



# 2022 Annual General Meeting



**BKI Investment Company Limited**



BKI is managed by Contact Asset Management  
AFSL 494045



Good Morning Ladies and Gentlemen

My name is Robert Millner, and I am Chairman of BKI.

I would like to welcome you to the 19<sup>th</sup> Annual General Meeting of BKI Investment Company Limited.

It is great to be able to present to you in person this year following the last two AGM's that were presented in a virtual format. On behalf of my fellow Board Members and the Management team at Contact, we would like to thank you for your understanding, co-operation and for joining us via the BKI webcasts over the past 2 years.

It is now 11am, and I have been advised that a quorum is present and so I now declare the 2022 Annual General Meeting of BKI Investment Company Limited open.

*(CHAIRMAN - NOTE : A QUORUM AS STATED IN OUR CONSTITUTION IS AT LEAST 2 MEMBERS PERSONALLY PRESENT OR REPRESENTED)*

## Disclaimer



This material has been prepared by Contact Asset Management on behalf of BKI Investment Company Limited.

The information within this document 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 this document are not intended to represent recommendations to investors, they are the view of Contact Asset Management and BKI Investment Company Limited 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 or offer to buy or sell any security. The information on which this presentation is based has been obtained from sources we believe to be reliable, but we do not guarantee its accuracy or completeness.

All periods referenced are to 30 June 2022, unless otherwise stated.

Investors should consult their financial adviser in relation to any material within this document.

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I will now explain the running order for today's meeting.

I will make a few remarks about the results for the 2022 financial year. Then Tom Millner, from Contact, BKI's Investment Manager, will present the Investment Report.

We will then have questions. Firstly from the room here in Sydney and then from shareholders who may submit questions about each item of business using the online platform at any time during the meeting. Questions submitted either in writing or by voicemail via the online meeting platform, will be moderated by Will Culbert of Contact Asset Management. To avoid repetition, and if questions are similar or particularly lengthy, we may need to summarise them in the interests of time or respond to them after the meeting.

After questions, we will attend to the formal business of the meeting.

All resolutions to be put to the meeting today will be decided on a poll. Shareholders may submit their vote at any time. If you have already submitted a proxy form, those votes will be included in the determination of resolutions, even if you don't participate in the online poll. Instructions on how to vote by Poll online can be found on page 7 of the BKI Notice of Meeting. Those of you in attendance today, you will find a copy of the Notice of Meeting on your chairs for reference.

I now declare the poll open.

## Non-Executive Directors



<b>Robert Millner</b>	Chairman of the Board Chairman of the Investment Committee Member of the Remuneration and Nomination Committee
<b>David Hall AM</b>	Independent Non-Executive Director Chairman of the Audit Committee Member of the Remuneration and Nomination Committees
<b>Alex Payne</b>	Non-Executive Director Chairman of the Remuneration Committee Member of the Audit and Investment Committees
<b>Ian Huntley</b>	Independent Non-Executive Director Member of the Audit, Investment, Remuneration and Nomination Committees
<b>Jacqui Clarke</b>	Independent Non-Executive Director Member of the Audit, Investment and Remuneration Committees

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Before turning to my Chairman's Address I would like to introduce my fellow Directors who are also present:

Mr David Hall AM

Mr Ian Huntley

Mr Alex Payne

And attending her first BKI AGM, I'd like to make a special welcome to **Jacqui Clarke** who joined the Board in February.

Jacqui has over 30 years of experience, including over 20 years with PwC and Deloitte, 15 of which as partner of Deloitte. Having held a number of executive roles across Australia, New Zealand and Asia, her experience covers many industries and sectors.

## Investment Manager

### Contact Asset Management

<b>Tom Millner</b>	Portfolio Manager - Member of the Investment Committee
<b>Will Culbert</b>	Portfolio Manager - Member of the Investment Committee



## Company Secretary

### Contact Asset Management

<b>Amanda Wong</b>	Company Secretary
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BKI entered into an agreement with Contact Asset Management to provide accounting, administrative and company secretarial services to BKI effective from 1 June 2022. In conjunction with this arrangement, Amanda Wong was appointed as a Company Secretary. Ms Wong will be the individual with primary responsibility for providing these Services to BKI, and will be the person responsible for communications with the ASX under Listing Rule 12.6

## Company Auditor

### MGI Sydney Assurance Services

<b>Clayton Lawrence</b>	Company Auditor (rotation post FY2022)
<b>Kimmy Jongue</b>	Company Auditor (FY2023 onwards)

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I would also like to welcome and introduce:

From Contact Asset Management, portfolio managers **Tom Millner** and **Will Culbert**, and investment analyst **Rob Horne**.

Also from Contact I would like to welcome **Amanda Wong** our new Company Secretary. Amanda joined Contact in March and has over 15 years of experience gained in ASX listed companies in senior finance roles. In addition, Amanda is a qualified lawyer spending several years in private practice specialising in corporate law.

I would like to take this opportunity to thank on behalf of the Board our previous Company Secretary **Jaime Pinto** for his significant contribution to BKI over many years. Thank you Jaime.

Also in attendance is BKI's Auditor from MGI Sydney, **Clayton Lawrence**. Clayton retires by rotation after today's meeting, and on behalf of the company I would like to also thank you for your contribution to BKI over the last 5 years. As Clayton's replacement, we welcome **Kimmy Jongue** from MGI who will take over at the conclusion of today's meeting.

## 2022 Full Year Results

For the year ended 30 June 2022



Result <u>excluding</u> special investment revenue	FY2022	FY2021	Movement
Ordinary revenue from Investment Portfolio	\$62.6m	\$39.7m	58%
Total Revenue - Ordinary	\$63.4m	\$40.2m	58%
<b>Operating result after tax</b>	<b>\$58.1m</b>	<b>\$35.7m</b>	<b>63%</b>
Earnings per share	7.84c	4.83c	62%
Final Ordinary Dividend per share	3.65c	3.00c	22%
Result <u>including</u> special investment revenue	FY2022	FY2021	Movement
Net profit after tax	\$100.8m	\$36.6m	175%
Earnings per share	13.60c	4.97c	173%
Final Special Dividend per share	1.00c	0.00c	100%
Total Dividends	FY2022	FY2021	Movement
Total FY2022 Dividends	8.65c	5.00c	73%

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Now turning to BKI Full Year results.

