



# BKI Investment Company Limited

NTA AND MONTHLY REPORT — June 2016

*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 Commonwealth Bank	8.8%
2 National Australia Bank	7.4%
3 Westpac Banking Corp	7.2%
4 TPG Telecom	5.7%
5 Telstra Corporation	5.5%
6 Wesfarmers Limited	4.3%
7 ANZ Banking Group	4.0%
8 APA Group	3.7%
9 BHP Billiton	3.0%
10 Transurban Group	2.9%
11 AGL Energy Limited	2.6%
12 Woolworths Limited	2.4%
13 New Hope Corporation	2.3%
14 Ramsay HealthCare	2.0%
15 Invocare Limited	1.9%
16 IAG Limited	1.9%
17 ASX Limited	1.9%
18 ARB Corporation	1.7%
19 Suncorp Group	1.6%
20 Sydney Airport	1.5%
21 Brambles Limited	1.4%
22 Sonic Healthcare	1.3%
23 Woodside Petroleum	1.3%
24 Macquarie Group	1.3%
25 Qube Holdings	1.1%
Cash and cash equivalents	7.8%
<b>Total of Top 25 plus cash and cash equivalents</b>	<b>86.5%</b>

### 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

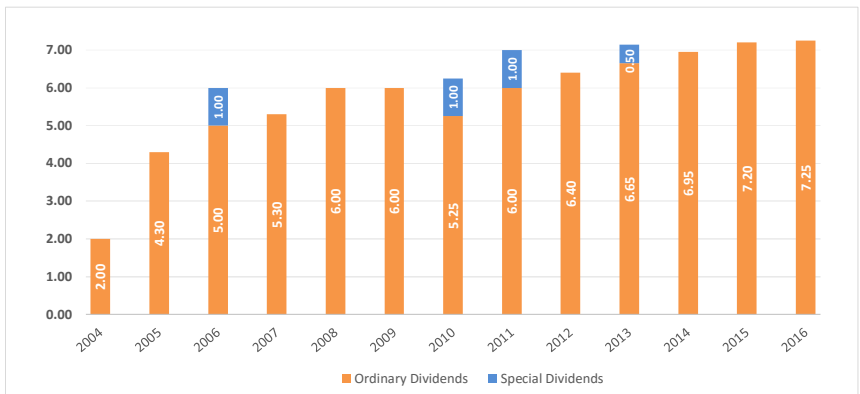
The consolidated unaudited pre-tax net asset backing at 30 June 2016 was **\$1.55** per share. The company is a long term equity investor and does not intend to dispose of its total portfolio. If estimated tax at 30% on unrealised portfolio gains were to be recognised, net asset backing post-tax would be **\$1.47** per share.

### 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 30 June 2016, BKI's fully franked dividend yield was 4.6% (based on the immediate past 12 Month rolling dividend\*\* and share price of \$1.58), while the grossed up yield was 6.6% (tax rate of 30%).

BKI Dividends paid to shareholders (cents per share).



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

## Board and Management

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

**Management:** Tom Millner (CEO), Will Culbert (Portfolio Manager) 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 \$946m.
  - Simplicity** - An investment in BKI.ASX provides administration simplicity.
  - Liquidity** - Shares trade on the ASX. 14,200 shareholders. Settlement T+2.
- **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	\$946m
Investment Portfolio	\$855m
Cash & Cash Equivalents	\$72m
Total Portfolio Including Cash	\$927m
Debt	\$0
MER*	0.17%
Performance Fee	N/A
Rolling 12 Month Dividend**	7.25cps
Historical Dividend Yield***	4.6%
Percentage Franked	100%
Grossed up Yield***	6.6%
DRP	Active
Pre Tax NTA	\$1.55
Post Tax NTA	\$1.47
Share Price	\$1.58

### Contact

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BKI Performance as at 30 June 2016	1 Year	3 Yrs (pa)	5 Yrs (pa)	7 Yrs (pa)	10 Yrs (pa)	12 Yrs (pa)
S&P/ASX 300 ACC INDEX (XKOA1)	0.9%	7.7%	7.2%	8.7%	4.8%	7.9%
BKI Total Shareholder Returns (TSR)	-0.8%	8.2%	10.7%	11.3%	6.7%	9.1%
<b>BKI TSR Outperformance V's XKOA1</b>	<b>-1.7%</b>	<b>0.5%</b>	<b>3.5%</b>	<b>2.6%</b>	<b>1.9%</b>	<b>1.2%</b>
BKI Portfolio Performance	-1.4%	5.2%	6.6%	8.3%	5.7%	7.6%
<b>BKI Portfolio Outperformance V's XKOA1</b>	<b>-2.3%</b>	<b>-2.5%</b>	<b>-0.6%</b>	<b>-0.4%</b>	<b>0.9%</b>	<b>-0.3%</b>

BKI Performance Including Franking Credits	1 Year	3 Yrs (pa)	5 Yrs (pa)	7 Yrs (pa)	10 Yrs (pa)	12 Yrs (pa)
S&P/ASX 300 ACC INDEX (XKOA1) - 80% Franked	2.4%	9.3%	9.0%	10.5%	6.5%	9.6%
<b>BKI Total Shareholder Returns - 100% Franked</b>	<b>1.1%</b>	<b>10.1%</b>	<b>13.0%</b>	<b>13.6%</b>	<b>9.0%</b>	<b>11.3%</b>

**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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