

# INSIGHTS INTO NEPAL'S MUTUAL FUND MARKET

POUSH 2082



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**Himalayan Capital**

A Subsidiary of Himalayan Bank Limited

## 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



## NEPSE Overview



As of 8<sup>th</sup> February, 2026, the NEPSE index closed at 2,708.70, gaining 27.20 points (+1.01%) and holding above the 2,700 level. The rebound suggests improving sentiment, but the index is still trading within a broader consolidation band, so this looks more like a recovery inside the range than a confirmed breakout. Turnover of about NPR 11.58 billion indicates stronger participation and supports the upside move, though sustained volume will be needed to validate continuation beyond resistance.

Momentum indicators are slightly constructive but not decisive. RSI at 57.05 suggests moderate bullish momentum, reflecting improving buying interest while still below overbought territory. MACD is above the signal line and near the zero level, indicating that downside pressure is easing and momentum is gradually improving; however, a clear and sustained move above the zero line would still be needed to confirm a firmer trend shift.

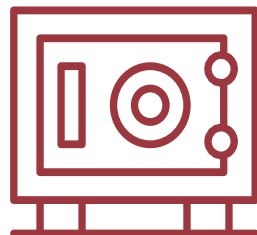
Looking ahead, immediate supports are at 2,687 and 2,608, while resistance stands at 2,756 and 2,823. A clean close above 2,756 would strengthen the near-term outlook and open room toward 2,823. Until then, the index is likely to remain range-bound, while a break below 2,687 would tilt risks back toward 2,608. Overall, the market remains cautiously constructive, but it still needs a volume-backed breakout to confirm direction.

## Macroeconomic Outlook



Inflation

2.42%



Deposit Growth

14.79%



Credit Growth

6.52%



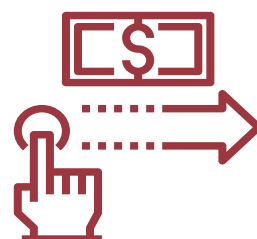
Import Growth

14.18%



Export Growth

43.76%



Remittance Growth (NPR)

39.07%



FX Reserve Growth (NPR)

39.95%

\* Growth refers to the change between the six month's data of FY 81/82 and FY 82/83.

\* Credit refers to a claim on the private sector.



Himalayan Mutual Fund, managed by Himalayan Capital Limited, a subsidiary of Himalayan Bank Limited, currently operates a single mutual fund, Himalayan 80-20.

## Fund Details

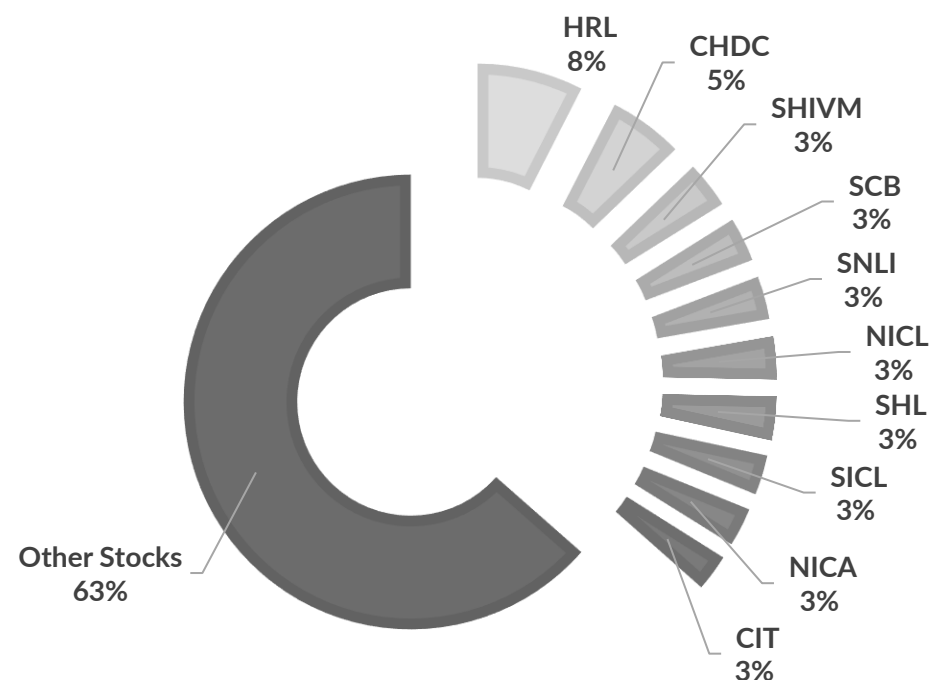
Allotment Date	13-Sep-23
Maturity Date	01-Oct-33
Monthly NAV as of Poush 2082	11.90
AUM on End of FY 81/82 in NPR	1.14 Billion
Scheme Type	Close Ended
Scheme Objective	Growth Oriented
Benchmark	NEPSE
Fund Management Fee	1.50% of NAV
DP Fee	0.20% of NAV
Fund Supervisor Fee	0.20% of NAV annually or NPR 20,000 per supervisor per meeting whichever is lower
Fund Manager	Himalayan Capital Limited
H8020 Returns since FY 2081/82 End	4.32%
NEPSE returns since FY 2081/82 End	-5.49%
Adjusted Beta Since Inception (Monthly)	0.70
Standard Deviation Since Inception (Monthly)	1.22%
Average Monthly Return Since Inception*	1.37%

