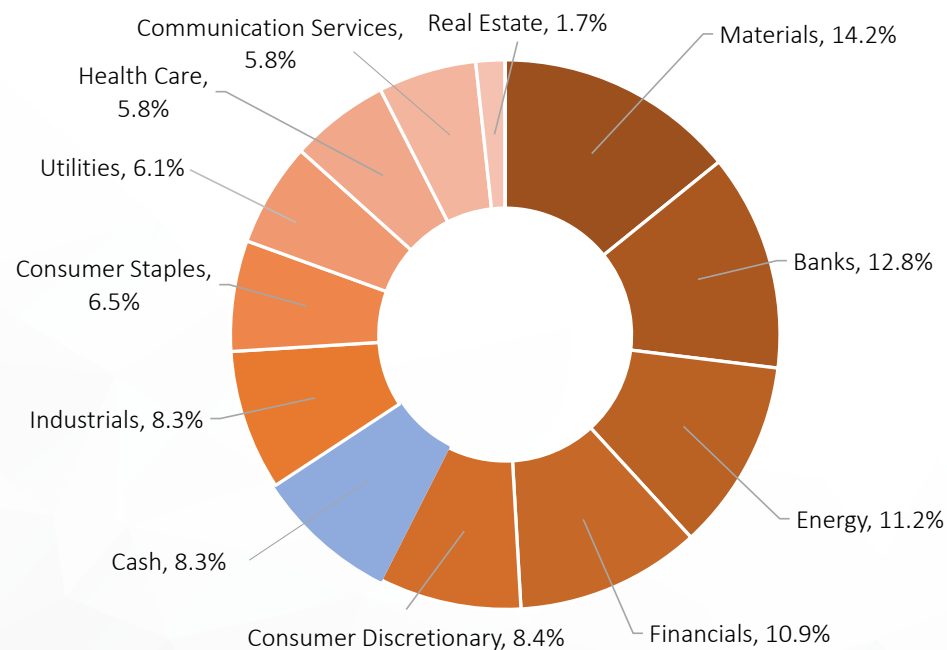
Sector Analysis – Active Weight and Exposure

As at 30 June 2023

BKI Portfolio: Active Weight by Sector



BKI Portfolio: Exposure by Sector



Source: IRESS, Factset, BKI, Contact Asset Management.

FY2024 Update

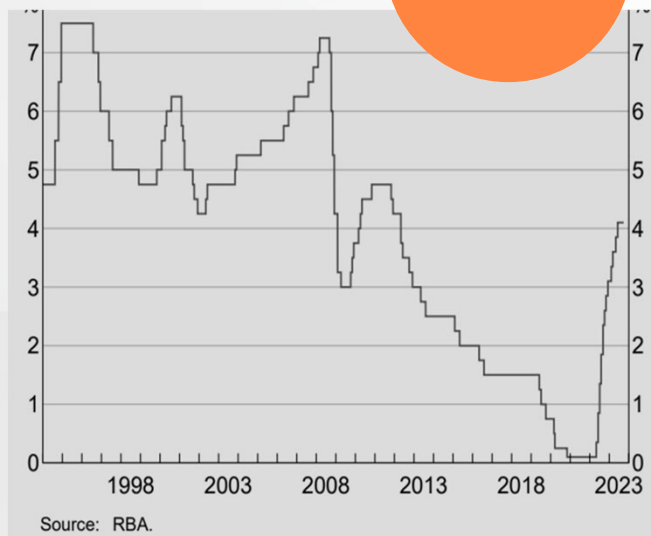
As at 31 October 2023



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Interest Rates, Bond Yields, Dividend Yields

