



BKI Investment Company Limited

Results for the half year ended 31 December 2020

Disclaimer



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Result Summary

Results for the half year ended 31 December 2020

Result Summary

For the half year ended 31 December 2020

Result excluding special investment revenue	1H 2021	1H 2020	Growth
Investment revenue – ordinary	\$16.6m	\$27.0m	-39%
Net operating profit after tax	\$14.5m	\$24.5m	-41%
Earnings per share	1.96c	3.35c	-41%
Dividends per share	2.00c	3.625c	-45%
Result including special investment revenue	1H 2021	1H 2020	Growth
Net operating profit after tax	\$14.9m	\$25.5m	-41%
Earnings per share	2.02c	3.48c	-42%
Special dividends per share	nil	nil	

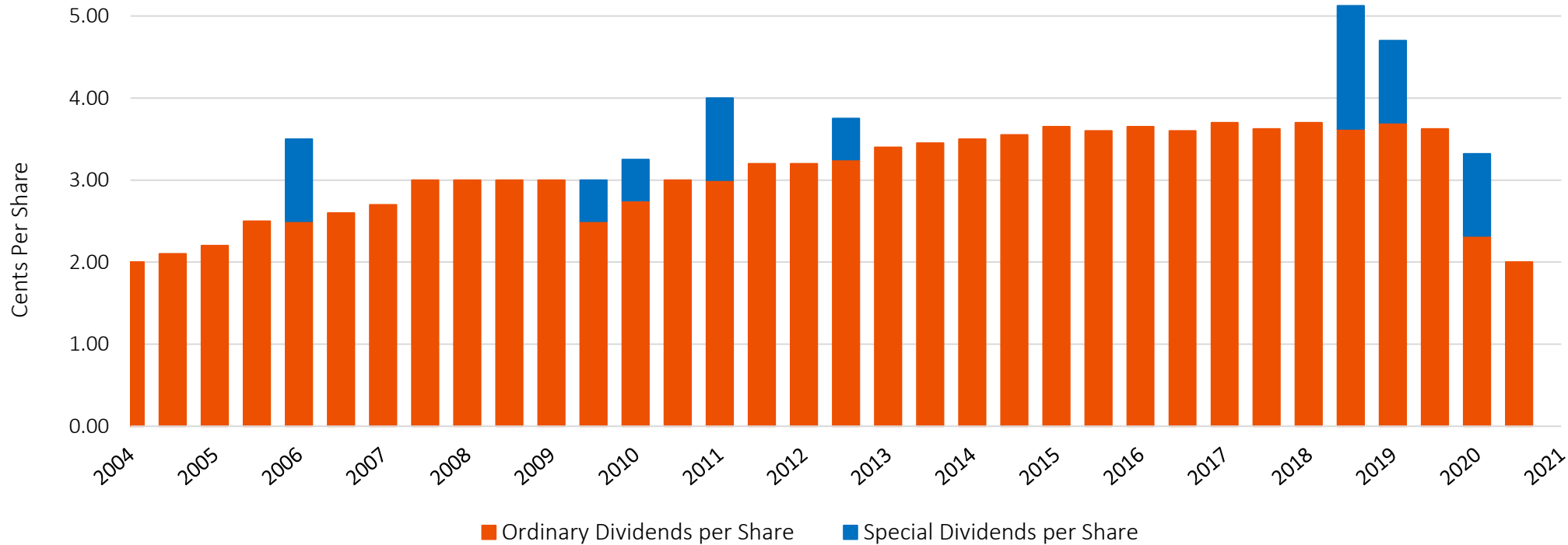
Change in Dividends Received – Top 25

For the half year ended 31 December 2020

<i>Stock</i>	<i>Change in Dividends Received</i>	<i>Stock</i>	<i>Change in Dividends Received</i>
1 Macquarie Group	-46%	14 Woodside Petroleum	-32%
2 Commonwealth Bank	-58%	15 Telstra Corporation	-38%
3 BHP Group	-30%	16 Harvey Norman Holdings	-14%
4 APA Group	4%	17 Magellan Financial Group	10%
5 Transurban Group	-52%	18 Coles Group	10%
6 Wesfarmers Limited	-4%	19 Invocare Limited	-69%
7 Woolworths Limited	-16%	20 Fortescue Metals Group	317%
8 National Australia Bank	-12%	21 Amcor	30%
9 TPG Telecom Limited	-100%	22 New Hope Corporation	-100%
10 Ramsay HealthCare	-100%	23 Goodman Group Limited	0%
11 Sonic Healthcare	0%	24 Rio Tinto Limited	-1%
12 ARB Corporation	88%	25 NAB Convertible Notes	100%
13 ASX Limited	7%		

Dividend History

BKI's historical annualised dividend yield is currently 3.5%* - grossed-up yield is 5.1%*



BKI has paid out \$1.11 per share, or over \$770m in dividends and franking credits to shareholders since listing in 2003#

Note: *Includes FY2020 Final Dividend of 2.32cps, FY2020 Final Special Dividend of 1.00cps and FY2021 Interim Dividend of 2.00cps. Based on share price of \$1.50. Grossed up yield includes franking credits and is based on a tax rate of 30%. # Includes FY2021 Interim Dividend of 2.00cps.

