



BKI Investment Company Limited

Results for the half year ended 31 December 2021

Disclaimer



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Half Year FY2022 Results

For the half year ended 31 December 2021



Result <u>excluding</u> special investment revenue	1H 2022	1H 2021	Movement
Investment revenue – ordinary	\$31.5m	\$16.6m	90%
Revenue from operating activities	\$32.2m	\$16.2m	99%
Net operating profit after tax	\$29.5m	\$14.5m	104%
Earnings per share	3.98c	1.96c	103%
Dividend per share	3.50c	2.00c	75%
Result <u>including</u> special investment revenue	1H 2022	1H 2021	Movement
Net operating profit after tax	\$55.7m	\$14.9m	273%
Earnings per share	7.53c	2.02c	273%
Special dividends per share	0.50c	0.00c	N/A
Total 1H FY2022 Dividends	4.00c	2.00c	100%

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, Factset. *ARB paid both Interim and Final in October 2021, 21cps represents the final dividend component.

Interim Dividends and Key Dates



The BKI Board today declared an interim ordinary dividend of 3.50cps, up 75% on last year.

The Board has also announced a 0.50cps special dividend.

Last trading date to be eligible for the BKI dividends is Thursday 10 February 2022.

Key Dates

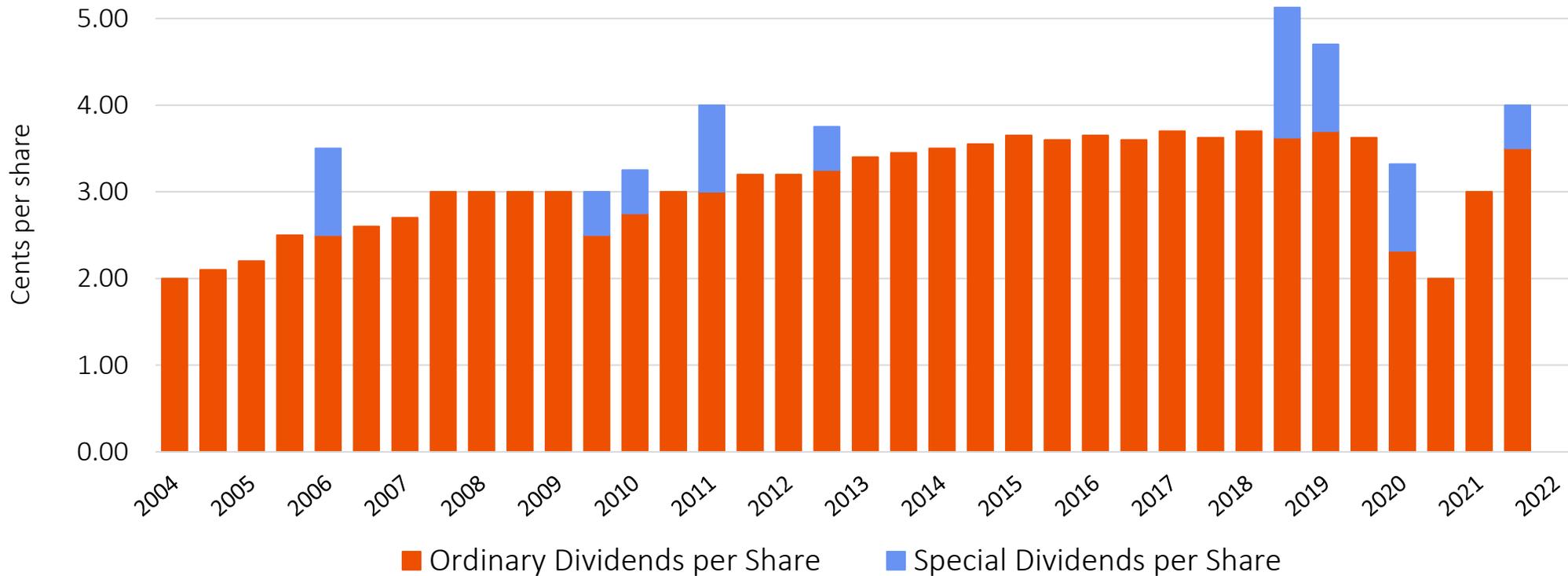
Last trading date to be eligible for the dividends	Thursday 10 February 2022
Ex-dividend date	Friday 11 February 2022
Record date	Monday 14 February 2022
DRP nomination	Tuesday 15 February 2022
Payment date	Thursday 3 March 2022

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

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

Dividend History

The current BKI grossed-up dividend yield is 6.0%, based on the 3.00cps FY2021 final dividend and today's 3.50cps FY2022 interim dividend and 0.50cps special dividend, a tax rate of 30% and the share price of \$1.67 as at 31 December 2021.