4.1%



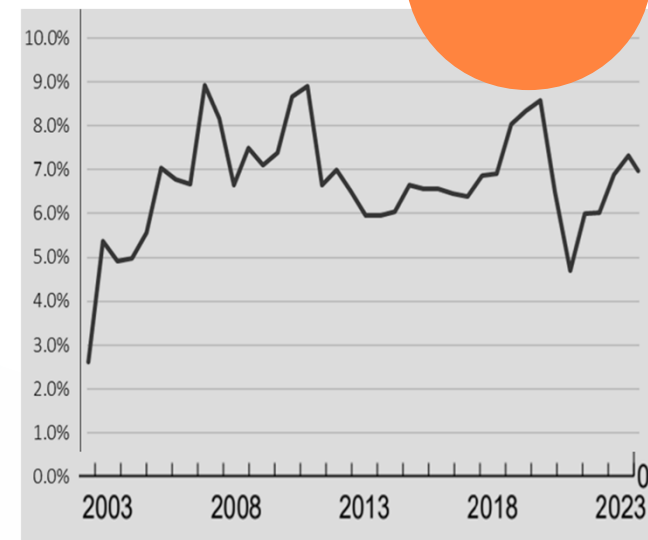
RBA Cash Rate

4.4%



10-Year Aust Govt Bond Yield

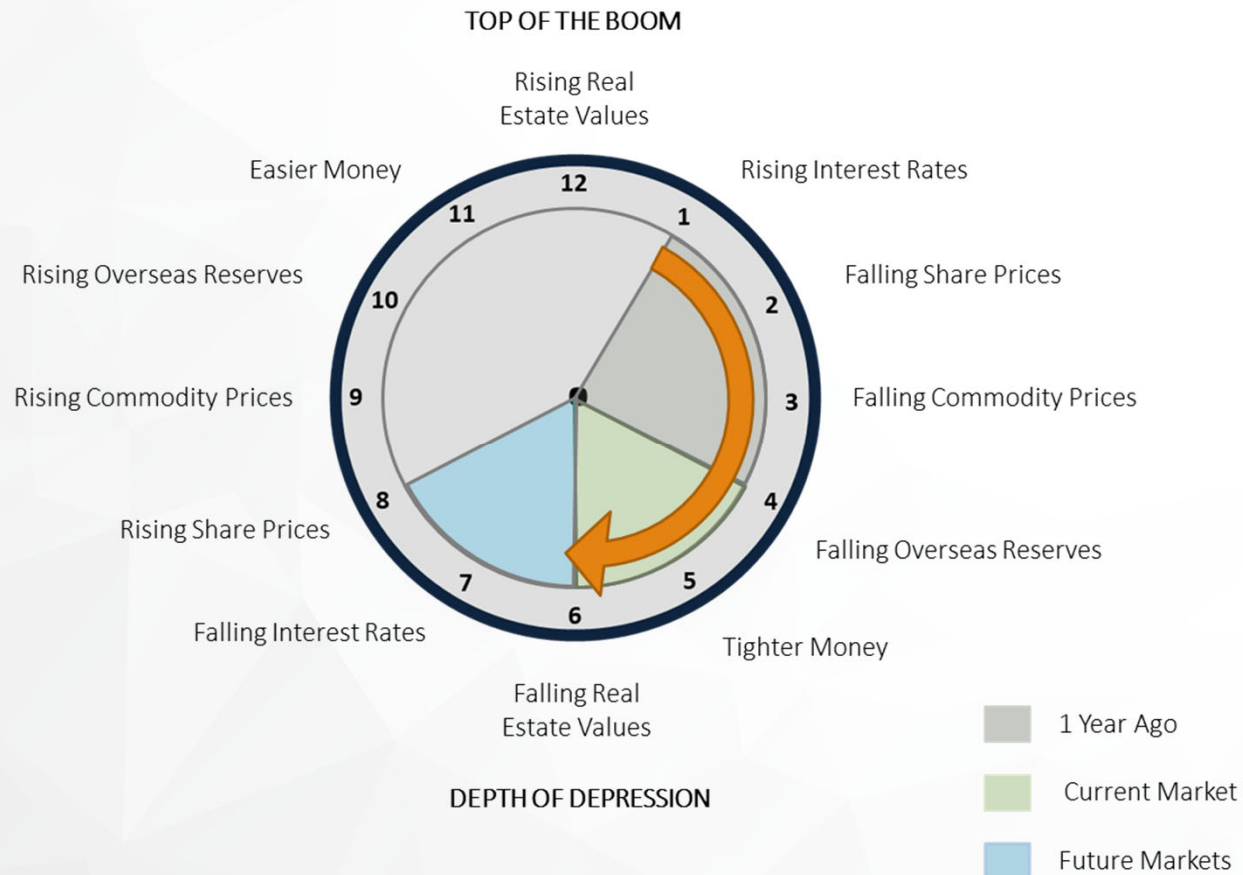
7.0%



BKI Grossed-up Dividend Yield

Opportunities for Long-Term Investment

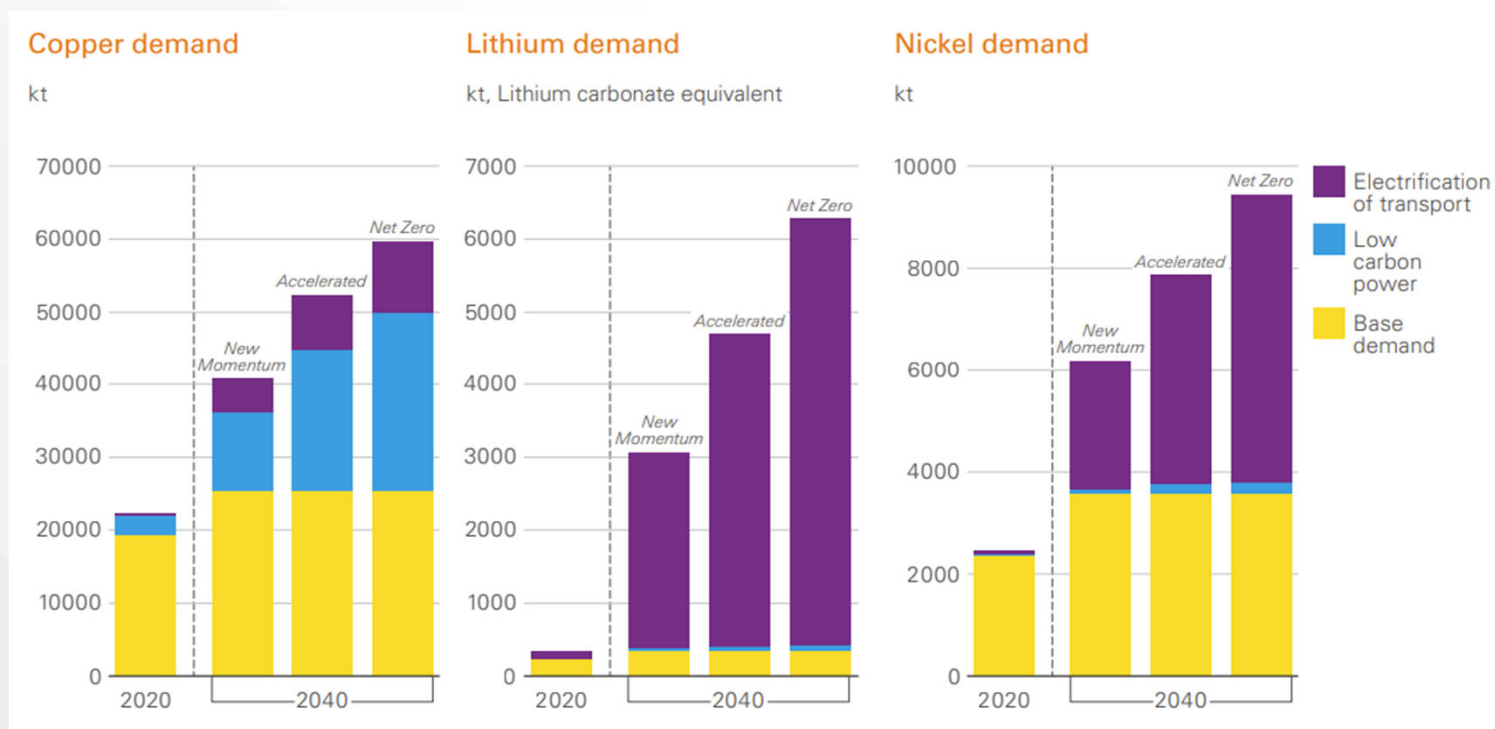
As at 31 October 2023



Areas of Focus - Resources

