

# INSIGHTS INTO NEPAL'S MUTUAL FUND MARKET

MANGSIR 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 1 January 2026, the NEPSE index closed at 2,620.92, continuing to trade sideways with a slightly negative bias. Repeated failures near the 2,650–2,700 zone have kept the index range-bound around 2,600, reflecting ongoing indecision. Turnover of about NPR 4.71 billion indicates moderate but cautious participation, consistent with a consolidation phase rather than a clear trend.

Momentum indicators are slightly constructive but not decisive. RSI at 52.68 suggests neutral-to-positive momentum, indicating improved buying interest without a strong upside push. MACD is marginally above the signal line and near the zero level, implying easing downside pressure and gradual improvement; however, a sustained move above zero is still needed to confirm a firmer trend shift.

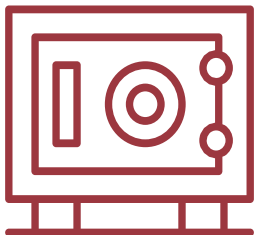
Looking ahead, immediate supports are at 2,603 and 2,470, while resistance stands at 2,685 and 2,751. A clean close above 2,685 would strengthen the near-term outlook and open room toward 2,751. Until then, the index is likely to remain range-bound, while a break below 2,603 would tilt risks back toward 2,470. Overall, the market remains cautiously stable, awaiting a volume-backed breakout to confirm direction.

Macroeconomic Outlook



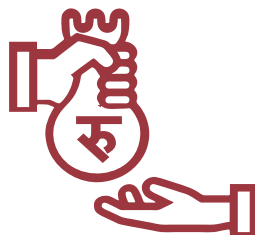
Inflation

1.11%



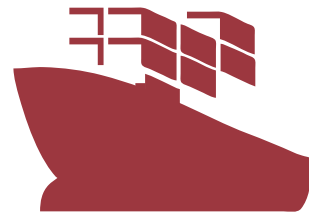
Deposit Growth

13.39%



Credit Growth

6.90%



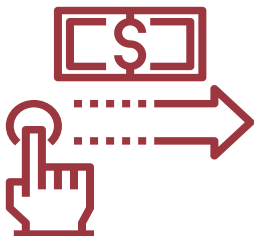
Import Growth

18.71%



Export Growth

77.51%



Remittance Growth (NPR)

31.36%



FX Reserve Growth (NPR)

35.48%

\* Growth refers to the change between the fourth 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.

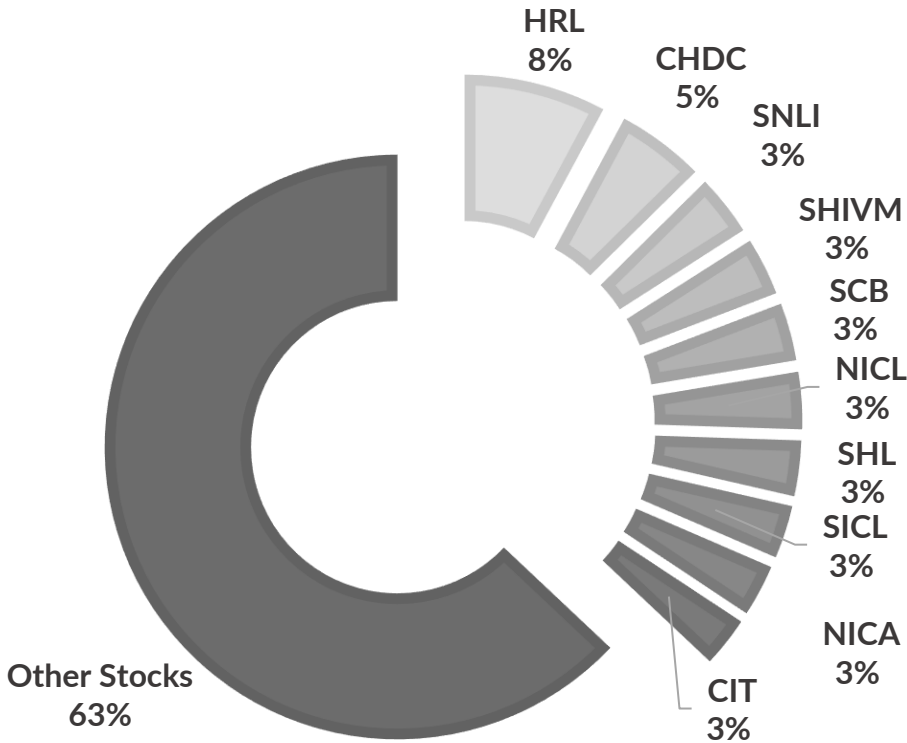
| Fund Details                                 |                                                                                   |
|----------------------------------------------|-----------------------------------------------------------------------------------|
| Allotment Date                               | 13-Sep-23                                                                         |
| Maturity Date                                | 01-Oct-33                                                                         |
| Monthly NAV as of Mangsir 2082               | 11.45                                                                             |
| 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           | 0.38%                                                                             |
| NEPSE returns since FY 2081/82 End           | -6.91%                                                                            |
| Adjusted Beta Since Inception (Monthly)      | 0.70                                                                              |
| Standard Deviation Since Inception (Monthly) | 1.18%                                                                             |
| Average Monthly Return Since Inception*      | 1.28%                                                                             |

