

BKI INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868

ASX and Media Release

30 November 2021



The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 6, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

BKI INVESTOR PRESENTATION AND TRADING UPDATE

Enclosed is a November 2021 investor presentation for BKI Investment Company Limited (ASX: BKI), which incorporates a trading update in respect of the first half of FY22.

This announcement has been authorised by the Board of BKI.

A handwritten signature in black ink, appearing to read 'Jaime Pinto', is located above the name and title of the signatory.

Jaime Pinto
Company Secretary

Business Overview - BKI Investment Company 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.

The material contained within the BKI Investment Company Limited Weekly Net Tangible Assets Update (The Report) has been prepared by Contact Asset Management (AFSL 494045). Figures referred to in The Report are unaudited. The Report is not intended to provide advice to investors or take into account an individual's financial circumstances or investment objectives. This is general investment advice only and does not constitute advice to any person. The opinions within The Report are not intended to represent recommendations to investors, they are the view of Contact Asset Management as of this date and are accordingly subject to change. Information related to any company or security is for information purposes only and should not be interpreted as a solicitation of offer to buy or sell any security. The information on which The Report is based has been obtained from sources we believe to be reliable, but we do not guarantee its accuracy or completeness. Investors should consult their financial adviser in relation to any material within this document.

BKI INVESTMENT COMPANY LIMITED

Investor Presentation
November 2021



*BKI is managed by Contact Asset Management
AFSL 494045*



BKI INVESTMENT COMPANY LIMITED

Investment Process



*BKI is managed by Contact Asset Management
AFSL 494045*



CONTACT ASSET MANAGEMENT

Experience, Alignment, Consistency, Sensible, Outcomes Focused



Tom Millner

Portfolio Manager

B.Des (Industrial),
GDipAppFin, F Fin, GAICD

Tom has 19 years' experience in investment markets. Prior to Contact, Tom was CEO of BKI Investment Company Limited from 2008 to 2016. Since 2008, BKI has grown total assets from \$440m to \$1.2bn today. Tom has been a Director of WHSP since 2011 and also sits on the Board of NHC.



Will Culbert

Portfolio Manager

B.Bus, MCom,
GDipAppFin, F Fin, GAICD

Will has 22 years' experience in funds management in Australia and the UK. Prior to Contact Will was Portfolio Manager for BKI for 3 years. Will spent 11 years with Invesco as an Equity Analyst and Portfolio Manager. Will has also worked for the Bank of New York and Challenger Group.



Jakov Maleš

Senior Investment Analyst

B. Com, MBus, CFA

Jakov joined Contact in 2021. Jakov has 25 years' experience as an Analyst and Portfolio Manager. Prior to Contact, Jakov was Head of Australian Equities at UBS Asset Management for 12 years and Head of Equities at Allianz Global Investors for 5 years.



Rob Horne

Investment Analyst

MCom, GDipCom

Rob joined Contact in 2019. Prior to joining Contact, Rob had a successful professional Rugby career spanning over ten years, representing the NSW Waratahs and Australian Wallabies. Rob holds a Masters of Commerce degree.

BKI INVESTMENT PROCESS

Research driven, active management

What we consider when we **ADD** or **INCREASE** our exposure to a stock.

We invest in companies using the five fundamentals below as part of the stock selection process.

Sustainable Business Model
Competitive Advantage
High Barriers to Entry

Dividend Sustainability
Dividend Yields
Franking Credits
Dividend Growth

Net Cash or Low Debt Levels
Strong Cash Flows
Appropriate Gearing Ratios
Appropriate Coverage Ratios

Founder-led Business
Strong Alignment
Experience & Skillset
Creating Shareholder Wealth

Positive Environmental Impact
Positive Social Aspects
Good Corporate Governance
Positive MSCI –ESG Rating

Growing Earnings Profiles
Attractive DCF valuations
PE & EV/EBITDA Multiples
Sum of the Parts

**Principal
Activity**

Income

**Financial
Strength**

Management

**MSCI ESG
Rating**

Valuation

What we consider when we **AVOID** or **SELL** our exposure to a stock

A concentrated portfolio requires constant monitoring as investment cases can change for multiple reasons.

Industry Dynamics Regulation
Increased Competition
Loss of Competitive Advantage

Negative Dividend Growth
Cancellation of Dividends
Lack of Franking Credits
High Pay Out Ratio

Stretched Balance Sheet
Breach of Banking Covenants
Emergency Capital Raise
Reduced Cash Flows

Change in Management
Poor Alignment
Selling Shares

Negative Environmental Impact
Negative Social Aspects
Poor Corporate Governance
Negative MSCI –ESG Rating

Overly Stretched Valuation
Earnings Downgrades
Negative Earnings Growth
Index Movements

