

MUTUAL FUND INSIGHTS



COMMON ABBREVIATIONS USED

Abbreviations	Full Form
H8020	Himalayan 80-20
AUM	Assets Under Management
BANKING	Commercial Bank
BVPS	Book Value Per Share
DEVBANK	Development Bank
DP	Depository Participant
DRIP	Dividend Reinvestment Plan
EPS	Earning Per Share
FIN	Finance
FY	Fiscal Year
HOTELS	Hotels and Tourism
HYDRO	Hydropower
INV	Investment

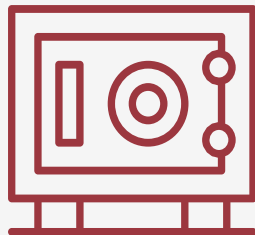
Abbreviations	Full Form
LI	Life Insurance
MAN & PRO	Manufacturing and Processing
MF	Mutual Fund
MICRO	Microfinance
NAV	Net Asset Value
NEPSE	Nepal Stock Exchange
NFO	New Fund Offering
NLI	Non-Life Insurance
Q1	Quarter 1
Q2	Quarter 2
Q3	Quarter 3
Q4	Quarter 4
SEBON	Securities Board of Nepal

Macroeconomic Outlook



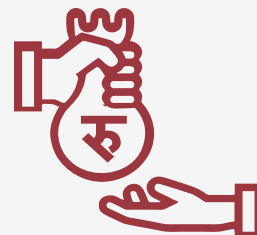
Inflation

5.22% ▲



Deposit Growth

14.96% ▲



Credit Growth

6.51% ▲



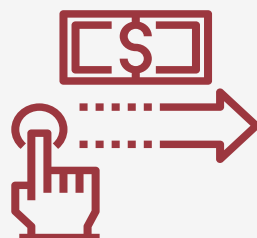
Import Growth

15.16% ▲



Export Growth

12.28% ▲



Remittance Growth

38.24% ▲



FX Reserve Growth

46.17% ▲

• Growth refers to the change between the eleven month's data of FY 81/82 and FY 82/83, Credit refers to a claim on the private sector and all the numbers are in NPR term.

NEPSE Overview



As of 11th July 2026, the NEPSE Index closed at 2,600.78, edging down 1.14 points (-0.04%) and continuing to consolidate around the key 2,600 support level. Although total turnover increased to NPR 6.86 billion, over half was driven by debenture transactions, leaving underlying equity market activity relatively subdued. The index remains below the 2,681 resistance level, indicating cautious investor sentiment and limited buying conviction despite signs of support emerging near current levels.

Momentum indicators continue to reflect a cautious-to-negative bias, suggesting that underlying market strength remains weak. The RSI at 32.59 remains well below the neutral 50 level, indicating that buying momentum has yet to recover meaningfully despite the index stabilizing near key support. Similarly, the MACD remains below both the signal line and the zero axis, confirming that bearish momentum continues to dominate the broader trend. Although the histogram has narrowed, indicating that selling pressure is gradually easing, there is still insufficient technical confirmation to support a sustained trend reversal or a meaningful improvement in market sentiment.

Looking ahead, 2,600 remains the key support level, while 2,681 and 2,748 serve as the immediate resistance zones. A sustained move above 2,681 would signal improving market sentiment, whereas a break below 2,600 could trigger renewed selling pressure toward 2,466. Overall, the NEPSE continues to exhibit a cautious-to-negative bias, with weak momentum and subdued underlying equity participation limiting the prospects of a sustained recovery.





Himalayan Mutual Fund, managed by Himalayan Capital Limited, currently operates a single Scheme: Himalayan 80-20.

Fund Details

Allotment Date	13-Sep-23
Maturity Date	01-Oct-33
Monthly NAV as of Jestha, 2083	12.62
AUM on End of FY 81/82 in NPR	1.14 Billion
Scheme Type	Close Ended
Scheme Objective	Growth Oriented
Benchmark	NEPSE
Fund Management Fee	1.50% of NAV
DP Fee	0.20% of NAV
Fund Supervisor Fee	0.20% of NAV annually or NPR 20,000 per supervisor per meeting whichever is lower
Fund Manager	Himalayan Capital Limited
H8020 Returns since FY 2081/82 End	10.64%
NEPSE returns since FY 2081/82 End	-2.53%
Adjusted Beta Since Inception (Monthly)	0.70
Standard Deviation Since Inception (Monthly)	1.43
Average Monthly Return Since Inception*	1.34%

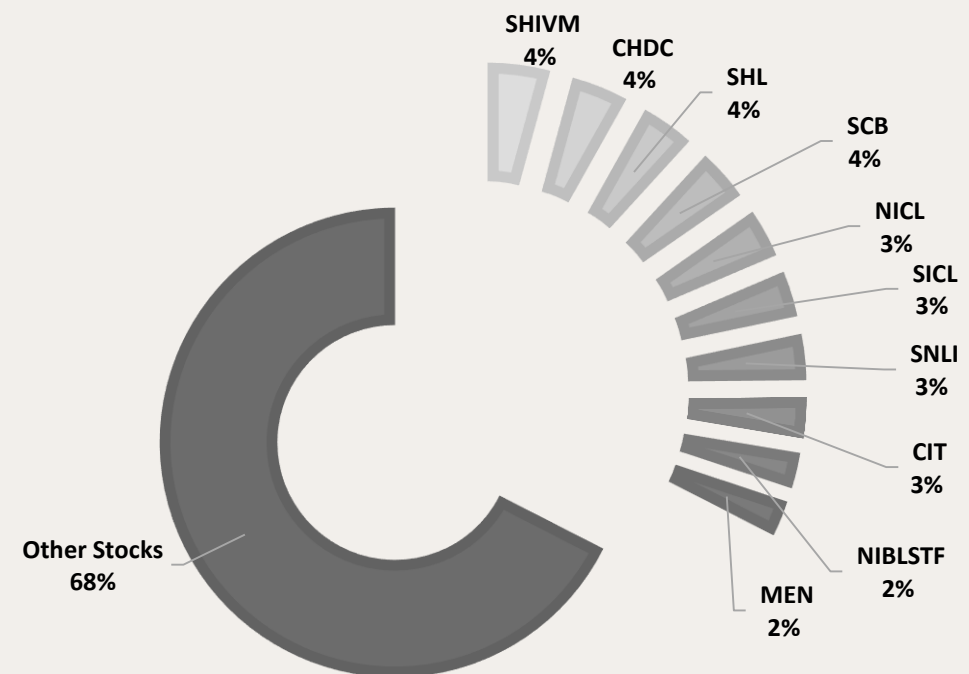
Investment Philosophy

The fund structure involves investing 80% of its capital in long-term investments within the capital and financial markets, aiming for compounding returns. The remaining 20% is actively managed to maximize returns based on market conditions.