**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

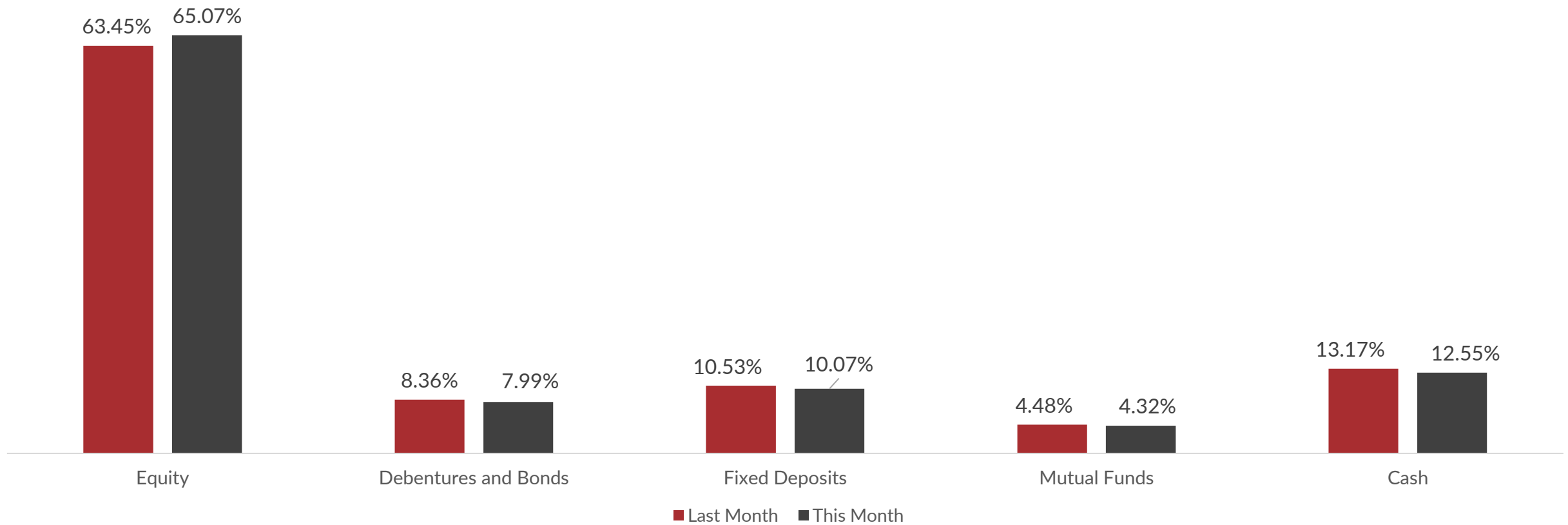
Top 10 Equity Holdings



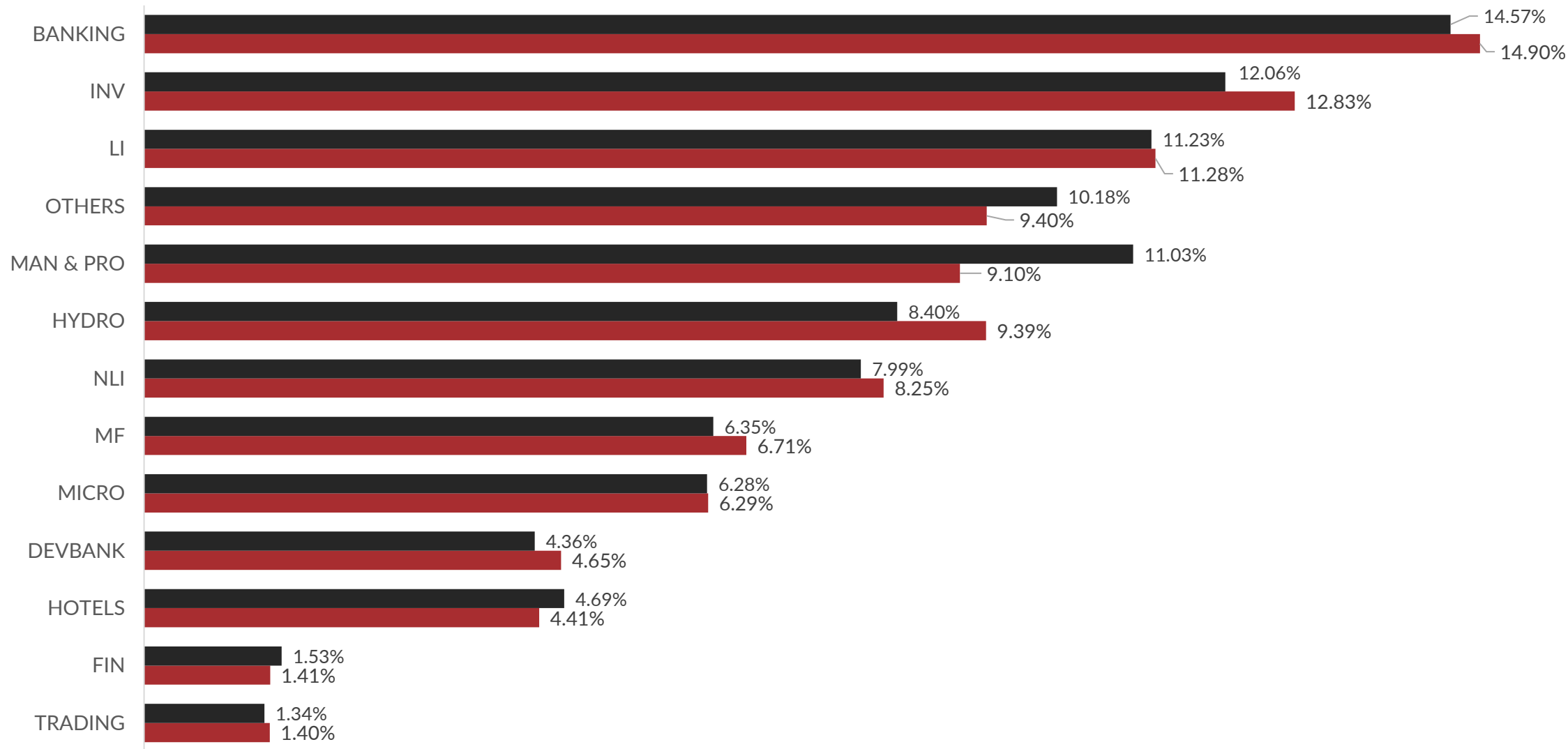
\*Average monthly return is based on the geometric mean to reflect the compounding effect.

Asset Allocation of Himalayan 80-20

The total asset value of the H8020 Mutual Fund scheme increased from NPR 1.10 billion in Kartik to NPR 1.15 billion in Mangsir, supported partly by a short-term market improvement despite the broader trend remaining weak. During this period, the scheme increased equity exposure from 63.45% to 65.07%, driven by a rise in listed/non-listed share investments from NPR 729.07 million to NPR 776.27 million, alongside higher allocation to IPO/FPO/rights/bonus shares. Meanwhile, debentures & bonds and fixed-income instruments remained unchanged, reinforcing portfolio stability. 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