5

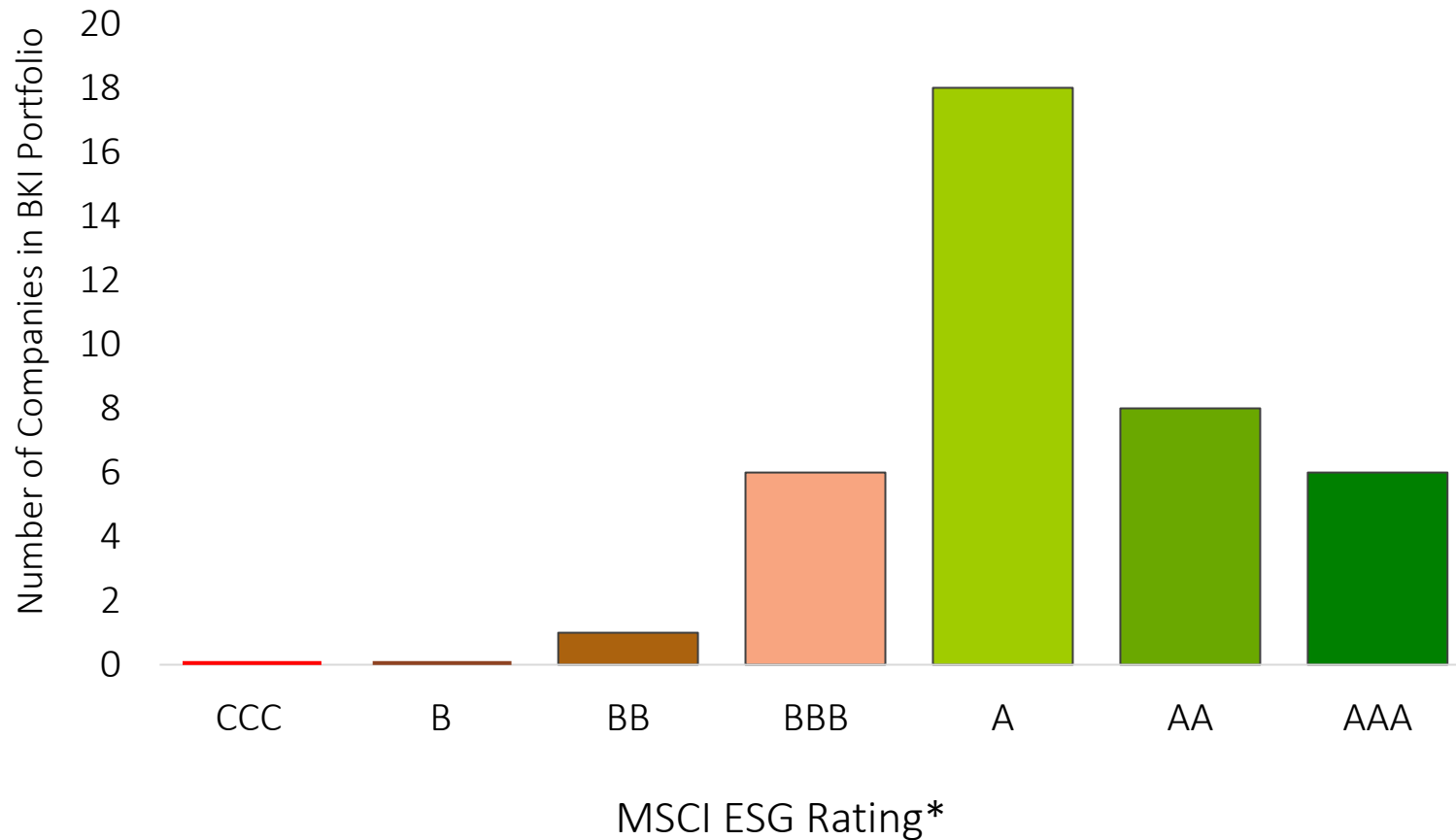
ESG Rating Peer Distribution



BKI INVESTMENT PROCESS - ESG Enhancement

A MSCI ESG Rating aims to measure a company's resilience to long-term ESG risks.

BKI Portfolio Exposure - MSCI Ratings



Source: BKI, Contact Asset Management. MSCI ESG Rating, A MSCI ESG Rating aims to measure a company's resilience to long-term ESG risks. Companies are scored on an industry-relative AAA-CCC scale across the most relevant Key Issues based on a company's business model.*Ratings include both company, sector and peer group reviews for the companies held within BKI.