**Average monthly return is based on the geometric mean to reflect the compounding effect.*

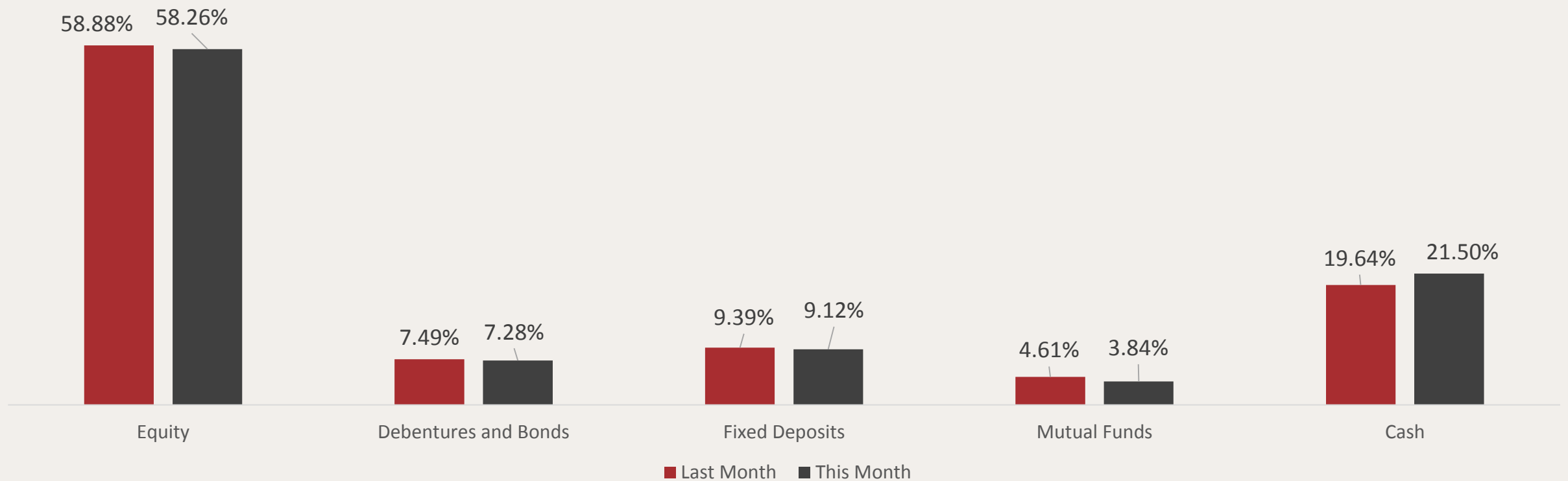
Himalayan 80-20

Top 10 Equity Holdings

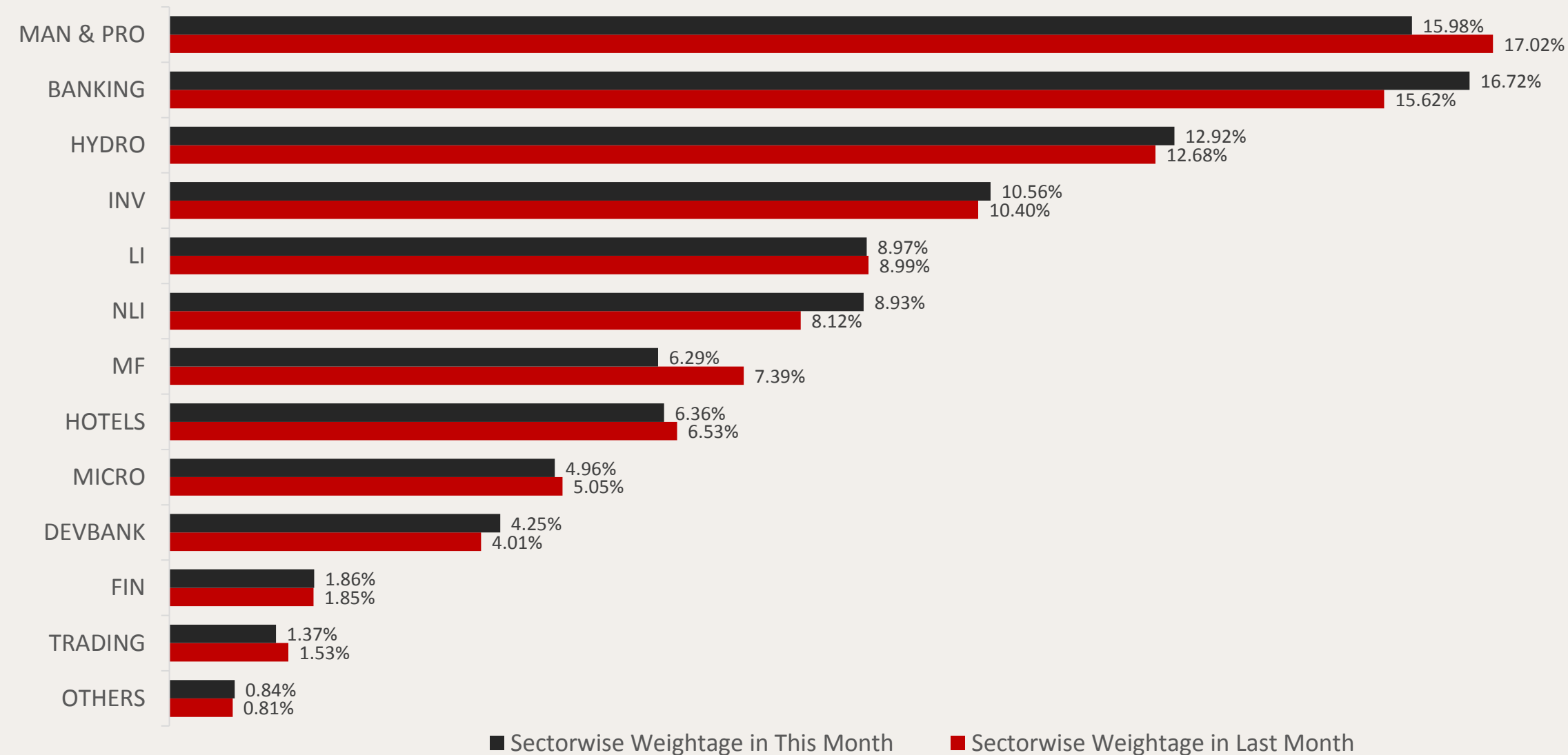


Asset Allocation of Himalayan 80-20

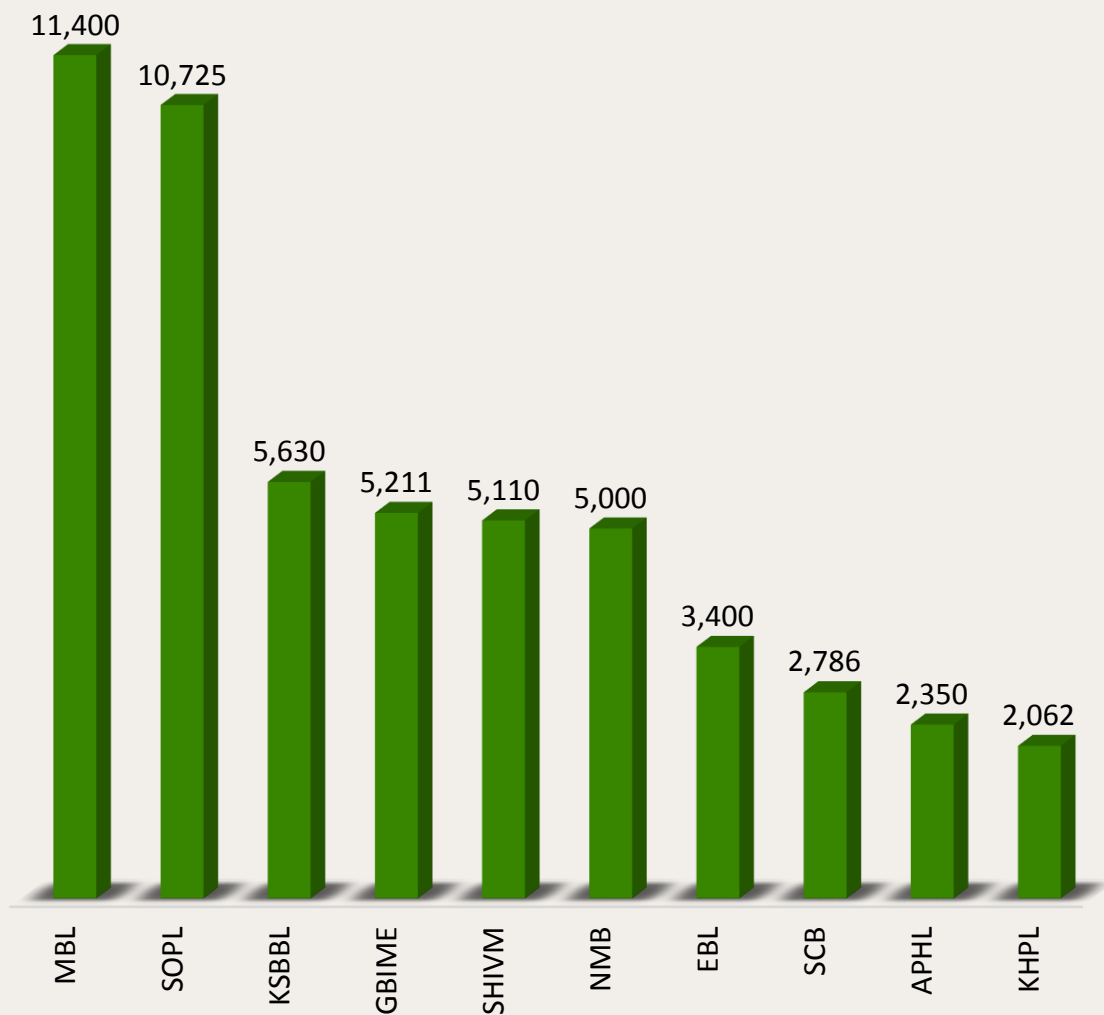
The fund's asset allocation remained broadly stable during the month. Although the equity allocation eased slightly to 58.26%, the actual value of equity holdings increased, indicating that the decline in weight was driven by the overall growth of the fund rather than a reduction in equity investments. A similar trend was observed in Debentures & Bonds and Fixed Deposits, where the value of holdings remained unchanged, but their portfolio weights declined as the fund expanded. The only notable portfolio adjustment was a modest reduction in Mutual Fund investments, with the proceeds largely added to cash holdings, increasing the cash allocation to 21.50%. Overall, the fund has maintained its core investment strategy while adopting a slightly more cautious stance by strengthening its liquidity position, providing greater flexibility to capitalize on future investment opportunities and offering a buffer against market volatility, although the higher cash allocation may slightly limit returns if equity markets continue to rally.