BKI has paid out \$1.18 per share, or over \$820m in dividends and franking credits to shareholders since listing in 2003#

Competitive Management Fee and MER

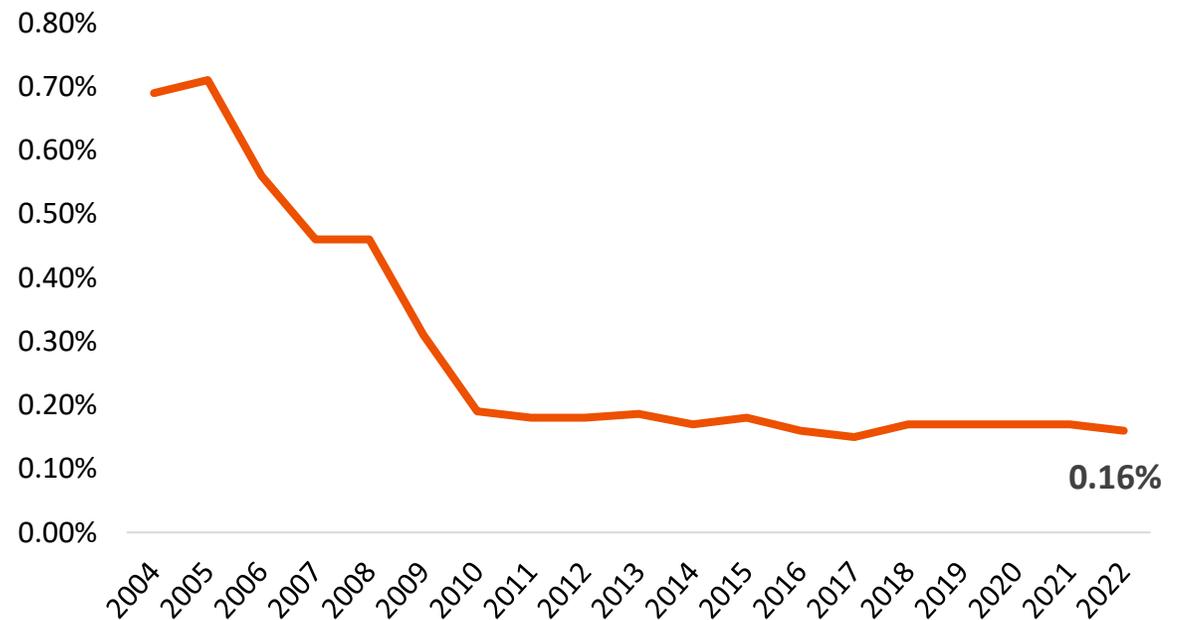
Higher fees don't automatically translate into better returns. BKI has an investor focused approach and we know that small fees have positive impacts on investor returns.

BKI offers a very competitive fee structure, with a Management Fee of 0.10% and a Management Expense Ratio of 0.16%.

BKI Investment Company Fee Overview

Management Fee	0.10%pa
Performance Fee	Nil
Establishment Fee	Nil
Contribution Fee	Nil
Withdrawal Fee	Nil
Exit Fee	Nil

A very competitive fee structure



History of BKI's Management Expense Ratio (MER)

Rating and Research Update



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



Lonsec Research 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 completed their product review and have reaffirmed the Recommended Plus rating for BKI.



BKI Investment Company Limited

Performance

Cumulative Share Price Returns

As at 31 December 2021



Assuming all dividends were reinvested and using the benefit of franking credits, the cumulative share price of BKI shares is currently \$5.33 per share as at 31 December 2021.



