

HIMALAYAN CAPITAL LIMITED
a subsidiary of Himalayan Bank Limited



Himalayan 80-20

**FINANCIAL STATEMENT FOR
FISCAL YEAR 2080/81**

Closed Ended Mutual Fund Scheme

हिमालयन क्यापिटल लि.



A Subsidiary of Himalayan Bank Limited

**INDEPENDENT AUDITOR'S REPORT
TO THE FUND MANAGER AND UNIT HOLDERS OF
HIMALAYAN 80-20**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Himalayan 80-20 (the 'Fund'), which comprise Statement of Financial Position as at Ashadh 31, 2081, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the fund as at Ashadh 31, 2081 and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standard (NFRSs).

Basis for opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the fund in accordance with the *ICAN's Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no other key audit matters to communicate in our report.

Responsibilities of Management for the financial statements

The management is responsible for the preparation and fair presentation of financial statements in accordance with the Nepal Financial Reporting Standards, and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

Management, including Those Charged with Governance is responsible for overseeing the organization's financial reporting process.





Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





Report on other legal and regulatory requirements

On the basis of our examination, we would like to further report that:

1. We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purpose of our examination.
2. In our opinion, proper books of accounts as required by law have been kept by the Scheme so far as it appears from our examination of such books.
3. In our opinion, the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash Flow dealt with by this report are in agreement with the books of accounts;
4. To the best of our information and according to the explanations given to us and from our examination of the books of account of the scheme necessary for the purpose of our audit, we have not come across cases where the management or any employee of the Fund Manager has acted contrary to the provisions of laws relating to accounts or committed any misappropriation or caused any loss or damage to the scheme.
5. The funds under the scheme have been invested in accordance with rule 36 of Mutual Fund Regulations 2067.
6. Nothing has come to our attention that causes us to believe that the internal control mechanisms were not in place.
7. Nothing has come to our notice that the activities of the scheme are against the interest of unit holders and the stock market.

For G. & G. Associates,
Chartered Accountants



Anish Gyawali, FCA
Partner
COP No: 851

Date: 2024.10.07
Place: Kathmandu
UDIN: 241008CA01222f5CJp

Himalayan 80-20

(A Mutual Fund Sponsored by Himalayan Bank Limited and Managed by Himalayan Capital Limited)

STATEMENT OF FINANCIAL POSITION

For the year ended 31st Ashad 2081 (July 15, 2024)

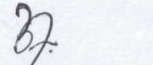
Assets	Schedule	Amount in NPR
		Ashad 31st 2081
Cash and Cash Equivalents	2	160,796,172
Other Financial Assets	3	14,154,501
Financial Assets at Fair Value through Profit/ Loss	4	712,545,104
Financial Assets at Amortised Cost	5	236,891,071
Total Assets		1,124,386,849
Liabilities		
Current Liabilities	6	15,089,962
Total Liabilities		15,089,962
Equity		
Capital	7	1,000,000,000
Reserve and Surplus	8	109,296,886
Total Equity		1,109,296,886
Total Liabilities and Equity		1,124,386,849

Annexure 1 to 12 forms integral part of this financial statements.

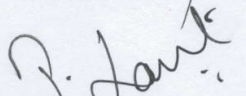
As per our Report of even date

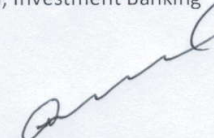

Mooja Manandhar
Head, Finance and
Administration



Sujan Ratna Bajracharya
Head, Investment Banking



Ram Prasad Bhattarai
Chief Operating Officer



FCA Anish Gyawali
Partner
G. & G. Associates
Chartered Accountants


Parmeshwar Pant
Chief Executive Officer


Sunil Prasad Gorkhali
Chairman


Satish Raj Joshi
Director


Shankar Joshi
Director


Shreeman Karki
Independent Director


Amrit Kumari Thapa Magar
Independent Director

Place: - Kathmandu
Date: - 7th October 2024



Himalayan 80-20

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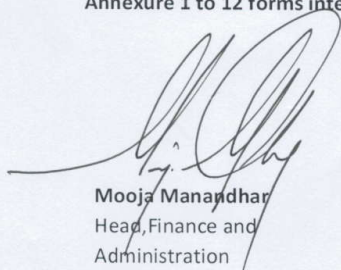
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME


For the period from 26th Bhadra 2080 to 31st Ashad 2081 (12th September 2023 to 15th July 2024)

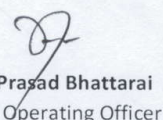
Particulars	Schedule	Amount in NPR
		Ashad 31st 2081
Realised Income	9	62,805,819
Unrealised Income	10	67,637,155
Total Operating Income		130,442,974
Operating expenses		
Fund Management, Depository and Fund Supervisor Fees	11	15,940,247
Other Operating Expenses	12	476,470
Operating profit		114,026,257
Non-operating income		-
Non-operating expense		-
Profit for the period		114,026,257
Other Comprehensive Income		
Unrealized Gain/(Loss) on Remeasurement of HFT Assets		-
Net Surplus/(Deficit) for the Period		114,026,257