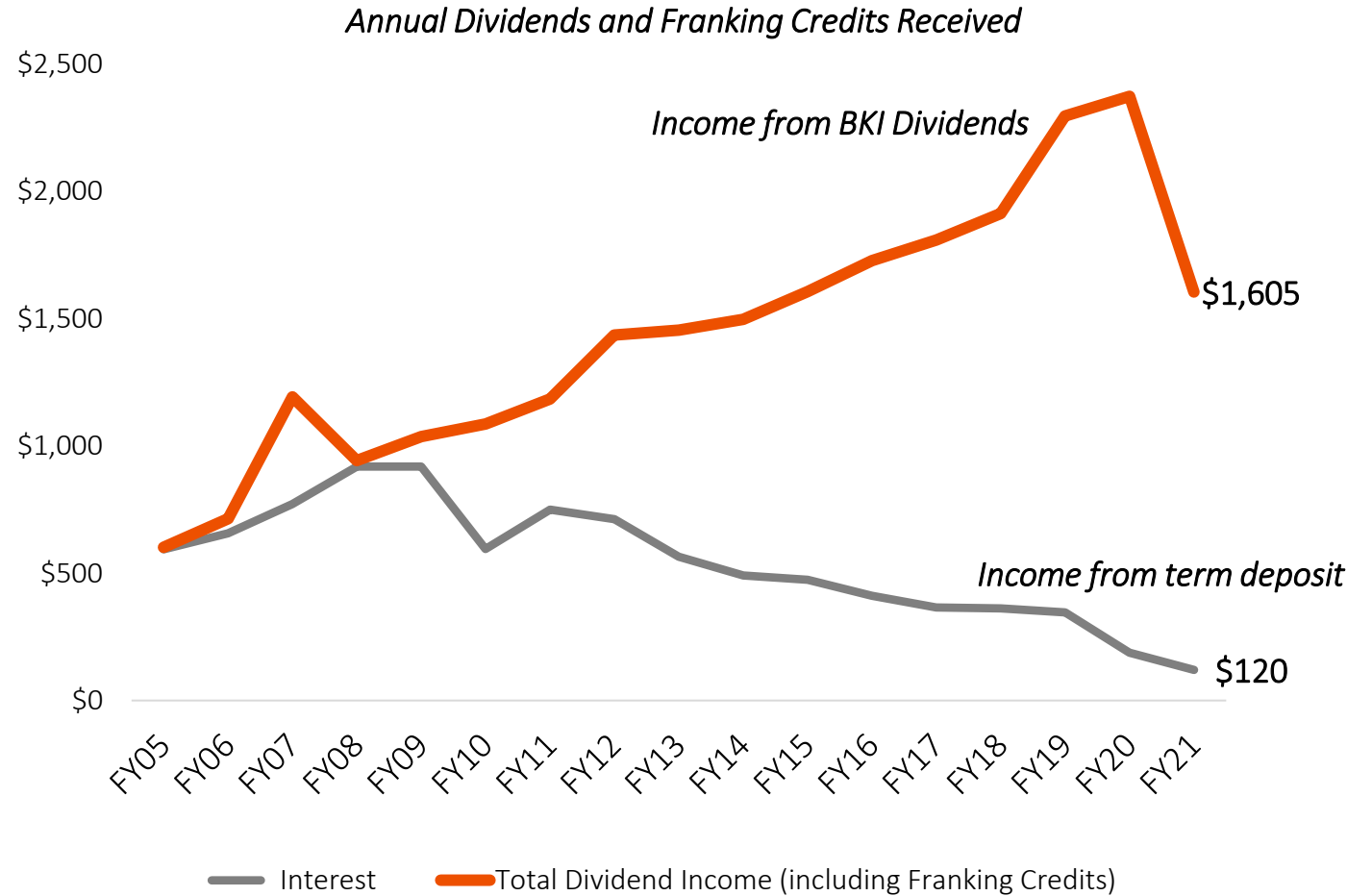
Income Generation

Long term dividend income

An investment of \$10,000 to purchase BKI shares at IPO in December 2003 would now be receiving annual fully franked dividends of \$1,123pa.

The franking credits enhance the income by a further \$481pa, assuming a tax rate of 30% (total income of \$1,605).

The same investment in a term deposit (based on the cash rate + 0.50%) would be earning \$120pa, pre tax and with no franking credits attached.



Source: BKI, Contact Asset Management, IRESS, Factset. Assumes the reinvestment of all dividends and includes franking credits.

