

The Pulse

Market Growth, Risks and Outlook

Baisakh 2081

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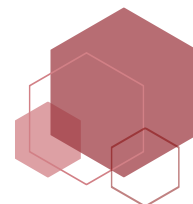
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हिमालयन क्यापिटल लि.



Himalayan Capital





A Subsidiary of Himalayan Bank Limited



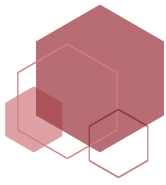
Global Markets Overview

€	1.07 \$ (-1.03%)	S&P 500	5,035.69 (-4.16%)
£	1.25 \$ (-0.88%)	BSE SENSEX	74,439.21 (1.07%)
₹	83.47* (0.15%)	NIKKEI 225	38,411.24 (-4.85%)
¥	157.53* (4.10%)	FTSE 100	8,145.75 (2.43%)
A\$	0.65 \$ (-0.47%)	DAX	17,932.17 (-3.03%)
C\$	0.73 \$ (-1.51%)	CAC 40	7,981.08 (-2.74%)
		HANG SENG	17,795.02 (7.58%)
		SSE COMPOSITE	3,106.41 (2.15%)

*Values Per 1 \$

	Gold(\$) Per Oz. 2,290.71 (2.56%)		Bitcoin(\$) 60,621.80 (-13.69%)
	Brent Crude(\$) Per Barrell 87.86 (1.33%)		Ethereum(\$) 3,011.28 (-16.78%)

#All Changes are in MoM basis.



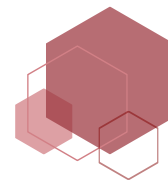
Currency Market Trends

In the realm of currency exchange rates, the Euro, British Pound, Australian Dollar and Canadian Dollar have all experienced slight declines against the US dollar compared to the previous month, with decreases of 1.03%, 0.88%, 1.51% and 0.47% respectively. However, the Japanese Yen and Canadian Dollar have shown notable increases, rising by 4.10% and 1.51% respectively. The Indian Rupee has remained relatively stable, with a marginal increase of 0.15%. These fluctuations reflect various economic factors influencing the strength of each currency relative to the USD, including monetary policies, trade balances, and geopolitical developments.

Moving to stock market indices, there has been a mixed bag of performances across different regions. The S&P 500 and NIKKEI 225 have both experienced declines, with decreases of 4.16% and 4.85% respectively, indicating a broader sentiment of uncertainty or risk aversion among investors. Conversely, indices like the BSE SENSEX, FTSE 100, HANG SENG, and SSE COMPOSITE have seen gains ranging from 1.07% to 7.58%, suggesting optimism or positive economic indicators in their respective markets. These variations underscore the complex interplay of domestic and global factors shaping investor sentiment and market dynamics.

In the realm of cryptocurrencies and commodities, there have been notable shifts. Bitcoin and Ethereum have experienced significant declines of 13.69% and 16.78% respectively, signaling increased volatility and potential shifts in investor sentiment towards digital assets. On the other hand, gold has seen a modest increase of 2.56%, while Brent Crude has also risen by 1.33%. These changes reflect evolving market perceptions of risk, inflation expectations, and geopolitical tensions, which can influence the attractiveness of different asset classes in investors' portfolios.

In conclusion, the diverse movements observed across currencies, stock indices, and commodities highlight the intricate connections between economic fundamentals, market sentiment, and geopolitical developments, underscoring the importance of comprehensive analysis and risk management strategies in navigating today's volatile financial landscape.



Macroeconomic Overview



Inflation

4.82% ▲



Deposit Growth

14.59% ▲



Credit Growth

5.21% ▲



Import Growth

-2.7% ▼



Export Growth

-4.0% ▼



Remittance Growth

21.01% ▲



FX Reserve Growth

33.66% ▲

* Growth refers to the change between eight months of FY 79/80 and FY 80/81.

* Credit refers to claim on private sector.

Monthly Trading Statistics



Average
Turnover

NPR 2.91 B

-26.14% ▼



Average
Shares Traded

7.45 M

-33.09% ▼



Average
Transactions

52.2 K

-34.15% ▼

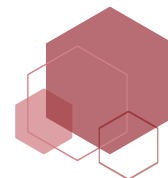


Average
Scrips Traded

313

1.72% ▲

* For the period (April-1, 2024) – (April-30, 2024)



Liquidity Overview

A. Major Rates

Description	Value As On					Change		
	Falgun-79	Magh-80	Falgun-80	Baisakh 07	Baisakh 14	YOY	MOM	WOW
Wt.Avg 28 Days TB rate (%)	7.39	3.14	2.87	2.96	2.87	-4.52	-0.27	-0.09
Wt.Avg 91 Days TB rate (%)	9.33	3.34	3.02	3.09	3.05	-6.31	-0.32	-0.04
Wt.Avg 364 Days TB rate (%)	9.60	4.13	3.60	3.35	3.24	-6.00	-0.53	-0.11
Wt. Avg Interbank Rate (%)	7.18	3.04	2.92	3.65	3.65	-4.26	-0.12	0.00
CapEx (In Billion NPR)	84.26	63.58	81.21	100.08	102.83	-3.05	17.63	2.75

B. Money Market Indicators

Particulars	26-Apr-24	28-Mar-24	% Change	Month High	Month Low
SLF Rate	6.50%	6.50%	0.00%	6.50%	6.50%
Market Excess Liquidity (NPR in Billion)	77.05	198.00	-61.09%	200.00	-3.01

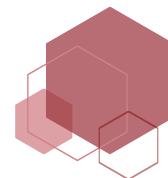
C. BFI Statistics

Description	Value As On					Change		
	Falgun-79	Magh-80	Falgun-80	Baisakh 07	Baisakh 14	YOY	MOM	WOW
Wt. Avg Deposit Rate (%)	8.37	7.01	6.74	6.74	6.74	-1.63	-0.27	0.00
Wt. Avg Lending Rate (%)	13.03	11.08	10.78	10.78	10.78	-2.25	-0.30	0.00
Base Rate (%)	10.64	9.06	8.77	8.77	8.77	-1.87	-0.29	0.00
CD Ratio (%)	85.60	80.01	79.87	80.86	80.86	-5.73	-0.14	0.00
Fixed Deposits/Total Deposits (%)	59.33	59.34	58.40	58.40	58.40	-0.93	-0.94	0.00
Total Liquid Assets/Total Deposits (%)	24.30	26.62	26.43	26.43	26.43	2.13	-0.19	0.00

Public Debt Subscription

Category	Issue Date	Offered Amount	Payment By GoN	No. of Participants	No. of Bids	BID Ratio	Allocated Amount	Discount Rate		
								Lowest	Highest	Average
28 Days	Chaitra 6	500.00	0.00	19	68	5.08	500.00	2.45	2.49	2.49
91 Days	Falgun 22	604.50	0.00	24	91	5.30	604.50	2.74	2.83	2.79
182 Days	Chaitra 6	430.00	0.00	18	60	4.64	430.00	3.05	3.12	3.10
364 Days	Chaitra 6	900.00	0.00	20	80	2.59	900.00	3.15	3.39	3.32

*Figures are in Millions NPR

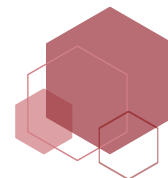


Sectoral Movement

Index	Chaitra 18	Baisakh 18	Change
NEPSE	2,018.33	2,006.28	-0.60%
Manufacturing & Processing	1,915.54	2,198.96	14.80%
Life Insurance	3,917.17	4,196.11	7.12%
Finance Company	3,843.17	4,031.62	4.90%
Commercial Bank	10,465.98	10,506.64	0.39%
Trading	10,117.30	10,123.60	0.06%
Others	18.23	18.22	-0.05%
Mutual Fund	2,744.20	2,729.72	-0.53%
Development Bank	75.85	74.78	-1.41%
Hotels & Tourism	5,138.70	5,064.97	-1.43%
Non Life Insurance	1,064.82	1,044.82	-1.88%
Investment	1,674.54	1,641.19	-1.99%
Microfinance	2,493.03	2,433.38	-2.39%
Hydropower	7,004.94	6,548.45	-6.52%

Major Movers

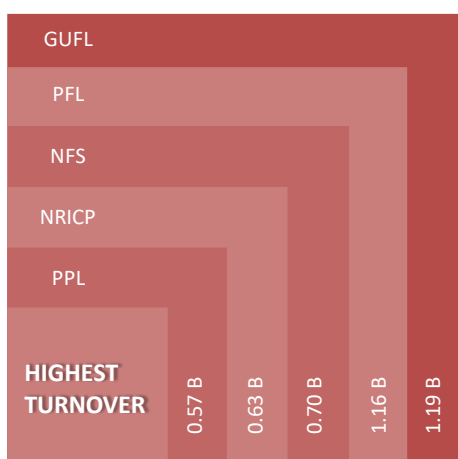
PFL	68.91%	SARBTM	-26.13%
GLBSL	50.34%	RURU	-25.90%
NFS	46.51%	RFPL	-21.54%
JFL	38.28%	GUFL	-19.20%
MLBS	34.33%	BNL	-16.72%