The Australian economy greatly benefited from a variety of stimulus packages over the last couple of years. This created a huge tailwind to households, consumers and businesses across Australia and the world. These strong economic conditions prevailed throughout FY22 which saw company profits improve and dividends paid by Australian equities increase significantly throughout the year.

Over FY22, the S&P/ASX 300 Accumulation Index declined by 6.8%. Despite this, and with the backdrop of a stronger global economy for much of the financial year, many Australian companies were able to return to paying solid dividends to their shareholders.

BKI's Ordinary Revenue from the investment portfolio was up 58% to \$62.6 million. The result was boosted by higher ordinary dividends received over the last year from Woodside Energy, New Hope Corporation, BHP, Rio Tinto, Commonwealth Bank, NAB, Transurban Group and Macquarie.

BKI's NPAT, before special investment revenue, was a record \$58.1 million, an increase of 63% over the previous corresponding period. BKI's basic EPS before special investment revenue was 62% higher to 7.84 cents per share.



## 2022 Full Year Results

For the full year ended 30 June 2022



Investment Portfolio Revenue

**\$62.2m**

Up 58%

Operating Result After Tax

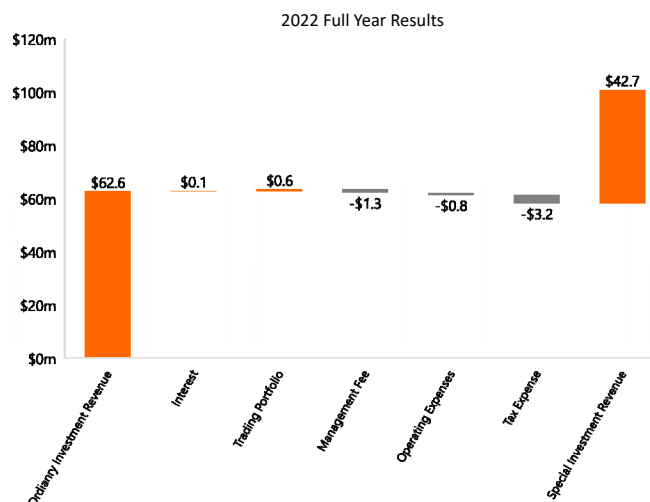
**\$58.1m**

Up 63%

Net Profit After Tax\*

**\$100.8m**

Up 175%



Source: BKI, Contact Asset Management, Factset. \* Includes Special Investment Revenue

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In addition to a record year for ordinary operating results, BKI received a significant lift in Special Investment Revenue, rising from \$1.0 million to \$42.7 million in FY22.

This significant Special Investment Revenue helped BKI post a Net Operating Profit After Tax, including special investment revenue of \$100.8 million. This was up 175% on the previous corresponding period and a record for the company.

BKI's FY2022 basic EPS, including special investment revenue, increased 173% to 13.6 cents per share from 4.97 cents per share in FY21.

## FY2022 Ordinary and Special Dividends

*Significantly higher dividends, including BKI's 10<sup>th</sup> special dividend.*



Fully Franked Dividend	Dividend per share	Movement
Interim Ordinary Dividend	3.50cps	Up 75%
Interim Special Dividend	0.50cps	Up 100%
Final Ordinary Dividend	3.65cps	Up 22%
Final Special Dividend	1.00cps	Up 100%
<b>FY2022 Total Dividends</b>	<b>8.65cps</b>	<b>Up 73%</b>

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Following this record result, the BKI Board declared a final ordinary dividend of 3.65cps.

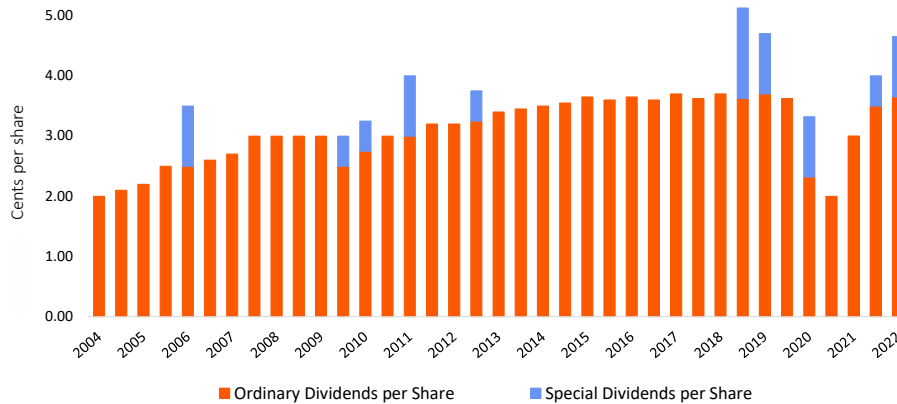
In addition, the Board also declared a final special dividend of 1.00cps. Both dividends were once again fully franked.

This took total dividends paid for the FY22 year to 8.65cps, up 73% on last year.



## Strong Dividend History

*BKI has a strong history of paying fully franked dividends and offering an attractive yield.*