Interim Dividend Dates

*BKI's DRP offers shareholders the opportunity to acquire further ordinary shares in BKI.
The DRP will not be offered at a discount.*

Key Dates

Last trading date to be eligible for the dividend	Thursday 4 February 2021
Ex-dividend date	Friday 5 February 2021
Record date	Monday 8 February 2021
DRP nomination	Tuesday 9 February 2021
Payment date	Thursday 25 February 2021

Last trading date to be eligible for the BKI FY2021 Interim Dividend is Thursday 4 February 2021

To obtain access to a DRP form please use the link below:
www.bkilimited.com.au/dividend-reinvestment-plan/

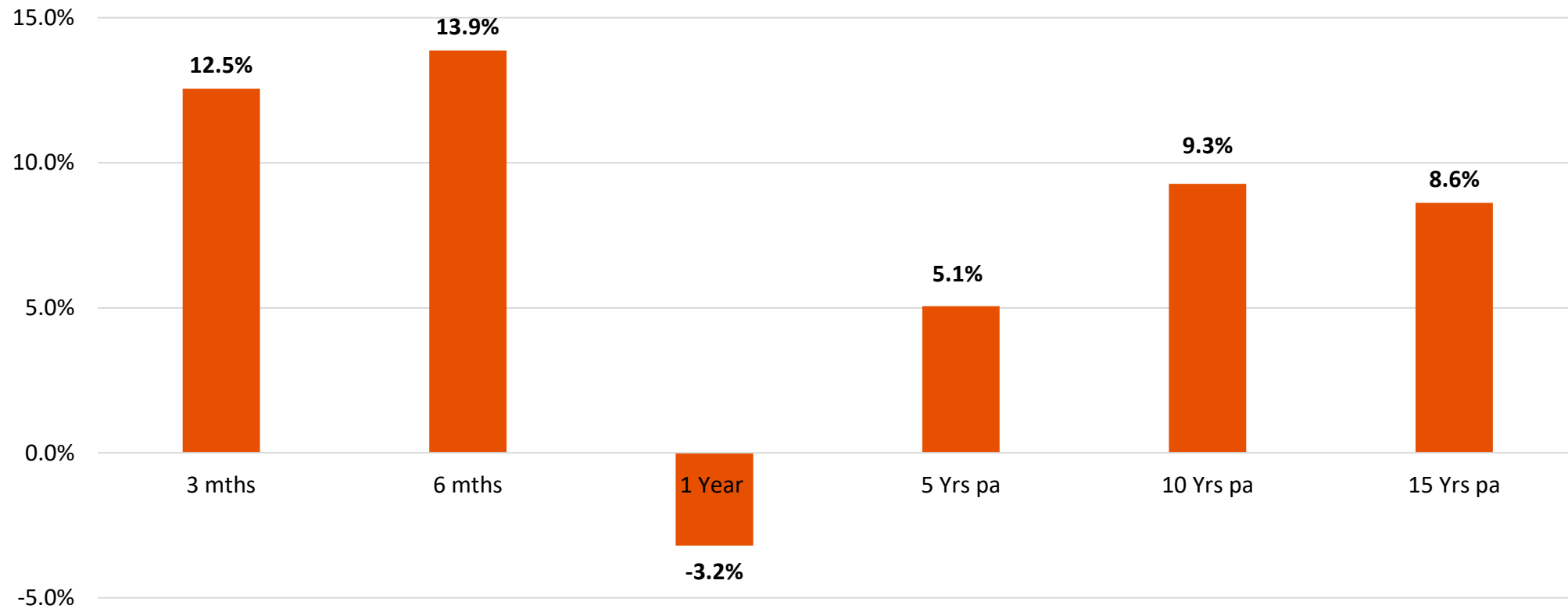


Performance

Results for the half year ended 31 December 2020

Total Shareholder Returns

As at 31 December 2020



Source: BKI, Contact Asset Management, IRESS, Factset. Assumes the reinvestment of all dividends and includes franking credits.

