

# NEPALESE MUTUAL FUND INDUSTRY REPORT



**Himalayan Capital**

A Subsidiary of Himalayan Bank Limited

## Asar 2081



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## Some Common Abbreviations

Abbreviations	Full Form
H8020	Himalayan 80-20
MF	Mutual Fund
NFO	New Fund Offering
NAV	Net Asset Value
BVPS	Book Value Per Share
Q1	Quarter 1
Q2	Quarter 2
Q3	Quarter 3
Q4	Quarter 4
AUM	Assets Under Management
NEPSE	Nepal Stock Exchange
SEBON	Securities Board of Nepal
DP	Depository Participant
DRIP	Dividend Reinvestment Plan

## Fund Details

Allotment Date	13-Sep-23
Maturity Date	01-Oct-33
AUM as of Asar end, 2081 in NPR	1,109,275,047.25
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 or NPR 100,000 per month whichever is lower

Fund Manager Himalayan Capital Limited

H8020 Returns since Bhadra end, 2080 10.90%

NEPSE returns since the same date 14.02%

Fund Beta (Adjusted) till Asar end, 2081 0.69

Fund Standard Deviation till Asar end, 2081 0.40

## Investment Philosophy

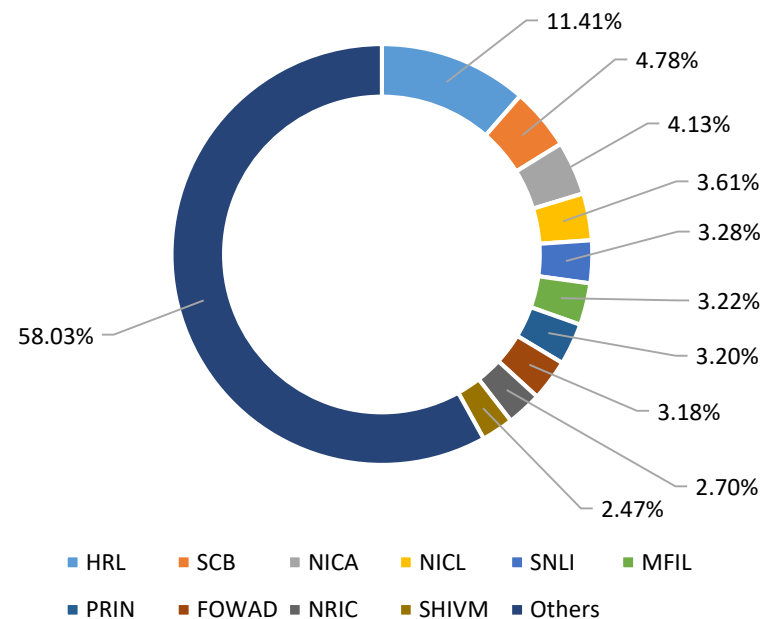
The fund structure involves investing 80% of its capital in long-term investments within the capital and financial markets, aiming for compounding returns. The remaining 20% is actively managed to maximize returns based on market conditions.



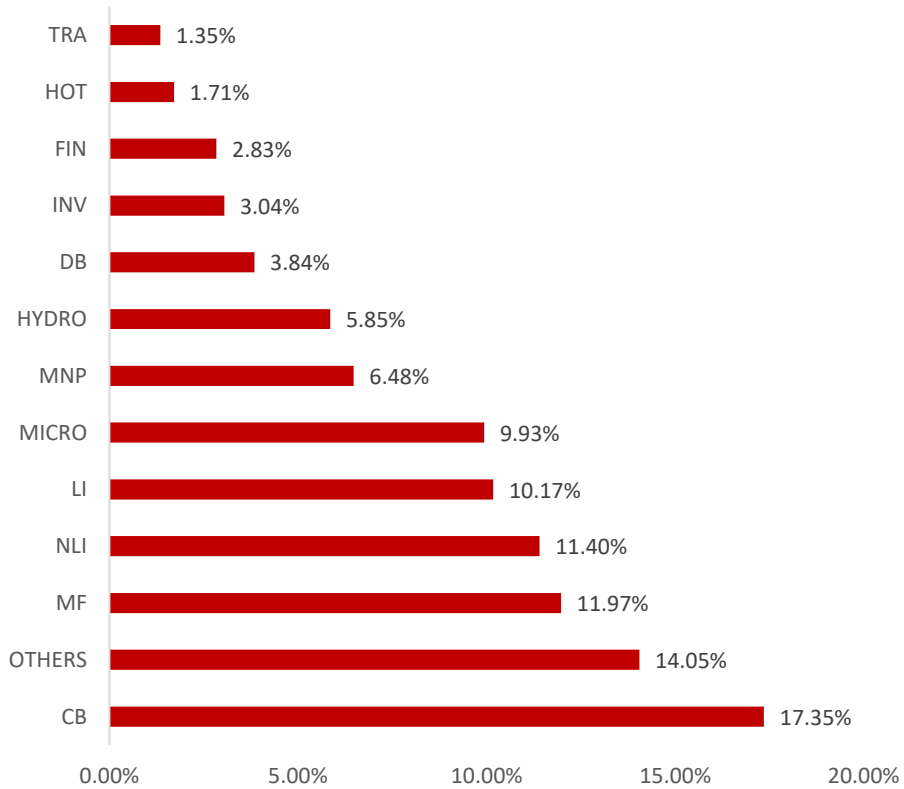
# HIMALAYAN MUTUAL FUND

## Himalayan 80-20

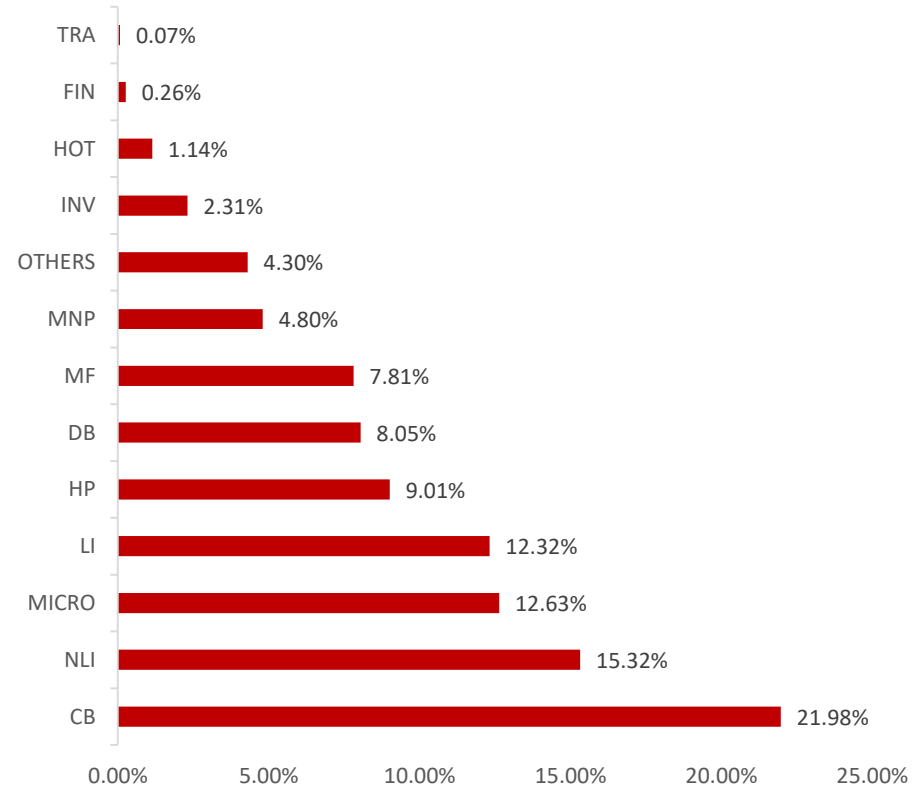
### Top 10 Equity Holdings as of Asar End, 2081