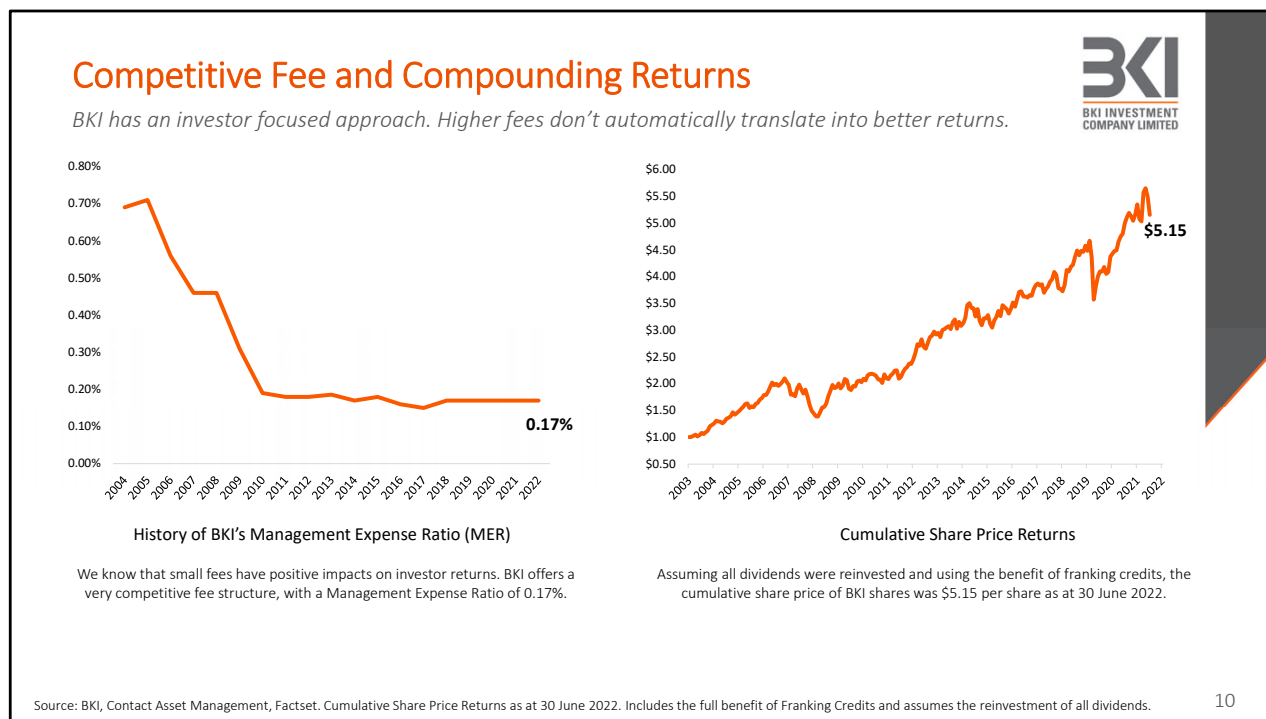
BKI has paid out \$1.23 per share, or over \$878m in dividends and franking credits to shareholders since listing in 2003.

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BKI's ability to return to a growing dividend stream is very encouraging.

Including the payment of FY22 dividends, BKI has now paid out \$878 million or \$1.23 per share in dividends and franking credits to Shareholders since listing. A great achievement for a company which listed with a market cap of only \$173 million.

Going forward, BKI continues to have additional retained earnings and franking credits that can be drawn upon during future uncertain times.



BKI's Management Expense Ratio as at 30 June 2022 was maintained at 0.17%.

The Board and Portfolio Managers are shareholders in BKI. We invest for the long term and do not charge excessive external portfolio management fees or any performance fees. Our focus is on creating wealth for all shareholders by keeping costs low, increasing fully franked dividends and generating capital growth over the long-term.

In these uncertain times where we are faced with rising interest rates and a slowing of the global economy, its important to note that BKI has no debt and thus shareholder returns are not diluted by interest payable on such a facility. We continue to hold some cash and a portfolio of high-quality dividend paying stocks. BKI continues to be well positioned to take advantage of any market opportunity which may present itself over the year ahead.



I will now hand over to Tom for the Investment Managers Address.

Thank you

## The Contact Team

*Experienced, Alignment, Consistency, Sensible, Outcomes Focused*



**Tom Millner**  
**Portfolio Manager**  
B.Des (Industrial),  
GDipAppFin, F Fin, GAICD

Tom has over 20 years experience in investment markets. Prior to Contact, Tom was CEO of BKI Investment Company from 2008 to 2016. Tom has been a Director of Soul Pattinson since 2011 and also sits on the Board of New Hope Corporation.



**Will Culbert**  
**Portfolio Manager**  
B.Bus, MCom,  
GDipAppFin, F Fin, GAICD

Will has 23 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 Analyst and Portfolio Manager. Will has also worked for the Bank of New York and Challenger.



**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 before that Head of Equities at Allianz Global Investors.



**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, where he represented the NSW Waratahs and Australian Wallabies. Rob holds a Masters of Commerce degree.



**Amanda Wong**  
**Chief Financial Officer**  
**BKI Company Secretary**  
CPA, LLB

Amanda joined Contact in 2022 with over 15 years of experience gained in ASX listed companies in senior finance roles. In addition, Amanda is a qualified lawyer spending several years in private practice specialising in corporate law.

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Thankyou Chairman and good morning ladies and gentlemen.

To begin the investment managers report I'd like to acknowledge and thank our team at Contact - Will, Jakov, Rob and Amanda for a wonderful 12 months.

I'd also like to echo the Chairmans comments and extend my thanks and appreciation to Jaime for his commitment and support throughout his 11 years at BKI. As well as welcoming Amanda to Contact as our CFO and BKI as Company Secretary.

## FY2022 Purchases / Disposals

As at 30 June 2022



### Purchases

Add



### Purchases

New



### Disposals

Reduce



### Disposals

Exit



Source: BKI, Contact Asset Management. Endeavour Group was a demerger dividend from Woolworths Limited. Commonwealth Bank, Metcash Limited and Woolworths Limited were reduced following participation in off market buy-backs. It was deemed that Milton Corporation shares were sold and Washing H Soul Pattinson shares acquired, following their merger.

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In the first half of the year, BKI exited positions in Brambles, Platinum and Magellan. These sales were prompted by a reduction in our confidence for these companies to increase dividends over the short to medium term. Endeavour Group was traded out of the portfolio after receipt of a demerger dividend from Woolworths. BKI reduced its exposure to ASX and reduced positions in Commonwealth Bank, Woolworths and Metcash following their off-market buybacks.

In the second half, BKI's sales included the full exit of positions in Fortescue and ASX.

These divestments enabled us to add to several existing positions, all of which offered significant grossed up dividend yields. They are companies well known to the BKI Investment Committee and provided a very good opportunity to increase BKI's Investment Revenue and Net Profits.

We have also added Aurizon, Ampol and Smartgroup to the portfolio. Soul Pattinson was added following the merger with Milton.

## Ongoing Dividend Improvement

BKI's Top 10 increases in dividend income year on year.



