



NEPALESE MUTUAL FUND INDUSTRY REPORT

Jestha 2081

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Some Common Abbreviations

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

Fund Details

Allotment Date	13-Sep-23
Maturity Date	01-Oct-33
AUM as of Jestha end, 2081 in NPR	1,092,731,213.11
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 Managers	Mr. Sujan Ratna Bajracharaya, Mr. Anish Prajapati
H8020 Returns since Bhadra end, 2080	6.70%
NEPSE returns since the same date	7.50%
Fund Beta (Adjusted) till Jestha end, 2081	0.51
Fund Standard Deviation till Jestha end, 2081	0.51

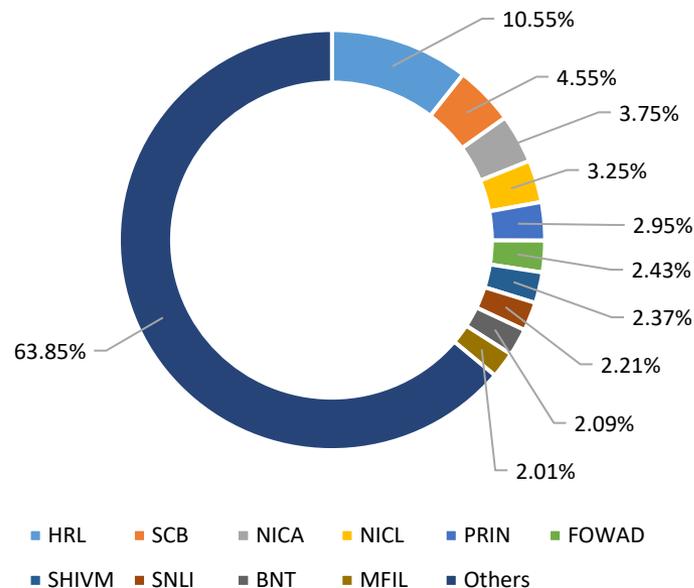
Investment Philosophy

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.

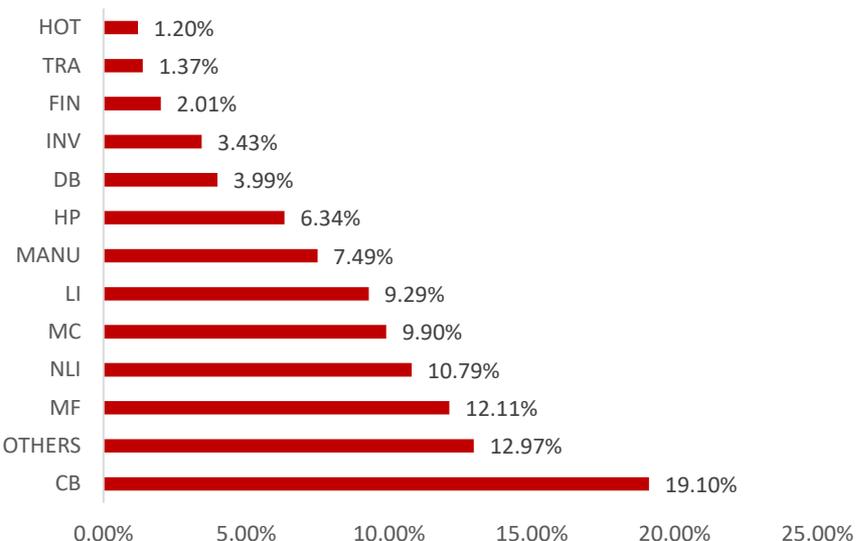


Himalayan 80-20

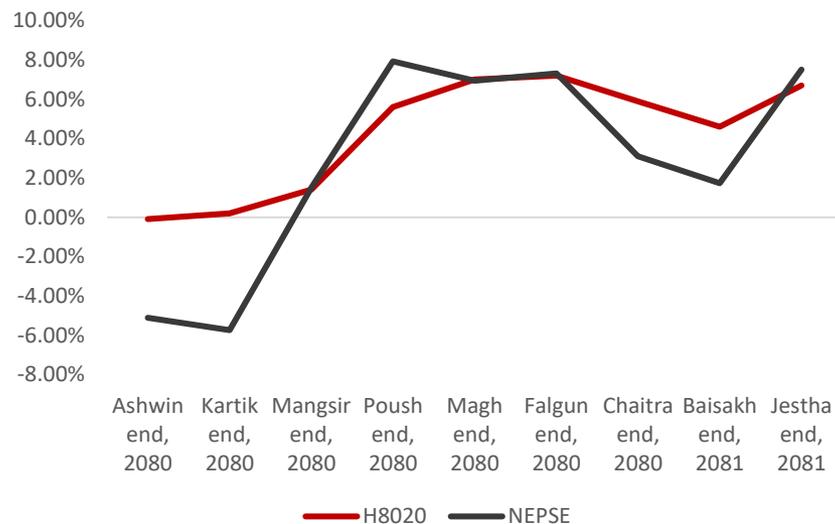
Top 10 Equity Holdings as of Jestha End, 2081



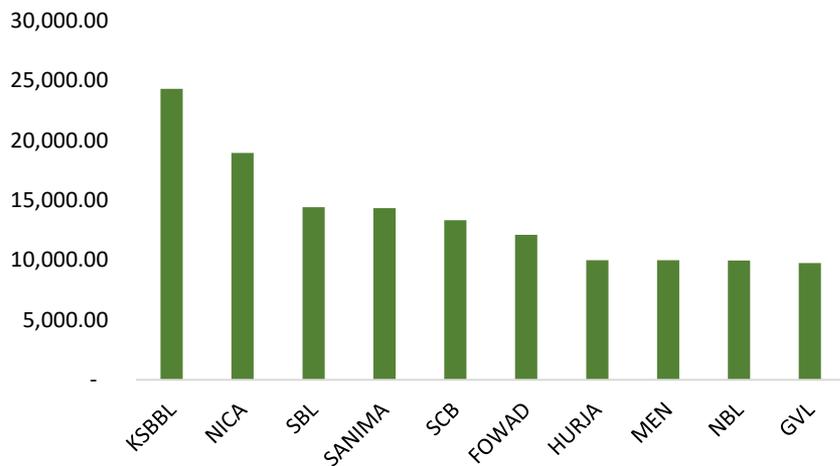
Sector Allocation of H8020 as of Jestha 2081



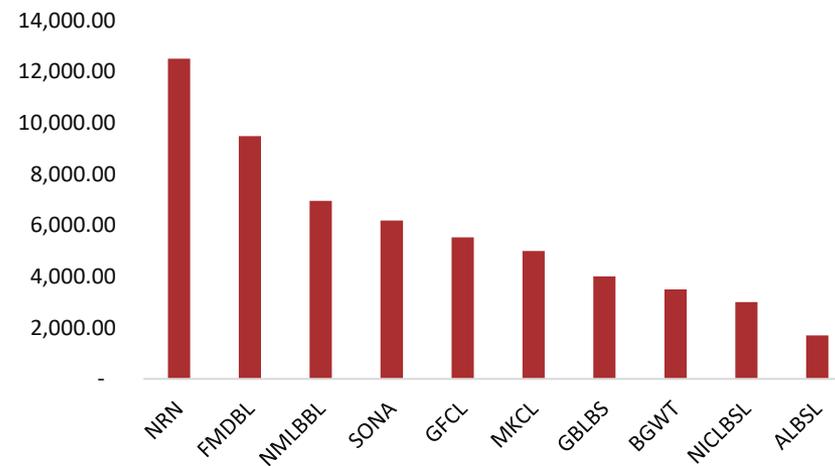
H8020 vs NEPSE (Monthly NAV up to Jestha End, 2081)