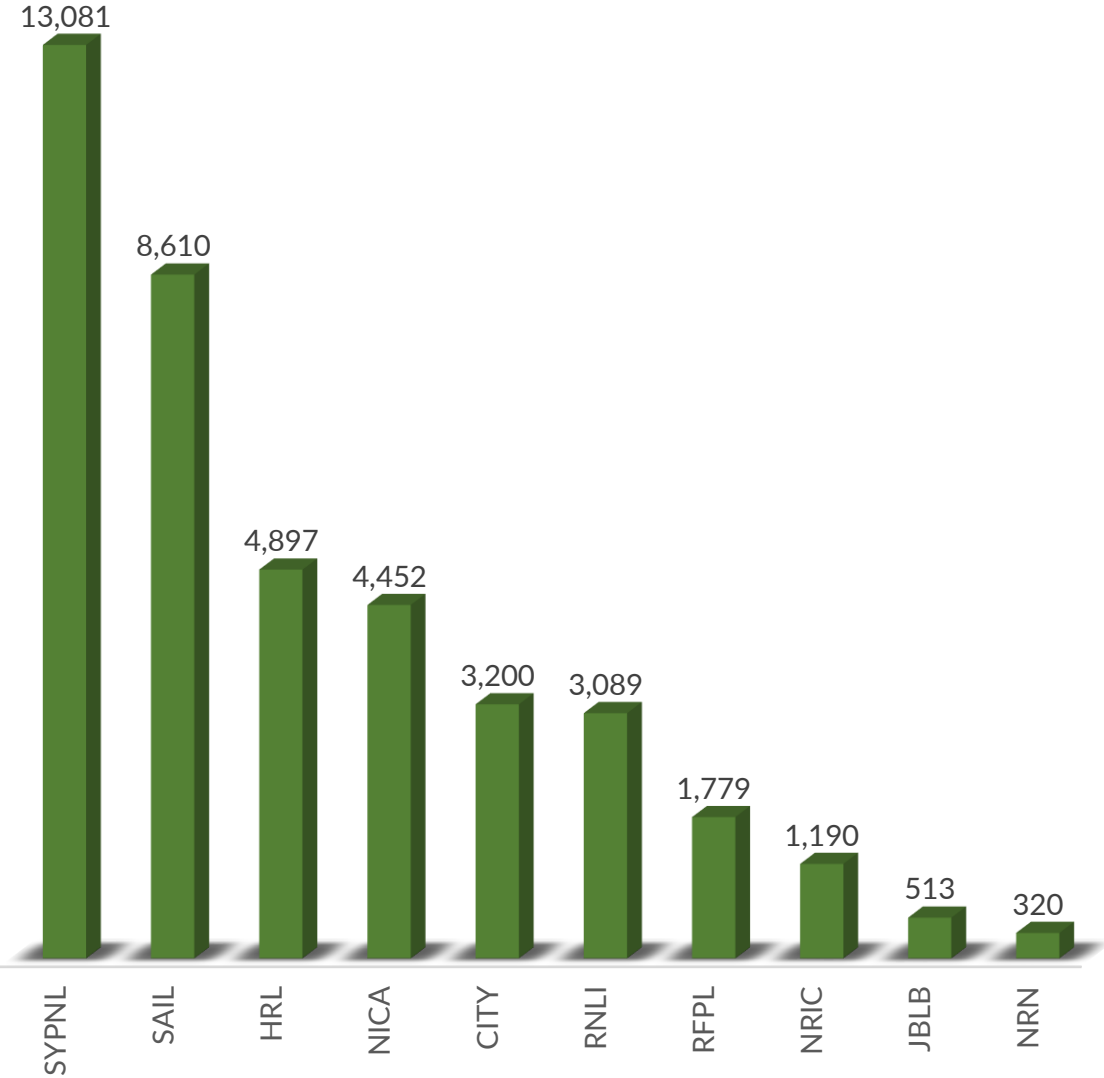


■ Sectorwise Weightage in This Month

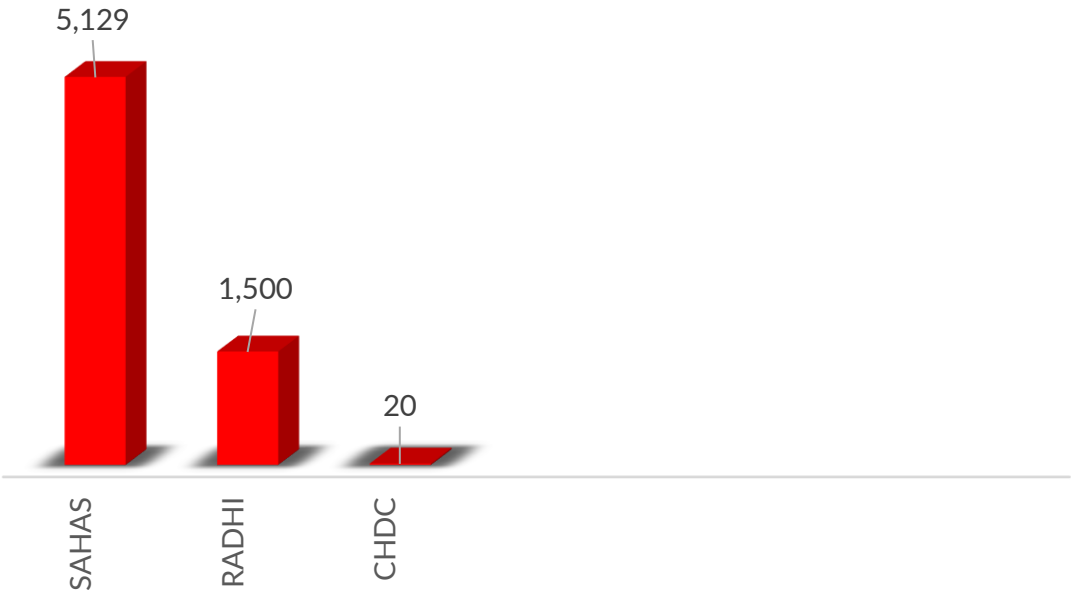
■ Sectorwise Weightage in Last Month



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

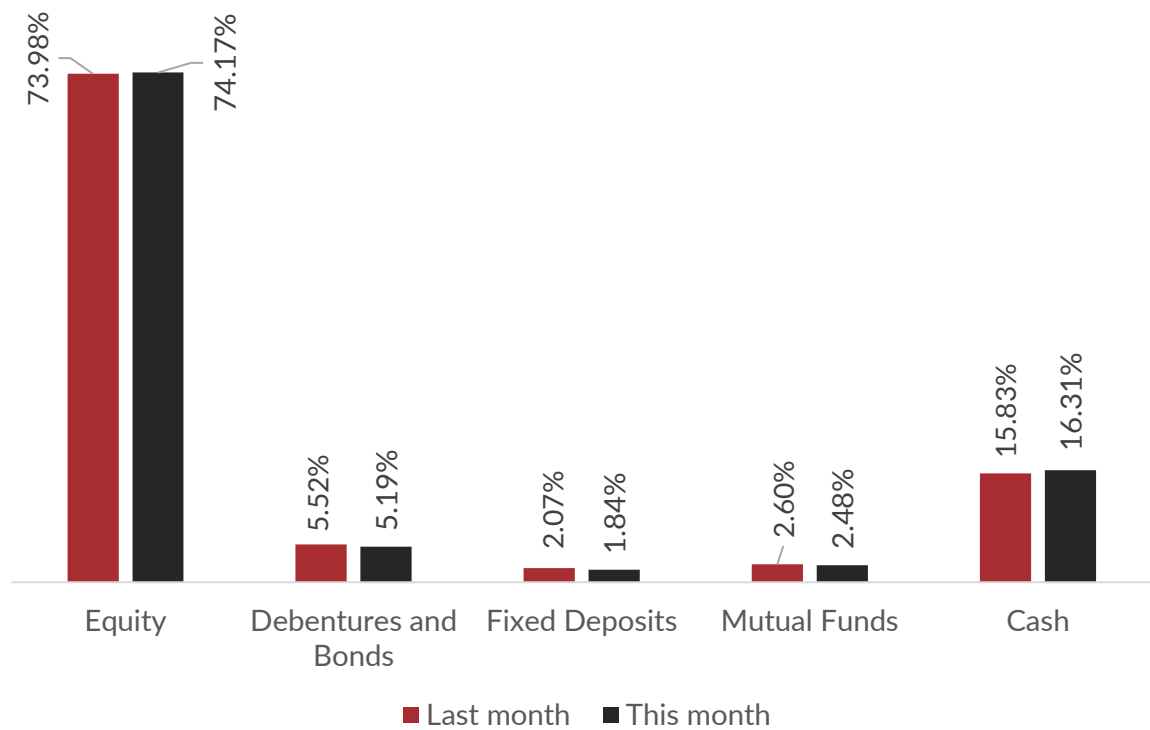


Asset Allocation Comparison: H8020 and Industry Average

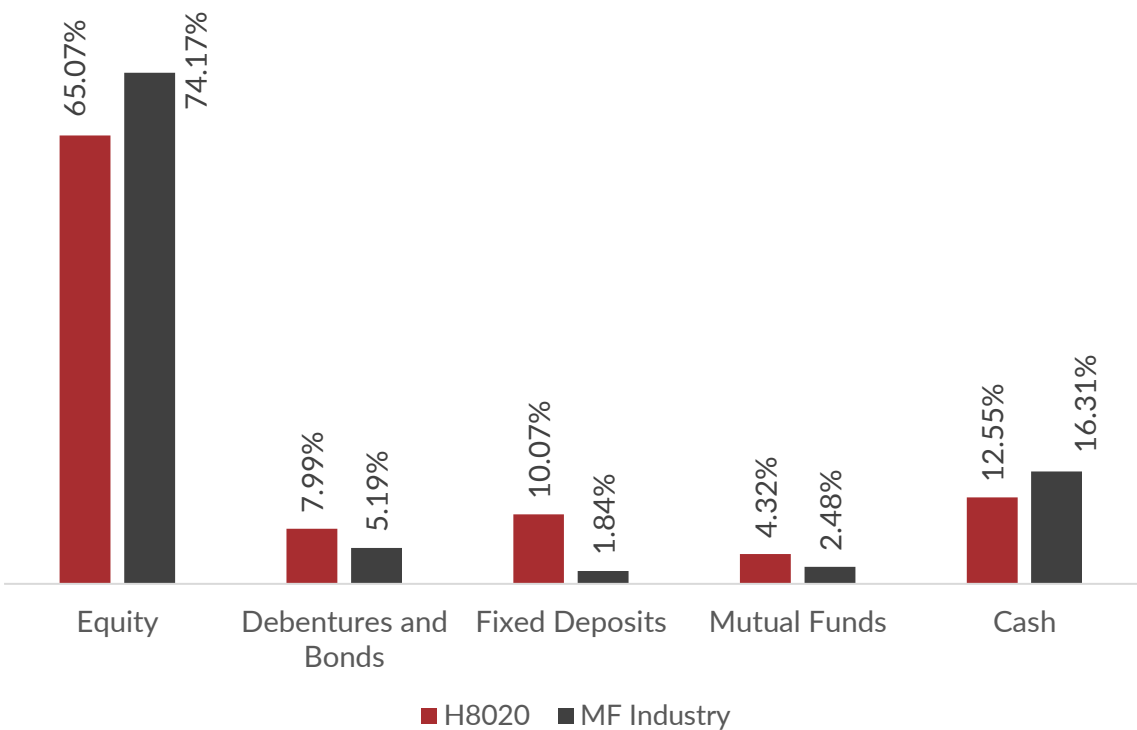
Between Kartik and Mangsir 2082, mutual funds made only small allocation changes. Equity rose slightly from 73.98% to 74.17%, and cash increased from 15.83% to 16.31%, staying relatively high, while other asset classes saw only marginal movement. Overall, this points to a cautious but selective stance, keeping liquidity for volatility and 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