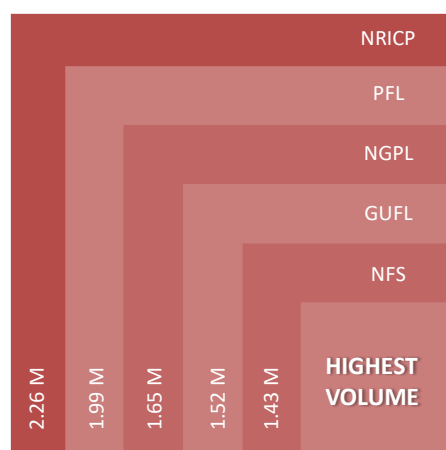
Sectoral Divergence-Turnover

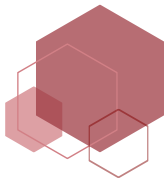
Index	90 Days Avg	Monthly Avg	Divergence
NEPSE	3.94 B	2.91 B	-26.14%
Finance	0.26 B	0.54 B	107.55%
Microfinance	0.24 B	0.36 B	48.18%
Development Banks	0.19 B	0.20 B	2.42%
Commercial Banks	0.28 B	0.21 B	-23.05%
Manufacturing And Processing	0.38 B	0.28 B	-26.00%
Life Insurance	0.31 B	0.20 B	-33.97%
Hydro Power	1.33 B	0.81 B	-39.33%
Hotels And Tourism	0.10 B	0.05 B	-44.03%
Non Life Insurance	0.20 B	0.10 B	-49.41%
Tradings	0.01 B	0.01 B	-55.95%
Others	0.29 B	0.12 B	-57.53%
Investment	0.24 B	0.09 B	-64.20%

Highest Turnover



Highest Volume





NEPSE Outlook

A. Current Overview

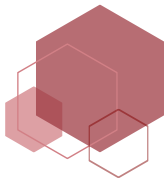


On April 30, 2024, the flagship NEPSE index closed at 2,006.28 points, marking a decrease in the monthly average turnover to NPR 2.78 billion compared to the previous month's NPR 2.99 billion.

Currently, the Relative Strength Index (RSI) is at 49.71 points, indicating a neutral position. A bearish crossover has been observed with the 20-day and 50-day Simple Moving Average (MA).

The Moving Average Convergence and Divergence (MACD) indicator suggests a potential short to midterm bullish trend, as the MACD line approaches the signal line from below. However, it's worth noting that both lines remain below the baseline.

Looking forward, the NEPSE index's immediate support levels are at (S1) 1,980, (S2) 1,950, and (S3) 1,920, while immediate resistance levels are identified as (R1) 2,040, (R2) 2,100, and (R3) 2,150. These levels are crucial for investors in making trading decisions.



B. Long Term Overview



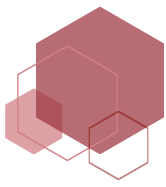
As observed from the above weekly chart, NEPSE has undergone a nearly 40% decline from the peak of the recent bull-run and seems to be consolidating around the resistance zone spanning the levels of 2,100 - 2,200 level. This level has been tested multiple times over the past 1.5 years. The future trajectory of the index holds paramount importance for further analysis, particularly given that, currently, the flagship NEPSE index has not breached this resistance zone. It's recent high of 2,215 on January 17, 2024, came after the quarterly monetary policy review by NRB for the 1st quarter of FY 22/23.

Considering this, what the index does at this point remains crucial for further analysis because as of today the NEPSE index has not crossed the resistance zone, with the recent intra-day high of 2215.55 as of 17 January, 2024 post the monetary policy review by NRB and the decreasing interest rate environment. If there is a break out from this supply zone, the next target for the index would be at 2,400 and 2,650 levels (psychological resistance zones) as shown in the above figure.

Given the NEPSE index's repeated failure to breach the 1,800-level, it is reasonable to consider it as the bottom of the ongoing bearish cycle (Historical support zone). Considering if the index breaks the demand zone and drops below 1,800 levels, the long-term support zone would be at 1,670 and 1,560 levels (psychological support zones) as shown in the above figure.

C. Hotel Industry Analysis

The hotel industry in Nepal has undergone a remarkable resurgence following the downturn induced by the COVID-19 pandemic. A confluence of factors has propelled



this recovery, including a resurgence in tourist arrivals, a thriving banquet and event business, increased discretionary spending on travel, and the revival of cultural events like mega weddings.

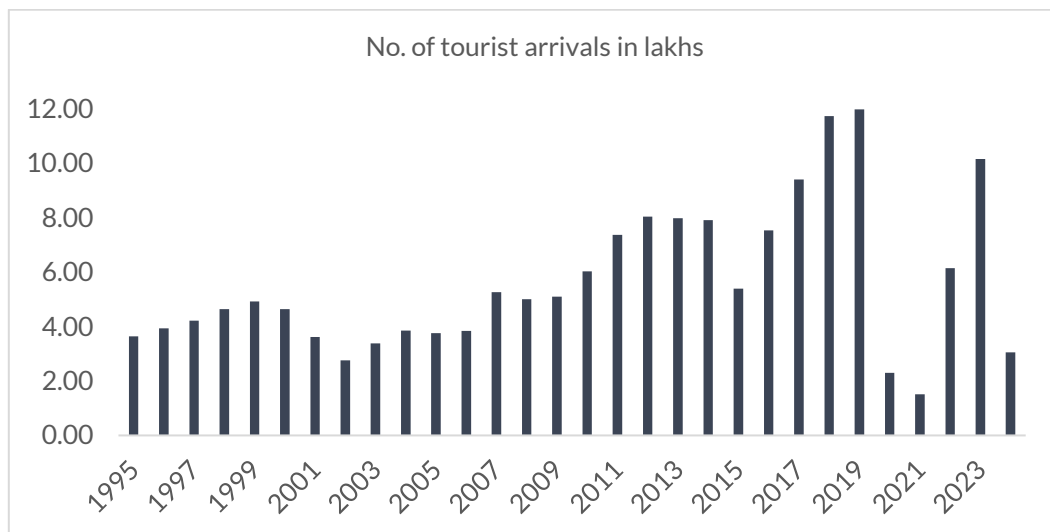


Figure: Tourists arrival during 2008-2024(March)

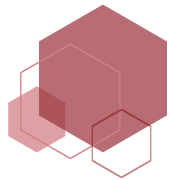
Source: Nepal Tourism Board and Nepal Rastra Bank

In 2023, Nepal witnessed a substantial surge in tourist arrivals, reaching a four-year high with 1,014,876 foreigners visiting the country. This represented a staggering increase of 341.09 percent in foreign arrivals, effectively reversing a two-year decline initiated by the onset of the global pandemic in early 2020. From 1995 to 2023, tourism arrivals have grown at a CAGR of 3.74% per year.



Figure: Average Length of Stay of Tourists in Nepal from 1974 to 2022

Source: Nepal Tourism Board



In 2022, Nepal saw a rise in tourist arrivals to 614,148, but their average stay dropped to 13.1 days from 15.5 days in 2021. Daily spending also decreased to \$40 from \$48. This decline is attributed to budget travelers and lingering Covid-19 concerns. Despite higher arrivals, there's concern about the need to extend tourists' stays for economic benefits.



Figure: Total Foreign Exchange Income from Tourism Sector from FY 2057/58 to FY 2079/80

Source: Nepal Tourism Board

Total income from tourism sector has increased from USD 158.70 million in FY 2057/58 to USD 247.80 in FY 2079/80, which is a CAGR of 2.05%

Let us also examine the projections by Statista for the hotel industry in Nepal.

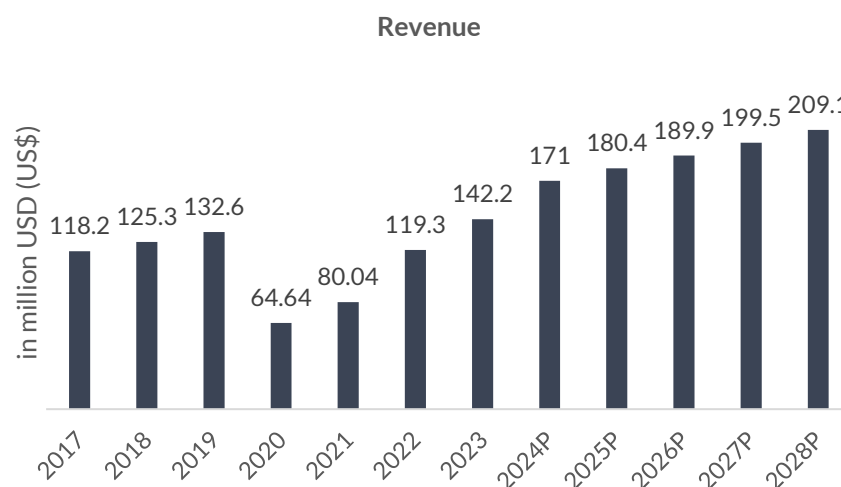
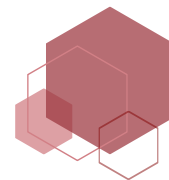


Figure: Tourists arrival during 2008-2024

Source: Statista Market Insights



As the industry rebounds, the projected revenue of Nepal's Hotels market is anticipated to reach US\$171.00 million by 2024. This growth trajectory is expected to continue with a Compound Annual Growth Rate (CAGR) from 2024 to 2028 of 5.16%, culminating in a projected market volume of US\$209.10 million by 2028.