Top 10 Equity Purchases of H8020 for Jestha 2081



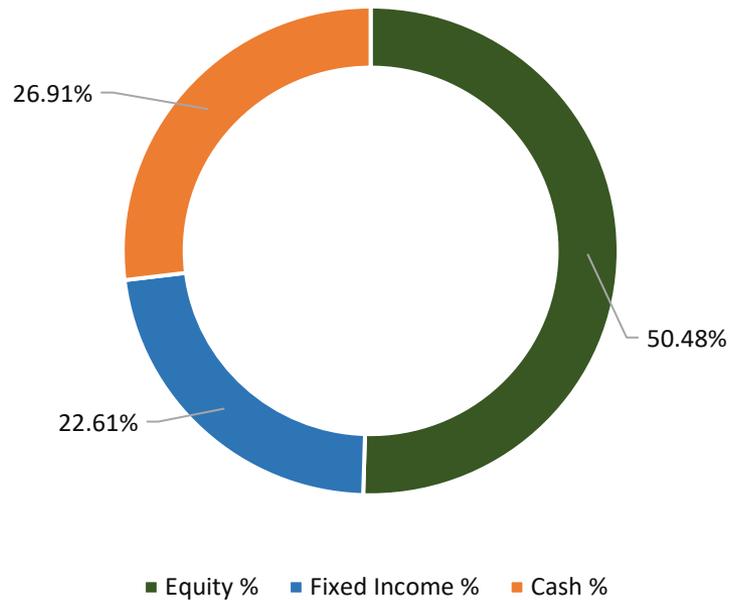
Top 10 Equity Sales of H8020 for Jestha 2081



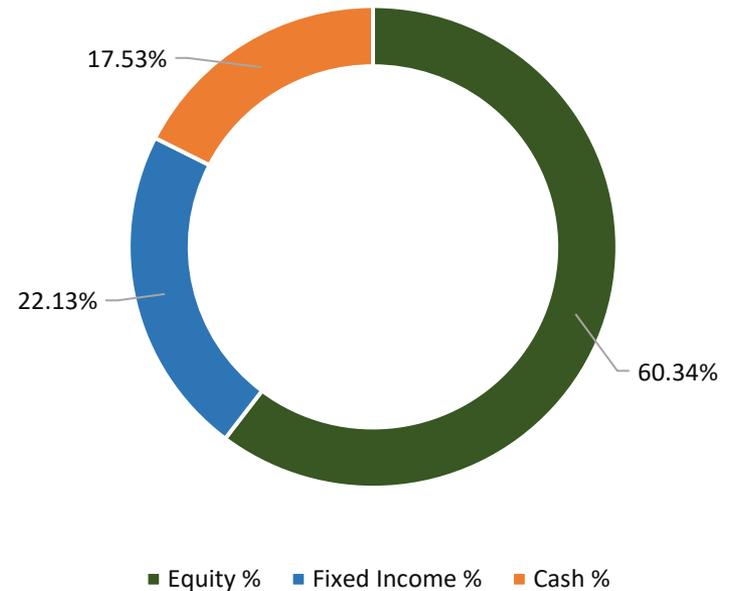
Asset Allocation of Himalayan 80-20

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

Baisakh End, 2081



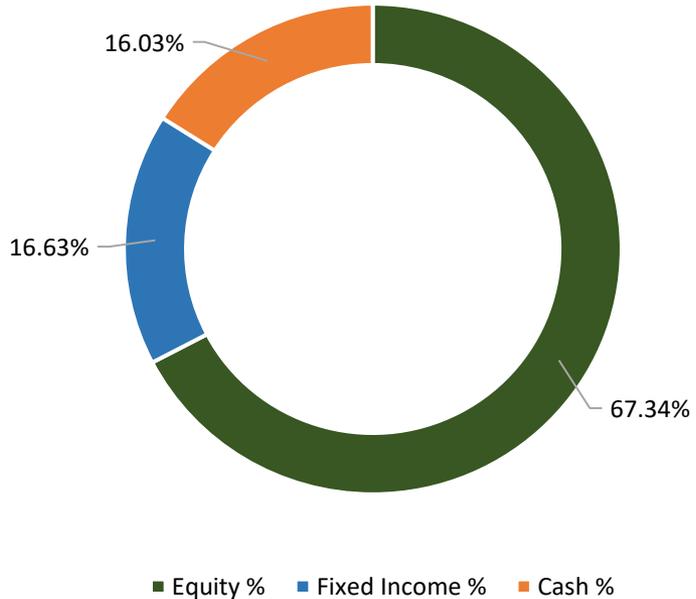
Jestha End, 2081



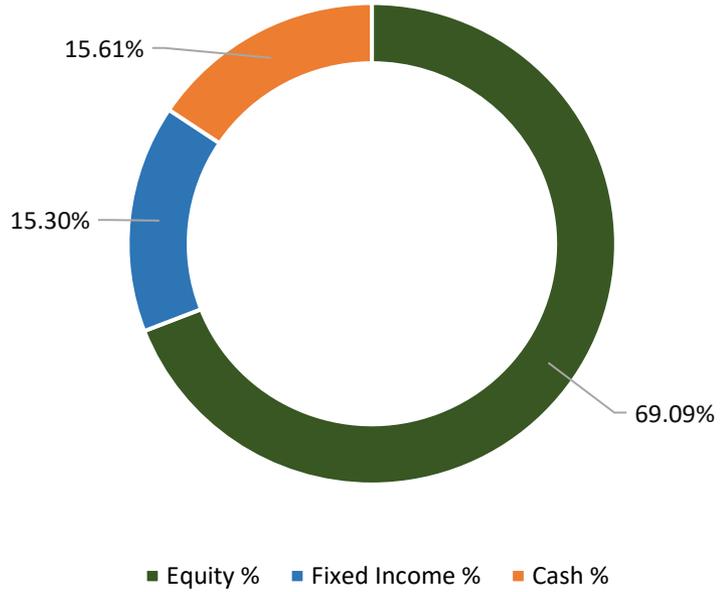
Mutual Fund Industry Report

The month-end Assets Under Management (AUM) of the Nepalese Mutual Fund industry increased by 3.37%, reaching NPR 48.61 billion in Jestha 2081, up from NPR 46.85 billion in Baisakh 2081. In Jestha 2081, investments in equity instruments averaged 69.09% of the total AUM, while Fixed Income and Cash accounted for 15.30% and 15.61%, respectively. These figures stood at 67.34%, 16.63%, and 16.03% in Baisakh 2081. The overall rise in mutual fund AUM can be attributed to the increased investor's confidence led by liquidity in the banking system and falling interest rates.