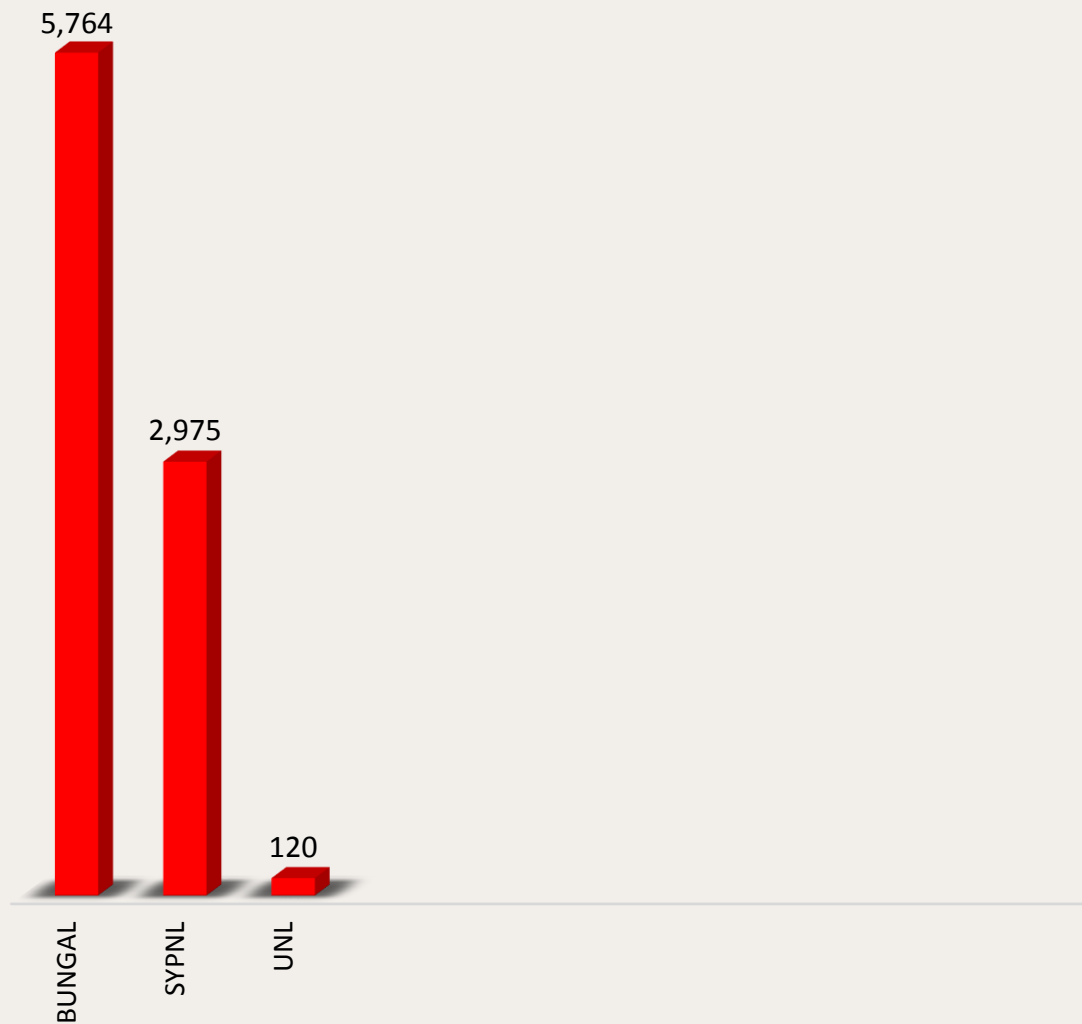
Sector wise Allocation of Equities by Himalayan 80-20



H8020-Top 10 Equity Net Purchase (Units)



H8020-Top 10 Equity Net Sales (Units)



*Note: Mutual fund schemes are excluded from both purchase and sale transactions
Purchases may include bonus and right share listings, IPOs, and FPOs as well.*

NEPALESE MUTUAL FUND INDUSTRY – FUND MANAGERS

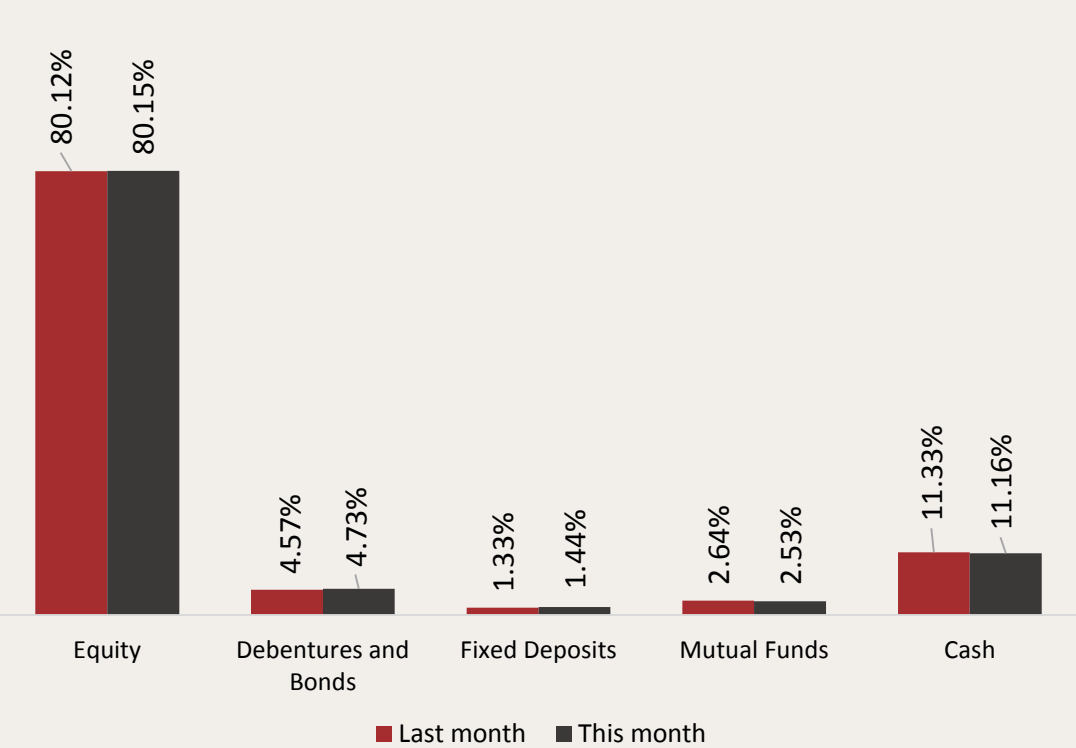


Asset Allocation Comparison: H8020 and Industry Average

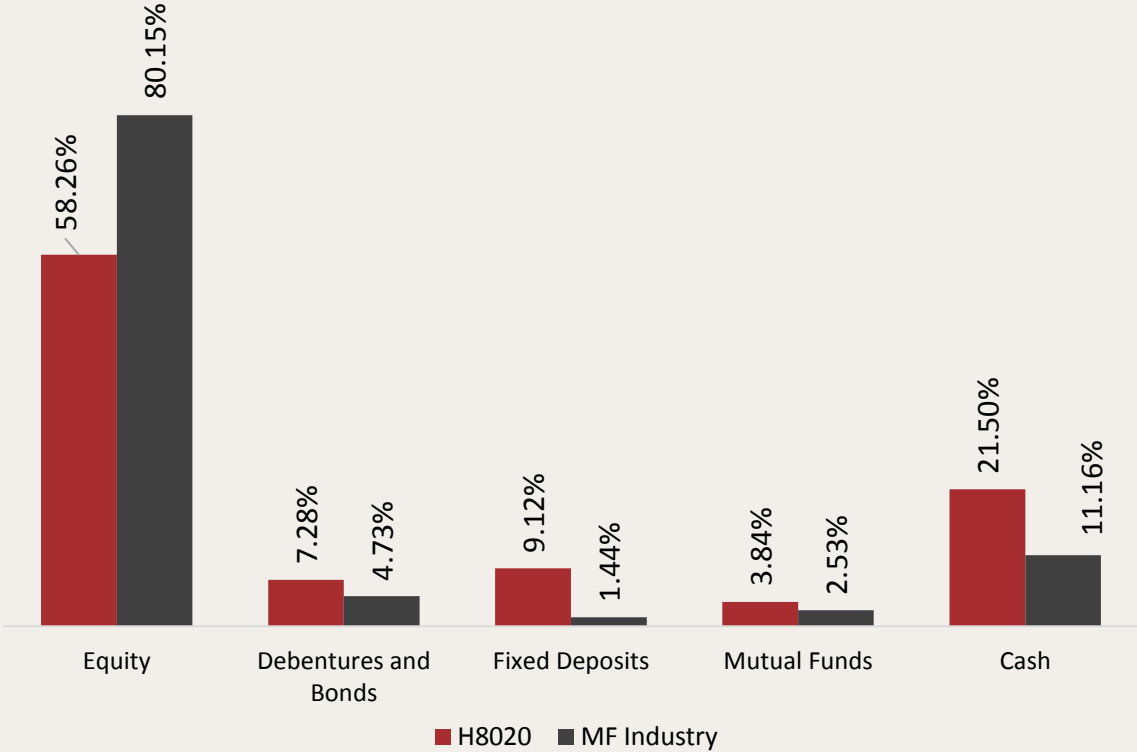
The industry's asset allocation remained broadly stable during the month, with equity exposure edging up from 80.12% to 80.15%, reflecting continued confidence in equities and a commitment to maintaining a high equity allocation. Cash holdings declined slightly from 11.33% to 11.16%, with the released liquidity primarily reallocated to Debentures & Bonds, whose allocation increased from 4.57% to 4.73%, while Fixed Deposits and Mutual Funds recorded only marginal increases. Overall, the changes suggest that fund managers are maintaining their existing portfolio positioning, making only minor adjustments to enhance diversification while preserving sufficient liquidity to navigate near-term market uncertainty.

