

# ICAP Shares Outperform MSCI Malaysia, S&P500, And Nasdaq In 1- And 3-Year Periods In USD

By Staff Writer

May 2, 2024

KUALA LUMPUR: In the realm of investment performance, icapital.biz Berhad (ICAP, 5108), Malaysia's sole listed closed-end fund, has unequivocally surpassed major benchmarks – the MSCI Malaysia Index, the S&P500, and Nasdaq – in the span of a year, measured from April 1, 2023, to March 29, 2024.



*Capital Dynamics CEO and icapital.biz Berhad's designated person, Tan Teng Boo*

During this twelve-month period, ICAP's share price surged by 47.75%, while the MSCI Malaysia returned (-0.98%), and the S&P500 and Nasdaq yielded returns of 27.86% and 34.02% respectively.

Extending the horizon to three years, ICAP continued to demonstrate superior performance, achieving a return of 49.34%. In contrast, the MSCI Malaysia index, S&P500, and Nasdaq yielded returns of (-17.58%), 32.26%, and 23.65% respectively over the same period.

As of March 29, 2024, ICAP's total net asset value (NAV) stood at RM536 million or RM3.82 per share, based on its 140 million shares outstanding.

Tan Teng Boo, the Designated Person of ICAP, confidently stated, "Whoever doubts Malaysia's potential as an investment haven hasn't looked closely enough. It can even outshine Nasdaq given the right Malaysian asset. Investing in ICAP shares not only secures robust returns but also shields against currency fluctuations," he emphasized.

Tan, recently appointed as Adjunct Professor of University of Technology Sydney (UTS) in Australia, expressed optimism about the Malaysian market during Investor Day on November 5, 2023, citing favorable macroeconomic conditions.

He anticipates a sustained bullish trend in the Kuala Lumpur Composite Index (KLCI) over the next three to five years, driven by overarching macroeconomic factors.

Tan forecasts the KLCI index to range between 2,500 to 3,000 points over the next three to five years.

In light of these projections, Tan envisions two scenarios for ICAP's share price if the KLCI reaches 3,000 points.

Firstly, Tan anticipates ICAP's NAV to double to RM7.86. Assuming ICAP's share price mirrors the NAV at RM7.86, this implies a surge of RM4.81 or a 158% increase from RM3.05.

In the second scenario, Tan notes that historically, ICAP's NAV has outperformed the KLCI by an average of 6% annually. Consequently, if the KLCI doubles in five years, ICAP's NAV would reach RM10.19. Assuming a 10% premium to NAV, ICAP's share price would be RM11.21, translating to a rise of RM8.16 or 267% from RM3.05.

Tan underscores that these performance scenarios exclude the impact of ICAP's innovative dividend policy, which aims to narrow the gap between ICAP's share price and its NAV per share.

Introduced on September 29, 2023, this innovative dividend policy comprises a Base Rate of 1% of ICAP's NAV per share, plus 8% of the difference between ICAP's share price and NAV, referred to as the Top-up Rate. In essence, this policy amalgamates the 1% Base Rate and the 8% Top-up Rate to enhance returns for shareholders.