

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

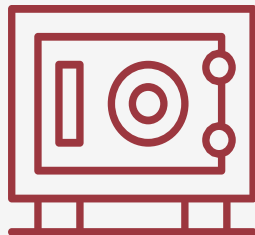
Abbreviations	Full Form
LI	Life Insurance
MAN & PRO	Manufacturing and Processing
MF	Mutual Fund
MICRO	Microfinance
NAV	Net Asset Value
NEPSE	Nepal Stock Exchange
NFO	New Fund Offering
NLI	Non-Life Insurance
Q1	Quarter 1
Q2	Quarter 2
Q3	Quarter 3
Q4	Quarter 4
SEBON	Securities Board of Nepal

Macroeconomic Outlook



Inflation

5.14% ▲



Deposit Growth

13.9% ▲



Credit Growth

6.5% ▲



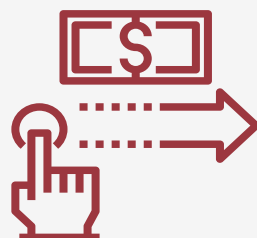
Import Growth

16.2% ▲



Export Growth

13.8% ▲



Remittance Growth

37.1% ▲



FX Reserve Growth

45.6% ▲

• 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 14th August 2026, the NEPSE Index closed at 2,643.83, down 7.38 points (-0.28%), with an intraday range of 2,638.64 – 2,653.48. The decline extends the mild pullback from the previous week's close of 2,650.09, marking a second consecutive weekly drift lower and suggesting the mid-July recovery attempt is losing steam. Turnover stood at NPR 4.28 billion – an adequate but unremarkable session, indicating that the softness reflects hesitation and mild profit-booking rather than aggressive selling. The index remains range-bound between the 0.236 Fibonacci level (2,601.14) and the 0.382 level (2,682.87), now sitting closer to the lower end of that band, with the week's high of 2,653.48 failing to test resistance closely.

Momentum indicators point to gradually softening conditions rather than outright weakness. The RSI at 43.36, down from 43.96 a week earlier, remains below the neutral 50 mark for a second consecutive week, signalling that buying interest has not regained control though there is no sign of a sharp downturn. The MACD line at -7.63 sits below its signal line at -3.90 with the histogram at -3.72, and the widening gap between the lines indicates sellers have gained modest influence over recent sessions. The shift is not extreme, and with the index holding above the 0 Fibonacci level (2,469.04) the broader recovery structure remains intact, but repeated failure to clear 2,682 suggests sellers step in consistently at that zone.

Looking ahead, support is placed at 2,601 (S1) and 2,469 (S2), while resistance stands at 2,682 (R1) and 2,750 (R2). A sustained move above 2,682, ideally accompanied by stronger volume, would signal returning buying interest and open the path toward 2,750, whereas a break below 2,601 would weaken the near-term setup and raise the risk of a slide toward 2,469. Overall, the NEPSE retains a cautiously soft tone, with price capped near the 0.382 level, RSI holding just under 50, and MACD reflecting easing momentum.



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 Shrawan, 2083	12.54
AUM on End of FY 82/83 in NPR	1.26 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	9.19%
NEPSE returns since FY 2081/82 End	-5.18%
Adjusted Beta Since Inception (Monthly)	0.70
Standard Deviation Since Inception (Monthly)	1.51
Average Monthly Return Since Inception*	1.25%