H8020 is positioned more conservatively than the overall mutual fund industry. While the industry holds a higher allocation to equities, H8020 keeps a lower share in equities. Instead, it allocates more to fixed deposits and debentures/bonds, which are generally steadier and offer more predictable interest income. H8020 maintains more cash than the industry. Overall, this mix suggests H8020 is focused on greater stability and lower volatility, though it may benefit less during strong market upswings than more equity-heavy funds.

Mutual Fund Industry

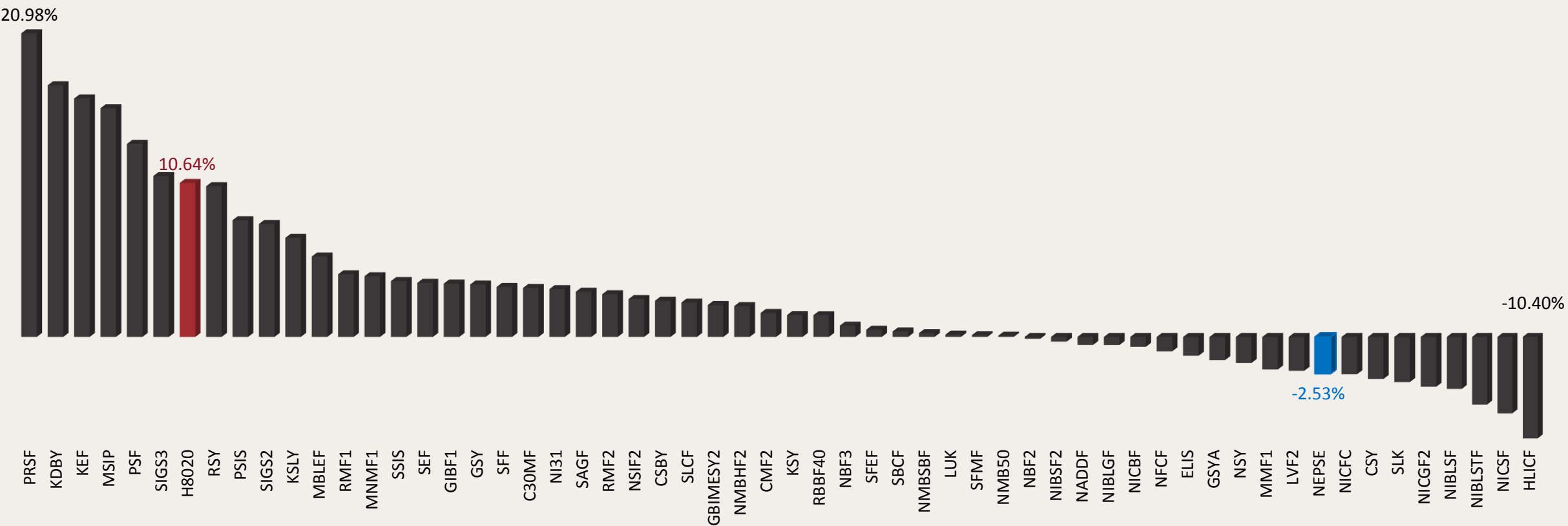


H8020 vs Mutual Fund Industry



Schemes Return vs NEPSE Return (FY 82/83)

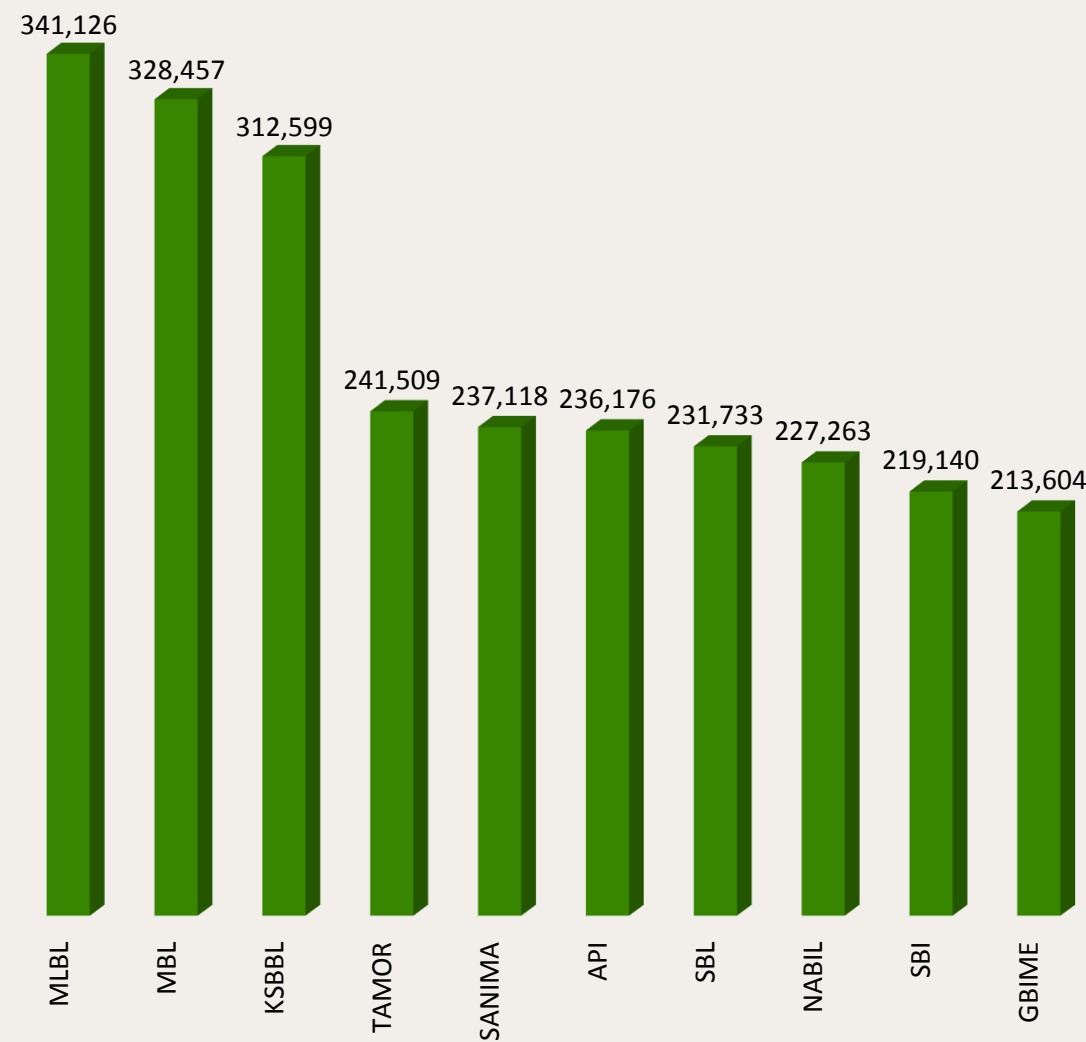
As of the end of Jestha, 2083 (the first eleven months of FY 2082/83), 20 out of 57 mutual fund schemes reported negative year-to-date (YTD) returns, reflecting mixed performance across the industry. PRSF emerged as the top-performing scheme with a YTD gain of 20.98%. H8020 delivered a return of 10.64%, outperforming the benchmark NEPSE Index, which posted a negative return of 2.53% over the same period. On the downside, HLICF recorded the weakest performance in the industry, posting a negative return of 10.40%