Long Term Performance and Income

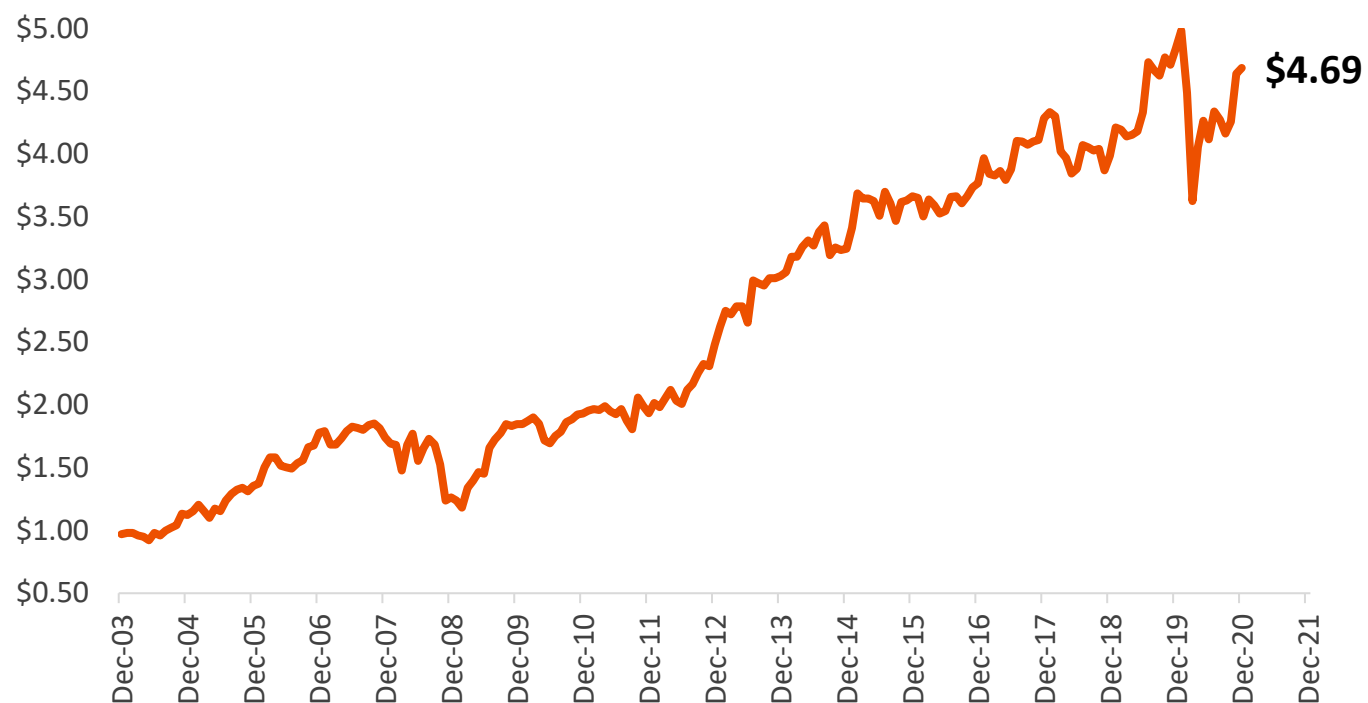
As at 31 December 2020

Cumulative Value of BKI Shares

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.

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 \$4.69 per share (including franking credits).

