

INSIGHTS INTO NEPAL'S MUTUAL FUND MARKET

Asar 2082



www.himalayancapital.com 

01-5970675, 5358345, 5363147 

info@himalayancapital.com
IT Plaza, Kamaladi, Kathmandu  

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
BANKING	Commercial Bank
DEVBANK	Development Bank
FIN	Finance
LI	Life Insurance
NLI	Non-Life Insurance
HOTELS	Hotels and Tourism
MAN & PRO	Manufacturing and Processing
MICRO	Microfinance
HYDRO	Hydropower
INV	Investment



Current Overview of NEPSE



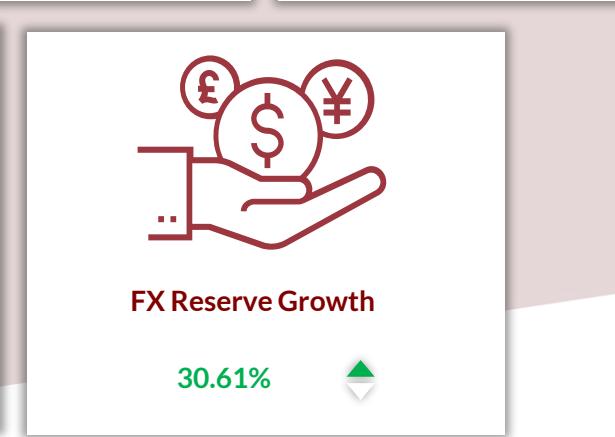
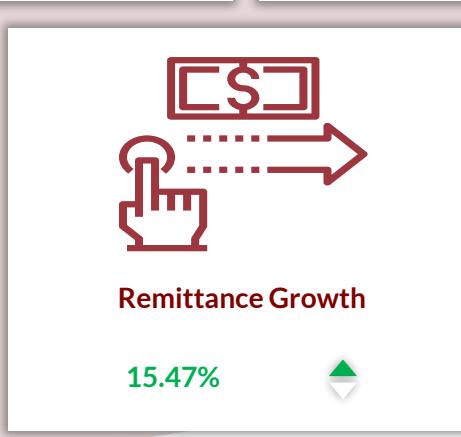
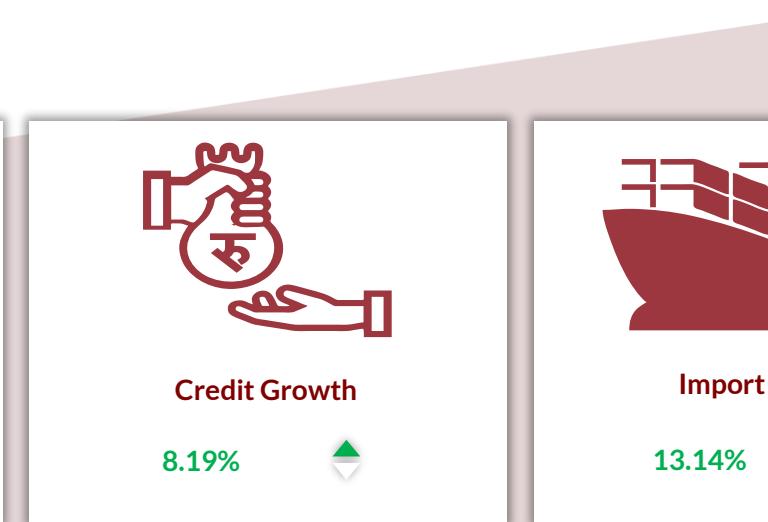
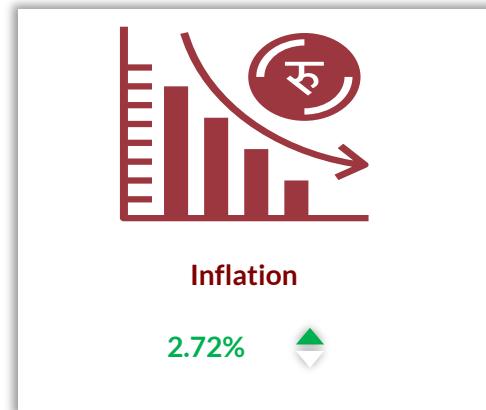
TradingView

On 31 July 2025, the NEPSE index closed at 2922.63 points, with a weekly turnover of NPR 95.94 billion. Compared to the previous week's final close price and average weekly turnover, the index decreased by 60.01 points (i.e. 2.01%) and a 1.00% increase in average weekly turnover. The market is in correction mode after around 16 – 17% rise.

The Relative Strength Index (RSI) stands at 49.37 points, indicating the market is in the neutral zone while the Moving Average Convergence Divergence (MACD) indicator suggests a bearish trend but is above the histogram.

Looking ahead, the NEPSE index's immediate support levels are identified as (S1) 2,800, (S2) 2,752 while immediate resistance levels are recognized at (R1) 2920, (R2) 3020. These support and resistance levels serve as valuable indicators for investors when formulating trading decisions.

Macroeconomic Outlook



* Growth refers to the change between eleven months data of FY 80/81 and FY 81/82.

* Credit refers to claim on private sector.



HIMALAYAN MUTUAL FUND

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

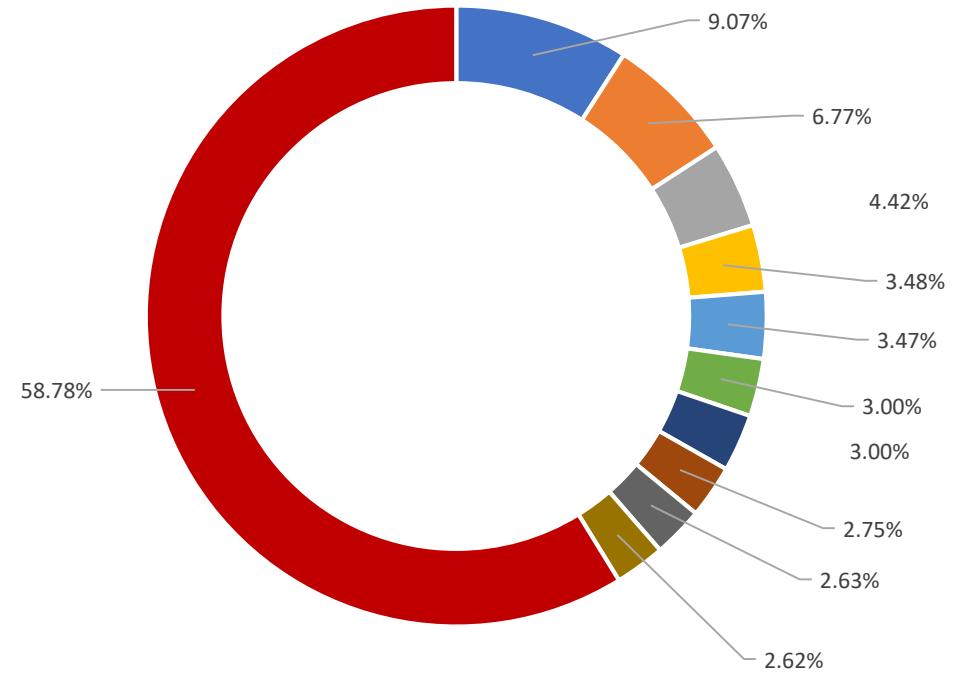
Allotment Date	13-Sep-23
Maturity Date	01-Oct-33
Monthly NAV as of Asar end 2082 in NPR	13.25
AUM as of Asar end 2082 in NPR	1,324,727,111.63
Scheme Type	Close Ended
Scheme Objective	Growth Oriented
Benchmark	NEPSE
Fund Management Fee	1.50% of NAV
DP Fee	0.20% of NAV
Fund Supervisor Fee	0.20% of NAV or NPR 100,000 per month whichever is lower
Fund Manager	Himalayan Capital Limited
H8020 Returns since FY 2080/81 End	26.65%
NEPSE returns since the same date	24.74%
Adjusted Fund Beta Since Inception (Monthly)	0.69
Fund Standard Deviation Since Inception (Monthly)	1.27
Average Monthly Fund Return Since Inception	1.66%

