

ICAP to formulate unique dividend policy to address discount between share price, NAV

By [NST Business](#) - August 18, 2023 @ 11:07am



Independence • Intelligence • Integrity

icapital.biz Bhd (ICAP) will introduce an innovative dividend policy to ensure that the gap between the fund's share price and net asset value (NAV) will consistently be auto-remediated.

KUALA LUMPUR: icapital.biz Bhd (ICAP) will introduce an innovative dividend policy to ensure that the gap between the fund's share price and net asset value (NAV) will consistently be auto-remediated.

The company, in a statement, said this dividend policy is being introduced despite the share price of ICAP reaching an all-time high of RM2.86 and the NAV trading near an all-time high of RM3.64 on August 16, 2023, with the NAV discount also narrowing to 21.43 per cent.

The positive outcomes of the high NAV and share price thus far are a result of the pre-existing efforts of the board of ICAP and its designated person, Tan Teng Boo, which have been undertaken since the 2022 annual general meeting (AGM), when a slew of measures were announced specifically for this purpose.

ICAP will provide details of this dividend strategy in due course.

For some background, the discount between ICAP's share price and NAV has been a nagging issue that has persisted since October 2008, three years since its listing on October 19, 2005.

It is worth noting that even with this discount, both ICAP's share price and NAV have continued to outperform the benchmark MSCI Malaysia index since its listing in 2005.

From its inception in October 2005 to August 3, 2023, the share price and NAV of ICAP have appreciated at an annualised rate of 5.67 per cent and 7.91 per cent, respectively, outperforming the MSCI Malaysia index, which gained only 1.77 per cent.

Over the last two years, from August 4, 2021, to August 3, 2023, the MSCI Malaysia has delivered a negative return of -5.69 per cent.

Over that same period, the NAV and share price of ICAP have returned 19.29 per cent and 32.90 per cent, respectively.

On a three-year basis, from August 4, 2020, to August 3, 2023, the MSCI has returned -14.92 per cent, while its NAV and share price have returned 31.89 per cent and 28.93 per cent, respectively.

Furthermore, at ICAP's NAV of RM3.40 as of May 31, 2023, some RM145.72 million comprised cash.

This shows that ICAP is in a good place to grow its NAV even further, as it still has a considerable war chest to invest in more undervalued shares.

The innovative dividend policy will address the needs of various shareowners – those seeking long-term capital appreciation, those needing regular distributions, and those who may have to cash in their holdings.

In a series of nationwide roadshows earlier this year, Tan also said that the future of ICAP's NAV will substantially benefit from the RM170 million investments that ICAP has made over the last few years.

ICAP's cash holdings of around RM300 million a few years ago have dropped to RM145.22 million as it made substantial investments in promising stocks at bargain prices.

"This innovative dividend strategy of ICAP, when fully implemented, will further boost its future share price and NAV movement. As guided by the dividend policy and the board, ICAP is on the right track, but plenty of work still needs to be done.

"In time, as the market starts to recognise the consistent outperformance of ICAP fully, it is hoped that its share price will start to trade at a premium like it used to before certain shareholders came in," said Tan.