

The Pulse

Market Growth, Risks and Outlook

Chaitra 2081

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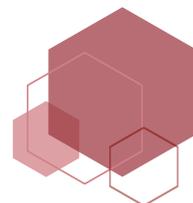
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हिमालयन क्यापिटल लि.



Himalayan Capital

A Subsidiary of Himalayan Bank Limited



Global Markets Overview

€	1.08 \$ (2.71%)	S&P 500	5,712.20 (-4.08%)
£	1.29 \$ (1.87%)	BSE SENSEX	77,288.50 (3.60%)
₹	85.65* (-1.73%)	NIKKEI 225	38,027.29 (-0.30%)
¥	150.69* (1.07%)	FTSE 100	8,689.59 (0.24%)
A\$	0.63 \$ (-0.43%)	DAX	22,839.03 (1.91%)
C\$	0.70\$ (0.31%)	CAC 40	8,030.68 (-0.25%)
		HANG SENG	23,483.32 (1.95%)
		SSE COMPOSITE	3,368.70 (0.68%)

*Values Per 1 \$

	Gold(\$) Per Oz. 3,033.36 (3.92%)		Bitcoin(\$) 86,900.89 (-2.07%)
	Brent Crude(\$) Per Barrell 73.8 (1.79%)		Ethereum(\$) 2,009.19 (-19.43%)

#All Changes are in MoM basis.



Currency Market Trends

The currency exchange rates show that the Euro and British Pound have strengthened against the benchmark currency, with increases of 2.71% and 1.87%, respectively. The Japanese Yen also experienced a moderate rise of 1.07%. However, the Indian Rupee has weakened by 1.73%, suggesting capital outflows or economic pressures. The Australian Dollar slightly depreciated by 0.43%, while the Canadian Dollar remained relatively stable with a marginal gain of 0.31%. These fluctuations suggest that the European currencies have gained strength, possibly due to economic resilience, while emerging market currencies like the Rupee have faced downward pressure.

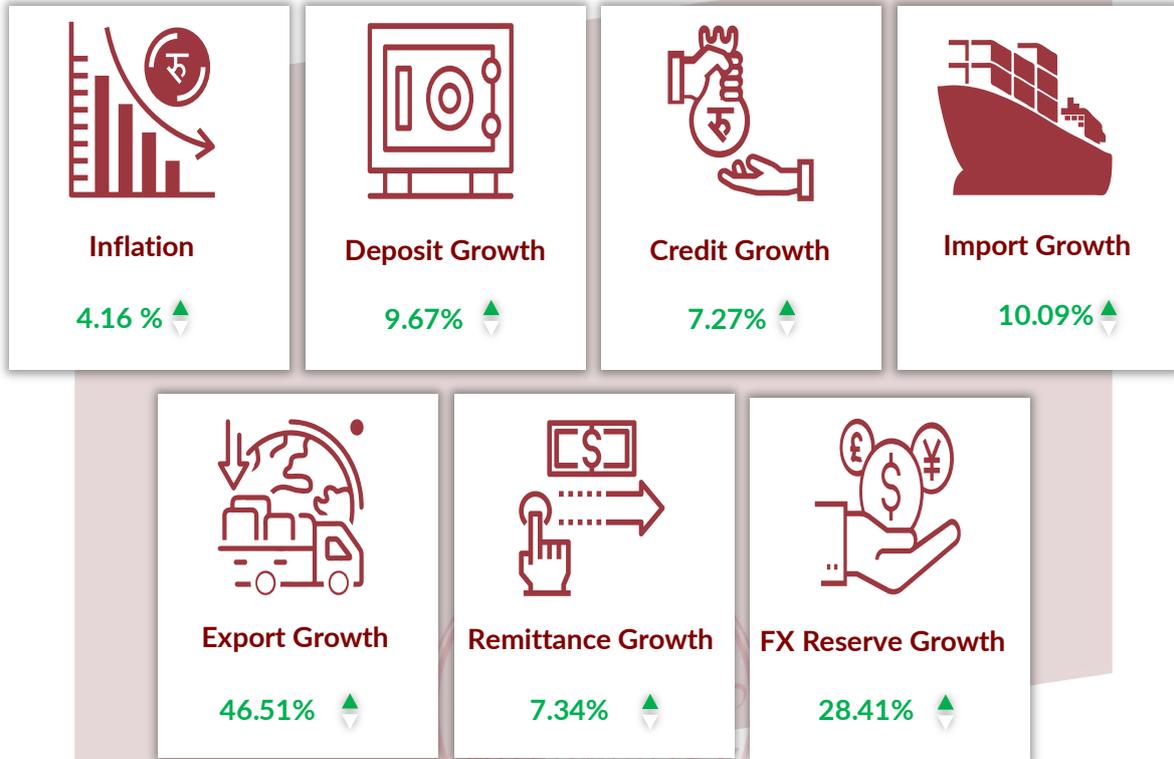
In the stock market indices, there is a mixed trend. The S&P 500 has dropped by 4.08%, reflecting investor concerns, possibly due to economic slowdown fears or monetary policy tightening. In contrast, India's BSE SENSEX has risen by 3.60%, indicating strong domestic market performance. European indices such as the FTSE 100, DAX, and CAC 40 have shown moderate movements, with the DAX gaining 1.91% and the FTSE 100 and CAC 40 making marginal changes. The Hang Seng index climbed by 1.95%, showing resilience in the Hong Kong market, while Japan's NIKKEI 225 and France's CAC 40 experienced minor losses.