## 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.

# Himalayan 80-20

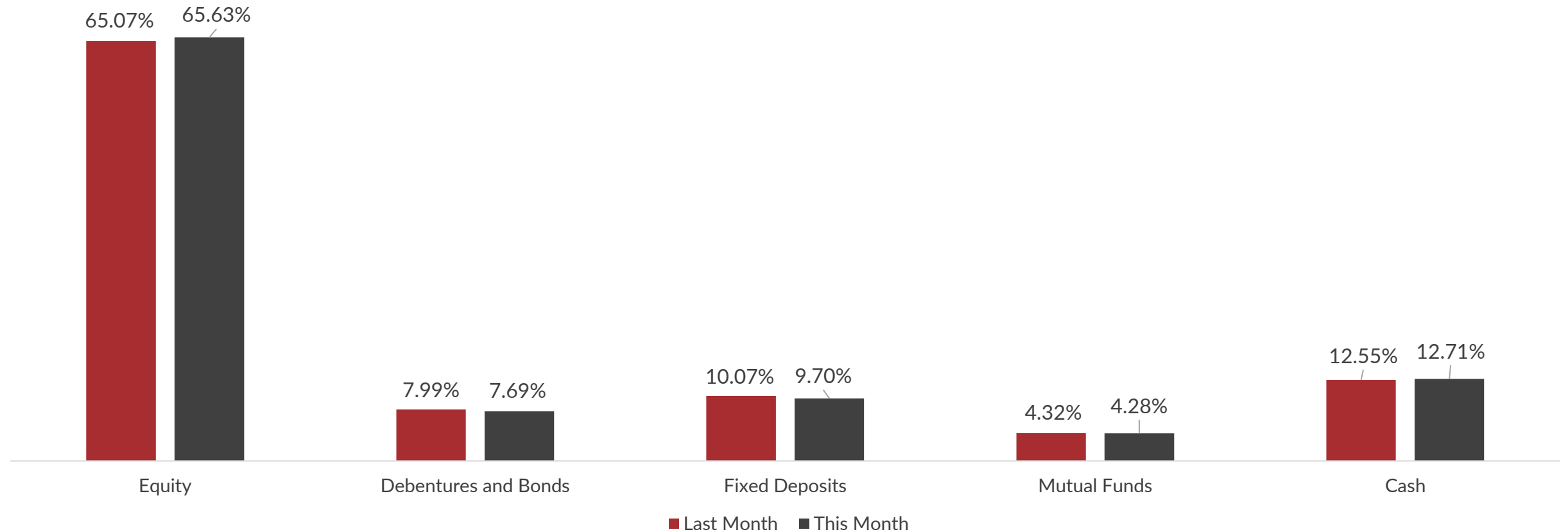
## Top 10 Equity Holdings



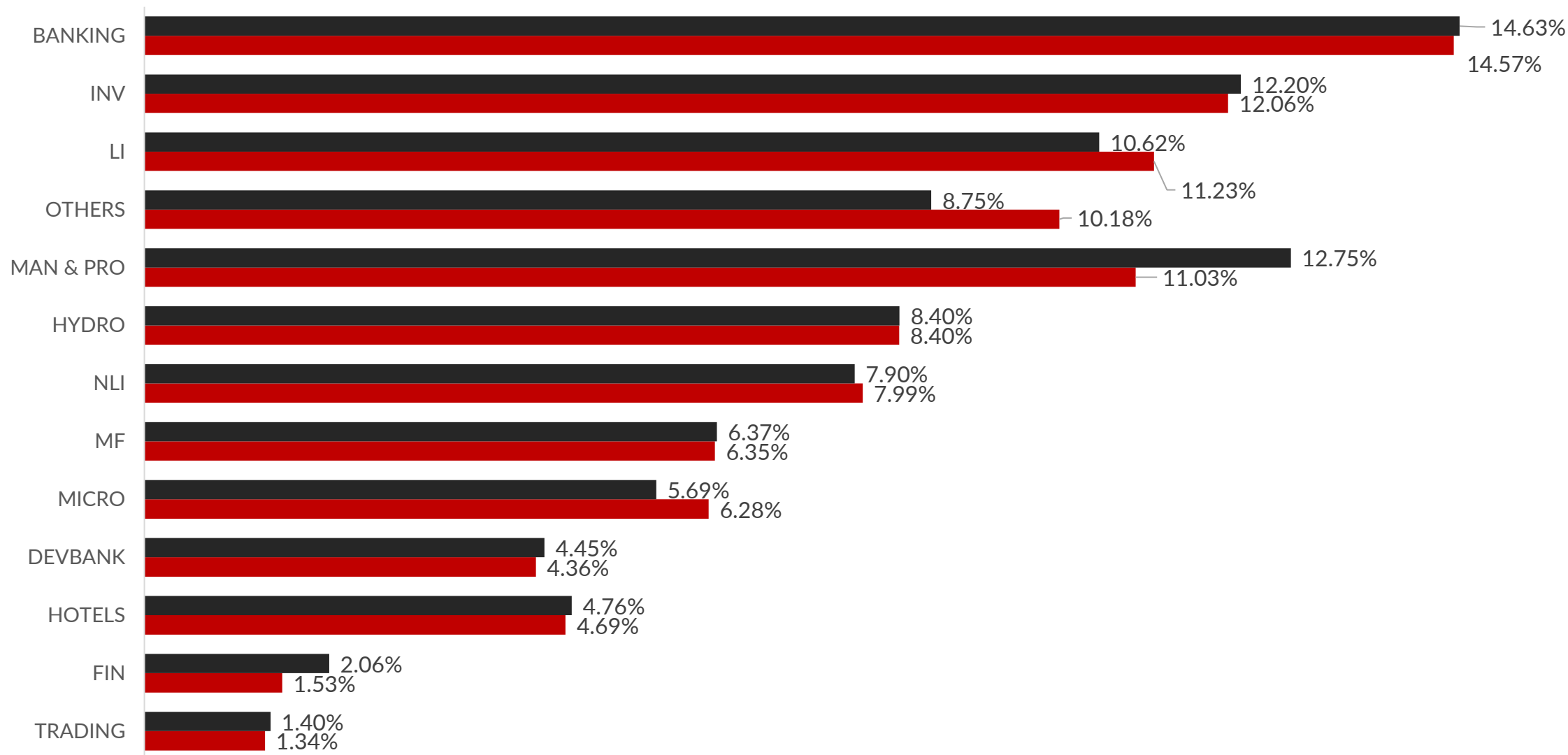
\*Average monthly return is based on the geometric mean to reflect the compounding effect.

## Asset Allocation of Himalayan 80-20

The total asset value of the H8020 Mutual Fund scheme increased from NPR 1.15 billion in Mangsir to NPR 1.20 billion in Poush, supported partly by a short-term market improvement despite the broader trend remaining weak. During this period, the scheme increased equity exposure from 65.07% to 65.63%, driven by a rise in listed/non-listed share investments from NPR 729.07 million to NPR 796.05 million, alongside higher allocation to IPO/FPO/rights/bonus shares. Meanwhile, exposure to debentures & bonds and fixed-income slightly decline from 7.99% to 7.69%. Overall, the portfolio reflects a measured tilt toward equities seeking better participation in a potential recovery while maintaining a disciplined, risk-managed allocation.



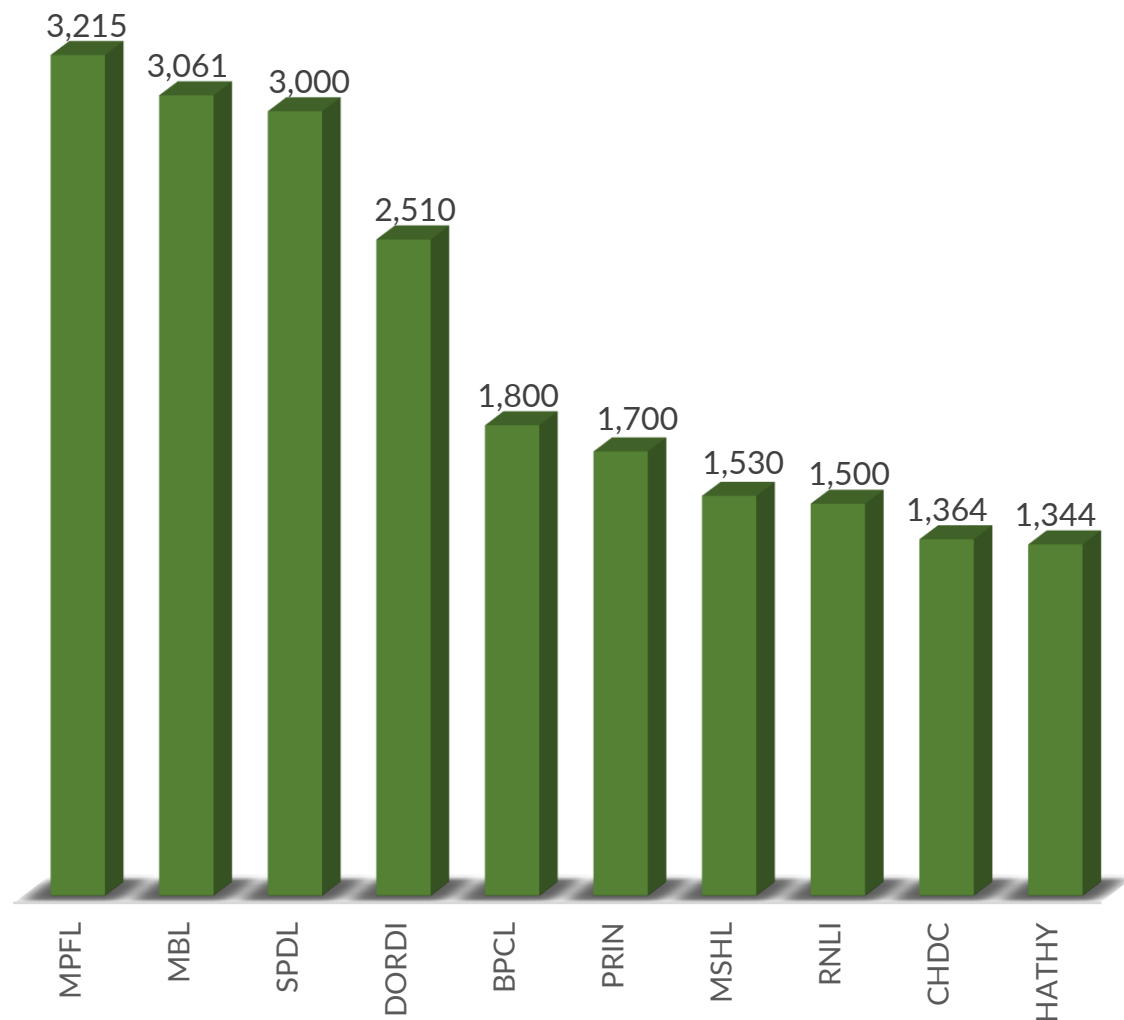
## Sector wise Allocation of Equities by Himalayan 80-20