## Sector Allocation of Himalayan 80-20 and Mutual Fund Industry

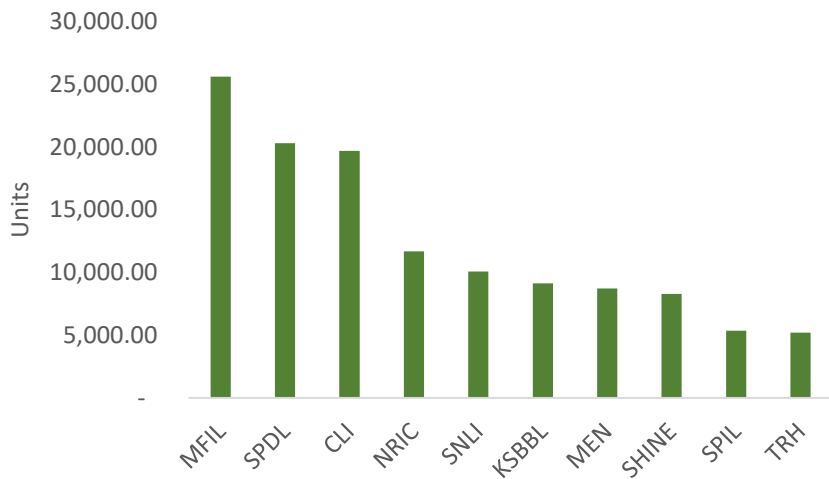


H8020



Mutual Fund Industry

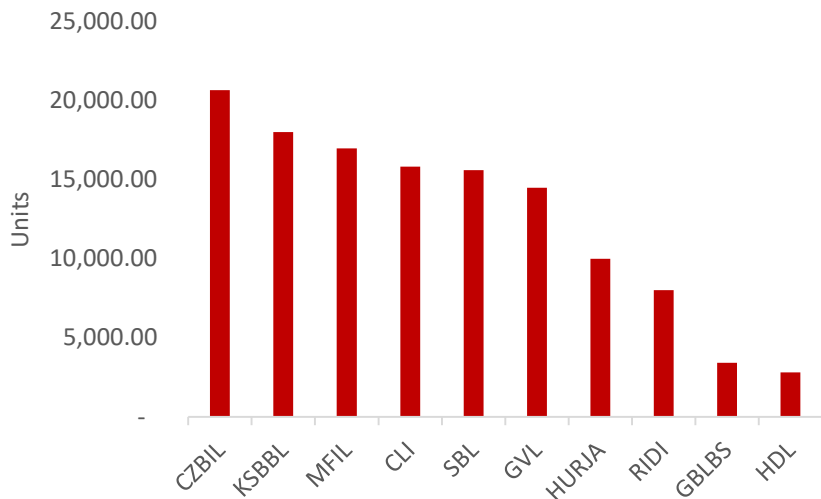
## Top 10 Equity Purchases of H8020 for Asar 2081



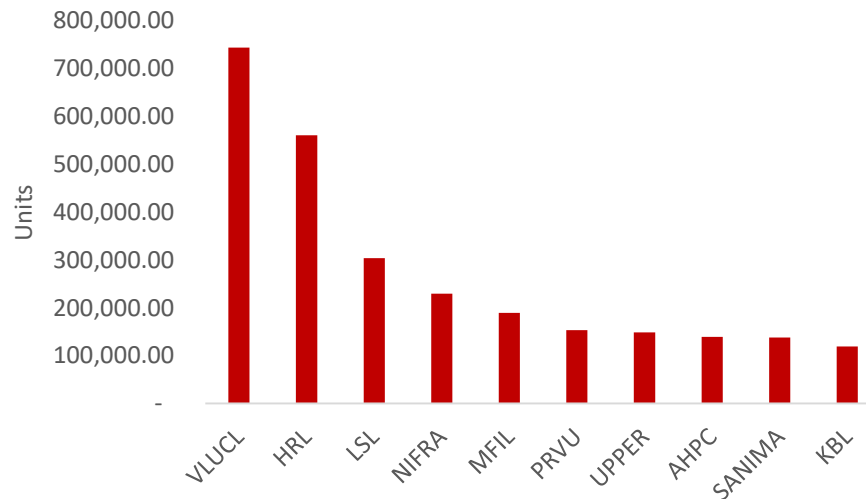
## Top 10 Equity Purchases of Mutual Funds for Asar,2081