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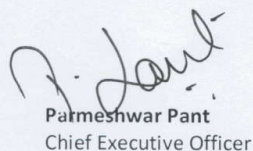
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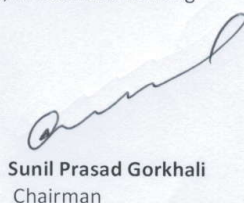

Mooja Manandhar
Head, Finance and
Administration

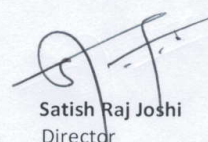

Sujan Ratna Bajracharya
Head, Investment Banking

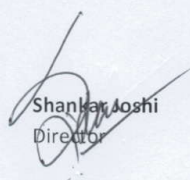

Ram Prasad Bhattarai
Chief Operating Officer


FCA Anish Gyawali
Partner
G. & G. Associates
Chartered Accountants

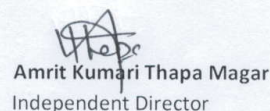

Parmeshwar Pant
Chief Executive Officer


Sunil Prasad Gorkhali
Chairman


Satish Raj Joshi
Director


Shankar Joshi
Director


Shreeman Karki
Independent Director


Amrit Kumari Thapa Magar
Independent Director

Place: - Kathmandu
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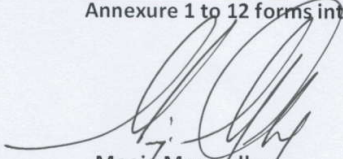
STATEMENT OF CASH FLOW

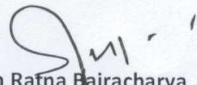
For The period from 26th Bhadra 2080 to 31st Ashad 2081 (12th September 2023 to 15th July 2024)


Particulars	Ashad 31st 2081
Cash flow from Operating Activities	
Net Income for the year	114,026,257
Increase/(Decrease) in Payables	15,089,962
(Increase)/Decrease in Investment	(881,799,020)
(Increase)/ Decrease in Unrealised Gain/ Loss on Financial Assets at Fair Value through Profit or Loss	(67,637,155)
(Increase)/Decrease in Receivable	(14,154,501)
Net cashflow from Operating Activities	(834,474,457)
Cash Flow from Financing Activities	
Cash in flow by equity issue	
Issue of Shares (100,000,000 units @NPR. 10)	1,000,000,000
Unit Issue Cost	(4,729,371)
Dividend Paid	-
Net cashflow from Financing Activities	995,270,629
Cash Flow from Investing Activities	
Net cashflow from Investing Activities	
Net Increase/ (Decrease) in Cash and Cash Equivalent	160,796,172
Cash and Cash equivalent at the beginning of the year	-
Cash and Cash equivalent at the end of the year	160,796,172


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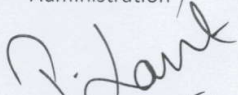
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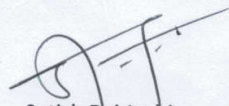

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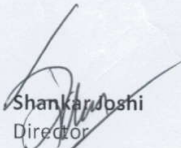

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Place: - Kathmandu
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Statement of Changes in Equity

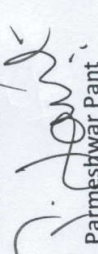
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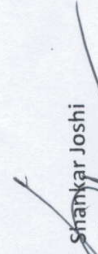
Particulars	Unit Holders Capital	Reserve	Profit/(Loss) for the year	Total Unit Holders Fund
Issue of Unit Capital	1,000,000,000			1,000,000,000
Net Profit/ Loss) During the year			114,026,257	114,026,257
Transfer to Reserve		114,026,257		
Issue Cost of Unit Capital		(4,729,371)	(114,026,257)	-
Dividend Paid				(4,729,371)
Balance as on 31st Ashad-2081	1,000,000,000	109,296,886	-	1,109,296,886

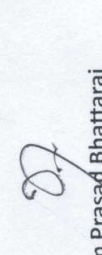
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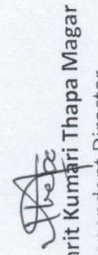

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Place: - Kathmandu
Date: - 7th October 2024

Annexure 1: Significant Accounting Policies and Notes to the Financial Statements for the Year Ended 31st Ashad 2081

1. Overview of the Scheme

Fund:	Himalayan Mutual Fund
Scheme:	Himalayan 80-20
Fund Sponsor:	Himalayan Bank Limited (Licensed by NRB as Class "A" Bank)
Fund Management:	Himalayan Capital Limited
Total Units of the Scheme:	100,000,000 (One Hundred Million Units)
Total Unit Capital:	NPR. 1000,000,000 (One Billion Rupees Only)
Scheme Type:	Close ended
Duration of Scheme:	10 years

Himalayan 80-20 is a close ended scheme under Himalayan Mutual Fund, registered under Mutual Fund Regulations, 2067. The Scheme has taken approval from Securities Board of Nepal (SEBON) on 2080/03/19 and started operation from 2080/05/26 with the maturity period of 10 years. The fund's primary objective is to diligently manage the investment portfolio with the goal of achieving substantial returns for its unit holders, focusing on long-term capital growth and income, while also emphasizing the preservation of the invested capital. The scheme employs an 80-20 allocation strategy, wherein 80% of the portfolio is allocated to a passive investment approach aimed at long-term compounding returns, and 20% is allocated to an active investment approach, which is responsive to market conditions. The passive component is designed to provide stable, long-term compounding returns, whereas the active component seeks to capitalize on short-term market opportunities to achieve higher alpha.