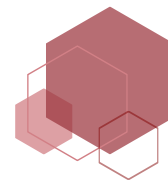
Nepal's hotels are adapting to evolving consumer preferences by prioritizing sustainable and eco-friendly practices to attract socially conscious travelers. Furthermore, there is a rising demand for unique and authentic experiences, driving the popularity of boutique hotels and eco-friendly accommodations. The trend towards homestays and guesthouses, particularly in rural areas and trekking routes, reflects a growing interest in personalized, intimate, and sustainable tourism experiences. Additionally, the emergence of budget-friendly hotel chains and online booking platforms has enhanced accessibility to affordable accommodation options across the country.

NEPSE versus Hotels and Tourism Sub Index (Since 13 July 2003 as historical data was available only since that date)



Until the end of 2010, the NEPSE sub-index consistently outperformed the Hotels and Tourism sub-index. It wasn't until the beginning of 2011 that the tourism sector began to surpass the NEPSE sub-index, a trend that continued until the onset of the Covid-19 crisis.

From July 13, 2003, to April 21, 2024, the hotels and tourism sub-index experienced remarkable growth, soaring by 2417.16%, surpassing NEPSE's growth of 865.89% during the same period.

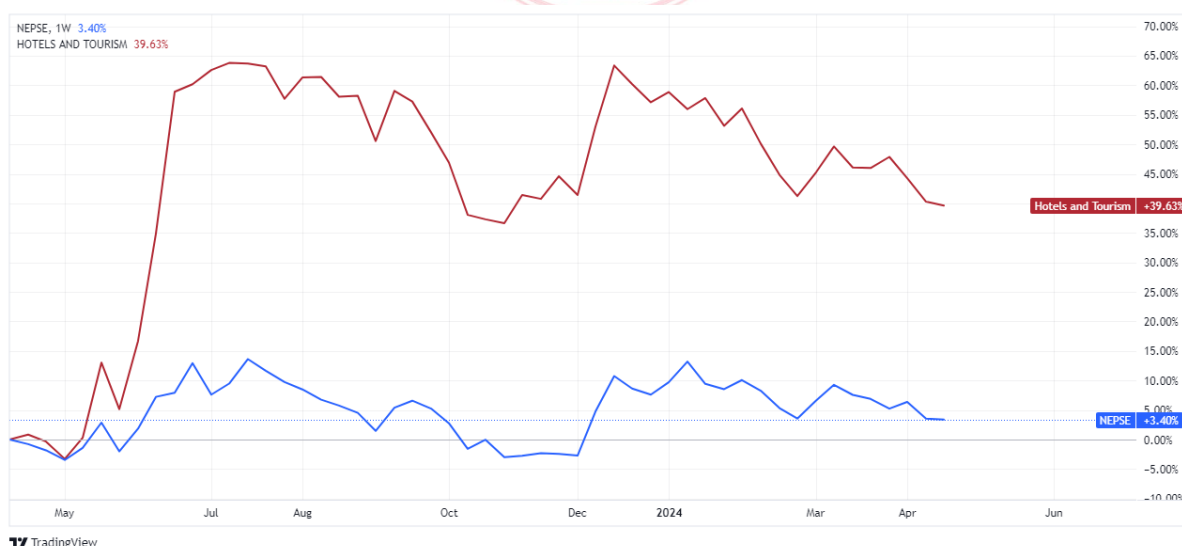


I. NEPSE versus Hotels and Tourism Sub Index (5 Year)

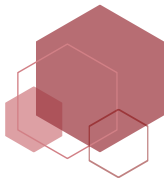


Between April 21, 2019, and April 21, 2024, the hotel and tourism sub-index surged by 165.76%, outpacing NEPSE's 52.36% growth. However, analysis of the charts reveals that NEPSE consistently outperformed the hotels and tourism sub-index for most of the five-year period, especially during the Covid-19 pandemic. Notably, after January 2023, the hotel index experienced a significant uptick as tourism activities resumed following the Covid-19 crisis.

II. NEPSE versus Hotels and Tourism Sub Index (1 Year)



From 16 April, 2023 to 21 April, 2024, the hotel and tourism sub index has increased by 39.26% compared to NEPSE's 3.39%.



SCRIPT ANALYSIS

Soaltee Hotel Limited (SHL)

A. Technical Analysis



On 30th April, 2024, the stock price of SHL closed at NPR 444.00. The price of the stock decreased by 12.07% from its intra-day high on 20st December, 2023.

The Relative Strength Index (RSI) of the stock is at 55.84 points, indicating the stock is at the neutral zone. The Moving Average Convergence and Divergence (MACD) indicator suggests a potential short to midterm bullish trend, as the MACD line is getting close to the signal line from below. However, it's noteworthy that the indicator lines are positioned below the baseline.

The immediate support levels for SHL stand at NPR 415.00 (S1), NPR 390.00 (S2), and NPR 360.00 (S3), whereas the resistance levels hold at NPR 470.00 (R1), NPR 490.00 (R2), and NPR 505.00 (R3).

B. About the Company

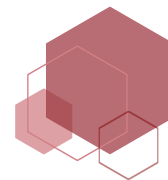
Established in 1965 and officially inaugurated by the Late King Mahendra Bir Bikram Shah on November 25, 1966, the Soaltee Kathmandu stands as a beacon of luxury in Nepal's burgeoning tourism landscape. As one of the first luxury hotels in the country, it played a pivotal role in shaping Nepal's tourism industry since the 1950s. According to its website, from its humble beginnings with 104 rooms, the Soaltee Kathmandu has



evolved into a symbol of opulence and hospitality, boasting 285 luxurious guest rooms and seven magnificent VVIP suites spread across 12 acres of lush surroundings. As a premium conference venue in South Asia, the Soaltee Kathmandu has hosted visits by Queen Elizabeth II, Princess Diana and numerous other heads of state and government.

In a commitment to delivering an enhanced experience to its guests, SHL has embarked on a series of Renovation and Upgradation Projects aimed at continuous improvement. These strategic initiatives are a testament to the company's dedication to ensuring that the Hotel remains a prime destination for travelers seeking a memorable stay.

- ✓ **Lobby Renovation:** A significant milestone was reached with the completion of the lobby's second phase renovation. The revamped lobby now offers guests a warm and visually appealing welcome, setting the tone for their stay from the moment they arrive.
- ✓ **Sports Lounge:** The newly launched Sports Lounge provides guests with an engaging and cozy environment to unwind, whether catching up on their favorite games or mingling with fellow travelers. Designed with the hotel's diverse clientele in mind, it adds versatility to the hotel's offerings, ensuring an enjoyable experience for all.
- ✓ **Rodi Bar:** Another integral part of the hotel's offerings, has also been given a fresh look. This establishment is now a modern and stylish destination for those looking to unwind with a drink, offering a more sophisticated atmosphere for guests.
- ✓ **Introduction of New Suites:** Everest, Lhotse, and Pumori have been a significant enhancement in our accommodation offerings. These luxurious and well-appointed suites provide a heightened level of comfort and luxury for guests who seek the best in their stay. These suites were under construction when the annual report was published. According to a recent telephone conversation with the company's Secretary, The Soaltee Kathmandu has successfully finalized the construction of its above Royal Suites, all of which are now fully operational.
- ✓ **Extension and completion of the Patio:** This area provides an attractive outdoor space where guests can enjoy the fresh air, relax, or dine al fresco. This enhancement increases the versatility of the hotel, catering to the diverse preferences of its patrons as casual seating. The renovated swimming pool area offers guests a serene outdoor retreat, ideal for both swimming and

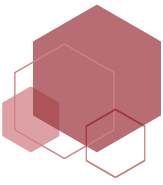


relaxation. This ongoing project reflects the company's commitment to enhancing the guest experience and maintaining the hotel's appeal to travelers. With various upgrades underway, including service enhancements, the company strives to create a more inviting and comfortable environment for our guests.

The Soaltee Gate Gourmet, a premium flight kitchen division of Soaltee Hotel Limited, stands as Nepal's sole state-of-the-art in-flight catering facility, setting international standards for in-flight dining. With the capability to provide 3500 meals daily to approximately 12 flights, it serves a range of international airlines, including Nepal Airlines Corporation. The Company has had a business relationship with NAC for many years in the past. As part of gate group's global network of catering facilities under the Gate Gourmet brand, it ensures operational excellence and corporate support on par with international standards.

The company also has a wholly owned subsidiary, Soaltee Hospitality Limited as a strategic decision taken by the Company for investment in hotels outside the Kathmandu valley to be operated under the Company's trademark and brand. Further the company's "Soaltee" brand has been under expansion of new five-star standard hotels has been in operation under the Brand and Trade name "Soaltee Westend Resort Chitwan" in Chitwan Bharatpur, "Soaltee Westend Itahari" in Itahari, Sunsari, Soaltee Westend Resort Kaskikot, in Kaskikot, Pokhara, Gandaki Province and Soaltee Westend Resort Nagarkot, in Nagarkot, Bhaktapur Bagmati Province, Nepal. Furthermore, two more Hotel and Resort are under pipeline and will be operated and managed with Soaltee Brand.