In the commodities and cryptocurrency market, Bitcoin declined by 2.07%, and Ethereum suffered a sharp drop of 19.43%, reflecting volatility in the crypto market. In contrast, Gold surged by 3.92%, suggesting a shift toward safe-haven assets amid uncertainty. Brent Crude prices also increased by 1.79%, indicating a potential rise in global oil demand or supply constraints.

Overall, the data indicates a complex economic landscape. Traditional markets such as gold and oil are strengthening, suggesting risk aversion among investors. Stock markets are mixed, with some regions performing well while others struggle. The crypto market remains volatile, with Ethereum seeing a significant dip. Currency movements suggest confidence in European economies while emerging markets face challenges. These trends reflect ongoing global economic shifts and investor sentiment driven by multiple factors, including monetary policies, inflation concerns, and geopolitical developments.



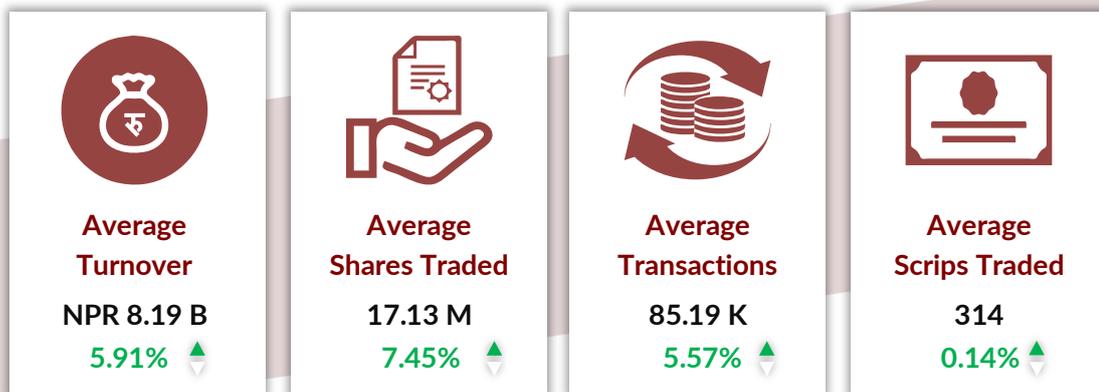
Macroeconomic Overview



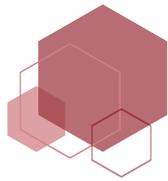
* Growth refers to the change between seven months data of FY 80/81 and FY 81/82.

* Credit refers to claim on private sector.

Monthly Trading Statistics



* For the period (February 26, 2025) – (March 26, 2025)



Liquidity Overview

A. Major Rates

Description	Value As On					Change		
	Magh-80	Poush-81	Magh-2081	Falgun 29	Chaitra 7	YOY	MOM	WOW
Wt.Avg 28 Days TB rate (%)	3.14	2.88	2.90	2.96	2.96	-0.24	0.02	0.00
Wt.Avg 91 Days TB rate (%)	3.34	2.81	2.86	2.94	2.91	-0.48	0.05	-0.03
Wt.Avg 364 Days TB rate (%)	4.13	2.95	2.98	3.01	3.02	-1.15	0.03	0.01
Wt. Avg Interbank Rate (%)	3.04	3.00	3.00	3.00	3.00	-0.04	0.00	0.00
CapEx (In Billion NPR)	63.58	56.94	68.42	82.34	85.14	4.84	11.48	2.80

B. BFI Statistics

Description	Value As On					Change		
	Magh-80	Poush-81	Magh-2081	Falgun 29	Chaitra 7	YOY	MOM	WOW
Wt. Avg Deposit Rate (%)	7.01	4.75	4.62	4.62	4.62	-2.39	-0.13	0.00
Wt. Avg Lending Rate (%)	11.08	8.69	8.55	8.55	8.55	-2.53	-0.14	0.00
Base Rate (%)	9.06	6.65	6.46	6.46	6.46	-2.60	-0.19	0.00
CD Ratio (%)	80.01	79.43	79.54	79.72	79.52	-0.47	0.11	-0.20
Fixed Deposits/Total Deposits (%)	59.34	52.19	52.09	52.09	52.09	-7.25	-0.10	0.00
Total Liquid Assets/Total Deposits (%)	26.62	25.80	25.59	25.59	25.59	-1.03	-0.21	0.00

Public Debt Subscription

Category	Issue Date	Offered Amount	Payment By GoN	No. of Participants	No. of Bids	BID Ratio	Allocated Amount	Discount Rate		
								Lowest	Highest	Average
28 Days	Falgun 27	500.00	0.00	22	40	3.73	500.00	2.77	2.99	2.96
91 Days	Falgun 27	850.00	0.00	17	36	2.78	850.00	2.78	2.97	2.94
182 Days	Magh 29	600.00	0.00	11	26	2.74	600.00	2.84	3.00	2.93
364 Days	Falgun 27	500.00	0.00	13	30	4.20	500.00	3.00	3.03	3.01