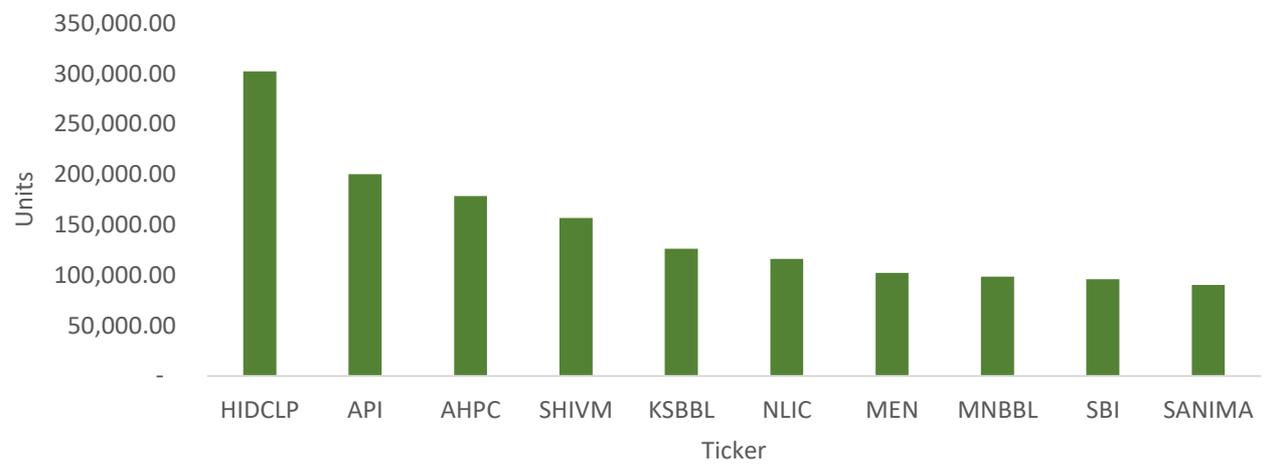
Baisakh End, 2081



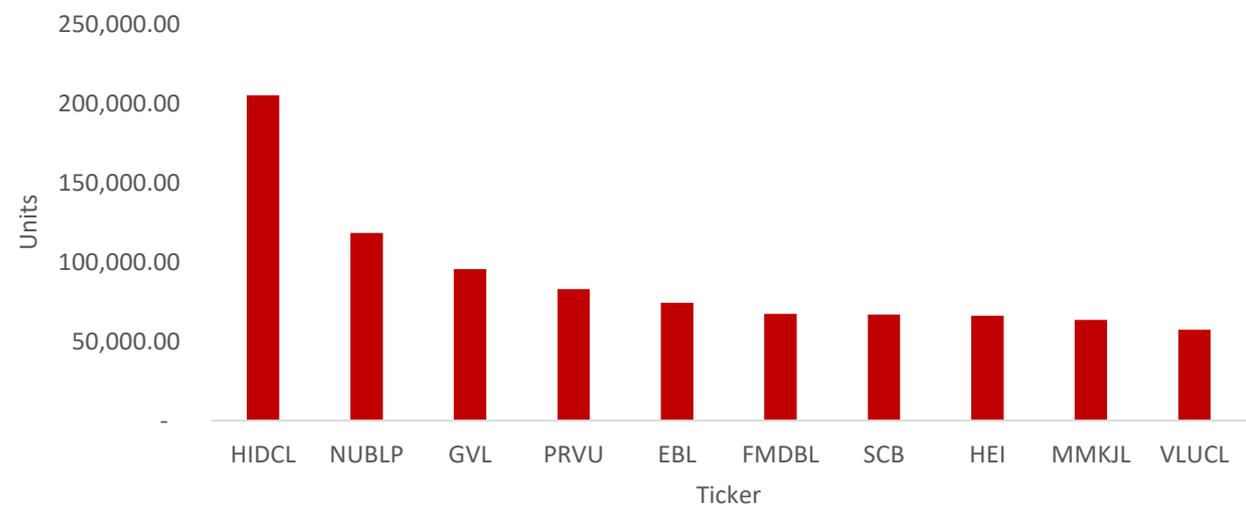
Jestha End, 2081



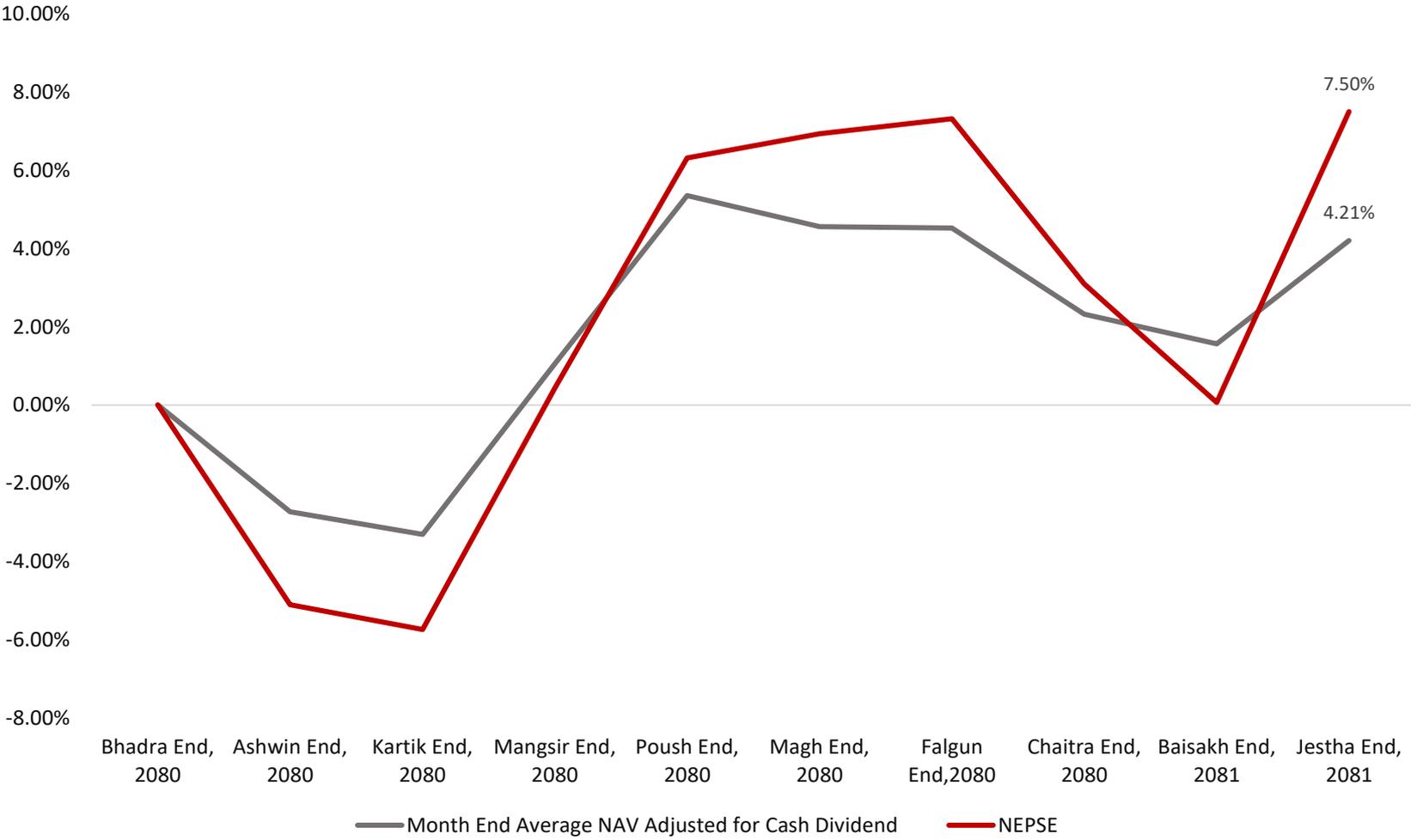
Top 10 Equity Purchases of Mutual Funds for Jestha,2081