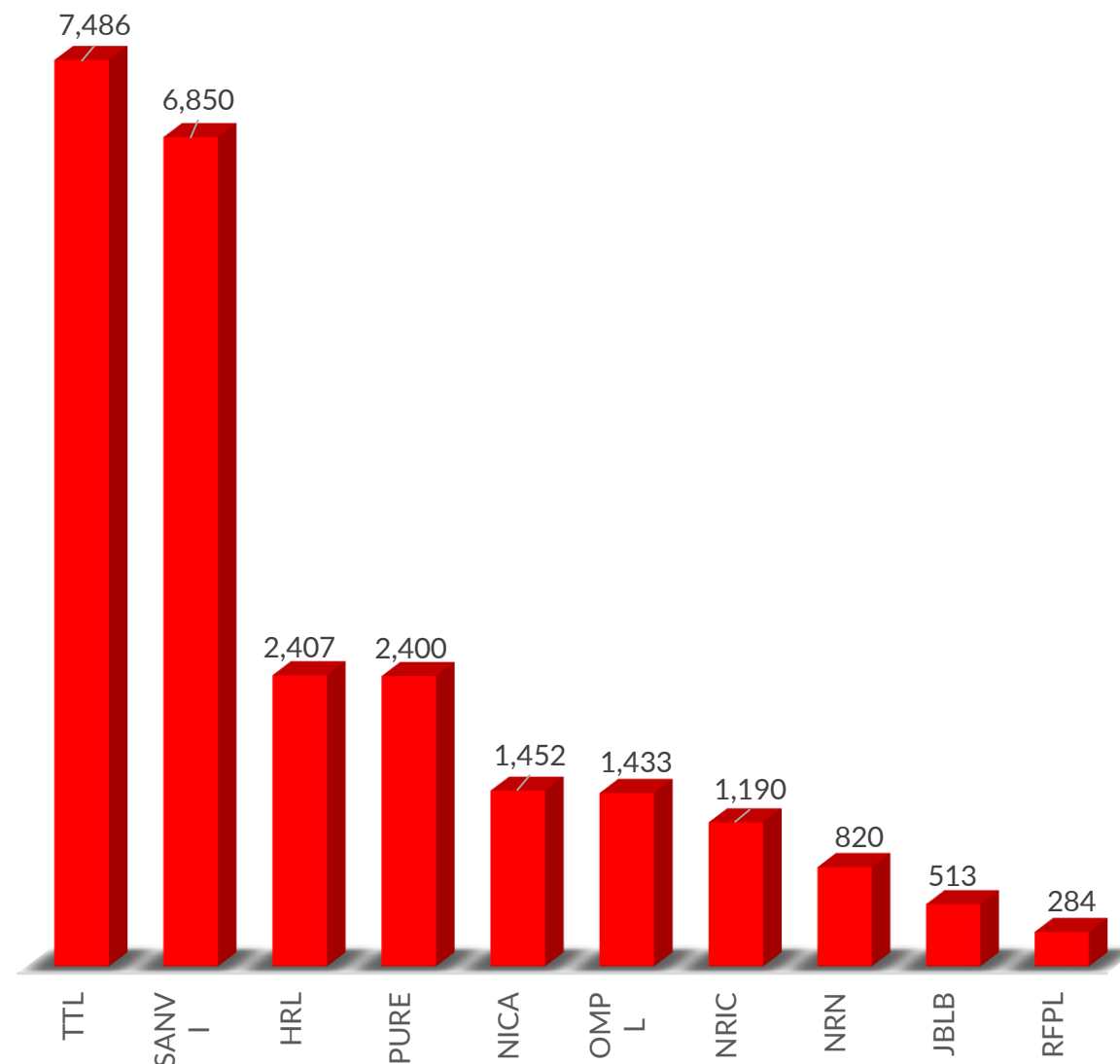
■ Sectorwise Weightage in This Month ■ Sectorwise Weightage in Last Month



H8020-Top 10 Equity Purchase (Units)



H8020-Top 10 Equity 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

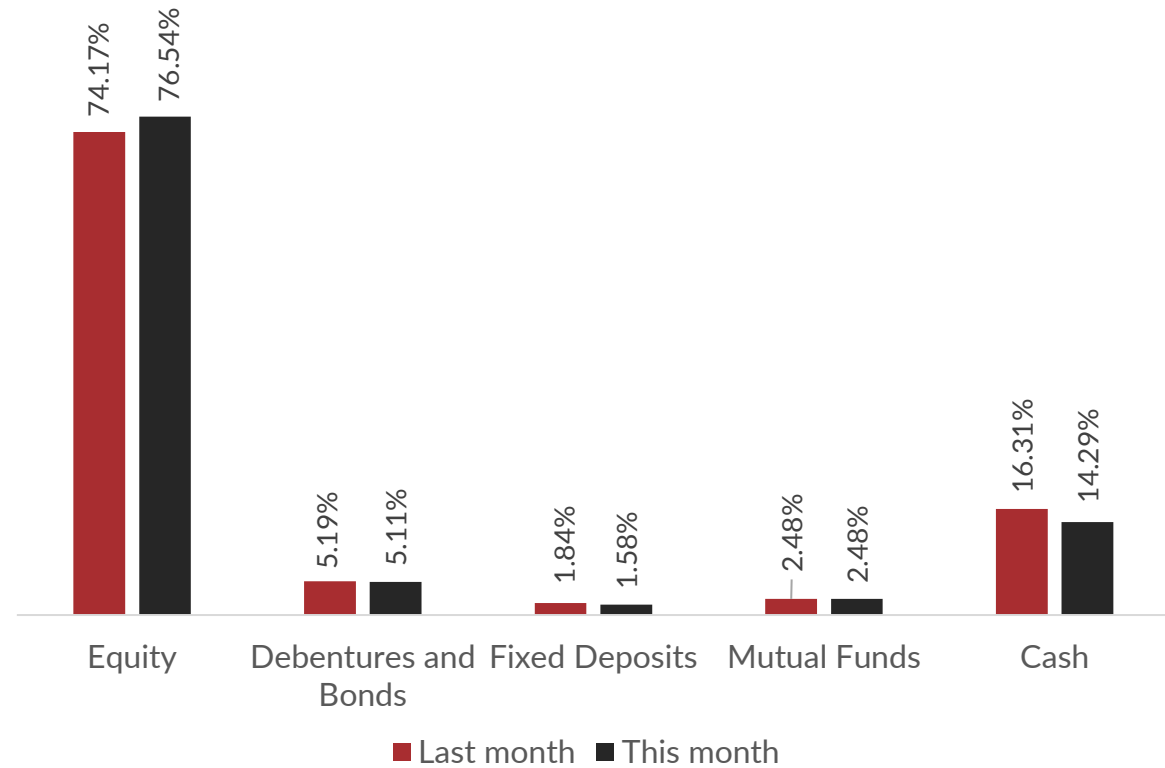


Asset Allocation Comparison: H8020 and Industry Average

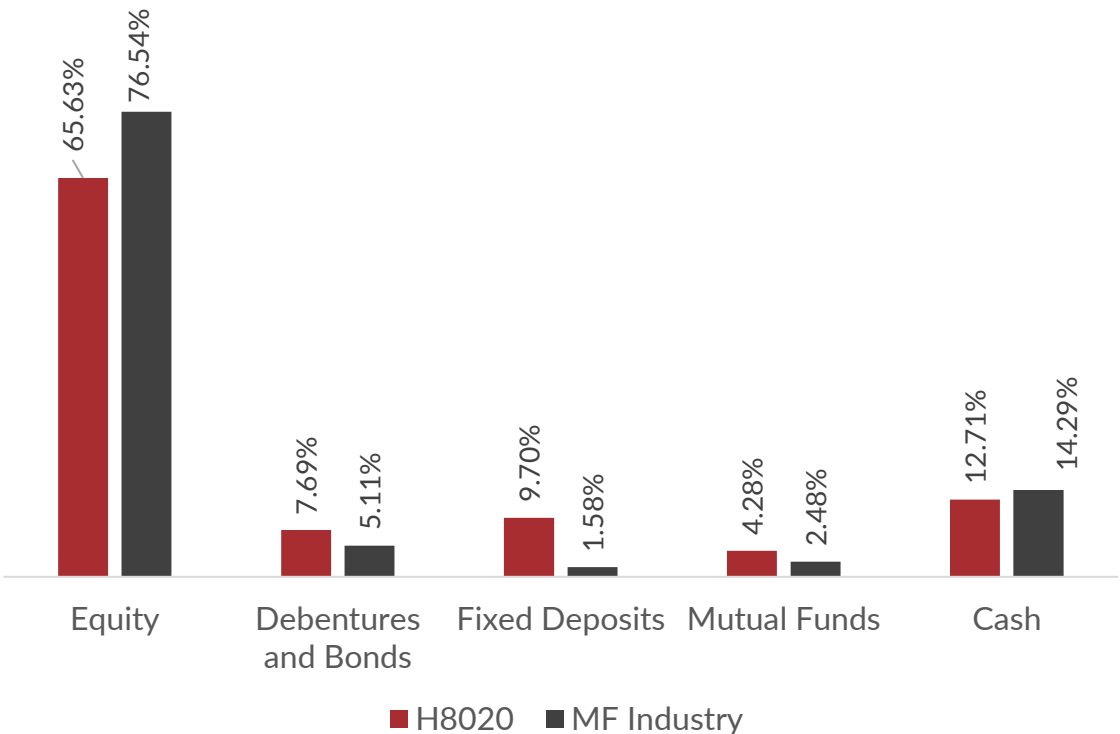
Between Mangsir and Poush 2082, mutual funds made only small allocation changes. Equity rose slightly from 74.17% to 76.54%, and cash decreased from 16.13% to 14.29%, staying relatively high, while other asset classes saw only marginal movement. Overall, this points to a cautious but selective stance, trying to get benefit from market volatility and being ready for future opportunities.

