REPORT

CONFIDENTIAL

AUDIT REPORT AND AUDITED FINANCIAL STATEMENTS

OF

NIC Asia Equity Linked Investment Scheme

Kathmandu, Nepal

(FOR THE FISCAL YEAR 2082/83)

Performed By:
T.N Acharya & Co., Chartered Accountants
Kathmandu, Nepal

INDEPENDENT AUDITOR'S REPORT

To the Fund Manager and Unit Holders,
NIC Asia Equity Linked Investment Scheme.

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of NIC Asia Equity Linked Investment Scheme. which comprise the Statement of Financial Position as at 32nd Ashad 2083, and the Statement of Profit or Loss, Statement of Change in equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements gives true and fair view, in all material respects of the financial position of the NIC Asia Equity Linked Investment Scheme as at 32nd Ashad 2083, and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Institute of Chartered Accountants of Nepal's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Existence and Valuation of Investments held at Fair Value Through Profit or Loss: Financial Assets held at Fair Value Through Profit or Loss comprises of investment in listed securities, Initial public offerings, bonus share and right shares of invested securities constituting 93.71% of Net Assets Value. The significance of amount of investment and complexity involved in valuation and treatment of such investments. The classifications, valuations and disclosure of the aforesaid investment shall be done in line with NFRS 9 Financial Instruments; NFRS 13 Fair Value	Our audit approach regarding the existence and valuation of investment included: • Assessed the design and implementation of controls over valuation and existence of investment. • We ensured classifications and accounting of investment made by Scheme and its valuation were in accordance with NFRS 9 and NFRS 13 issued by Accounting Standard Board of Nepal. • We obtained external confirmation of transferable securities held by the Scheme from Depository through management. Confirmations obtained were reconciled to the Scheme's records.

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Measurement; NFRS 7 Financial Instruments: Disclosure.	• For the investment made on quoted equity instruments, we ensured fair value based on close price against Nepal Stock Exchange as at 32nd Ashad 2083.
Unit Transactions with Unitholders Open-ended mutual fund issues and redeem units of the scheme as per request. There is risk that units may be issued or redeemed at an incorrect net asset value, leading to inappropriate allocation of gains/losses among unitholders.	We performed the following procedures in relation to unit transactions with unitholders: • Reviewed the new units issued during the year on a sample basis against the published net asset value. • Reviewed the units redeemed during the year on a sample basis against the published net asset value.
Fees Payable to Supervisor, Manager and Depository The material expenses for the mutual fund largely relate to the fees payable to the supervisor, manager and depository. Rule 23 of the Mutual Fund Regulations, 2067 issued by SEBON specifies the maximum limit of the fees payable by mutual fund scheme. There is risk that fees payable to the supervisor, manager and depository may be calculated or charged in excess of the regulatory limit or on an incorrect NAV base.	We performed the following procedures in relation to fees payable to supervisor, manager and depository: • Reviewed the approved rates for the fees. • Evaluated the periodic gross net asset values factored in calculating the fees payable.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the preparation of the other information. The other information comprises the information included in the Management report and Chairman's statement but does not include the financial statements and our auditor's report thereon. Such information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read such information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the NIC Asia Capital Limited is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the fund ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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going concern basis of accounting unless management either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of NIC Asia Capital Ltd. / Scheme Manager is responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that Includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit We also:

- Identify and assess the risk of material misstatement of the financial statement whether due to fraud or error, design and perform audit procedure responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However. future events or conditions may cause the entity to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Report on Other Legal and Regulatory Requirements

