

# NTA and Monthly Report

July 2024

## 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 Securities Exchange (BKI.ASX) and managed by Contact Asset Management, an investment in BKI gives shareholders access to a diversified Australian equity portfolio. BKI's Board & Portfolio Managers are shareholders in BKI. We invest for the long term and focus on creating wealth for all shareholders through capital growth, increasing fully franked dividends and by keeping costs low.

## Monthly Portfolio Commentary

The S&P/ASX 300 Accumulation Index returned 4.1% in July led by Consumer Discretionary and Real Estate, returning 9.0% and 6.6% respectively. BKI's exposure to these sectors includes positions in Harvey Norman, Mirvac, Wesfarmers, ARB and Stockland, all of which delivered total shareholder returns of over 10% in July.

BKI's Total Shareholder Returns were 5.1% and the Portfolio Return was 4.4% for the month. As at 31 July 2024, BKI's 1 year portfolio performance was 12.6%, inclusive of dividends and franking credits.

Inflation continues to be the biggest focus in global economies and while we may see some challenges emerge in our local market following a period of high inflation and rising interest rates, the more recent trimmed mean annual inflation figure was well received, falling to 3.9%, down from 4.0% in the March quarter. This number was the sixth quarter in a row of lower annual trimmed mean inflation, which is down from the peak of 6.8% in the December 2022 quarter.

Local inflation rates are retracting, albeit slowly and may mean our official cash rate stays higher for longer, but in the US and Europe they may see their Central Banks begin to cut rates in the near term which should be positive for global equity markets, despite the negativity surrounding a hard landing and a risk of recession.

Also released in July, were Australia's employment figures, with the unemployment rate remaining at 4.0% for June 2024 and the participation rate flat at 66.8%. A strong base for our economy.

Given the current economic backdrop and focus on interest rates, we're curious as to the outcome of the last six months which will be shown in the various half and full year company results during the upcoming reporting season. Despite the pleasing positive unemployment rate and falling trimmed mean inflation, higher interest costs will remain a headwind for many companies with excessive debt. We will be paying particular interest in the consumer and materials sectors this reporting season.

We continue to find pockets of opportunities to invest, with many high-quality companies having strong balance sheets that are not affected by higher interest rates.

## Company Overview

ASX Code	BKI.ASX
Mandate	Australian Listed Equities
Market Capitalisation	\$1,421m
Investment Portfolio	\$1,433m
Cash & Cash Equivalents	\$111m
Debt	\$0
Rolling 12 Month Dividend**	7.85cps
DRP	Active

## Net Tangible Assets (NTA)

BKI Share Price	\$1.765
Pre-Tax NTA	\$1.91
Post Tax NTA	\$1.76

Historical Grossed  
Up Dividend Yield \*

**6.4%**

As at 31 July 2024

Management  
Expense Ratio

**0.169%**

As at 30 June 2023

20Yr Total Shareholder  
Returns^

**10.0% pa**

As at 31 July 2024

Total Portfolio  
Including Cash

**\$1,544m**

As at 31 July 2024

No  
Performance  
Fees

Lonsec Recommended Rating



\*Grossed up yield includes franking credits and is based on a tax rate of 30%. Includes FY2024 Interim Dividend of 3.85cps and FY2024 Final Dividend of 4.00cps and is based on share price as at 31/07/2024. ^Includes Franking Credits

## Board of Directors

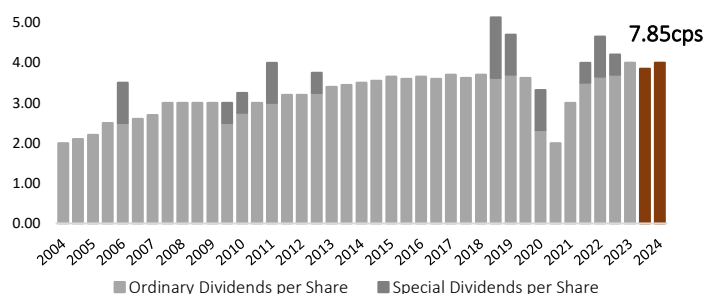
Robert Millner AO (Chair), Alex Payne, David Hall AM, Ian Huntley, Jacqui Clarke, Amanda Wong (Company Secretary).