## Top 10 Equity Sales of H8020 for Asar 2081

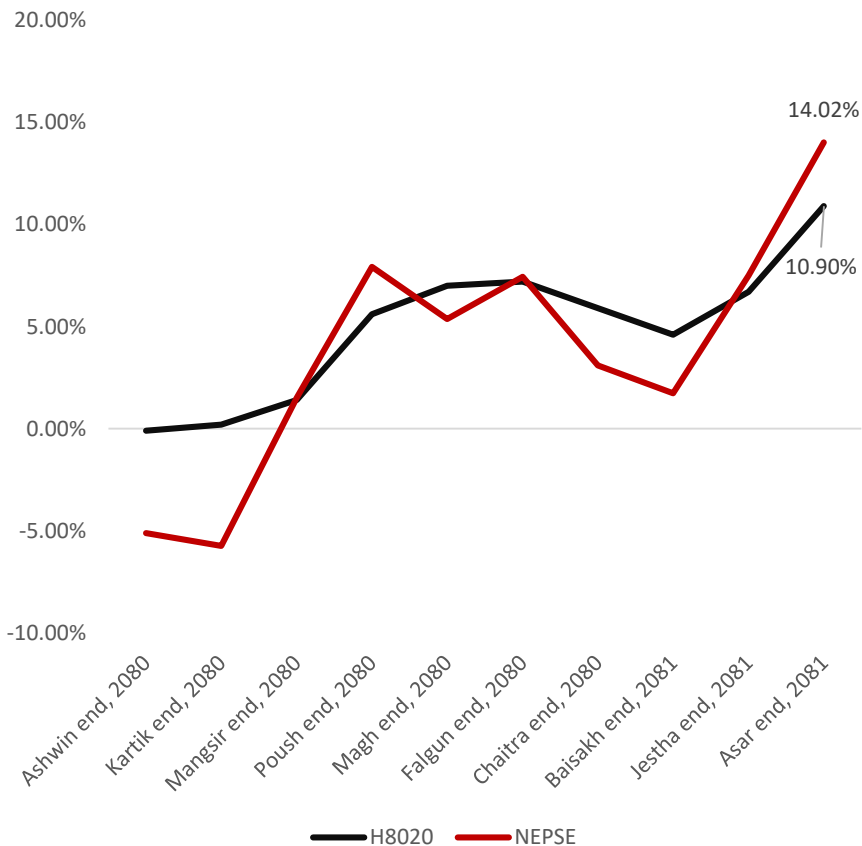


## Top 10 Equity Sales of Mutual Funds for Asar 2081

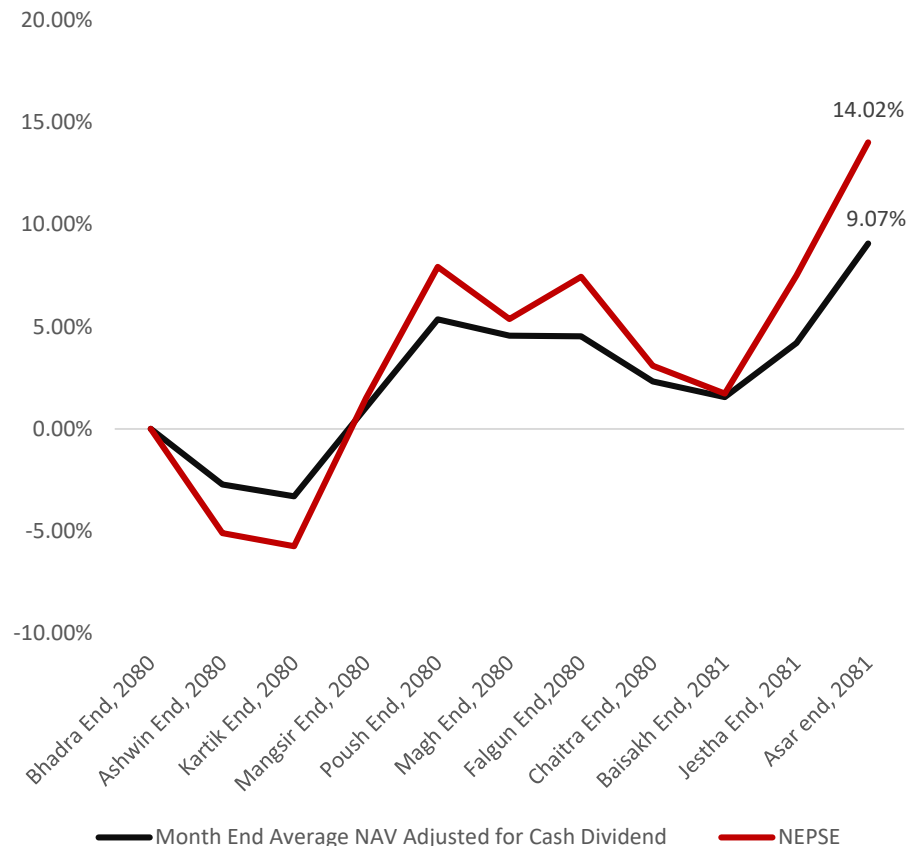


Note: Mutual funds are excluded from both purchase and sale transactions..

## H8020 vs NEPSE (Monthly NAV up to Asar End, 2081)



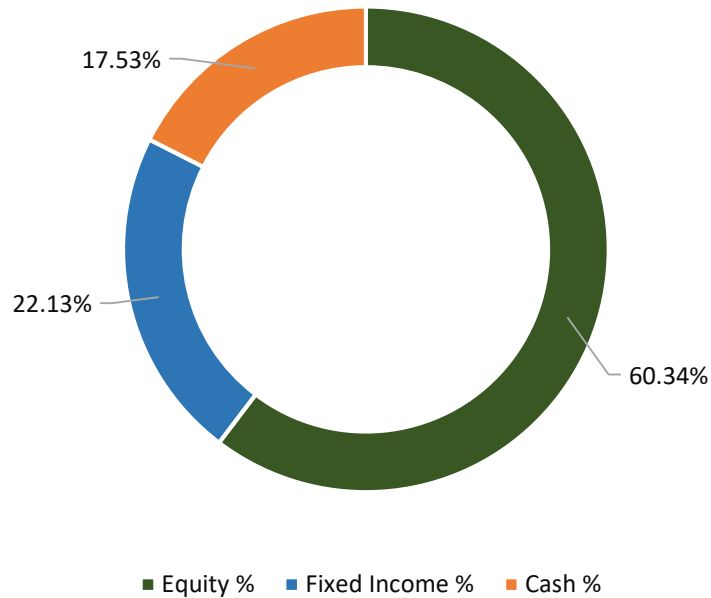
## Sector Avg vs NEPSE (Monthly NAV up to Asar End, 2081)



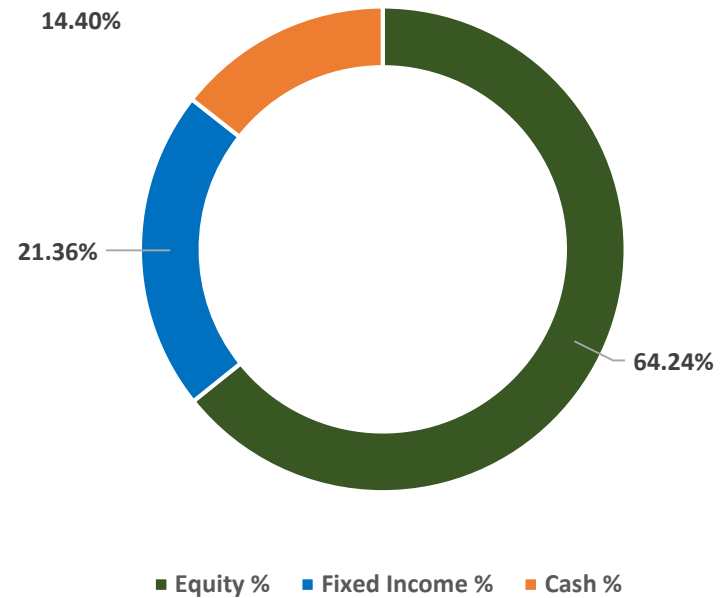
## Asset Allocation of Himalayan 80-20

The asset allocation of H8020 has undergone some changes from Jestha 2081 to Asar 2081. As a newly established fund with an operational history of less than a year, its cash holdings have been progressively invested into equity instruments.