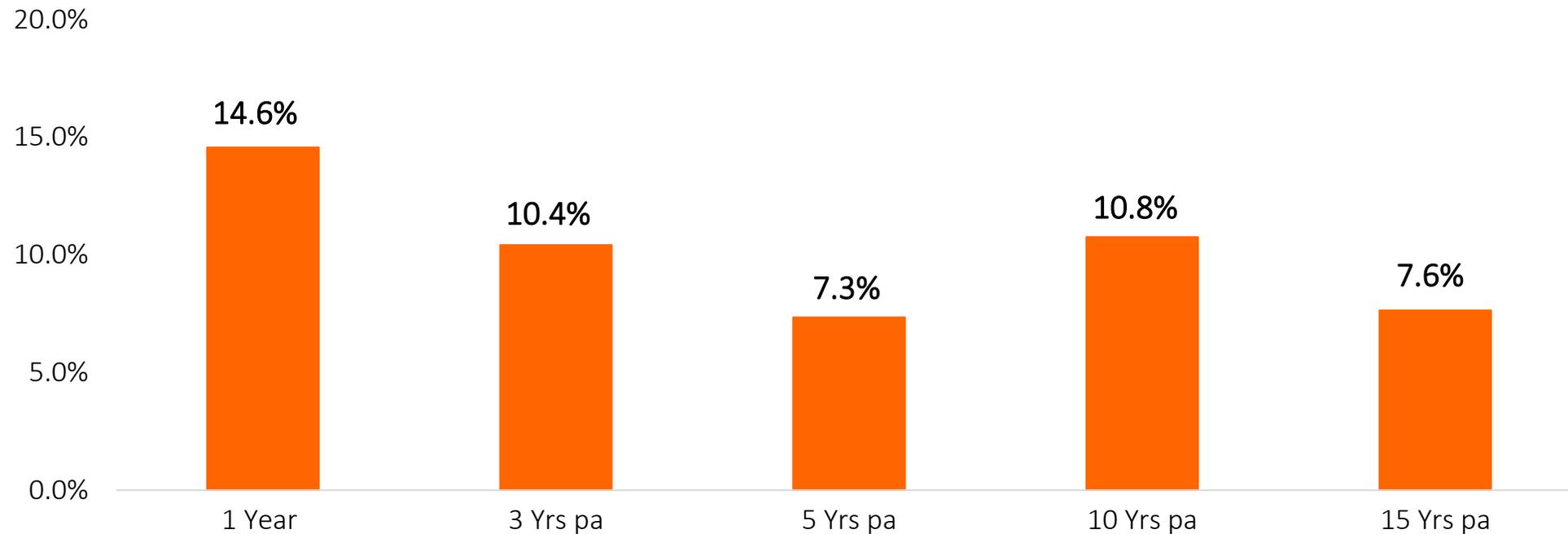
Cumulative Share Price Returns

Total Shareholder Return

As at 31 December 2021

BKI's Total Shareholder Return was 13.0% for the year to 31 December 2021.

BKI's Total Shareholder Return including franking credits for the year was 14.6%.