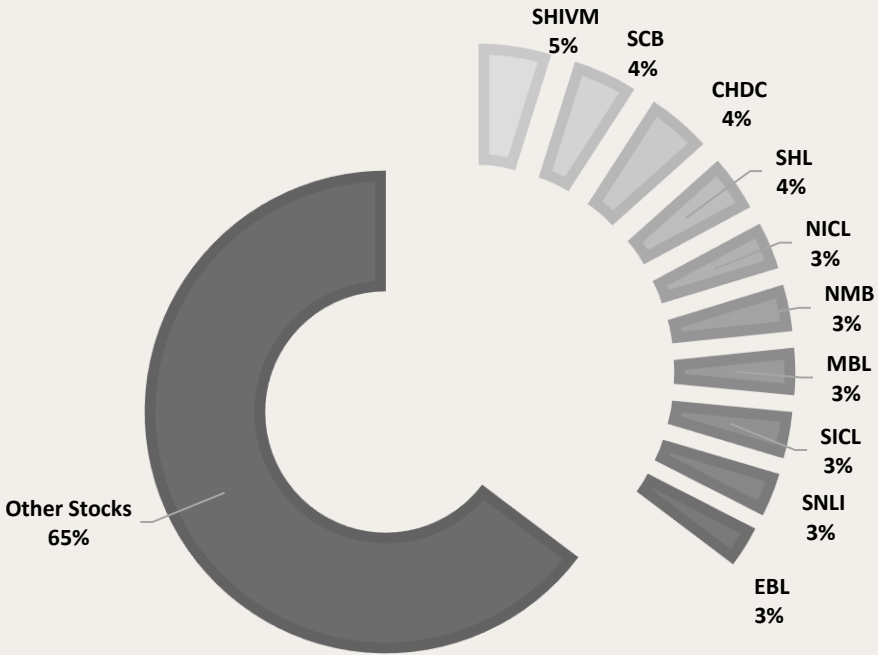
Investment Philosophy

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.*

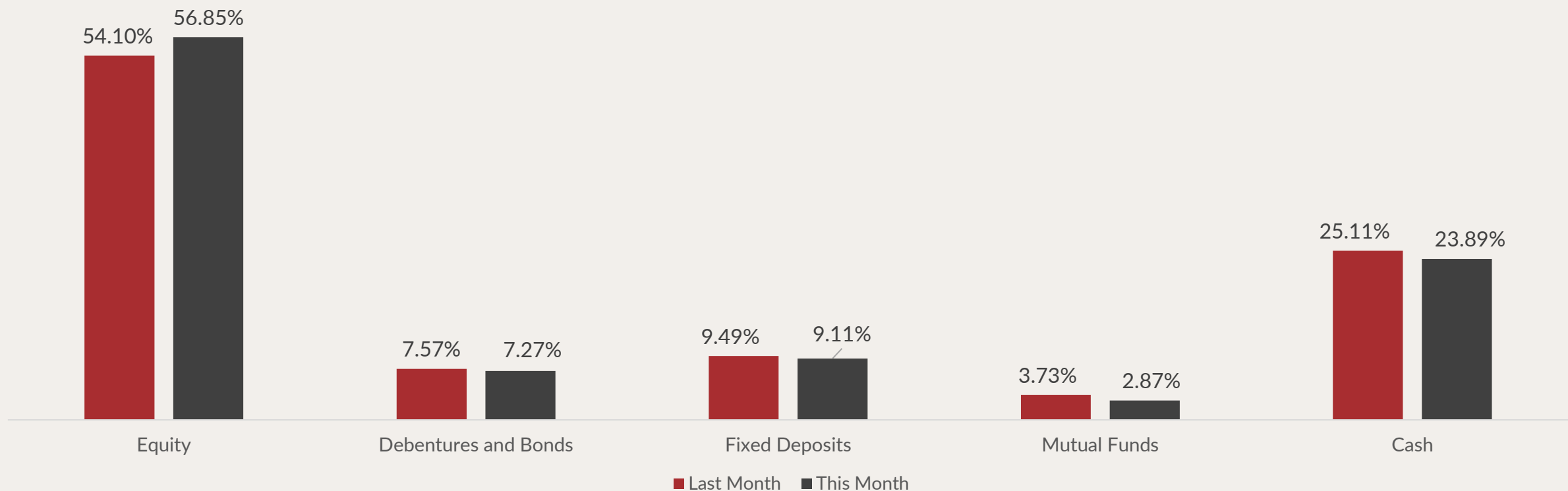
Himalayan 80-20

Top 10 Equity Holdings

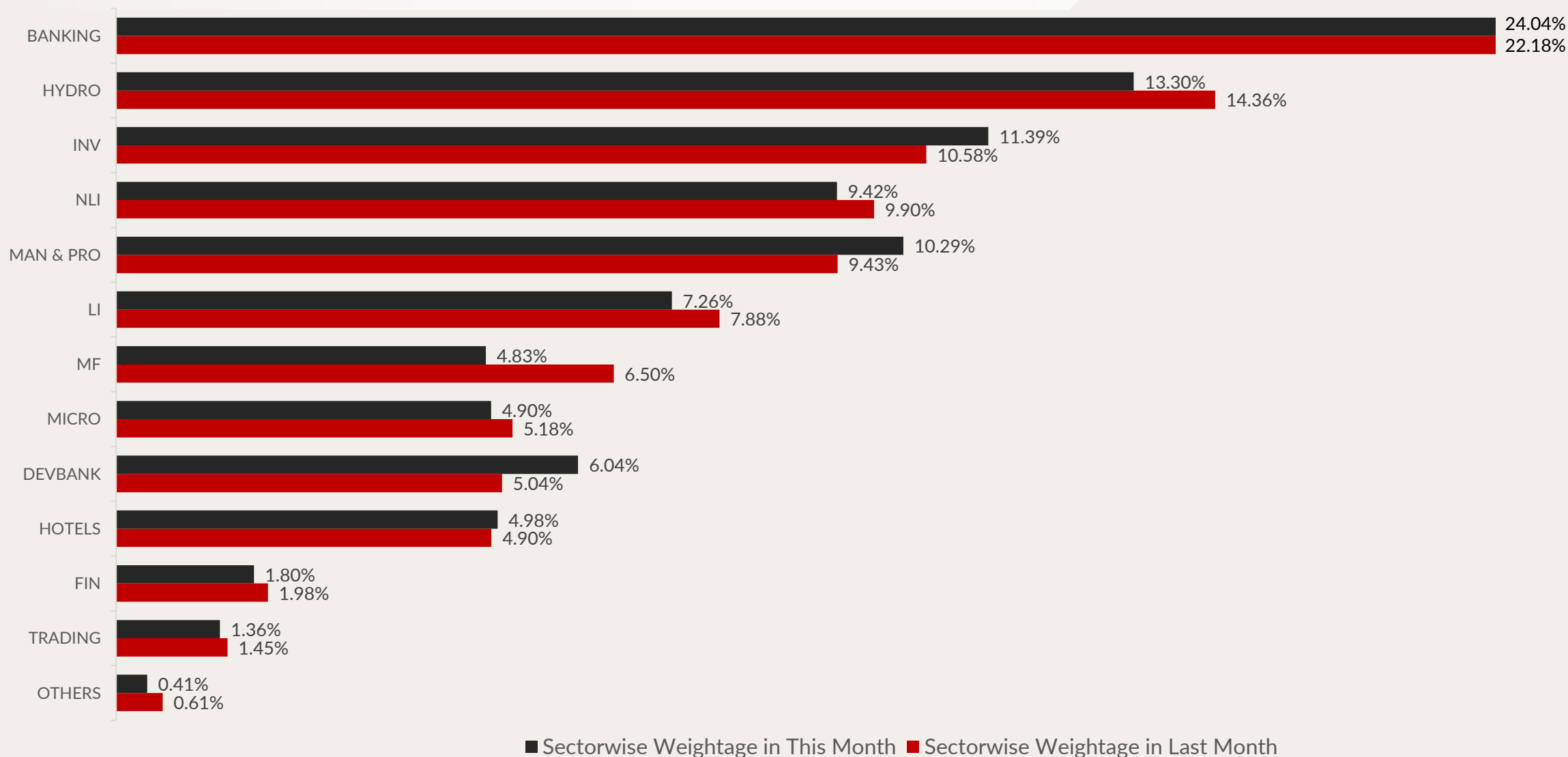


Asset Allocation of Himalayan 80-20

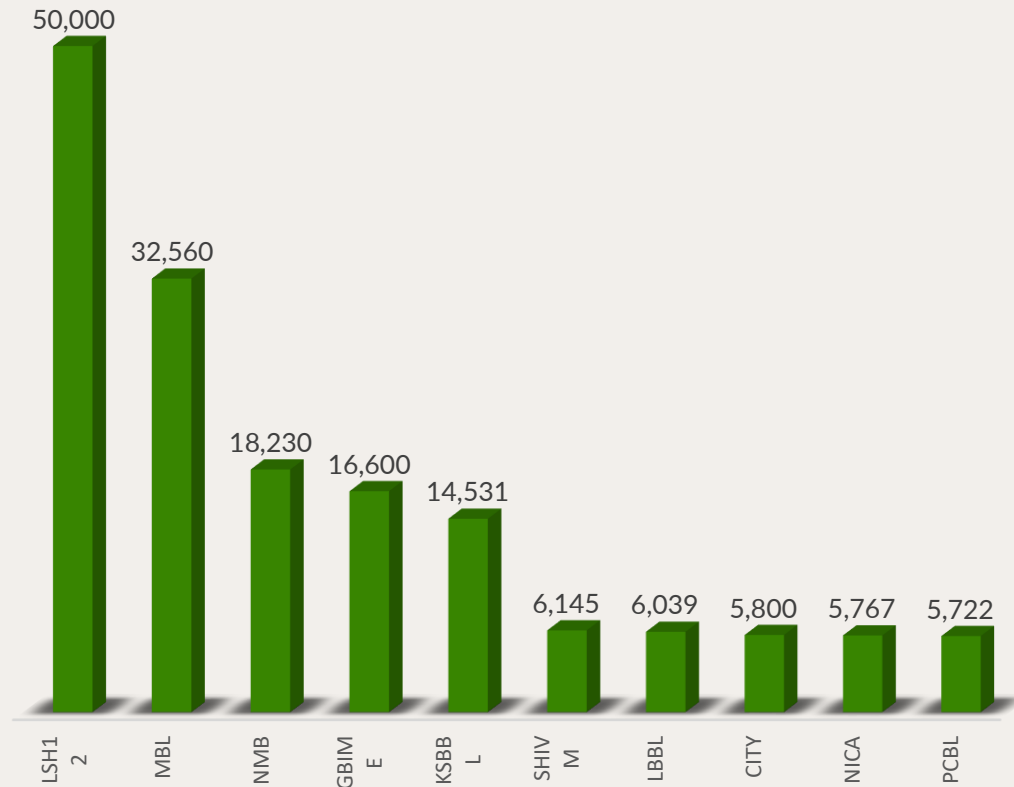
The fund's asset allocation remained broadly stable during the month, with only minor changes across asset classes. The equity allocation rose to 56.85% from 54.10%, driven by an increase in the value of equity holdings that outpaced the growth of the overall fund, reflecting a combination of market appreciation and continued deployment into equities. Holdings of Debentures and Bonds and Fixed Deposits remained unchanged in absolute terms, with their portfolio weights easing to 7.27% and 9.11% respectively purely as a result of the expansion in the fund's total size. The only notable portfolio adjustment was a further reduction in Mutual Fund investments, which fell to 2.87% of the portfolio. Cash holdings were broadly maintained, though the cash allocation declined to 23.89% as the fund grew, leaving the portfolio with a still-comfortable liquidity buffer. Overall, the fund has retained its core investment strategy while adopting a marginally more constructive stance on equities, positioning it to participate in market upside while the substantial cash position continues to provide flexibility to capitalize on future investment opportunities and cushion against market volatility.



