

NTA AND MONTHLY REPORT

August 2019

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

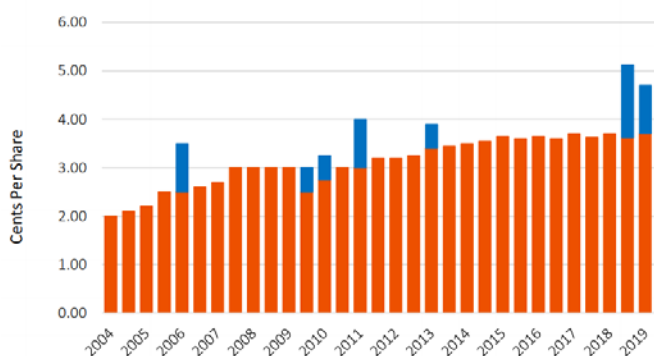
Business Overview

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 31 August 2019, BKI’s fully franked dividend yield was 6.0% (based on the immediate past 12 month rolling dividend** and share price of \$1.625), while the grossed-up yield was 8.6%# (tax rate of 30%).



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: \$1.63

Post-Tax Net Tangible Assets: \$1.53

All calculations are after providing for the FY2019 Final Dividend of 3.70cps and Special Dividend of 1cps which was paid to shareholders on 29 August 2019.

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	\$1,192m
Investment Portfolio	\$1,151m
Cash & Cash Equivalents	\$48m
Total Portfolio Including Cash	\$1,199m
Debt	\$0
MER*	0.17%
Performance Fee	N/A
Rolling 12 Month Dividend**	9.825cps
Historical Dividend Yield	6.0%
Percentage Franked	100%
Grossed Up Yield#	8.6%
DRP	Active
Share Price	\$1.625

Net Tangible Assets (NTA)

Pre Tax NTA	\$1.63
Post Tax NTA	\$1.53

Dividend Yield

6.0%

As at 31 August 2019

Management Expense Ratio

0.17%

As at 30 June 2019

15Yr Total Shareholder Returns

10.8% pa

As at 31 August 2019

Total Assets

\$1,222m

As at 31 August 2019

No Performance Fees

~18,000 Shareholders

*MER as at 30 June 2019 **Includes FY2019 Final Dividend of 3.70cps, FY2019 Interim Dividend of 3.625cps and Special Dividends of 2.50cps, #Based on share price as at 31 August 2019. Grossed up yield includes franking credits and is based on a tax rate of 30%.

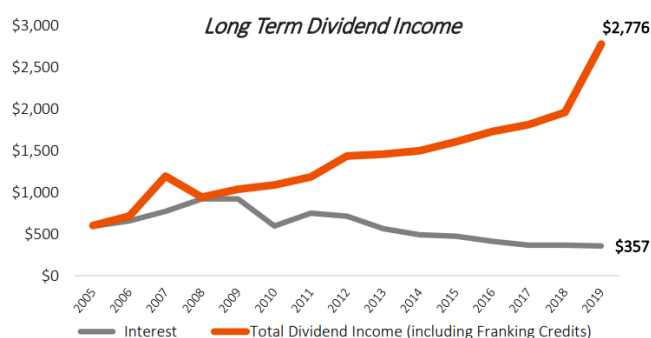
BKI INVESTMENT COMPANY LIMITED

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.



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	6.8%
2 National Australia Bank	5.7%
3 Macquarie Group	5.1%
4 Westpac Banking Corporation	4.9%
5 Transurban Group	4.6%
6 Woolworths Limited	4.5%
7 APA Group	4.5%
8 BHP Limited	4.5%
9 Wesfarmers Limited	3.7%
10 ANZ Banking Group	3.5%
11 Sydney Airport	3.2%
12 Woodside Petroleum	2.9%
13 Telstra Corporation	2.9%
14 ASX Limited	2.9%
15 New Hope Corporation	2.8%
16 Ramsay Healthcare	2.8%
17 TPG Telecom	2.7%
18 Sonic Healthcare	2.4%
19 AGL Energy Limited	2.3%
20 IAG Limited	2.3%
21 Invocare Limited	2.0%
22 Magellan Financial Group	1.6%
23 ARB Corporation	1.5%
24 Suncorp Group	1.4%
25 Coles Group	1.3%
Cash and cash equivalents	4.0%
Total of top 25 plus Cash and cash equivalents	86.8%

BKI Performance

31 August 2019

	1 Year	3 Years (pa)	5 Years (pa)	10 Years (pa)	15 Years (pa)
S&P/ASX 300 Accumulation Index	9.1%	11.3%	7.9%	8.5%	8.8%
BKI Total Shareholder Returns (TSR)	12.2%	6.1%	4.2%	8.2%	8.6%
BKI TSR Outperformance vs Index	3.1%	-5.2%	-3.7%	-0.3%	-0.2%
BKI Portfolio Performance	5.0%	6.4%	4.4%	6.8%	7.6%
BKI Portfolio Outperformance vs Index	-4.1%	-4.9%	-3.5%	-1.7%	-1.2%
S&P/ASX 300 Accumulation Index – 80% franked	11.5%	13.2%	9.6%	10.3%	10.6%
BKI Total Shareholder Returns – 100% Franked	15.2%	8.4%	6.4%	10.5%	10.8%

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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