Total Shareholder Return – 100% Franked

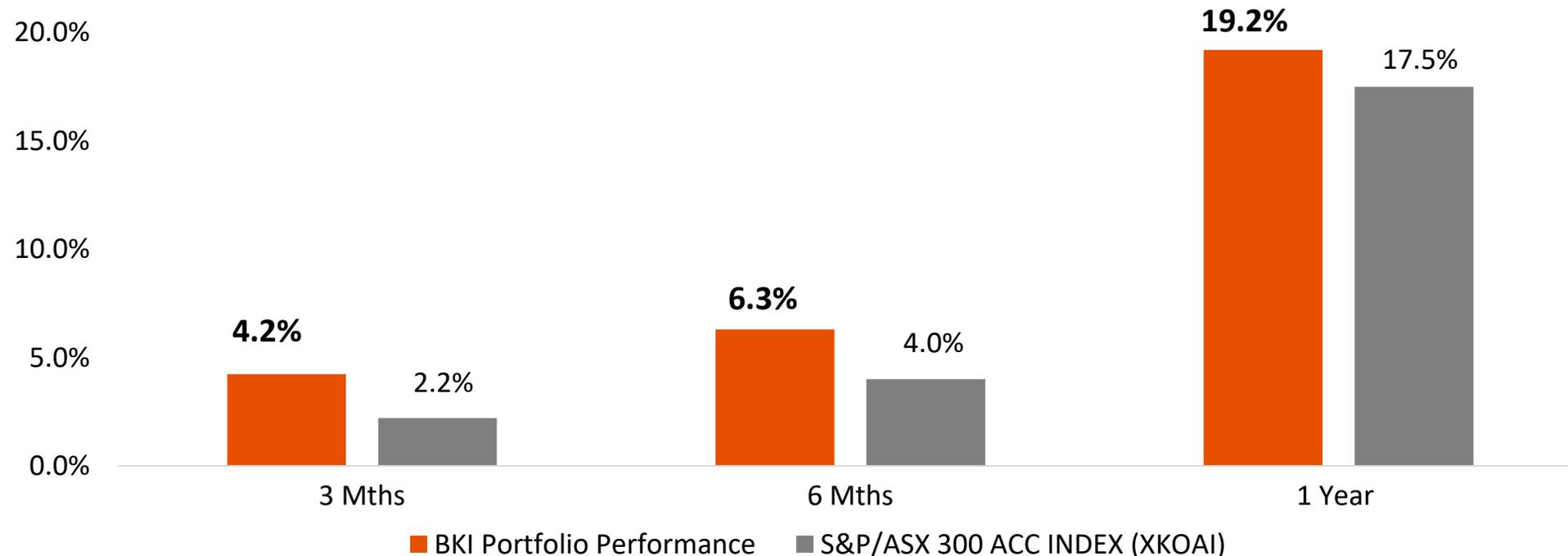
Total Portfolio Returns

As at 31 December 2021



BKI's Net Portfolio Return* for the 6 months to 31 December 2021 was 6.3%. This compared to the S&P/ASX 300 Accumulation Index that returned 4.0%.

BKI's Net Portfolio Return* for the year to 31 December 2021 was 19.2%. This compared to the S&P/ASX 300 Accumulation Index that returned 17.5%.