The Scheme's Financial Statements were approved by the Board of Directors of the Himalayan Capital Limited on 7th October 2024 being the Fund Management and Depository Company.

Himalayan Bank Limited is the (HBL) is the Fund Sponsor and Himalayan Capital Limited (HCL), a subsidiary of HBL licensed by Securities Board of Nepal (SEBON) has been appointed as the Fund Manager & Depository of the Scheme by the Sponsor after obtaining due approval from SEBON.

Fund Supervisors:

Upon obtaining due approval from SEBON HBL confirmed the appointment of the above listed distinguished personalities as the Fund Supervisors of the Fund.

1. Mr. Rajib Kumar Giri
2. Mr. Laxman Bahadur Basnet
3. Prof. Dr. Raj Kumar Bhattarai
4. Mr. Tika Ram Rijal
5. CA Bikas Kabariya



Handwritten signatures of the Fund Supervisors: Mr. Rajib Kumar Giri, Mr. Laxman Bahadur Basnet, Prof. Dr. Raj Kumar Bhattarai, Mr. Tika Ram Rijal, and CA Bikas Kabariya.



Capital structure of the fund

The capital structure of the Scheme is as follows:

Holder	Status	No of Units	Unit Price (Rs)	Holding (NPR)	Holding (%)
Himalayan Bank Limited	Fund Sponsor	15,000,000	10	150,000,000	15%
General Public		85,000,000	10	850,000,000	85%
Total				1,000,000,000	100%

2. Significant Accounting Policies

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRSs) laid down by the Accounting Standards Board of Nepal to the extent applicable and in compliance with the requirements of Securities Act, 2063, Mutual Fund Regulations, 2067 and Mutual Fund Guidelines, 2069.

2.2 Basis of Preparation

The Financial statements has been prepared in compliance with the applicable standards. The Financial Statements are prepared on the basis of fair value measurement of assets and liabilities. Nepalese Rupees is the functional and presentation currency of the Company as it is the currency of the primary economic environment in which the company operates. Hence, items included in the Financial Statements are presented in Nepalese Rupees.

2.3 Cash and Cash Equivalents

Cash and cash equivalents are the highly liquid assets without any changes in their value.

3. Financial Assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity.

3.1 Recognition

All financial assets and liabilities are initially recognized in the trade date, i.e., the date that the entity becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchase or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Also, the following points are to be considered while recognizing revenue:

- Unrealized gain or loss on the value of investments and other assets, if any, forms a part of the Income Statement.
- Interest income on fixed deposits, call deposits, bonds and debentures are recognized on day-to-day accrual basis.
- Dividends (Stock dividend and Cash Dividend) from Investments in shares are recognized as and when the right to receive is established.
- Income other than above is accounted for, as and when an entitlement to receive such income has been established.



Handwritten signatures and initials in blue ink, including a large signature on the left and several smaller ones on the right.



3.2 Classification

Financial Assets are classified under NFRS 9. The categorization of financial assets is based on the business model of holding the instrument and contractual cash flow characteristics of the financial instrument. The business model reflects how groups of financial instruments are managed to achieve a particular business objective. Business Model can be either to hold the asset in order to collect contractual cash flows (hold to collect) or to trade the asset for market gains and Contractual Cash Flow are the contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial instrument

(i) Financial instruments at amortized costs

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- The company has designated its investments in debt instruments at amortized costs.

(ii) Financial assets at fair value through profit or loss

The company has designated its investments in equity in publicly traded companies and investments in mutual fund as financial assets at fair value through profit or loss.

Off-setting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

A portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is not held to collect contractual cash flows. Also, a portfolio of financial assets that meets the definition of held for trading is not held to collect contractual cash flows. Such portfolios of instruments must be measured at fair value through profit or loss.

Determination of Fair Value

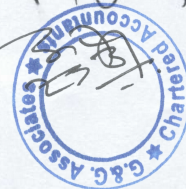
For the valuation of financial assets at fair value, as per NFRS 13 Fair Value Measurement, level 1 inputs, quoted price in an active market provides the most reliable evidence of fair value and shall be used without adjustment to measure fair value whenever available. In the event of all other financial instruments not traded in an active market, the company recognizes such unquoted equity instruments at their cost price.

Valuation Hierarchy

Financial assets and liabilities have been valued using three levels of valuation inputs on the basis of observability of relevant inputs to determine the fair values.

Level 1

Unadjusted quoted prices in active markets for identical assets or liabilities that the organization can access at the measurement date.



Level 2

Inputs other than quoted prices included within Level 1 inputs.

Level 3

Inputs that are not based on observable market data.

4. Valuation of Investments

Valuation of Bonus Share

Eligible bonus shares are included in NAV calculation as unlisted shares and valued at last transaction price as per NEPSE at book closure date.

Valuation of Right Share

Right share after book closure but before allotment shall be valued as theoretical ex right price for the number of units eligible for rights. After allotment till listing, right share will be valued as listed equities.