As at 31 October 2023

Resources – Materials and Energy Requirements

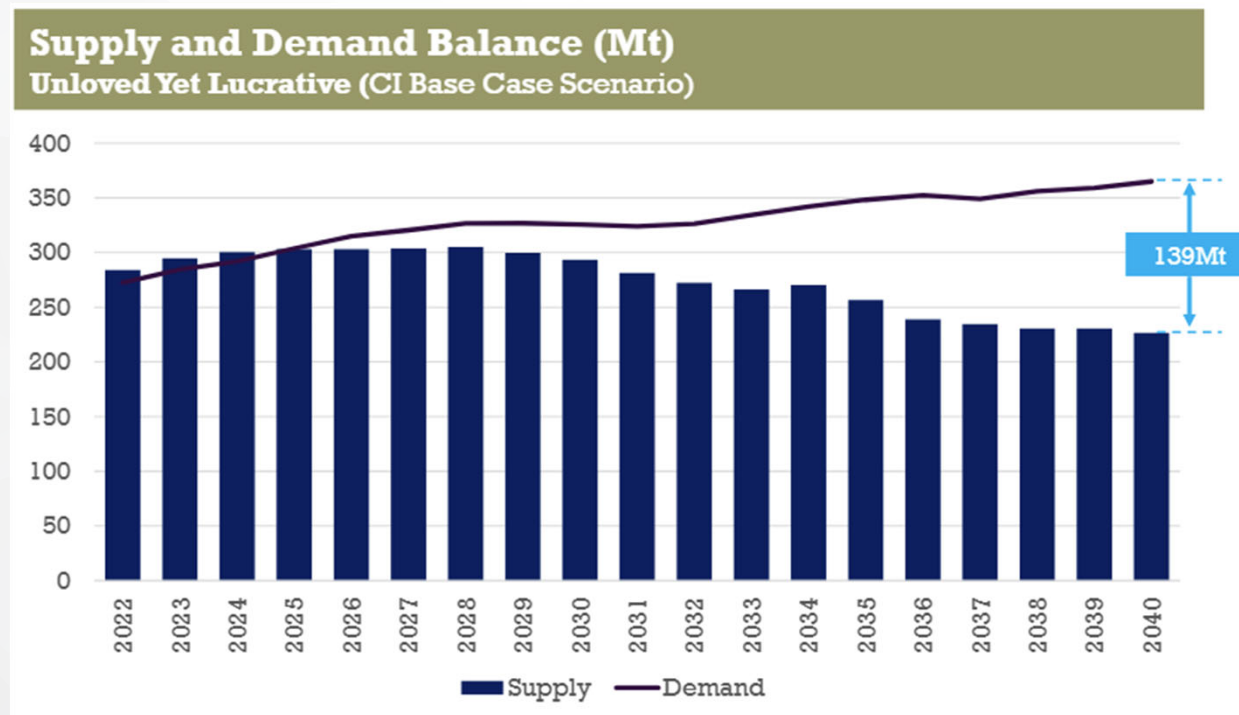


Source: BP Energy Outlook 2023

Areas of Focus - Resources

As at 31 October 2023

Resources – Thermal Coal Supply/Demand

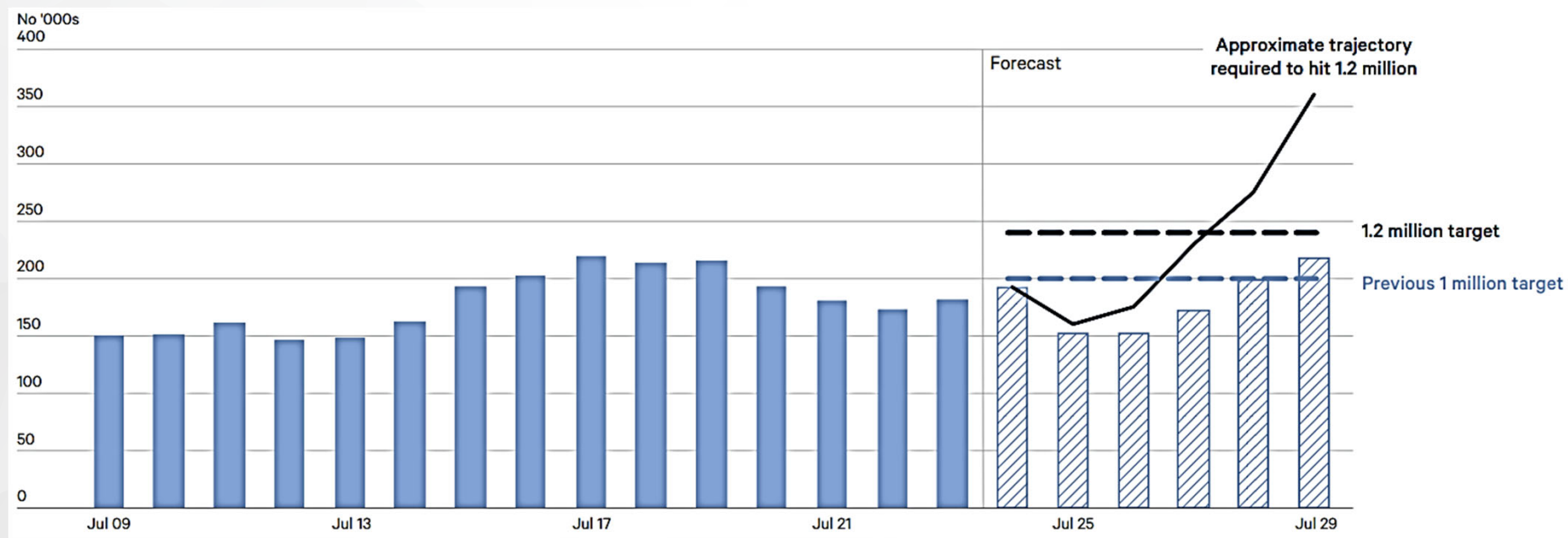


Source: Commodity Insights 2023. BP Energy Outlook 2023

