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icapital.biz unveils dividend policy

PETALING JAYA: icapital.biz Bhd's (ICap) dividend policy will be based on the fund's net asset value (NAV) and NAV-to-share price discount.

The dividend policy, which aims to proactively narrow the gap between the fund's share price and NAV, is subject to market and economic conditions and the fund's value investing investment philosophy, the company said in a filing with Bursa Malaysia.

The dividend policy is formulated as an aggregate of the base rate of NAV plus top-up rate of NAV-to-share price discount.

The closed-end fund, led by fund manager Tan Teng Boo, said the base rate is defined as being 1% of NAV per share while the top-up rate being 8% of the difference between the share price and NAV per share of the fund.

"The fund's NAV will be based on a simple average of the relevant four weekly NAVs periodically announced by the company, whereas the fund's share price will be based on the volume-weighted average price for a period of the corresponding four weeks," ICap said.

The top-up rate will not apply if the fund's share price is trading at parity or a premium to NAV. Under normal market and economic conditions, the expected dividend yield will be 4% and the dividend will be paid on a yearly basis.

"The board and the fund manager aim to deliver prudent dividend payouts, taking into consideration the long-term capital appreciation objective of the fund, the Fund's performance, the fund's NAV-to-share price discount, the fund manager's value investing philosophy and asset allocation strategy, market and economic conditions and other factors considered relevant by the board and the fund manager."

ICap said the effectiveness of the dividend policy will be reviewed on an ongoing basis. More details of the dividend policy will be provided at the fund's upcoming AGM.

ICap shares closed at RM2.64 yesterday while its NAV per share was RM3.40 as at the end of its fourth quarter ended May 31