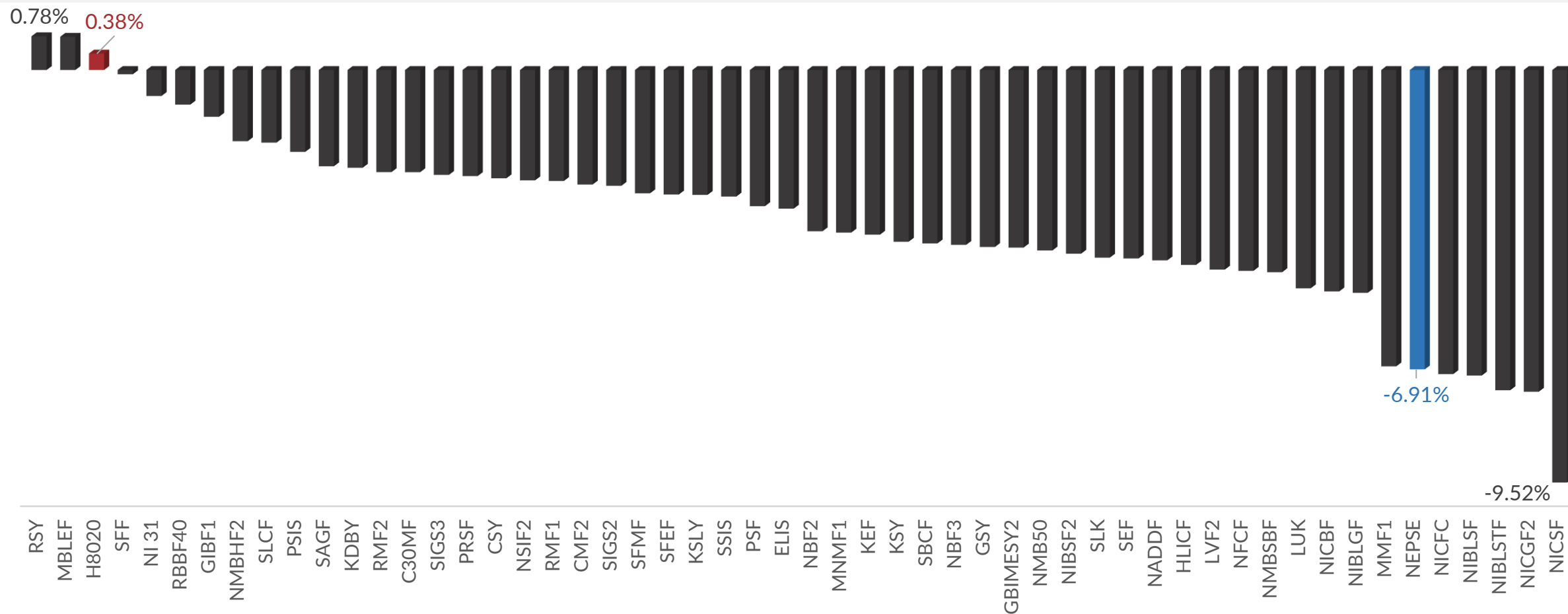


H8020 vs Mutual Fund Industry



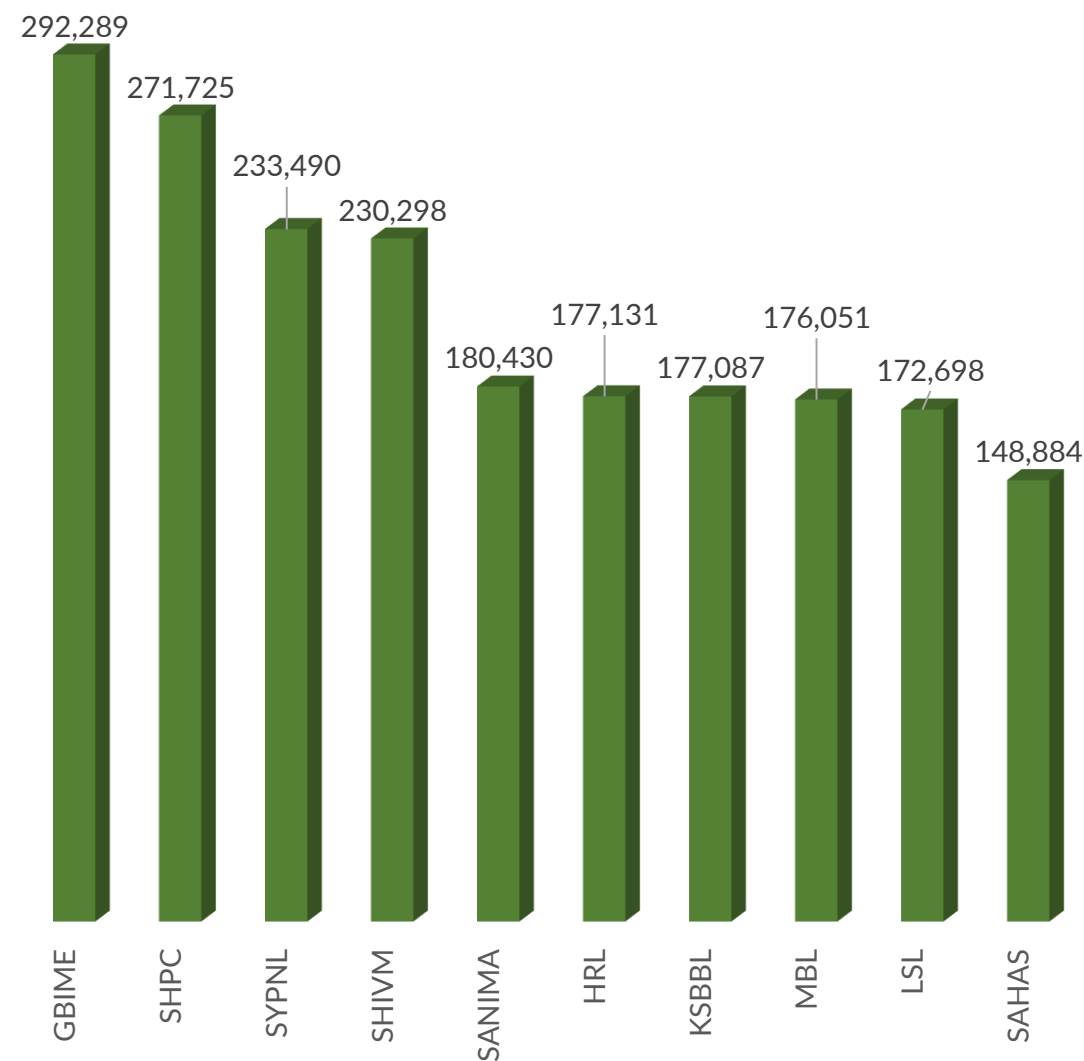
## Schemes Return Vs NEPSE Return (FY 82/83)

As of the end of Mangsir, 2082 (fifth month of FY 2082/83), three schemes have posted positive year-to-date returns. RSY is the top performer with a 0.78% gain, while H8020 stands as the third-best performer at 0.38%. In contrast, the NEPSE Index has declined by -6.91%, and the NICSF scheme posted a -9.52% return, which is the least in the industry.