Jestha End, 2081

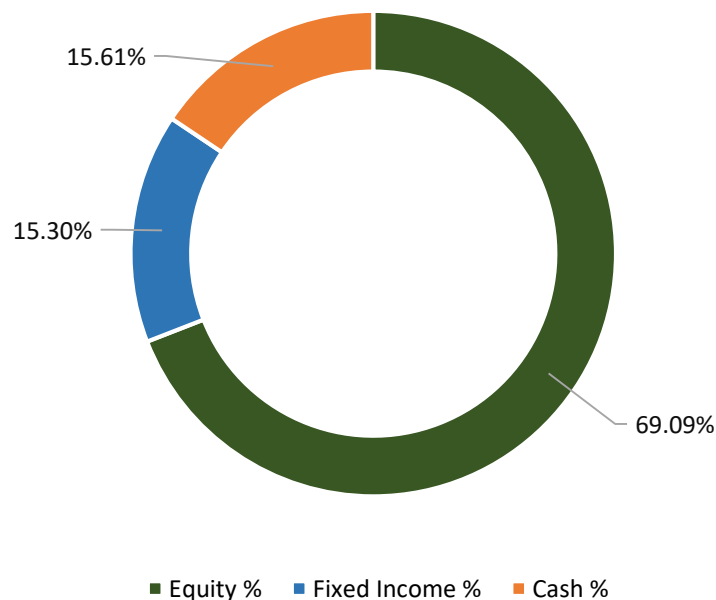


Asar End, 2081

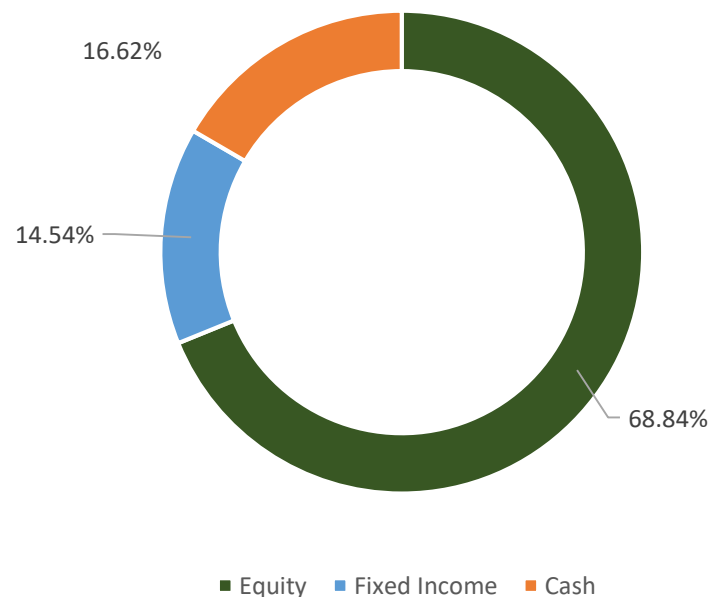


The month-end Assets Under Management (AUM) of the Nepalese Mutual Fund industry increased by 4.10%, reaching NPR 50.61 billion in Asar 2081, up from NPR 48.61 billion in Jestha 2081. In Asar 2081, investments in equity instruments averaged 68.84% of the total AUM, while Fixed Income and Cash accounted for 14.54% and 16.62%, respectively. These figures stood at 69.09%, 15.30%, and 15.61% in Jestha 2081.