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 stocks. Instead, it allocates more to fixed deposits and debentures/bonds, which are generally steadier and offer more predictable interest income. H8020 also maintains slightly less 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

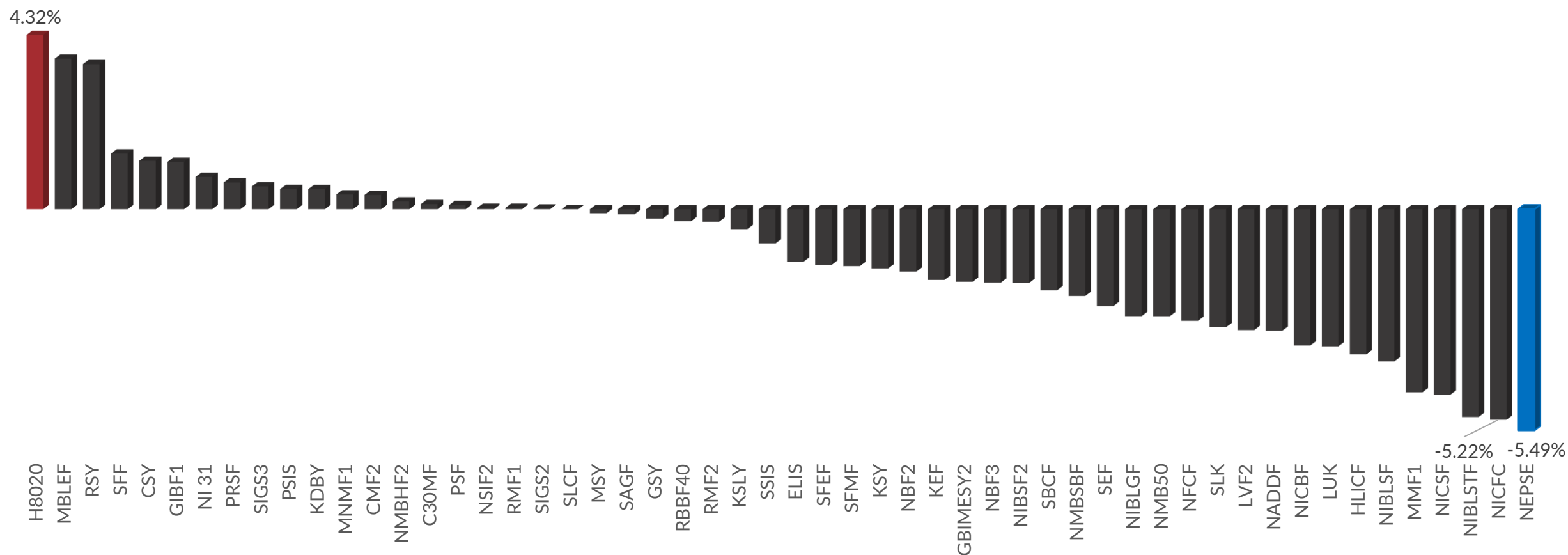


H8020 vs Mutual Fund Industry



# Schemes Return Vs NEPSE Return (FY 82/83)

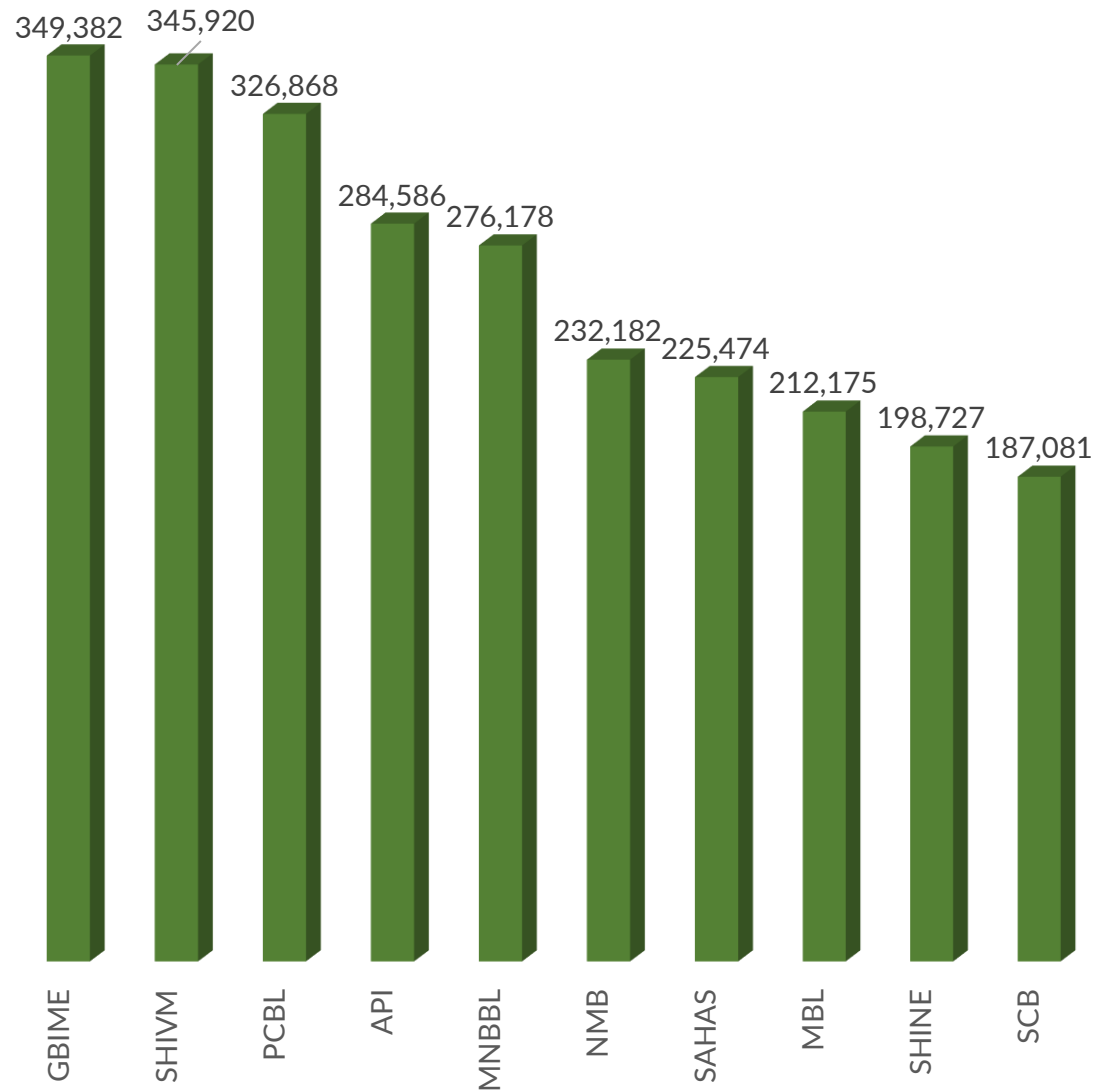
As of the end of Poush, 2082 (sixth month of FY 2082/83), twenty schemes have posted positive year-to-date returns. H8020 is the top performer with a 4.32% gain. In contrast, the NEPSE Index has declined by -5.49%, and the NICFC scheme posted a -5.22% return, which is the least in the industry.