Areas of Focus - Migration

As at 31 October 2023

Property – Dwelling Completions and Targets



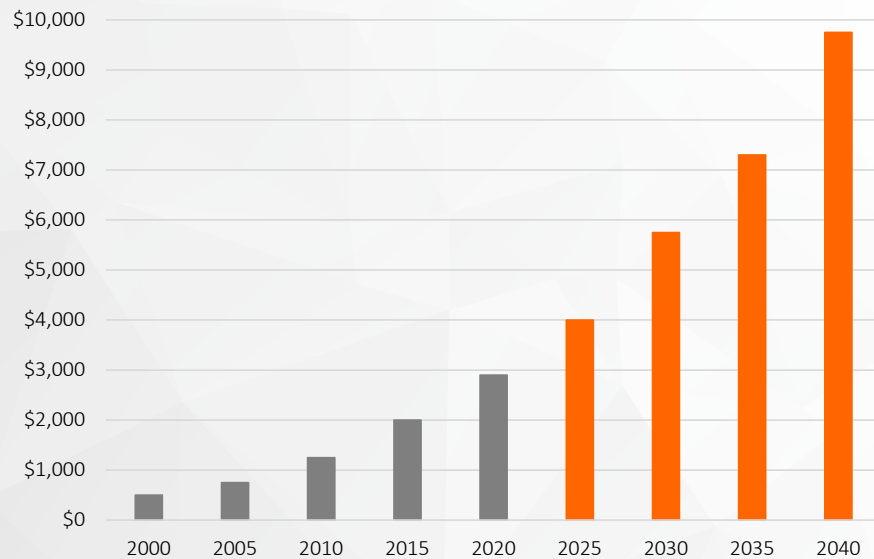
Source: ABS, Oxford Economics September 2023. Mirvac living sector investor day 2023.

Areas of Focus - Superannuation

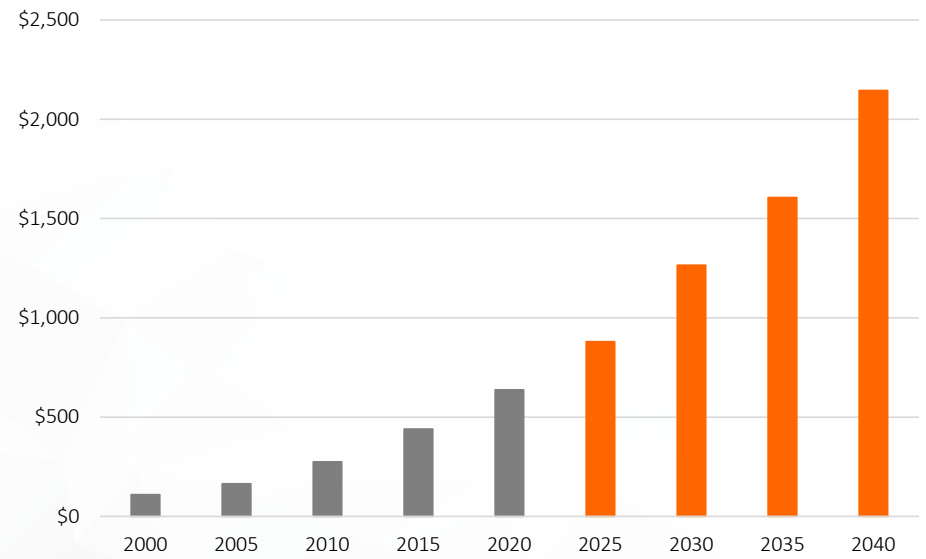
As at 31 October 2023

Superannuation – Asset Allocation into Equities

Projected Superannuation Assets in Australia (\$billion)



Projected Superannuation Assets of Australian Listed Shares (\$billion)



Source: ASFA Superannuation Statistics May 2023, Treasury MARIA model and Cooper Review. APRA March Quarter 2023.