	Company Name	\$ Increase	% Change	% of Total Portfolio	FY23e Dividend Yield
1	BHP Group*	\$7,776,029	180%	8.8%	9.5%
2	New Hope Group	\$4,273,814	825%	3.6%	23.2%
3	Rio Tinto Limited*	\$3,064,607	270%	2.5%	9.7%
4	Woodside Energy*	\$1,595,062	263%	4.3%	8.7%
5	National Australia Bank	\$1,357,687	63%	5.5%	5.9%
6	Macquarie Group	\$995,877	32%	8.7%	4.0%
7	Commonwealth Bank	\$888,267	31%	6.7%	4.5%
8	Pendal Group*	\$888,033	208%	1.0%	9.6%
9	Suncorp Limited	\$744,793	217%	1.4%	6.5%
10	APA Group*	\$685,508	17%	8.0%	4.9%

Source: BKI, Contact Asset Management, Factset. \* Additional shares acquired throughout the year

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BKI's Revenue from the investment portfolio was boosted by higher ordinary dividends received by most of our positions. In particular we saw significant increases in income received from BHP, New Hope, Rio Tinto, Woodside Energy, NAB, Macquarie Group, Commonwealth Bank, Suncorp and APA.

These increases were a combination of higher dividends per share paid by these companies, as well as an increase of shares held following further investment by BKI. Importantly the yields on offer by these companies in particular were and should continue to be very attractive.

## Special Dividend Income

*BKI received a significant amount of Special Dividend income over FY2022.*



	Company Name	\$ Special Dividend	Commentary
1	Commonwealth Bank	\$15,102,761	Participation in the Off-Market Buyback
2	BHP Group	\$14,196,978	Non-Cash In-specie distribution of WDS shares
3	Woolworths Limited	\$8,105,466	Participation in the Off-Market Buyback
4	New Hope Group	\$1,683,624	Interim Special Dividend
5	Metcash Limited	\$1,124,842	Participation in the Off-Market Buyback
6	Rio Tinto Limited	\$992,498	Interim and Final Special Dividends
7	Milton Corporation	\$778,347	Special Dividend following WHSP/MLT Merger
8	Telstra Corporation	\$426,223	Interim and Final Special Dividends
9	Smartgroup	\$180,000	Final Special Dividend
10	Suncorp Group	\$122,513	Final Special Dividend

Source: BKI, Contact Asset Management, Factset.

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Special Investment Revenue received was significant.

Many Special Dividends were received and BKI participated in off market buy-backs conducted by Commonwealth Bank, Woolworths and Metcash.

As can be seen here in this table, some of the income received was quite substantial.



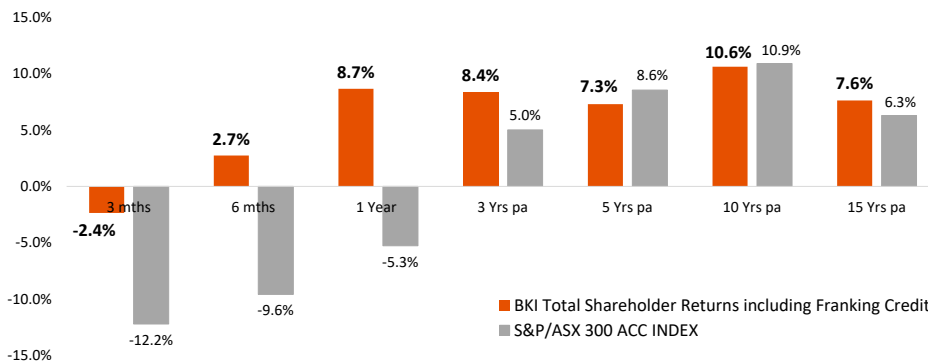
## BKI Performance - Total Shareholder Return

As at 30 June 2022



BKI's Total Shareholder Return, including franking credits, was positive 8.7% for the year. Outperforming the S&P/ASX 300 Accumulation Index by 14.0%.

BKI's Net Portfolio Return\* for the year was positive 1.5%.



Source: BKI, Contact Asset Management, Factset. Total Shareholder Return as at 30 June 2022. Includes the full benefit of Franking Credits and assumes the reinvestment of all dividends. S&P/ASX 300 Accumulation Index, franked at 80%. \*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.

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BKI's Total Shareholder Return, including franking credits, was positive 8.7% for the year. This compares very favorably to the S&P/ASX 300 Accumulation Index, franked at 80%, which returned negative 5.3%. An outperformance by BKI of 14.0%.

BKI's Net Portfolio Return for the year was positive 1.5%, outperforming the Index by 8.3%.

BKI's performance has been an outstanding achievement in a challenging market.

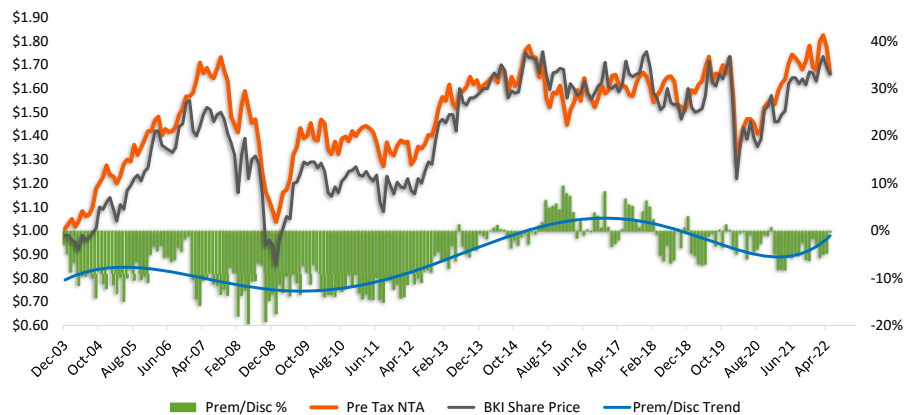
## BKI Performance - Premium/Discount to NTA

As at 30 June 2022



BKI's Pre-Tax Net Tangible Assets as at 30 June 2022 was \$1.66.

BKI has closed the discount to NTA to 0%



Source: BKI, Contact Asset Management.