The company, through its subsidiary Soaltee Hospitality Limited, has invested in Soaltee Sibkrim Hotels & Resorts Pvt. Ltd., a Nepalese joint venture company focused on hotel ownership and operation in Nepalgunj and Pokhara. These hotels will operate under the "Soaltee Westend Premier" and "Soaltee Westend Resorts" brands, under a Trademarks License Agreement with Soaltee Hospitality Limited. Presently, Soaltee Sibkrim Hotels & Resorts Pvt. Ltd. manages "Soaltee Westend Premier Nepalgunj," a five-star LEED-certified Green hotel in Nepalgunj, Lumbini State, Nepal.



Stock Performance versus NEPSE since 24 July, 2011 (Historical data was available only since that date)



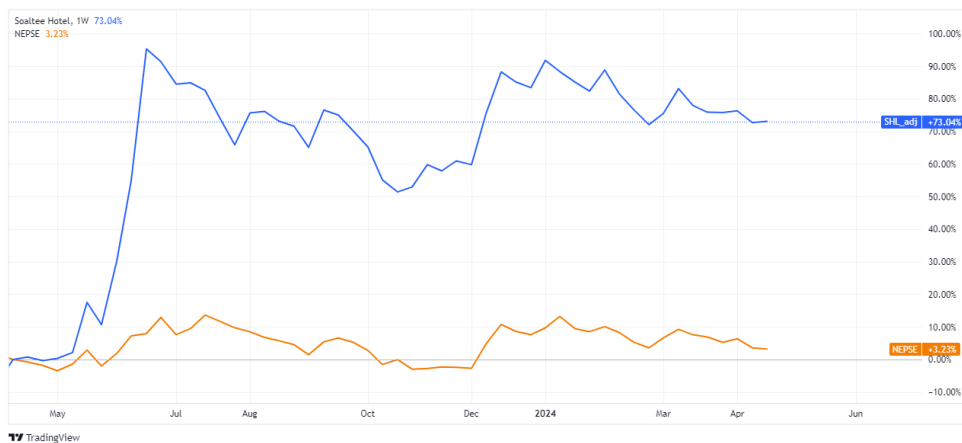
Blue indicates SHL, whereas yellow indicates NEPSE

I. 5Y Stock Performance NEPSE

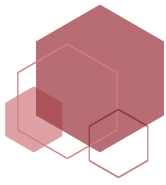


Blue indicates SHL, whereas yellow indicates NEPSE

II. 1Y Stock Performance versus NEPSE



Blue indicates SHL, whereas yellow indicates NEPSE



C. SWOT Analysis

Strengths:

Established Brand: Soaltee Hotels has a strong brand presence in Nepal's hospitality industry, established over decades of operation.

Diverse Portfolio and Revenue Streams: Soaltee Hotels boasts a diverse portfolio of luxury hotels and resorts, providing a wide array of accommodation options tailored to meet the preferences of discerning travelers. According to its FY 2079/80 annual report, room revenue constituted 24.44% of total revenue, while income from food accounted for 71.05%, and beverage income contributed 5.17%. Additionally, other business income accounted for 4.65% of the total revenue.

Strategic Partnerships: Partnerships with global brands like Gate Gourmet and strategic investments in joint ventures enhance Soaltee's capabilities and reach in the hospitality sector.

Renowned Facilities: The Company's facilities, including the Sports Lounge, renovated lobby, and Royal Suites, reflect a commitment to offering luxurious and modern amenities to guests.

Weaknesses:

Dependence on Tourism: The Company's performance is closely tied to Nepal's tourism industry, making it vulnerable to fluctuations in tourist arrivals and spending.

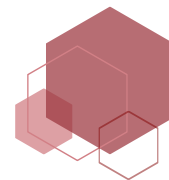
Competition: The hotel industry in Nepal is becoming increasingly competitive, with new entrants and established players vying for market share.

Infrastructure Limitations: Challenges related to infrastructure, such as airport capacity and transportation networks, may impact tourist arrivals and hotel occupancy rates.

Opportunities:

Growing Tourism Sector: Nepal's tourism sector is experiencing growth, presenting opportunities for Soaltee to capitalize on increasing tourist arrivals and spending.

Expansion: Opportunities for expansion both domestically and internationally through joint ventures, strategic partnerships, and new hotel developments.



Diversification: Exploring new market segments, such as eco-tourism and adventure tourism, to attract a broader range of travelers.

Threats:

External Factors: External factors like political instability, natural disasters, or global economic downturns can adversely impact tourism and hotel operations.

Regulatory Changes: Changes in government policies and regulations, such as visa requirements or taxation, may affect the hospitality industry's profitability.

Emerging Competitors: The emergence of new competitors, including international hotel chains and alternative accommodation options, poses a threat to Soaltee's market share and pricing power.

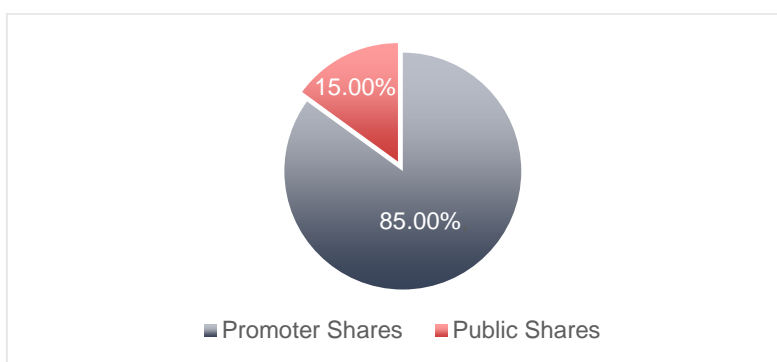


Figure: Shareholding Pattern (SHL)

Note: Shareholding Pattern of SHL is as per Nepalstock.com Updated On March 6, 2024.

Particulars	2075/76	2076/77	2077/78	2078/79	2079/80
Room Revenue	29.13%	24.63%	12.65%	18.04%	24.44%
Other Business Income	5.46%	8.87%	7.43%	5.59%	4.36%
Food Revenue	61.96%	63.22%	77.17%	71.05%	66.39%
Beverage Revenue	2.88%	2.81%	2.30%	5.17%	4.65%
Laundry Income	0.43%	0.42%	0.44%	0.09%	0.08%
Cigar and Cigarettes	0.03%	0.04%	0.01%	0.05%	0.07%
Telephone Revenue	0.01%	0.01%	0.00%	0.00%	0.00%
Business Centre Revenue	0.01%	0.01%	0.00%	0.00%	0.00%
Beauty Parlor	0.01%	0.00%	0.00%	0.00%	0.00%
Swimming Pool, Health Club, Guest Membership Fee	0.09%	0.00%	0.00%	0.00%	0.00%

Figure - Percentage Breakdown of Revenue Sources for the Last 5 Fiscal Years

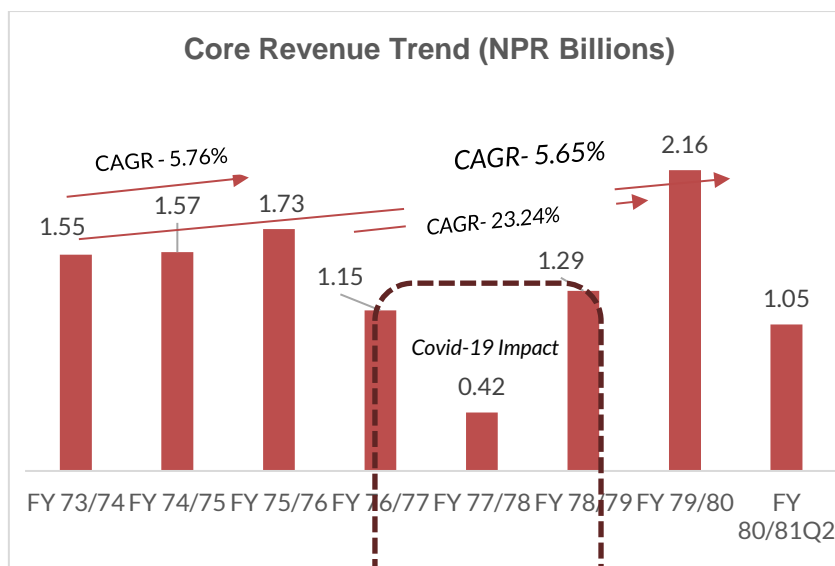
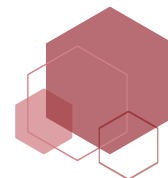


Figure- Core Revenue Trend Comparison of Pre and Post Covid 19 of SHL

Note – The Core Revenue excludes other business income such as dividends, interest income, etc.