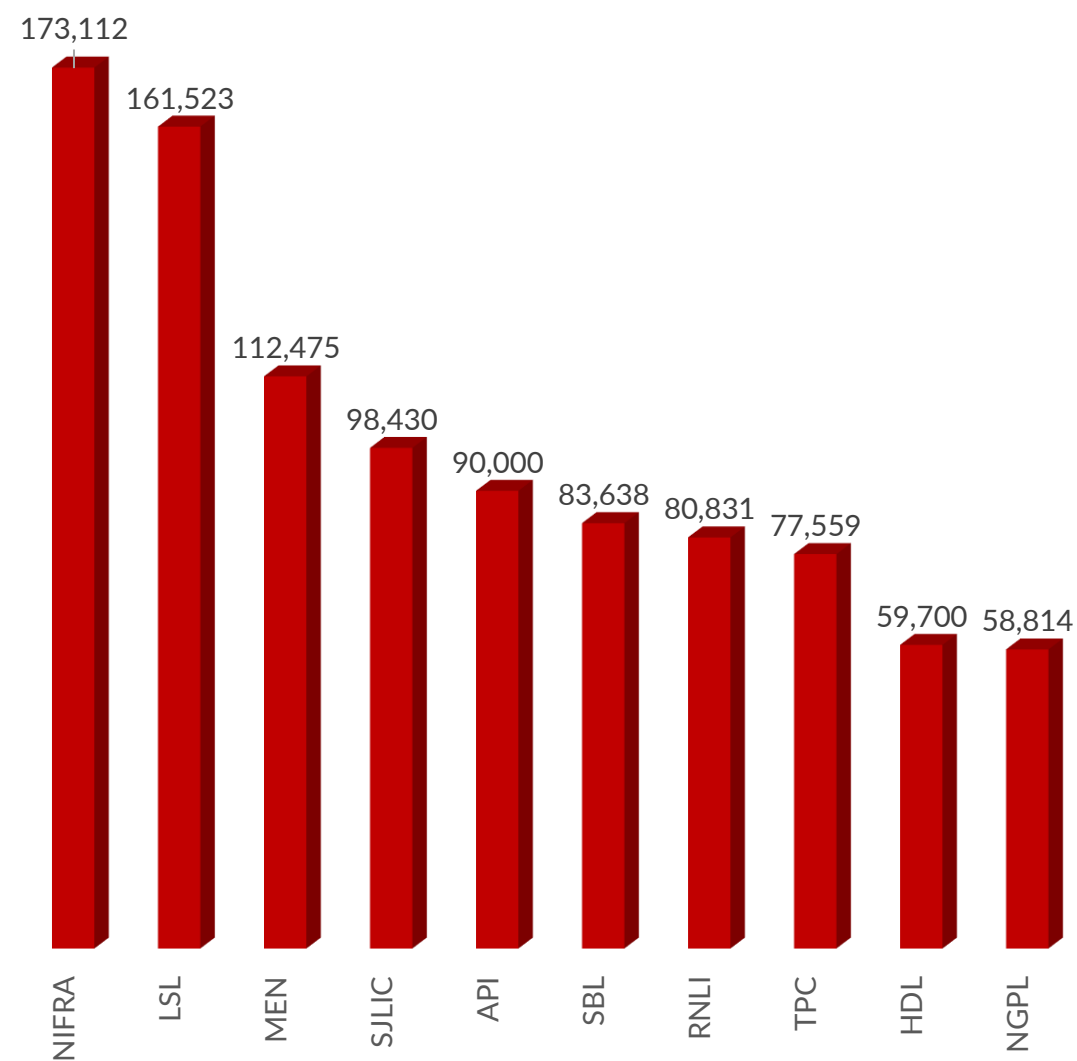


*The returns have been adjusted to reflect the cash dividends provided.  
For new funds, YTD is calculated using NPR 10 as the starting value due to no Ashad-end NAV*

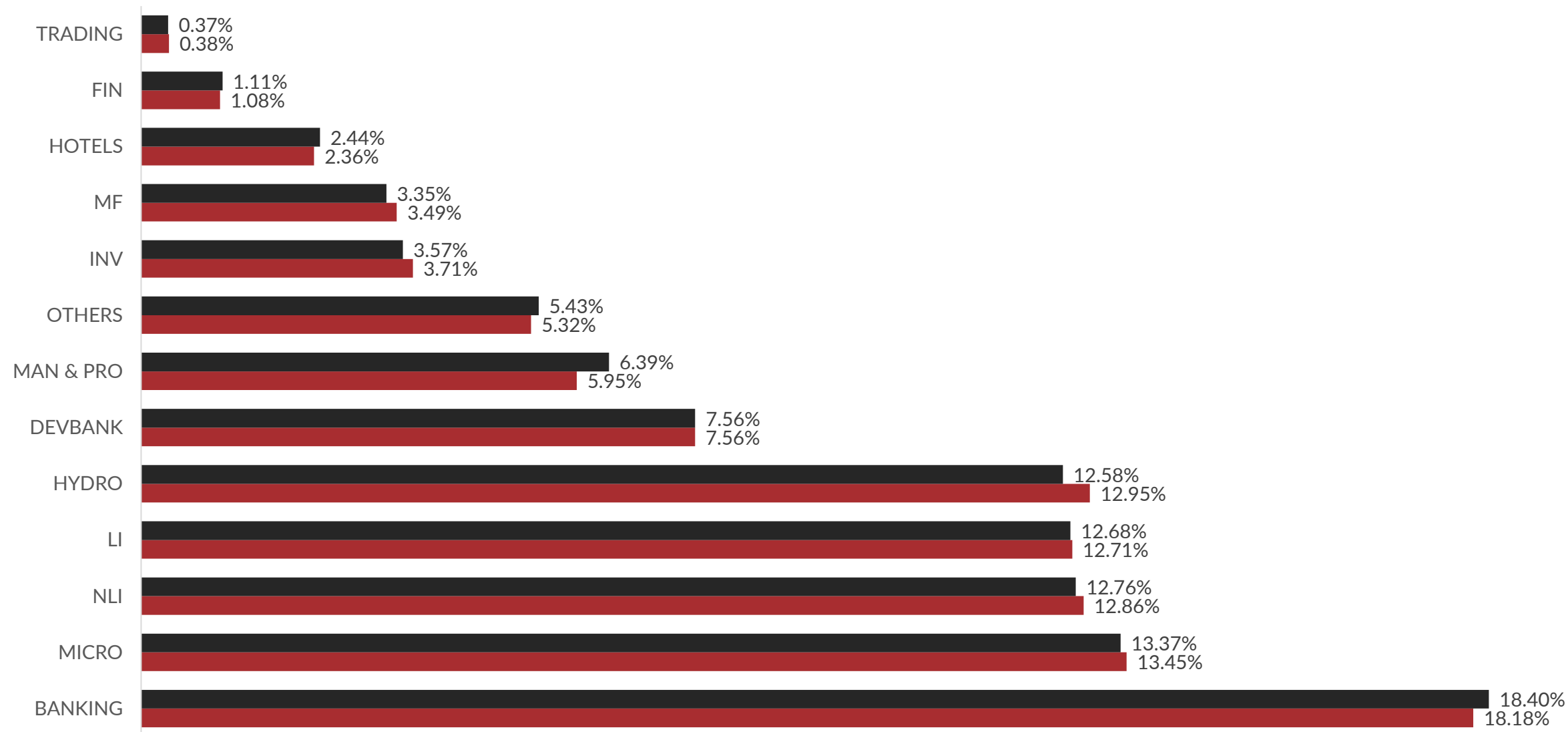
Mutual Fund Industry: Top 10 Equity Purchase (Units)



Mutual Fund Industry: Top 10 Equity Sales (Units)



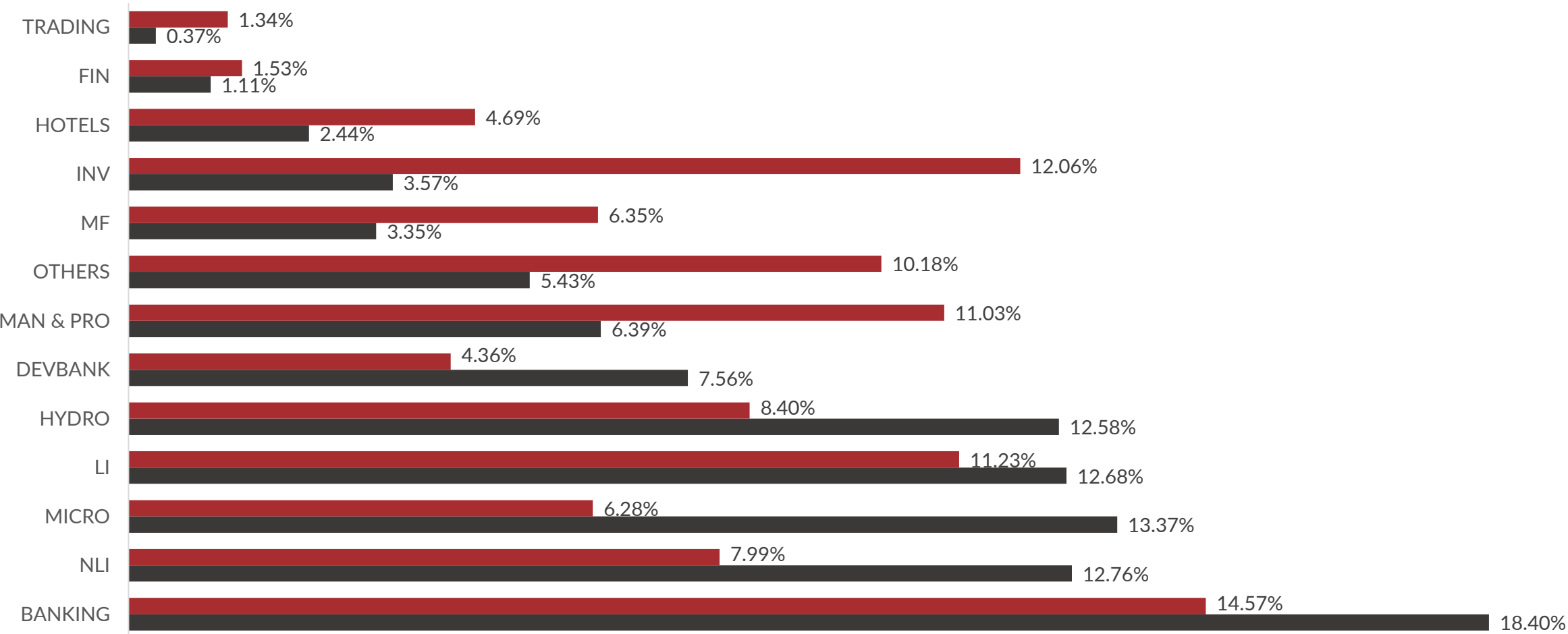
Sector-wise Weightage of Equity in Mutual Fund Industry (Last Month Vs This Month)