Jestha End, 2081

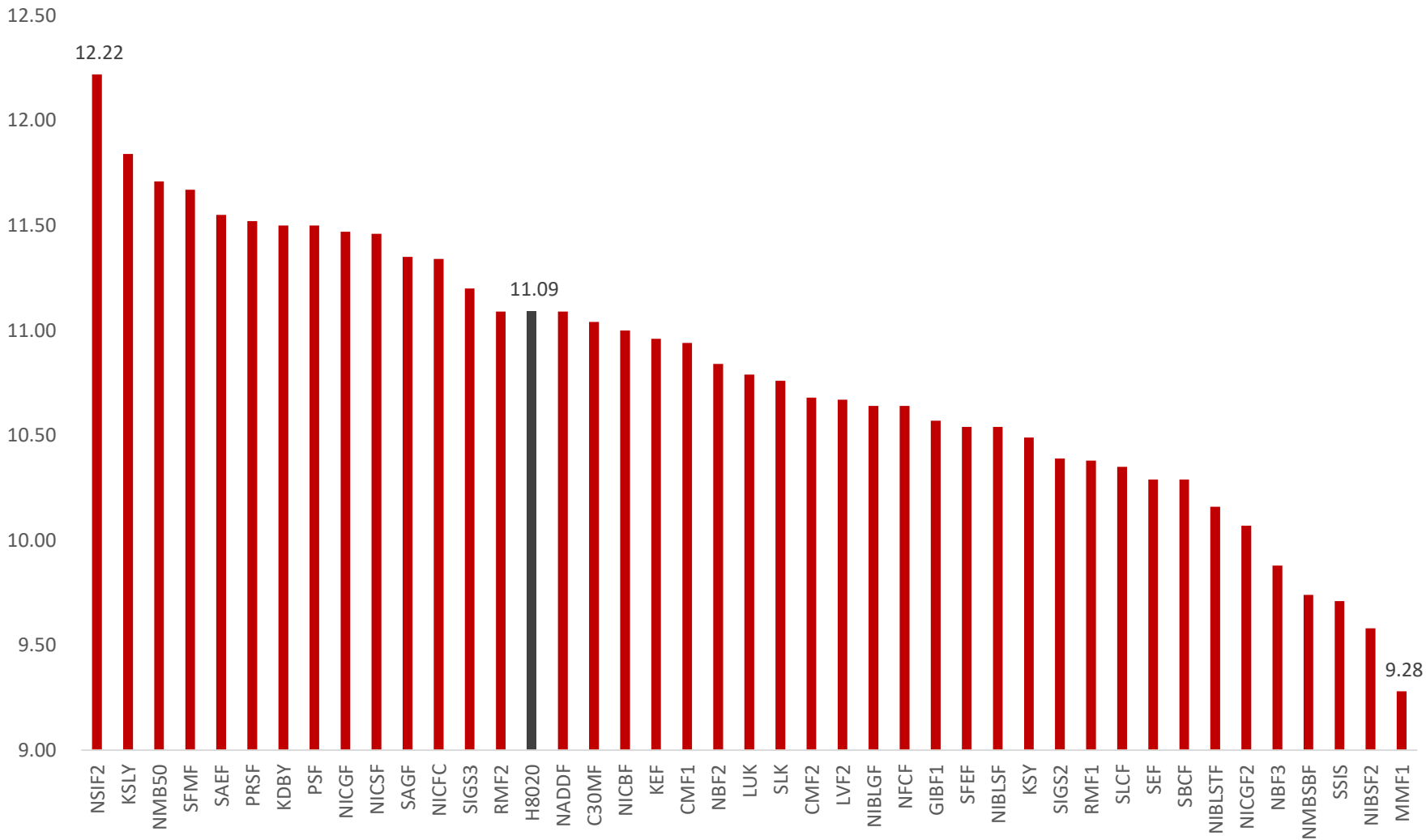


Asar End, 2081



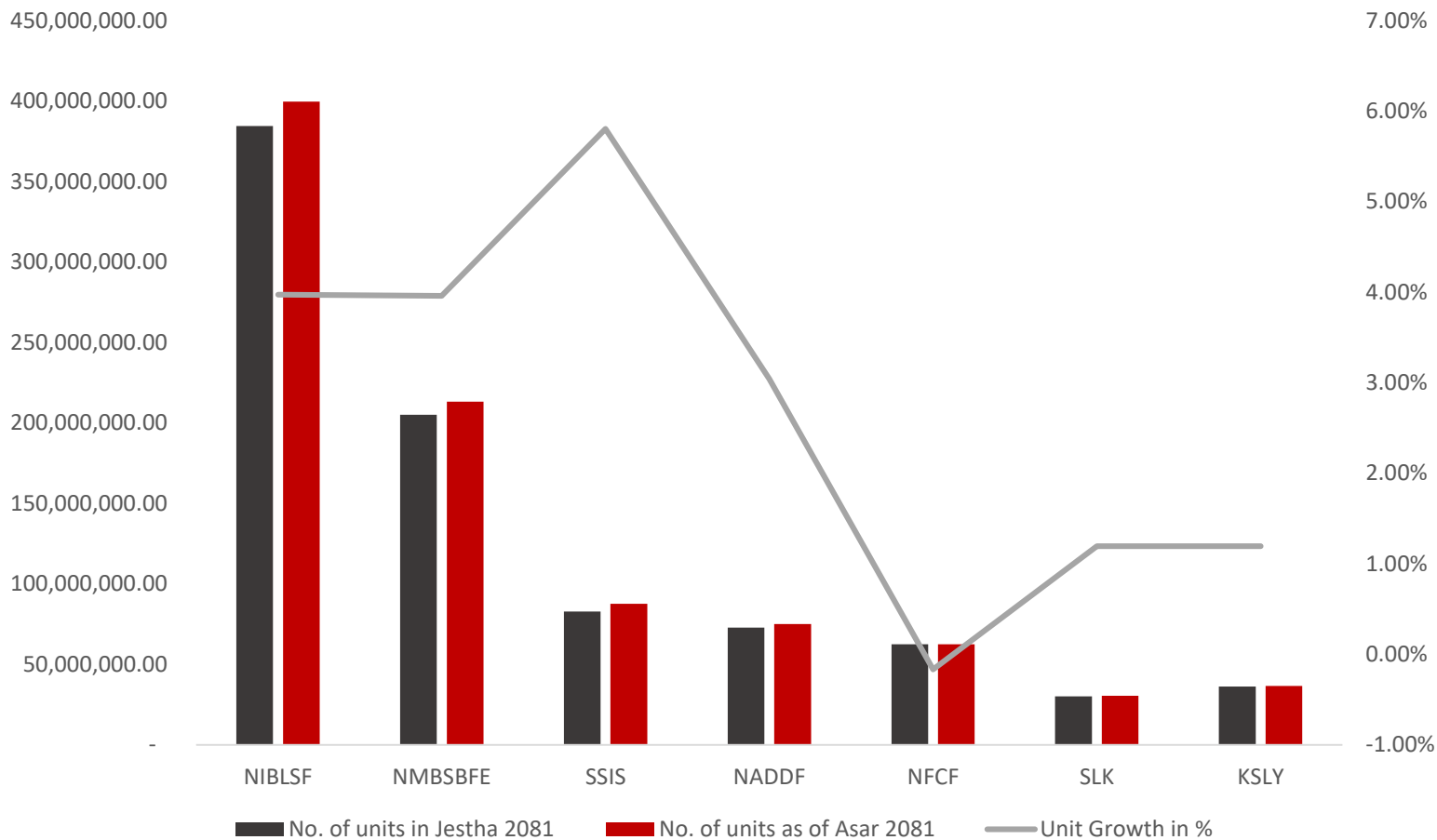


NAV of Mutual Funds as of Asar end, 2081

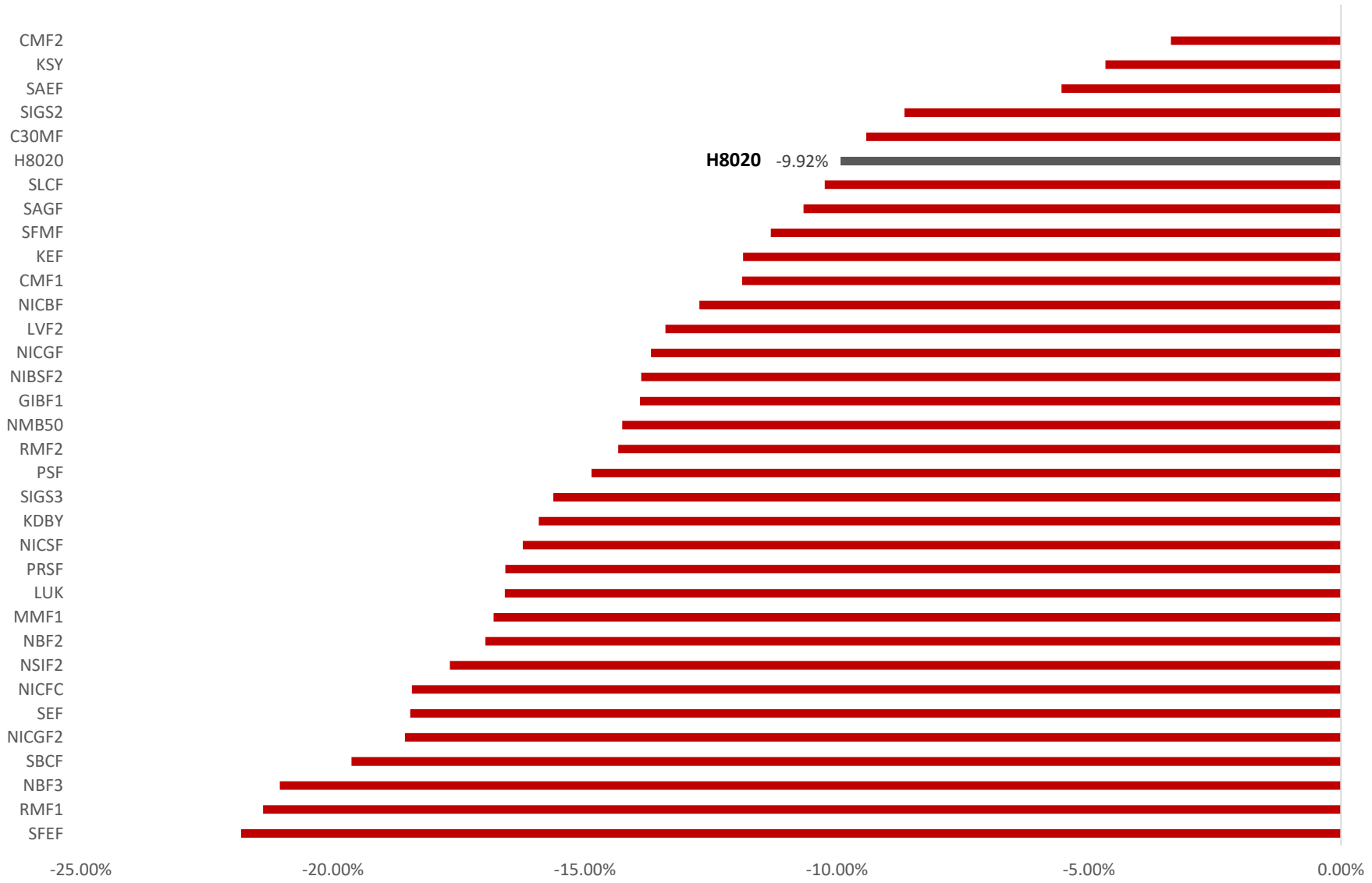


Open Ended Mutual Funds

Among the seven open-ended mutual funds, there was a substantial net unit growth, totaling 31,108,968 units. This represents an average monthly increase of 2.71%.



Closed-End Mutual Funds: Discount Analysis Based on NAV and Price as of Asar End, 2081

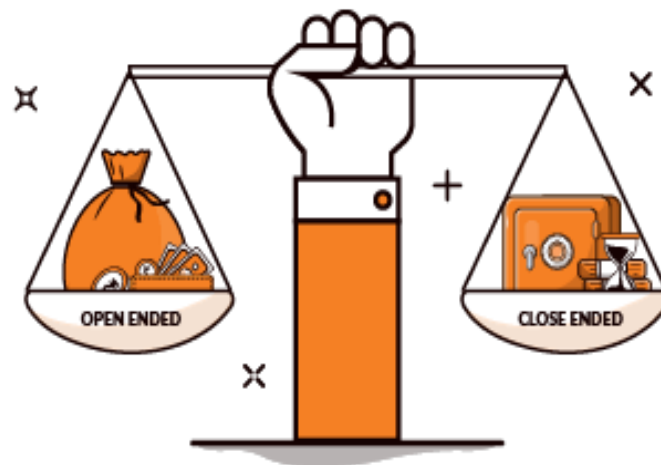


## IRR of close ended mutual funds till Asar end, since their inception

Symbol	Allotment Date	XIRR
SFMF	06/11/2019	22.27%
NMB50	01/09/2019	17.53%
NICBF	30/08/2019	14.70%
SAEF	26/12/2017	14.49%
NBF2	02/06/2019	13.63%
CMF2	08/07/2019	13.55%
NICGF	15/03/2018	13.52%
