

City of London pares ICAP stake below 17%

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KUALA LUMPUR: City of London Investment Management Company Ltd, the largest shareholder of Malaysia's sole closed-end fund icapital.biz Bhd (ICAP), has cut its stake to below 17% as attention turns to the fund's 21st annual general meeting (AGM) on Oct 4, 2025, where a proposal to wind up the fund could be raised.

City of London has been steadily selling down its holdings in recent months. The continued disposals have weighed on ICAP's share price, which has fallen 24.78% over the past year.

The decline has also widened the discount to its net asset value (NAV) from 17.5% in May 2024 to more than 30% currently.

At such levels, a potential winding up of the fund would allow shareholders to unlock the full NAV, which could translate into returns of about 43%.

A Bursa Malaysia filing on May 21 showed City of London disposed of 52,300 ICAP shares in the open market. Despite the relatively small size of the sale, the transaction was enough to move the share price lower on the day.

The firm, which once owned close to 24% of ICAP, first entered in 2011 with a 5.12% stake and has since been vocal about the fund's wide NAV discount.

City of London first became a shareholder in August 2011 with a 5.12% stake and over the years built its holding to nearly 24%. It has consistently raised concerns about the gap between ICAP's share price and NAV.

Recent foreign ownership regulations under the Securities Industry (Central Depositories) framework, however, have capped its ability to raise its stake further or take control of the fund.

Against this backdrop, speculation of a winding-up move has resurfaced ahead of the AGM, where City of London could table a winding-up resolution as an avenue to exit its investment.

For minority shareholders, ICAP's dividend policy offers some certainty. The policy ties payouts to NAV and the discount between share price and NAV, ensuring recurring distributions. A wider discount results in higher dividend yields, which could eventually attract investor interest and help narrow the gap.