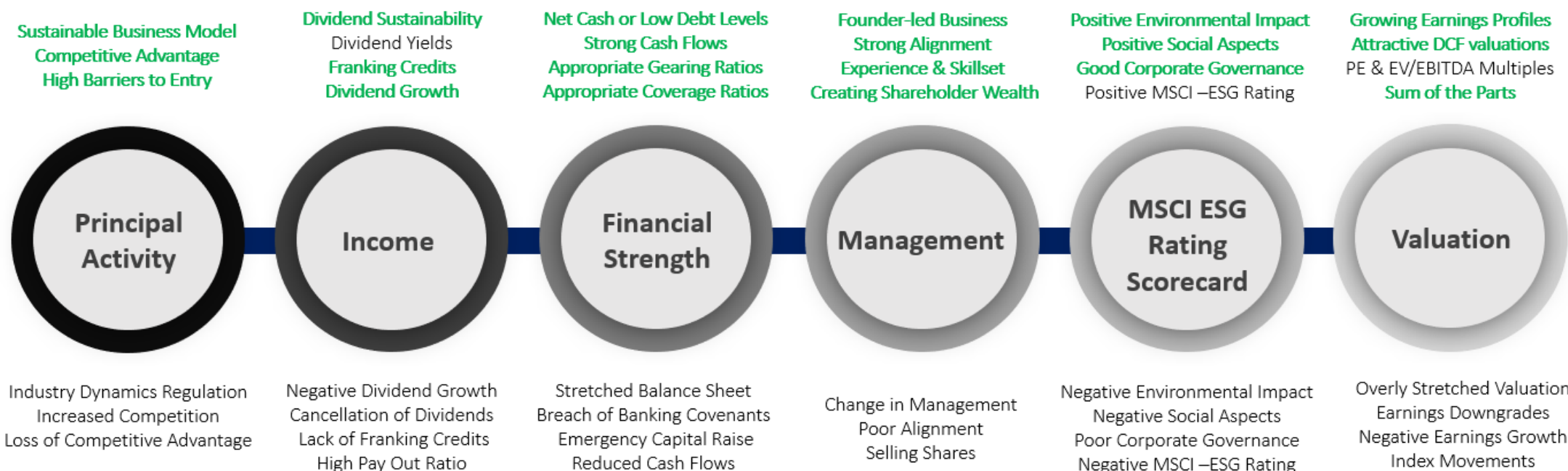
BKI INVESTMENT PROCESS – Stock Selection

Contact subscribes to MSCI's ESG Ratings and Research database.



4X4 ACCESSORIES

What we considered when analysing ARB Corporation (ARB.ASX)



BKI INVESTMENT COMPANY LIMITED

Investment Portfolio



*BKI is managed by Contact Asset Management
AFSL 494045*



INVESTMENT PORTFOLIO

For the period 1 July 2021 - 31 October 2021

Buy

BHP Group
Fortescue Metals
Rio Tinto Limited
Suncorp Group
Harvey Norman Holdings
Suncorp Group

New

Aurizon Holdings
Endeavour Group
WH Soul Pattinson

Reduce

ASX Limited
Commonwealth Bank
Woolworths Limited
Metcash Limited

Exit

Brambles Limited
Platinum Asset Mgt
Magellan Financial
Endeavour Group
Milton Corporation

INVESTMENT PORTFOLIO

As at 31 October 2021

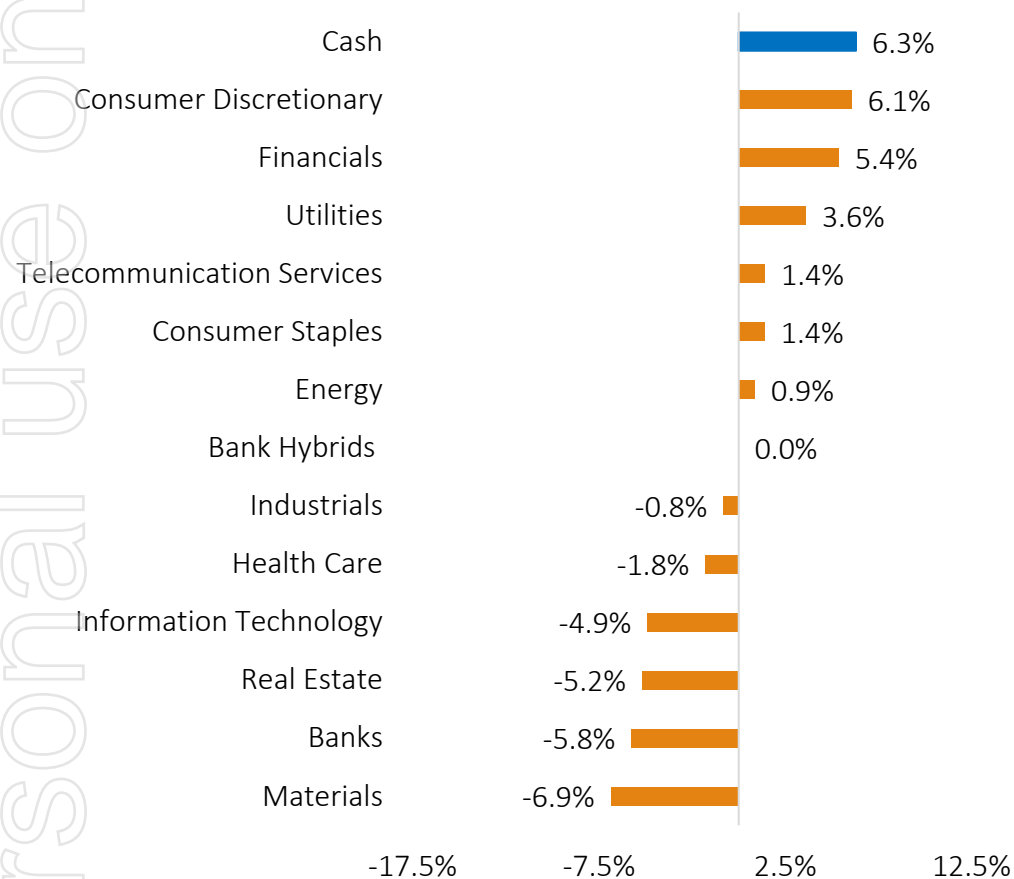
	<i>Stock</i>	<i>% of Total Portfolio</i>		<i>Stock</i>	<i>% of Total Portfolio</i>
1	Macquarie Group	10.4%	14	Telstra Corporation	2.6%
2	Commonwealth Bank	7.3%	15	Woodside Petroleum	2.2%
3	BHP Group	7.1%	16	Amcor PLC	2.1%
4	National Australia Bank	5.8%	17	Rio Tinto Limited	2.1%
5	Wesfarmers Limited	5.2%	18	New Hope Corporation	2.1%
6	APA Group	5.1%	19	Goodman Group	1.7%
7	Transurban Group	3.8%	20	Fortescue Metals	1.6%
8	ARB Corporation	3.7%	21	Coles Group	1.6%
9	Woolworths Limited	3.6%	22	Invocare Limited	1.5%
10	TPG Telecom	3.1%	23	Suncorp Group	1.4%
11	Sonic Healthcare	3.1%	24	ASX Limited	1.4%
12	Ramsay Healthcare	2.9%	25	Washington H Soul Pattinson	1.0%
13	Harvey Norman Holdings	2.8%		Cash & Cash Equivalents	6.3%
				Total	91.5%