H8020	13/09/2023	13.13%
LUK	15/08/2020	12.90%
SIGS2	22/08/2019	11.82%
KSY	29/02/2024	11.76%
CMF1	05/03/2018	11.32%
NSIF2	01/09/2022	11.31%
PRSF	12/03/2023	11.09%
KDBY	19/06/2022	9.96%
SIGS3	02/05/2023	9.86%
SEF	09/11/2017	9.79%
RMF2	23/05/2023	9.43%
SAGF	28/11/2022	8.08%
LVF2	22/08/2023	7.48%
PSF	30/05/2021	7.42%
KEF	19/03/2021	7.29%
NICFC	15/06/2022	6.22%
C30MF	15/05/2023	5.62%
GIBF1	28/07/2022	5.40%
NICSF	05/07/2021	4.60%
NIBLGF	18/01/2023	4.25%
SFEF	12/02/2023	3.77%
SLCF	07/02/2021	2.20%
RMF1	23/07/2021	1.26%
NICGF2	12/12/2023	1.19%
NSTF	08/02/2024	1.16%
SBCF	27/03/2021	0.87%

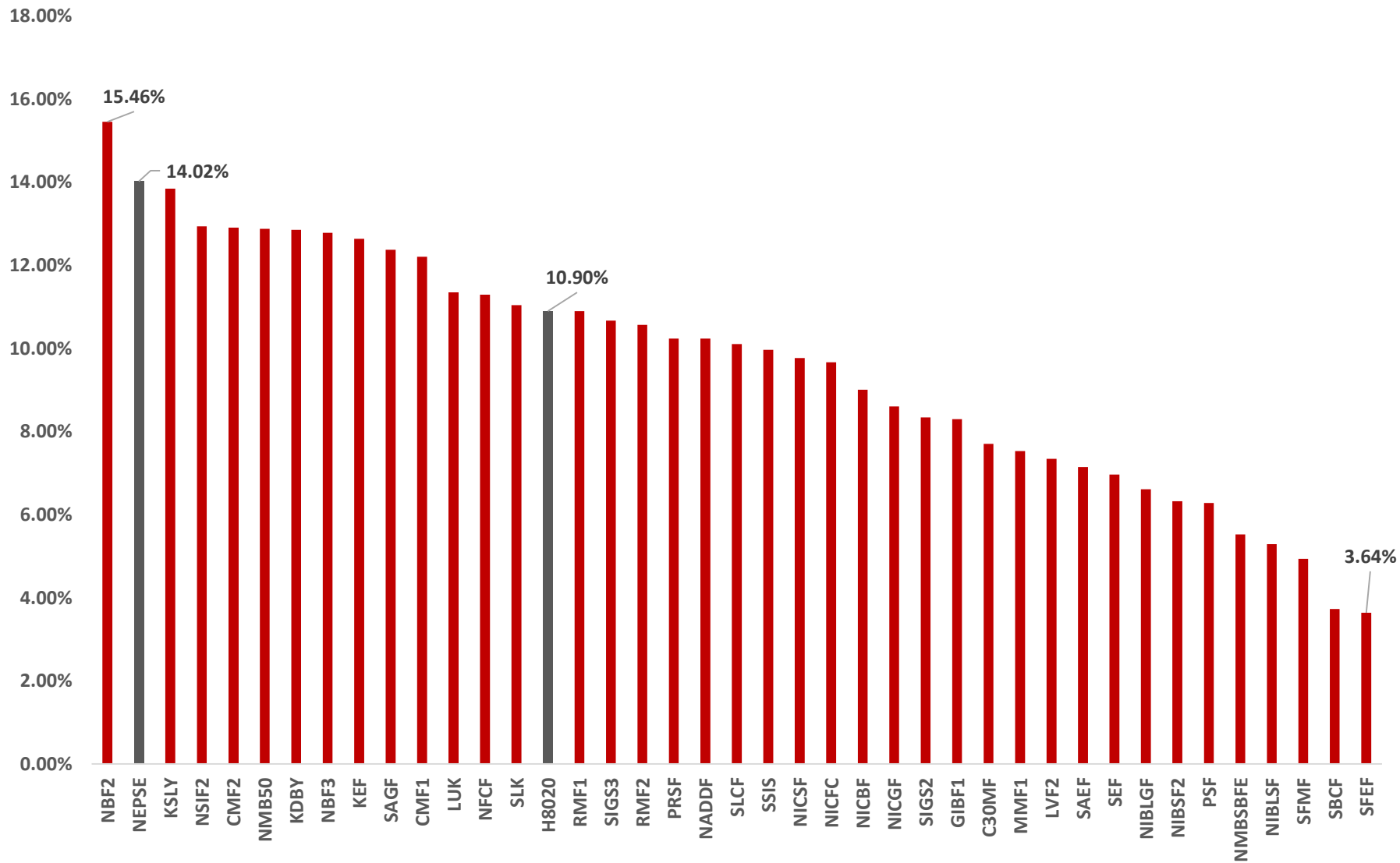
## Value of SIP investment of open ended mutual funds since their inception assuming NPR 1,000 monthly investment since the date of the NFO, with DRIP (NAV as of Asar end, 2081)