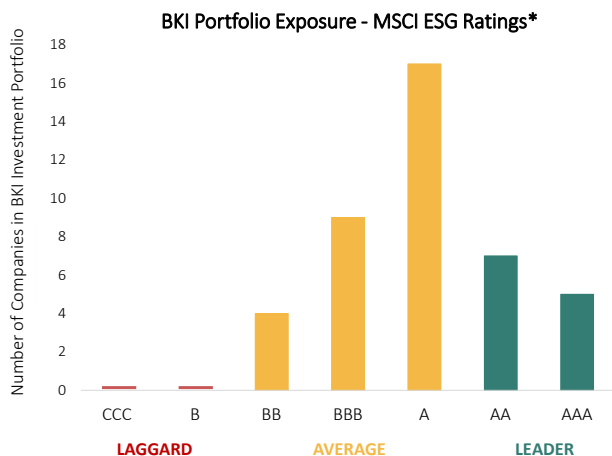
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BKI has continued to narrow the discount to NTA. As at 30 June 2022, BKI's share price was equal to the pre-tax NTA.

In June last year BKI was trading on a 5.5% discount to the pre-tax NTA.

## Portfolio Performance - ESG

Contact has committed to the integration of ESG within our investment process



### MSCI ESG Research

Contact subscribes to MSCI's ESG Manager for ESG Reports, Ratings and Research database.



### PRI Signatory

Contact Asset Management is a signatory of PRI, the world's leading proponent of responsible investment.

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.

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Contact has committed to the integration of ESG within our investment process by subscribing to leading data provider MSCI.

We utilise MSCI ESG Ratings and scoring systems in determining our own investable universe within the ESG framework.

As can be seen on this slide, the stocks held within BKI rank very well with a majority of positions rating A or higher.

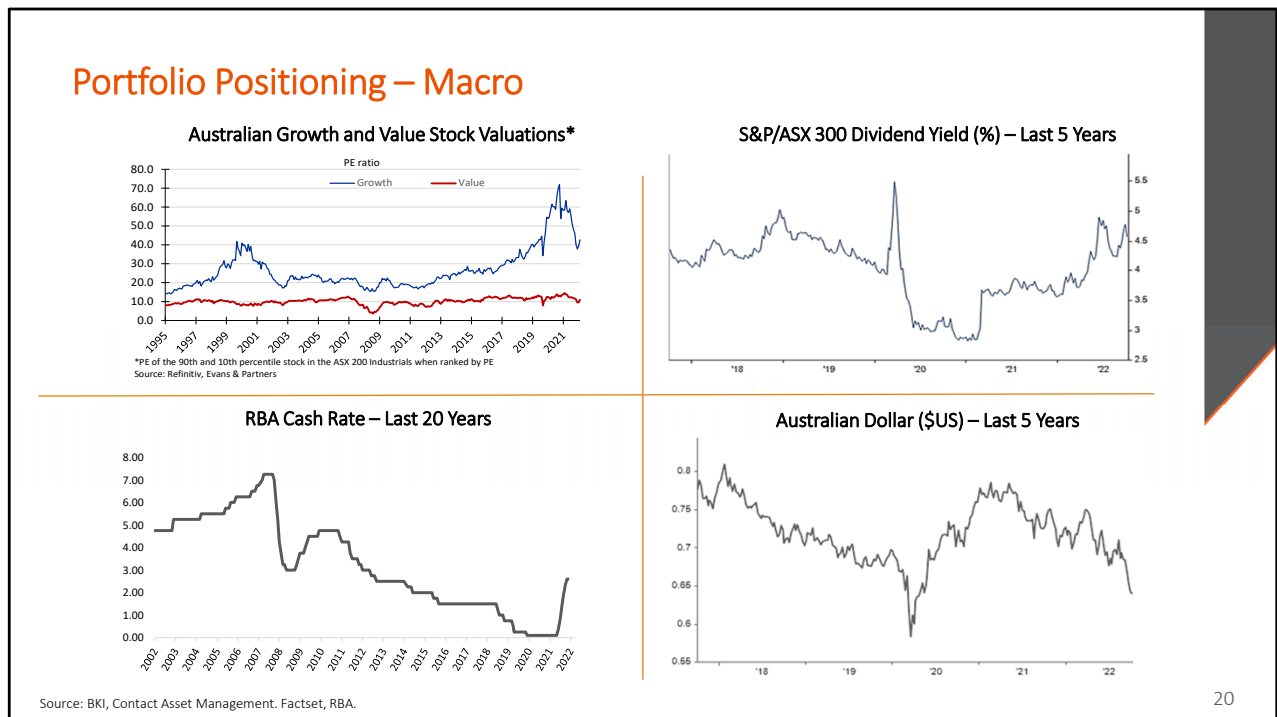
During the year, Contact also became a signatory of PRI, Principles of Responsible Investment, the world's leading proponent of responsible investment.



I'd like to now provide an update of the 1<sup>st</sup> Quarter of FY23.

Please note that figures referred to in the 1Q FY23 Update are unaudited.

## Portfolio Positioning – Macro



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In a post COVID world, there are many differing segments and dynamics of the market that we need to be mindful of. If we start at the top left of this slide, we can see a clear correction in the PE multiples of growth stocks, the blue line. Until recently it has been a market dominated by high growth and investors being comfortable chasing investments trading on very high PE multiples. The blue line here clearly shows a correction, but we still see more pressure on this part of the market and expect the trend of investors moving from growth back into value names continuing, the red line in this chart.

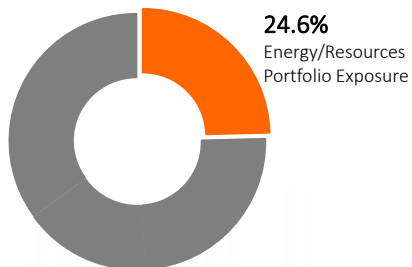
The recent reporting period was solid – characterised by profit increases and strong dividend or capital management announcements. Since the pandemic hit the Australian market, the dividend yield for the market has grown from below 3.0% to approximately 5.0% as can be seen in the chart at the top right.

The chart on the bottom left shows that while the recent interest rates have increased materially, the current official cash rate at 2.60% is historically low.

The chart on the bottom right shows the Australian dollar against the US dollar. There are three main points that are worth noting here. Firstly, the move in our dollar is more a reflection of the strength of the US Dollar as opposed to the weakness of the Australian Dollar. Against most other global currencies, the AUD has held up quite well. Secondly, the lower Australian Dollar is a further tailwind for our exporters. In particular energy, and resources, as well as agriculture and tourism. And third, we will expect to receive higher dividends on the conversion from USD to AUD from companies within the BKI portfolio who report in US Dollars, including BHP, RIO, Woodside, Amcor and James Hardie.