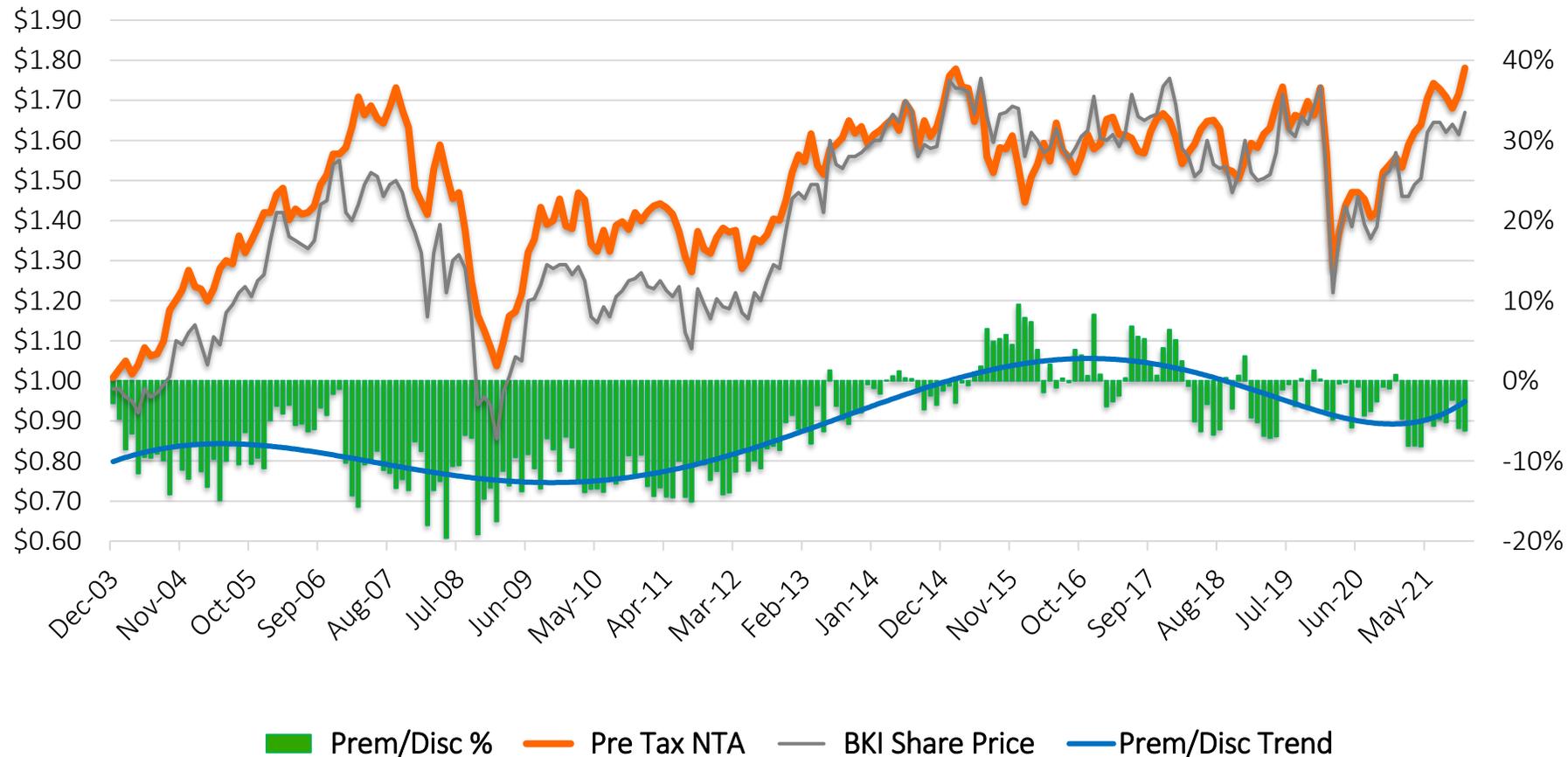


Source: BKI, Contact Asset Management, Factset. Total Portfolio Returns as at 31 December 2021. *After all operating expenses, provisions and payment of both income and capital gains tax and the reinvestment of dividends) Includes the reinvestment of all dividends.

Premium/Discount to NTA

As at 31 December 2021

BKI's Pre-Tax Net Tangible Assets as at 31 December 2021 was \$1.78, up from \$1.54 last year.