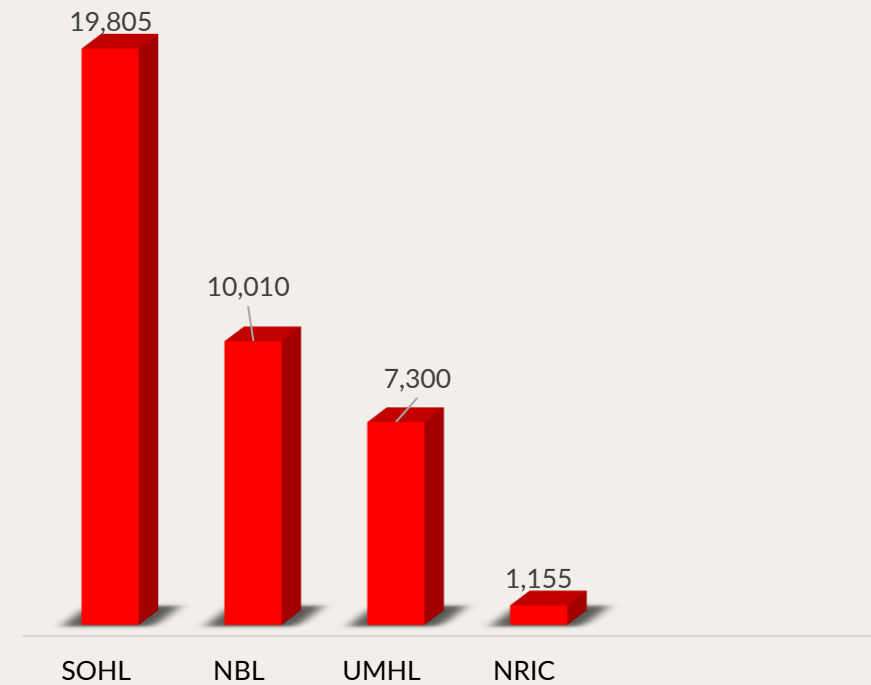
Sector wise Allocation of Equities by Himalayan 80-20



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

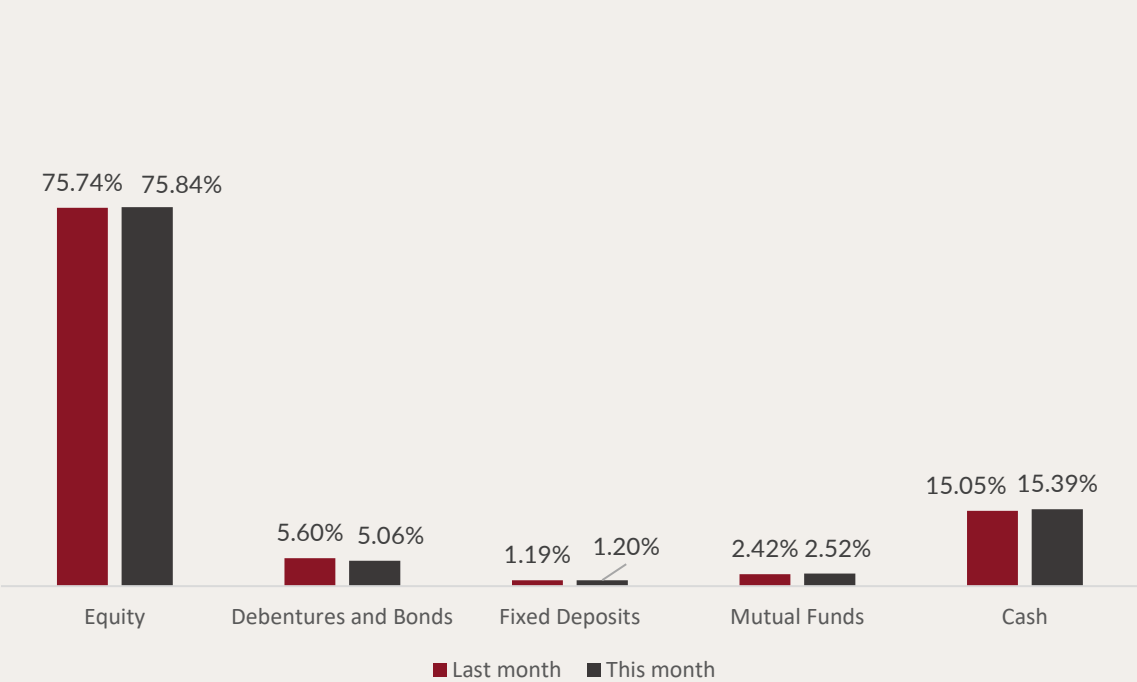


Asset Allocation Comparison: H8020 and Industry Average

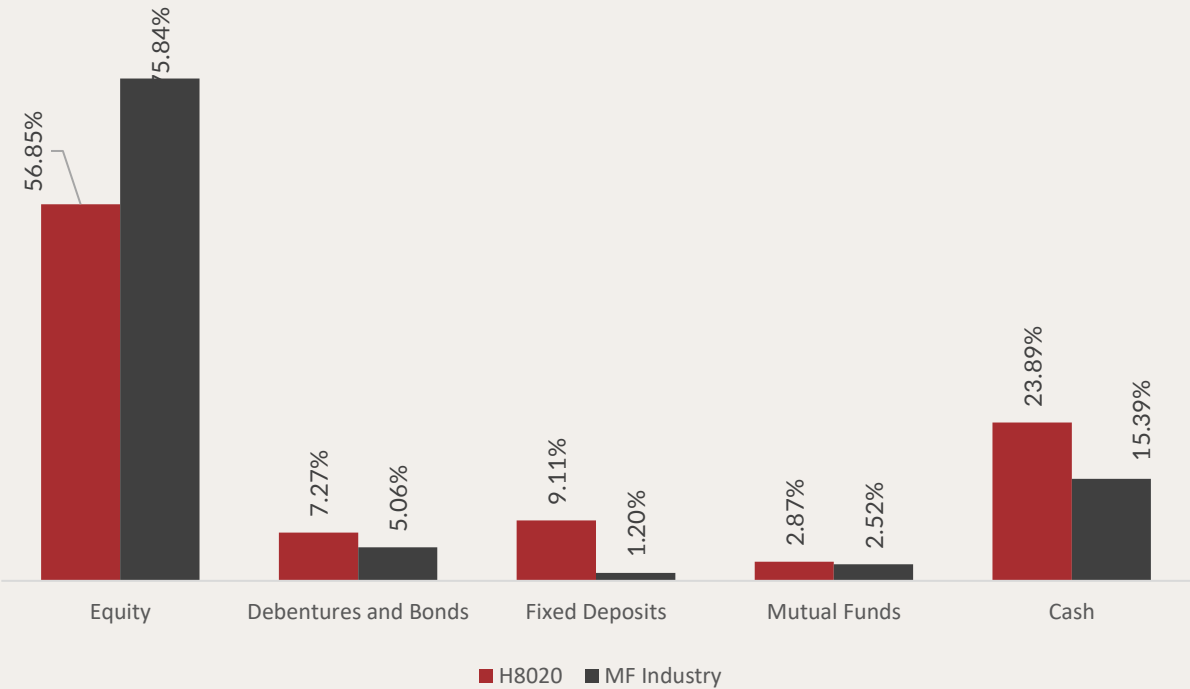
The mutual fund industry's asset allocation remained broadly stable during the month, with equity exposure holding steady at 75.84% against 75.74% previously. The marginal change reflects a hold-and-watch stance amid an unclear market direction, with fund managers maintaining existing positions rather than repositioning meaningfully. Meanwhile, Debentures & Bonds declined from 5.60% to 5.06% while cash rose from 15.05% to 15.39%, indicating a modest internal reallocation within the non-equity sleeve rather than a defensive shift. Overall, the industry continues to maintain a firmly equity-weighted portfolio, suggesting that fund managers remain constructive on the long-term market outlook while preserving some liquidity flexibility amid near-term uncertainty.

