

## Top 25 Investments

Stock	% of Total Portfolio
1 National Australia Bank	9.5%
2 Commonwealth Bank	9.1%
3 New Hope Corporation	7.3%
4 Westpac Banking Corp	7.3%
5 BHP Billiton Limited	6.2%
6 Telstra Corporation	5.2%
7 Wesfarmers Limited	4.4%
8 Woolworths Limited	3.9%
9 ANZ Banking Group	3.6%
10 ALS Limited	2.6%
11 TPG Telecom Limited	2.4%
12 AGL Energy Limited	2.4%
13 Woodside Petroleum Limited	2.1%
14 Insurance Australia Group	1.5%
15 InvoCare Limited	1.5%
16 ARB Corporation	1.4%
17 Coca Cola Amatil Limited	1.3%
18 Metcash Limited	1.2%
19 APA Group	1.2%
20 Bendigo and Adelaide Bank	1.1%
21 Milton Corporation	1.0%
22 ASX Limited	0.9%
23 Suncorp-Metway Limited	0.9%
24 Brambles Limited	0.9%
25 Perpetual Limited	0.9%
Cash & cash equivalents	7.6%
<b>% of Total Portfolio Value</b>	<b>87.4%</b>
(Including Cash & cash equivalents)	

## BKI Investment Company Limited Monthly Report

September 2013

### Objective

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

### Investment Strategy

BKI is a research driven, active equities manager investing for the long term in profitable, high yielding, well managed companies. An investment in BKI gives shareholders access to a diversified equity portfolio across most sectors of the market. BKI is managed for the benefit of shareholders, not charging external portfolio management fees or performance fees.

### Net Tangible Asset Backing

The consolidated unaudited pre tax net asset backing at 30 September 2013 was **\$1.61** per share.

The company is a long-term equity investor and does not intend to dispose of its total portfolio. If estimated tax at 30% on unrealised portfolio gains were to be recognised, net asset backing post tax would be **\$1.48** per share.

### Dividends

BKI aims to generate an increasing income stream in the form of fully franked dividends, to the extent of available imputation tax credits, through long-term investment in a portfolio of assets that are also able to deliver long term capital growth to shareholders. All historical dividends paid have been fully franked.

BKI's historical fully franked dividend yield as at 30 September 2013 was 4.7% (based on the rolling 12 Month Dividend\*\* and share price of \$1.53). BKI's historical grossed up yield as at 30 September 2013 was 6.7% (based on a tax rate of 30%). BKI's Dividend Reinvestment Plan has been maintained.

### Management Expense Ratio (MER)

BKI's MER as at 30 June 2013 was 0.19%. BKI does not charge shareholders external management fees or a performance fee.

### Board and Management

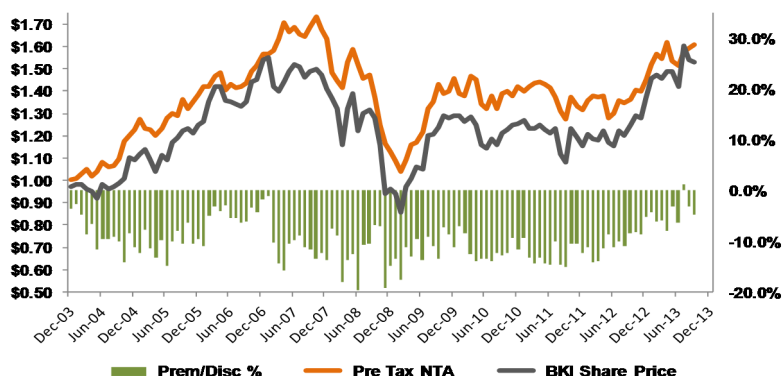
Directors: Robert Millner (Chairman), Alex Payne, David Hall and Ian Huntley.

Management: Tom Millner (CEO) and Jaime Pinto (Company Secretary).



## Discount to NTA

BKI Investment Company Limited's share price (BKI.ASX) is currently trading at a 5% discount to the Pre Tax NTA and 3% premium to the Post Tax NTA.



## Benefits of Investing in BKI Investment Company Limited

**Performance** - Delivering sound long term returns to shareholders.

**High Value / Low Cost** - Opportunity to invest in an active, high conviction, closed end portfolio with a MER of only 0.19%. BKI does not charge external portfolio management fees or a performance fee.

**Dividends** - Predictable fully franked income stream.

**Franking Credits** - 30% tax rate already paid on dividend income, tax credits passed on directly to shareholders.

**Diversification** - Exposure to most sectors of the market through well managed, dividend paying companies.

**Simplicity** - An investment in BKI.ASX provides administration simplicity.

**Structure** - BKI is a Company with a closed end investment structure.

**Listed on the ASX** - High levels of Transparency and Compliance, ASX Listing Rules, Continuous Disclosure requirements.

## Company Overview

<b>Mandate</b>	<b>Australian Listed Equities</b>
<b>Benchmark</b>	<b>S&amp;P/ASX 300 Acc Index</b>
<b>Market Capitalisation</b>	<b>\$746m</b>
<b>Investment Portfolio</b>	<b>\$724m</b>
<b>Cash &amp; Cash Equivalents</b>	<b>\$60m</b>
<b>Total Portfolio Including Cash</b>	<b>\$784m</b>
<b>Debt</b>	<b>\$0</b>
<b>MER*</b>	<b>0.19%</b>
<b>Performance Fee</b>	<b>N/A</b>
<b>Rolling 12 Month Dividend**</b>	<b>7.15cps</b>
<b>Historical Dividend Yield***</b>	<b>4.7%</b>
<b>Percentage Franked</b>	<b>100%</b>
<b>Grossed up Yield***</b>	<b>6.7%</b>
<b>DRP</b>	<b>Active</b>
<b>Pre Tax NTA</b>	<b>\$1.61</b>
<b>Post Tax NTA</b>	<b>\$1.48</b>
<b>Share Price</b>	<b>\$1.53</b>

**BKI Portfolio Returns are measured after all operating expenses, provision and payment of income and capital gains tax.**

## BKI Performance

as at 30 September 2013

	1 Year	3 Yrs	5 Yrs	7 Yrs	9 Yrs
		(pa)	(pa)	(pa)	(pa)
S&P/ASX 300 ACC INDEX (XKOA)	23.6%	8.9%	7.1%	4.5%	8.5%
<b>BKI Total Shareholder Returns</b>	<b>28.3%</b>	<b>14.0%</b>	<b>9.4%</b>	<b>7.2%</b>	<b>10.2%</b>
<b>BKI Share Price Outperformance V's XKOA</b>	<b>4.7%</b>	<b>5.1%</b>	<b>2.3%</b>	<b>2.7%</b>	<b>1.7%</b>
<b>BKI Portfolio Performance</b>	<b>23.1%</b>	<b>10.1%</b>	<b>8.2%</b>	<b>6.4%</b>	<b>9.0%</b>
<b>BKI Portfolio Outperformance V's XKOA</b>	<b>-0.5%</b>	<b>1.2%</b>	<b>1.1%</b>	<b>1.9%</b>	<b>0.5%</b>

Source: BKI Investment Company Limited, IRESS. 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. Total Shareholder Returns include reinvestment of dividends. Past performance is generally not indicative of future performance.

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\*MER as at 30 June 2013; \*\*Includes FY2013 Final Ordinary Dividend of 3.40cps, FY2013 Interim Ordinary Dividend of 3.25cps and FY2013 Interim Special Dividend of 0.50cps \*\*\* Based on share price as at 30 September 2013. Grossed up yield based on a tax rate of 30%.