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

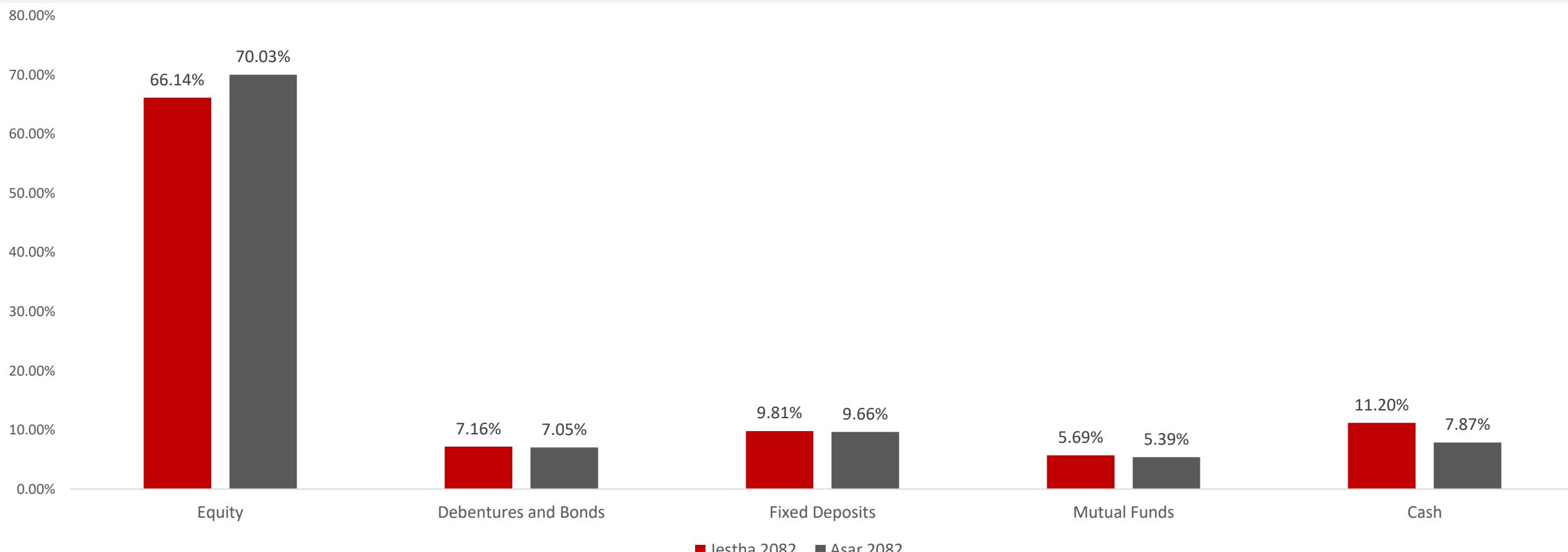
Top 10 Equity Holdings as of Asar End, 2082



■ HRL ■ CHDC ■ SCB ■ SHL ■ NRIC ■ SICL ■ NICA ■ SHIVM ■ SNLI ■ NICL ■ Other Stocks

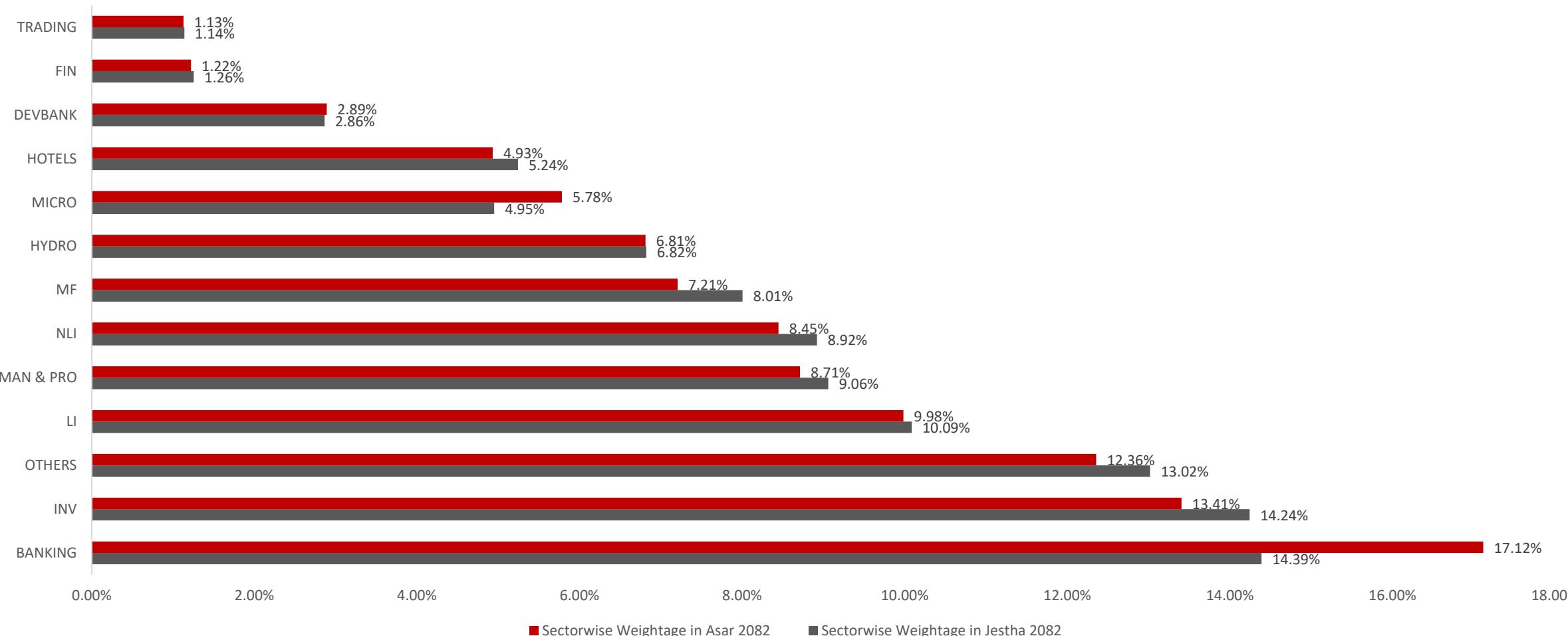
Asset Allocation of Himalayan 80-20

Between Jestha and Asar 2082, H8020's equity allocation decreased slightly in percentage terms from 70.03% to 66.14%, likely due to strategic profit-booking and cautious rebalancing near the fiscal year-end. However, in absolute number terms, equity investments actually increased, showing more holdings despite the percentage drop. Cash holdings declined both in percentage and absolute terms, indicating active deployment of funds, possibly into fixed-income assets. Fixed deposits and debentures/bonds remained largely stable in both percentage and absolute terms, reflecting a steady focus on low-risk, income-generating instruments. The minor decrease in mutual funds exposure points to small portfolio adjustments without a major shift in strategy.