*Figures are in Millions NPR



Sectoral Movement

Index	Falgun 13	Chaitra 13	Change
NEPSE	2,765.88	2,621.86	-5.21%
Manufacturing & Processing	7,253.14	7,139.46	-1.57%
Commercial Bank	1,385.34	1,344.09	-2.98%
Others	2,450.05	2,371.17	-3.22%
Development Bank	5,644.24	5,440.43	-3.61%
Trading	4,242.40	4,057.38	-4.36%
Life Insurance	13,844.34	13,221.65	-4.50%
Hotels & Tourism	6,714.69	6,391.39	-4.81%
Mutual Fund	20.08	19.08	-4.98%
Non Life Insurance	12,863.45	12,149.85	-5.55%
Investment	113.16	104.63	-7.54%
Hydropower	3,751.13	3,432.57	-8.49%
Microfinance	5,226.22	4,773.90	-8.65%
Finance Company	2,794.40	2,521.44	-9.77%

Major Movers

GMLI	142.18%	ULBSL	-32.14%
BNL	11.98%	SAMAJ	-29.02%
NABBC	10.67%	SHLB	-24.07%
UMHL	9.15%	SMB	-24.07%
BARUN	8.30%	LICN	-23.23%



Sectoral Divergence-Turnover

Index	90 Days Avg	Monthly Avg	Divergence
NEPSE	7.73 B	8.19 B	5.91%
Others	0.56 B	1.48 B	162.43%
Life Insurance	0.39 B	0.74 B	87.23%
Manufacturing And Processing	0.23 B	0.37 B	63.53%
Investment	0.54 B	0.82 B	51.36%
Non Life Insurance	0.24 B	0.33 B	34.93%
Development Banks	0.75 B	0.88 B	17.25%
Commercial Banks	0.51 B	0.57 B	11.38%
Mutual Fund	0.01 B	0.01 B	9.79%
Microfinance	0.54 B	0.54 B	-0.69%
Hydro Power	2.89 B	2.86 B	-1.12%
Hotels And Tourism	0.10 B	0.09 B	-8.21%
Tradings	0.02 B	0.02 B	-24.92%
Finance	0.72 B	0.33 B	-53.79%

Highest Turnover



Highest Volume





NEPSE Outlook

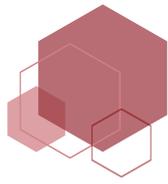
A. Current Overview



As of 26th March 2025, the NEPSE index closed at 2,621.86 points, after falling more than 300 basis points from swing high. After a consecutive fall of 16 days, the index closed in green with a rise of around 40 basis points within the day. However, the rise is not backed by substantial volume as daily turnover was confined to only 4.20 billion, which is more than half of average turnover when the index was at higher levels.

The Relative Strength Index (RSI) stands at 40 points, indicating the market is in the neutral zone forming a W Pattern while the Moving Average Divergence (MACD) indicator is still indecisive hinting early entry of smart money in the market.

Looking ahead, the NEPSE index's dynamic support zone is at 200 days SMA of 2,560 while subsequent support level is at 2,445 peripheries. Likewise, key resistance zones are at 2,720 and 2,760 thereafter. As we are approaching March End (which is usually perceived bearish from seasonality perspective), swift rise can be anticipated soon as April-August has always been favorable to the investors.



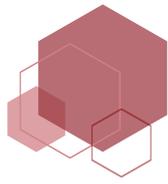
B. Long Term Overview



After breakthrough of 2200 level, change of character was witnessed in the NEPSE index after which the index has been on continuous upward trajectory in the longer time frame. This surge is driven by several key factors: a reduction in interest rates, and the Nepal Rastra Bank's (NRB) rate cuts aimed at stimulating economic activity.

The NRB's policy rate reductions have notably benefited the banking, financial institutions (BFI), and construction sectors. Furthermore, the NRB's decision to remove the NPR 20 crore cap on institutional investors is expected to further boost capital inflows into the market.

Given these factors, the market is likely to continue its upward momentum. If the NEPSE index surpasses its previous high of 3200, Trend Based Fibonacci extension levels suggest it could target 3400 and 3690. On the downside, if the market experiences a pullback, long-term support is expected around 2390, followed by 2200, the previous resistance level. These levels will depend on broader economic conditions and market sentiment.



SCRIP ANALYSIS

Shikhar Insurance Company Limited (SICL)

A. About the Company

Shikhar Insurance Company Limited (SICL), established on Mangsir 2, 2061 (November 17, 2004), is Nepal's leading general insurance provider. Founded by a team of dedicated professionals, the company has consistently focused on delivering innovative, client-focused, and affordable insurance solutions aligned with international standards. As of mid-February 2025, SICL commands the highest market share in Nepal's non-life insurance sector at 12.90%, solidifying its position as the industry leader.

SICL operates through a nationwide network of 117 points of representation, ensuring broad accessibility and reliable service delivery across the country. The company's financial strength is reflected in its reaffirmed [ICRANP-IR] A+ issuer rating by ICRA Nepal, indicating a low credit risk and strong capacity to meet financial obligations. This is further supported by robust reinsurance arrangements with Hannover Re (Germany), a healthy solvency profile, and an experienced management team.

While facing ongoing challenges such as increased claims and higher operating expenses, SICL continues to uphold profitability through strong investment income and prudent risk management. Guided by its commitment to trust, service quality, and technical competence, SICL remains a benchmark in Nepal's growing insurance industry.