I. Comparative Annual Performance Visualizations

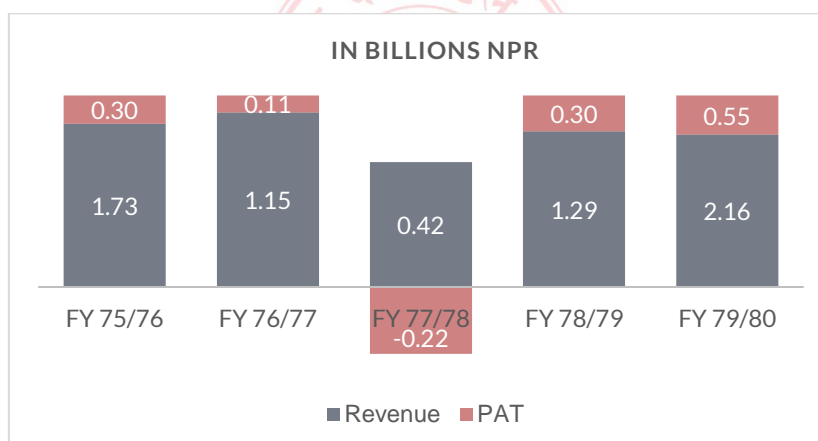


Figure: Annual Comparison of Revenue and Profit after Tax

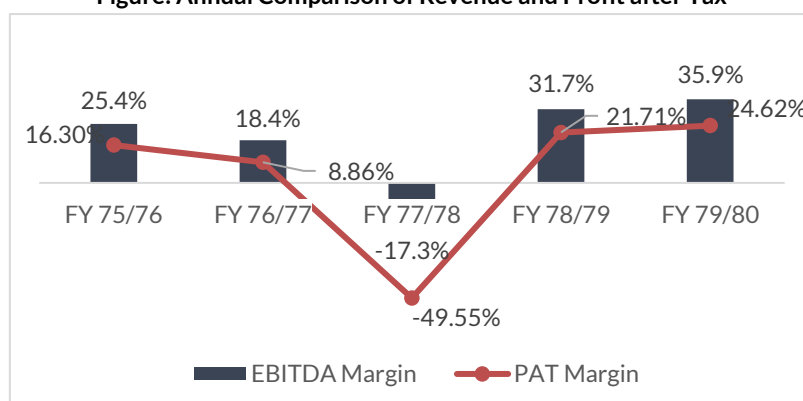


Figure: Annual comparison of EBITDA Margin and PAT margin Income

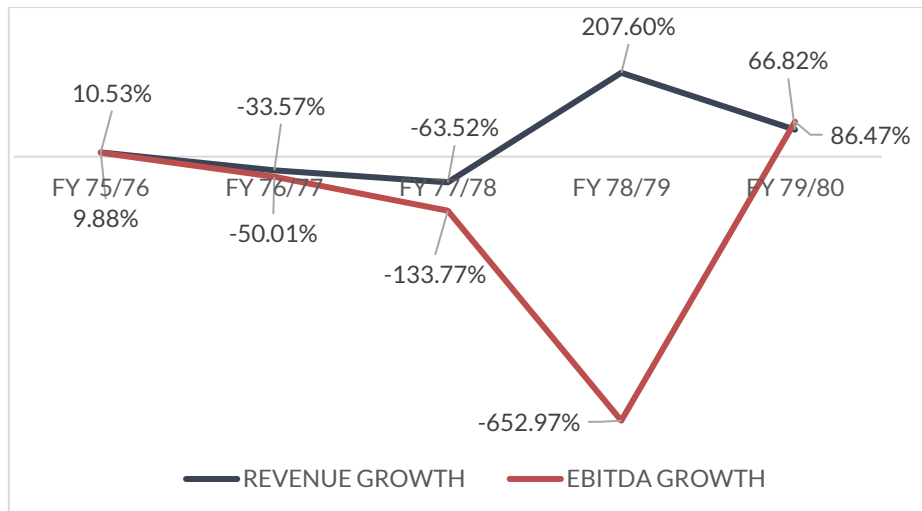
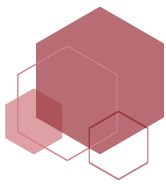


Figure: Annual Comparison of Revenue & EBITDA Growth (%)

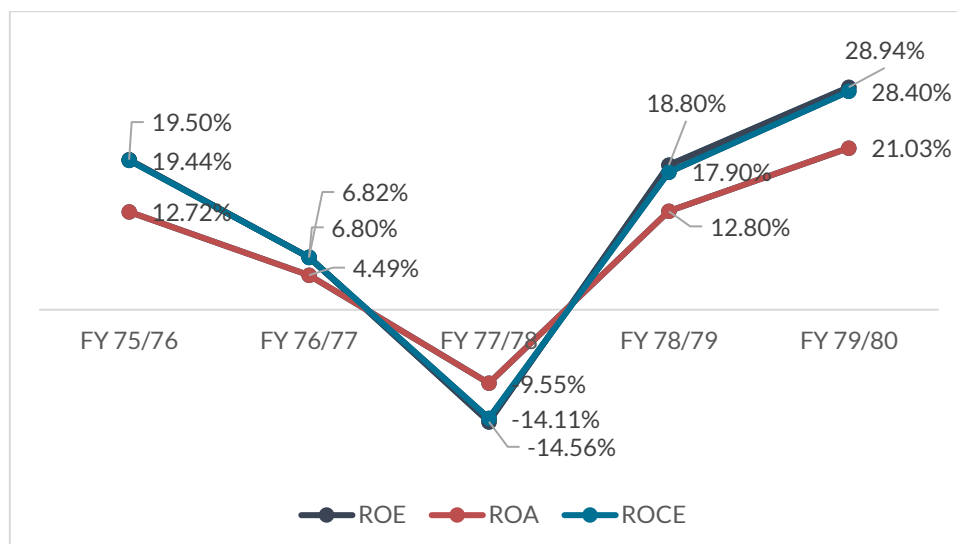


Figure: Annual Comparison of Return on Capital employed, Return on Asset and Return on Equity

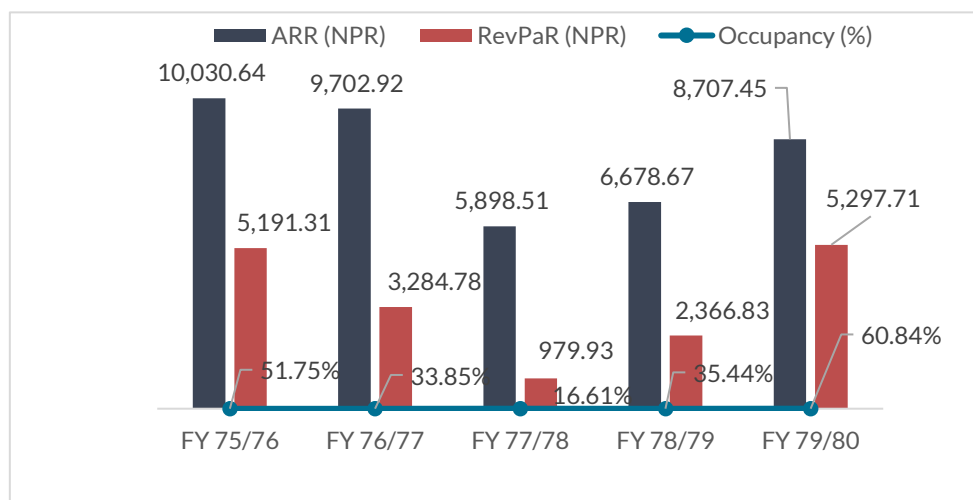
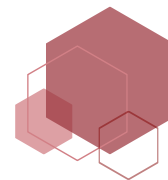


Figure: Annual Comparison of Average Room Rate (ARR), Revenue per Available Room (RevPaR), and Occupancy (%)



Comparable Company Analysis

Hotel	CMP (in NPR)	Market Cap (in NPR Billions)	EV (in NPR Billions)	Debt / Equity	GPM%	EBITDAM %	NPM%	ROE%
SHL	444.00	41.24	41.08	0.004	82.37%	35.90%	24.62%	28.94%
TRH	722.10	14.17	14.04	0.015	64.12%	38.75%	25.72%	16.55%
OHL	720.10	8.12	8.69	0.245	86.09%	34.37%	13.29%	5.57%
Average			21.27	0.09	77.53%	36.34%	21.21%	17.02%

Note - CMP as of 30 April, 2024

Figure: Comparable Company Analysis

Hotel	Room Count	Occupancy Rate	ARR (in NPR)	REVPAR (in NPR)
SHL	285	60.84%	8,707.45	5,297.71
TRH	280	56.60%	12,084.74	6,638.64
OHL	260	39.53%	9,032.94	3,882.67
Average	275	52.32%	9,941.71	5,273.01

Figure: Comparable Company Analysis for FY 2079/80 (Performance Metrics)

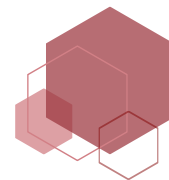
Comparable Company Summary

Based on a comparable company analysis, SHL exhibits the lowest debt/equity ratio of 0.004 among its peers, indicating effective management of borrowings over time. Additionally, despite its lowest ARR of NPR 8707, the company demonstrates efficiency with the highest ROE and above average REVPAR of 28.94% and NPR 52987.71 respectively. Furthermore, SHL boasts an above-average net profit margin, standing at around 24.62%. This indicates efficient use of resources.