As per the requirements of Rule 40(7) and 40(8) of the Mutual Fund Regulations, 2067, we further report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- The Financial Statement dealt by this report are prepared in accordance with Nepal Financial Reporting Standards (NFRS): Securities Act, 2063; Securities Board Regulations, 2064, Mutual Fund Regulations, 2067; Mutual Fund Guidelines, 2069 and other prevailing laws and agree with the books of account maintained by the Scheme.
- The Scheme has invested its funds according to Mutual Fund Regulations 2067.
- During our examination of the books of account of the Scheme, we have not come across any cases where any office holder or any employee of the Scheme has acted in a manner to be detrimental to the interest of the Unit holder.
- During our examination of the books of account of the Scheme, we have not come across any cases where any office holder or any employee of the Scheme has acted contrary to the provisions of law or caused loss or damage to the Scheme.
- The internal audit of the scheme has been conducted during the internal audit of Fund Manager on periodic basis effectively.
- The existence, operating effectiveness and continuity of the Internal control system of Fund manager is satisfactory.
- The operation of the Scheme has been found satisfactory.
- The investment in shares have been valued at their value through profit or loss and debenture have been valued at amortized cost in accordance with the provisions of NFRS.
- There are no such other matters that we felt necessary to disclose to the Unit holders.

T.N. ACHARYA & CO.
Chartered Accountants
Kathmandu

Pawan Khanal, FCA
Partner
T. N. Acharya & Co.,
Chartered Accountants

Date: 2026/08/11
Place: Kathmandu, Nepal
UDIN: 260817CA00821jNbnW

NIC ASIA Equity Linked Investment Scheme
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Ltd.)
Balance Sheet As at 32nd Ashad 2083 (16th July 2026)

In NPR

Particulars	Annexure	32nd Asadh, 2083	32nd Asadh, 2082
Capital and Liabilities			
Unit Capital	1	755,149,407	-
Reserves and Surplus		(32,010,885)	-
Current Liabilities and Provisions	3	5,019,710	-
Total		**728,158,232**	-
Assets			
Investments in Debentures	4	3,436,000	-
Bank Balances	7	47,024,320	-
Other Current Assets	8	14,947	-
Investment in Fixed Deposit	5	-	-
Investments in Shares	6	677,682,965	-
Total		**728,158,232**	-

Schedules and Explanatory Notes forms integral part of Balance Sheet

On Behalf of NIC ASIA Capital Limited
(Fund Management Company)

As per our Report of even date

Pragya Pokhrel
Mutual Fund

Pragya Ratna Shakya
Chief Operating Officer

Ramendra Rayamajhi
Chief Executive Officer

NIC ASIA CAPITAL

Date: 2026.08.11
Place : Kathmandu

NIC ASIA Equity Linked Investment Scheme
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Statement of Financial Position as at 32nd Asadh, 2083 (16th July, 2026)

In NPR

Particulars	Notes	32nd Asadh, 2083	32nd Asadh, 2082
Assets			
Non Current Assets			
Financial Asset Measured at Amortised Cost	3	3,436,000	-
Current Assets			
Cash and Cash Equivalents	4	47,024,320	-
Financial Assets Measured at Fair Value Through Profit or Loss	5	677,682,965	-
Other Financial Assets	6	14,947	-
Total		**728,158,232**	-
Liabilities			
Current Liabilities			
Trade & Other Payables	7	5,019,710	-
Liabilities (Excluding Net Assets Attributable to Unitholders		**5,019,710**	-
Unit Holder's Funds			
Net Assets Attributable to Unit Holders	8	723,138,522	-
Total		**728,158,232**	-

NAV per Share		**9.58**	-

Explanatory Notes forms integral part of Financial Statement

On Behalf of NIC ASIA Capital Limited
(Fund Management Company)

As per our Report of even date

NIC ASIA CAPITAL

Pragya Pokhrel
Mutual Fund

Pragya Ratna Shakya
Chief Operating Officer

Ramendra Rayamajhi
Chief Executive Officer

Rabin Sapkota
Independent Director

Rupesh Luitel
Chairman

Rawan Khanal, FCA
Partner
T.N. Acharya & Co.
Chartered Accountants

T.N. ACHARYA & CO. Chartered Accountants Kathmandu

Suman Dangol
Independent Director

Satish Khadka
Director

Date: 2026.08.11
Place : Kathmandu

NIC ASIA Equity Linked Investment Scheme
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Statement of Profit or Loss
For the Period from 16th Bhadra 2082 to 32nd Asadh, 2083 (1st September, 2025 to 16th July, 2026)