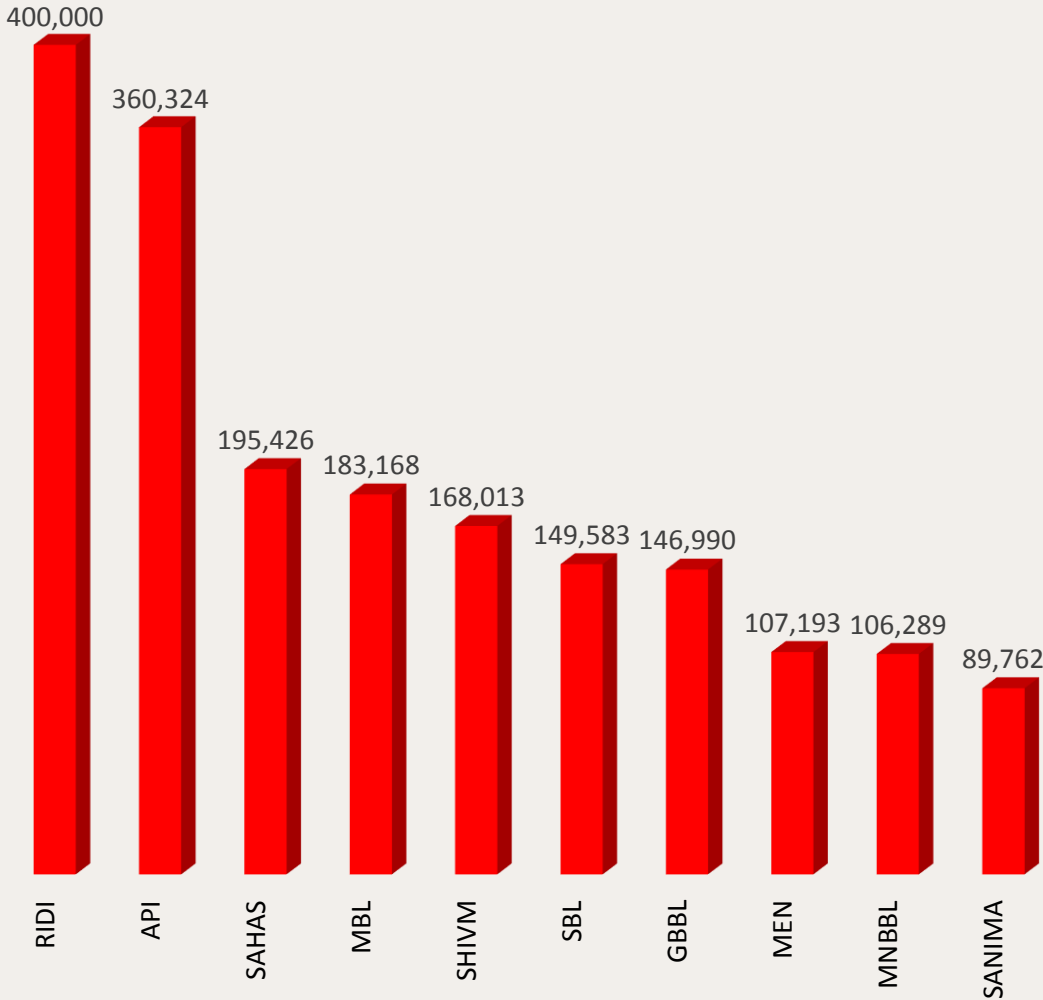
The returns have been adjusted to reflect the cash dividends provided. For new funds, YTD is calculated using NPR 10 as the starting value due to no Ashad-end NAV



Mutual Fund Industry: Top 10 Equity Net Purchase (Units)



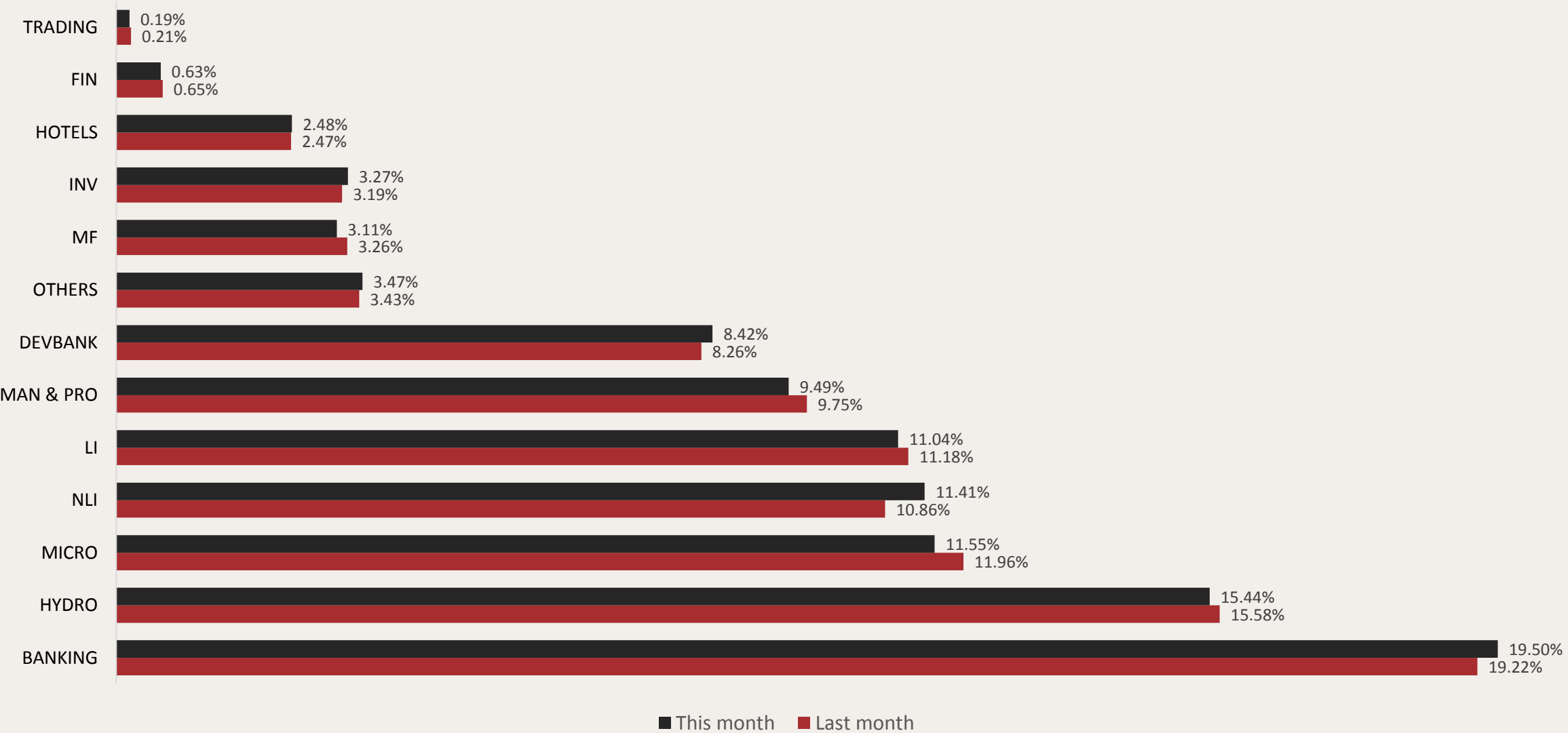
Mutual Fund Industry: Top 10 Equity Net Sales (Units)



Note: Mutual fund schemes are excluded from both purchase and sale transactions, Purchases may include bonus and right share listings, IPOs, and FPOs as well.