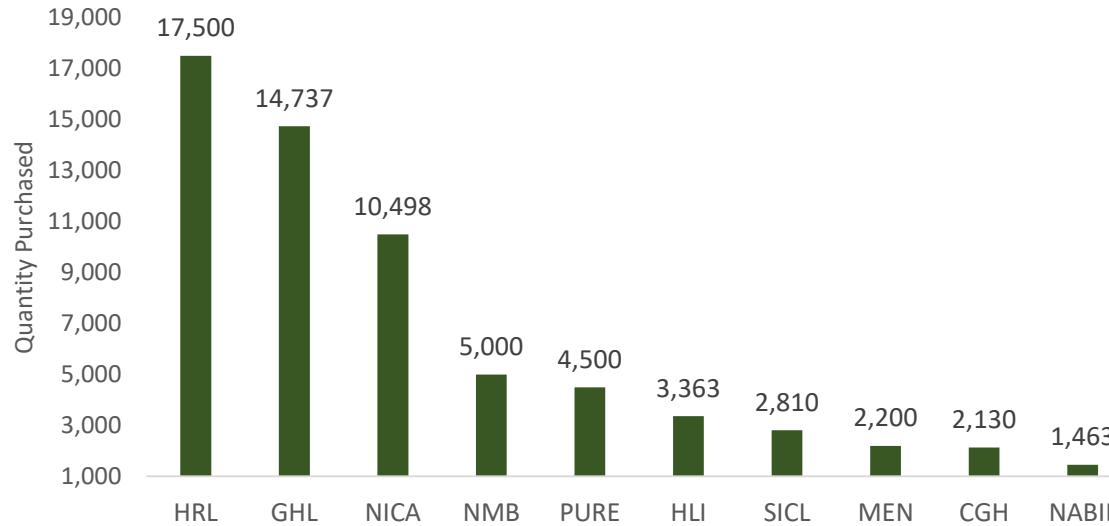


Sectorwise Allocation of Himalayan 80-20

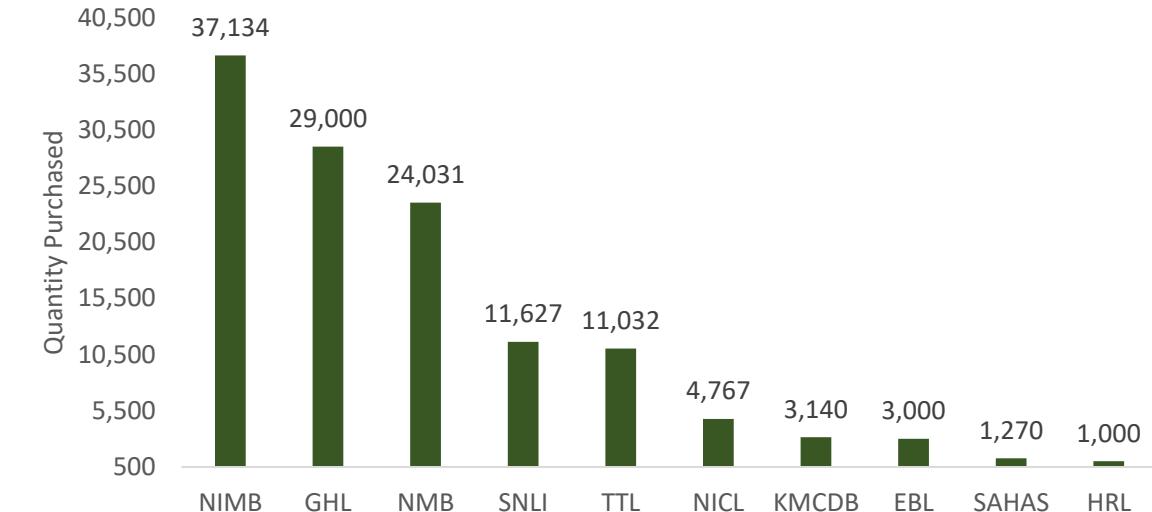
The H8020 portfolio in Asar 2082 shows a clear shift toward banking and microfinance sectors, with banking increasing from 14.39% to 17.12% and microfinance from 4.95% to 5.78%. Meanwhile, sectors like investment, mutual funds, insurance, and hotels experienced slight declines. Overall, the allocation favors financial and banking-related sectors, reflecting a cautious but opportunistic approach.



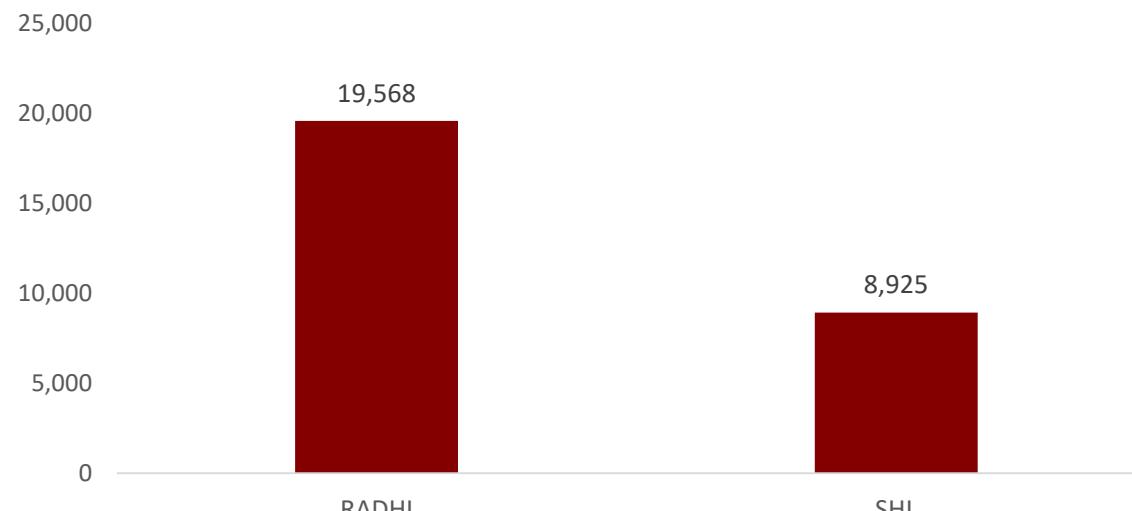
Top 10 Equity Purchases of H8020 (Jestha 2082)



Top 10 Equity Purchases of H8020 (Asar 2082)



Top 10 Equity Sales of H8020 (Jestha 2082)



Top 10 Equity Sales of H8020 (Asar 2082)

H8020 did not have any sales in Asar 2082

*Note: Mutual funds are excluded from both purchase and sale transactions
Purchases may include bonus share listings, IPOs, and NFOs as well.*

NEPALESE MUTUAL FUND INDUSTRY

Currently, 46 active mutual funds—comprising 38 close-ended and 8 open-ended funds—are managed by 17 fund managers.

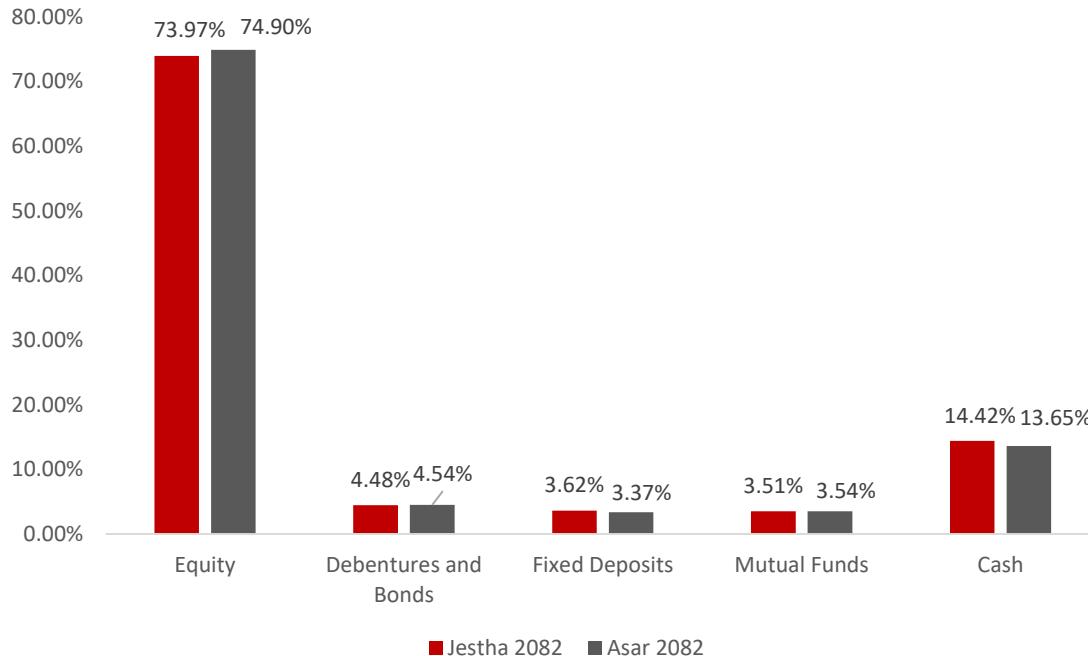


Asset Allocation Comparison for Asar 2082 : H8020 and Industry Average

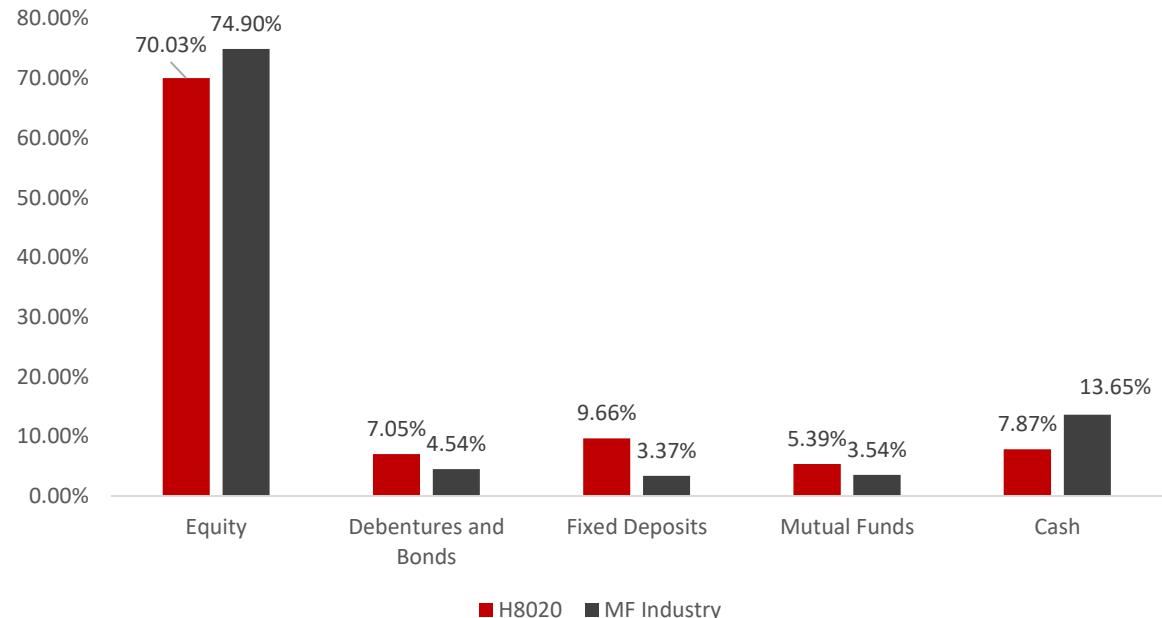
The Nepalese mutual fund industry maintained a stable asset allocation between Jestha and Asar 2082, with equity slightly increasing from 73.97% to 74.90% while cash decreased from 14.42% to 13.65%. Other assets showed minimal changes, with the industry continuing its equity-heavy strategy of over 74% stock allocation, reflecting a marginally more aggressive stance as funds deployed cash reserves into equities.