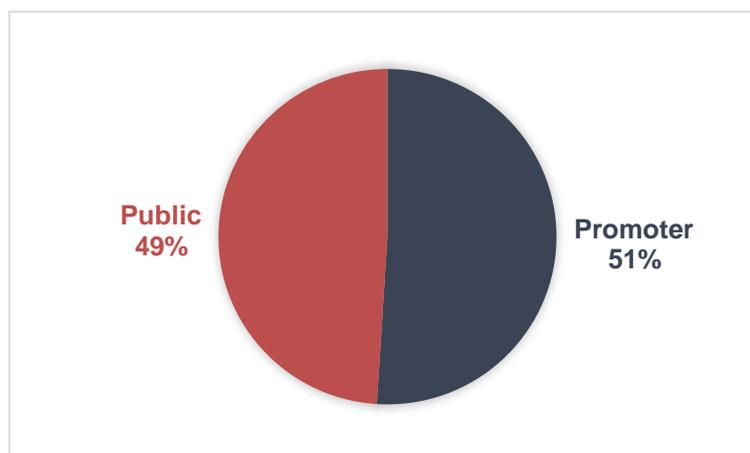
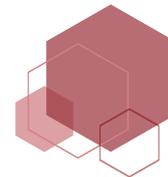


Figure: Shareholding Pattern of SICL



B. SWOT Analysis

A SWOT analysis provides a comprehensive view of Shikhar Insurance Company Limited's current position by evaluating its internal strengths and weaknesses alongside external opportunities and threats. This tool highlights the bank's key areas of resilience, such as its strong ownership structure and liquidity, while identifying challenges like asset quality pressure and regulatory constraints. Through this analysis, we can better understand the bank's ability to navigate a dynamic operating environment and capitalize on growth prospects.

Strengths

- **Market Leadership:** SICL holds the highest market share (12.90%) in Nepal's non-life insurance sector as of mid-February 2025, reflecting its dominant industry presence.
- **Extensive Branch Network:** With 110 branches nationwide, SICL has strong geographic reach, enhancing customer accessibility and after-sales service.
- **Strong Credit Rating:** Reaffirmed [ICRANP-IR] A+ rating by ICRA Nepal signals low credit risk and strong financial health.
- **Robust Reinsurance Arrangement:** Partnership with Hannover Re (Germany) ensures strong claims-paying capacity and stability during catastrophic events.
- **Experienced Management Team:** A seasoned team of professionals contributes to sound strategic decision-making and risk management.
- **Healthy Solvency and Liquidity:** Maintains a solvency margin (~3.33x) well above regulatory requirements, supporting financial sustainability.

Weaknesses

- **Pressure on Underwriting Surplus:** Elevated claims ratio and rising management expenses have weakened the underwriting performance in recent years.
- **Declining Premium Retention Ratio:** Net premium retention has decreased steadily, limiting core insurance earnings.
- **Moderating Return Indicators:** Return on equity and assets have declined due to increased asset base and subdued underwriting performance.

Opportunities

- **Low Insurance Penetration in Nepal:** Significant room for market expansion as insurance awareness and regulatory enforcement increase.
- **Product Innovation:** Scope to introduce new, customized products aligned with international standards to address emerging risks.
- **Digital Transformation:** Leveraging technology for process automation, customer engagement, and cost-efficiency can drive future growth.
- **Regulatory Push for Insurance Inclusion:** Regulatory efforts to strengthen the insurance sector offer a supportive environment for well-positioned players like SICL.



Threats

- **Rising Competition:** Recent mergers and new entrants in the general insurance space may challenge SICL's market dominance.
- **Regulatory Volatility:** Frequent changes in tariffs, mandatory cessions, and licensing norms may affect short-to-medium-term profitability.
- **Macroeconomic Challenges:** Economic slowdowns and banking sector constraints could dampen premium growth and investment returns.
- **Liquidity Risk from Receivables:** Buildup of receivables, including government subsidy dues, could exert pressure on liquidity if not managed efficiently.

C. Comparative Annual Performance Visualizations

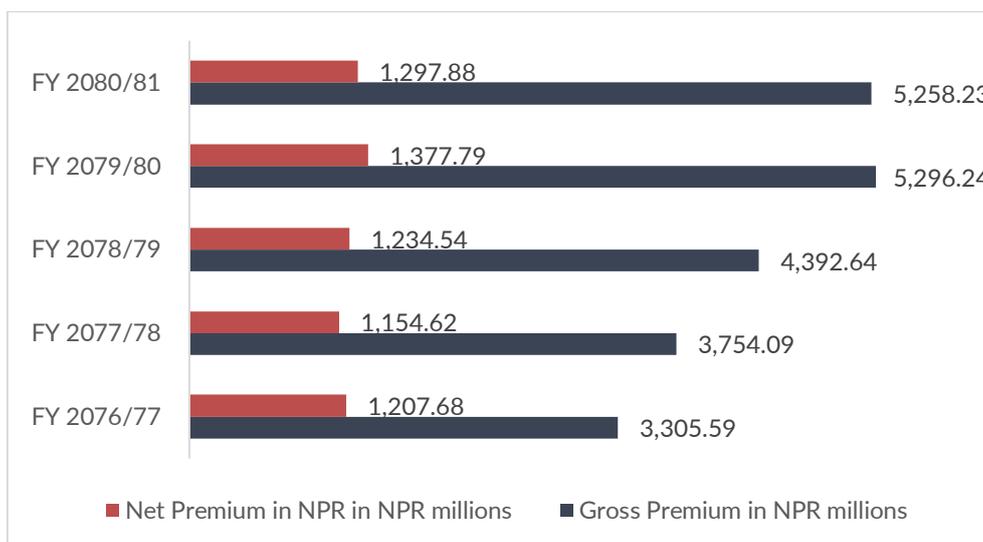


Figure: Gross Premium and Net Premium (NPR)

