



# BKI Investment Company Limited

NTA AND MONTHLY REPORT — JULY 2015

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

## Top 25 Investments

| Stock                     | % of Total Portfolio |
|---------------------------|----------------------|
| 1 National Australia Bank | 9.2%                 |
| 2 Commonwealth Bank       | 9.2%                 |
| 3 Westpac Banking Corp    | 7.6%                 |
| 4 Telstra Corporation     | 5.9%                 |
| 5 ANZ Banking Group       | 4.5%                 |
| 6 TPG Telecom             | 4.4%                 |
| 7 Wesfarmers Limited      | 4.3%                 |
| 8 BHP Billiton            | 4.0%                 |
| 9 APA Group               | 3.2%                 |
| 10 New Hope Corporation   | 2.9%                 |
| 11 Woolworths Limited     | 2.9%                 |
| 12 AGL Energy Limited     | 2.2%                 |
| 13 Transurban Group       | 2.2%                 |
| 14 IAG Limited            | 1.9%                 |
| 15 Invocare Limited       | 1.9%                 |
| 16 Suncorp Group          | 1.7%                 |
| 17 Woodside Petroleum     | 1.6%                 |
| 18 Ramsay HealthCare      | 1.6%                 |
| 19 ASX Limited            | 1.5%                 |
| 20 ARB Corporation        | 1.4%                 |
| 21 Sonic Healthcare       | 1.2%                 |
| 22 Coca-Cola Amatil       | 1.2%                 |
| 23 Primary Health Care    | 1.2%                 |
| 24 Brambles Limited       | 1.2%                 |
| 25 Bank of Queensland     | 1.2%                 |
| Cash and cash equivalents | 6.1%                 |

**Total of Top 25 including cash and cash equivalents 86.2%**

### Business Overview

BKI is a research driven, active equities manager investing for the long term in profitable, high yielding, well managed companies. Listed on the Australian Stock Exchange (BKI.ASX), an investment in BKI gives shareholders access to a diversified Australian equity portfolio without charging external portfolio management fees or performance fees.

### Net Tangible Asset Backing

The consolidated unaudited pre tax net asset backing at 31 July 2015 was **\$1.72** 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 **\$1.59** per share.

**All calculations are before providing for the Final Dividend of 3.65cps. BKI will trade ex-dividend on the 5 August 2015. The payment date for the Final Dividend has been scheduled for 27 August 2015.**

### Growing Fully Franked Dividends

BKI's Board & Management 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 July 2015, BKI's fully franked dividend yield was 4.1% (based on the immediate past 12 Month rolling dividend\*\* and share price of \$1.755), while the grossed up yield was 5.9% (at a tax rate of 30%).



*We focus on dividend payments - not generating management or performance fees*

BKI Dividends paid to shareholders (cents per share).

## Board and Management

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

Management: Tom Millner (CEO), Will Culbert (Senior Investment Analyst) and Jaime Pinto (Company Secretary).

## Benefits of Investing in BKI Investment Company Limited

- **High Value / Low Cost** - Active, high conviction, closed end portfolio. No external portfolio management or performance fees.
- **Tax Effective** - All dividends have been fully franked.
- **Performance** - Delivering sound returns plus dividend growth.
- **Diversification** – Exposure to well managed, dividend paying companies.
- **Listed on the ASX**
  - ASX Listing Rules** - Continuous Disclosure requirements, High levels of Transparency and Compliance.
  - Size & strength** - Market Capitalisation of \$977m.
  - Simplicity** – An investment in BKI.ASX provides administration simplicity.
  - Liquidity** – Shares trade on the ASX. 13,500 shareholders. Settlement T+3.
- **Experience** - The Board and Management of BKI has over 180 years of collective industry experience (average of 26 years). The average tenure at BKI is 7.6 years.
- **Alignment** - Directors and Management are shareholders in BKI. We focus on dividend payments - not generating management or performance fees.

## Company Overview

| Mandate                        | Australian Listed Equities |
|--------------------------------|----------------------------|
| Market Capitalisation          | \$977m                     |
| Investment Portfolio           | \$901m                     |
| Cash & Cash Equivalents        | \$59m                      |
| Total Portfolio Including Cash | \$960m                     |
| Debt                           | \$0                        |
| MER*                           | 0.18%                      |
| Performance Fee                | N/A                        |
| Rolling 12 Month Dividend**    | 7.20cps                    |
| Historical Dividend Yield***   | 4.1%                       |
| Percentage Franked             | 100%                       |
| Grossed up Yield***            | 5.9%                       |
| DRP                            | Active                     |
| Pre Tax NTA                    | \$1.72                     |
| Post Tax NTA                   | \$1.59                     |
| Share Price                    | \$1.755                    |

### Contact

|              |                        |
|--------------|------------------------|
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### BKI Performance

as at 31 July 2015

|                                     | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years |
|-------------------------------------|--------|---------|---------|---------|----------|
|                                     |        | (pa)    | (pa)    | (pa)    | (pa)     |
| S&P/ASX 300 ACC INDEX (XKOA1)       | 5.5%   | 14.8%   | 9.4%    | 6.4%    | 7.1%     |
| BKI Portfolio Performance           | 6.0%   | 13.2%   | 9.5%    | 7.3%    | 7.7%     |
| BKI Portfolio Outperformance        | 0.5%   | -1.6%   | 0.1%    | 0.8%    | 0.5%     |
| BKI Total Shareholder Returns (TSR) | 7.5%   | 18.1%   | 13.7%   | 9.8%    | 9.3%     |
| BKI TSR Outperformance              | 2.0%   | 3.3%    | 4.3%    | 3.3%    | 2.2%     |

### BKI TSR Performance - Including Franking Credits

|                                              |      |       |       |       |       |
|----------------------------------------------|------|-------|-------|-------|-------|
| S&P/ASX 300 ACC INDEX (XKOA1) - 80% Franked  | 7.0% | 16.6% | 11.3% | 8.3%  | 8.9%  |
| BKI Total Shareholder Returns - 100% Franked | 9.4% | 20.4% | 16.1% | 12.1% | 11.6% |

Source: BKI Investment Company Limited, 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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