In NPR

Particulars	Notes	FY 2082/83	FY 2081/82
Income			
Realised Income			
Interest Income	9	1,486,201	-
Dividend Income	10	3,046,900	-
Net Gain/(Loss) on Sale of Financial Assets	11	13,211,425	-
Other Income	12	76,804	-
Unrealised Income			
Fair Value Gains/(Loss)	13	(28,211,735)	-
Total		**(10,390,404)**	-
Expenses			
Pre Operating Expenses	14	5,216,402	-
Operating Expenses	15	16,134,391	-
Total		**21,350,792**	-
Increase/(Decrease) in Net Assets Attributable to Unit holders		(31,741,197)	-

On behalf of NIC ASIA Capital Limited
(Fund Management Company)

As per our Report of even date

NIC ASIA CAPITAL

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T.N. ACHARYA & CO. Charterad Accountants Kathmandu

Suman Dangol
Independent Director

Satish Khadka
Director

Date: 2026.08.11
Place : Kathmandu

NIC ASIA Equity Linked Investment Scheme
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Statement of Cash Flows
For the Period from 16th Bhadra 2082 to 32nd Asadh, 2083 (1st September, 2025 to 16th July, 2026)

In NPR

Particulars	FY 2082/83	FY 2081/82
A. Cash Flow from Operating Activities		
Surplus/ (Deficit) for the year	(31,741,197)	-
Adjustments for:		
(Increase)/Decrease in Unrealised (gain)/loss on financial assets held for trading purposes	28,211,735	-
Increase/(Decrease) in Liabilities	5,019,710	-
(Increase)/Decrease in Share	(705,894,700)	-
(Increase)/Decrease in Other Assets	(3,450,947)	-
Net cash generated/(used) in Operations (1)	**(707,855,399)**	-
B. Cash Flow from Investing Activities	-	-
Net cash generated/(used) in Investing (2)	-	-
C. Cash Flow from Financing Activities		
Increase/(Decrease) in Unit Capital	755,149,407	-
Unit Premium Reserve	(269,688)	-
Dividend Paid during the year (net of tax)	-	-
Net cash generated/(used) in Financing (3)	**754,879,719**	-
Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)	**47,024,320**	-
Cash and Cash Equivalents at beginning of the year/period	-	-
Cash and Cash Equivalents at end of period	**47,024,320**	-
		-
Components of Cash and Cash Equivalents		
Balance with Banks	47,024,320	-

On behalf of NIC ASIA Capital Limited
(Fund Management Company)

As per our Report of even date

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Date: 2026.08.11
Place : Kathmandu

NIC ASIA Equity Linked Investment Scheme
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Statement in Changes in Equity
For the Period from 16th Bhadra 2082 to 32nd Asadh, 2083 (1st September, 2025 to 16th July, 2026)

In NPR

Particular	Unit Capital	Unit Premium Reserve	Realized Profit	Unrealized Profit	Total
Oponing Balance as on 01/04/2081	-	-	-	-	-
Issue of Unit Capital	-	-	-	-	-
Net Profit (Loss) During the year	-	-	-	-	-
Dividend Paid	-	-	-	-	-
Unit premium Reserve	-	-	-	-	-
Balance as on 32/03/2082	-	-	-	-	-
Unit Capital	755,149,407	-	-	-	755,149,407
Net Profit (Loss) During the year	-	-	(3,529,462)	(28,211,735)	(31,741,197)
Dividend Paid	-	-	-	-	-
Unit premium Reserve	-	(269,688)	-	-	(269,688)
Balance as on 32/03/2083	755,149,407	(269,688)	(3,529,462)	(28,211,735)	723,138,522

No of Units	75,514,940.7
NAV Per Share	9.58

On behalf of NIC ASIA Capital Limited
(Fund Management Company)

As per our Report of even date

NIC ASIA CAPITAL

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T.N. ACHARYA & CO. Chartered Accountants Kathmandu