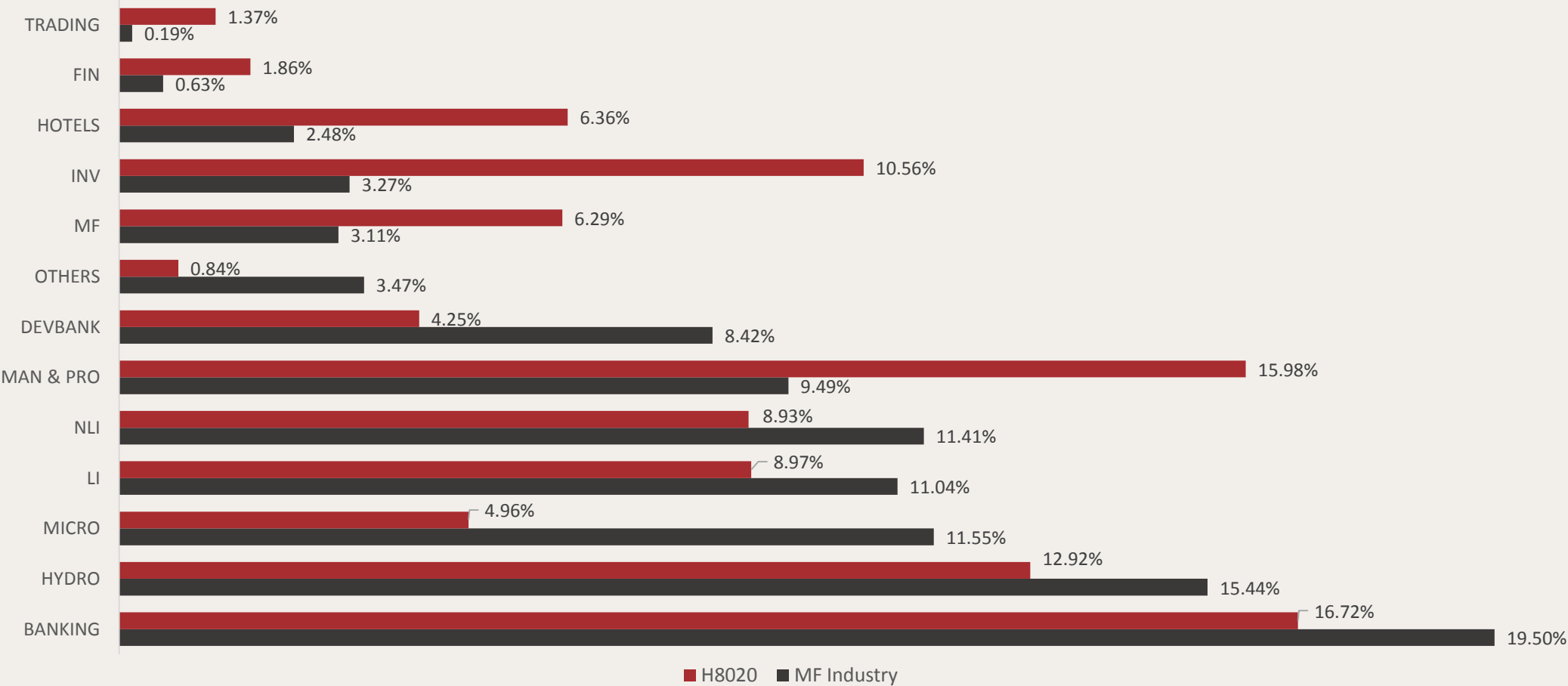


Sector-wise Weightage of Equity in Mutual Fund Industry (Last vs This Month)



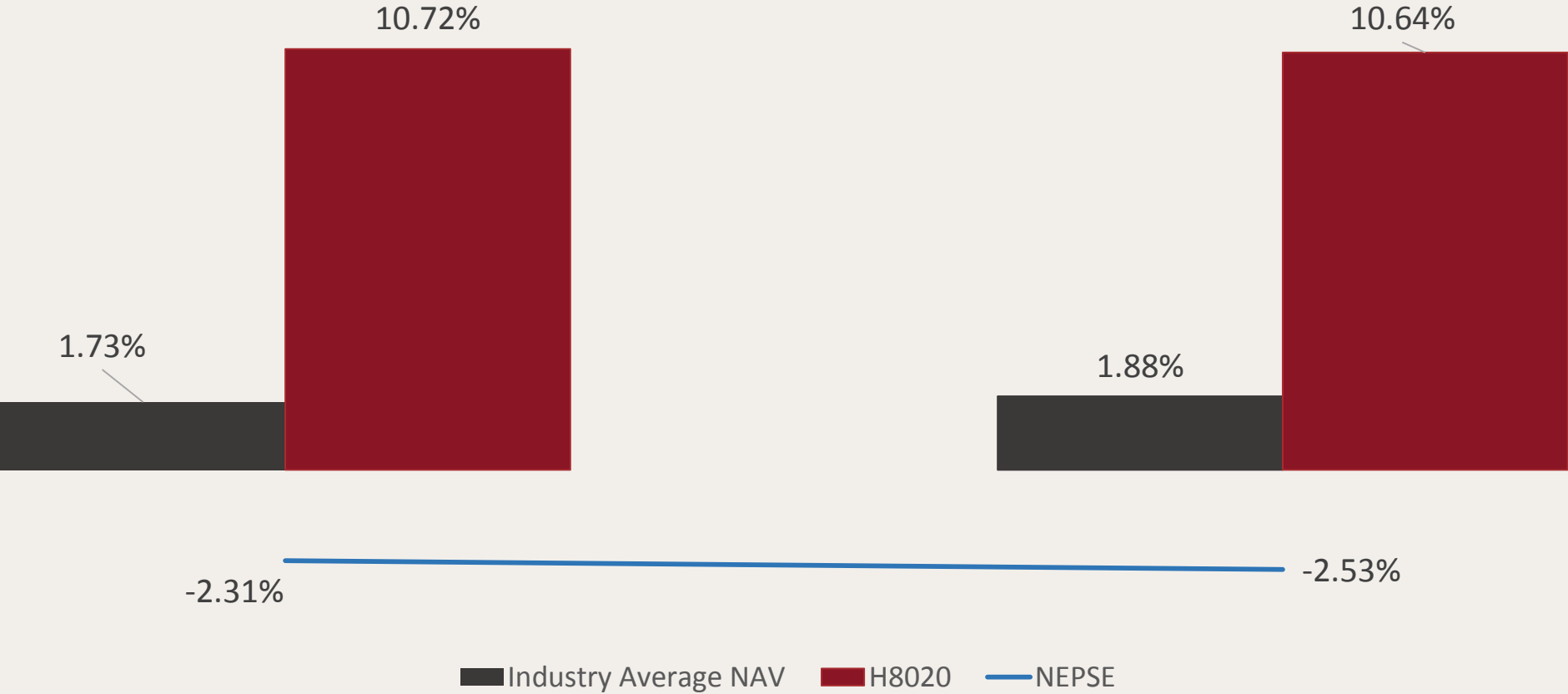
Sector Wise Weightage Comparison of Mutual Fund Industry and H8020

Compared with the overall mutual fund industry, H8020 maintains a more selective sector allocation strategy. The scheme has significantly higher exposure toward Manufacturing & Processing, Investment companies, Mutual Funds, Hotels, Finance, and Trading sectors, indicating a stronger tilt toward sectors with higher growth and cyclical return potential. In contrast, H8020 remains relatively underweight in Banking, Hydropower, Development Banks, Microfinance, and both Life and Non-life Insurance segments, which continue to dominate the broader mutual fund industry portfolio. The lower allocation toward traditional financial sectors suggests a differentiated positioning aimed at capturing sector-specific opportunities beyond conventional market-heavy allocations. Overall, the portfolio reflects a higher-conviction and actively positioned strategy that could outperform during favorable sector rotations, although it may also experience relatively higher volatility compared to the broader mutual fund industry.



H8020 vs NEPSE vs Average NAV (YTD Performance - FY 2082/83)