Source: BKI, Contact Asset Management.

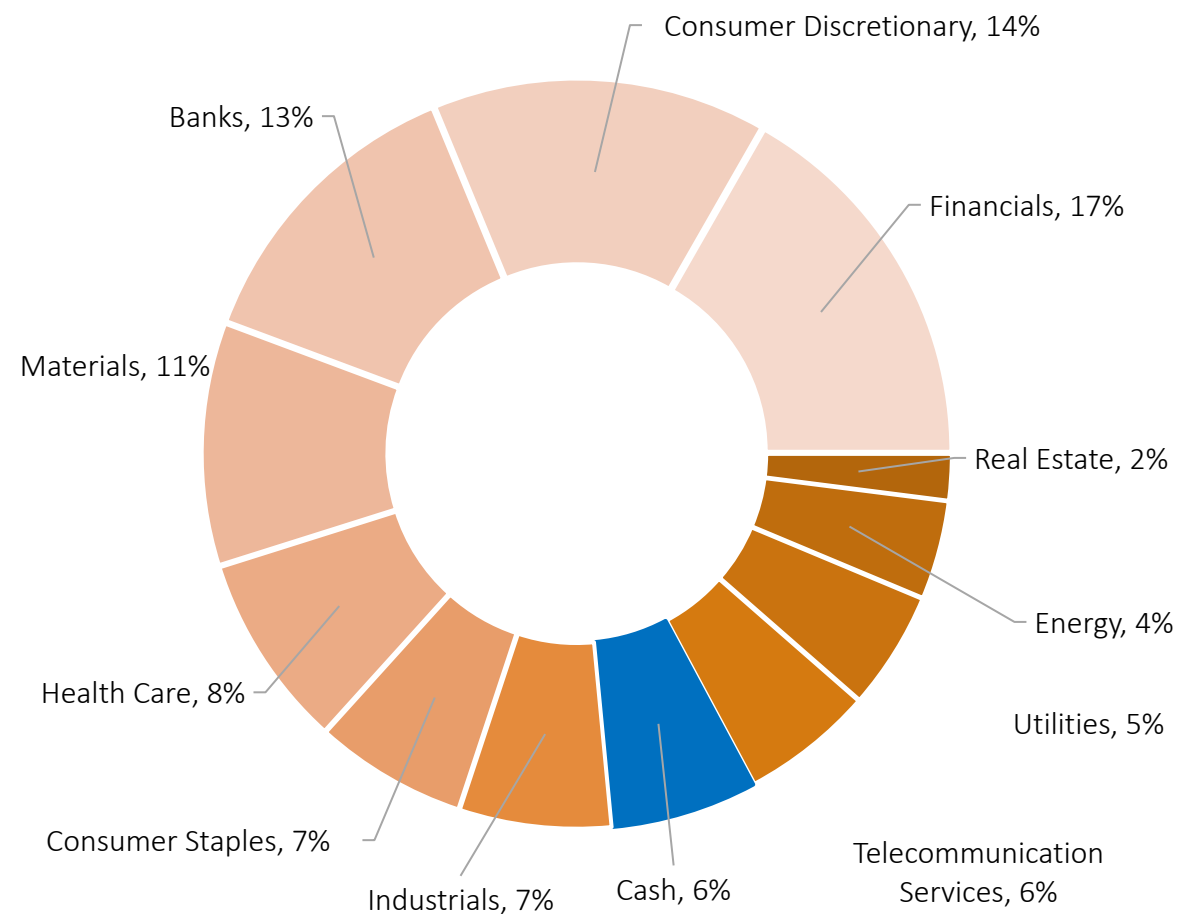
PORTFOLIO POSITIONING - Active Positions