Suman Dangol
Independent Director

Satish Khadka
Director

Date: 2026.08.11
Place : Kathmandu

Significant Accounting Policies and Notes to the Accounts as on 32nd Ashad, 2083

1. OVERVIEW

Fund:	**NIC ASIA Bank Mutual Fund**
Scheme:	**NIC ASIA Equity Linked Investment Scheme**
Fund Sponsor:	**NIC ASIA Bank Limited (NICA)** (Licensed by NRB as Class "A" bank)
Fund Management:	**NIC ASIA Capital Limited** (A subsidiary of NIC ASIA Bank Limited)
Fund Supervisors:	Mr. Bodhraj Niraula Mr. Aashish Adhikari Mr. Shivaraj Ghimire Mr. Santosh Lamichhane Mr. Mahendra Nath Karmacharya Mr. Bishal Sigdel Mr. Nayaran Sundar Shilpakar.
Total Capital: **(At Allotment)**	NPR 740,170,000 (NPR Seven Hundred Forty Million One Hundred Seventy Thousand Only)
(At Year End)	NPR 755,149,407 (NPR Seven Hundred Fifty-Five Million One Hundred Forty-Nine Thousand Four Hundred Seven Only)
Scheme type:	Open-Ended

NIC ASIA Equity Linked Investment Scheme under NIC ASIA Bank Mutual Fund (the Fund) is registered under Mutual Fund Regulations, 2067 as an open-end, diversified investment scheme. The objective of the Fund is to diligently manage the fund with the aim of achieving a high return for unit holders, growth of both capital and income from investment in shares and fixed income securities and conservation of capital. The Scheme commenced its operation on 16th Bhadra, 2082 (Scheme allotment date) B.S. The date of allotment is considered as the date of operation. The trading started 3 months after the allotment date. The Scheme's Financial Statements were approved by the Board of Directors of the NIC ASIA Capital Limited on 26 Shrawan 2083 being the Fund Management and Depository Company. Similarly, information regarding approval of Financial Statements has been shared with Fund Supervisors.

NIC ASIA Bank Ltd. (NICA) is the Fund Sponsor and NIC ASIA Capital Limited, a subsidiary of NICA duly licensed by Securities Board of Nepal (SEBON), has been appointed as the Fund Manager of the Scheme by the Sponsor after obtaining due approval from SEBON. Further, the Fund Manager is also providing Depository services to the unit holders of the Scheme in line with the prevailing regulations on mutual funds.

1.1. The capital structure of the Scheme is as follows:

Holder	Status	No. of Units	Holding Amount @ NPR 10 Each	Holding (%)
NIC ASIA Bank Limited	Fund Sponsor	15,000,000	150,000,000	19.86%
General Public	Fund Sponsor	60,514,940	605,149,407	80.14%
Total		**75,514,940**	**755,149,407**	**100.00%**

1.2. Net Asset Value (NAV) per unit

The Fund Manager calculates the NAV per unit of the Scheme by deducting the Schemes' liabilities over market value of the total investment in shares, Bonds and debentures are valued at amortized cost and other assets such as interest and dividend receivable, other receivable, bank balances divided by total number of scheme units on a daily basis in accordance with the prevailing regulations/guidelines on mutual funds and publishes the same on its official website: www.nicasiacapital.com every day. The said information is also shared with the Fund Supervisors and the Board members of the Fund Manager. Further, the NAV and Income Statement as at end of every Nepali calendar month is published on a national daily newspaper with prior notification of the same forwarded to the Fund Supervisors & SEBON in writing.

1.3. Net Assets Attributable to Unit Holders

Each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units, and each unit has the same rights attached to it as all other units of the Fund. The Fund considers its net assets attributable to unit holders as capital (which includes unit capital, realized and unrealized gain), notwithstanding net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unit holders can change significantly daily as the Fund is subject to daily changes in Market Price of Share at Nepal Stock Exchange.

1.4. Taxation

Finance Act FY 2078/79 has included Mutual Funds under Section 10 of the Income Tax Act, 2058 as tax-exempt entities. TDS on return from the mutual fund (i.e., dividend) paid to an individual is deducted at 5% which is final withholding, and to an entity tax deducted at 15% (which is not final withholding). Therefore, the fund management is of the view that return from the Scheme is duly taxed as per the principle of income tax and is not subject to further tax liability for FY 2082/83.

2. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS:

2.1. Basis of Preparation

2.1.1. Statement of Compliance

These Financial Statements have been prepared in compliance Nepal Financial Reporting Standards (NFRS). The Financial Statements also confirm the compliance with the Securities Act, 2063; Mutual Fund Regulations, 2067 and Mutual Fund Guidelines, 2069.

2.1.2. Accounting Convention

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain financial assets and liabilities to fair value. Financial instruments measured at fair value through profit or loss are revalued with changes recognized in profit or loss

The financial statements have been prepared on a going concern basis where the accounting policies and judgments as required by the standards are consistently used and in case of deviations disclosed specifically.

2.1.3. Responsibility for Financial Statements

The fund manager is overall responsible for the management of the fund with supervision from Fund Supervisors. The Board of Directors of Fund Manager is responsible for the preparation and presentation of Financial Statements of the fund.

2.1.4. Reporting Period of Financial Statements

These are financial statements for the year ended 32nd Ashad, 2083. As the fund commenced during this fiscal year, comparative figures for the previous year are nil.

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NIC ASIA CAPITAL

2.1.5. Functional and Presentation Currency

The functional and presentation currency is Nepali Rupee (NPR), which is the currency of the primary economic environment in which the fund operates. Financial information is presented in Nepali Rupees. There was no change in the fund's presentation and functional currency during the year under review. The figures presented in Financial Statements are rounded to nearest Nepali Rupee.

2.1.6. Use of Assumptions, Judgments and Estimates:

In preparing the financial statements management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses. The actual figure may differ from such estimates. Judgments and estimates are used to value the IPO investments.

The changes in underlying assumptions are reviewed on an ongoing basis and revisions to such estimates are recognized prospectively.

2.1.7. Financial Instruments

The Fund's principal financial assets comprise assets such as equities, other assets, bonds and debenture, Fixed Deposit and cash and cash equivalents. The main purpose of these financial instruments is to generate a return on the investment made by unitholders. The Funds' principal financial liabilities comprise accrued expenses and other payables which arise directly from its operations.

a) Classification

i) Financial Asset

The fund classifies the financial asset as subsequently measured at amortized cost or fair value based on the Funds Business Model Test for managing the financial assets and the contractual cash flows characteristics of the financial assets as follows:

- **Financial assets measured at amortized cost:**

  A financial asset is measured at amortized cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets measured at fair value:**

  Financial assets other than those measured at amortized cost are measured at fair value. They are further classified into two categories as below:

  - Financial assets are measured at fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Such assets are subsequently measured at fair value and changes in fair value are recognized in the Statement of Profit or Loss. It includes Investment in Equity Instruments.
  - Financial assets are measured at fair value through other comprehensive income if the Investment in an equity instruments that is not held for trading and at the initial recognition, the Fund makes an irrevocable election that the subsequent changes in fair value of the instruments is to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

However, Fund does not have investment satisfying the criteria to be classified as Fair Value through the Other Comprehensive Income (FVTOCI).

NIC ASIA CAPITAL

T.N. ACHARYA & CO. Chartered Accountants Kathmandu

ii. Financial Liabilities

The Fund classifies its financial liabilities, as follows:

- **Financial Liabilities at Fair Value through Profit or Loss:**

  Financial liabilities are classified at fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value are recognized at profit or loss.

- **Financial Liabilities measured at amortized cost:**

Financial liabilities other than those measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest method.

b) Recognition / De- recognition

The Fund recognizes financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognizes changes in fair value of the financial assets or financial liabilities from this date.

De-recognition of Financial Asset

Fund derecognizes Financial Asset when the contractual right to receive cash flows from the financial asset expires or the Fund has transferred right to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial assets are transferred.

Realized gains and realized losses on de-recognition are determined using the average method and are included in the profit or loss in the period in which they arise. The realized gain is the difference between an instrument's average cost and disposal amount net of cost to sale.