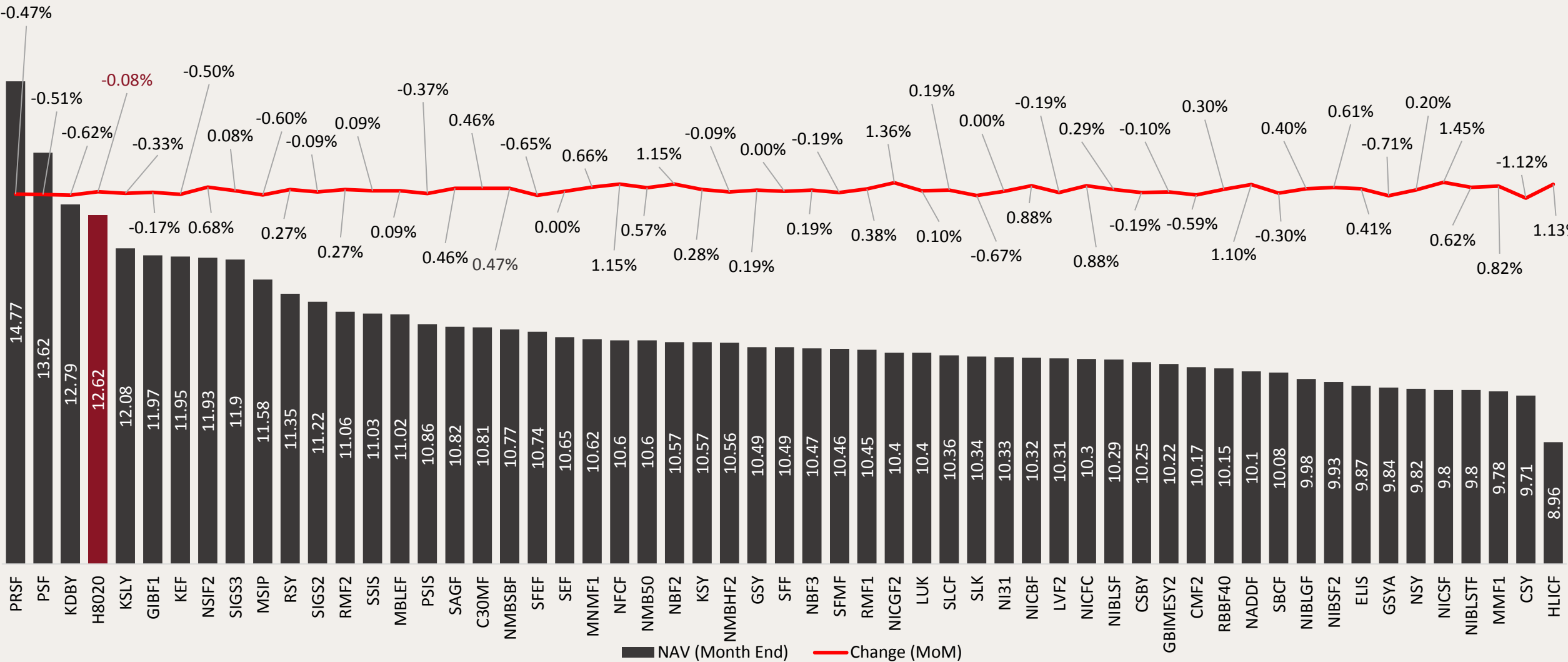
YTD in FY 2082/83 (as of Jestha end), H8020 outperformed (10.64%) both the NEPSE index (-2.53%) and the mutual fund industry average NAV (1.88%), indicating comparatively stronger portfolio positioning than the NEPSE and Overall Mutual Fund Industry.



Note: NAV of all the mutual funds have been adjusted for cash dividend. For instance, if the dividend book close were in mid-Ashwin 2082, the previous NAV for Shrawan 2082 and Bhadra 2082 would be adjusted based on this formula: $NAV \text{ for the previous months} / (1 + \text{Cash dividend \%})$

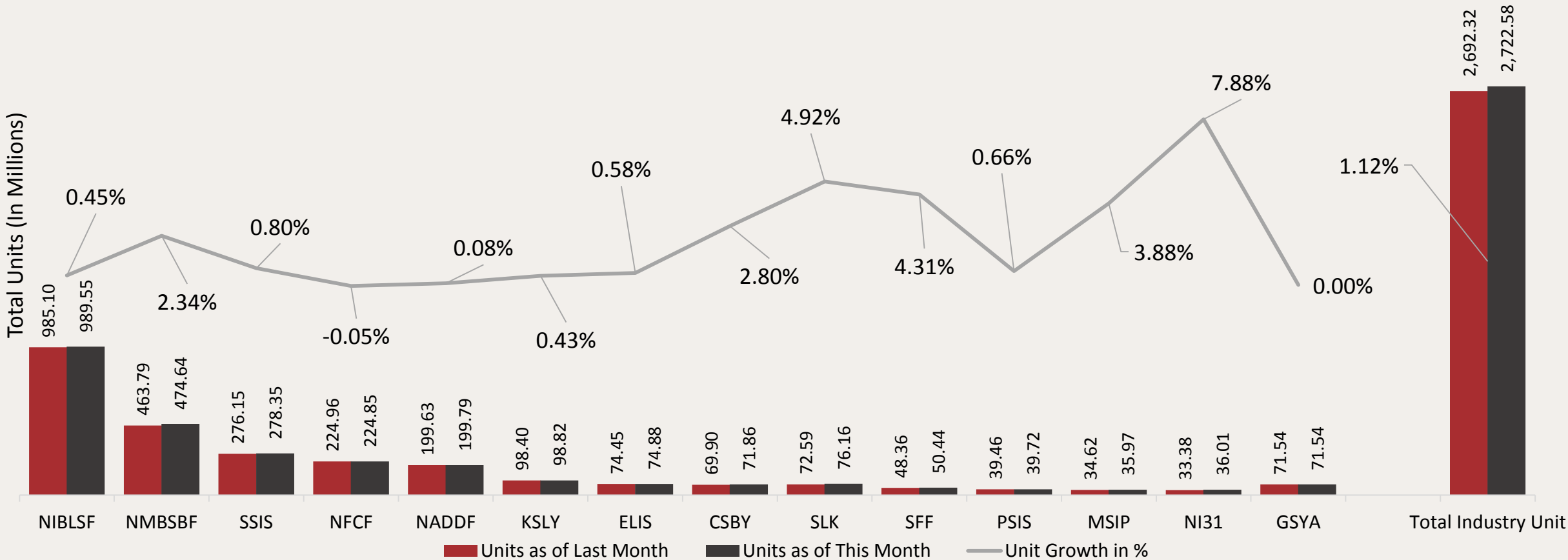


Month on Month NAV Comparison (Mutual Fund Schemes in Industry)



Open Ended Mutual Funds

Among the fourteen open ended mutual fund schemes, there was a net unit growth of 30.27 millions units as of the end of Jestha, 2083. This represents a monthly increase of 1.12%.



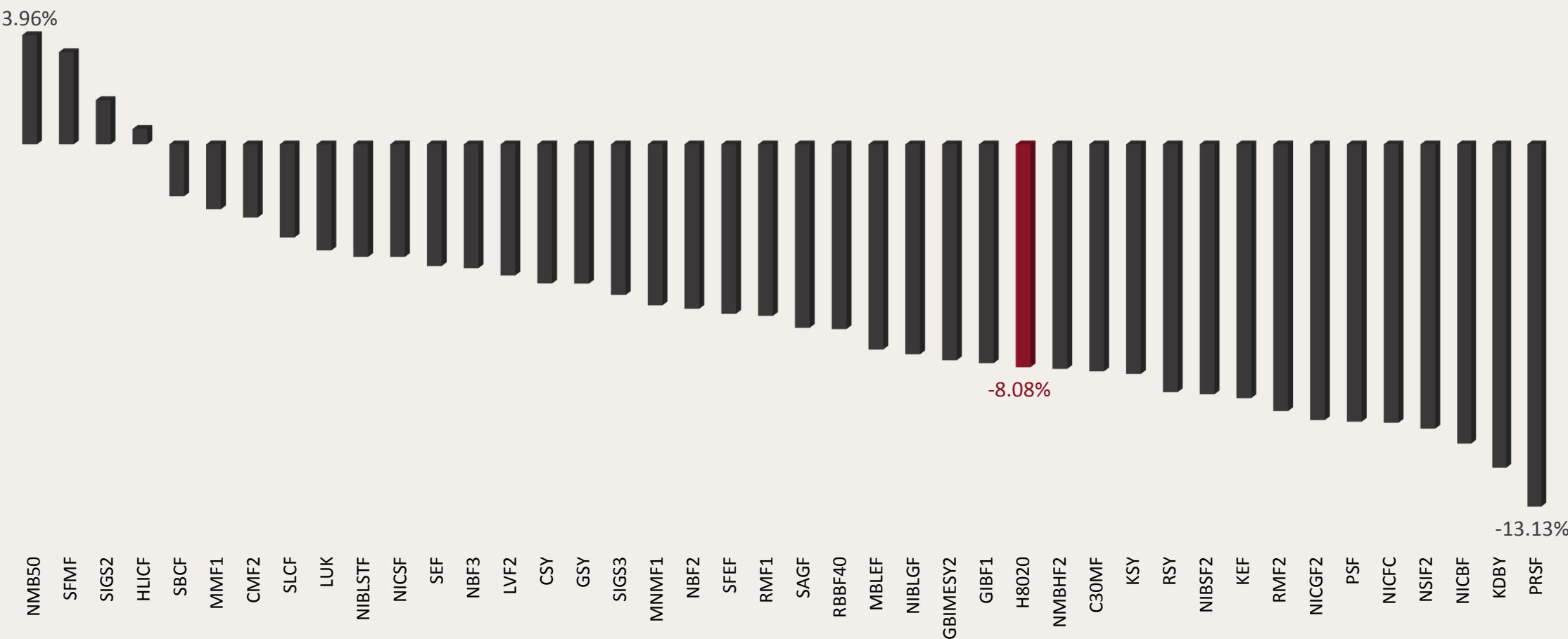
Mutual Funds (Monthly Vs 3 Month Average NAV)