As at 31 October 2021

BKI Portfolio: Active Weight by Sector



BKI Portfolio: Exposure by Sector



BKI INVESTMENT COMPANY LIMITED

Performance



*BKI is managed by Contact Asset Management
AFSL 494045*



RATING AND RESEARCH UPDATE



The Self Managed Super Fund Awards for 2021 were held recently. It was pleasing to see BKI recognised as a Finalist in the Listed Investment Company Advisor Choice category.



Lonsec Research has completed their product review with BKI maintaining its Recommended Rating. This rating indicates that Lonsec has strong conviction that BKI can generate risk adjusted returns in line with relevant objectives.



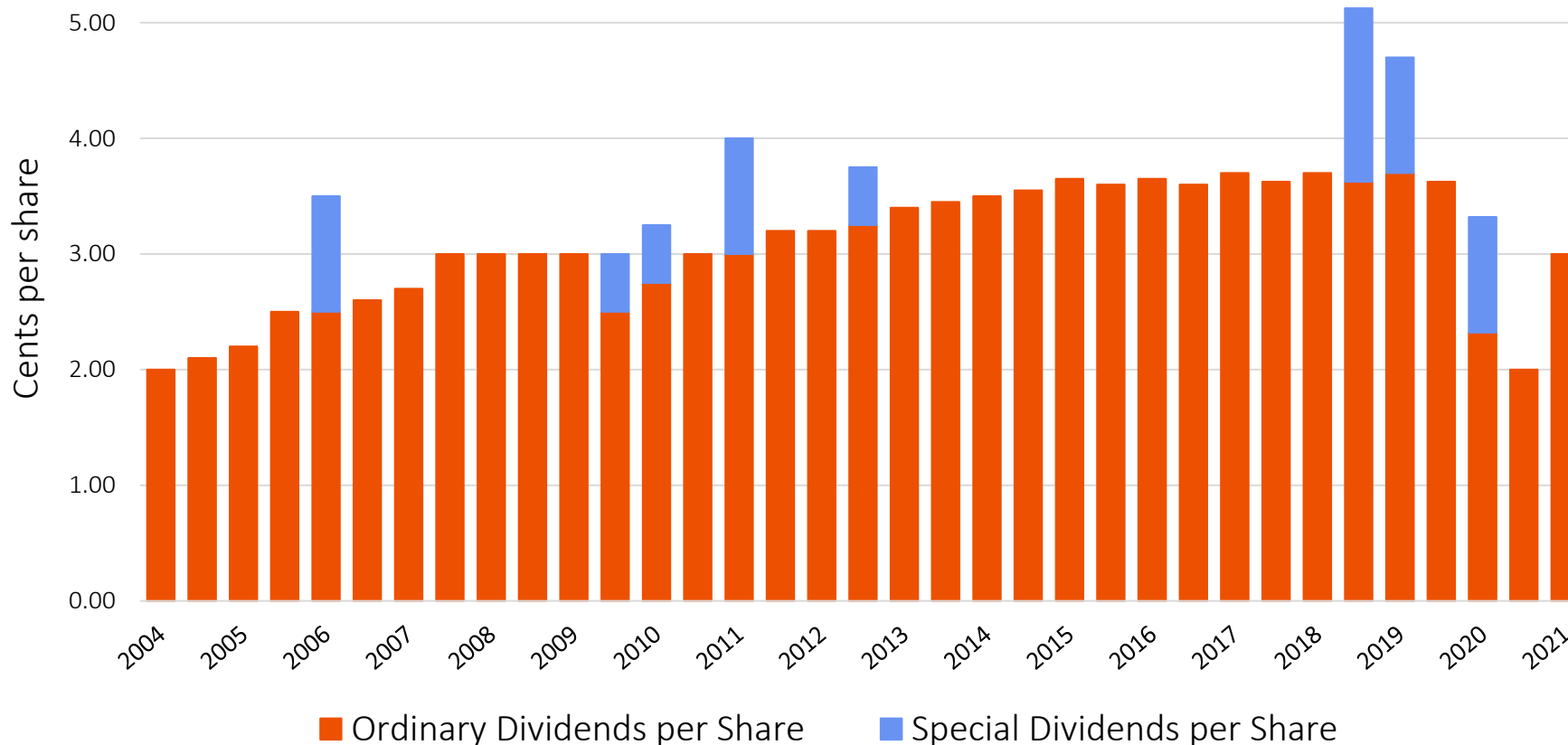
Independent Investment Research has completed their product review and have reaffirmed the Recommended Plus rating for BKI.