Portfolio Movements

As at 31 October 2023

Main Purchases Add

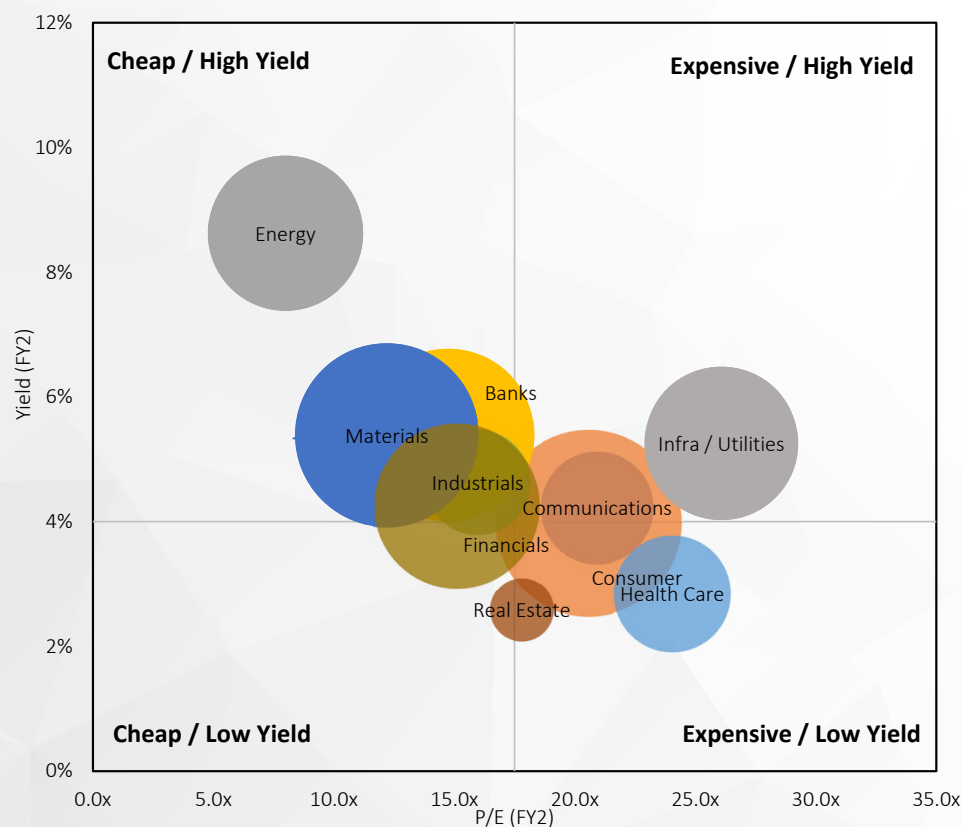
	 Commonwealth Bank	 Telstra
	 ORORA	 Woolworths <i>The fresh food people</i>

Sales Exit

RioTinto

Portfolio Positioning – Yield and Valuation

As at 31 October 2023

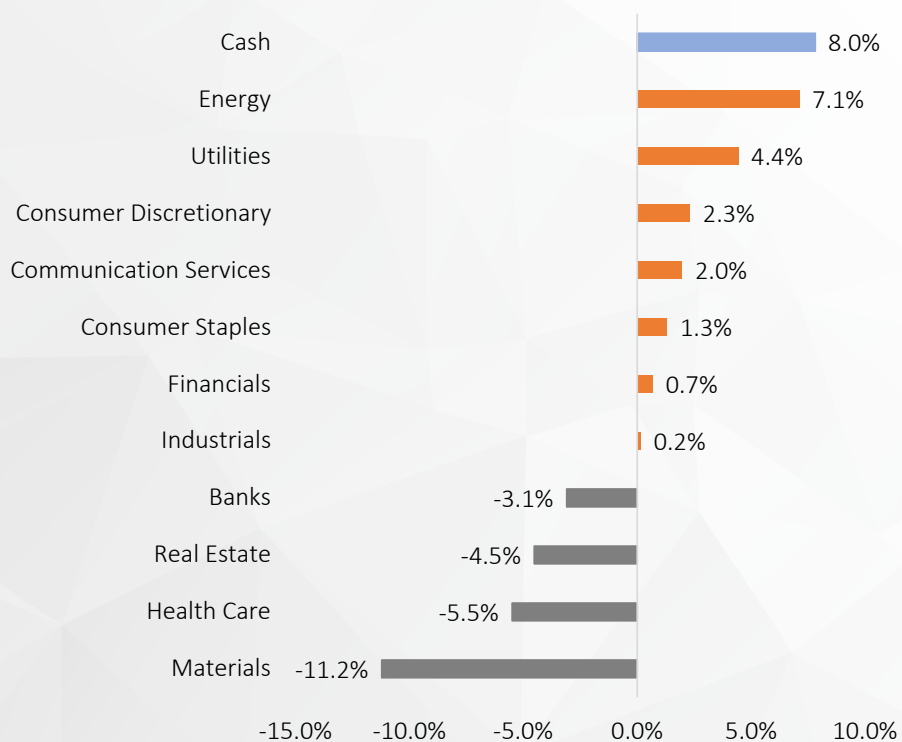


Source: IRESS, Factset, BKI, Contact Asset Management.