DuPont Analysis

Particulars	Specifics	FY 75/76	FY 76/77	FY 77/78	FY 78/79	FY 79/80
Tax Burden	Net Profit / Pre-Tax Income	77.89%	80.07%	128.27%	94.31%	80.77%
Asset Turnover	Revenue / Avg. Total Assets	0.78x	0.51x	0.19x	0.59x	0.85x
Financial Leverage	Average Total Assets / Avg. Equity	1.53	1.52	1.52	1.47	1.38
Interest Burden	Pretax Income/ Operating Income	82.56%	60.19%	223.40%	72.61%	84.89%
Operating Margin	Operating income/ Revenue	25.35%	18.39%	-17.29%	31.70%	35.90%
Final Return on Equity		19.50%	6.82%	-14.56%	18.80%	28.94%

Figure: DuPont Analysis



DuPont Summary

The Return on Equity (ROE) for SHL experienced a significant decline, dropping from 19.50% in FY76 to -14.56% by FY78. This notable decrease in ROE during FY78 can be primarily attributed to a reduction in operating margins and a decline in asset efficiency. The drop in operating margins, coupled with a substantial decrease in asset efficiency, which plummeted by nearly 75% from 0.76x in FY76 to 0.19x in FY78, were direct consequences of the impact of the COVID-19 pandemic.

However, the subsequent recovery of ROE was pronounced, with ROE increasing by nearly 300% as the effects of the pandemic receded. This recovery reflects improved operating margins and a resurgence in asset efficiency, indicating the company's ability to adapt and rebound post-crisis.

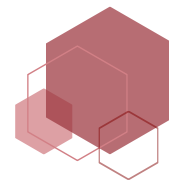
Overall, while the COVID-19 pandemic initially inflicted a severe blow to SHL's ROE, the subsequent recovery underscores the company's resilience and ability to restore profitability by addressing operational challenges and capitalizing on emerging opportunities.

Altman Z-Score Analysis

Z'-SCORE ABOVE 2.9 - The company is deemed *Safe* based on the given financial figures only.
 Z'-SCORE BETWEEN 1.23 and 2.9 - On Alert. This is the grey zone and one should exercise *Caution*.
 Z'-SCORE BELOW 1.23 - Probability of *Financial Embarassment* is very High.

Ratio	Weight	75/76	%	76/77	%	77/78	%	78/79	%	79/80	%
EBIT / Total Assets	3.3	15.55%	51	5.59%	18	-7.86%	-26	13.62%	45	24.61%	81
Net Sales / Total Assets	1	70.11%	70	45.83%	46	19.14%	19	52.76%	53	76.25%	76
Book Value of Equity / Total Liabilities	0.6	192.58%	116	193.52%	116	187.56%	113	240.05%	144	292.01%	175
Working Capital / Total assets	1.2	10.35%	12	5.89%	7	-9.67%	-12	-4.23%	-5	1.88%	2
Retained Earnings / Total Assets	1.4	0.29%	0	30.03%	42	24.13%	34	34.55%	48	41.12%	58
Altman Z-Score			2.50		2.29		1.28		2.85		3.92

Figure: Altman Z-Score

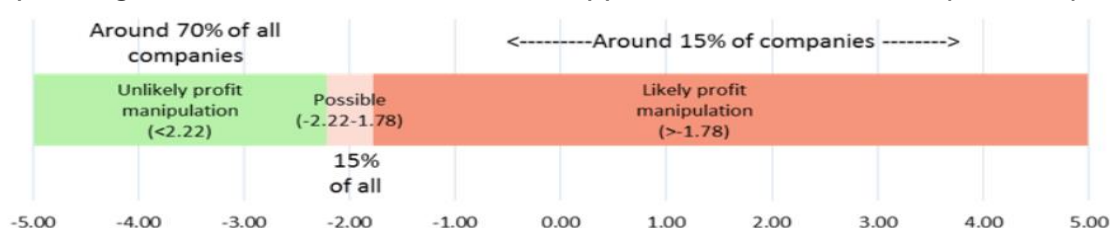


Altman Z-Score Summary

The company's current Altman Z Score of 3.92 suggests a strong financial position. This score indicates a low likelihood of financial distress in the near future, providing assurance to stakeholders regarding the company's stability and ability to meet its obligations.

Beneish Model

The Beneish Model is a statistical model used to detect earnings manipulation or financial fraud by analyzing financial ratios. It helps identify companies that may be manipulating their financial statements to appear healthier than they actually are.

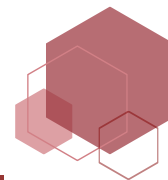


Particulars	2075/76	2076/77	2077/78	2078/79	2079/80
Days Sales in Receivable Index (DSRI)	0.915	1.064	2.824	0.437	0.695
Gross Margin Index (GMI)	0.989	1.006	1.164	0.883	0.970
Asset Quality Index (AQI)	0.983	0.986	0.971	0.888	0.818
Sales Growth Index (SGI)	1.105	0.664	0.49	3.076	1.668
Depreciation Index (DEPI)	0.847	0.975	0.979	1.039	1.050
SGA Index (SGAI)	1.013	1.164	1.357	0.537	0.946
Leverage Index (LVGI)	0.97	0.983	1.444	0.890	-0.035
Total Accruals to Total Assets (TATA)	-0.047	-0.073	0.012	-0.008	-0.766
Beneish Model M Score	-2.706	-3.088	-1.334	-1.170	-2.328

Beneish M-score Formula = $-4.84 + 0.92 \times \text{DSRI} + 0.528 \times \text{GMI} + 0.404 \times \text{AQI} + 0.892 \times \text{SGI} + 0.115 \times \text{DEPI} - 0.172 \times \text{SGAI} + 4.679 \times \text{TATA} - 0.327 \times \text{LVGI}$.

Debtor Analysis

Particulars	75/76	76/77	77/78	78/79	79/80	Average	Median
Revenue (In Billion)	1.73	1.15	0.42	1.29	2.16	1.35	1.29
Revenue Growth%	11%	-34%	-64%	208%	67%	37.57%	10.53%
Receivables (In Billion)	0.29	0.20	0.21	0.28	0.33	0.26	0.28



Particulars	75/76	76/77	77/78	78/79	79/80	Average	Median
Receivables Growth %	1.13%	-29.34%	3.00%	34.48%	15.96%	5.04%	3.00%
Receivables % of Revenue	16.56%	17.61%	49.73%	21.74%	15.11%	24.15%	17.61%
Total Assets (In Billion)	2.47	2.51	2.20	2.45	2.83	2.49	2.47
Receivables % of Total Assets	11.61%	8.07%	9.52%	11.47%	11.52%	10.44%	11.47%
Receivables Days	60days	78days	179days	69days	51days	87days	69days
Receivables Turnover Ratio	6x	5x	2x	5x	7x	5x	5x

Figure: Debtor Analysis

Debtor Analysis Summary

The receivables turnover ratio experienced a significant decline, plummeting from 6 times in FY76 to 2 times in FY78, attributed to the adverse impact of the COVID-19 pandemic. However, post-pandemic, the recovery was swift, surging to 7 times by FY80.

Regarding receivables days, there was a substantial increase to 179 days in FY78, post the COVID-19 crisis. However, subsequent to this period, the metric normalized to 51 days, marking the lowest figure within the five-year timeframe. As for receivables as a percentage of revenue, the average over the five-year period stood at 24.15%. This indicates efficient cash sales management by the company, showcasing a balance between revenue generation and outstanding receivables.

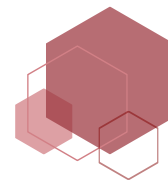
Overall, despite the challenges posed by the pandemic, the company demonstrated resilience in its receivables management, swiftly recovering to pre-crisis levels and maintaining an efficient balance between turnovers, days outstanding, and revenue generation.

Cash Conversion Cycle

Particulars	FY 77/78		FY 78/79		FY 79/80	
	SHL	Industry Average	SHL	Industry Average	SHL	Industry Average
Inventory Days	210.48	243.41	111.58	88.41	99.46	69.69
Days Receivable	178.86	373.04	69.18	71.65	51.36	45.72
Days Payable	1,271.98	1,721.73	638.00	454.53	403.59	283.85
Cash Operating Cycle in days	389.33	616.45	180.75	316.01	150.83	115.42
Cash Conversion Cycle	(882.64)	(1,105.27)	(457.24)	(294.47)	(252.77)	(168.43)

Figure: Cash Conversion Cycle of SHL and Industry

Note - Industry Average Include SHL, OHL, and TRH (Other listed hotels were not accounted due to limited data)



Hotels have low inventory levels due to their focus on selling perishable goods, such as food, beverages, and hotel amenities, to avoid spoilage or obsolescence. This results in a shorter inventory holding period, contributing to a negative cash conversion cycle (CCC). Hotels often collect payments from guests before or after their stay, resulting in minimal accounts receivable and a shorter CCC. Additionally, hotels have ongoing relationships with suppliers, negotiating favorable payment terms to extend their accounts payable period. This shortens the cash conversion cycle by delaying payment to suppliers while generating revenue from guests.

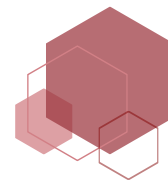
A negative cash conversion cycle allows a hotel to generate cash inflows from its operations before paying obligations, such as suppliers or operating expenses. This allows the hotel to finance its operations using day-to-day activities, allowing for efficient working capital and liquidity management. However, it's crucial for hotels to balance optimizing the cash conversion cycle with ensuring sufficient liquidity to meet short-term obligations and unexpected expenses.

When compared to its peers, SHL has demonstrated a better working capital management for the past two fiscal years.