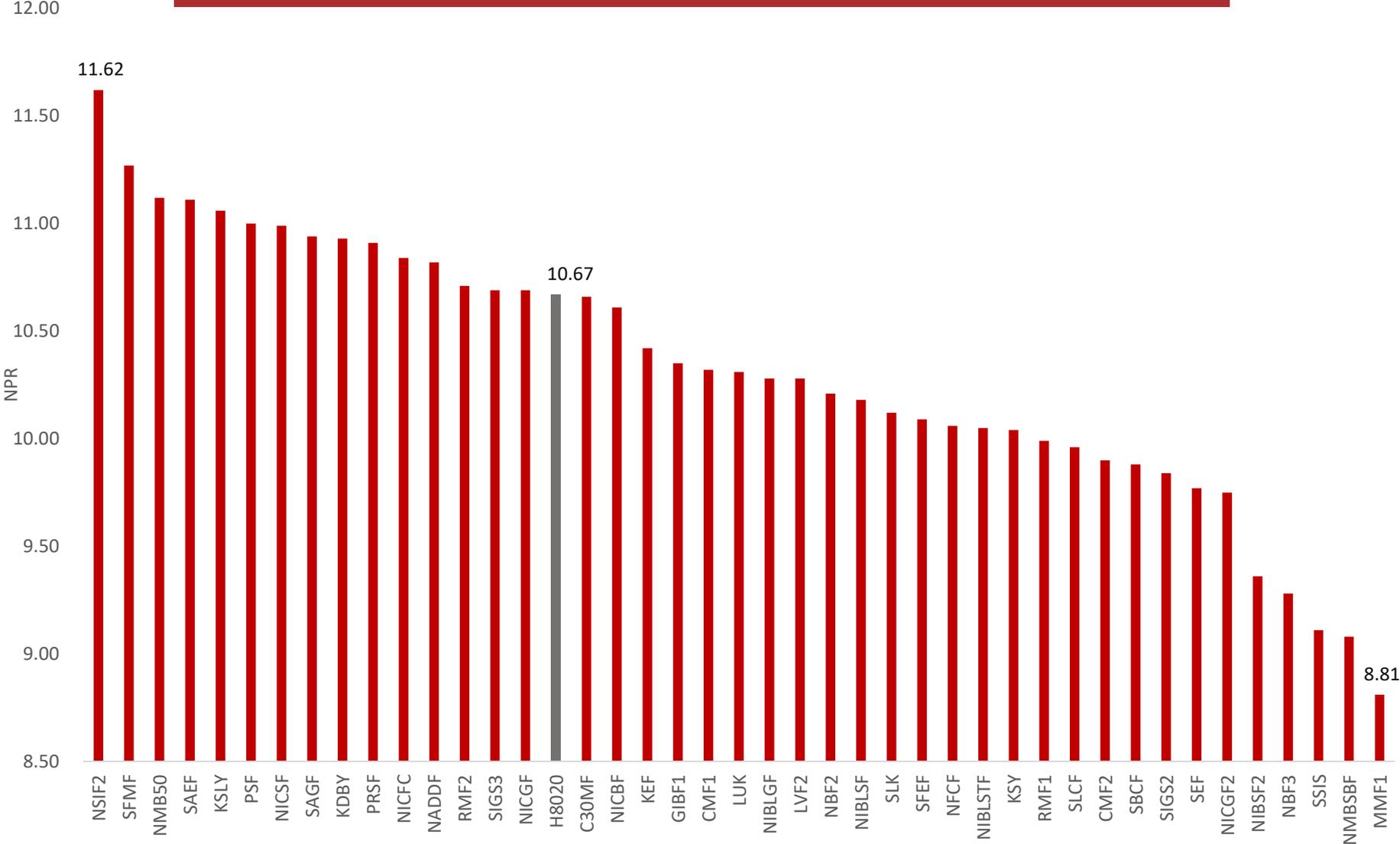
Top 10 Equity Sales of Mutual Funds for Jestha, 2081



Have Mutual Funds Beaten the NEPSE index? (Data Since H8020's inception)