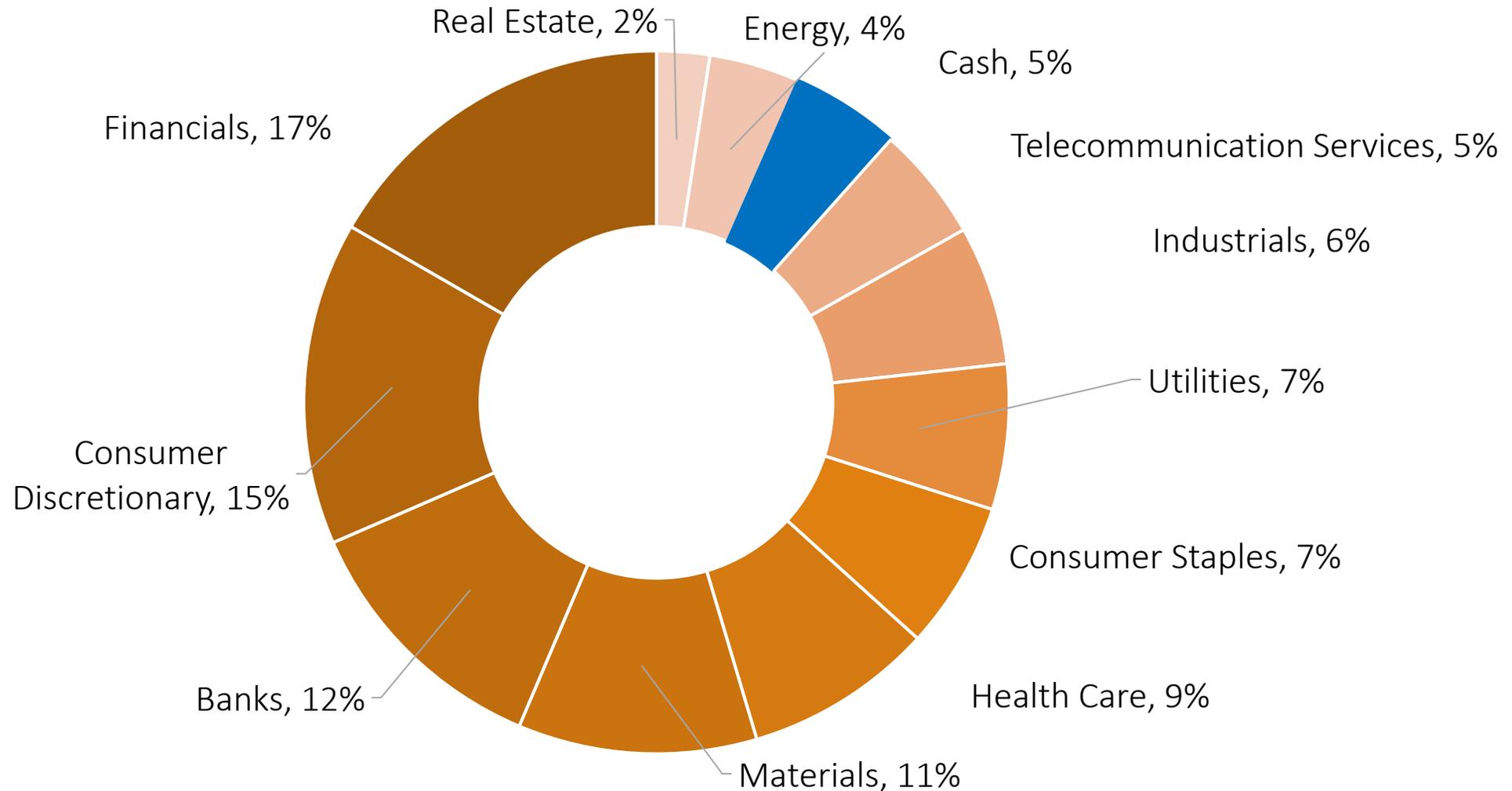


BKI Investment Company Limited

BKI Portfolio Discussion

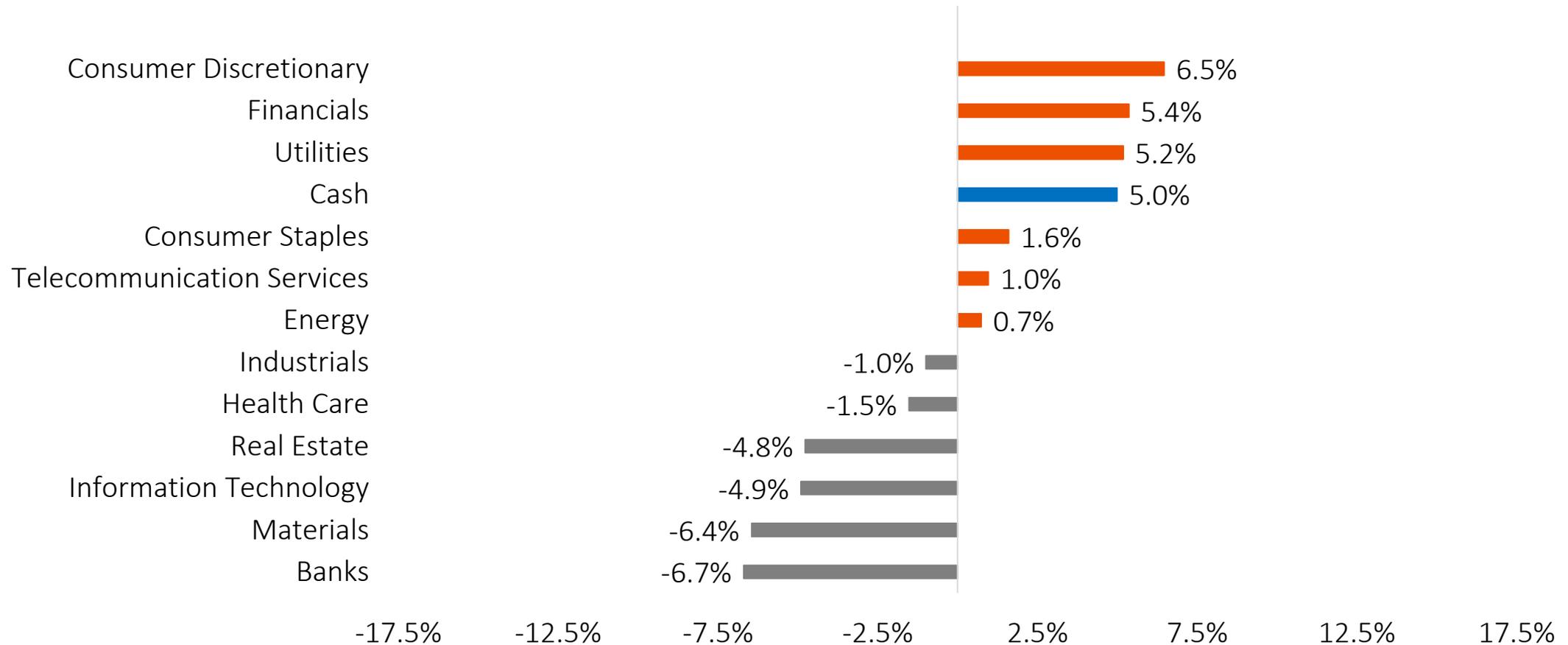
Portfolio Positioning - Exposure by Sector