Scrip	Jestha, 2083	Average (3Months)	Deviation
NADDF	10.10	10.07	0.30%
NICGF2	10.40	10.38	0.22%
NICSF	9.80	9.78	0.17%
NICBF	10.32	10.31	0.10%
NICFC	10.30	10.30	0.00%
NMBSBF	10.77	10.79	-0.22%
NSIF2	11.93	11.96	-0.25%
MSIP	11.58	11.61	-0.29%
RBBF40	10.15	10.18	-0.29%
SSIS	11.03	11.06	-0.30%
NMB50	10.60	10.63	-0.31%
NBF2	10.57	10.60	-0.31%
NFCF	10.60	10.64	-0.34%
NIBLGF	9.98	10.02	-0.37%
NIBSF2	9.93	9.97	-0.37%
SAGF	10.82	10.86	-0.37%
NSY	9.82	9.86	-0.37%
C3OMF	10.81	10.85	-0.40%
MMF1	9.78	9.82	-0.41%
NMBHF2	10.56	10.60	-0.41%
RSY	11.35	11.40	-0.44%
NIBLSF	10.29	10.34	-0.45%
RMF1	10.45	10.50	-0.48%
ELIS	9.87	9.92	-0.50%
RMF2	11.06	11.12	-0.51%
H8020	12.62	12.69	-0.53%
GSYA	9.84	9.89	-0.54%
LUK	10.40	10.46	-0.61%
NIBLSTF	9.80	9.86	-0.61%

Scrip	Jestha, 2083	Average (3Months)	Deviation
SFF	10.49	10.56	-0.69%
KSY	10.57	10.65	-0.75%
GBIMESY2	10.22	10.30	-0.81%
SLCF	10.36	10.45	-0.86%
NI31	10.33	10.42	-0.86%
MNMF1	10.62	10.71	-0.87%
PSIS	10.86	10.96	-0.88%
NBF3	10.47	10.57	-0.91%
MBLEF	11.02	11.12	-0.93%
SEF	10.65	10.75	-0.93%
SIGS2	11.22	11.33	-0.94%
HLICF	8.96	9.05	-0.96%
SBCF	10.08	10.18	-1.01%
LVF2	10.31	10.42	-1.02%
SIGS3	11.90	12.02	-1.03%
CSBY	10.25	10.36	-1.09%
GIBF1	11.97	12.10	-1.10%
SLK	10.34	10.46	-1.18%
GSY	10.49	10.62	-1.19%
SFMMF	10.46	10.59	-1.20%
SFEF	10.74	10.88	-1.32%
CMF2	10.17	10.31	-1.33%
CSY	9.71	9.85	-1.42%
KSLY	12.08	12.27	-1.52%
PSF	13.62	13.89	-1.92%
PRSF	14.77	15.15	-2.53%
KEF	11.95	12.27	-2.58%
KDBY	12.79	13.13	-2.61%

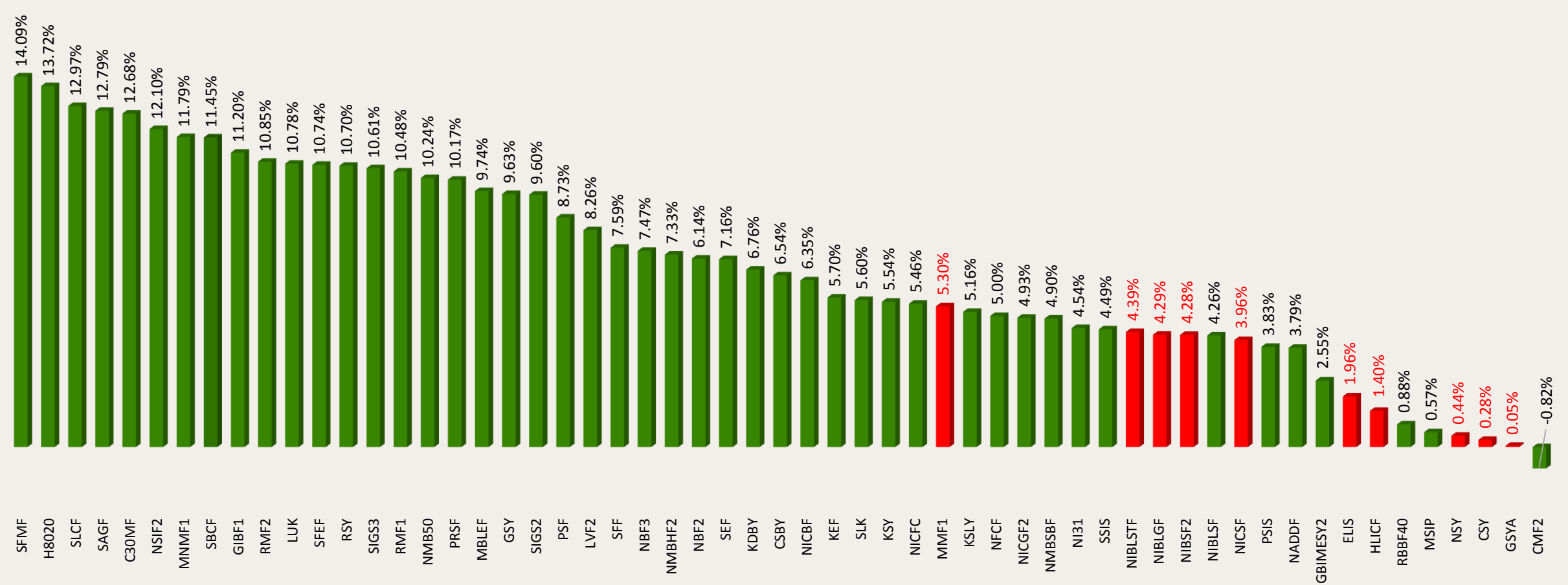


Closed-End Mutual Funds: Discount Analysis Based on NAV and Price



Note: Closed-ended mutual funds often trade at a discount due to low demand and liquidity. Many investors prefer trading stocks for higher short-term returns compared to the long-term and relatively safer nature of mutual funds. While there is some level of institutional participation, it remains limited, which affects market activity. Furthermore, a lack of widespread understanding of how the Net Asset Value (NAV) reflects the intrinsic value of mutual funds further contributes to their lower market prices.

Realized Gain of Mutual Fund Schemes (%) in FY 2082/83



Note: Mutual fund schemes with NAV ≥ NPR 10 are eligible for dividend distribution. The table shows cumulative realized gains for each scheme in FY 2082/83, which exclude expenses and all unrealized gains/losses. Schemes with NAV ≥ NPR 10 are in **GREEN**; those below NPR 10 are in **RED**. Dividends may be declared only from realized gains and/or reserves, and the final amount is determined at the discretion of the fund manager.



Risk Factors Associated with Himalayan 80-20 Operations

Market Risk	• Price Risk: The fund is exposed to price fluctuations in equity markets, which can impact returns. This risk is mitigated through an 80-20 portfolio strategy, combining long-term passive investments with active market-driven decisions, supported by tools like the Himalayan Equity Optimizer. • Sector and Stock-Specific Risk: Managed through systematic research, leveraging both fundamental and technical analysis to make informed investment decisions.
Cash Flow & Interest Rate Risk	• Variable Interest Rate Risk: The fund faces cash flow risk from interest rate fluctuations, which could affect returns on variable-rate instruments. • Fixed Interest Rate Risk: The fund also faces fair value risk due to interest rate changes that can impact the valuation of fixed-rate investments.
Liquidity Risk	• The fund may face liquidity challenges due to limited market depth or underdeveloped markets. However, it mitigates this risk by investing in listed securities and those soon to be listed on NEPSE. The Investment and Risk Management Committee monitors illiquid assets on a fortnightly basis to ensure prompt corrective actions.
Credit Risk	• Exposure to potential credit risk arises from defaults on debt securities or other receivables. This is managed through continuous monitoring of the fund's credit position daily by the back office and Scheme Manager.
Operational Risk	• Risks due to internal process failures, system issues, or external events are controlled through frequent compliance reviews and robust reconciliation systems, ensuring proper checks for all trading activities.
Default Risk	• The fund faces the risk of securities failing to meet debt obligations (interest and principal). This risk is mitigated by regularly monitoring the credit ratings of issuers and updating investment thresholds based on periodic reviews.



Disclaimer

Investment in securities has its own risks. The information contained herein is based on analysis and on sources that we consider reliable. This Report is a proprietary document prepared by Himalayan Capital Limited (HCL)'s Research and Investment Unit. (HCL) does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