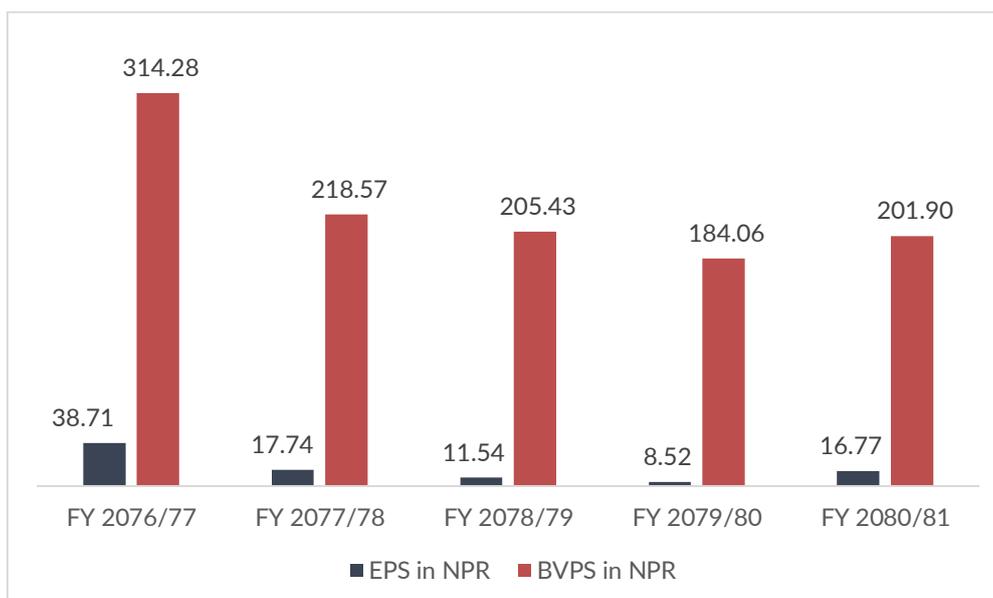


Figure: EPS and BVPS in NPR

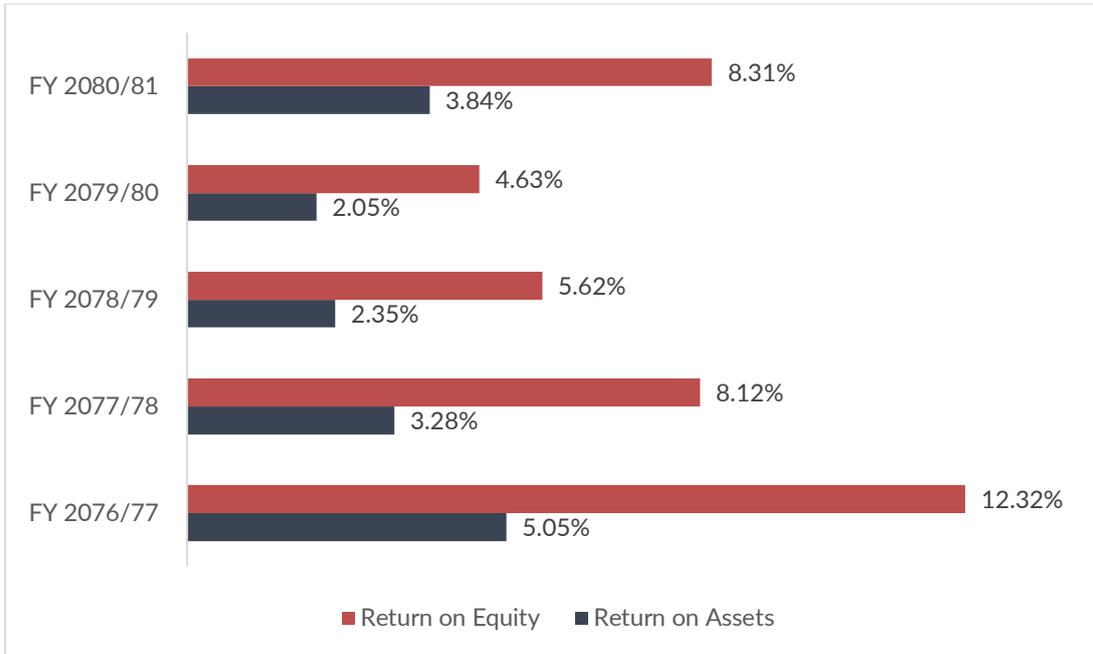


Figure: Comparison of Return on Asset (ROA) and Return on Equity (ROE)