Performance Metrics

Particulars	FY 2077/78		FY 2078/79		FY 2079/80	
	SHL	Industry Average	SHL	Industry Average	SHL	Industry Average
Room Count	161	234	285	275	285	275
Room Revenue in NPR 000 ¹	57,427.87	43,510.79	246,990.61	228,866.37	551,094.43	532,676.31
Room Available	58,604	85,235	104,355	100,485	104,025	100,375
Saleable Room	58,604	85,235	104,355	100,485	104,025	100,375
Room Occupied	9,736	6,524	36,982	31,198	63,290	52,883
Occupancy %	16.61%	8.84%	35.44%	30.90%	60.84%	52.32%
Average Room Rate (ARR) in NPR	5,898.51	6,161.33	6,678.67	7,855.93	8,707.45	9,941.71
Revenue Per Available Room (REVPAR) in NPR	979.93	569.01	2,366.83	2,260.07	5,297.71	5,273.01

Fig – Performance Metrics



When compared with its peers in the industry, SHL demonstrates efficiency and has above industry average performance metrics on the basis of room occupied, occupancy rates, and REVPAR.

Financial Ratio Analysis

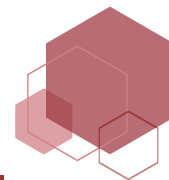
Particulars	FY 77/78	Industry Average	FY 78/79	Industry Average	FY 79/80	Industry Average
ROE	-14.56%	-8.57%	18.80%	8.71%	28.94%	17.02%
ROA	-9.55%	-5.61%	12.80%	5.99%	21.03%	11.97%
DE Ratio	0.067	0.175	0.036	0.184	0.004	0.088
Interest Coverage Ratio	(60.07)	(11.86)	18.00	5.63	80.34	38.46
EPS in par value NPR 100	(26.70)	(15.54)	35.28	14.40	62.73	32.81
Gross Profit Margin	70.52%	72.07%	79.87%	70.70%	82.37%	73.92%
EBITDA Margin	-17.29%	-36.14%	31.70%	29.48%	35.90%	36.34%
Net Profit Margin	-49.55%	-72.55%	21.71%	13.40%	24.62%	21.21%

Figure: Financial Ratio Analysis

The financial performance of the SHL over three fiscal years shows a significant improvement in profitability metrics such as ROE, ROA, and net profit margin, outperforming industry averages consistently. The dramatic increase in ROE and ROA indicates enhanced efficiency in generating profits from shareholders' equity and total assets. Despite a fluctuating debt-to-equity ratio, the interest coverage ratio has improved substantially, reflecting better ability to meet interest obligations. Gross profit margin remains strong, signaling effective cost management, while EBITDA margin displays a remarkable turnaround from negative to positive, indicating improved operational efficiency. Overall, the company has demonstrated commendable progress in financial health and performance.

Analysis of Cash Flow Statement of SHL

Particulars	2075/76	2076/77	2077/78	2078/79	2079/80
Tax Rate	21.25%	17.00%	1.00%	10.63%	21.25%
FCFF in 000'	131,098.06	84,383.66	(260,822.93)	54,054.77	257,361.95
FCFE in 000'	116,954.20	66,435.81	(171,050.38)	18,007.16	196,412.28



Particulars	2075/76	2076/77	2077/78	2078/79	2079/80
Number of shares in 000'	7,326.75	8,425.80	8,425.80	8,425.80	8,847.15
FCFF per share	17.89	10.01	(30.96)	6.42	29.09
FCFE per share	15.96	7.88	(20.30)	2.14	22.20
Cash Dividend	1.132	0.00	0.00	2.132	2.658
EPS	4.08	1.33	(2.67)	3.53	6.27
Cash Dividend / FCFE	7.09%	0.00%	0.00%	99.76%	11.97%
Cash Dividend / EPS	27.74%	0.00%	0.00%	60.43%	42.37%
EPS / FCFE	25.57%	16.86%	13.15%	165.07%	28.26%

Note – FCFF = Cash Flow from Operations + [Interest Expense * (1 - Tax Rate)] – Fixed Capital Investments

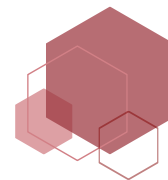
FCFE= Cash Flow from Operations – Fixed Capital Investments + Net Borrowing

The company's applicable tax rate stands at 21.25%. However, it received tax deductions in FY 76/77, FY 77/77, and FY 78/79 due to the adverse impact of the Covid-19 pandemic on the hotel sector.

II. Key Variables used for Valuation:

1. Sustainable Growth Rate for longer period projection to calculate terminal value (Average Last 12 years GDP growth rate and Projected GDP growth rate for this FY by the World Bank) = 3.63%
2. Other specifics are as follows:

Specifics	Value	Remarks
Adjusted Beta (β)	0.86	Assumption - The raw beta of the last 60 months, will move towards the market beta of 1 over time
Market Return (R_m)	11.21%	CAGR of closing prices of NEPSE from FY 2001/02 to FY 2022/23
Risk Free Rate (R_f)	5.15%	Latest Development Bond Rate adjusted for tax rate of 6%
Cost of Equity (K_e)	10.36%	As per CAPM Model
Cost of Debt (K_d)	10.78%	As Per Average Lending Rates of Commercial Banks since mid-February, 2014
Tax Rate	21.25%	As per annual report
WACC	10.36%	Discount rate for the valuation (based on DE ratio of 0.004)



D. Stock Valuation

The final average valuation of SHL based on DCF Approach has been computed, which has been tabulated below based on 3 different scenarios:

DCF Valuation	Valuation Price
Bear Case	68.78
Base Case	89.45
Bull Case	131.43

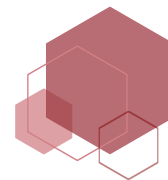
Other assumptions-

- Our internal projections have been done up to FY 2084/85
- There will be no changes in the current room count of 285

Occupancy Rates						
Scenario	FY 2080/81	FY 2081/82	FY 2082/83	FY 2082/83	FY 2083/84	FY 2084/85
Base Case	55.00%	58.00%	60.82%	63.33%	65.94%	68.67%
Bull Case	60.00%	65.00%	70.57%	72.50%	73.50%	73.50%
Bear Case	53.76%	55.10%	56.48%	57.89%	59.34%	60.82%

ARR in NPR						
Scenario	FY 2080/81	FY 2081/82	FY 2082/83	FY 2082/83	FY 2083/84	FY 2084/85
Base Case	5,584.65	5,887.14	6,206.00	6,542.14	6,896.49	7,270.02
Bull Case	5,672.41	6,073.60	6,503.17	6,963.13	7,455.61	7,982.93
Bear Case	5,470.44	5,648.81	5,832.99	6,023.17	6,219.56	6,422.35

REVPAR in NPR						
Scenario	FY 2080/81	FY 2081/82	FY 2082/83	FY 2082/83	FY 2083/84	FY 2084/85
Base Case	10,153.91	10,150.24	10,203.81	10,330.18	10,458.13	10,587.65
Bull Case	9,454.01	10,122.67	10,838.62	11,605.21	12,426.02	13,304.88
Bear Case	10,175.68	10,507.46	10,850.05	11,203.82	11,569.12	11,946.33



- The share of revenue from rooms, food, beverages, other business income, etc. has been done as per the historic 5Y average excluding Covid 19 affected years, which is since FY 2073/74 to FY 2079/80
- There will be no changes in the current tax rate of 21.25%
- The company has outstanding fees from three airlines for in-flight catering services on international flights, totaling NPR 7.051 million, and a pending receivable of NPR 16,061,418 from Jet Airways, which is undergoing insolvency proceedings. We assume 50% recovery for the base case, 100% for the bull case, and 0% for the bear case.
- Working capital assumptions are different as per the three different scenarios
- COGS, Administrative Expenses, and depreciation, and Selling and Distribution Expenses margins are different in all 3 scenarios.
- We assume that there will be no significant CAPEX because we assume there will be no significant expansions as the company has undergone massive expansion in the past few years. Only maintenance CAPEX of NPR 50 million per year has been projected for all the three cases.

E. Conclusion

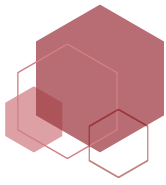
Soaltee Hotels Limited (SHL) stands as a cornerstone of Nepal's hospitality industry, with a rich legacy dating back to its establishment in 1965. Through continuous innovation and strategic investments, SHL has evolved into a symbol of luxury and opulence, setting international standards in service and amenities.

The recent renovation and upgrade projects, including the revitalized lobby, newly launched Sports Lounge, revamped Rodi Bar, and introduction of luxurious suites, underscore SHL's commitment to enhancing guest experiences and maintaining its position as a premier destination for travelers.

With a diverse portfolio of luxury hotels and resorts, strategic partnerships with global brands like Gate Gourmet, and investments in joint ventures, SHL is well-positioned to capitalize on the opportunities presented by Nepal's growing tourism sector and expand its footprint both domestically and internationally.

Despite facing challenges such as dependence on tourism, increasing competition, and infrastructure limitations, SHL demonstrates resilience and efficiency, as evidenced by its strong financial performance, low debt/equity ratio, high return on equity (ROE), and above-average revenue per available room (REVPAR).

Moving forward, SHL must remain vigilant to external threats such as political instability, regulatory changes, and emerging competitors. By staying true to its



commitment to excellence and leveraging its strengths, SHL is poised to navigate challenges and continue its legacy of providing unparalleled hospitality experiences in Nepal and beyond.