H8020 is positioned more conservatively than the overall mutual fund industry. While the industry holds 75.84% in equities, H8020 keeps a notably lower share at 56.85%, leaving it far less exposed to secondary market swings. Instead, it allocates more to fixed deposits (9.11% against 1.20%) and debentures/bonds (7.27% against 5.06%), which are generally steadier and offer more predictable interest income. H8020 also maintains a substantially larger cash position of 23.89% compared with the industry's 15.39%, providing both a downside cushion and the flexibility to deploy when opportunities emerge. 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

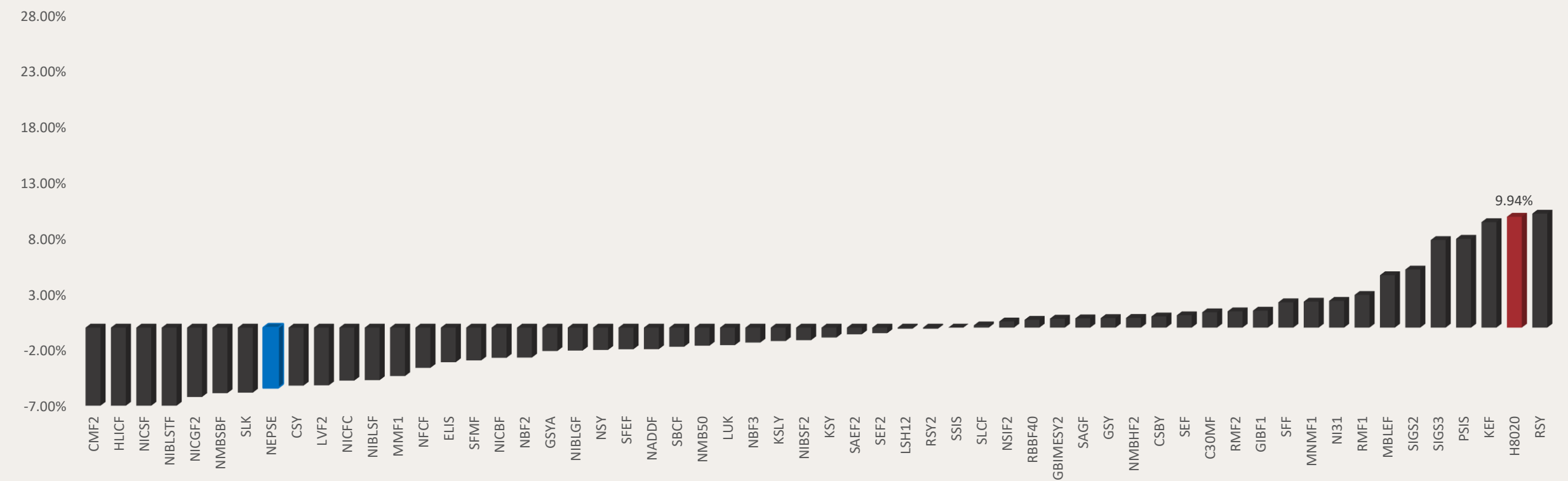


H8020 vs Mutual Fund Industry



Schemes Return vs NEPSE Return (FY 82/83)

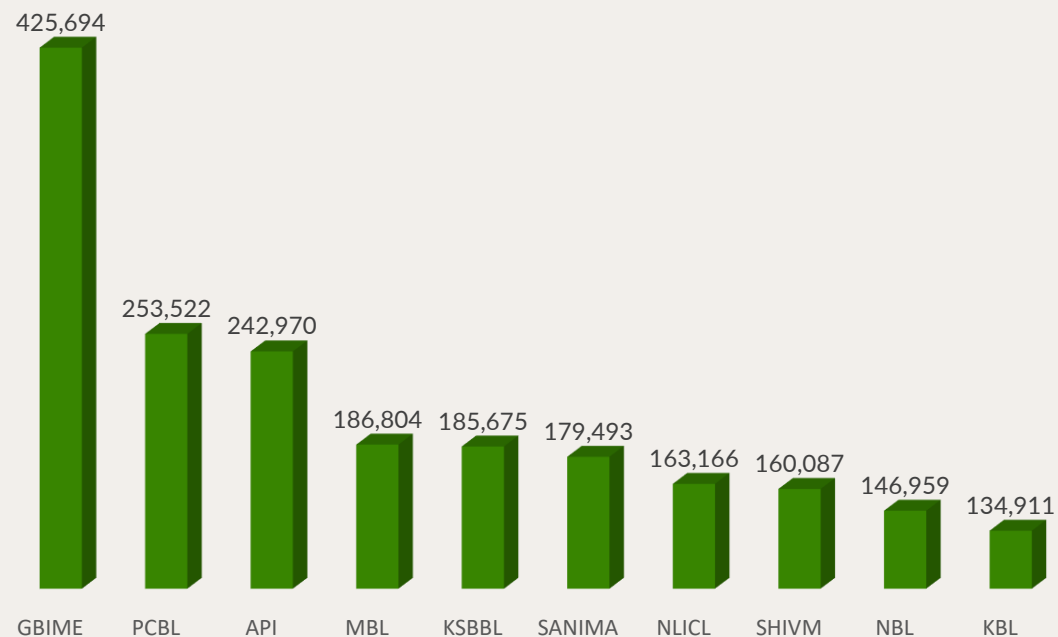
As of the end of Shrawan, 2083 (as of FY 2083/84), 24 out of 57 mutual fund schemes reported negative year-to-date (YTD) returns, reflecting mixed performance across the industry. PSF emerged as the top-performing scheme with a YTD gain of 17.24%. H8020 delivered a return of 9.94%, outperforming the benchmark NEPSE Index, which posted a negative return of 5.18% over the same period. On the downside, HLICF recorded the weakest performance in the industry, posting a negative return of 13.10%