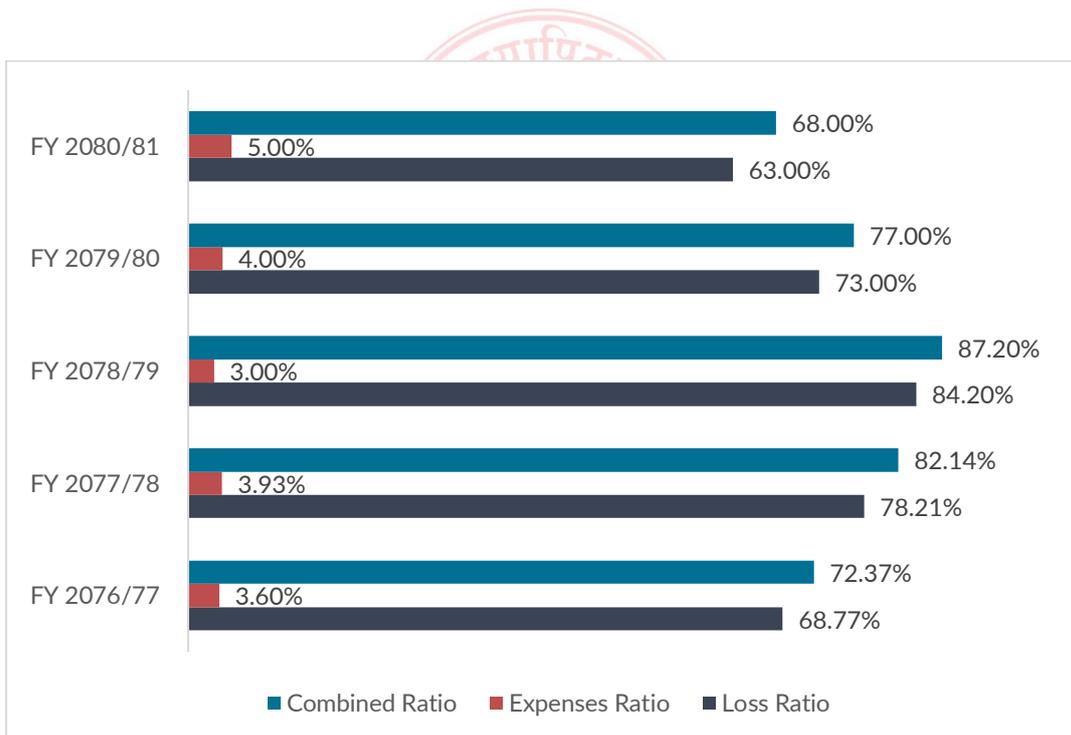
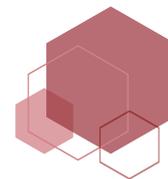


Figure: Combined Ratio, Expenses Ratio and Loss Ratio

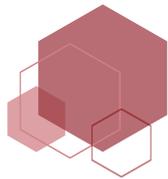


5Y Overview of Shikhar Insurance Company Limited (SICL)

Specifics	FY 2076/77	FY 2077/78	FY 2078/79	FY 2079/80	FY 2080/81
Net Premium Margin	36.53%	30.76%	28.10%	26.01%	24.68%
Income from Investments and Loans as a % of investments	8.78%	7.56%	6.46%	8.82%	7.13%
Loss Ratio	68.77%	78.21%	84.20%	73.00%	63.00%
Expenses Ratio	3.60%	3.93%	3.00%	4.00%	5.00%
Combined Ratio	72.37%	82.14%	87.20%	77.00%	68.00%
Net Claims Incurred by Total Income	38.50%	44.95%	48.18%	43.01%	35.35%
Return on Assets	5.05%	3.28%	2.35%	2.05%	3.84%
Return on Equity	12.32%	8.12%	5.62%	4.63%	8.31%
EPS in NPR	38.71	17.74	11.54	8.52	16.77
BVPS in NPR	314.28	218.57	205.43	184.06	201.90
Solvency Margin	6.80%	4.30%	3.41%	3.33%	3.67%
Claim Settlement Ratio	63.00%	69.00%	77.00%	85.00%	85.00%
Total Number of In-force Insurance Policies	326,032	342,557	235,242	298,066	317,157

Over the past five fiscal years (FY 2076/77 to FY 2080/81), Shikhar Insurance Company Limited (SICL) has demonstrated both resilience and adaptability in a challenging insurance landscape. A major positive has been the improvement in its core insurance operations, reflected by the significant decline in the loss ratio from a peak of 84.20% in FY 2078/79 to 63.00% in FY 2080/81. This, combined with a sharp reduction in the combined ratio to 68.00%—the lowest in the five-year period—indicates a disciplined underwriting approach and improving operational efficiency. Furthermore, the claim settlement ratio has consistently improved, reaching 85% in the last two years, signaling enhanced customer service and institutional trust, both critical for long-term policyholder retention.

However, this operational turnaround is offset by a few structural concerns. Most notably, SICL's net premium margin has steadily declined from 36.53% in FY 2076/77 to 24.68% in FY 2080/81, pointing to continued reliance on reinsurance and weaker premium retention. Simultaneously, the expense ratio has risen to 5.00%, likely due to expansion-related costs,



which, if unchecked, could eat into future underwriting gains. Profitability metrics also showed volatility—return on equity declined from 12.32% in FY 2076/77 to 4.63% in FY 2079/80 before recovering to 8.31%, while earnings per share (EPS) fell sharply before bouncing back to NPR 16.77 in FY 2080/81, reflecting partial restoration of earnings strength. The company’s solvency margin has declined from 6.80% to 3.67%, still well above regulatory requirements but indicating increased exposure and capital deployment.