Symbol	Allotment Date	Total Investment	Current Value	Gain / Loss
KSLY	4/13/2023	16,000.00	17,806.06	11.29%
NFCF	12/5/2022	19,000.00	19,852.68	4.49%
SSIS	7/23/2021	35,000.00	36,564.12	4.47%
NADDF	2/4/2021	41,000.00	43,559.86	6.24%
NMBSBFE	9/23/2021	31,000.00	32,726.35	5.57%
SLK	2/4/2021	41,000.00	39,472.68	-3.73%
NIBLSF	7/10/2019	59,000.00	57,318.25	-2.85%

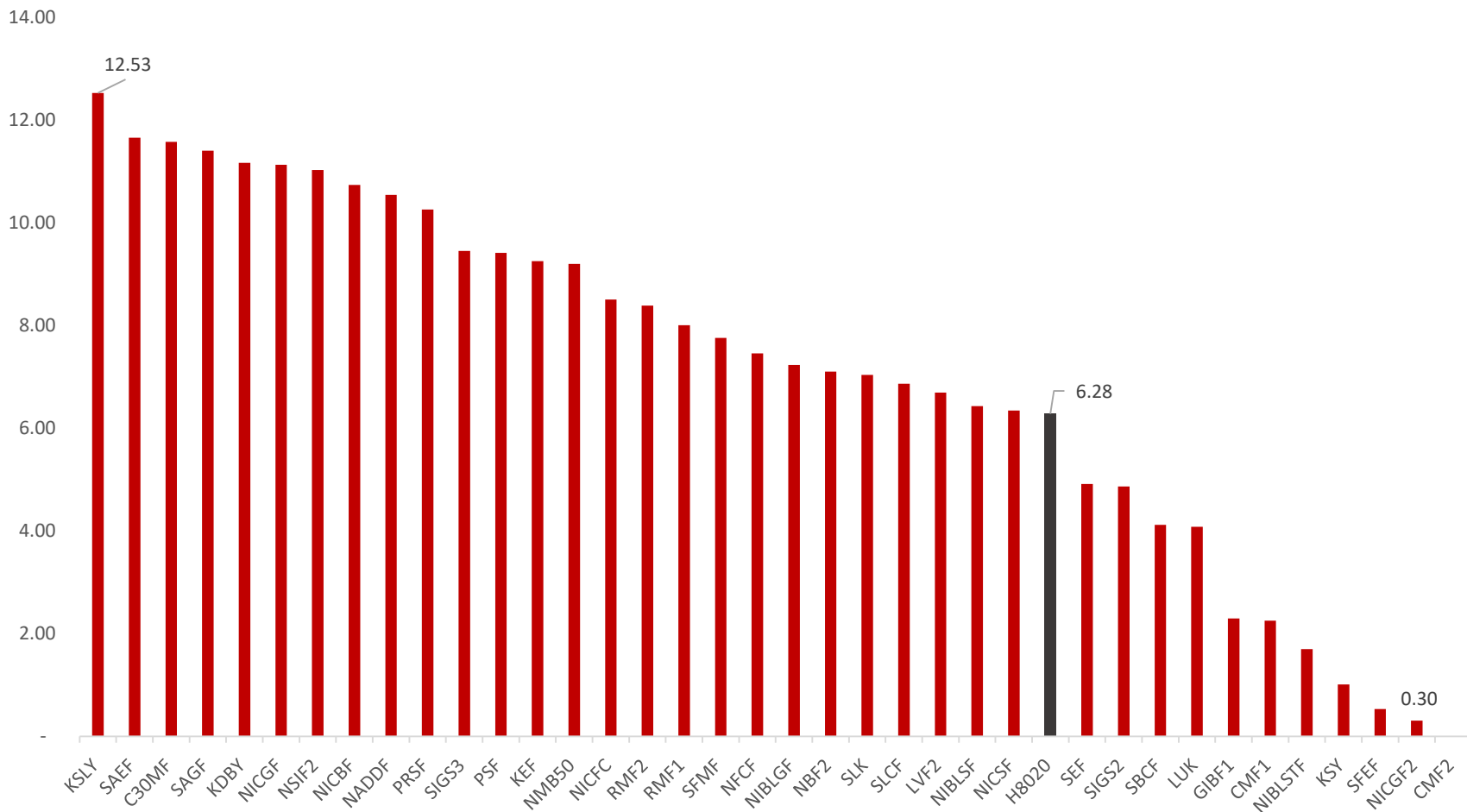


*Note: For close ended funds that have generated negative returns since their inception have been excluded from this list.*

Mutual Funds and NEPSE Returns Since H8020'S Inception (Up to Asar end, 2081)



Dividend Capacity of Mutual Funds as of Asar End, 2081



**Note –**

- Only mutual funds with a Net Asset Value (NAV) above NPR 10 qualify for dividend distribution.
- Dividends can only be distributed from realized gains and reserves as of Asar 2081
- The final dividends are determined at the discretion of the fund manager.
- For the above, only realized gains have been taken into consideration.

