

## NTA AND MONTHLY REPORT

November 2017

*“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 30 November 2017, BKI’s fully franked dividend yield was 4.4% (based on the immediate past 12 Month rolling dividend\*\* and share price of \$1.665), while the grossed up yield was 6.3% (tax rate of 30%).



*We focus on dividend payments and not generating excessive management fees or performance fees.*

### Board of Directors

Robert Millner (Chairman), Alex Payne, David Hall, Ian Huntley, Jaime Pinto (Company Secretary)

### Investment Management

Contact Asset Management:

Contact 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	\$1,033m
Investment Portfolio	\$978m
Cash & Cash Equivalents	\$49m
Total Portfolio Including Cash	\$1,027m
Debt	\$0
MER*	0.15%
Performance Fee	N/A
Rolling 12 Month Dividend**	7.30cps
Historical Dividend Yield	4.4%
Percentage Franked	100%
Grossed Up Yield***	6.3%
DRP	Active
Share Price	\$1.665

### Net Tangible Assets (NTA)

Pre Tax NTA	\$1.65
Post Tax NTA	\$1.55

\*MER as at 30 June 2017, \*\*Includes FY2017 Final Dividend of 3.70cps and FY2017 Interim Dividend of 3.60cps, \*\*\* Based on share price as at 30 November 2017. Grossed up yield based on a tax rate of 30%.

#### Dividend Yield

**6.3%**

Grossed up, as at 30 Nov 2017

#### Management Expense Ratio

**0.15%**

As at 30 June 17

#### 13Yr Total Shareholder Returns

**11.7% pa**

As at 30 Nov 17

#### Market Capitalisation

**\$1.03b**

As at 30 Nov 17

**No  
Performance  
Fees**

**14,900  
Shareholders**

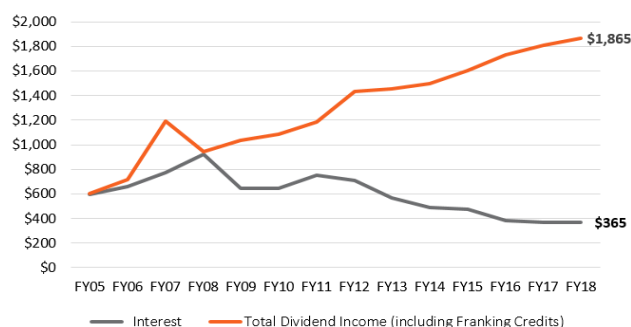
# BKI INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868

Company	% of Total Portfolio
1 National Australia Bank	8.0%
2 Commonwealth Bank	7.2%
3 Westpac Banking Corp	7.1%
4 Wesfarmers Limited	4.4%
5 ANZ Banking Group	4.3%
6 APA Group	3.3%
7 New Hope Corporation	3.2%
8 Transurban Group	3.2%
9 Telstra Corporation	3.1%
10 AGL Energy Limited	3.0%
11 Woolworths Limited	2.9%
12 TPG Telecom	2.8%
13 Invocare Limited	2.6%
14 Sydney Airport	2.5%
15 Macquarie Group	2.4%
16 Ramsay Healthcare	2.3%
17 IAG Limited	2.2%
18 ASX Limited	2.1%
19 Challenger Limited	2.0%
20 Sonic Healthcare	2.0%
21 BHP Billiton	1.9%
22 ARB Corporation	1.8%
23 Woodside Petroleum	1.8%
24 Suncorp Group	1.7%
25 IOOF Holdings	1.5%
Cash and cash equivalents	4.8%
<b>Total of top 25 plus Cash and cash equivalents</b>	<b>84.1%</b>

## 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 \$1,305pa. The franking credits enhance the income by a further \$559, assuming a tax rate of 30%. The same investment in a term deposit (based on the cash rate + 0.50%) would be earning \$365pa with no franking credits.



This chart highlights the opportunity of receiving a fully franked dividend in a falling interest rate environment.

## Contact Us

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BKI Performance 30 November 2017	1 Year	3 Years (pa)	5 Years (pa)	7 Years (pa)	10 Years (pa)	13 Years (pa)
S&P/ASX 300 Accumulation Index	14.7%	8.8%	10.5%	8.4%	3.5%	7.8%
BKI Total Shareholder Returns (TSR)	8.1%	6.3%	10.2%	9.3%	6.3%	9.5%
<b>BKI TSR Outperformance vs Index</b>	<b>-6.6%</b>	<b>-2.5%</b>	<b>-0.3%</b>	<b>0.9%</b>	<b>2.8%</b>	<b>1.7%</b>
BKI Portfolio Performance	11.0%	5.6%	8.1%	7.5%	4.5%	7.1%
<b>BKI Portfolio Outperformance vs Index</b>	<b>-3.7%</b>	<b>-3.2%</b>	<b>-2.4%</b>	<b>-0.9%</b>	<b>1.0%</b>	<b>-0.7%</b>
S&P/ASX 300 Accumulation Index – 80% franked	16.3%	10.4%	12.1%	10.2%	5.3%	11.4%
<b>BKI Total Shareholder Returns – 100% Franked</b>	<b>10.1%</b>	<b>8.3%</b>	<b>12.2%</b>	<b>11.5%</b>	<b>8.5%</b>	<b>11.7%</b>

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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