Valuation of IPO

As per section 22(Ka) of Mutual Fund Guidelines, 2069, investments of mutual fund schemes in ordinary shares registered at SEBON but not listed in stock exchange shall be valued based on income capitalization and net book value or net worth.

5. Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The fund uses the weighted average cost method for determining the capital gain or loss on sale of investment. The cost of investment includes brokerage transaction charges and other related charges.

6. Taxation

Income Tax Act 2058, has included mutual fund as tax exempt entities under section 10. Therefore, there is no income tax implications.

7. Net Assets Value (NAV) per unit

The calculation of the NAV is done by deducting total liabilities from total assets of the scheme maintained at end of the period. The NAV is then divided by number of outstanding units to compute NAV per unit on weekly basis in accordance with the prevailing regulations/ guidelines on Mutual Funds and publishes the same on the official website of Himalayan Capital Limited. Further, NAV calculated on a monthly basis is published on national daily newspaper and uploaded on the website of Himalayan Capital Limited with prior notice forwarded to Fund supervisors and SEBON.

8. Unit Capital:

The Capital of the Scheme comprises of the following:

Particulars	Holding %	NPR
Seed Unit Capital	15%	150,000,000
Other Unit holders	85%	850,000,000
Total		1,000,000,000



[Handwritten signatures and dates]
8 Jun. P. Dant
8 Jun. P. Dant



The details for unit holding of 0.5% or more is as follows:

S.No.	Unit Holder's Name	Total Units	% holding
1	Suryajyoti Life Insurance Company Limited	1,000,000	1.00%
2	Siddhartha Premier Insurance Limited	2,000,000	2.00%
3	Nimb Ace Capital Limited	500,000	0.50%
4	Pokhara Finance Limited	550,000	0.55%
5	National Life Insurance Company Limited	9,860,810	9.86%
6	Nepal Re Insurance Company Limited	5,000,000	5.00%
7	Prabhakar Giri	1,000,000	1.00%
8	Citizen Life Insurance Company Limited	3,000,000	3.00%
9	Nepal Investment Mega Bank	2,000,000	2.00%
10	Nibl Sahabagita Fund	1,499,275	1.50%
11	Kamana Sewa Bikas Bank Limited	500,000	0.50%
12	Nibl Growth Fund	999,900	1.00%
13	Nlg Insurance Company Limited	500,000	0.50%
14	Laxmi Sunrise Bank Limited	2,000,000	2.00%
15	Himalayan Life Insurance Limited	1,000,000	1.00%
16	Cit - Citizen Unit Scheme	1,000,000	1.00%
17	Everest Bank Limited	500,000	0.50%
18	Siddhartha Bank Limited	1,000,000	1.00%
19	Agricultural Development Bank Limited	1,000,000	1.00%
20	NMB Bank Limited	1,000,000	1.00%
21	Nepal Doorsanchar Company Limited	2,000,000	2.00%
22	Global IME Bank Limited	2,000,000	2.00%
23	Sanima Reliance Life Insurance Limited	1,000,000	1.00%
24	Manjushree Finance Limited	1,000,000	1.00%
25	Lumbini Bikas Bank Limited	1,000,000	1.00%
26	Best Finance Company Limited	1,000,000	1.00%
27	Garima Bikas Bank Limited	1,500,000	1.50%
28	Nic Asia Select Thirty Index Fund	1,000,000	1.00%
29	I.M.E. Life Insurance Company Limited	1,000,000	1.00%
30	Himalayan Everest Insurance Limited	1,000,000	1.00%
31	Kumari Bank Limited	3,000,000	3.00%
32	Kumari Dhanabridhhi Yojana	1,390,700	1.39%
33	Social Security Fund	5,000,000	5.00%
34	Shikhar Insurance Company Limited	500,000	0.50%
35	Machhapuchchhre Bank Limited	500,000	0.50%
36	Rastriya Banijya Bank Limited	1,000,000	1.00%
37	Prime Commercial Bank Limited	5,000,000	5.00%
38	Himalayan Bank Limited	15,000,000	15.00%



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9. Reserve and Surplus:

The reserve includes this year's profit/loss transferred from P/L less issue cost of unit capital:

Particulars	Amount
Transferred from P/L	114,026,257
Less: Issue cost of unit capital	(4,729,371)
Less: Distribution of dividend	
As at Year End	109,296,886

The issue cost of unit capital is as follows:

Particulars	Amount
Scheme Registration Fee	1,000,000
Issue Management Fee	2,000,000
Scheme Allotment meeting expenses	35,000
Application Fee	20,000
Document Processing Fee	25,000
Certification Fee	28,250
Fund Supervisor Meeting Fee	200,000
Advertisement Expenses	800,576
Listing Fee	100,000
Listing Application Fee	15,000
CDSC Dematerialization Registration fee	505,545
Total	4,729,371

As per the para 35 of NFRS 32 Financial Instruments: Presentation, transaction costs of an equity transaction shall be accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. Transaction costs are defined as incremental costs that are directly attributable to the acquisition, issue, or disposal of an equity instrument.

10. Income Tax and Other Tax Liabilities:

The tax on income earned by mutual fund is exempt as per the provisions of Section 10 of Income Tax Act, 2058.