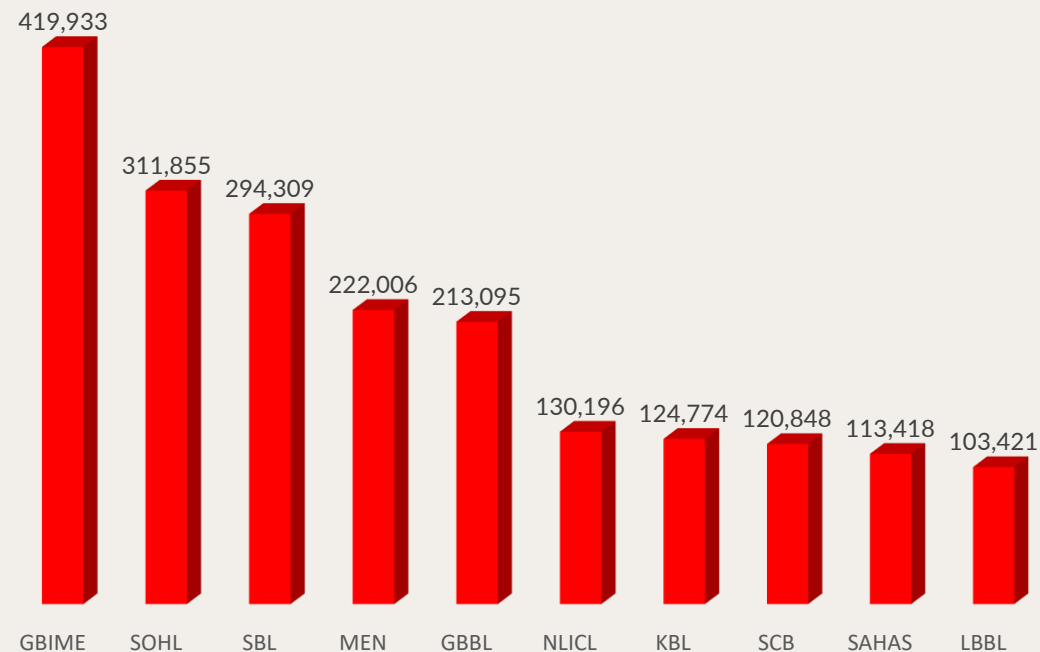
The returns have been adjusted to reflect the cash dividends provided. For new funds, YTD is calculated using NPR 10 as the starting value due to no Shrawan-end NAV



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

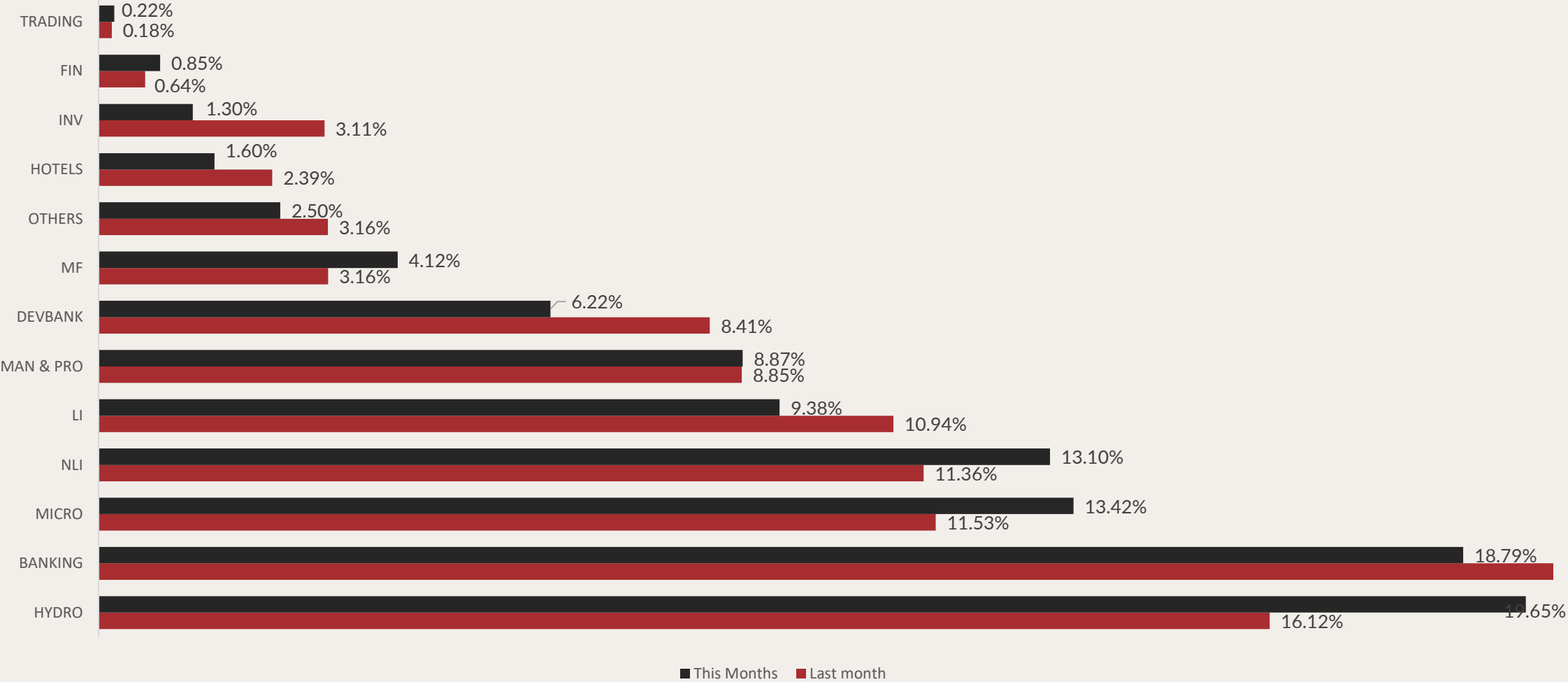


Mutual Fund Industry: Top 10 Equity Net Sales (Units)