■ This month ■ Last month

Sector Wise Weightage Comparison of Mutual Fund Industry and H8020

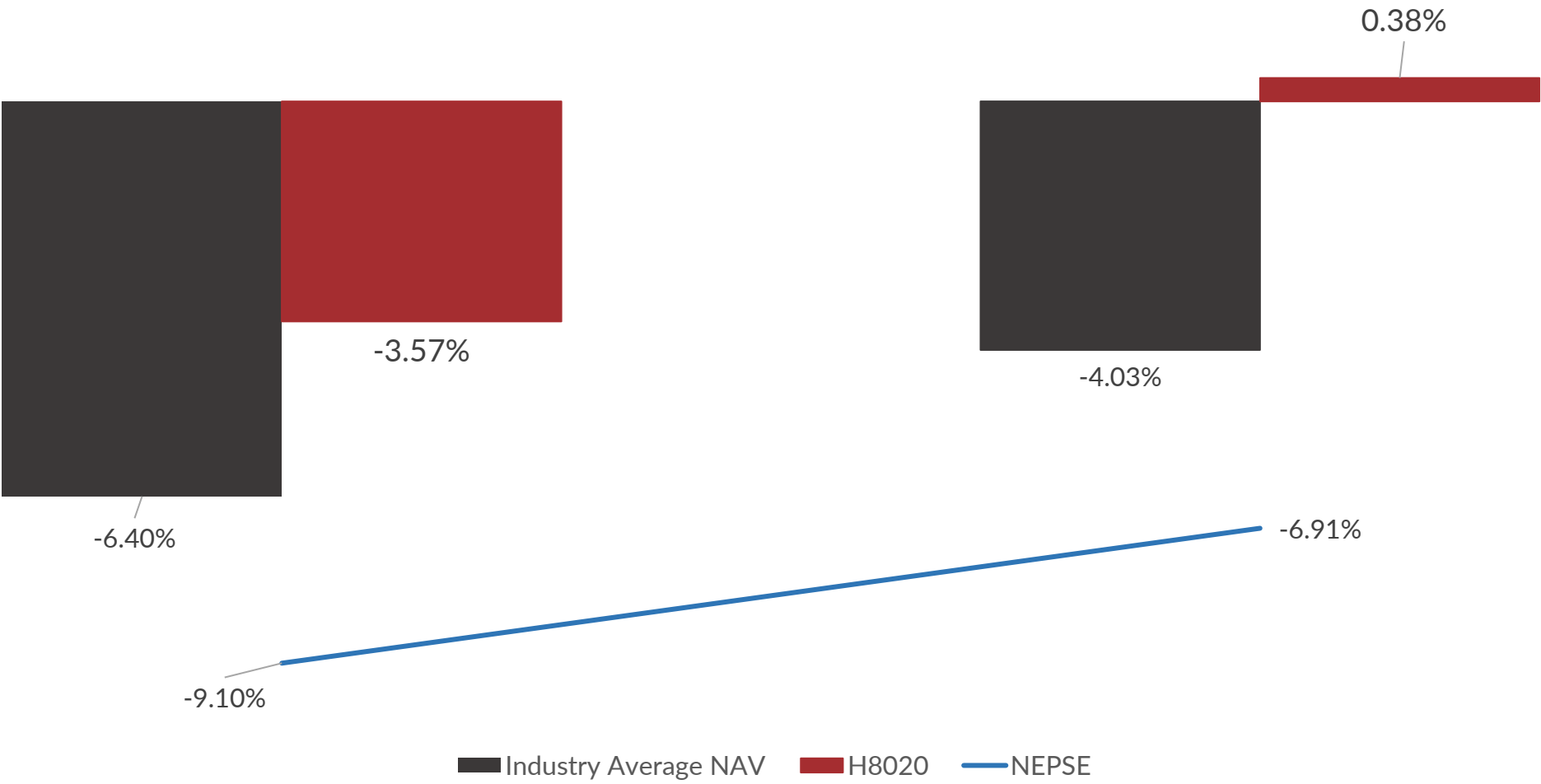
Compared with the overall mutual fund industry, H8020 has a more selective sector mix. The scheme allocates more to Investment companies, Hotels, Manufacturing & Processing, Mutual Funds, Others, Trading, and Finance areas that can deliver higher upside in a market rebound but may also bring higher short-term 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

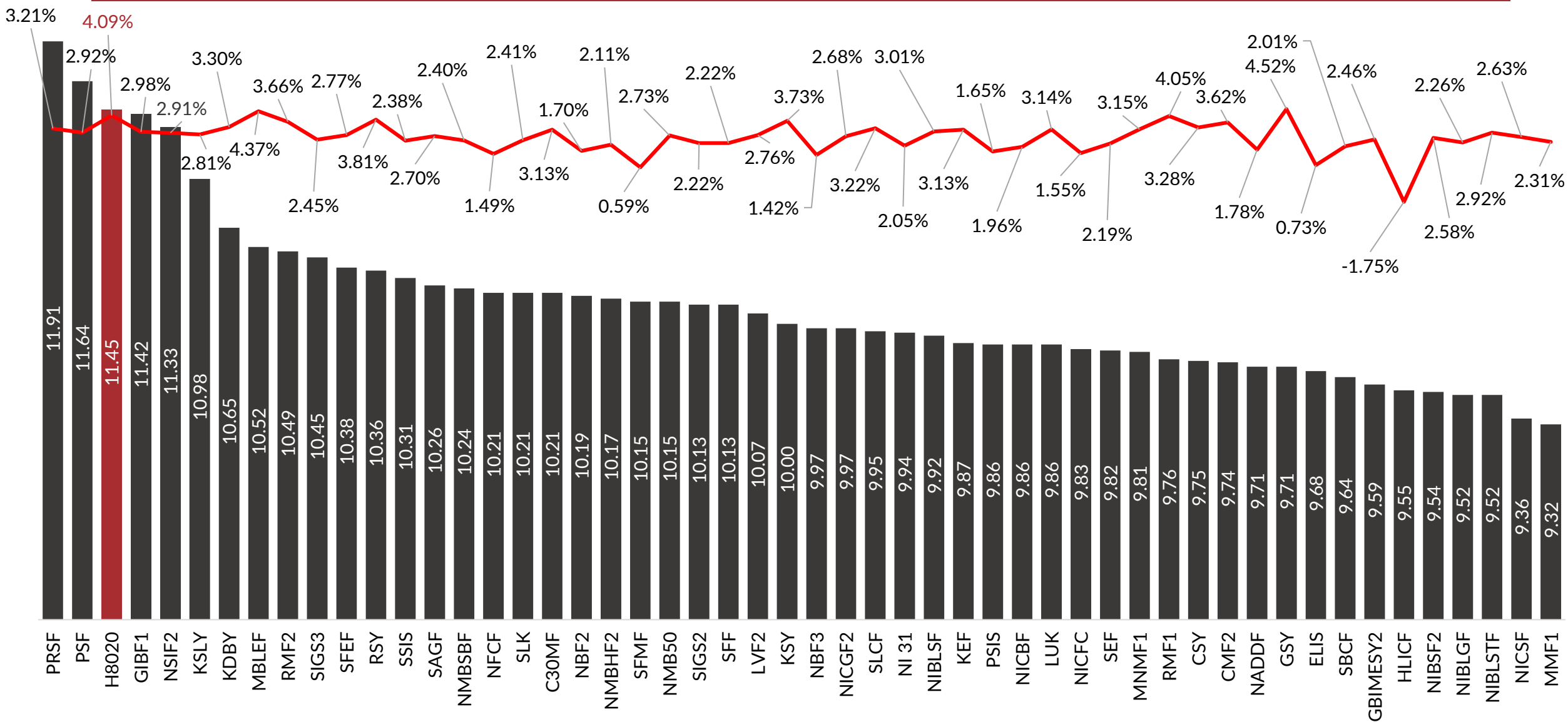
H8020 vs NEPSE vs Average NAV (YTD Performance – FY 2082/83)

YTD in FY 2082/83 (as of Mangsir end), H8020 outperformed (0.38%) both the NEPSE index (-6.91%) and the mutual fund industry average NAV (-4.03%), indicating comparatively stronger portfolio positioning despite the weak market.