Cumulative Value per share (TSR), Including Franking Credits

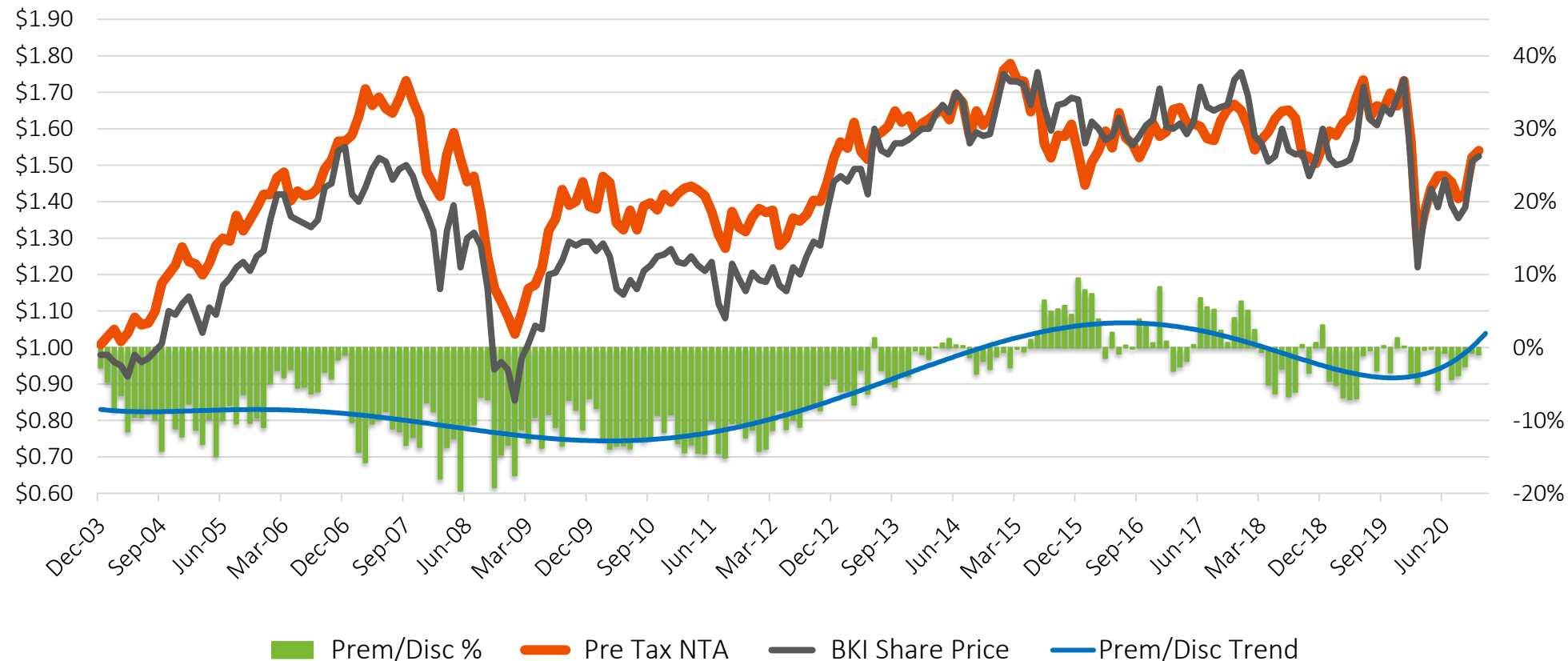


Source: BKI, Contact Asset Management, IRESS, Factset. Assumes the reinvestment of all dividends and includes franking credits.

Pre-Tax Net Tangible Assets (NTA)

As at 31 December 2020

History of the Discount/Premium



Pre-Tax Net Tangible Assets (NTA)



Weekly Pre-Tax NTA Reporting

BKI as a traditional Listed Investment Company (LIC), has traditionally quoted pre-tax and post-tax NTA's on a monthly basis. This has quite often caused a disconnect between the current share price of the LIC and the underlying NTA of the company.

With this in mind, as well as the increasing volatility in the marketplace, BKI believe that now is the right time to introduce weekly unaudited pre-tax NTA announcements to the market.

BKI's weekly unaudited pre-tax NTA announcements will commence in February 2021 and will be released weekly thereafter.



Portfolio

Results for the half year ended 31 December 2020

Portfolio Positioning

For the half year ended 31 December 2020

Investment Portfolio - Purchases

1. APA Group
2. National Australia Bank
3. Rio Tinto Limited
4. Fortescue Metals
5. Harvey Norman Holdings
6. Equity Trustees
7. IPH Limited
8. Commonwealth Bank
9. BHP Group



Portfolio Positioning

For the half year ended 31 December 2020

Investment Portfolio - Sales

1. Westpac Banking Corporation
2. Sydney Airport
3. IAG Limited
4. SEEK Limited



Investment Portfolio - Reductions

1. New Hope Corporation



BKI Portfolio – Top 25

For the half year ended 31 December 2020

	<i>Stock</i>	<i>% of Total Portfolio</i>		<i>Stock</i>	<i>% of Total Portfolio</i>
1	Macquarie Group	8.0%	14	Woodside Petroleum	2.4%
2	Commonwealth Bank	8.0%	15	Telstra Corporation	2.2%
3	BHP Group	7.7%	16	Harvey Norman Holdings	2.1%
4	APA Group	6.6%	17	Magellan Financial Group	1.8%
5	Transurban Group	6.6%	18	Coles Group	1.8%
6	Wesfarmers Limited	5.0%	19	Invocare Limited	1.7%
7	Woolworths Limited	4.9%	20	Fortescue Metals Group	1.6%
8	National Australia Bank	4.3%	21	Ancor	1.6%
9	TPG Telecom Limited	3.7%	22	New Hope Corporation	1.6%
10	Ramsay HealthCare	2.8%	23	Goodman Group Limited	1.6%
11	Sonic Healthcare	2.7%	24	Rio Tinto Limited	1.5%
12	ARB Corporation	2.6%	25	NAB Convertible Notes	1.5%
13	ASX Limited	2.5%		Cash & Cash Equivalents	1.7%
				Total	88.5%