H8020 mutual fund shows a different allocation strategy than the industry average as of Asar 2082, with lower equity exposure (70.03% vs 74.90%) but higher fixed deposits (9.66% vs 3.37%) and bonds (7.05% vs 4.54%). The fund holds less cash (7.87% vs 13.65%), indicating better capital deployment while maintaining a more balanced and diversified approach compared to industry peers.

Mutual Fund Industry

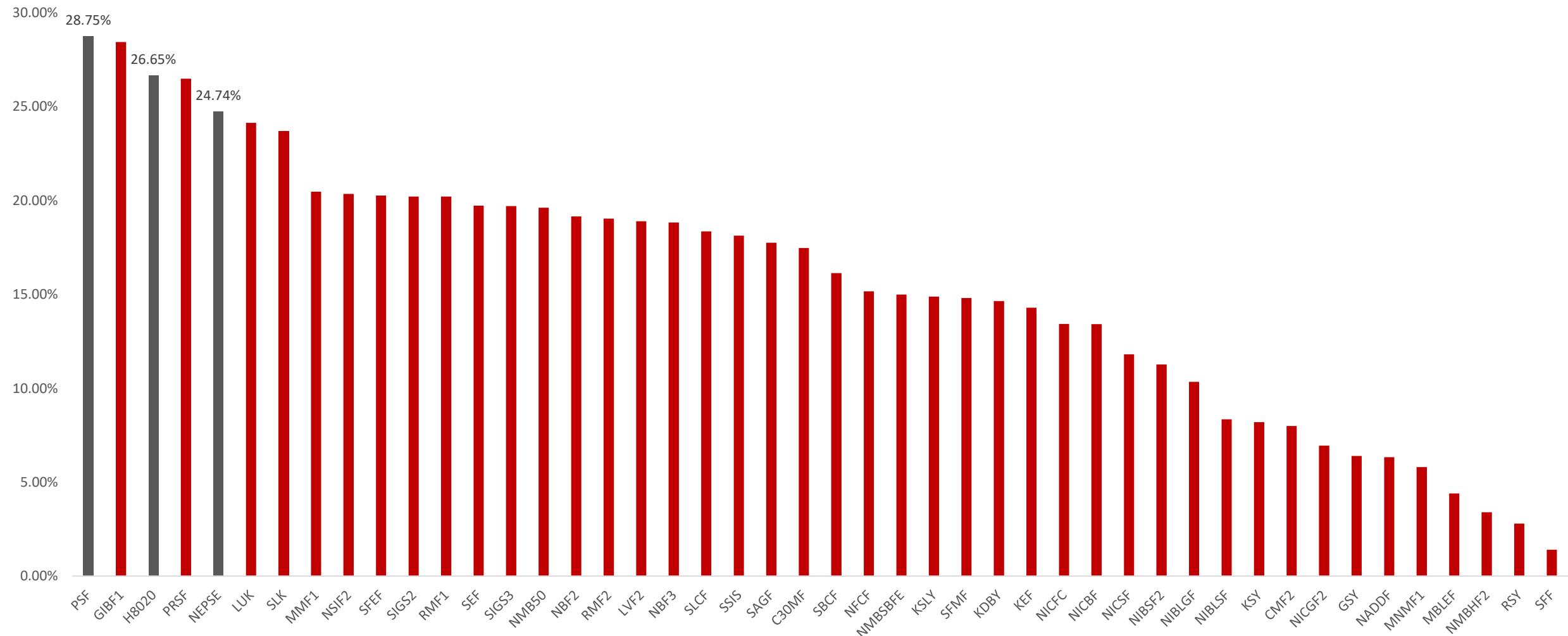


H8020 vs Mutual Fund Industry

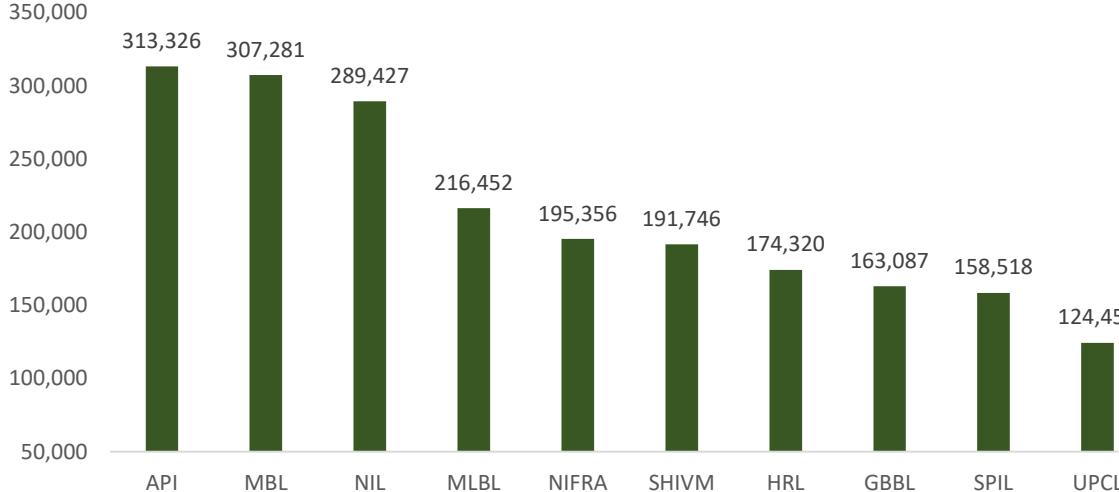


Comparison of Mutual Fund Returns with NEPSE Performance Since the End of FY 2080/81

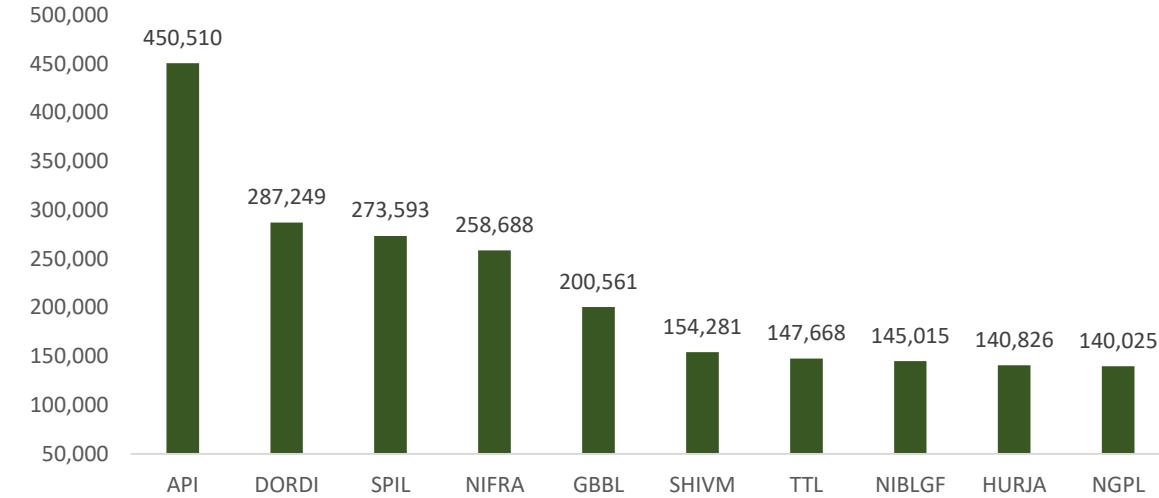
PSF was the top performer in the industry as per Asar end 2082, followed by GIBF1.