De-recognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. The difference between the carrying value of the original financial liability and the consideration paid is recognized in the Statement of Profit or Loss.

c) Measurement

Initial Measurement

A financial asset or financial liability is measured initially at fair value. However, the transaction costs of financial assets carried at fair value through profit or loss are recorded separately under the heading "Transaction cost" in accordance with the NFRS 9 Financial Instruments.

Subsequent Measurement

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability.

Financial assets are valued at cost of acquisition.

Financial assets classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets classified as fair value through profit or loss are recognized in Statement of Profit or Loss whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income. However, equity instruments classified under this category, the transaction cost during purchase of such instruments is expensed immediately in statement of profit or loss.

Measurement of Financial Assets/Liabilities at Fair Value

The Fund measures and recognizes the following assets and liabilities at fair value on a recurring basis:

- Financial Assets / Liabilities at Fair Value
- Financial Assets / Liabilities Held for Trading

Fair Value Measurement

NFRS 13 requires disclosure of fair value measurements by level of the following fair value hierarchy.

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and

(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

i. Fair Value in an Active Market (Level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from NEPSE and are traded frequently.

ii. Fair Value in an Inactive or Unquoted Market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques.

- Equities which are listed but no transactions are made within last 30 days is valued at 180 days Closing Average Market price provided by NEPSE and Equities which are listed but no transactions are made within last 180 days is valued taking lower of cost of acquisition or net book value of the stock as published in the latest quarterly report.
- In case of a trading halt of the scrip due to merger & acquisition, last traded price should be taken.
- In case of unprecedented events, where no prescriptive guidelines are proposed to value securities/ portfolios. Following type of events could be classified as unprecedented events where current market information may not be available/ sufficient for valuation of securities:
  - Major policy announcements by Government or NRB or other regulatory Parties
  - Natural Disasters, Disease Outbreak, Wars, or any other events that create public disturbances which force the market to close unexpectedly. Under such circumstances Assets Management Company shall seek the guidance of the company's board in deciding an appropriate methodology for valuation of the stocks.
  - However, the above events will not be accounted for valuation as above, stocks trading within 30 days.

- IPO (Initial Public Offerings) investments shall be valued as:
  - IPO investments are investments made to apply for the securities in IPO till Listing.
  - IPO investments are valued as advance for application amount till allotment at exact amount applied for.
  - After allotment of IPO till listing and if listed but not traded, IPO investments are valued at investment value.
- The same is applicable in the case of FPO.

Right share shall be valued as right share after book closure but before allotment shall be valued as theoretical ex right price for the number of units eligible for rights. After allotment till listing, the right share will be valued as listed equities.

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3. Financial Asset Measured at Amortized Cost (Non-Current)

Bonds and Debenture are classified under financial assets measured at amortized cost.

S.N	Particulars	Unit	Price	Ashad End 2083	Ashad End 2082
	Non-Current Assets				
	Asset measured at amortized cost				
1	7% Laxmi Sunrise Debenture 2092	1,482	1,000	1,482,000	-
2	6.25% Prime Bank Debenture 2093	1,954	1,000	1,954,000	-
	Total Amount	**3,436**		**3,436,000**	**-**

4. Cash and Cash Equivalent:

Cash and cash equivalent for the purpose of the statement of cash flow comprises:

S.N	Particulars	Ashad End 2083	Ashad End 2082
1	Cash at Bank	47,015,810	-
2	Cash at Wallet	8,510	-
3	Cash in Hand	-	-
	Total	**47,024,320**	**-**

Cash and cash equivalent assets fair value equals to the book value as such assets. It comprises call balance in the banks and financial institutions. They are available when the balance is called from the bank. The interest income on such a balance is recognized daily on an accrual basis based on the deal rate with the bank. The intrinsic rate and the coupon rate do not differ as the rates are changed based on the market rate.