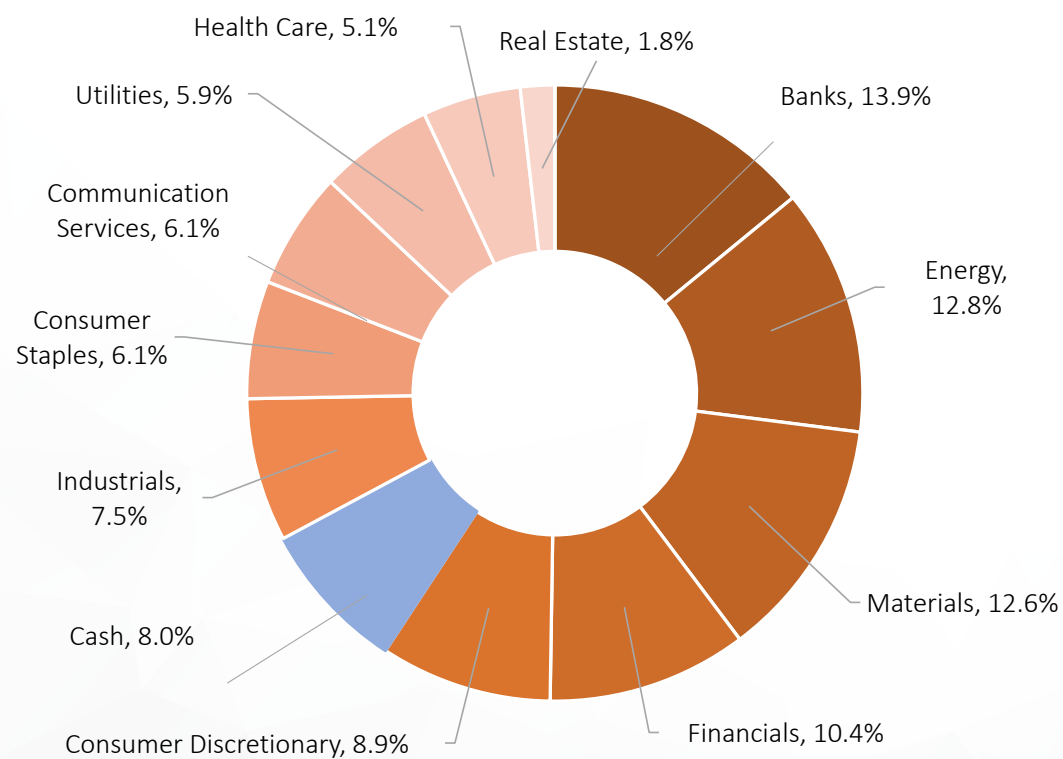
Portfolio Positioning – Sector Analysis

As at 31 October 2023

BKI Portfolio: Active Weight by Sector



BKI Portfolio: Exposure by Sector



Source: IRESS, Factset, BKI, Contact Asset Management.