BKI Portfolio by Sector

For the half year ended 31 December 2020

Financials



PENDAL



Materials



Consumer



Industrials



Telecommunications



Utilities



Healthcare



Property

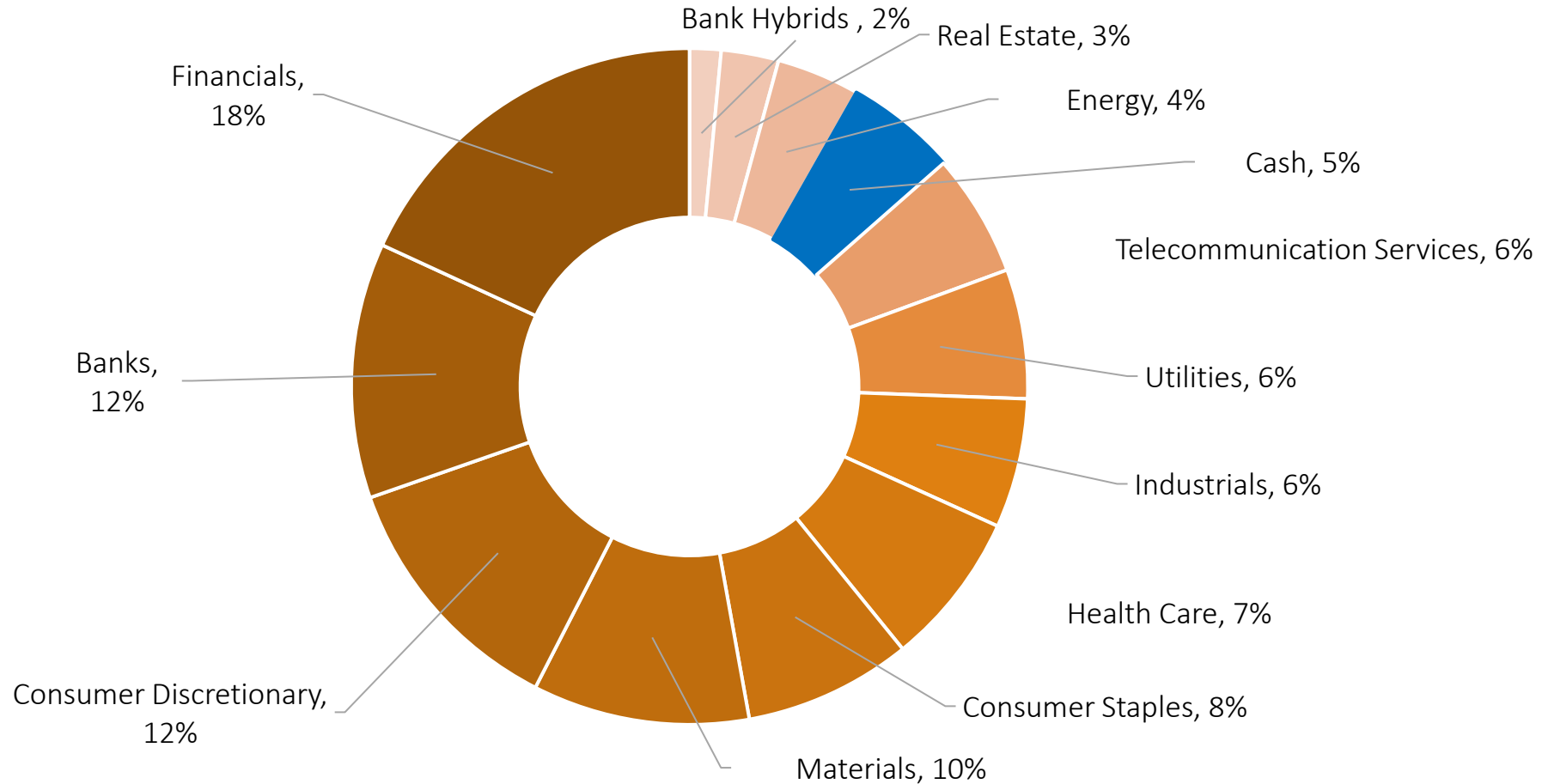


Energy



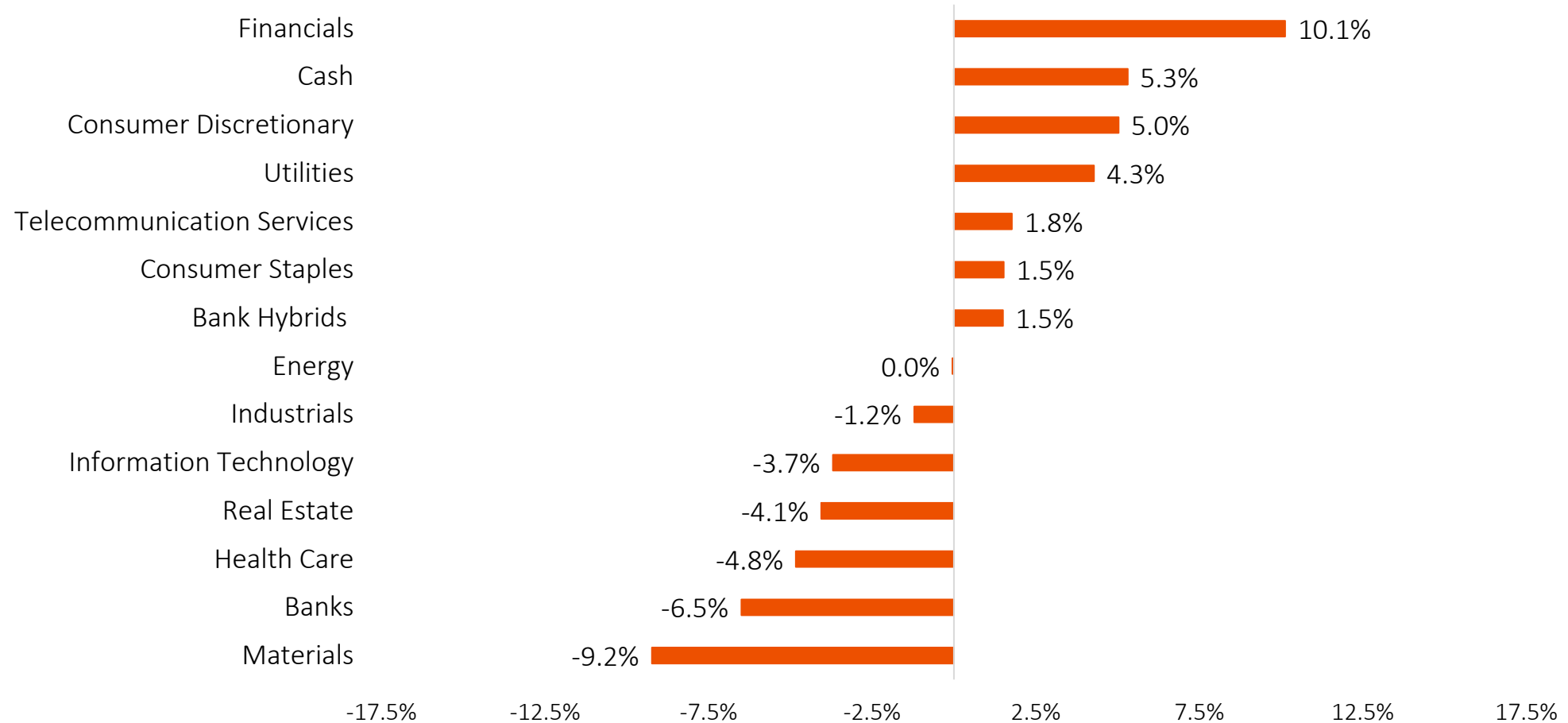
Portfolio Exposure by Sector

For the half year ended 31 December 2020