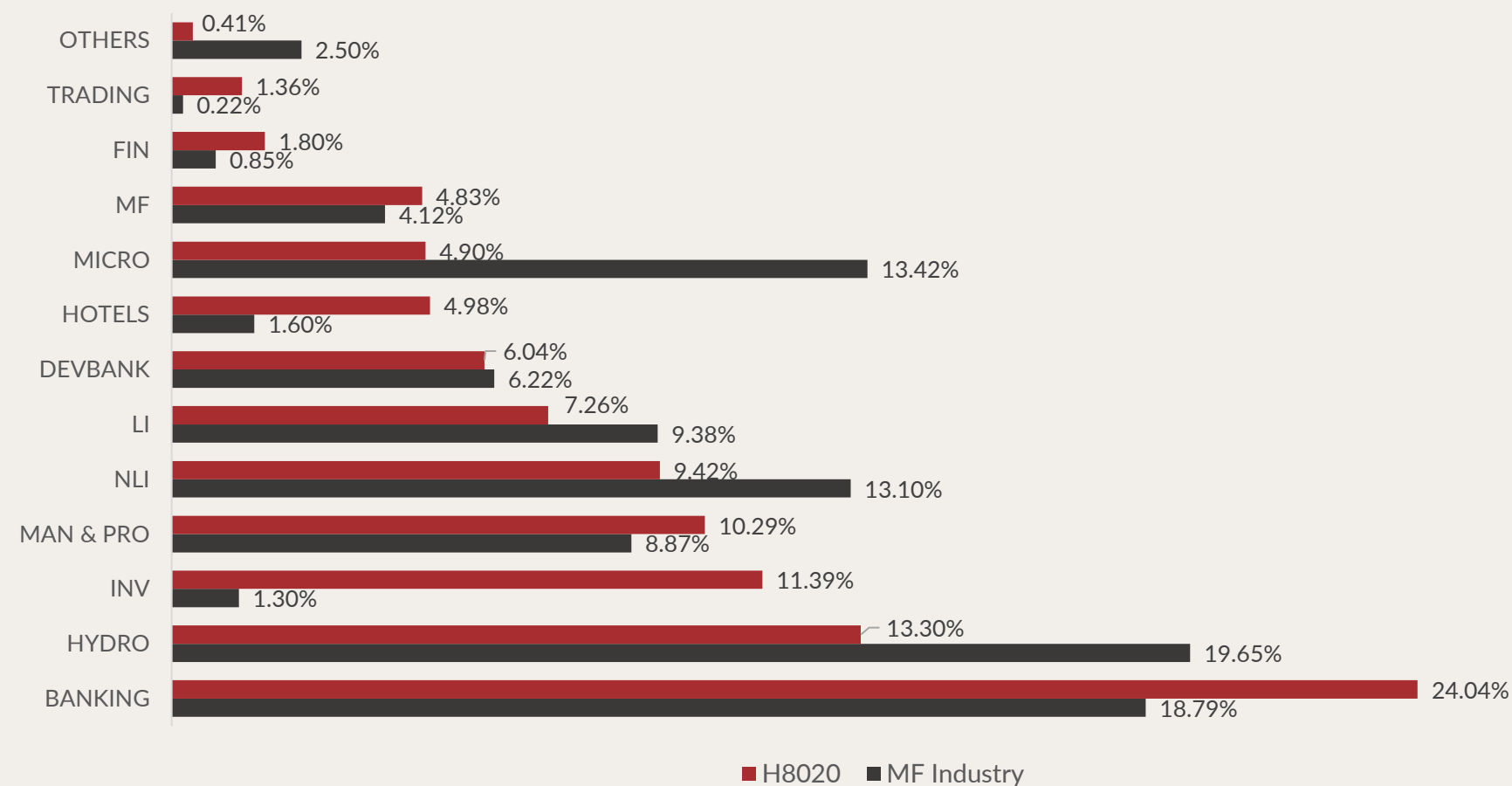
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Sector-wise Weightage of Equity in Mutual Fund Industry (Last vs This Month)



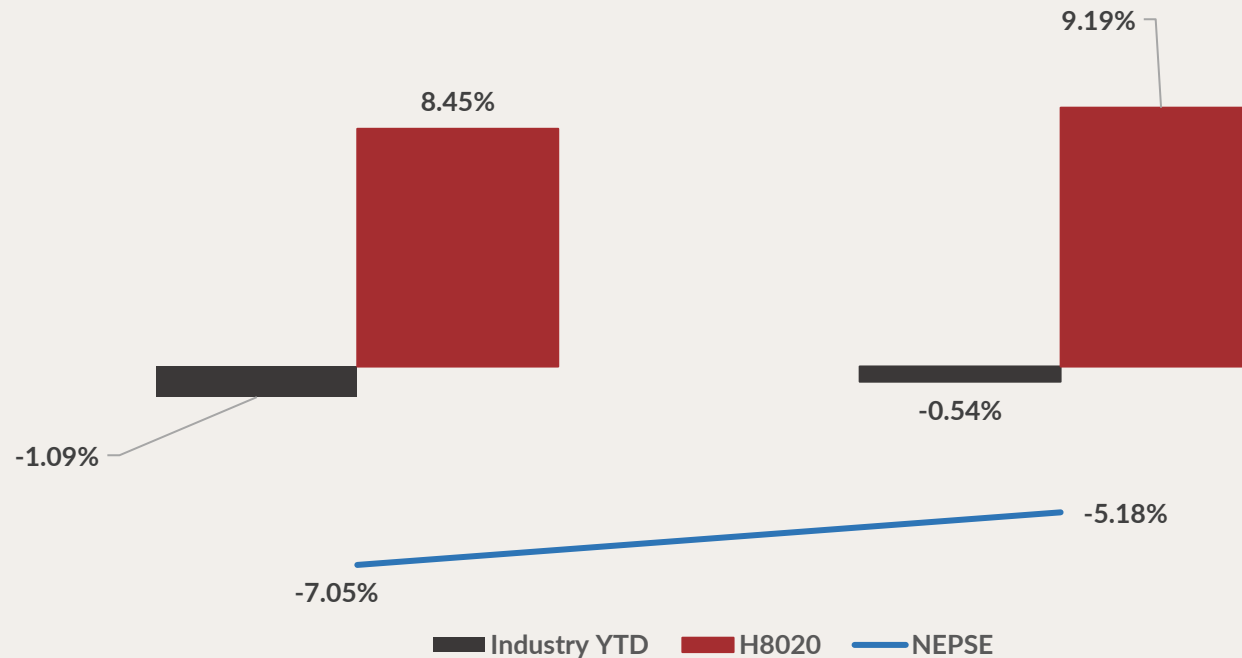
Sector Wise Weightage Comparison of Mutual Fund Industry and H8020

Compared with the overall mutual fund industry, H8020 maintains a more selective sector allocation strategy. The scheme has significantly higher exposure toward Banking, 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 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 hydropower and insurance 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.



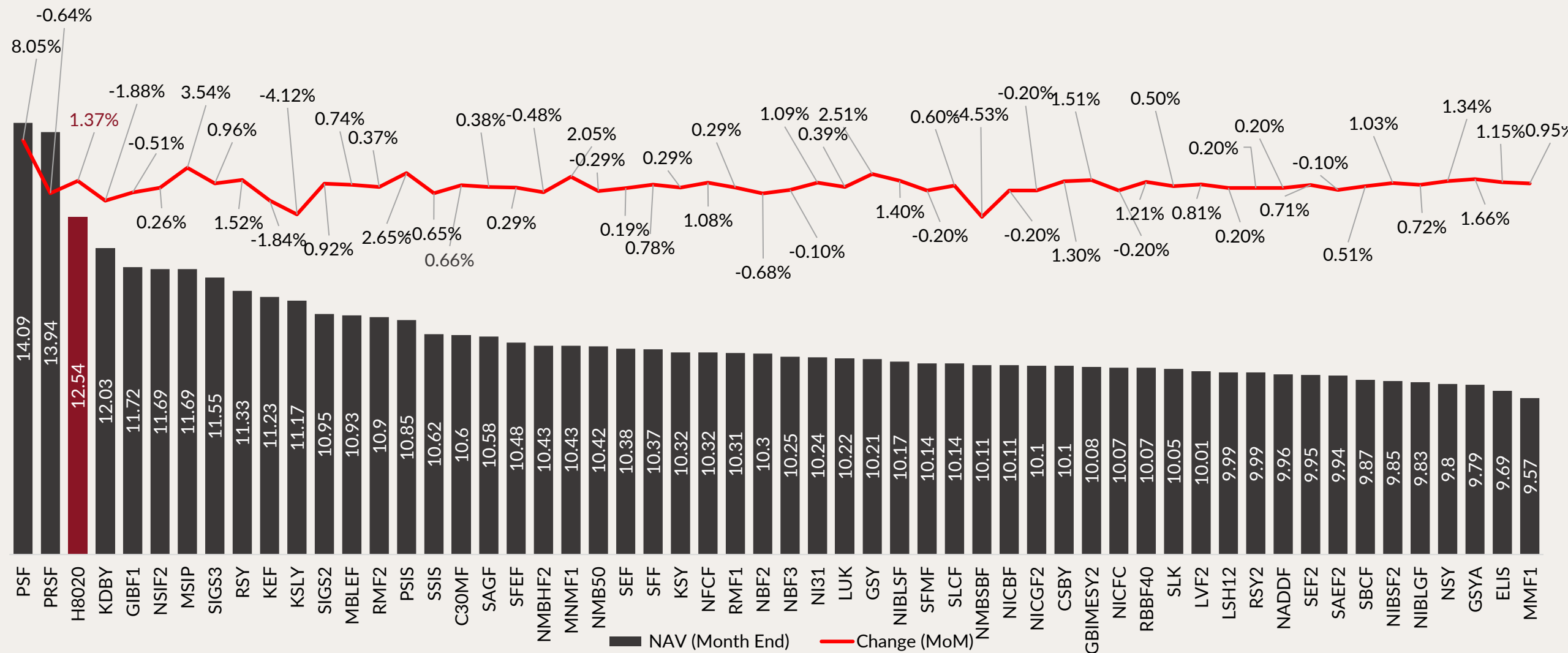
H8020 vs NEPSE vs Average NAV (YTD Performance - FY 2083/84)