Simply buying the market is no longer a foolproof strategy as it was in late 20/21 whereby Government stimulus and low Interest Rates drove asset prices higher. There are three main sectors and segments that are of interest within the BKI portfolio in the current market, that we would like to focus on today. Collectively they account for approx. 65% of the total portfolio.

## Portfolio Positioning – Energy and Resources



10.2% Ave FY23 Dividend Yield    7.6X Ave FY23 PE Multiple

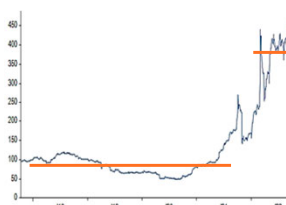


Source: BKI, Factset, IRESS, Contact Asset Management, IEA, Evans and Partners

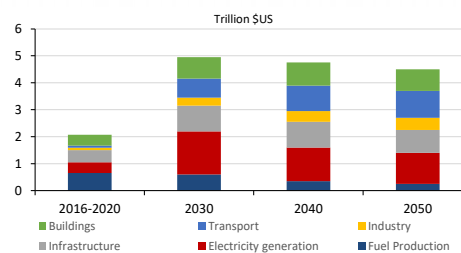
Oil Price – WTI Spot (US\$/bbl) – Last 5 Years



Thermal Coal (gc NEWC 6,000 kcal/kg) – Last 5 Years



Annual Investment to Reach Net Zero



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Starting with commodities, and in this environment is important to actively study the fundamentals to identify those commodities with attractive supply / demand dynamics so we can then invest in the companies that are best placed for success. If we focus in on energy in particular, we expect prices of coal, gas and oil to continue to surprise to the upside. Demand for oil, gas and coal in emerging markets are simply offsetting gradual developed market falls. And it should be noted that fossil fuels continue to represent up to 80% of current primary energy demand in most developed countries.

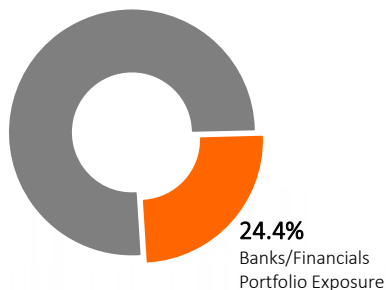
COVID & geopolitical tensions have also shown us that supply-chains need to be rebuilt & strengthened, which will require significant investment and will use a substantial amount of metals and minerals.

Add to this the de-carbonisation spending - these figures are enormous. The International Energy Agency estimate that the world will need to spend \$50 trillion by 2050. That's approximately US\$4.5 trillion per annum.

The BKI portfolio is very well placed to benefit here with investments made into BHP, Woodside, RioTinto, New Hope, Soul Pattinson, Yancoal and Ampol.

These investments account for 24.6% of the total portfolio with the average dividend yield a very attractive 10.2%.

## Portfolio Positioning – Banks and Financials



5.7% Ave FY23 Dividend Yield

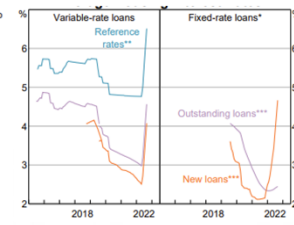
13.3X Ave FY23 PE Multiple



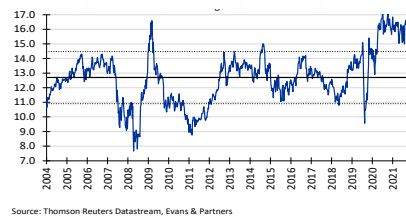
Ratio to Household Disposable Income



Average Australian Housing Interest Rates



Forward PE for Australian Major Banks



Source: BKI, Factset, IRESS, Contact Asset Management. Household disposable income is after tax, before the deduction of interest payments, and includes income of unincorporated enterprises. ABS; CoreLogic; RBA

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The second segment we'd like to discuss is Banks and Financials.

While NAB, ANZ and WBC are not due to report FY22 earnings until early November, we have seen a big improvement in the banking environment from the banks that have reported, CBA and BOQ. We also expect to see improving Net Interest Margins, improved costs and very strong balance sheets from NAB and MQG when they report in a few weeks time.

Despite the recent pullback in house prices, valuations continue to trade well above historical levels. We are mindful of high household debt levels, the dramatic shift in the average Australian housing interest rates and the tail end of mortgage books held by global banks. We are also conscious of the competition in mortgages at the lower quality end of the market.

The total forward PE for Australian Major Banks continues to be expensive, trading above historical averages. However, over the years we have reduced our overall exposure to banks, selling out of ANZ, Westpac and the regionals. For the last few years, we have had a clear focus on quality, preferring to own the best in class, and with this, we own CBA who boasts the largest and highest quality retail banking book, NAB, who are the leaders in business banking and Macquarie, one of the best diversified financials business globally.

The investments shown on the screen account for 24.4% of the total portfolio with the average dividend yield of 5.7%. The average PE multiple of these stocks is 13.3X, which is a nice discount to the current market.



## Portfolio Positioning – Consumer and Retail



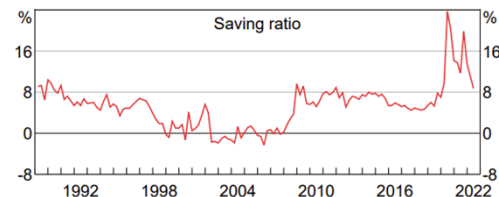
**16.0%**  
Consumer and Retail  
Portfolio Exposure

**4.3%** Ave FY23 Dividend Yield    **18.1X** Ave FY23 PE Multiple

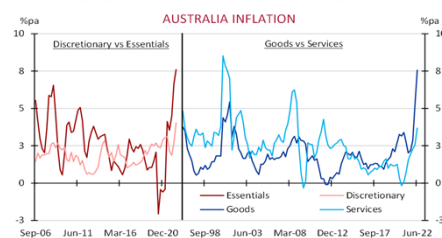


Source: BKI, Factset, IRESS, Contact Asset Management. ABS, RBA - ; saving ratio is net of depreciati

Positive Savings Ratio - Household Income and Consumption



Australian Inflation



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The final segment we'll talk about is Consumer and Retail.