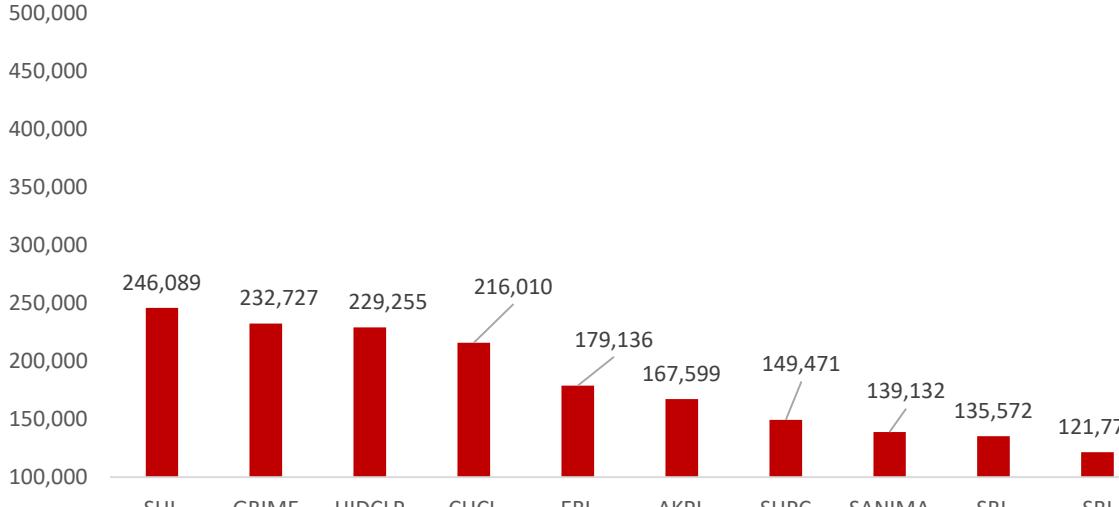
Top 10 Equity Purchases of Mutual Funds (Jestha 2082)



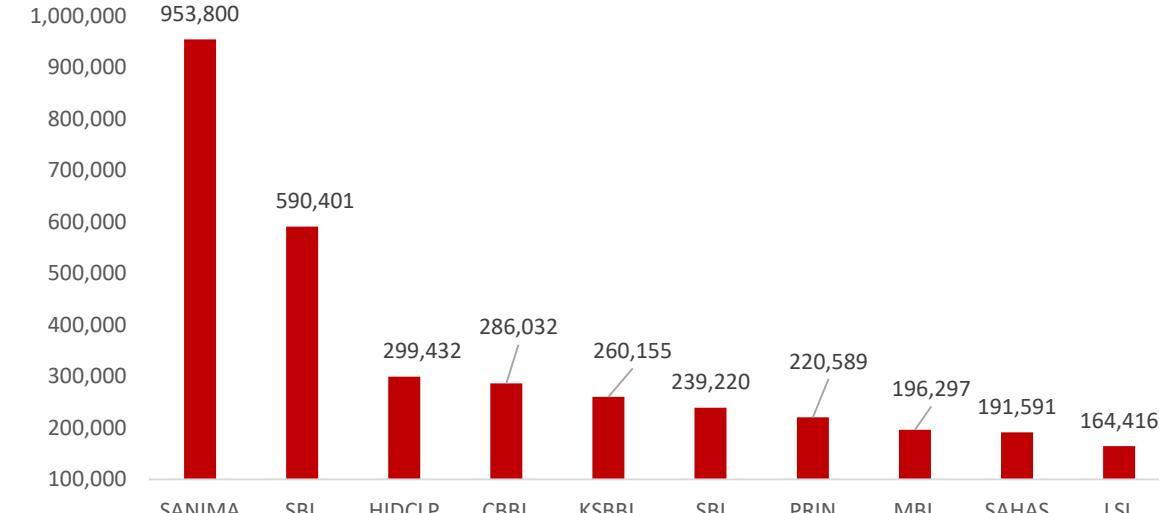
Top 10 Equity Purchases of Mutual Funds (Asar 2082)



Top 10 Equity Sales of Mutual Funds (Jestha 2082)

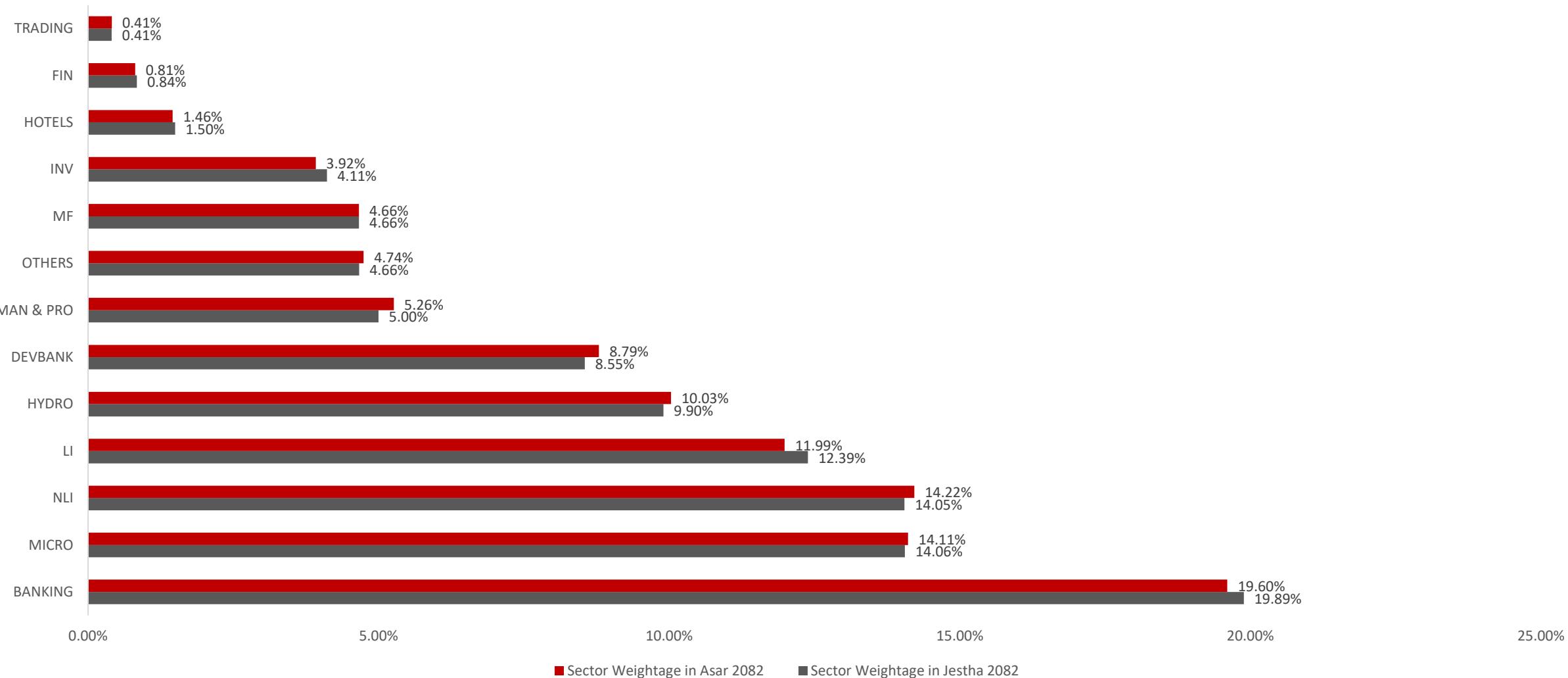


Top 10 Equity Sales of Mutual Funds (Asar 2082)



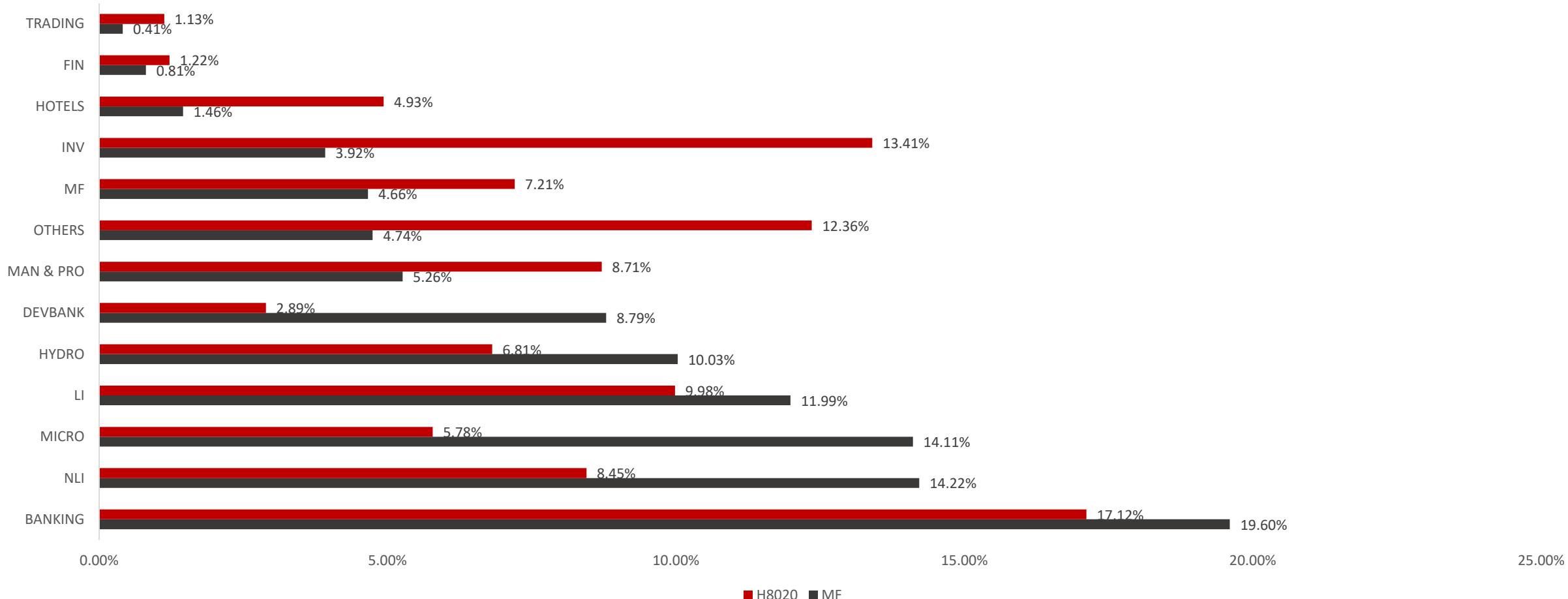
Note: Mutual funds are excluded from both purchase and sale transactions
 Purchases may include bonus share listings, IPOs, and NFOs as well..