11. Investment Threshold:

As per the Mutual Fund Regulation, 2067 investment in bank deposit cannot be more than 15% of Net Assets of the scheme. Investment in fixed deposit is well under the threshold limit prescribed by the regulation.

12. Fund Management, Depository and Supervisor Fee:

Total Fund Management, Depository and Fund Supervisor Fees is calculated and recognized as per the Mutual Fund Regulation, 2069. The total fees for FY 2080/81 were as follows: -

Fund Management Fee	Depository Fee	Supervisor Fee	Total
1,31,82,571	17,57,676	12,00,000	16,140,247



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13. Related Party Transactions

Related Parties:

- i. Fund Sponsor: Himalayan Bank Limited
- ii. Fund Manager and Depository: Himalayan Capital Limited, a subsidiary of Himalayan Bank Limited
- iii. Fund Supervisors:
 1. Mr. Rajib Kumar Giri
 2. Mr. Laxman Bahadur Basnet
 3. Prof. Dr. Raj Kumar Bhattarai
 4. Mr. Tika Ram Rijal
 5. CA Bikas Kabariya

The transactions entered into with related parties are as under:

- i. Unit Holding of Himalayan Bank Limited amounts to NPR. 150,000,000 (NPR. One Hundred Fifty Million)
- ii. The scheme has the bank balance amounting to NPR. 21,543,991.70 and fixed deposit amounting to NPR. 100,000,000.00 with Himalayan Bank Limited as on 31st Ashad 2081.
- iii. The scheme has earned interest amounting to NPR. 14,911,237.64 from Himalayan Bank Limited.
- iv. The Fund Management Fee and Depository Fee by Himalayan 80-20 to Himalayan Capital Limited amounts to NPR. 13,182,571.07 and NPR. 1,757,676.14 respectively.
- v. The Fund Supervisors meeting fee amounts to NPR. 1,200,000.00.

Details of transaction is as below:

Fund Supervisor	Amount (NPR)
Mr. Rajib Kumar Giri	240,000
Mr. Laxman Bahadur Basnet	240,000
Prof. Dr. Raj Kumar Bhattarai	240,000
Mr. Tika Ram Rijal	240,000
CA Bikas Kabariya	240,000
Total	1,200,000

14. Reporting

Fund Manager has been reporting its Fund Management Activities to its Board and Fund Supervisor on regular basis while the statutory reports are also forwarded in line with the prevailing regulations/guidelines on mutual Funds.

15. Contingent Liabilities

There are no contingent liabilities in respect of underwriting commitments, uncalled liability on partly paid shares and other commitments.

16. Risk Factors

The fund's activities are exposed to different financial risk such as market risk (including price risk and interest risk), credit risk and liquidity risk. Himalayan Capital Limited has adopted policies and procedures with focus on ensuring compliances for eliminating and mitigating certain risk factors that are unfavorable to the investors and the scheme while acting promptly in order to grab the best possible opportunities available in the market.



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The management of these risk is carried out by the Himalayan Capital Ltd, the fund management company. The Investment Management Committee (IMC) of the Himalayan Capital Ltd and fund supervisors provide principles for overall risk management as well as written policies covering specific areas such as interest rate risk, credit risk and non-derivative financial instruments and the investment of excess liquidity.

A. Market Risk

a. Price Risk

The fund is exposed to equity securities price risk which arises from investments held by the fund for which prices in the future are uncertain. Investment are classified in the statement of financial position as at the fair value through profit or loss and payables and receivables. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The fund manager has adopted 80-20 allocation strategy combining a passive portfolio (80%) focused on long-term compounding returns and active portfolio (20%) driver by market conditions to manage price risk. The fund has developed a systematic tool, Himalayan Equity Optimizer by considering generic factors, Sector Specific Factors and Company Valuation to manage its investment holdings under Long Term Portfolio consisting of stock investment, Fixed income instruments and Mutual Fund instruments.

The fund manager, Himalayan Capital have set up a research department to develop a robust data system and facilitate comprehensive studies and research based on fundamental analysis and technical analysis of the investment to manage its investment holdings under Trading portfolio. Based on the data received from the team, a system and process have developed to categories investment instruments and make informed investment decision.

The sectoral investment exposures and investment threshold and authorities have been assigned by Mutual Fund Manual. The fund manager has been actively managing the portfolio with due consideration of financial performance, market scenario, inputs from research team and investment and Risk Management Committee while gauging the performance against the index so as not to deviate much from index movements.

b. Foreign Exchange Rate Risk

The fund is not exposed to the fluctuation in exchange rates, The Fund's all investment transaction are denominated in NPR.

c. Cash Flow and Fair Value Interest Rate Risk

The fund is exposed to cash flow interest rate on financial instruments with variable interest rates. Financial instruments with fixed rates expose the fund to fair value interest rate risk. The fund's interest-bearing financial assets expose it to risk associated with the effects of fluctuations in the prevailing levels of market rates on its financial position and cash flows.

The fund has direct exposures to interest rate changes in the valuation and cash flows of its interest-bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model.



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B. Liquidity Risk

Liquidity risks is the risk that the fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous. Such risk arises from the inability to sell the securities invested at the desired time at desired price due to lack of inadequate market depth and lack of mature market for the securities. All investment made by the scheme are in listed securities or securities which are soon to be listed. Hence, the investments are considered readily realizable as all are listed on the Nepal Stock Exchange. In case of investment with limited demand depth the investments made in the secondary market can be pledged with financial institution as collateral for loan.