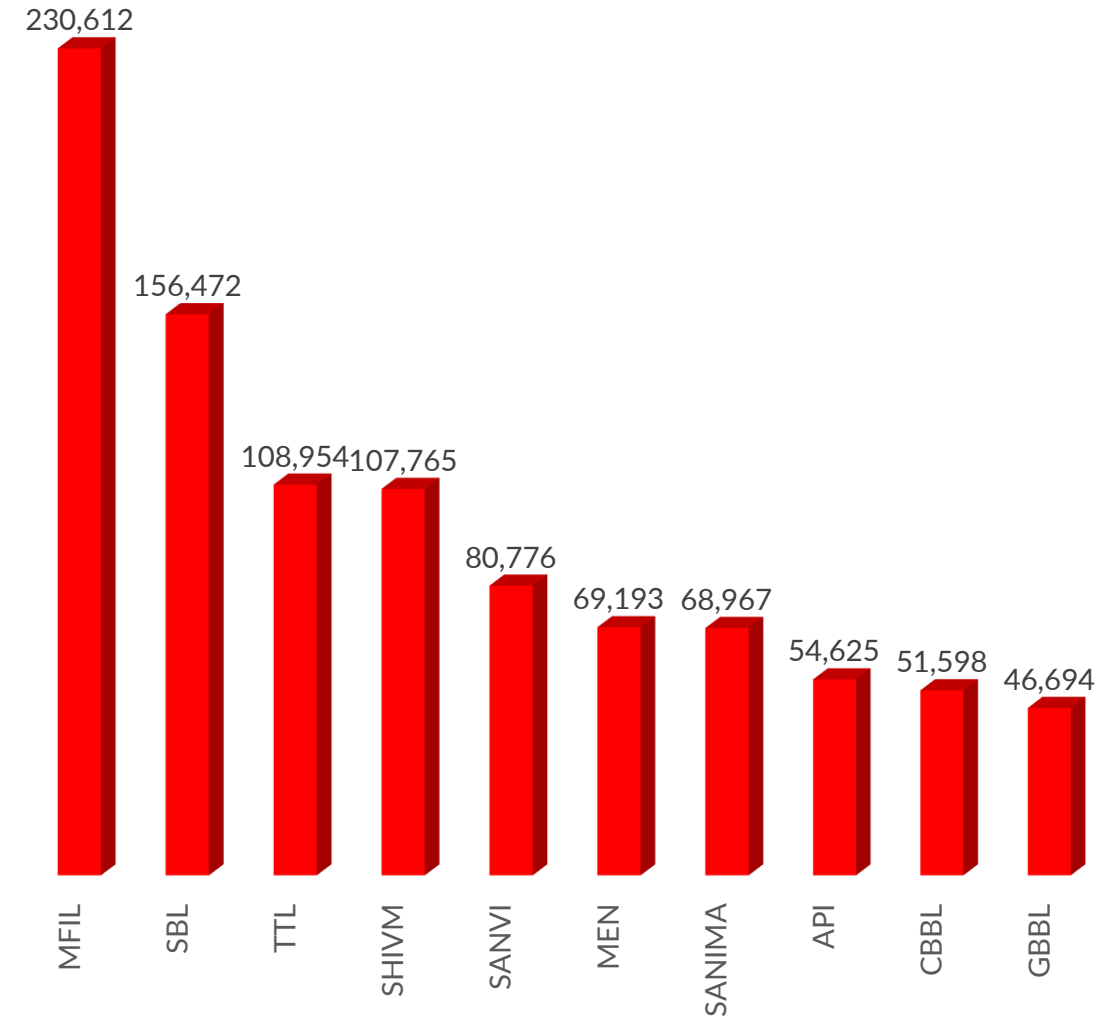
The returns have been adjusted to reflect the cash dividends provided.

For new funds, YTD is calculated using NPR 10 as the starting value due to no Ashad-end NAV

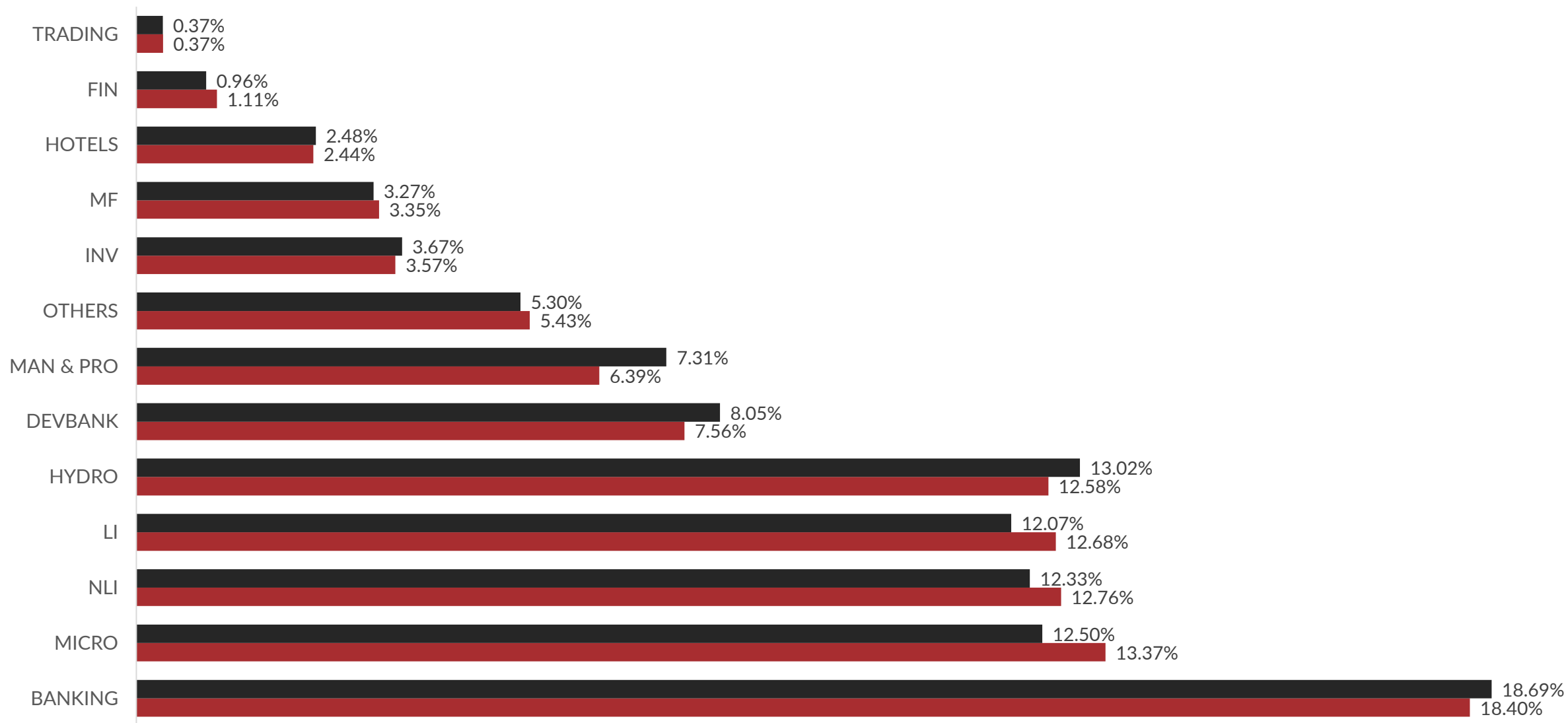
## Mutual Fund Industry: Top 10 Equity Purchase (Units)