Sector Wise Weightage of Mutual Fund Industry (Jestha 2082 and Asar 2082)



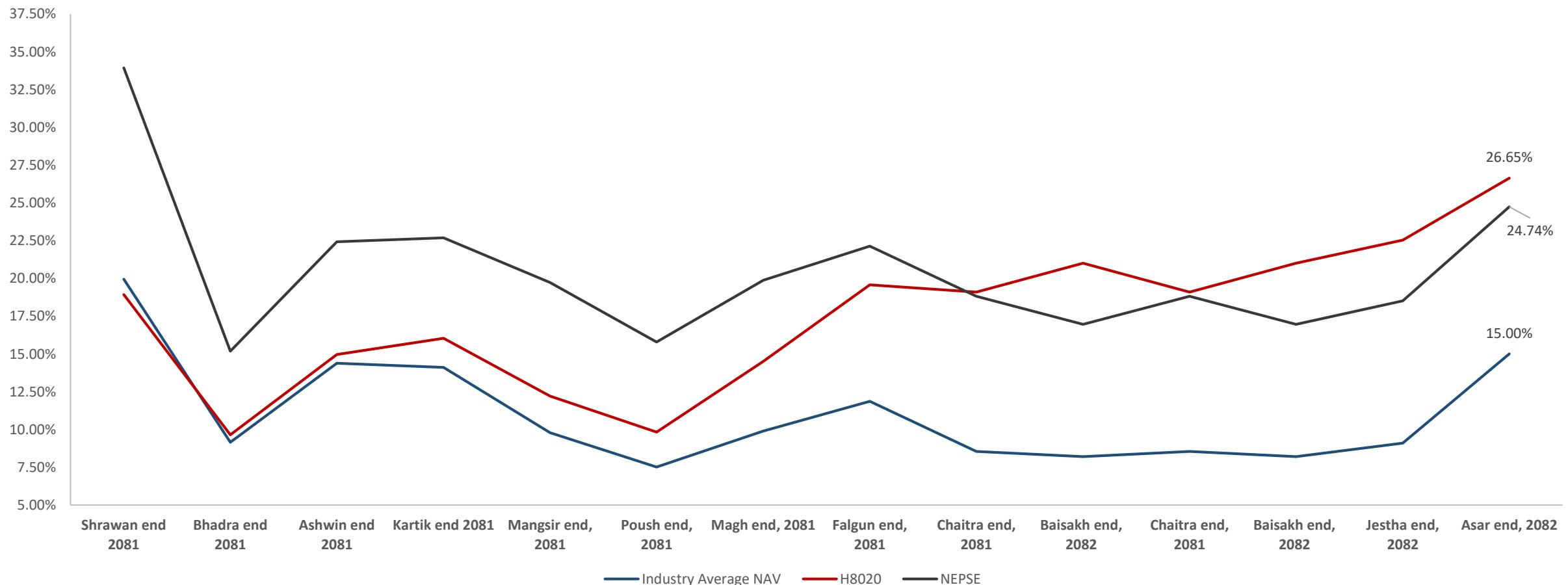
Sector Wise Weightage Comparison of Mutual Fund Industry and H8020

In Asar 2082, H8020 demonstrated a distinct growth-focused equity strategy by overweighting high-growth sectors including investment companies, manufacturing, and hotels—allocating significantly above the mutual fund industry average. Conversely, the fund maintained underweight positions in traditional sectors such as banking, insurance, and microfinance. This strategic positioning reflects H8020's growth-oriented investment philosophy, targeting sectors with superior upside potential while maintaining selective exposure across core market segments within its equity portfolio allocation.



H8020 vs NEPSE vs Average NAV (YTD Performance)

As of Jestha 2082, H8020 leads with a **26.65% YTD return**, outperforming both **NEPSE (24.74%)** and the **mutual fund industry average (15.00%)**. Its strong performance reflects **active sector rotation and higher exposure to growth sectors** like Investment and Hotels, unlike the broader industry which remains more tilted toward Banking. This highlights H8020's **aggressive, growth-focused strategy** and effective fund management. H8020 has outperformed the alpha by 1.91%, while the broader mutual fund has underperformed.

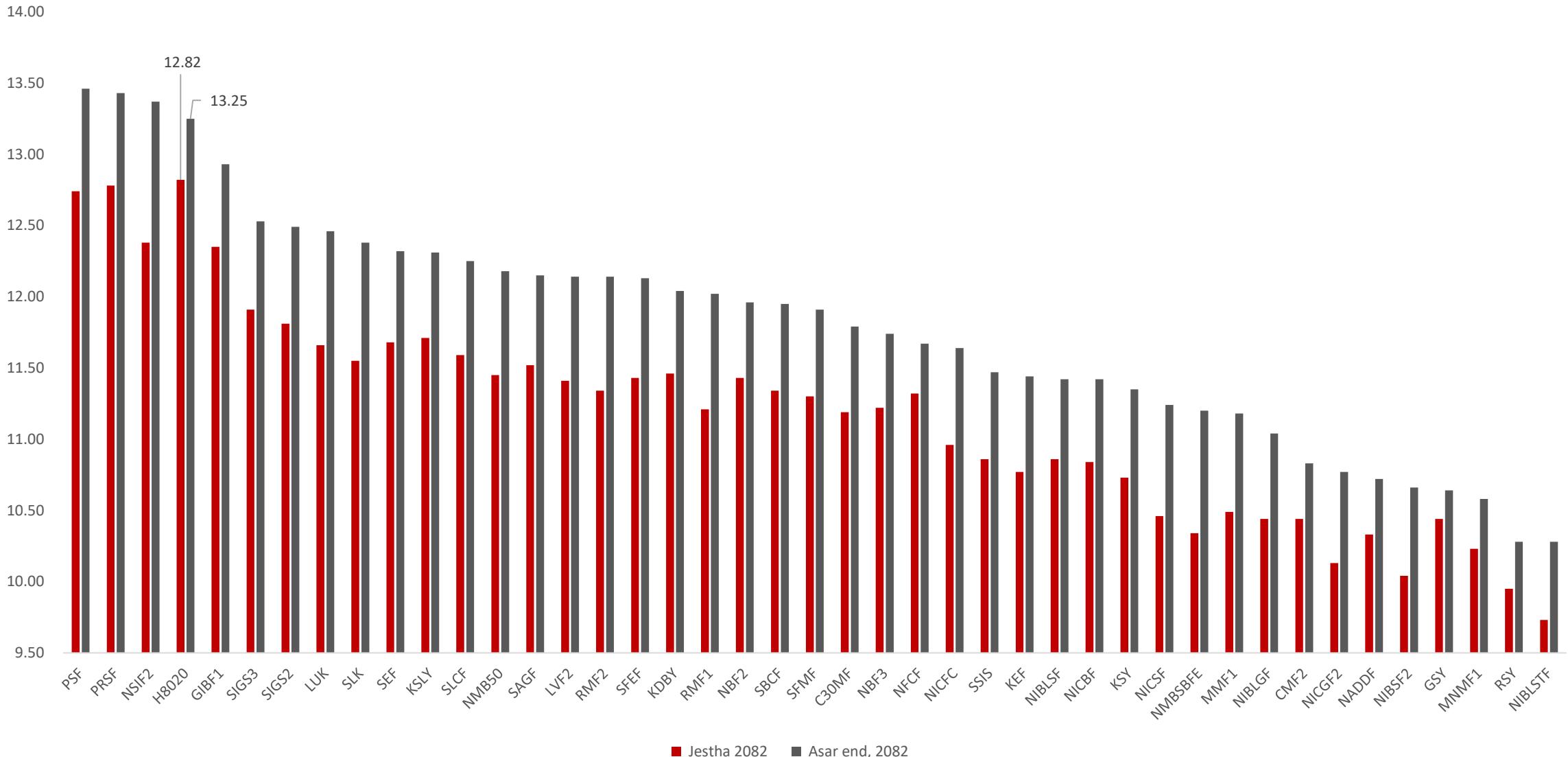


Note: NAV of all the mutual funds have been adjusted for cash dividend

For instance, if the dividend book close were in mid-Bhadra 2081, the previous NAV for Asar 2081 and Shrawan 2081 would be adjusted based on this formula,