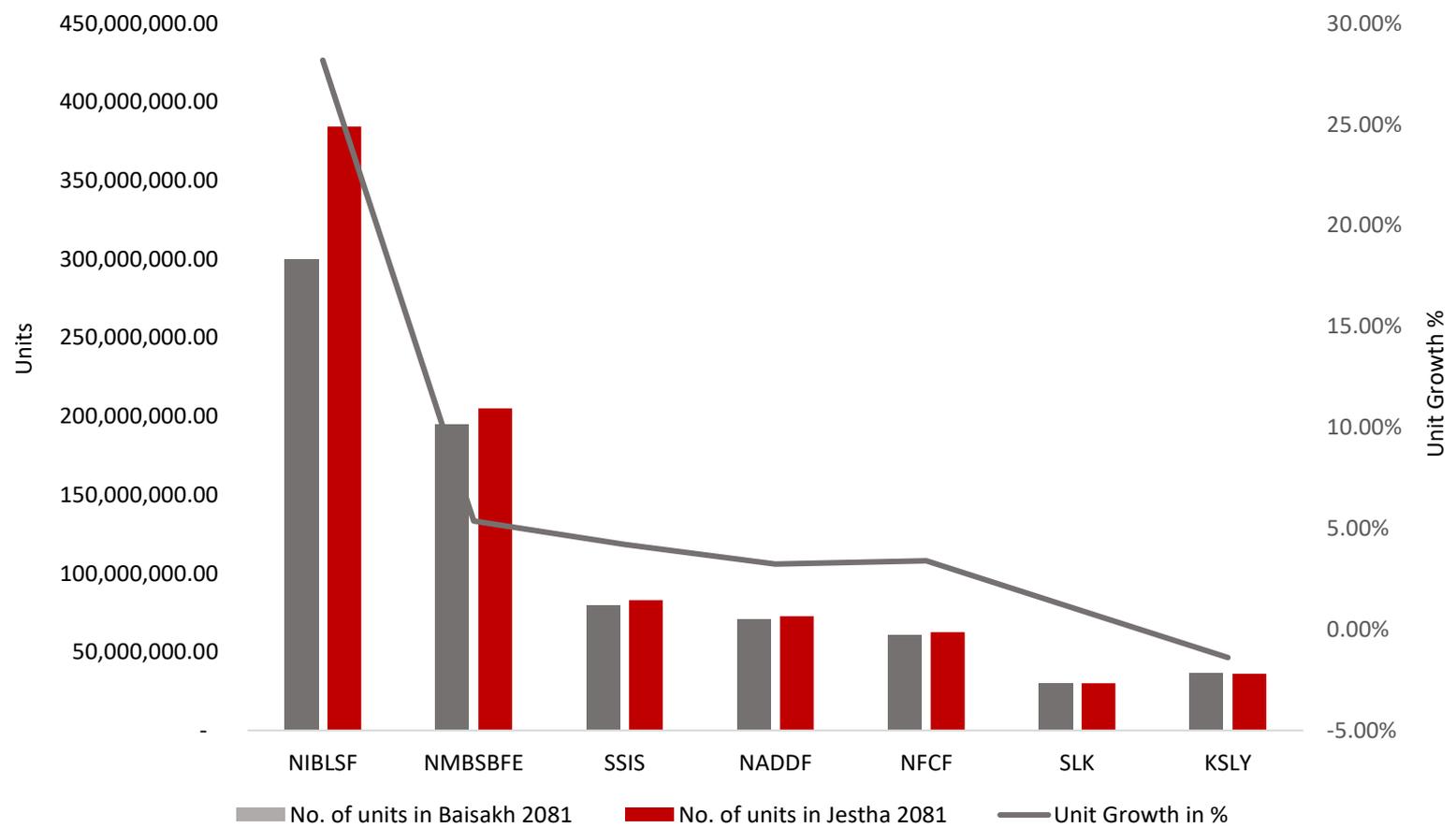


NAV of Mutual Funds as of Jestha end, 2081



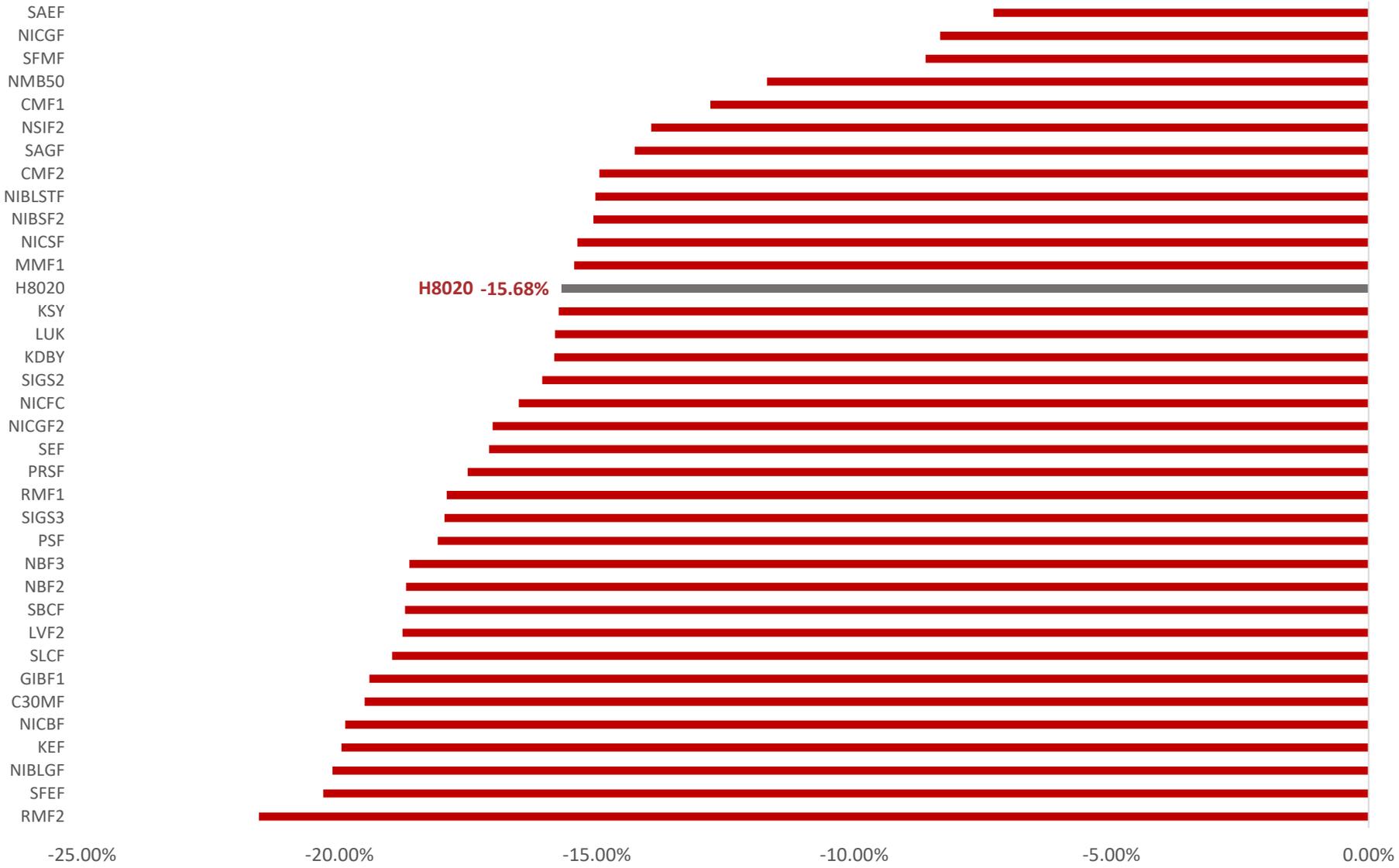
Open Ended Mutual Funds

Among the seven open-ended mutual funds, there was a substantial net unit growth, totaling 102,433,323.52 units. This represents an impressive average monthly increase of 6.29%.