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



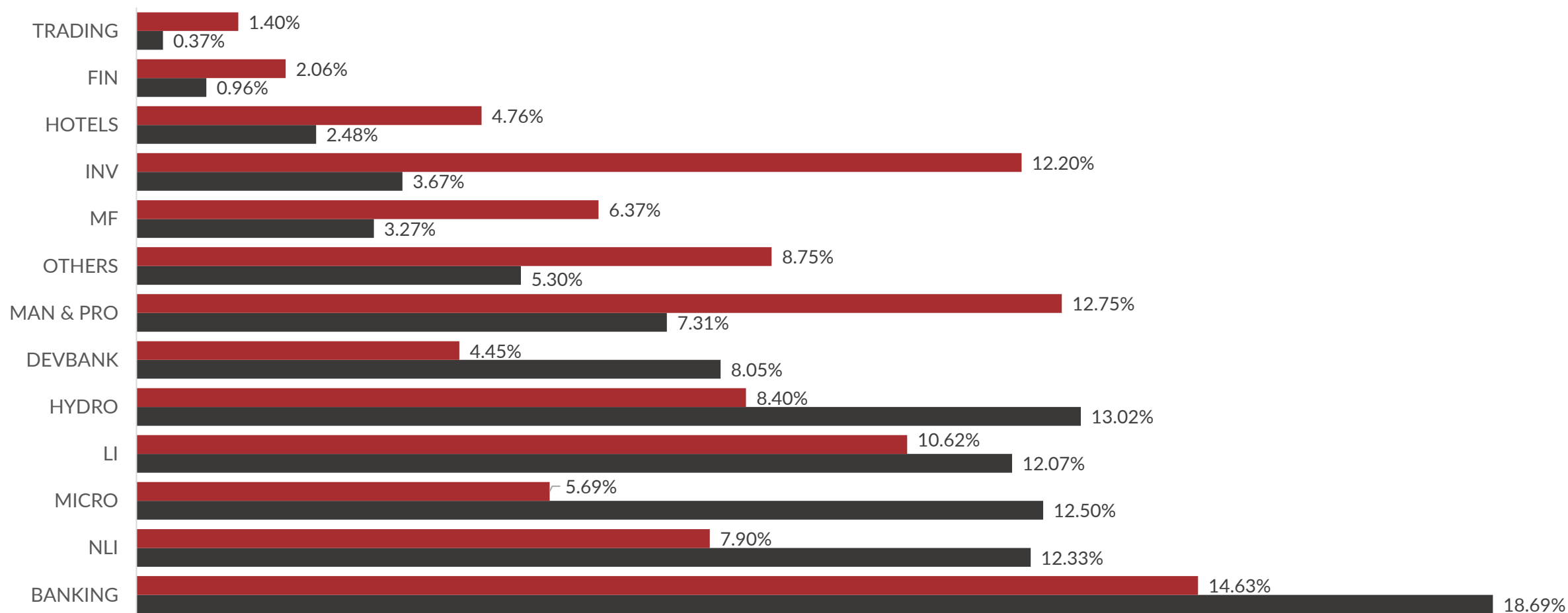
## Sector-wise Weightage of Equity in Mutual Fund Industry (Last Month Vs This Month)



■ This month ■ Last month

## Sector Wise Weightage Comparison of Mutual Fund Industry and H8020

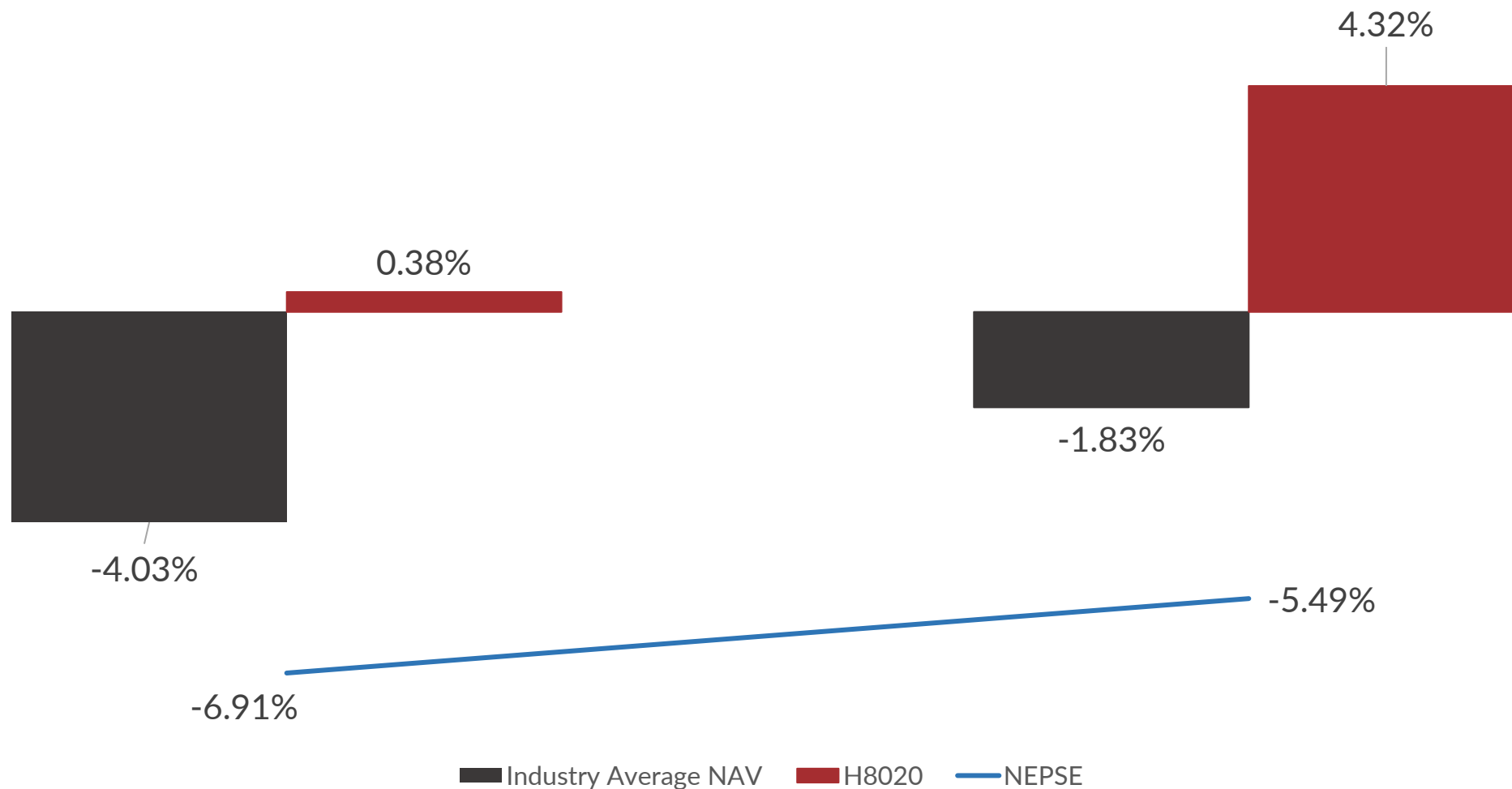
Compared with the overall mutual fund industry, H8020 has a more selective sector mix. The scheme allocates more to Investment companies, Hotels, Manufacturing & Processing, Mutual Funds, Others, Trading, and Finance areas that can deliver higher upside in a market rebound but may also bring higher short-term volatility. It is relatively lighter in Banking, Hydropower, Development Banks, Microfinance, and Life/Non-life Insurance, which are typically the industry's core holdings. Overall, this reflects a differentiated strategy that can add value if the preferred sectors perform, but it also means its return may differ more noticeably from the overall market.



■ H8020 ■ MF Industry

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

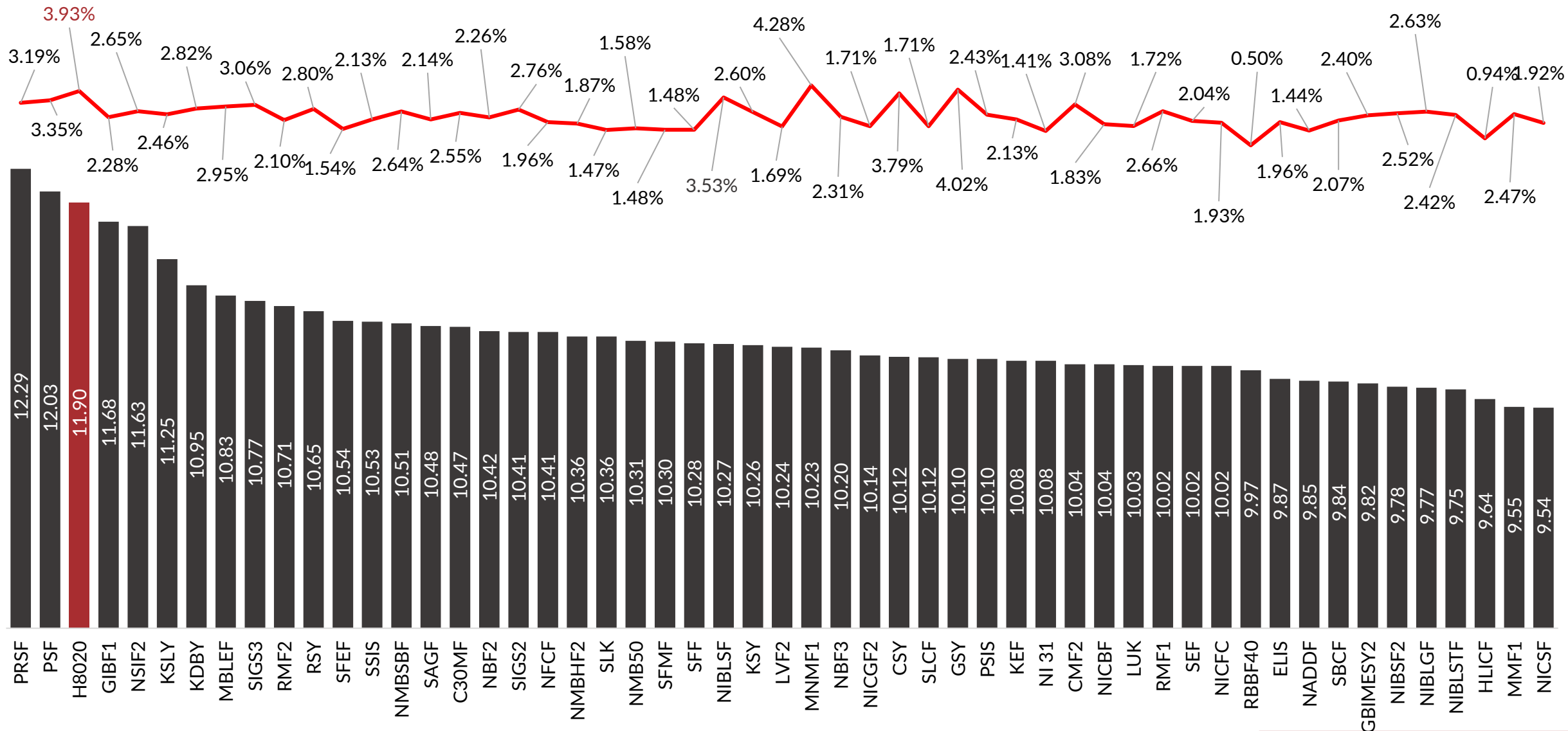
YTD in FY 2082/83 (as of Poush end), H8020 outperformed (4.32%) both the NEPSE index (-5.49%) and the mutual fund industry average NAV (-1.83%), indicating comparatively stronger portfolio positioning despite the weak market.