Last year we saw a huge shift to convenience, technology and online shopping. COVID changed the way many of us shop.

The chart at the top right of this page shows the current savings ratio declining from its peak. However, it is still at 8% and well placed on historical data, we continue to see positive savings ratios going forward.

This time last year we called out a risk of inventory build up in retail items such as fashion and apparel. Unfortunately, that situation is now becoming a reality. We continue to monitor the pressure on supply chains, which seems to be easing and labour markets which unfortunately continue to be an issue.

We continue to believe that there will be a shift in spending from discretionary to essentials in retail. Spending in food and beverage, housewares, automotive, electronics and appliances should continue to be robust despite ongoing pressure on the cost of living. Earnings expectations have been pulled back slightly, however, the earnings forecasts across the consumer and retail companies held within the BKI portfolio including Woolworths, Coles, Wesfarmers, Metcash, InvoCare, ARB and Harvey Norman are solid - trading on an average P/E multiple of approximately 18X.

The dividend yield for these companies is 4.3%, with some of these companies yielding well over 6.0%.

FY2023 Update - Portfolio Positioning			
Purchases / Disposals			
Purchases Add	Purchases New	Disposals Reduce	Disposals Exit
    	  	N/A	N/A

Source: BKI, Contact Asset Management.

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So with the backdrop of the sectors we’ve just discussed, we have invested a further \$30m into the market over the first quarter of FY23. Adding to positions in Ampol, Equity Trustees, Orora, ARB Corporation and Harvey Norman.

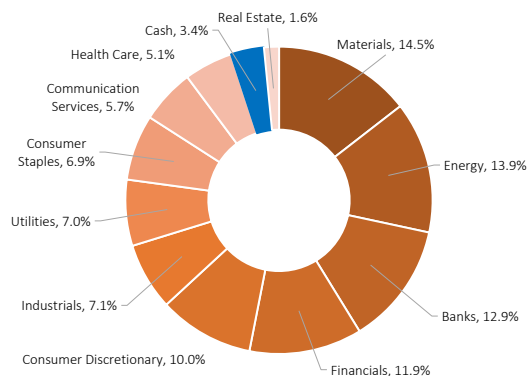
We have added 3 new names to the portfolio, including Yancoal Australia, Nine Entertainment and James Hardie.

## FY2023 Update - Portfolio Positioning

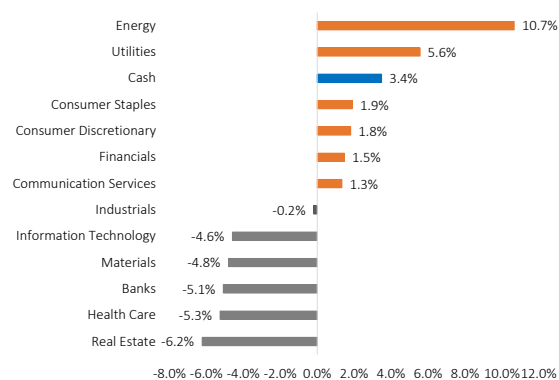
Exposure/Active Weight by Sector – as at 30 September 2022



Exposure by Sector



Active Weight by Sector



Source: BKI, Contact Asset Management.

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As at 30 September the BKI Portfolio had an exposure of 13.9% to Energy, up from 4% at 30 June 2021.

Energy now represents a 10.7% active weight in the portfolio due to large relative movements in New Hope and Woodside Energy as well as the inclusion of Soul Pattinson and Yancoal Australia into the portfolio.

BKI has a 5.5% active weight in the Utilities sector.

BKI is 6.2% underweight Real Estate and is 5.1% below the market on Banks.

## FY2023 Update - Portfolio Positioning

Top 25 Investments – as at 30 September 2022



Stock	% of Total Portfolio	Stock	% of Total Portfolio
1 BHP Group	8.4%	14 Harvey Norman Holdings	2.4%
2 Macquarie Group	8.3%	15 TPG Telecom Limited	2.3%
3 APA Group	7.0%	16 Amcor	2.3%
4 Commonwealth Bank	6.9%	17 Rio Tinto Limited	2.3%
5 New Hope Corporation	6.7%	18 ARB Corporation	2.3%
6 National Australia Bank	6.0%	19 Coles Group	1.5%
7 Woodside Energy Group	4.3%	20 Yancoal Australia	1.4%
8 Wesfarmers Limited	4.0%	21 Invocare Limited	1.4%
9 Transurban Group	3.6%	22 Aurizon Holdings	1.3%
10 Woolworths Limited	3.3%	23 Suncorp Group	1.3%
11 Telstra Corporation	2.7%	24 Goodman Group	1.2%
12 Ramsay Healthcare	2.4%	25 Metcash Limited	1.2%
13 Sonic Healthcare	2.4%	Cash & Cash Equivalents	3.4%
		<b>Total</b>	<b>90.4%</b>

Source: BKI, Contact Asset Management.

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On this slide we show BKI's Top 25 Shareholdings as at 30 September. BKI's main holdings continue to display a good balance of companies covering:

Growth and yield,  
Large cap and Mid cap, and  
Diversified sector allocation

The BKI portfolio is always transparent, we disclose approximately 90% of the portfolio each month in our NTA announcements to the ASX, and a full list of portfolio holdings is displayed in our half year and full year accounts.

## FY2023 Update - Portfolio Positioning

Active Positions – as at 30 September 2022



### Overweight Positions

Company	Active Weight*
New Hope Corporation	6.5%
APA Group	6.4%
Macquarie Group	5.5%
Harvey Norman	2.2%
ARB Corporation	2.1%
TPG Telecom	1.9%
Ramsay Healthcare	1.8%
Amcor	1.8%
Sonic Healthcare	1.9%
Transurban Group	1.7%

### Underweight Positions

Company	Active Weight*
CSL Limited	(6.4)%
Westpac Bank	(3.4)%
ANZ Banking Group	(3.2)%
Fortescue Metals	(2.4)%
Santos Limited	(1.1)%
Aristocrat Leisure	(1.0)%
Wisetech Global	(0.8)%
QBE Insurance	(0.8)%
South 32	(0.8)%
Brambles Limited	(0.7)%

Source: BKI, Contact Asset Management, Iress. \*Active weight positions are referenced against the S&P/ASX 300 Index.