***Note – In the case of NIBLSF, the average monthly unit growth is 16 million, the inflated figure of 84.52 million from Baisakh 2081 to Jestha 2081 is due to the accumulated impact of several months**

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

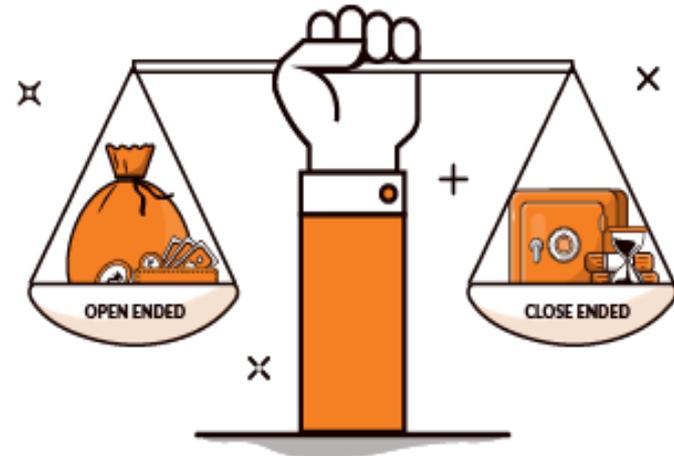


XIRR of close ended mutual funds till Jestha end, since their inception

Symbol	Allotment Date	XIRR
SFMF	06-11-2019	21.97%
NMB50	01-09-2019	16.90%
NICBF	30-08-2019	14.28%
SAEF	26-12-2017	14.21%
NICGF	15-03-2018	13.15%
NBF2	02-06-2019	12.84%
CMF2	08-07-2019	12.45%
LUK	15-08-2020	12.04%
SIGS2	22-08-2019	11.04%
CMF1	05-03-2018	10.70%
SEF	09-11-2017	9.28%
H8020	13-09-2023	9.02%
NSIF2	01-09-2022	8.78%
KDBY	19-06-2022	7.69%
PRSF	12-03-2023	7.17%
RMF2	23-05-2023	6.68%
PSF	30-05-2021	6.16%
SIGS3	02-05-2023	6.15%
C30MF	15-05-2023	6.08%
SAGF	28-11-2022	6.00%
KEF	19-03-2021	5.94%
GIBF1	28-07-2022	4.51%
NICFC	15-06-2022	4.12%
LVF2	22-08-2023	3.46%
NICSF	05-07-2021	3.26%
NIBLGF	18-01-2023	1.99%
NSTF	08-02-2024	1.46%
KSY	29-02-2024	1.17%
SFEF	12-02-2023	0.67%

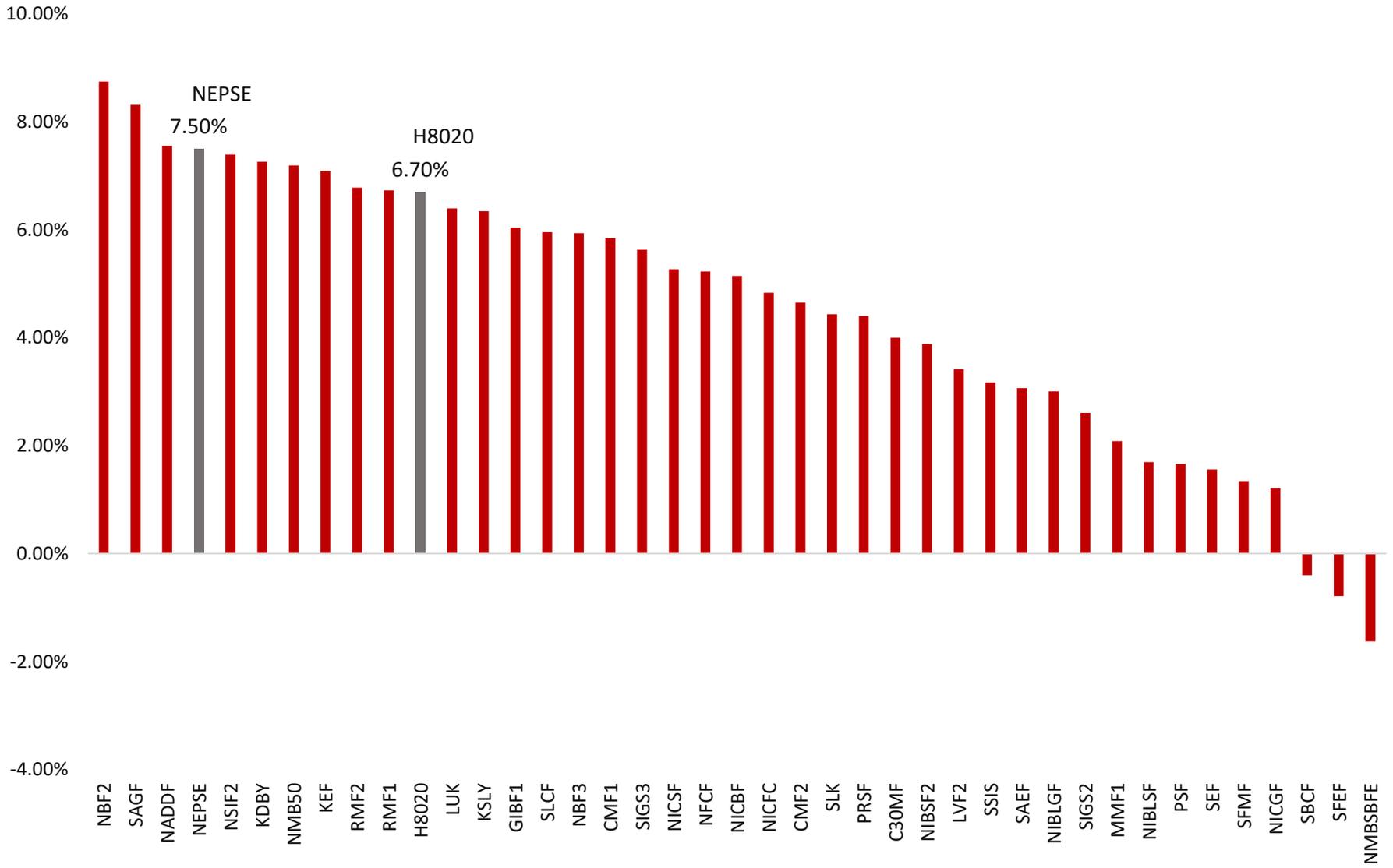
Value of SIP investment of open ended mutual funds since their inception assuming NPR 1,000 monthly investment since the date of the NFO, with DRIP (NAV as of Jestha end, 2081)

Symbol	Allotment Date	Total Investment (NPR)	Current Value (NPR)	Gain / Loss
KSLY	13-04-2023	15,000.00	15,887.93	5.92%
NFCF	05-12-2022	19,000.00	19,852.68	4.49%
SSIS	23-07-2021	35,000.00	36,564.12	4.47%
NADDF	04-02-2021	41,000.00	41,429.05	1.05%
NMBSBFE	23-09-2021	30,000.00	30,097.09	0.32%
SLK	04-02-2021	41,000.00	39,472.68	-3.73%
NIBLSF	10-07-2019	59,000.00	54,862.45	-7.01%