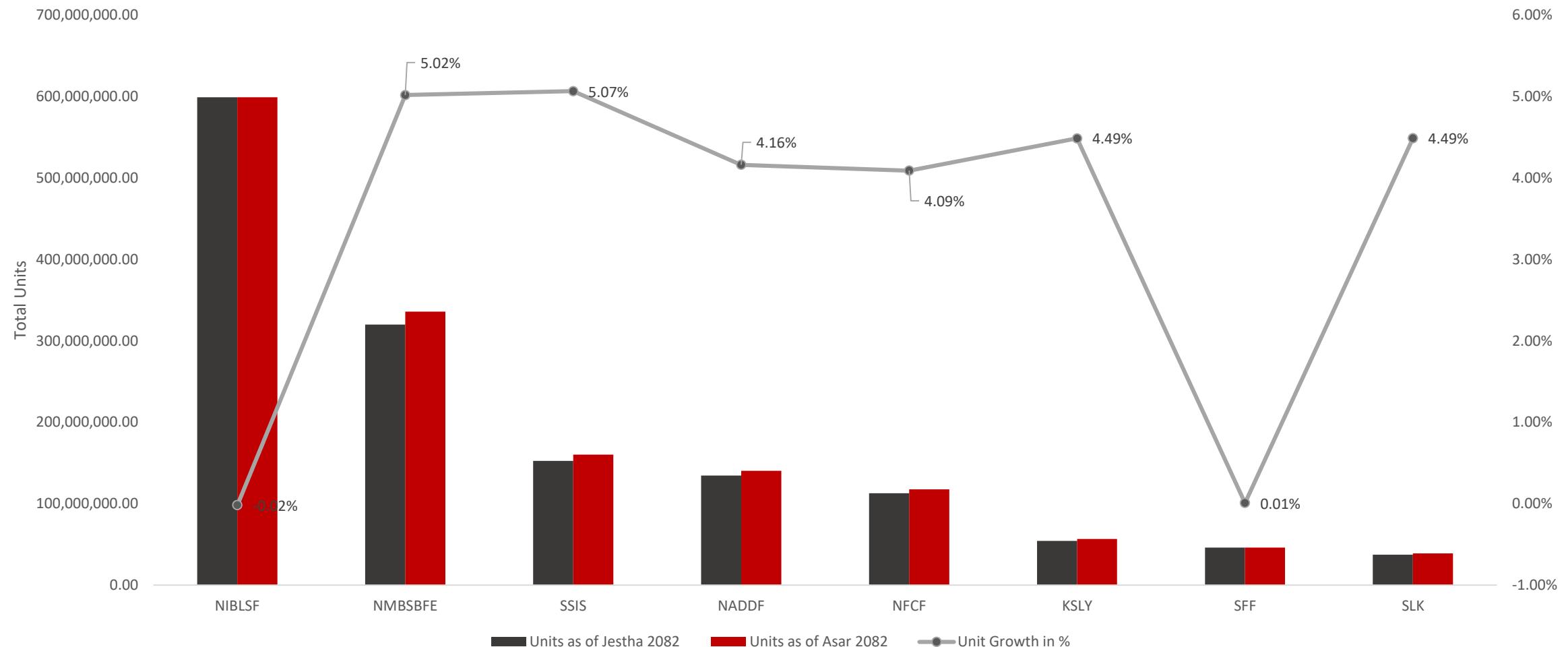
NAV for the previous months / (1 + Cash dividend %)

Month on Month NAV Comparison



Open Ended Mutual Funds

Among the eight open-ended mutual funds, there was a net unit growth, totaling 37,990,421.07 units as of Asar end 2082. This represents a monthly increase of 2.61%.



Close Ended Mutual Funds

Script	Asar 2082	3 month Average	Deviation
SFF	10.14	9.99	1.47%
NFCF	11.67	11.44	1.98%
GSY	10.64	10.43	2.05%
RSY	10.28	10.06	2.15%
NADDF	10.72	10.48	2.29%
CMF2	10.83	10.56	2.52%
MNMF1	10.58	10.31	2.59%
H8020	13.25	12.91	2.63%
NMBHF2	10.34	10.04	2.95%
NBF2	11.96	11.61	2.99%
MBLEF	10.44	10.13	3.09%
NBF3	11.74	11.38	3.13%
GIBF1	12.93	12.49	3.55%
NIBLSF	11.42	11.02	3.60%
NICGF2	10.77	10.38	3.72%
KDBY	12.04	11.61	3.73%
SAGF	12.15	11.71	3.76%
NICBF	11.42	11.00	3.79%
NIBLSTF	10.28	9.90	3.80%
SFMF	11.91	11.47	3.81%
KSLY	12.31	11.85	3.85%
SBCF	11.95	11.51	3.85%
SLCF	12.25	11.79	3.87%
SIGS3	12.53	12.06	3.93%
SSIS	11.47	11.03	3.99%
NIBLGF	11.04	10.61	4.02%
SEF	12.32	11.84	4.02%
LVF2	12.14	11.66	4.12%
KSY	11.35	10.90	4.13%
PRSF	13.43	12.89	4.19%
NICSF	11.24	10.79	4.20%
NICFC	11.64	11.17	4.24%
C30MF	11.79	11.31	4.24%
SFEF	12.13	11.63	4.27%
SIGS2	12.49	11.98	4.29%
NIBSF2	10.66	10.21	4.44%
SLK	12.38	11.84	4.56%
NMB50	12.18	11.65	4.58%
MMF1	11.18	10.68	4.65%
KEF	11.44	10.93	4.67%
PSF	13.46	12.85	4.72%
LUK	12.46	11.89	4.79%
RMF2	12.14	11.56	5.02%
RMF1	12.02	11.42	5.25%
NSIF2	13.37	12.66	5.58%
NMBSBFE	11.20	10.61	5.59%

Fund Managers



INITIAL PUBLIC OFFERING

Closed-end Mutual Fund



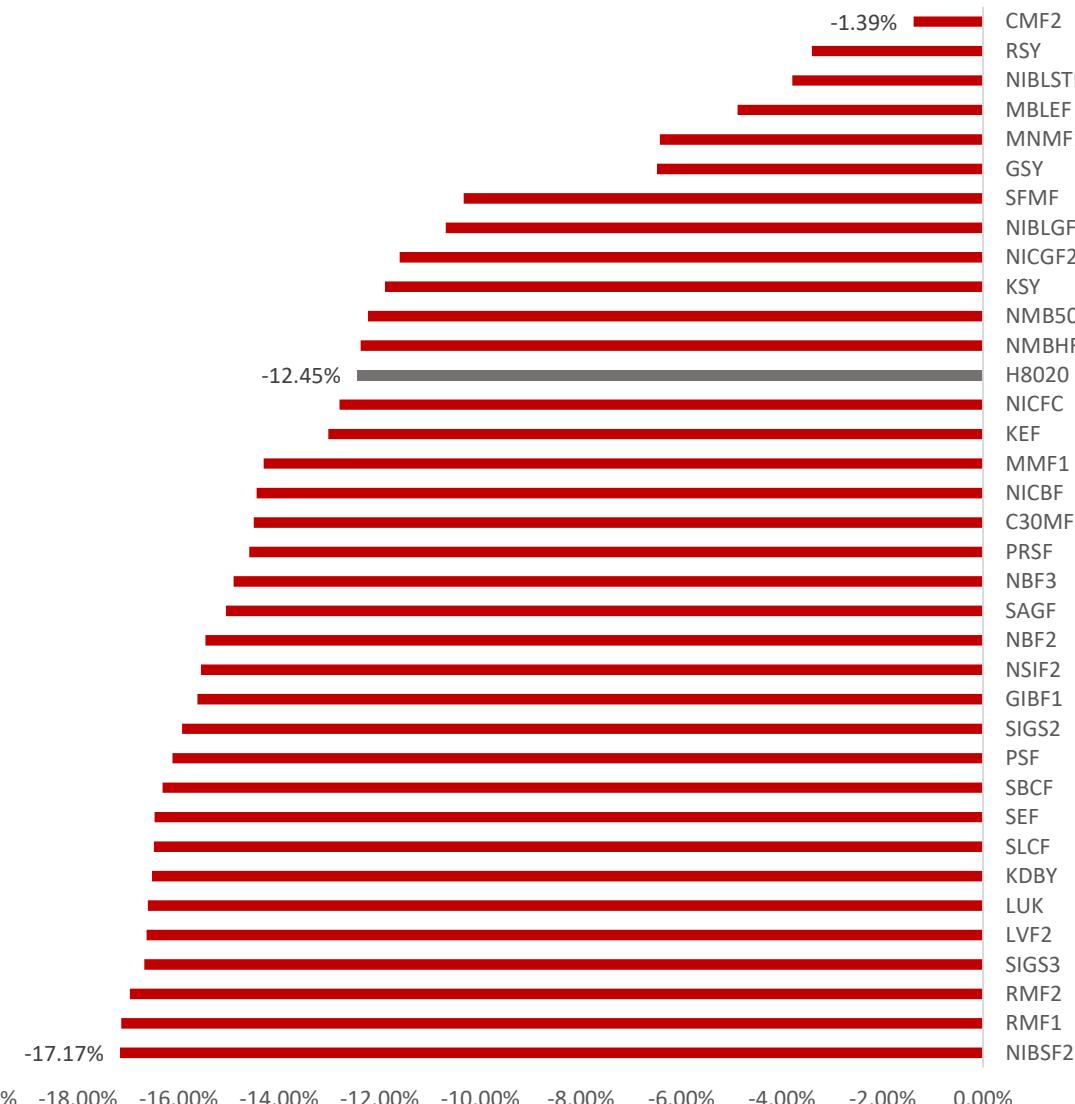
Investors

CAPITAL CONTRIBUTION
SHARES ISSUED

Secondary Market

Note - 3 Month Average NAV has been adjusted for cash dividends provided.