Strategically, the consistent growth in in-force insurance policies—reaching 317,157 in FY 2080/81—suggests a strong sales engine and recovery in market momentum, reinforcing SICL’s market leadership. Going forward, the sustainability of its improved underwriting performance, along with tighter expense controls and enhanced net premium retention, will be key to maintaining financial strength. Overall, SICL appears to be emerging from a period of operational strain with encouraging signs of stabilization and recovery, though execution discipline and strategic product alignment will be essential in safeguarding its leading position in Nepal’s non-life insurance sector.

5 Year Stock Performance Adjusted for Cash Dividends and Financial Performance

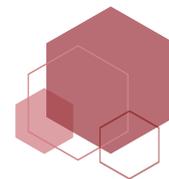


Note – SICL is represented in blue, while the non-life insurance sector is highlighted in orange.

The chart tracks the comparative performance of Shikhar Insurance Company Limited (SICL) (blue line) and the broader Non-Life Insurance sector index (orange line) from mid-2020 to early 2025.

SICL delivered a strong rally in the early stages of the observed period, peaking around mid-2021, in line with the broader sector rally. However, post-peak, both SICL and the sector faced a sharp correction in 2022, likely due to rising market-wide interest rates, sectoral headwinds, and macroeconomic pressures affecting the insurance industry.

From early 2023 onward, the Non-Life Insurance sector showed stronger recovery momentum, outperforming SICL. As of early 2025, the sector has gained +133.54%,



compared to SICL's +87.90% from its 2020 base. This divergence suggests that SICL has underperformed its peer group, possibly due to internal challenges such as declining net premium margins, high expense ratios, and weaker underwriting results in previous fiscal years.

SICL's performance has shown some rebound since mid-2023, reflecting recent improvements in underwriting surplus, claim ratios, and profitability indicators as noted in FY 2080/81. However, the stock still trails the broader non-life sector, highlighting a lag in investor confidence recovery relative to peers. Volume activity remains relatively low, indicating cautious investor sentiment despite signs of fundamental improvement.

Going forward, if SICL can maintain its improved loss ratio, control expenses, and stabilize earnings, there is room for the stock to close the performance gap. However, sustained outperformance will likely depend on visible improvements in premium retention, earnings quality, and market sentiment toward the insurance sector as a whole.

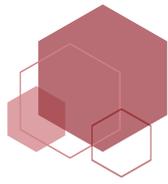
Key Variables used for Valuation:

1. Sustainable Growth Rate for longer period projection to calculate terminal value= 4%
2. Other specifics are as follows:

Specifics	Value	Remarks
Adjusted Beta (β)	1.11	Assumption— The raw daily beta of 1.16 since its listing date, will move towards the market beta of 1 over time.
Market Return (R_m)	11.04%	CAGR of closing prices of NEPSE from FY 2001/02 to FY 2023/24.
Risk-Free Rate (R_f)	5.15%	The latest Development Bond Rate is adjusted for a tax rate of 6.00%.
Cost of Equity (K_e) also WACC	11.67%	As SICL has no debt in its capital structure, the Cost of Equity derived from the CAPM model effectively represents its Weighted Average Cost of Capital (WACC) for DCF valuation purposes.

Other assumptions:

- **Premium Growth Projections:** The premiums are assumed to grow at the historical 5Y CAGR of 12.30%
- **Expenses:** Expense projections are based on historical averages, reflecting the company's ongoing operational efficiency.



D. Stock Valuation

To estimate the intrinsic value of Shikhar Insurance Company Limited (SICL), we used a blended approach averaging Discounted Cash Flow (DCF) and Embedded Value Model. Given SICL’s debt-free structure, the Cost of Equity from CAPM serves as the WACC in the DCF model. While DCF reflects future cash flows, the Embedded Value approach, tailored for insurance companies, incorporates adjusted net worth and the value of in-force policies—particularly relevant given SICL’s growing policy base, high claim settlement ratio, and 12.90% market share. Averaging these models ensures a more robust and credible valuation outcome.

The final average valuation of SICL based on this approach has been computed below:

Valuation Metric	Valuation Price (NPR)
Discounted Cash Flow	491.71
Embedded Value	286.58
Average Valuation	259.43

E. Technical Analysis



SICL is currently hovering at NPR 780 after drop of more than 13% from its recent swing high of 890 level. Technically, its RSI stands at 48 while MACD recently gave a bearish crossover at its swing high price zone and is indecisive at the moment. The price is slightly above its 200 days SMA which usually acts as a dynamic support zone. Though, its price corrected by more than 13% from swing high, it’s not backed by volume as volume is relative thin during the correction phase. Hence. If its price sustains above 800, 10% price appreciation can be anticipated in this scrip.