## Top 5 Equity Purchases in Units by Mutual Funds in Asar, 2081

Company Name	Graham Fair Value as of Q3 2080/81	BVPS as of Q3 2080/81	Market Price as of Jestha end, 2081	Why are mutual funds buying?
Mountain Energy Nepal Limited	249.32	151.72	616.30	The company has strong financials and is one of the leading player in the hydropower sector. It boasts a positive FCFE per share and generates revenue from two active projects. With a low gearing ratio and its removal from the NEA contingency plan, the company is positioned for further positive growth.
Shivam Cements Limited	151.49	188.19	497.10	SHIVM, Nepal's leading cement company, boasts strong financials and a solid dividend history. Despite a 36.14% YoY profit decline in Q3 to NPR 204.28 million due to rising raw material costs, the company showed improvement from Q2's 67.66% drop. After a Q1 loss, SHIVM rebounded in Q2 and Q3. Eased monetary policies and a positive economic outlook in Nepal have likely boosted sales and reduced interest burdens, attracting mutual funds interested in its promising mid to long-term prospects.
Nirdhan Utthan Bank Limited Promoter	193.91	186.10	N/A	NIBL Sambriddhi Fund 2 (NIBSF2) acquired 118,233 units, though the reasons for this purchase are not clear to us.
NIC Asia Bank Limited	281.33	202.24	415.10	In Asar, there were optimistic expectations for the BFI sector in the upcoming monetary policy. Additionally, NICA's stock prices had significantly fallen in recent months. These factors may have influenced mutual funds to purchase the stock.
Ghalemdi Hydropower Limited	N/A	98.61	151.70	The stock price of this company is comparatively lower than that of other hydropower firms, prompting mutual funds to buy, possibly for short-term trading strategies.

### Top 5 Equity Sales in Units by Mutual Funds in Asar, 2081

Company Name	Graham Fair Value as of Q3 2080/81	BVPS as of Q3 2080/81	Market Price as of Jestha end, 2081	Why are mutual funds selling?
Vision Lumbini Urja Company Limited	159.86	138.01	512	Mutual funds may have sold their IPO allocation to facilitate dividend distribution.
Himalayan Reinsurance Limited	204.63	149.97	557.5	Mutual funds may have sold their IPO allocation to facilitate dividend distribution.
Laxmi Sunrise Bank Limited	189.38	175.80	160	Mutual funds may have engaged in profit booking or minimized their losses.
Nepal Infrastructure Bank Limited	123.13	113.70	195.6	During the last bull run, mutual funds acquired the stock at higher prices. As the market declined, they were left holding these positions. As NEPSE was recovering in Asar, they may have gradually sold off their holdings to minimize losses.
Manjushree Financial Institution Limited	231.42	167.02	522.6	Mutual funds may have engaged in profit booking or minimized their losses.



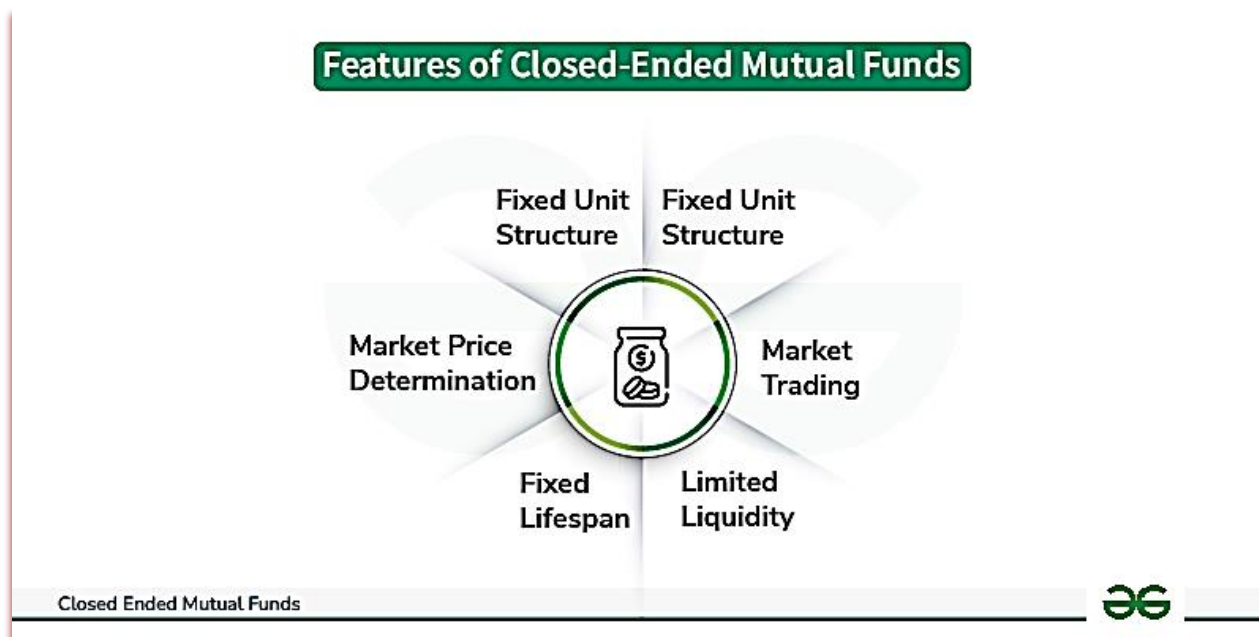
## Risk Factors Associated with the Likely Activity of Himalayan 80-20

- Limited Diversification of Financial Products for Mutual Funds in Nepal
- Fewer Companies Listed Compared to International Markets
- High Reactivity of NEPSE to Political Events
- T+2 Trading Cycle Hindering Swift Sell Decisions
- Information Asymmetry in the Market



## Investor Education for the Month – Close Ended Mutual Funds

A close-ended mutual fund is an investment fund that issues a fixed number of shares through an initial public offering (IPO). Unlike open-ended funds, which issue and redeem shares at their net asset value (NAV), these funds are traded on stock exchanges, affecting market prices based on market conditions and investor demand. After the IPO, no new shares are created or redeemed, affecting liquidity. Managed by professional fund managers, these funds can invest in various asset classes, use leverage (not in the case of Nepal however) to enhance returns, and distribute income or dividends to shareholders.



## Macroeconomic Outlook for Shrawan 2081

- The macroeconomic outlook has improved due to regulatory actions, increased remittance inflows, and a positive Balance of Payments, resulting in decreased inflation and interest rates.
- The recent surge in the NEPSE index can be attributed to a combination of key factors. Firstly, the reduction in interest rates has provided a more favorable borrowing environment. Secondly, the appointment of Mr. Bishnu Prasad Paudel as Finance Minister—a respected figure among investors—has further bolstered market confidence. Additionally, the Nepal Rastra Bank's (NRB) quantitative easing measures, outlined in the monetary policy for FY 2081/82, have been designed to stimulate economic activity. Collectively, these developments have significantly contributed to the upward momentum of the NEPSE index.
- The NRB has lowered the policy rates and introduced a range of easing measures, particularly benefiting the banking, financial institutions (BFI), and construction sectors.
- Additionally, the NRB's decision to lift the NPR 20 crore cap on institutional investors is expected to further inject capital into the market.
- While these measures have generated optimism, it's crucial to remember that their full impact remains to be seen. Continued monitoring of the monetary policy review for fiscal year 2081/82 will provide deeper insights into the evolving economic landscape.