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



NAV (Month End)

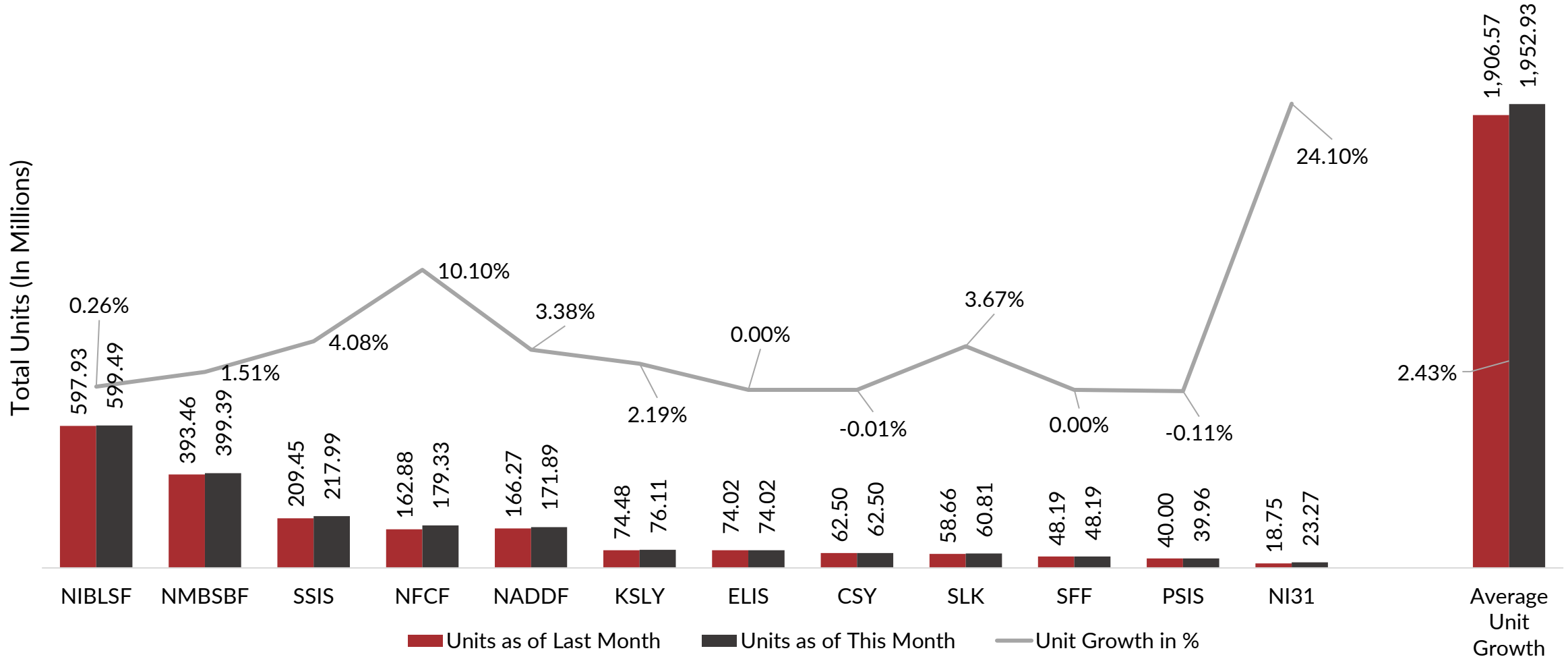
Change (MoM)

**HIMALAYAN  
MUTUAL FUND****Himalayan Capital**

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## Open Ended Mutual Funds

Among the twelve open-ended mutual funds, there was a net unit growth of 46.36 million units as of the end of Mangsir, 2082. This represents a monthly increase of 2.43%.



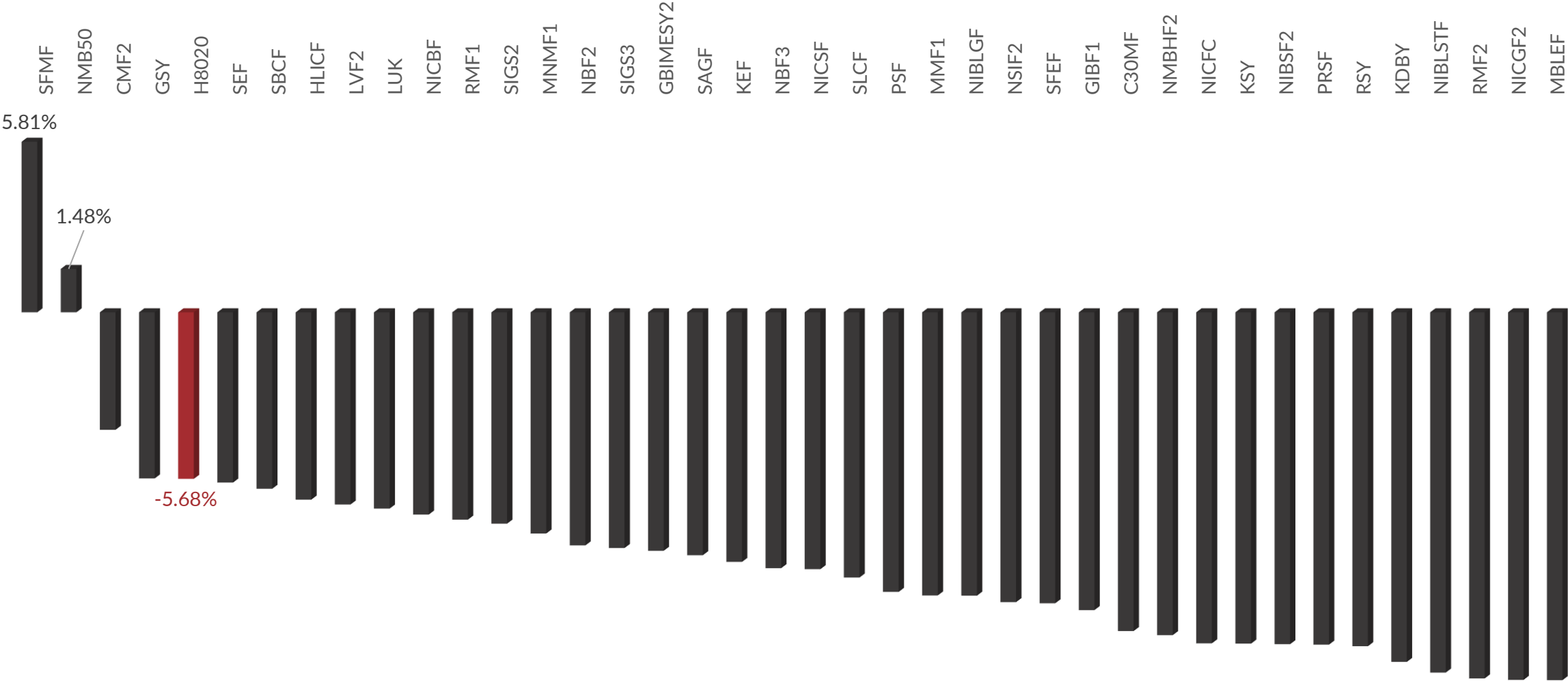
## Close Ended Mutual Funds (Monthly Vs 3 Month Average NAV)