As at 31 December 2021



Portfolio Positioning - Active Weight by Sector

As at 31 December 2021



Portfolio Positioning - Active Positions

As at 31 December 2021

Overweight Positions

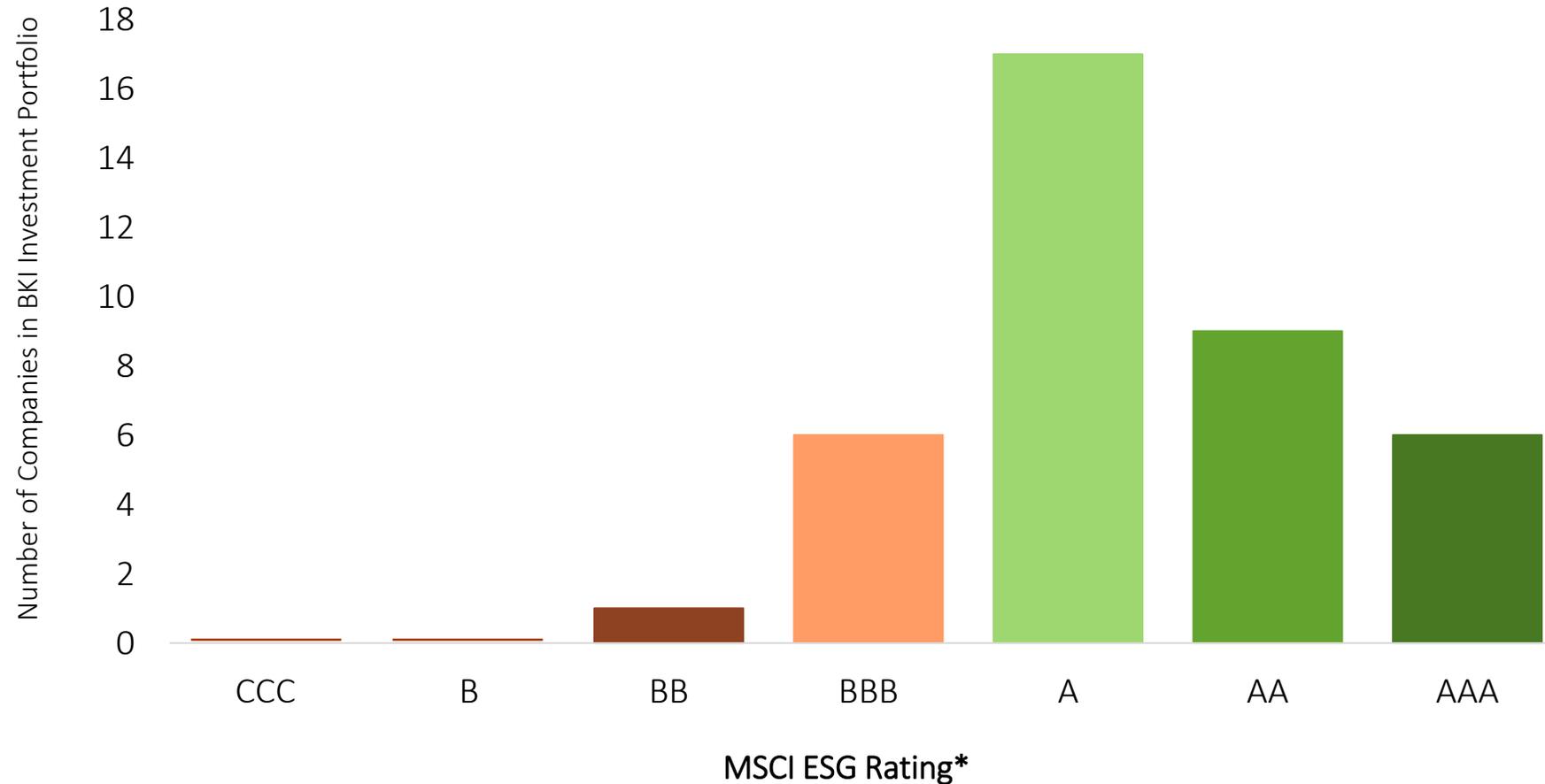
Company	Active Weight
Macquarie Group	7.4%
APA Group	6.3%
ARB Corporation	3.6%
BHP Limited	3.0%
Sonic Healthcare	2.6%
Wesfarmers Limited	2.4%
Harvey Norman	2.4%
Ramsay Healthcare	2.1%
New Hope Corporation	2.1%
Transurban Group	2.0%