Active Portfolio Weight by Sector

For the half year ended 31 December 2020



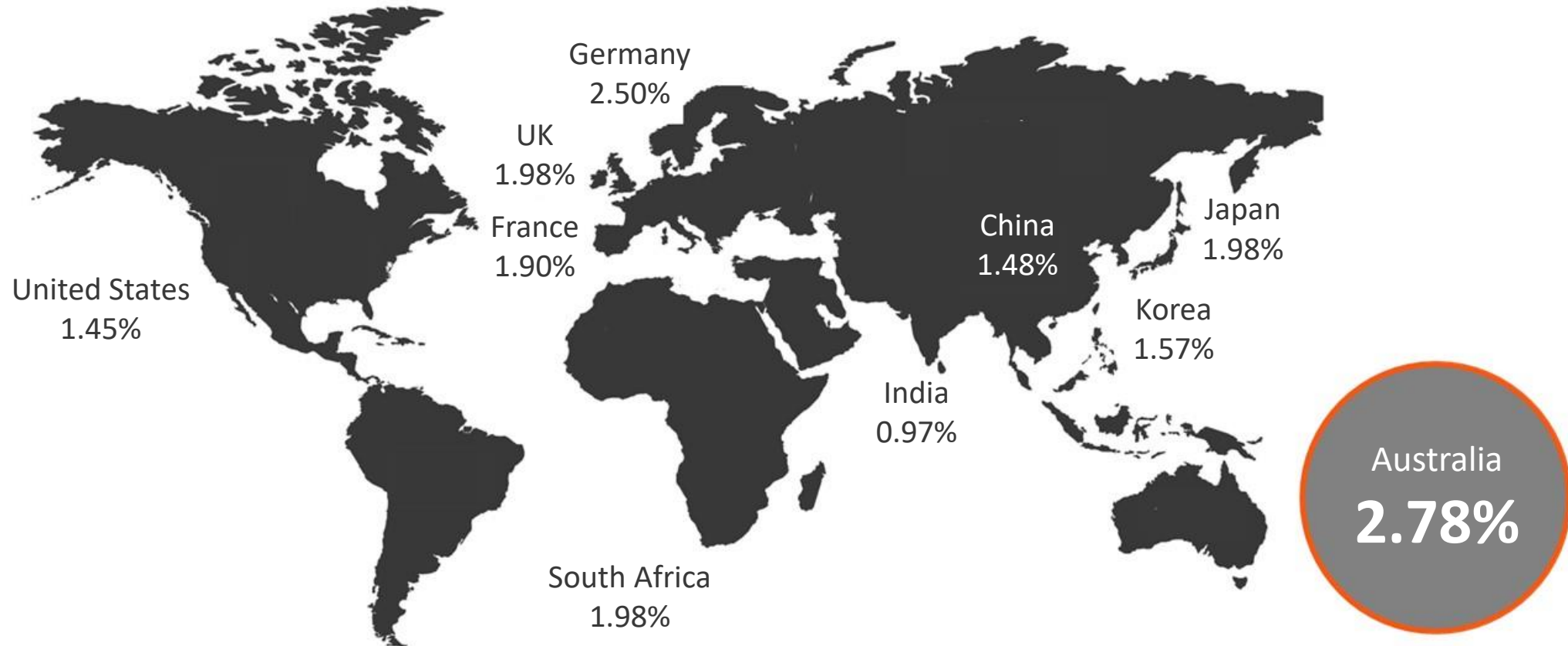


Investment Themes

Results for the half year ended 31 December 2020

Australia's Equity Yield is Attractive

We expect to see further capital deployed Australian equities, utilising an attractive yield and franking credits on offer.