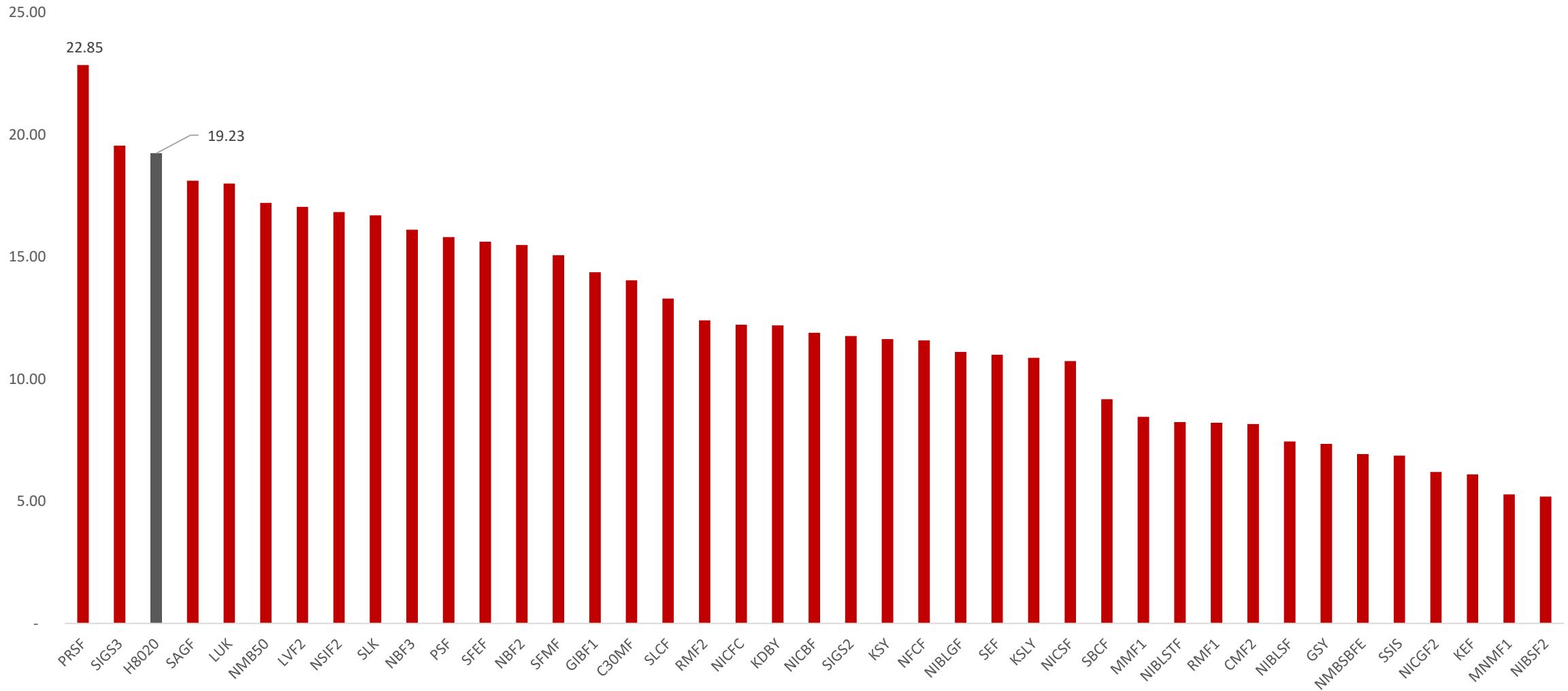
Closed-End Mutual Funds: Discount Analysis Based on NAV and Price as of Asar End, 2082



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.



Dividend Capacity of Mutual Funds (12 months)



- Mutual funds with a Net Asset Value (NAV) above NPR 10 are eligible for dividend distribution. Dividends can only be paid from realized gains and reserves, and the final amount is determined at the discretion of the fund manager. For the current analysis, only realized gains have been considered. These gains are expected to gradually increase as the fiscal year progresses.

Top 5 Equity Purchases in Units by Mutual Funds in Asar 2082

Company Name	Graham Fair Value as of Q3 2081/82	BVPS as of Q3 2081/82	Market Price as of Jestha end, 2082	Our rationales
API	138.49	109.85	311.89	YOY, API has demonstrated strong growth in key financial metrics, primarily driven by the operation of its new hydropower and solar projects. Revenue increased by 25.76%, while net income surged by 689%, with the exponential profit growth largely attributed to the NFRS-based fair value gains on its investments. Currently, the company operates 62.50 MW of hydropower and solar capacity and holds both existing and ongoing investments in multiple hydropower companies. This strategic positioning in Nepal's clean energy sector enhances its long-term growth potential—making it an attractive candidate for mutual fund portfolios seeking capital appreciation.
DORDI	N/A	82.60	384.93	In Jestha 2082, DORDI auctioned its unsold promoter and ordinary right shares, with allotment in Asar 2082. Mutual funds likely bought promoter shares anticipating a steep discount and the upcoming end of the lock-in period, allowing them to soon trade as public shares and realize quick gains.
SPIL	357.59	263.72	805.38	SPIL holds the second-largest position in mutual fund portfolios, likely driven by its strong fundamentals. Anticipating continued solid performance, mutual funds appear to have increased their exposure to the stock.
NIFRA	121.40	117.81	279.97	Mutual funds may have bought this stock to capitalize on short-term trading opportunities.
GBBL	243.85	153.47	392.42	As one of the most fundamentally strong development banks, this stock likely attracted mutual fund interest as they aimed to increase exposure in anticipation of continued strong performance.

Top 5 Equity Sales in Units by Mutual Funds in Asar 2082

Company	Graham Fair Value as of Q3 2081/82	BVPS as of Q3 2081/82	Market Price as of Jestha end, 2082	Our rationales
SANIMA	242.64	161.32	316.11	By the end of FY 2081/82, Sanima Bank had seen a noticeable rise in its stock price. Mutual funds may have chosen to exit the position as part of profit-booking strategies ahead of fiscal year-end. The bank was operating in a relatively subdued credit environment, with moderate loan growth and tightening margins industry-wide. With no major earnings surprises or corporate actions announced during the quarter, the upside appeared limited in the short term. Technical signals, such as slowing volume momentum, may also have encouraged institutions to sell before any consolidation.
SBL	271.50	207.48	305.01	SBL had also witnessed a decent price appreciation during the fiscal year, which may have led mutual funds to trim their positions. As of the end of Jestha 2082, the banking sector was still navigating a cautious credit growth phase, and fund managers may have opted to rebalance portfolios before the start of the new fiscal year. Moreover, with no significant short-term catalysts visible—such as mergers, dividend declarations, or earnings beats—selling pressure could have stemmed from a strategy to realize gains while liquidity was favorable.
HIDCLP	101.13	114.78	219.06	Hydropower stocks had gained strong investor interest during FY 2081/82, particularly due to improved market sentiment and growing demand for infrastructure-based equities. HIDCLP saw a sharp rally in this environment. However, towards the fiscal year-end, mutual funds may have found the pace of appreciation excessive relative to the short-term visibility of project completion or revenue generation.
CBBL	443.61	247.14	883.08	CBBL had seen strong price momentum throughout the year, but rising regulatory scrutiny in the microfinance sector likely prompted mutual funds to lock in gains before potential volatility.
KSBL	257.82	163.22	448.69	KSBL had gained significant momentum by the end of FY 2081/82, supported by positive sentiment in development banks. However, with no major short-term catalysts and the fiscal year closing in, mutual funds likely chose to sell and secure profits while rebalancing their portfolios.

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

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 and 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 on a daily basis 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.