In short,

Immediate Resistance – NPR 890

Immediate Support – NPR 745

F. Conclusion

Shikhar Insurance Company Limited (SICL) maintains its leadership position in Nepal's non-life insurance industry, holding the highest market share at 12.90% as of mid-February 2025. With a wide network of 117 points of representation, a strong solvency profile, and an A+ issuer rating from ICRA Nepal, SICL has demonstrated institutional strength and resilience. While the company has faced challenges in recent years including declining net premium margins, rising expense ratios, and pressure on underwriting surplus—recent improvements in its loss ratio, combined ratio, and claim settlement performance signal a strategic turnaround.

To derive SICL's intrinsic value, we employed a valuation approach using the average of Discounted Cash Flow and Embedded Value (EV) models. This comprehensive method captures both short-term cash flow potential and long-term value creation. Given SICL's debt-free capital structure, the cost of equity from the CAPM model served as its effective WACC. The average intrinsic value from these models stands at NPR 259.43 per share.

Although SICL has underperformed the broader non-life insurance index in recent years, its improving fundamentals and solid market position offer long-term upside potential. With continued focus on underwriting discipline, cost efficiency, and digital innovation, SICL is well-positioned to create sustainable value for shareholders.



ISSUE OF THE MONTH

Effect of Emotional Gap on Investment Decisions

A. What is Emotional Gap?

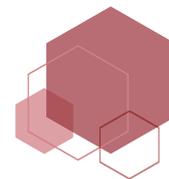
Human behavior is shaped by conscious and unconscious decisions which can be swayed by behavioral biases. People tend to make decisions based on a set way of thinking or even more problematically based on feelings alone ignoring many relevant facts. Emotional gap alludes to the tendency of making decisions based on intense emotions or emotional stresses such as worry, rage, fear, or enthusiasm.

Many believe that on the fundamental level, a market is driven by only two primary emotions: fear and greed. However, these sets of emotions are intense and opposite to each other meaning that investor behavior driven only through these emotions can have serious consequences for investor's portfolio while also affecting the stability of stock market which can extend to affect the national economy as well. Thus, an emotional gap can not only affect an individual but can also quickly become her behavior and affect the market significantly.

B. How greed and fear affect investment decisions?

The proclivity of individuals in trying to accelerate the rate at which they make gains/get richer is quite high which is enabled by bull markets which provide swift returns. This has been evident in the previous bull markets in NEPSE which saw stock prices rise substantially. Investors also thus became excessively greedy, driving up purchasing and bidding prices to exorbitant heights. However, since this led to overpricing of stocks, the bubble created eventually burst, leading to humongous losses for the investors.

This is because, like being overwhelmed with greed, investors can also succumb to fear. In the course of a bear market, when stocks deprecate in value for a sustained period, investors can become fearful of further losses, this leads to people selling more which becomes a collective behavior which in turn becomes a self-fulfilling effect of ensuring that prices fall further. Just as greed dominates the market during a boom, fear prevails following its bust. Many investors are emotional and reactive driven mostly by fear and greed. This is because greed and fear influence how we reason leading us to disregard common sense and self-control and make irrational decisions. When investors are



overcome by the force of greed or fear, which grows pervasive in a market, overreactions can occur, causing price distortions. Asset bubbles, on the other hand, can rise well beyond the values being warranted as per their fundamentals. On the fear scale, sell-offs may last for a long time and drive values much below where they should be.

C. How to Invest Rationally

Allowing our emotions to guide our financial decisions even if it is successful in terms of a bull market can lead us to make illogical decisions which can lose you a lot of money. Thus, it is typically advisable to disregard the current trend—be it bullish or bearish—and stick to a long-term strategy that is based on solid fundamentals for the majority of your investment portfolio. Using value investing techniques, one can build a long-term portfolio that ensures stable returns over the years. Also, it is essential to recognize your risk tolerance levels and adjust your portfolio accordingly so that when fear and greed dominate the market you can act more rationally.

D. Value Investing through Graham's Number

Graham's Number is a concept based on Benjamin Graham's conservative valuation of companies. It calculates the intrinsic value of a company based on its earnings per share and book value per share. Different Investors use different metrics for looking at Graham's Number. If a stock's market price exceeds its graham's number, the stock is considered overpriced whereas a price below the number is considered good value.

Different investors use the formulae in its entirety or the formula's singular constituents to quickly calculate whether a stock is worth investing in or not. The composite formula for graham's number is as follows:

$$\text{Graham's Number} = \sqrt{15 \times 1.5 \times EPS \times BVPS}$$

$$\text{where, } EPS = \frac{\text{net income}}{\text{shares outstanding}}, \text{ BVPS} = \frac{\text{shareholder's equity}}{\text{shares outstanding}}$$

The individual components are also used for quickly comparing stocks as:

$$\text{Graham's Number} = 1.5 \times BVPS$$

$$\text{Graham's Number} = 15 \times EPS$$

Graham's number uses two major indicators of a company's financial health and performance, how much money it is making for each shareholder and how much assets it holds to calculate the best value for a stock. It does not mean that the stock cannot be bought above that price but provides a simple measure to control risk exposure of an investor and helps towards guaranteeing stable returns. Building your portfolio using graham's number will help mitigate the effects of volatility in the market and help an investor behave more rationally.

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Key Dates

Scrip	Issue Type	Quantity	From	To	Issue Manager
NIL	RIGHT	50,30,901 (O)	2025/02/20 AD 2081/11/08 BS	2025/03/27 AD 2081/12/14 BS	Sanima Capital

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