YTD in FY 2083/84 (as of Shrawan end), H8020 outperformed (9.19%) both the NEPSE index (-5.18%) and the mutual fund industry average NAV (-0.54%), indicating comparatively stronger portfolio positioning than the NEPSE and the overall Mutual Fund Industry.



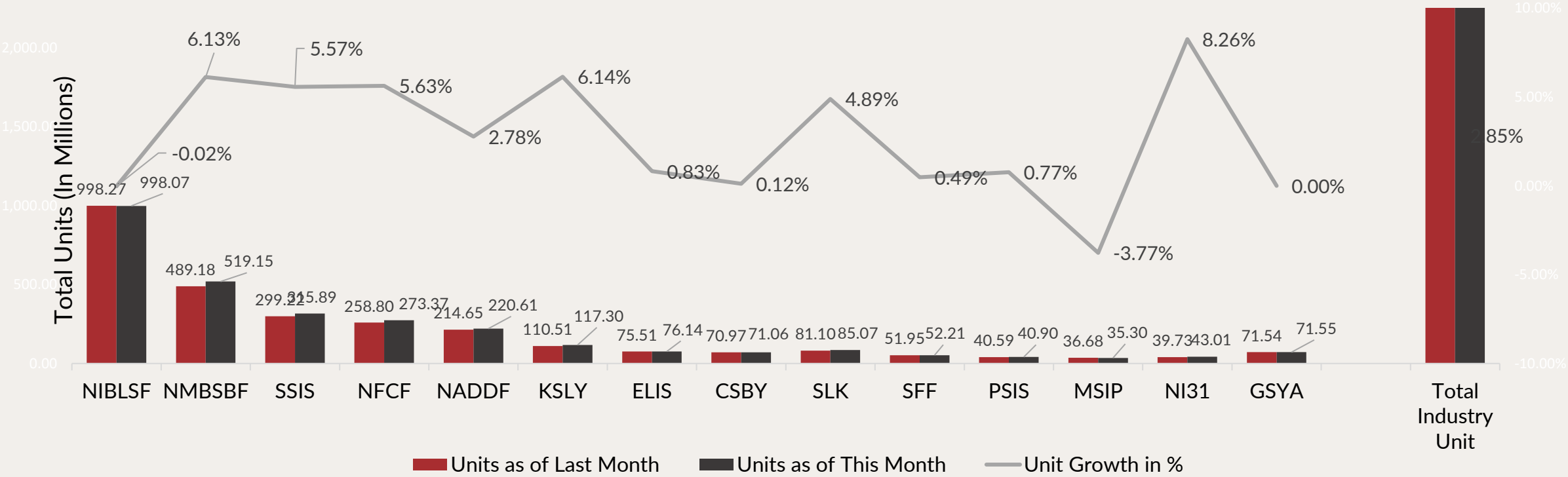
Note: NAV of all the mutual funds have been adjusted for cash dividend. For instance, if the dividend book close were in mid-Ashwin 2082, the previous NAV for Shrawan 2082 and Bhadra 2082 would be adjusted based on this formula: $\text{NAV for the previous months} / (1 + \text{Cash dividend \%})$

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



Open Ended Mutual Funds

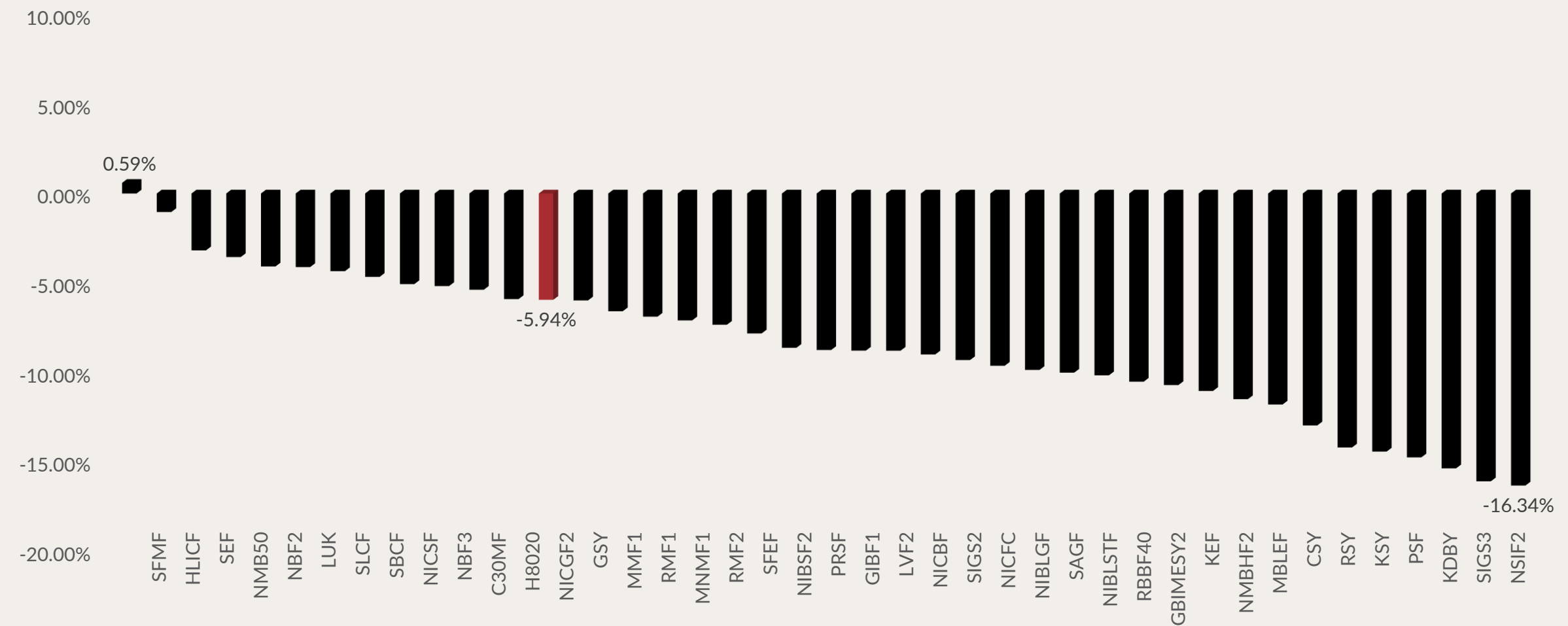
Among the fourteen open ended mutual fund schemes, there was a net unit growth of 76.55 millions units as of the end of Shrawan, 2083. This represents a monthly increase of 2.85%.