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:  $\text{NAV for the previous months} / (1 + \text{Cash dividend \%})$



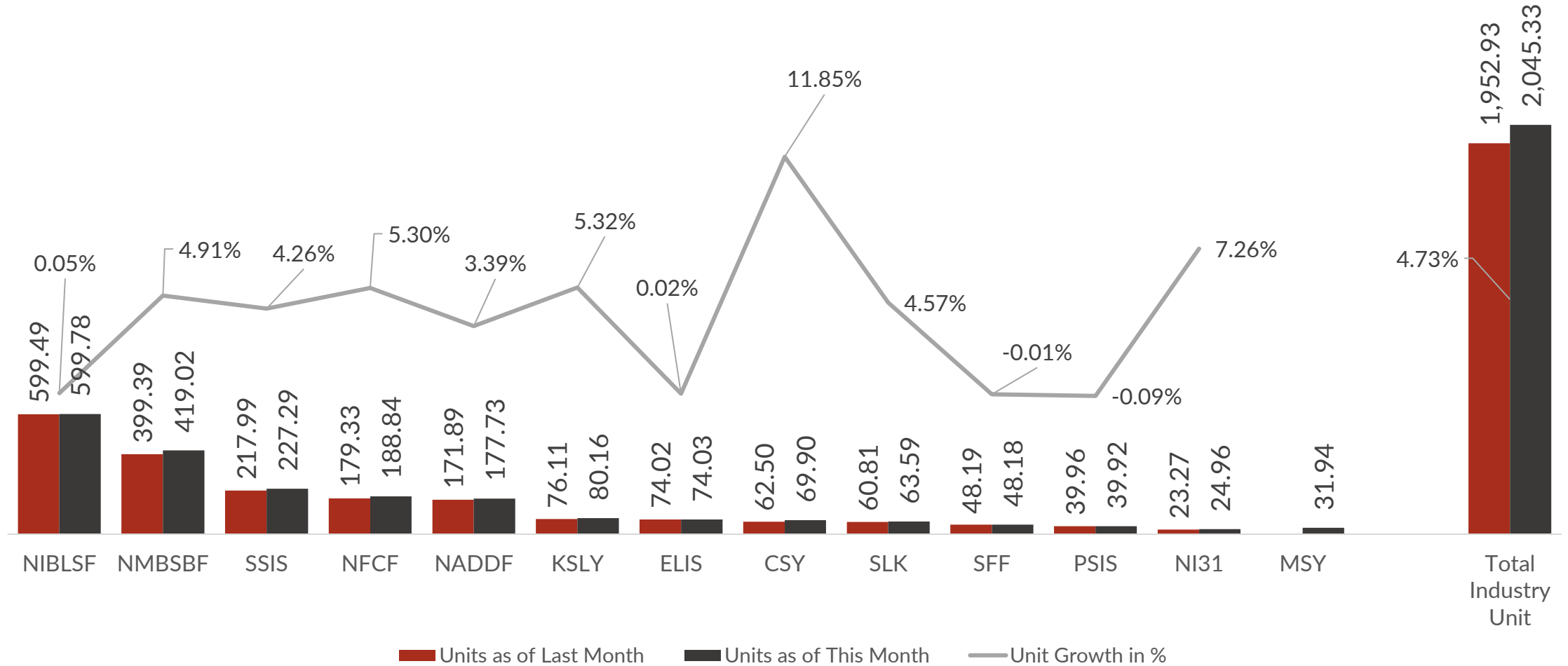
## Month on Month NAV Comparison (Mutual Fund Schemes in Industry)



NAV (Month End) Change (MoM)

## Open Ended Mutual Funds

Among the thirteen open-ended mutual funds, there was a net unit growth of 92.40 million units as of the end of Poush, 2082. This represents a monthly increase of 4.73%.



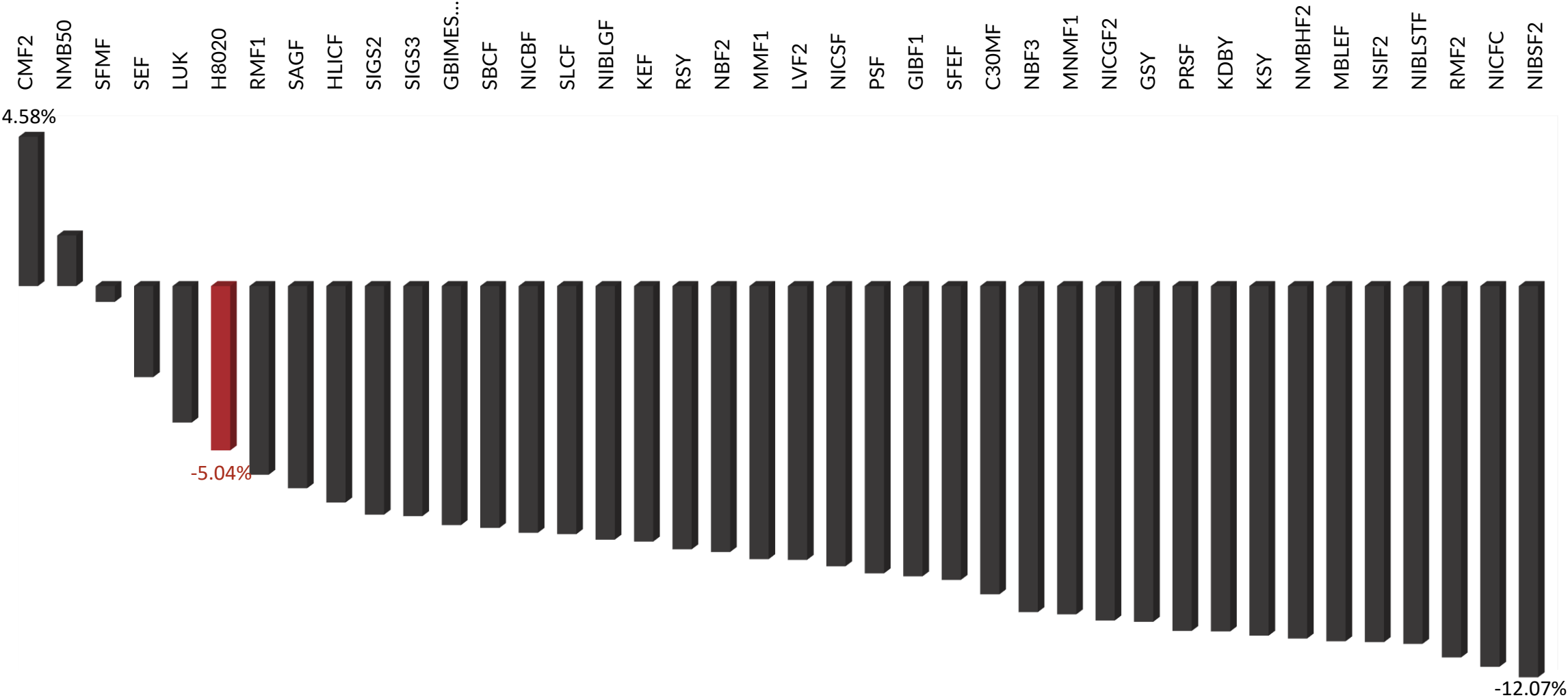
## Mutual Funds (Monthly Vs 3 Month Average NAV)