DIVIDEND HISTORY

As at 31 October 2021

BKI has paid out \$1.14 per share, or over \$780m in dividends and franking credits to shareholders since listing in 2003.



LONG TERM PERFORMANCE AND LOW COST

Since listing in 2003, BKI's investment strategy has been, and will continue to be, focused on research driven, active equities management, investing for the long term, in profitable companies, with a history of paying attractive fully franked dividend yields.

Dividends and Franking Credits

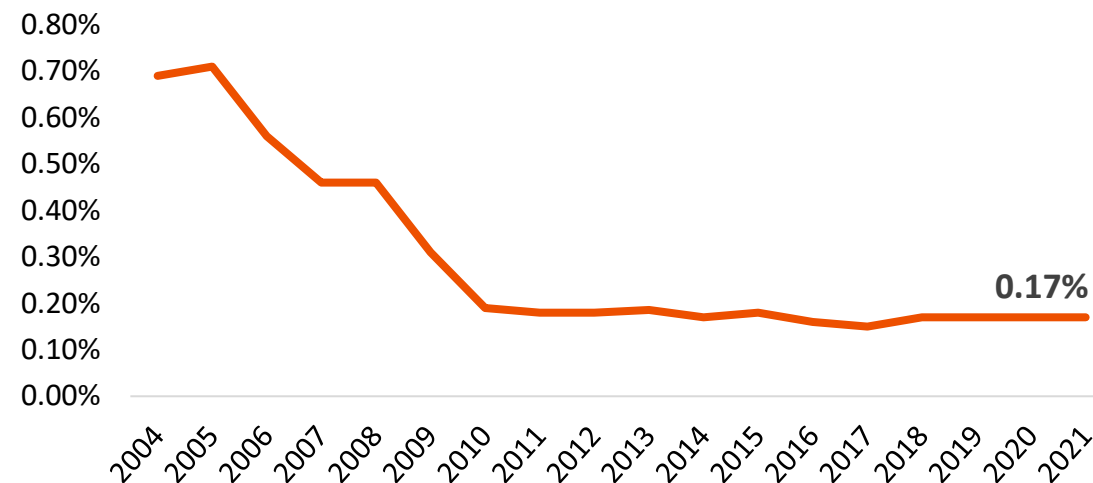
BKI's MER as at 30 June 2021 was 0.17%. BKI's MER continues to compare very favourably to other externally managed LICs, ETFs and managed funds in the domestic market that provide a similar broad-based exposure to Australian equities.

Cumulative Value of BKI Shares

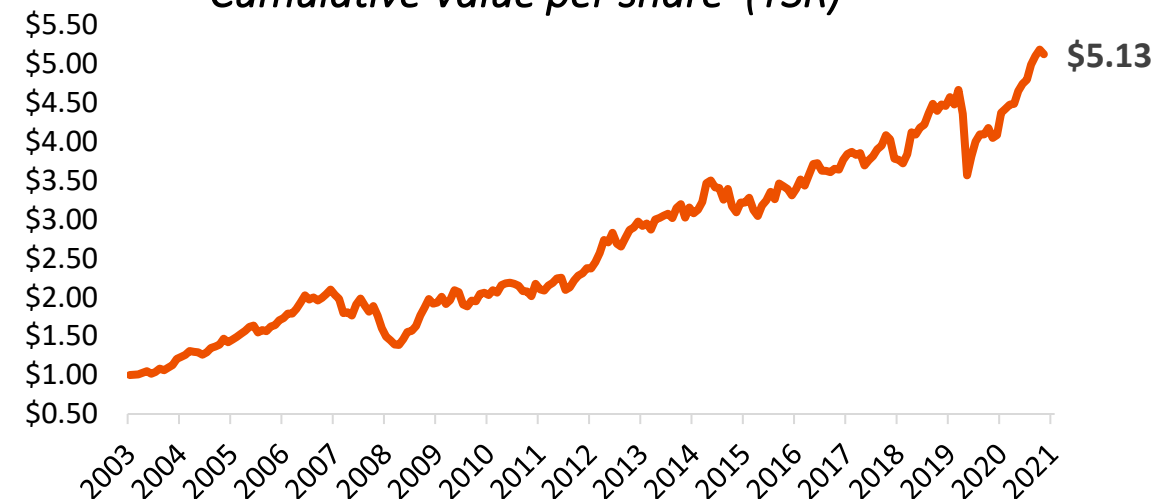
If dividends were reinvested through the DRP (Dividend Investment Plan) over this time, IPO shares would have grown from \$1.00 to a cumulative value of \$5.13 per share, inclusive of franking credits.