Portfolio Positioning – Top 25

As at 31 October 2023

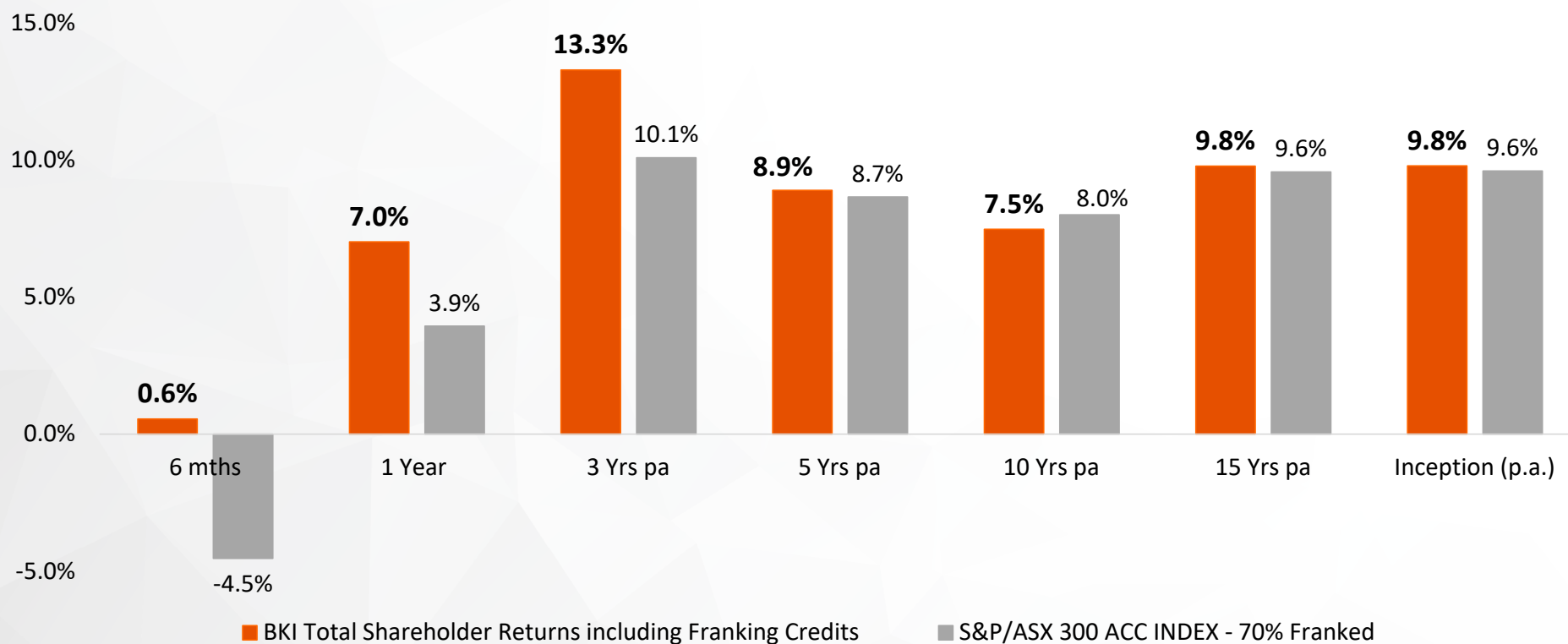
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3 Commonwealth Bank	7.3%
4 National Australia Bank	6.8%
5 APA Group	6.0%
6 New Hope Corporation	5.6%
7 Wesfarmers Limited	4.7%
8 Woodside Energy Group	4.2%
9 Woolworths Limited	3.2%
10 Telstra Group Limited	3.1%
11 Transurban Group	3.1%
12 Sonic Healthcare	2.7%
13 TPG Telecom Limited	2.2%

Stock	% of Total Portfolio
14 Harvey Norman Holdings	2.2%
15 ARB Corporation	2.1%
16 Ramsay HealthCare	2.1%
17 Amcor	1.7%
18 Suncorp Group	1.5%
19 Goodman Group Limited	1.5%
20 Aurizon Holdings	1.3%
21 Coles Group	1.3%
22 Yancoal Ltd	1.3%
23 Lindsay Australia	1.2%
24 W H. Soul Pattinson	1.0%
25 Metcash Limited	1.0%
Cash & Cash Equivalents	8.0%
Total	92.6%

Source: IRESS, Factset, BKI, Contact Asset Management.

Performance

As at 31 October 2023



Source: IRESS, Factset, BKI, Contact Asset Management.

FY2024 Update



Following the August/September reporting season, BKI expects to receive approximately \$33.0m in **Ordinary Revenue** (excluding Special Dividend Income) for the first half of FY2024. This compares to BKI's first half FY2023 Ordinary Revenue result of \$35.8m.

BKI also expects to receive approx. \$1.2m in **Special Dividend Income** in the first half of FY2024 after a special dividend from New Hope Group was declared.

Barring any unforeseen circumstance, BKI is confident of at least maintaining ordinary dividends paid to shareholders during FY2024.

Rating and Research Update



“Recommended” - BKI has maintained its Lonsec Rating of Recommended



“Recommended Plus” - BKI has an IIR Rating of Recommended Plus



“Preferred Traditional LIC” - BKI is currently Ord Minnett’s Preferred Traditional LIC

2023 Annual General Meeting

Questions



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2023 Annual General Meeting

Thank you



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