Scrip	Poush, 2082	Average (3Months)	Deviation
GSY	10.10	9.70	4.12%
H8020	11.90	11.45	3.93%
MNMF1	10.23	9.85	3.86%
CSY	10.12	9.77	3.58%
MBLEF	10.83	10.48	3.37%
NIBLSF	10.27	9.94	3.32%
CMF2	10.04	9.73	3.22%
PSF	12.03	11.66	3.17%
PRSF	12.29	11.91	3.16%
RSY	10.65	10.33	3.10%
RMF1	10.02	9.72	3.09%
KDBY	10.95	10.64	2.95%
KSY	10.26	9.97	2.94%
SIGS3	10.77	10.47	2.83%
C30MF	10.47	10.19	2.71%
NSIF2	11.63	11.32	2.71%
RMF2	10.71	10.44	2.59%
SIGS2	10.41	10.15	2.56%
NIBLSTF	9.75	9.51	2.56%
KSLY	11.25	10.97	2.55%
NMBSBF	10.51	10.25	2.54%
NIBSF2	9.78	9.54	2.52%
GIBF1	11.68	11.40	2.49%
NIBLGF	9.77	9.53	2.48%
KEF	10.08	9.84	2.44%
GBIMESY2	9.82	9.59	2.40%
MMF1	9.55	9.33	2.39%

Scrip	Poush, 2082	Average (3Months)	Deviation
SAGF	10.48	10.24	2.31%
SSIS	10.53	10.30	2.20%
SLCF	10.12	9.90	2.19%
LUK	10.03	9.82	2.17%
PSIS	10.1	9.89	2.16%
NICSF	9.54	9.34	2.14%
SEF	10.02	9.82	2.07%
NBF2	10.42	10.21	2.06%
SBCF	9.84	9.64	2.04%
LVF2	10.24	10.04	2.03%
NICGF2	10.14	9.94	2.01%
NBF3	10.2	10.00	2.00%
NMB50	10.31	10.11	1.94%
NMBHF2	10.36	10.16	1.94%
SFEF	10.54	10.34	1.93%
NICBF	10.04	9.86	1.86%
NICFC	10.02	9.84	1.79%
NFCF	10.41	10.23	1.79%
SLK	10.36	10.18	1.77%
SFF	10.28	10.11	1.72%
NI 31	10.08	9.92	1.61%
NADDF	9.85	9.70	1.55%
ELIS	9.87	9.72	1.54%
SFMF	10.3	10.18	1.18%
RBBF40	9.97	9.95	0.25%
HLICF	9.64	9.64	0.03%
MSY	9.99	9.99	0.00%

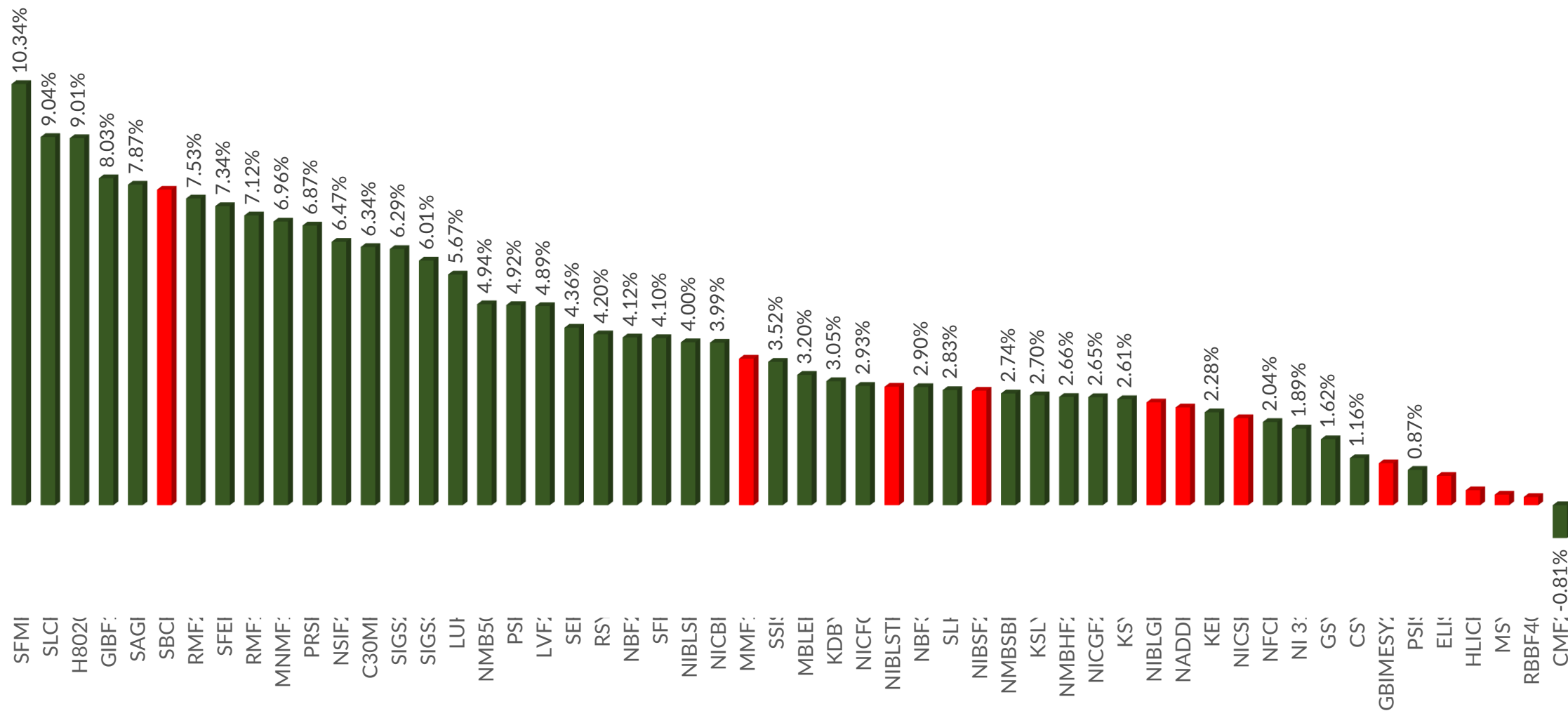


Closed-End Mutual Funds: Discount Analysis Based on NAV and Price



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  $\geq$  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  $\geq$  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.

## Rationale for: Top 5 Equity Purchase (Units) of H8020

SCRIP	Net Purchase Quantity	Rationale
MPFL	3,215	Relatively sound fundamentals compared to peers backed by good technical setup for swing trading.
MBL	3,061	The bank have maintained CASA ratio of 51% with CAR of 12.17% and operating at spread of 3.65% with Base rate 5.81% which can help to maintain its base rate on the lower side and play with spread headrooms in accordance with loan demands
SPDL	3,000	One of fundamentally sound hydro power companies trading within range of 330-390 for 6 months while other hydro power companies witnessed massive surge during this period.
DORDI	2,510	Short-term Trading purpose driven by good technical setup after stock rebounded followed by massive 50% correction from its ATH and promoter lock-in release.
BPCL	1,800	Qualitatively and quantitatively one of the strongest hydro power companies with multiple projects in the portfolio. Technically, in upward momentum along with rising investor participation after a fall of more than 20% from recent high which can offer short term capital gain opportunities.

## Rationale for: Top 5 Equity Sales (Units) of H8020

SCRIP	Net Sales Quantity	Rationale
TTL	7,486	The fund partially exited its position, realizing gains on reserved IPO quota investment.
SANVI	6,850	The fund partially exited its position, realizing gains on reserved IPO quota investment.
HRL	2,407	Impressive delivery in Q1 result despite rising claims and Genz aftermath with immense opportunity upward potential as the company is still short to meet capital requirements as set for by NIA.
PURE	2,400	The fund partially exited its position, realizing gains on reserved IPO quota investment.
NICA	1,452	Purchased with the expectation of a gradual recovery following improvement in its capital adequacy as reflected in Q1 reports with its new management team, and subsequently exited to capitalize on short-term price momentum.

## 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.



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