Source: BKI, Contact Asset Management, Factset. Cumulative Value assumes reinvestment of all BKI Dividends and Franking Credits and participation in all Rights Issues and Entitlement Offers

Management Expense Ratio (MER)



Cumulative Value per share (TSR)



BKI PERFORMANCE

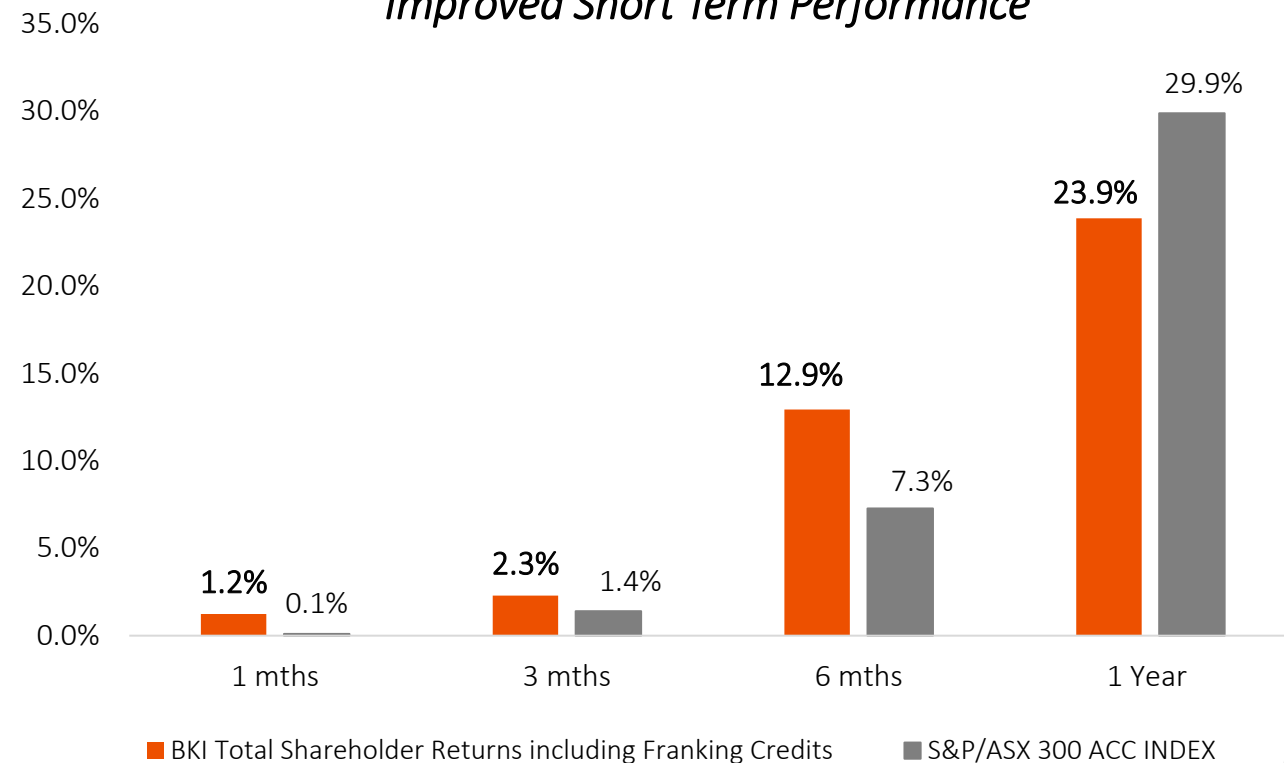
As at 31 October 2021

BKI's Total Shareholder Return including franking credits for the 3 months to 31 October 2021 was 2.3%.

BKI's Total Shareholder Return including franking credits for the 6 months to 31 October 2021 was 12.9%.

BKI's Total Shareholder Return including franking credits for the year to 31 October 2021 was 23.9%.