| Scrip    | Mangsir, 2082 | Average (3Months) | Deviation |
|----------|---------------|-------------------|-----------|
| GSY      | 9.71          | 9.32              | 4.22%     |
| MBLEF    | 10.52         | 10.13             | 3.82%     |
| H8020    | 11.45         | 11.05             | 3.65%     |
| MNMF1    | 9.81          | 9.47              | 3.63%     |
| CMF2     | 9.74          | 9.42              | 3.43%     |
| RSY      | 10.36         | 10.03             | 3.32%     |
| RMF1     | 9.76          | 9.45              | 3.28%     |
| KSY      | 10.00         | 9.69              | 3.23%     |
| RMF2     | 10.49         | 10.17             | 3.11%     |
| KDBY     | 10.65         | 10.34             | 3.00%     |
| CSY      | 9.75          | 9.47              | 2.99%     |
| PSF      | 11.64         | 11.32             | 2.83%     |
| SLCF     | 9.95          | 9.68              | 2.82%     |
| PRSF     | 11.91         | 11.58             | 2.82%     |
| C30MF    | 10.21         | 9.93              | 2.82%     |
| GIBF1    | 11.42         | 11.11             | 2.79%     |
| NIBLSF   | 9.92          | 9.66              | 2.73%     |
| KSLY     | 10.98         | 10.70             | 2.65%     |
| NSIF2    | 11.33         | 11.05             | 2.53%     |
| KEF      | 9.87          | 9.63              | 2.53%     |
| LVF2     | 10.07         | 9.82              | 2.51%     |
| GBIMESY2 | 9.59          | 9.36              | 2.49%     |
| NMB50    | 10.15         | 9.90              | 2.49%     |
| SAGF     | 10.26         | 10.01             | 2.46%     |
| LUK      | 9.86          | 9.63              | 2.42%     |
| NIBLSTF  | 9.52          | 9.30              | 2.40%     |

| Scrip  | Mangsir, 2082 | Average (3Months) | Deviation |
|--------|---------------|-------------------|-----------|
| SFEF   | 10.38         | 10.14             | 2.40%     |
| SEF    | 9.82          | 9.60              | 2.26%     |
| SLK    | 10.21         | 9.99              | 2.24%     |
| SIGS2  | 10.13         | 9.91              | 2.22%     |
| NIBSF2 | 9.54          | 9.33              | 2.21%     |
| SSIS   | 10.31         | 10.09             | 2.21%     |
| SIGS3  | 10.45         | 10.23             | 2.18%     |
| PSIS   | 9.86          | 9.65              | 2.14%     |
| NICSF  | 9.36          | 9.17              | 2.11%     |
| SBCF   | 9.64          | 9.44              | 2.08%     |
| NICGF2 | 9.97          | 9.77              | 2.08%     |
| SFF    | 10.13         | 9.93              | 2.05%     |
| NIBLGF | 9.52          | 9.33              | 2.00%     |
| NMBHF2 | 10.17         | 9.97              | 1.97%     |
| MMF1   | 9.32          | 9.14              | 1.93%     |
| NMBSBF | 10.24         | 10.05             | 1.92%     |
| NBF3   | 9.97          | 9.79              | 1.84%     |
| NFCF   | 10.21         | 10.03             | 1.79%     |
| NICBF  | 9.86          | 9.70              | 1.68%     |
| NI 31  | 9.94          | 9.78              | 1.67%     |
| NADDF  | 9.71          | 9.56              | 1.57%     |
| NBF2   | 10.19         | 10.04             | 1.49%     |
| SFMF   | 10.15         | 10.01             | 1.43%     |
| NICFC  | 9.83          | 9.70              | 1.31%     |
| ELIS   | 9.68          | 9.61              | 0.69%     |
| HLICF  | 9.55          | 9.65              | -1.07%    |

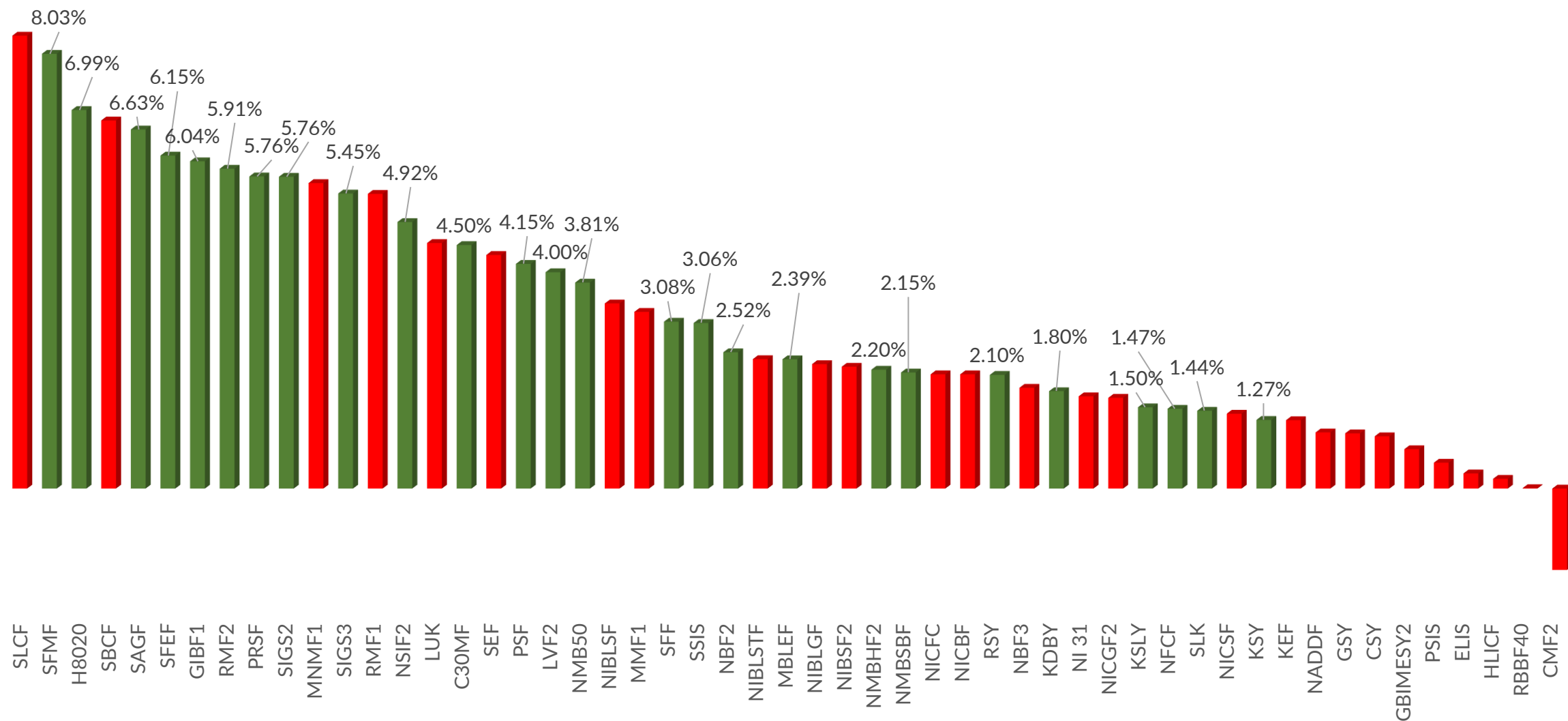


Closed-End Mutual Funds: Discount Analysis Based on NAV and Price



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.

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

| SCRIP | Market Price As of Mangsir End | Rationale                                                                                                                                                                                                                                                                                                                    |
|-------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SYPNL | 13,081                         | Listing of IPO investment                                                                                                                                                                                                                                                                                                    |
| SAIL  | 8,610                          | Listing of IPO investment                                                                                                                                                                                                                                                                                                    |
| HRL   | 4,897                          | Despite economic uncertainties post Gen-Z protest, the company managed to maintain its GP Margin and earning ratios despite massive rise in claim payments. Also, the company has not unveiled its dividend plan yet (annualized EPS as of FY End-12.97); making the company lucrative enough in terms of dividend capacity. |
| NICA  | 4,452                          | Considering its latest quarterly report, it can be analyzed that NICA is under a serious recovery and transformation mode with more focus on managing its NPA/ NBA than growing loan books. Also, with the change in its CEO and gradual ease by NRB, improved financials can be expected in coming days.                    |
| CITY  | 3,200                          | Listing of 1:0.80 Right Shares                                                                                                                                                                                                                                                                                               |

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

| SCRIP | Market Price As of Mangsir End | Rationale                                                                                                                                                                                 |
|-------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SAHAS | 5,129                          | The fund partially exited from its investment realizing profit from its investment after observing strong resistance at its All-Time-High levels.                                         |
| RADHI | 1,500                          | The fund partially exited from its investment realizing profit from its investment upon technical bounce in the absence of a confirmed trend reversal despite positive quarterly reports. |
| CHDC  | 20                             | The Fund partially exited from its investment in short technical bounce with objective of trading based on technical analysis over short term.                                            |

## 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

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