Underweight Positions

Company	Active Weight
CSL Limited	(5.6)%
Westpac Bank	(4.0)%
ANZ Banking Group	(3.4)%
Afterpay Limited	(1.5)%
Aristocrat Leisure	(1.3)%
Commonwealth Bank	(1.2)%
James Hardie Industries	(0.9)%
Sydney Airports	(0.9)%
REA Group Limited	(0.9)%
Xero Limited	(0.9)%

Portfolio Positioning - MSCI ESG Portfolio Exposure

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



Portfolio Positioning - Purchases / Sales

As at 31 December 2021



Investments during the first half of FY2022 were made in Aurizon Holdings, Rio Tinto, BHP Group, Fortescue Metals, Harvey Norman Holdings, APA Group, Pental Group, Suncorp Group and Metcash Limited. BKI accepted the Washington H. Soul Pattinson Proposal to merge with Milton Corporation.

Endeavour Group was traded out of the portfolio having been received as a demerger dividend from Woolworths. BKI traded the Transurban Rights received as part of the entitlement offer following the purchase of the Westconnex Assets.

BKI reduced positions in ASX Limited as well as participating in off-market buybacks of Commonwealth Bank, Woolworths Limited and Metcash Limited. BKI exited positions in Brambles, Platinum Asset Management and Magellan Financial.

Buy	New	Reduce	Exit
BHP Group	Aurizon Holdings	ASX Limited	Brambles Limited
Rio Tinto Limited	Endeavour Group	Commonwealth Bank	Platinum Asset Mgt
Fortescue Metals	WH Soul Pattinson	Woolworths Limited	Magellan Financial
Harvey Norman Holdings		Metcash Limited	Endeavour Group
APA Group			Milton Corporation
Pental Group			
Suncorp Group			
Metcash Limited			

Top 25 Investments

As at 31 December 2021

Stock	% of Total Portfolio	Stock	% of Total Portfolio		
1	MACQUARIE GROUP	10.2%	14	TPG TELECOM	2.6%
2	BHP GROUP	7.6%	15	RIO TINTO LIMITED	2.2%
3	APA GROUP	6.7%	16	NEW HOPE CORPORATION	2.2%
4	COMMONWEALTH BANK	6.6%	17	AMCOR PLC	2.1%
5	NATIONAL AUSTRALIA BANK	5.5%	18	FORTESCUE METALS	2.0%
6	WESFARMERS LIMITED	5.1%	19	WOODSIDE PETROLEUM	2.0%
7	ARB CORPORATION	3.8%	20	GOODMAN GROUP	1.9%
8	TRANSURBAN GROUP	3.7%	21	COLES GROUP	1.5%
9	SONIC HEALTHCARE	3.4%	22	ASX LIMITED	1.5%
10	WOOLWORTHS GROUP	3.3%	23	INVOCARE LIMITED	1.5%
11	RAMSAY HEALTH CARE	2.8%	24	SUNCORP GROUP	1.3%
12	TELSTRA CORPORATION	2.7%	25	PENDAL GROUP	1.2%
13	HARVEY NORMAN	2.6%		Cash & Cash Equivalents	5.0%
		Total	91.0%		



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