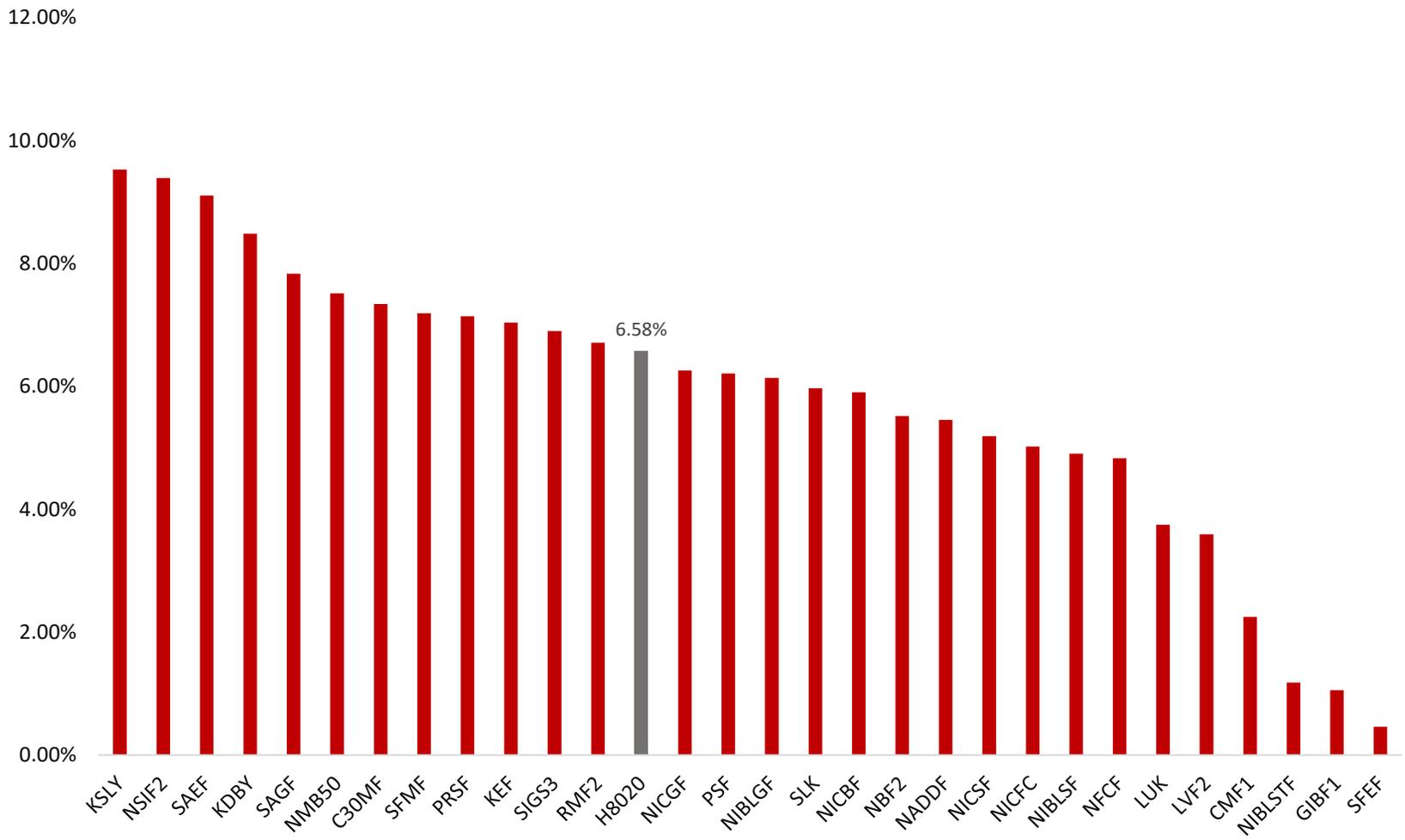


Note: For close ended funds that have generated negative returns since their inception have been excluded from this list.

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



Dividend Capacity of Mutual Funds as of Jestha End, 2081



Note – Only mutual funds with a Net Asset Value (NAV) above NPR 10 qualify for dividend distribution.

Top 5 Equity Purchases by Mutual Funds in Jestha, 2081

Company Name	Graham Fair Value as of Q3 2080/81	BVPS as of Q3 2080/81	Market Price as of Baisakh end, 2081	Why are mutual funds buying?
Hydroelectricity Investment and Development Company Limited Promoter	126.96	112.29	99.00	In the Q3 report, the company's net profit stands at NPR 1.09 billion, with a 7.91% YoY growth. The decreasing share of interest income from fixed and call deposits in its revenue indicates productive fund usage. With investments in multiple hydropower projects and a current share price lower than its book value, HIDCLP appears to be a very good buy. The low share price also allows for the purchase of higher quantities, enhancing investment potential for mutual funds. On top of that, dividend yield of the company is more than 5% at present context.
Api Power Company Limited	49.38	105.20	163.30	API currently contributes 62.5 MW of electricity to Nepal's grid through a mix of hydropower and solar projects. Its standout achievement is the 40 MW Upper Chameliya Project, boasting a robust Plant Load Factor (PLF) of 75%. With this project now generating revenue, API anticipates improved financial performance, solidifying its role in the energy sector. Moreover, given its comparatively lower share price, mutual funds might be inclined to increase their holdings, recognizing API's growth potential.
Shivam Cements Limited	151.49	188.19	496.00	SHIVM, Nepal's leading cement company, showcases strong financial metrics and a commendable dividend history. Despite a 36.14% YoY profit decline in Q3 to NPR 204.28 million due to higher raw material costs amid global tensions—a significant improvement from Q2's 67.66% decline—the company rebounded in Q2 and Q3 after a Q1 loss. Eased monetary policies and a brighter economic outlook in Nepal have likely contributed to increased sales and reduced interest burdens, potentially sparking interest among mutual funds looking to capitalize on its promising mid to long-term prospects.
Arun Valley Hydropower Development	48.25	103.49	157.00	The stock price of this company is comparatively lower than that of other hydropower firms, prompting mutual funds to buy, possibly for short-term trading strategies.
Kamana Sewa Bikas Bank Limited	216.99	155.35	370.00	Gradually improving fundamentals on each quarter especially after appointment of new CEO Mr. Dinesh Shakali. Rise in net profit by around 5% compared to that of previous Q3 while industry average growth is negative.

Top 5 Equity Sales by Mutual Funds in Jestha, 2081

Company Name	Graham Fair Value as of Q3 2080/81	BVPS as of Q3 2080/81	Market Price as of Baisakh end, 2081	Why are mutual funds selling?
Hydroelectricity Investment and Development Company Limited	126.96	112.29	161.00	Both HIDCL and HIDCLP are tradable on NEPSE with similar liquidity. There is a possibility that funds have diluted their holdings in HIDCL while increasing their holdings in HIDCLP. Despite being the same company, HIDCLP is priced lower than HIDCL on NEPSE.
Nirdhan Utthan Laghubitta Bittiya Sanstha Limited Promoter	193.91	186.10	NA	Mutual funds may have engaged in profit booking due to the stock's illiquidity on NEPSE.
Green Ventures Limited	169.78	115.31	441.90	Mutual funds may be engaging in profit booking, potentially having initially acquired shares for short-term trading purposes.
Prabhu Bank Limited	181.44	142.60	134.00	The bank's fundamentals have worsened following the acquisition of Century Commercial Bank in 2023. Former employees of CCBL facing CIA arrests due to fraud allegations underscore the merger's unfavorable outcome. This likely explains why mutual funds are divesting from this stock.
Everest Bank Limited	388.26	226.73	499.00	Mutual funds may be engaging in profit booking.