Mutual Funds (Monthly Vs 3 Month Average NAV)

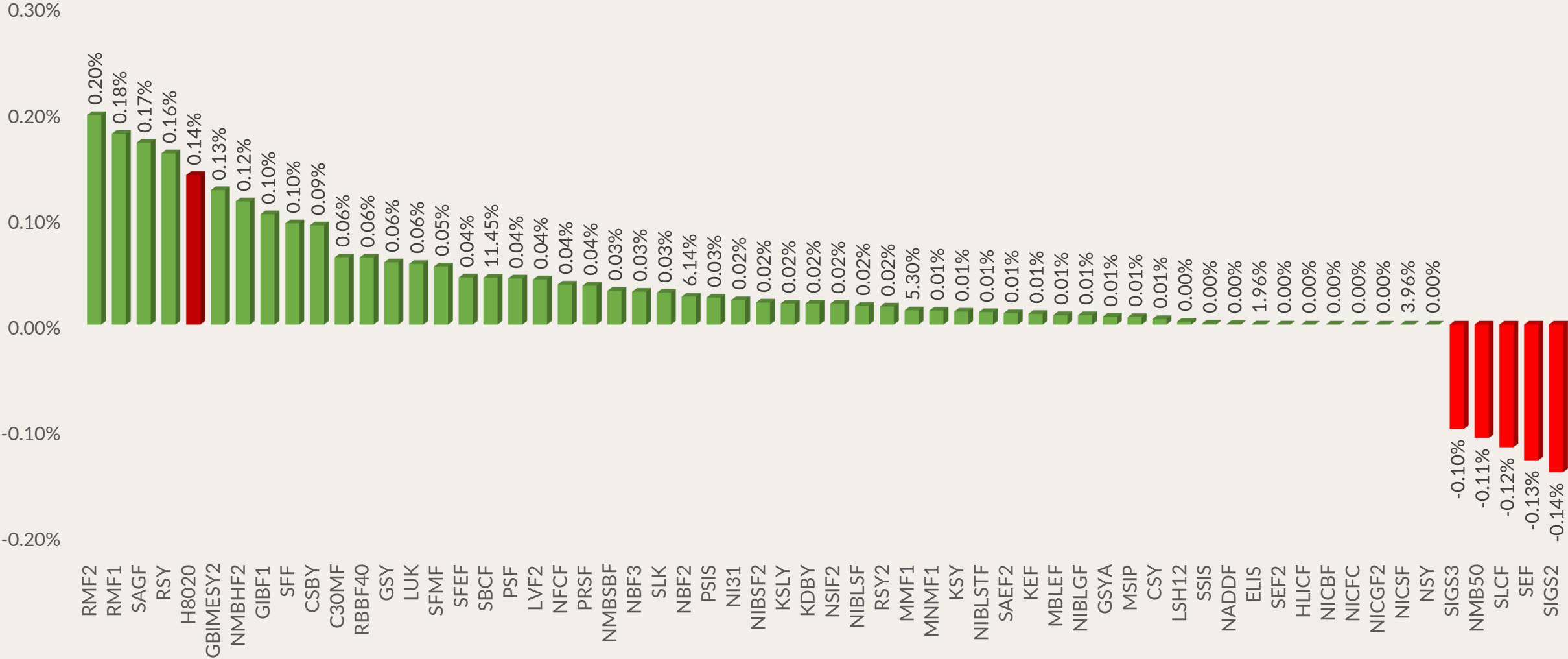
Scrip	Shrawan 2083	Average (3Months)	Deviation		Scrip	Shrawan 2083	Average (3Months)	Deviation
NMBHF2	10.43	10.54	-1.01%		GSYA	9.79	9.79	-0.03%
NADDF	9.96	10.01	-0.50%		KSY	10.32	10.47	-1.40%
NMB50	10.42	10.53	-1.04%		SLCF	10.14	10.26	-1.17%
NBF2	10.30	10.46	-1.56%		MMF1	9.57	9.65	-0.86%
NICBF	10.11	10.23	-1.14%		SEF	10.38	10.55	-1.64%
NSY	9.80	9.76	0.38%		SBCF	9.87	10.00	-1.33%
RMF1	10.31	10.38	-0.67%		ELIS	9.69	9.76	-0.72%
NMBSBF	10.11	10.69	-5.46%		MSIP	11.69	11.51	1.59%
MBLEF	10.93	10.96	-0.27%		CSBY	10.10	10.16	-0.62%
NIBSF2	9.85	9.85	0.00%		PSIS	10.85	10.78	0.68%
RSY	11.33	11.28	0.47%		GBIMESY2	10.08	10.13	-0.46%
NICFC	10.07	10.20	-1.27%		SFMF	10.14	10.37	-2.19%
GIBF1	11.72	11.91	-1.62%		SFEF	10.48	10.67	-1.75%
RMF2	10.90	10.98	-0.76%		SSIS	10.62	10.91	-2.69%
RBBF40	10.07	10.07	-0.03%		NFCF	10.32	10.43	-1.05%
NICSF	9.48	9.67	-1.96%		NIBLSTF	9.54	9.66	-1.28%
SFF	10.37	10.42	-0.51%		SIGS2	10.95	11.10	-1.35%
NBF3	10.25	10.39	-1.38%		MNMF1	10.43	10.46	-0.32%
NSIF2	11.69	11.81	-1.04%		SLK	10.05	10.25	-1.95%
NI31	10.24	10.26	-0.23%		KSLY	11.17	11.95	-6.53%
NIBLGF	9.83	9.89	-0.64%		LVF2	10.01	10.19	-1.77%
H8020	12.54	12.54	0.00%		SIGS3	11.55	11.74	-1.65%
HLICF	8.69	8.85	-1.81%		CSY	9.48	9.62	-1.49%
NICGF2	10.10	10.26	-1.56%		KDBY	12.03	12.64	-4.83%
LUK	10.22	10.32	-1.00%		PSF	14.09	13.45	4.76%
SAGF	10.58	10.71	-1.21%		KEF	11.23	11.80	-4.83%
C30MF	10.60	10.70	-0.93%		GSY	10.21	10.31	-0.94%
NIBLSF	10.17	10.19	-0.23%		PRSF	13.94	14.55	-4.17%

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 2083/84



Note: Mutual fund schemes with NAV ≥ NPR 10 are eligible for dividend distribution. The table shows cumulative realized gains for each scheme in FY 2083/84, 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.

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