The investment and Risk Management Committee have been monitoring its portfolio on a fortnightly basis and periodically review it to track illiquid assets and take correction action.

C. Credit Risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk may arise from the fund's investment in debt securities, cash and cash equivalents and other receivable balances.

The mutual fund back office in coordination with Scheme Manager shall have been monitoring the fund's credit position on a daily basis.

D. Operational Risk

Operation risk is the type of risk with the potential for loss resulting from inadequate or failed internal processes, people and system or from the impact of external events including legal risks. The Compliance Officer have been reviewing all trading activities of the fund at frequent interval. The reconciliation system for executed deals (Purchase/Sales) with end-of-day broker confirmation, Bank and Share statement of fund accounting system with custodian record have been implemented on regular frequency.

E. Default Risk

Default risks arise when the securities invested by the scheme are unable to make the required payments (Interest + Principal) on their debt obligation. The Investment and Risk Management Committee have been monitoring ratings of all debt issuers that the Mutual fund has invested in and provided a threshold of Investment for the Scheme Manager which is updated on periodic basis.

17. Events after Reporting Period- Dividend Declared

The 68th BOD meeting held on 7th October 2024 has declared cash dividend of NPR 60,000,000 (Sixty Million), 6 % on the total unit capital of NPR 1 billion.



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Schedules to the Financial Statements

2. Cash and Cash Equivalent

Cash and Cash Equivalent presented in the Statement of financial position and cash flow statement represents the cash at bank and financial institutions and cash in hand.

Particulars	Amount in NPR
	31st Ashad 2081
Cash at Bank	
Himalayan Bank Limited	21,543,992
Samriddhi Finance Limited	3,824,245
Garima Bikas Bank Limited	5,888
Kamana Sewa Bikas Bank Limited	1,181,356
Best Finance Company Limited	841,330
Central Finance Limited	209,945
Lumbini Bikas Bank Limited	10,398,456
Nepal Finance Limited	209,412
Prime Commercial Bank Limited	40,977,194
Progressive Finance Limited	209,064
Manjushree Finance Limited	24,338,182
NMB Bank Limited	527,848
Kumari Bank Limited	35,364,012
ICFC Bank Limited	10,395,272
Mahalaxmi Bikas Bank Limited	665,124
Shree Investment Finance Company Limited	10,104,853
Total	160,796,172

3. Other Financial Assets

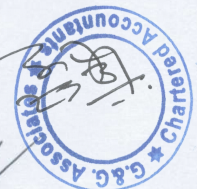
Other Financial Assets comprises of Interest receivable, dividend receivable, receivable from brokers and other receivables. Receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in active market and it is expected that substantially all the initial investment will be recovered, other than because of credit deterioration.

Receivables are derecognized when the right to receive cashflows from the assets has expired or where substantially all risks and rewards of ownership have been transferred.

Particulars	Amount in NPR
	31st Ashad 2081
Receivable from Brokers	9,071,277
Dividend Income Receivable	10,355
Interest Receivable	5,072,870
Total	14,154,501



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4. Financial Assets at Fair Value through Profit/ Loss

The fund has designated its investments in equity in publicly traded companies as financial assets at fair value through profit or loss.

The trading securities are equity shares (listed/unlisted) acquired for the purpose of selling in certain period of time as per the favorable or unfavorable circumstances in the market. Such securities are recognized as Financial Assets Held for Trade in the Statement of Financial Position measured at fair value. Gains and losses arising from changes in their fair value of the trading securities are recognized in Statement of Profit or Loss.

The fair value of assets traded in active market are based on the closing price of last trading date and for the assets which does not have active market, management prepare valuation methods and use it to value such assets and liabilities until such assets and liabilities are actively traded in the market or any other regulatory body determines its fair value.

Financial assets are derecognized when right to receive cash flows from the assets has expired or where substantially all risks and rewards of ownership have been transferred.

i. Listed Equities as on Ashad end 2081

S.No.	Particulars	Units	Per unit Price	Value in NPR
1	Nabil Bank Limited	25,000	524.00	13,100,000
2	Siddhartha Premier Insurance Limited	14,844	859.90	12,764,356
3	Standard Chartered Bank Nepal Limited	49,405	602.00	29,741,810
4	Salt Trading Corporation Limited	1,947	4,905.00	9,550,035
5	Manjushree Finance Limited	33,249	602.90	20,045,822
6	Shine Resunga Development Bank Limited	20,402	405.10	8,264,850
7	NIC Asia Bank Limited	57,989	443.20	25,700,725
8	Nepal Reinsurance Company Limited	24,043	698.00	16,782,014
9	Chhimek Laghubitta Bittiya Sanstha Limited	10,113	900.00	9,101,700
10	Nepal Life Insurance Company Limited	12,000	619.00	7,428,000
11	Himalayan Life Insurance Limited	26,215	391.00	10,250,065
12	Citizen Investment Trust	4,702	1,945.00	9,145,390
13	Hydroelectricity Investment and Development Company Limited Promoter Share	120,259	103.00	12,386,677
14	Sagarmatha Lumbini Insurance Company Limited	6,595	727.00	4,794,565
15	Machhapuchchhre Bank Limited	10,064	200.00	2,012,800
16	NMB Bank Limited	31,735	218.00	6,918,230
17	Unilever Nepal Limited	120	47,328.00	5,679,360
18	Global IME Bank Limited	33,020	194.20	6,412,484