Source: Contact Asset Management, Factset December 2020.

Retail, e-commerce and Logistics

Pre COVID-19, Australia had a relatively undeveloped online retail offering.

Many companies have benefited from the changes to behaviour in the COVID-19 world with the trends driving the demand for high quality, well located logistics assets accelerated because of the pandemic.

Many of the changes experienced in COVID we believe are permanent and have fast tracked the online retailing offering by many years. This will continue to create opportunities in areas including:

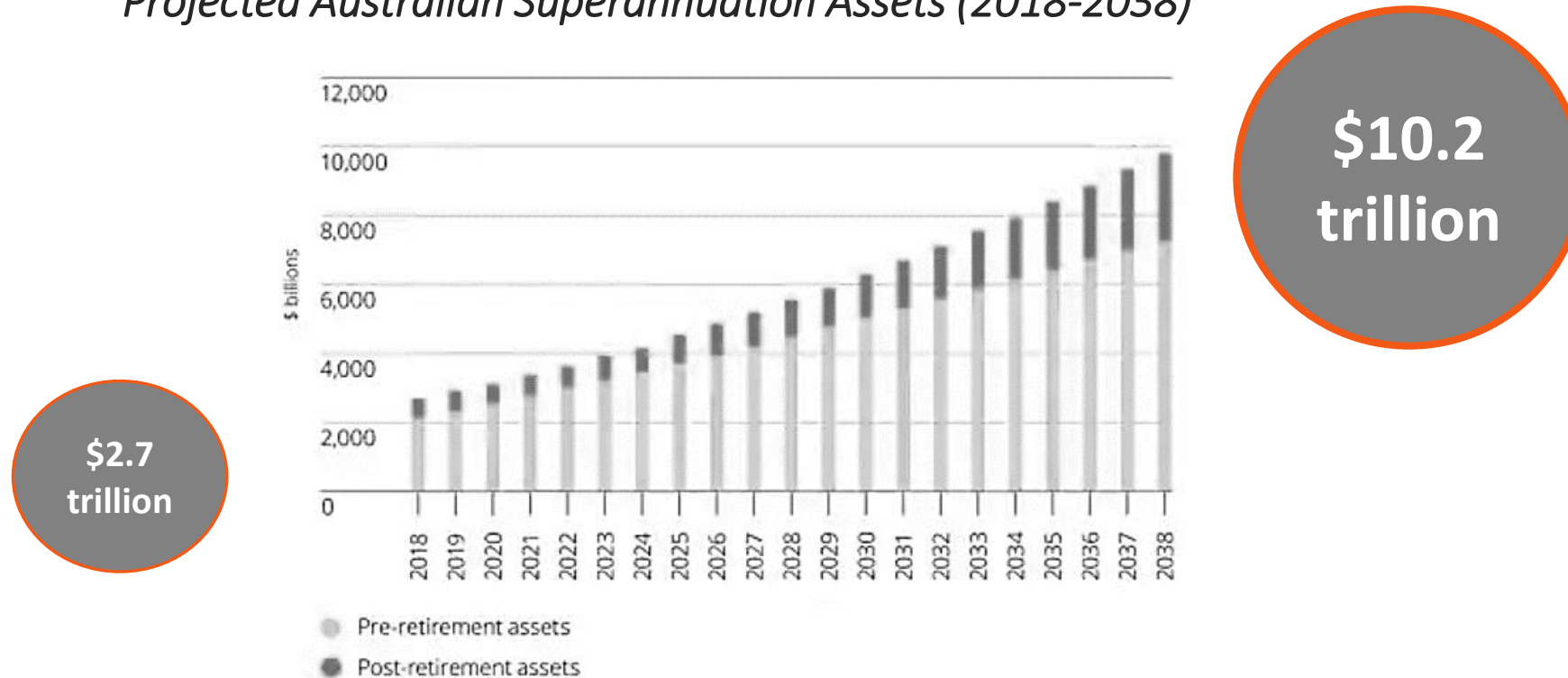
- Employment
- Construction and Development
- Logistics and Distribution
- Transportation and Delivery
- Telephony and Data Services
- Technology



Funds Growth

The Super Guarantee Contribution rate is currently equal to 9.5% and will be increased by 0.5% on 1 July 2021. Further increments of 0.5% will apply annually up to 2025-26, when the Super Guarantee rate will be set at 12%. This will see a substantial growth in Australian superannuation assets.

Projected Australian Superannuation Assets (2018-2038)



Source: Deloitte Actuaries & Consultants, 2019



For more information, please visit
www.bkilimited.com.au