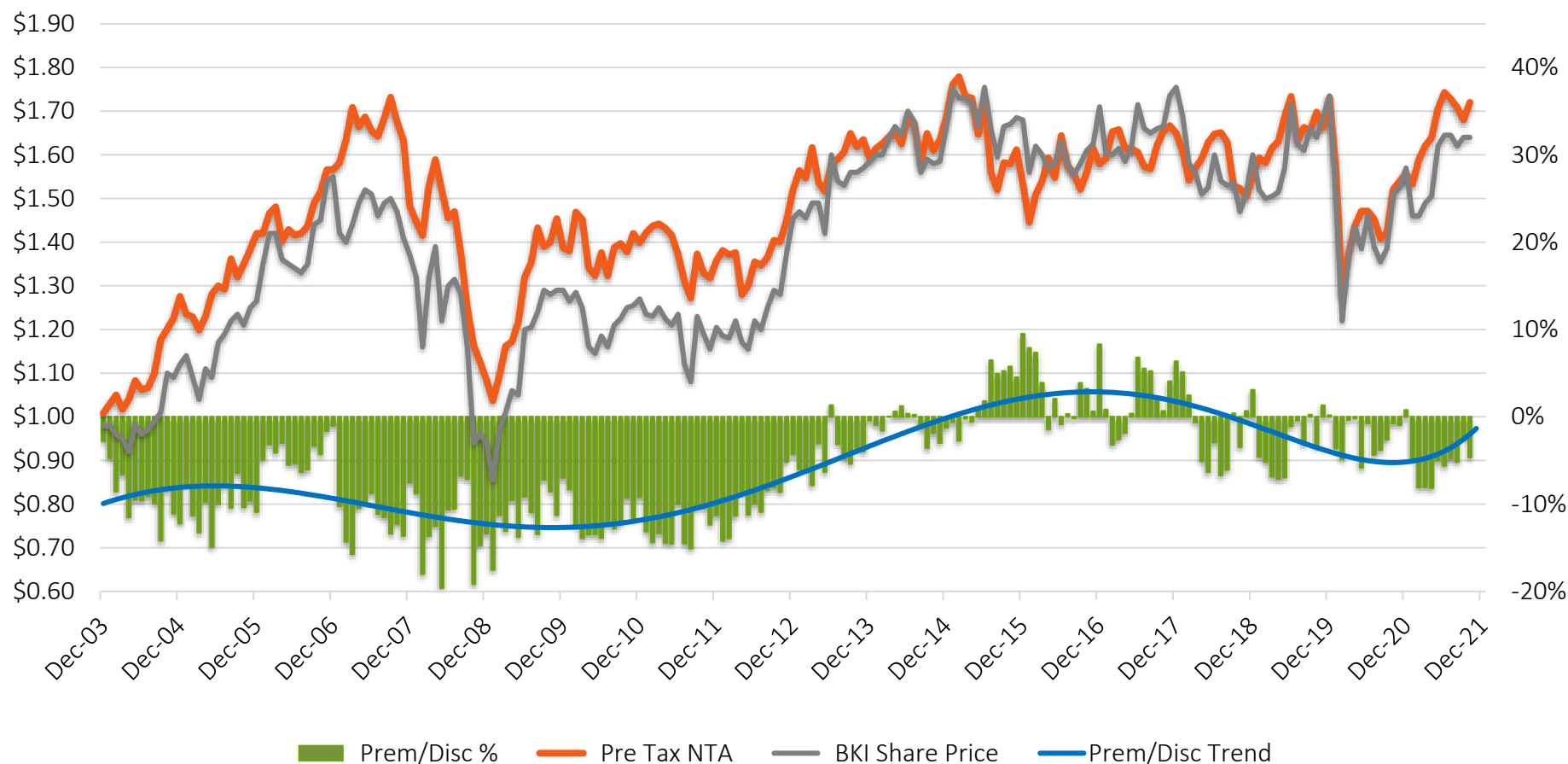
Improved Short Term Performance



BKI PERFORMANCE

As at 31 October 2021

BKI's Pre-Tax Net Tangible Assets as at 31 October 2021 was \$1.68, up from \$1.42 a year ago.



ONGOING DIVIDEND IMPROVEMENT

BKI's Top 10 holdings have delivered increased dividends per share (DPS) year on year.

Company Name	Most Recent DPS	DPS In Previous Corresponding Period	Change in DPS
1. Macquarie Group	\$2.72 (I)	\$1.35 (I)	101%
2. Commonwealth Bank	\$2.00 (F)	\$0.98 (F)	104%
3. BHP Group	\$2.72 (F)	\$0.76 (F)	258%
4. National Australia Bank	\$0.67 (F)	\$0.30 (F)	123%
5. Wesfarmers Limited	\$0.90 (F)	\$0.77 (F)	17%
6. APA Group	\$0.27 (F)	\$0.27 (F)	0%
7. Transurban Group	\$0.215 (F)	\$0.16 (F)	34%
8. ARB Corporation	\$0.39 (F)	\$0.21 (F)*	86%
9. Woolworths Limited	\$0.55 (F)	\$0.48 (F)	15%
10. TPG Telecom	\$0.08 (F)	\$0.03 (I)	167%

(I) Interim Dividend (F) Final Dividend

Source: BKI, Contact Asset Management. *ARB paid both Interim and Final in October 2021, 21cps represents the final dividend component.

FY2022 UPDATE

Ordinary Investment Revenue

As a result of the increase in dividend income seen in the most recent reporting season, BKI expects to receive in excess of \$30m in Ordinary Investment Revenue (excluding Special Dividend Income) for the first half on FY2022. This compares very favourably to the \$39.7m received for the full year of FY2021.

Special Dividend Income

BKI also expects to receive in excess of \$26m in Special Dividend Income in the first half of FY2022 after receiving special dividends from Rio Tinto Limited, Suncorp Group, Milton Corporation, Telstra Corporation and participating in the Metcash Limited, Commonwealth Bank and Woolworths Limited off market share buy backs.

Dividends

Barring any unforeseen circumstance, BKI is confident of increasing dividends paid to shareholders during FY2022.