ISSUE OF THE MONTH

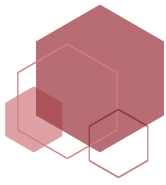
Momentum Effect in Stock Market

A. Introduction

The momentum effect in the stock market refers to the phenomenon where stocks that have performed well in the recent past continue to outperform, while stocks that have performed poorly continue to underperform in the near future. It is based on the assumption that there is persistence in stock price movements over a certain time period.

The presence of the momentum effect in the stock market can be attributed to a combination of behavioral biases, market inefficiencies, and information diffusion processes. Here are some rationales that help explain the existence of the momentum effect:

- **Investor Herding and Behavioral Biases:** Investors are prone to behavioral biases such as herd behavior, anchoring, and confirmation bias. These biases can cause market participants to follow the crowd and chase stocks that have shown positive momentum, leading to further price increases. Additionally, investors may anchor their expectations to past prices, which can contribute to the persistence of momentum.
- **Delayed Information Processing:** It takes time for market participants to process and react to new information. As a result, stock prices may not fully reflect all available information immediately. This delayed information processing can create momentum as the market gradually incorporates new information into stock prices, leading to trends that persist over time.
- **Underreaction and Overreaction:** Research has shown that investors tend to underreact to new information initially and then overreact later. This can create momentum in stock prices as the market gradually adjusts to new information. Investors may initially underestimate the impact of positive news or earnings surprises, leading to a gradual increase in stock prices as the information is more widely recognized.



- **Investor Risk Aversion:** Investors often exhibit risk aversion and prefer to invest in assets that have shown recent positive performance. This preference for winners can create momentum as investors allocate their capital to stocks with positive momentum, driving prices higher.
- **Limits to Arbitrage:** The presence of transaction costs, short-sale restrictions, and other market frictions can limit the ability of arbitrageurs to exploit mispricing in the market. These limitations prevent arbitrageurs from quickly correcting mispricing caused by momentum, allowing the momentum effect to persist.

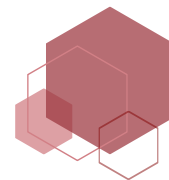
B. Momentum Effect and Efficient Market Hypothesis

The momentum effect contradicts the efficient market hypothesis, which suggests that stock prices fully reflect all available information and follow a random walk pattern. According to the efficient market hypothesis, it should not be possible to consistently profit from momentum strategies.

However, empirical studies have shown that the momentum effect exists and can persist over medium to long-term horizons, typically spanning several months to a year. Investors and traders have observed that stocks that have exhibited positive price momentum in the recent past tend to continue their upward trend, while stocks with negative momentum continue to decline.

Momentum strategies can be implemented in various ways, such as buying stocks that have shown positive price momentum and selling stocks with negative momentum. However, it is important to note that momentum investing carries risks, and past performance is not always indicative of future results. It is essential for investors to conduct thorough research and analysis before making investment decisions. When utilizing the momentum effect in the stock market, there are several strategies that investors and traders can employ. Here are some common approaches:

- **Trend Following:** This strategy involves identifying stocks or other financial instruments that are in a clear uptrend and investing in them. Traders using this strategy may use technical analysis tools like moving averages, trendlines, or price patterns to identify stocks with positive momentum. They aim to ride the trend until there are signs of a reversal.
- **Relative Strength Investing:** With this strategy, investors compare the performance of different stocks or sectors and allocate their investments to those with the strongest relative strength. This involves identifying stocks that have outperformed their peers over a specific time period. The idea is to capitalize on the continued outperformance of these stocks.

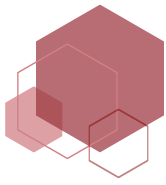


- **Momentum Rotation:** This strategy involves rotating investments among different assets or sectors based on their recent performance. Investors periodically review the performance of various assets or sectors and allocate their investments to those that have exhibited the strongest momentum. The rotation can occur on a monthly, quarterly, or yearly basis.
- **Breakout Trading:** This strategy involves identifying stocks that have recently broken out of a well-defined trading range or chart pattern. Traders look for stocks that have experienced a significant price move with high trading volume, indicating a potential momentum breakout. They aim to enter positions as the stock price breaks out and continues its upward movement.
- **Systematic Momentum Investing:** This strategy involves building a systematic approach to capture momentum across a broad set of stocks or assets. It typically involves using quantitative models and algorithms to identify stocks with positive momentum based on predefined criteria. Systematic momentum strategies can be implemented through rules-based investment strategies or quantitative funds.
- **Risk Management:** Regardless of the specific momentum strategy employed, risk management is crucial. Setting clear entry and exit points, using stop-loss orders, and managing position sizes are essential to mitigate potential losses. Additionally, diversification across different stocks or asset classes can help spread risk and reduce the impact of any individual stock's performance.

C. Risks associated with Momentum Effect.

While applying the momentum effect in investing can potentially lead to profits, it also carries certain risks. Here are some risks associated with momentum investing:

- **Reversals and Price Volatility:** Momentum strategies rely on the continuation of price trends. However, stock prices can reverse abruptly, and trends can quickly change direction. Sudden market shifts or unexpected news can cause significant price volatility and result in losses for momentum investors.
- **Overvaluation and Market Bubbles:** Momentum strategies may lead to overvaluation of certain stocks or sectors. As more investors chase stocks with positive momentum, prices can become disconnected from their underlying fundamentals. This can create market bubbles, which are vulnerable to sharp corrections when the momentum subsides.
- **Limited Diversification:** Momentum strategies often concentrate investments in a subset of stocks or sectors that have exhibited strong momentum. This concentration can increase the risk of portfolio losses if the momentum reverses or specific sectors underperform.



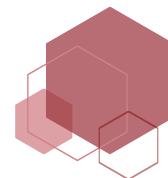
- **Transaction Costs:** Frequent buying and selling of stocks in a momentum strategy can generate higher transaction costs, including brokerage fees, spreads, and taxes. These costs can erode the overall returns of the strategy, especially when trading in smaller or less liquid stocks.
- **Behavioral Biases and Timing**
- **Risks:** Applying momentum strategies requires disciplined adherence to predetermined rules and overcoming behavioral biases such as chasing past performance. Timing the entry and exit points for stocks based on momentum can be challenging, as momentum can fade quickly or persist longer than expected.
- **Data Mining and False Signals:** The process of identifying and selecting stocks based on historical momentum can be susceptible to data mining biases. Historical performance may not reliably predict future performance, and false signals can lead to poor investment decisions.
- **Underperformance in**
- **Sideways or Trendless Markets:** Momentum strategies rely on the presence of trends in the market. In sideways or trendless markets, where prices fluctuate within a narrow range, momentum strategies may underperform as there is insufficient sustained momentum for profitable trades.

It's important for investors to carefully assess these risks, conduct thorough research, and consider risk management techniques when implementing momentum strategies. Diversification, setting clear exit criteria, and having a well-defined investment plan can help mitigate some of these risks.

D. How Investors can correctly utilize momentum effect?

To utilize momentum effect effectively in the stock market, investors should follow a disciplined approach. Firstly, they should identify and measure momentum by analyzing past price performance and using indicators to quantify momentum. It is crucial to confirm the fundamental strength of the stocks or sectors exhibiting momentum, considering factors such as positive earnings growth, strong financials, and favorable industry trends. This combination of momentum and fundamental analysis helps identify stocks with sustainable momentum.

Implementing risk management is essential to mitigate potential losses. Investors should establish clear entry and exit criteria, set stop-loss levels to limit downside risk, and diversify their portfolio across multiple stocks or sectors. Continuously monitoring momentum is key, staying updated with relevant news, market trends, and changes in company fundamentals. Being prepared to adjust positions or exit trades if momentum weakens or market conditions change is crucial for successful momentum investing.



Combining momentum with other complementary strategies, such as value investing or trend following, provides diversification and adaptability to different market conditions. Maintaining discipline and overcoming behavioral biases, such as chasing past performance, is essential. Adhering to predetermined rules and a well-defined investment plan helps in executing momentum-based strategies effectively. Lastly, investors should continuously learn, adapt, and stay informed about research and market developments to refine and improve their momentum strategies over time. Thorough research, risk management, and a disciplined approach are vital for utilizing the momentum effect while being mindful of the associated risks.

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Key Dates

Scrip	Issue Type	Quantity	From	To	Issue Manager
NMBPO	AUCTION	52,172 (P)	2024/03/29 AD 2080/12/16 BS	2024/04/04 AD 2080/12/22 BS	NMB Capital
HLIPO	AUCTION	64,509 (P)	2024/03/26 AD 2080/12/13 BS	2024/04/02 AD 2080/12/20 BS	NIC Asia Capital
SPILPO	AUCTION	287,500(P)	2024/03/26 AD 2080/12/13 BS	2024/04/02 AD 2080/12/20 BS	NIC Asia Capital
GBLBSP	AUCTION	50,500 (P)	2024/03/19 AD 2080/12/06 BS	2024/04/22 AD 2081/01/10 BS	NIC Asia Capital
NRICP	AUCTION	187,434 (P)	2024/02/20 AD 2080/11/08 BS	2024/04/02 AD 2080/12/20 BS	Global IME Capital

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