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19	Nepal Insurance Company Limited	25,510	880.00	22,448,800
20	Sanima Mai Hydropower Limited	8,786	339.50	2,982,847
21	Siddhartha Bank Limited	19,055	283.00	5,392,565
22	Lumbini Bikas Bank Limited	13,483	416.60	5,617,018
23	National Laghubitta Bittiya Sanstha Limited	7,152	1,409.00	10,077,168
24	Everest Bank Limited	15,934	560.00	8,923,040
25	Sanima GIC Insurance Limited	5,000	577.00	2,885,000
26	Nepal Bank Limited	38,805	229.50	8,905,748
27	SuryaJyoti Life Insurance Company Limited	19,705	429.90	8,471,180
28	Sun Nepal Life Insurance Company Limited	39,922	511.30	20,412,119
29	Citizen Life Insurance Company Limited	22,193	544.60	12,086,308
30	Bottlers Nepal (Terai) Limited	1,108	13,000.00	14,404,000
31	Sanima Reliance Life Insurance Limited	4,741	472.40	2,239,648
32	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	12,430	853.70	10,611,491
33	Shivam Cements Limited	30,572	502.30	15,356,316
34	Nepal SBI Bank Limited	16,643	328.00	5,458,904
35	Grameen Bikas Laghubitta Bittiya Sanstha Limited	10,118	811.00	8,205,698
36	Muktinath Krishi Company Limited	1,300	1,390.00	1,807,000
37	Shikhar Insurance Company Limited	9,593	723.00	6,935,739
38	Prabhu Insurance Company Limited	24,150	826.00	19,947,900
39	Nepal Republic Media Limited	7,889	437.40	3,450,649
40	Sanima Bank Limited	36,481	279.00	10,178,199
41	Nepal Warehousing Company Limited	7,008	898.00	6,293,184
42	Vision Lumbini Urja Company Limited	6,340	529.00	3,353,860
43	Jyoti Bikash Bank Limited	21,947	314.00	6,891,358
44	Neco Insurance Limited	13,000	836.00	10,868,000
45	Kamana Sewa Bikas Bank Limited	15,428	416.00	6,418,048
46	Himalayan Reinsurance Limited	122,472	580.00	71,033,760
47	First Microfinance Laghubitta Bittiya Sanstha Limited	9,520	681.00	6,483,120
48	Siddhartha Equity Fund	338,712	8.39	2,841,794
49	NMB 50	175,000	10.04	1,757,000
50	Laxmi Unnati Kosh	350,000	9.00	3,150,000



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51	Kumari Dhanabridddhi Yojana	514,600	9.67	4,976,182
52	Global IME Balance Fund-I	350,000	9.10	3,185,000
53	NIBL Growth Fund	525,000	10.64	5,586,000
54	Rasuwegadhi Hydropower Company Limited	13,213	295.00	3,897,835
55	Asian Life Insurance Company Limited	17,763	623.00	11,066,349
56	Sagarmatha Jalbidhyut Company Limited	18,968	406.00	7,701,008
57	Union Hydropower Limited	10,702	250.50	2,680,851
58	Oriental Hotel Limited	6,000	785.00	4,710,000
59	Kumari Sabal Yojana	3,500,000	10.00	35,000,000
60	Sarbottam Cement Limited	12,852	806.50	10,365,138
61	NIC Asia Growth Fund 2	1,000,000	8.20	8,200,000
62	Ngadi Group Power Limited	7,900	341.00	2,693,900
63	Swabalamban Laghubitta Bittiya Sanstha Limited	6,340	940.00	5,959,600
64	Forward Microfinance Laghubitta Bittiya Sanstha Limited	14,033	1,413.00	19,828,629
65	NIBL Stable Fund	2,000,000	10.00	20,000,000
66	Taragaon Regency Hotel Limited	9,161	807.00	7,392,927
67	Radhi Bidyut Company Limited	6,465	268.20	1,733,913
68	Mountain Energy Nepal Limited	18,739	597.00	11,187,183
69	Synergy Power Development Limited	20,300	254.90	5,174,470
		9,963,735		707,305,326

ii. Unlisted Equities (Bonus Shares) as on Ashad end 2081

S.No.	Particulars	Units	Per unit Price	Value in NPR
1	Prabhu Insurance Company Limited	1,147	826.00	947,422
2	Sun Nepal Life Insurance Company Limited	5,623	511.30	2,875,040
3	Nepal Reinsurance Company Limited	197	698.00	137,506
4	Citizen Investment Trust	658	1,945.00	1,279,810
		7,625		5,239,778

5. Financial Assets at Amortized Cost

The financial assets at amortized cost are the assets held within a business model whose objective is to hold assets to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The fund has designated investments in debt instruments at amortized cost.