## Investment Management

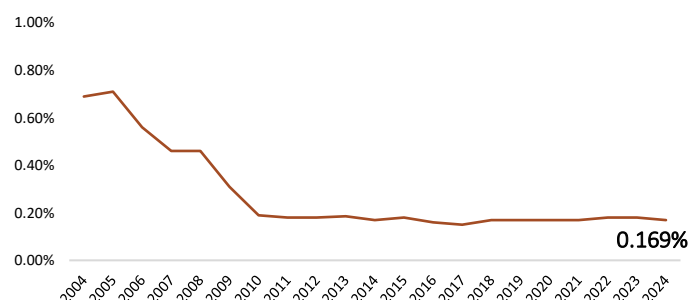
Tom Millner (Portfolio Manager), Will Culbert (Portfolio Manager), Rob Horne (Analyst).

## Investor Focused

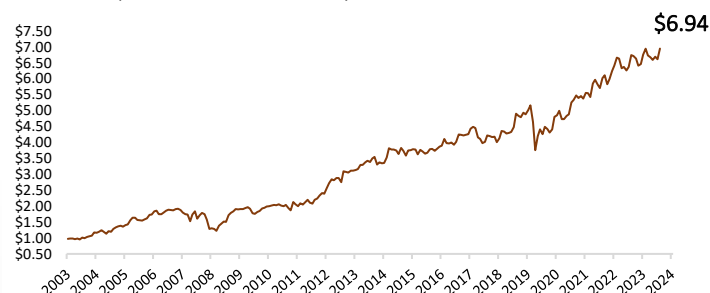
**Fully Franked Dividends** - BKI has a strong 20-year history of paying fully franked dividends and offering an attractive yield. BKI's FY2024 Dividends of 7.85cps was up 2% on FY2023 and was BKI's highest full year ordinary dividends paid in the 20 years of being listed on the ASX.



**Management Expense Ratio (MER)** – BKI offers a very competitive fee structure, with an external, active Management Fee of 0.10% and a total MER of only 0.169%.



**Cumulative Share Price Returns** - Assuming all dividends were reinvested and using the full benefit of franking credits, since IPO on 12<sup>th</sup> December 2003, the cumulative share price of BKI shares was \$6.94 per share as at 31 July 2024.



Company		% of Total Portfolio
1	Commonwealth Bank	9.0%
2	BHP Group	7.9%
3	National Australia Bank	7.5%
4	Macquarie Group	6.7%
5	Wesfarmers Limited	5.9%
6	APA Group	5.0%
7	New Hope Corporation	4.1%
8	Woodside Energy	3.3%
9	Transurban Group	2.9%
10	Telstra Group	2.8%
11	Woolworths Limited	2.7%
12	ARB Corporation	2.7%
13	Harvey Norman	2.5%
14	Sonic Healthcare	2.3%
15	Goodman Group	2.1%
16	Yancoal Australia	2.0%
17	Arcor PLC	1.9%
18	TPG Telecom	1.8%
19	Suncorp Group	1.8%
20	Ramsay Healthcare	1.7%
21	Stockland	1.5%
22	Aurizon Holdings	1.5%
23	Coles Group	1.3%
24	Mirvac Group	1.3%
25	Ampol Limited	1.0%
Cash and cash equivalents		7.2%
<b>Total of Top 25 plus Cash and cash equivalents</b>		<b>90.4%</b>

## Contact Us



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 Will Culbert 0410 627 378

BKI Performance 31 July 2024	1 Year	3 Years (pa)	5 Years (pa)	10 Years (pa)	15 Years (pa)	20 Years (pa)
BKI Portfolio Performance	12.6%	9.9%	8.6%	7.9%	9.5%	9.7%
BKI Total Shareholder Returns (TSR)	1.1%	7.1%	5.2%	5.1%	7.6%	8.0%
<b>BKI Total Shareholder Returns – 100% Franked</b>	<b>3.1%</b>	<b>9.2%</b>	<b>7.2%</b>	<b>7.1%</b>	<b>9.8%</b>	<b>10.0%</b>

Source: Contact Asset Management, Factset. BKI 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 and includes franking. TSR includes the reinvestment of dividends. TSR including franking credits are based on BKI's dividends being fully franked. Past performance is generally not indicative of future performance. The material contained within the BKI Investment Company Limited NTA and Monthly Report (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.