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On this slide we show our overweight and underweight positions.

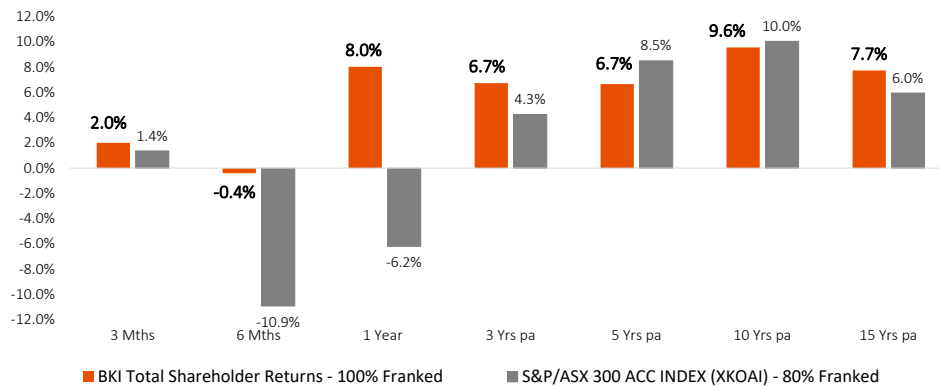
We don't want to own all companies in the index, we want to aim at holding the best quality positions and those that produce an attractive and growing dividend yield.

## FY2023 Update – Performance

Total Shareholder Return - as at 30 September 2022



BKI's Total Shareholder Return, including franking credits, was positive 8.0% for the year. Outperforming the S&P/ASX 300 Accumulation Index, by 14.2%.



Source: BKI, Contact Asset Management, Factset. Total Shareholder Return as at 30 September 2022. Includes the full benefit of Franking Credits and assumes the reinvestment of all dividends. S&P/ASX 300 Accumulation Index, franked at 80%.

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BKI has had a strong start to FY23 with some further outperformance of the market.

Three-month Total Shareholder Returns including franking credits, was solid and for the year was positive 8.0% - Outperforming the Index by 14.2%.

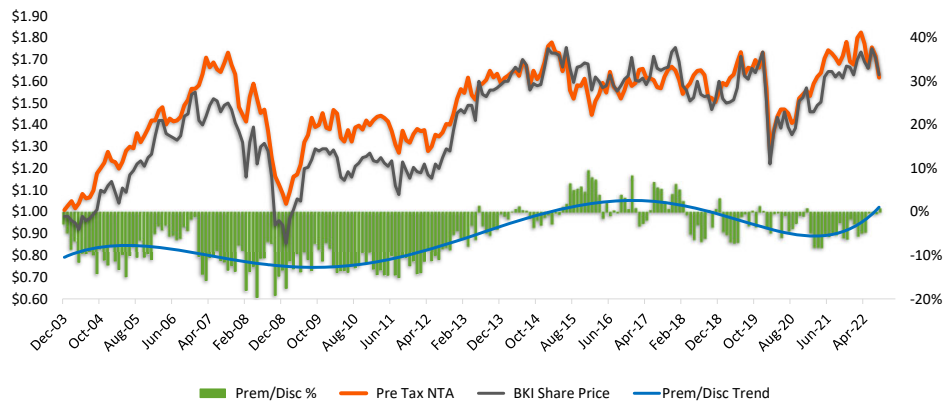
## FY2023 Update – Performance

*Pre-Tax Net Tangible Assets - as at 30 September 2022*



BKI's Pre-Tax Net Tangible Assets as at 30 September 2022 was \$1.62.

BKI is currently trading at a 1% premium to NTA.



Source: BKI, Contact Asset Management.

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Our full transparency, our monthly and quarterly reports, our weekly NTA disclosures and our recent strong performance have all helped narrow the discount to pre-tax NTA further.

We are pleased to report that as at 30 September, BKI was trading at a 1% premium to our pre-tax NTA.



## FY2023 Update

### *Ordinary Investment Revenue*



Following a successful reporting season, BKI expects to receive over \$34.0m in **Ordinary Investment Revenue** (excluding Special Dividend Income) for the first half of FY2023. This compares favourably to BKI's 1H FY2022 result of \$31.5m.

BKI also expects to receive over \$3.0m in **Special Dividend Income** in the first half of FY2023 after special dividends from Telstra Corporation and New Hope Corporation were declared.

Barring any unforeseen circumstance, BKI is confident of at least maintaining ordinary dividends paid to shareholders during FY2023.

Source: BKI, Contact Asset Management

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Following a successful reporting season, BKI expects to receive over \$34m in Ordinary Investment Revenue (excluding Special Dividend Income) for the first half of FY23.

This compares favorably to BKI's 1H22 result of \$31.5m.

BKI also expects to receive over \$3m in Special Dividend Income in the first half of FY23 after special dividends from Telstra and New Hope Corporation were declared.

Barring any unforeseen circumstances, BKI is confident of at least maintaining ordinary dividends paid to shareholders during FY23.

## Rating and Research Update



BKI has maintained its Lonsec Rating of **“Recommended”**.



BKI has maintained its IIR Rating of **“Recommended Plus”**.



BKI is currently Ord Minnett’s **“Preferred Traditional LIC”**

Source: BKI, Contact Asset Management, Lonsec, Independent Investment Research, Ord Minnett Research.

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To finish up our investment managers report, we thought it important to advise shareholders that in September, Lonsec Research completed their product review with BKI maintaining its Recommended Rating. This is a very good rating and indicates that Lonsec has strong conviction that BKI can generate risk adjusted returns in line with relevant objectives.

Independent Investment Research has also reaffirmed the Recommended Plus rating for BKI Investment Company. Again, a very strong rating for BKI.

Also during the year, leading wealth management group Ord Minnett, selected BKI as their Preferred Traditional LIC.

These are all very good results for BKI and places us well for the year ahead.

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That concludes the Investment Managers presentation. On behalf of Will and the Contact team, we’d like to once again thank the Chairman and the Board for their significant support and guidance during this year.

And we’d also like to thank our fellow shareholders, for your continued support.

I will now hand back to the Chairman. Thank you



We will now turn to questions.



For more information, please visit  
**[www.bkilimited.com.au](http://www.bkilimited.com.au)**