Fixed deposits are debt instruments and are measured at amortized cost as it meets two tests that are business model test and cashflow tests:



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- a. Business Model Test: This test is met where the purpose is to hold asset to collect contractual cashflow (rather than to sell it prior to maturity to realize its fair value changes.)
- b. Cash Flow Test: This test will be met when the contractual terms of asset give rise on specific dates to cash flows that are solely receipts of either principal or interests.

ii. Investment in Fixed Deposits

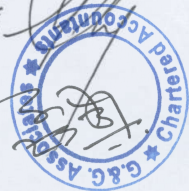
S.No.	Particulars	Amount in NPR
1	Himalayan Bank Limited	100,000,000
2	Samriddhi Finance Limited	3,000,000
3	Manjushree Finance Limited	10,000,000
4	Best Finance Limited	10,000,000
5	Central Finance Limited	2,500,000
6	Nepal Finance Limited	2,500,000
7	Lumbini Bikas Bank Limited	5,000,000
8	Progressive Finance Limited	2,500,000
9	Kamana Sewa Bikas Bank Limited	14,450,000
		149,950,000

ii. Investment in Bond and Debentures

S.No.	Particulars	Units	Per unit Price	Value in NPR
1	10% Citizens Bank Debenture 2090	25,000	1,000.00	25,000,000
2	10% Prabhu Bank Debenture 2084	700	947.59	663,311
3	10% KBL Debenture 2090	40,000	1,000.00	40,000,000
4	10.25% Nepal SBI Bank Debenture 2083	25	942.72	23,568
5	8.5% Prabhu Bank Debenture 2087	190	827.91	157,304
6	8.5% Nepal Bank Debenture 2087	130	822.92	106,980
7	10% Prime Debenture 2088	1,010	937.17	946,540
8	10% Laxmi Bank Debenture 2086	25	961.35	24,034
9	9.5% Manjushree Finance Ltd. Debenture 2085	100	913.35	91,335
10	10% NIMB Debenture 2090	19,928	1,000.00	19,928,000
		87,108	9,353.01	86,941,071

6. Current Liabilities

Particulars	Amount in NPR.
	31st Ashad 2081
Fund Management, Depository Fee and Fund Superviosr Fee Payable	4,588,141
Broker Payable	10,253,706
Audit Fee Payable	111,500
TDS Payable	86,836
Other Current Liabilities	49,780
Total	15,089,962



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7. Capital

Particulars	Amount in NPR.
	31st Ashad 2081
Unit Seed Capital (15,000,000 units @NPR. 10)	150,000,000
Unit Capital from General Public (85,000,000 units @NPR. 10)	850,000,000
Total	1,000,000,000

8. Reserve and Surplus

Particulars	Amount in NPR.
	31st Ashad 2081
Retained Earning	
Transferred from P/L	114,026,257
Less: Issue Cost of Unit Capital	(4,729,371)
Less: Distribution of Dividend	
Total	109,296,886

9. Realized Income

Particulars	Amount in NPR.
	31st Ashad 2081
Interest Income from Financial Assets at amortized cost	28,419,776
Dividend Income	1,597,320
Net Gain/ Loss from Financial Assets at Fair Value through Profit or Loss	32,681,758
Other Income	106,965
Total	62,805,819

10. Unrealized Income

Particulars	Amount in NPR.
	31st Ashad 2081
Unrealized Gain/ Loss on Financial Assets at Fair Value through Profit or Loss	67,637,155
Total	67,637,155

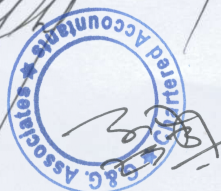
11. Fund Management, Depository and Fund Supervisor Fees

All the expenses are recorded on accrual basis in Statement of Profit and Loss. Following Fee are incurred by the scheme

a. Fund Management Fee: 1.5% of NAV

b. Depository Fee: 0.20% of NAV

c. Fund Supervisor's Meeting fee: 0.20% of NAV or NPR, 20,000 per person per meeting whichever is lower



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NAV (Net Asset Value) for this purpose is compared quarterly on basis of average of weekly NAV during the period.

Particulars	Amount in NPR.
	31st Ashad 2081
Fund Management Fee	13,182,571
Depository Fee	1,757,676
Fund Supervisor Fee	1,000,000
Total	15,940,247

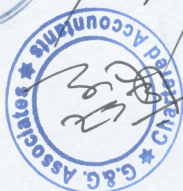
12. Operating Expenses

All the expenses are recorded on accrual basis in Statement of Profit and Loss.

Particulars	Amount in NPR.
	31st Ashad 2081
CDSC Annual Fee	100,000
Audit Fee	113,000
Printing and Stationery Expenses	105,275
Software Charge	62,600
NEPSE Annual Fee	50,000
Other Expenses	28,739
Bank Charge	6,856
Book Building License Expense	10,000
Total	476,470

Units Issue Cost:

Particulars	Amount in NPR.
	31st Ashad 2081
Scheme Registration Fee	1,000,000
Issue Management Fee	2,000,000
Scheme Allotment meeting expenses	35,000
Application Fee	20,000
Document Processing Fee	25,000
Certification Fee	28,250
Fund Supervisor Meeting Fee	200,000
Advertisement Expenses	800,576
Listing Fee	100,000
Listing Application Fee	15,000
CDSC Dematerialization Registration fee	505,545
Total	4,729,371



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