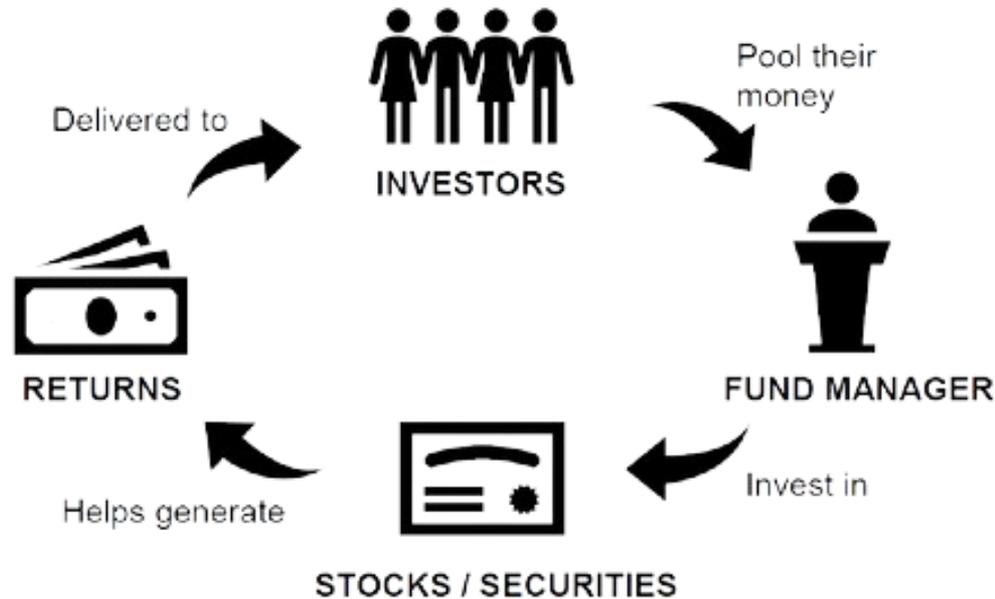
Risk Factors Associated with the Likely Activity of Himalayan 80-20

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



Investor Education for the Month – What is a Mutual Fund?

A mutual fund pools money from multiple investors to buy a diversified portfolio of securities like stocks and bonds. Managed by professionals, these funds aim for capital growth or income generation. They offer diversification, professional management, and accessibility. Types include equity, bond, and money market funds, with active or passive management. Open-ended fund shares are bought directly from the fund company at the NAV calculated daily, while closed-ended fund shares are traded through brokers at market prices. Both offer an initial NFO. Mutual funds are popular for spreading risk and providing expert management.

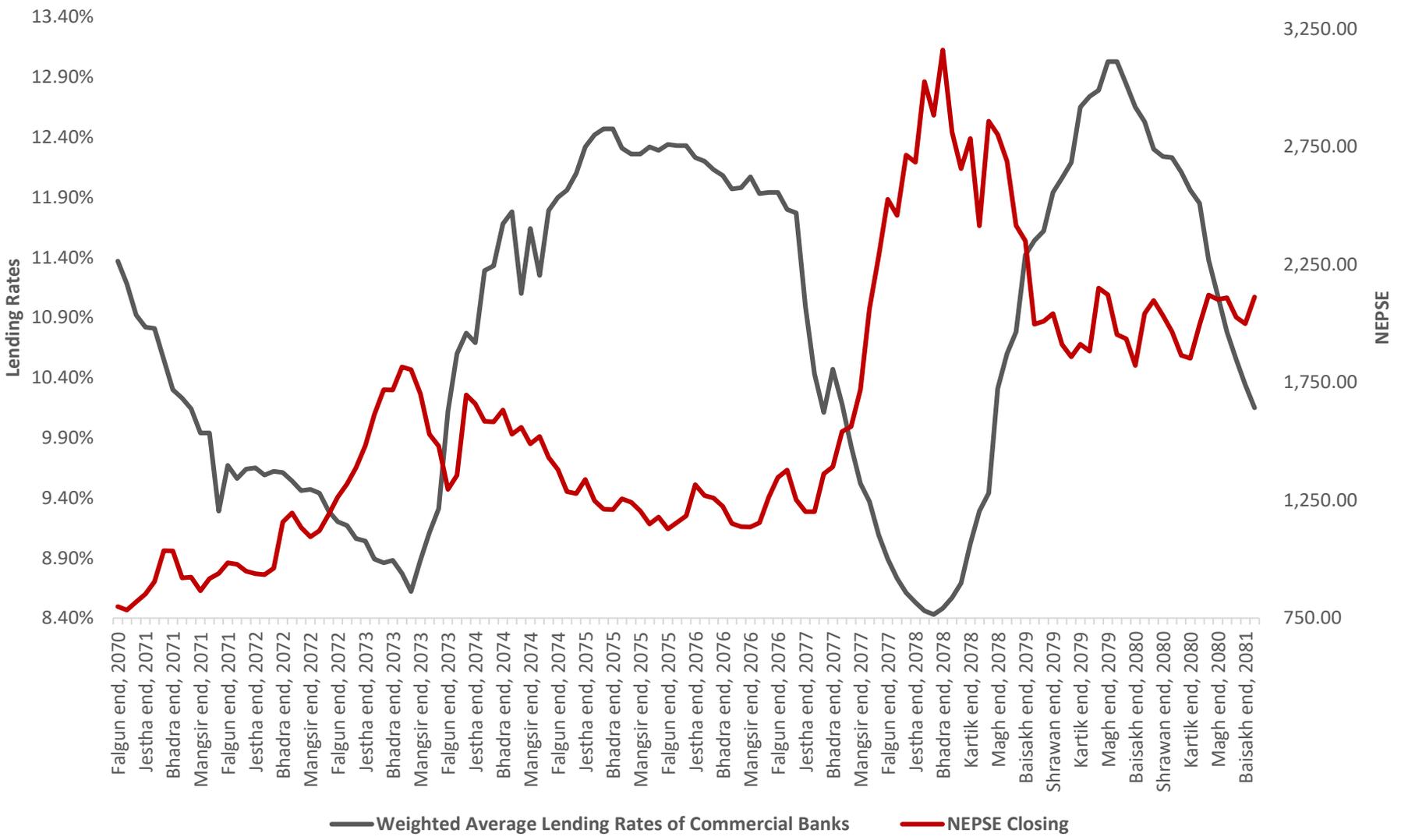


Macroeconomic Outlook for Asar 2081

- The macroeconomic outlook has improved due to regulatory actions, increased remittance inflows, and a positive Balance of Payments, resulting in decreased inflation and interest rates.
- As of Jestha end 2081, fixed deposits accounted for 58.50% of the Nepalese Banking System (A, B, C class), down from 59.00% at Baisakh end 2081 and 59.70% in Jestha 2080. This decline is attributed to decreasing interest rates.
- With the share of fixed deposits decreasing, it is expected that more funds will be injected into equity markets, as there tends to be a negative relationship between the two.
- Government expenditures often increase significantly in Q4, potentially injecting substantial funds into the market. As a result, the NEPSE index tends to rise during this period.



Interest Rate Fluctuations and Their Effect on the NEPSE Index





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