5. Financial Assets held at Fair Value through Profit or Loss

S.N	Name	2082-83			Input Level
		Unit	Value per unit	Value Amount	
	LISTED				
1	Kalinchowk Hydropower Limited	423.00	916.00	387,468	Level 1
2	Kamana Sewa Bikas Bank Limited	46,000.00	474.00	21,804,000	Level 1
3	Shine Resunga Development Bank Limited	31,968.00	415.00	13,266,720	Level 1
4	Appolo Hydropower Limited	481.00	819.00	393,939	Level 1
5	Garima Bikas Bank Limited	47,930.00	403.80	19,354,134	Level 1
6	Chandragiri Hills Limited	17,600.00	755.20	13,291,520	Level 1
7	Suryakunda Hydro Electric Limited	368.00	874.30	321,742	Level 1
8	NLG Insurance Company Limited	17,027.00	558.00	9,501,066	Level 1
9	Super Khudi Hydropower Limited	828.00	818.00	677,304	Level 1
10	Shangrila Development Bank Limited	41,497.00	404.00	16,764,788	Level 1
11	Ngadi Group Power Limited	12,000.00	398.00	4,776,000	Level 1
12	Chhimek Laghubitta Bittiya Sanstha Limited	30,316.00	922.00	27,951,352	Level 1
13	Hotel Forest Inn Limited	2,135.00	644.00	1,374,940	Level 1
14	Solu Hydropower Limited	5,319.00	509.00	2,707,371	Level 1
15	Ridge Line Energy Limited	760.00	713.00	541,880	Level 1
16	Mahalaxmi Bikas Bank Limited	29,750.00	346.00	10,293,500	Level 1
17	Kalanga Hydro Limited	1,801.00	473.00	851,873	Level 1
18	Muktinath Bikas Bank Limited	86,934.00	362.90	31,548,349	Level 1
19	Shikhar Power Development Limited	1,129.00	558.90	630,998	Level 1
20	Sanigad Hydro Limited	2,945.00	462.00	1,360,590	Level 1
21	Snow Rivers Limited	482.00	779.00	375,478	Level 1
22	Sopan Pharmaceuticals Limited	2,193.00	780.00	1,710,540	Level 1
23	Nepal Life Samriddhi Lagani Yojana	1,000,000.00	9.75	9,750,000	Level 1

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24	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	13,432.00	635.00	8,529,320	Level 1
25	Sarbottam Cement Limited	14,464.00	772.00	11,166,208	Level 1
26	Shivam Cements Limited	38,000.00	621.00	23,598,000	Level 1
27	Citizens Santulit Yojana	1,000,000.00	9.02	9,020,000	Level 1
28	Palpa Cement Industries Limited	2,858.00	595.00	1,700,510	Level 1
29	Bhujung Hydropower Limited	534.00	681.00	363,654	Level 1
30	Yambaling Hydropower Limited	1,137.00	556.00	632,172	Level 1
31	Everest Colour Limited	409.00	100.00	40,900	Level 1
32	Lumbini Bikas Bank Limited	39,500.00	483.40	19,094,300	Level 1
33	Taksar Pikhuwa Khola Hydropower Limited	1,558.00	494.80	770,898	Level 1
34	Oriental Hotel Limited	11,007.00	682.00	7,506,774	Level 1
35	Nepal Bank Limited	43,000.00	261.60	11,248,800	Level 1
36	Himalayan Reinsurance Limited	23,500.00	553.00	12,995,500	Level 1
37	RSDC Laghubitta Bittiya Sanstha Limited	20,177.00	649.80	13,111,015	Level 1
38	Nepal Reinsurance Company Limited	16,500.00	923.00	15,229,500	Level 1
39	Himalayan Distillery Limited	31,000.00	1,140.00	35,340,000	Level 1
40	Nabil Bank Limited	50,000.00	534.90	26,745,000	Level 1
41	Butwal Power Company Limited	40,085.00	668.00	26,776,780	Level 1
42	Global IME Bank Limited	53,000.00	240.00	12,720,000	Level 1
43	Kumari Bank Limited	51,000.00	210.00	10,710,000	Level 1
44	Sahas Urja Limited	21,000.00	636.00	13,356,000	Level 1
45	Citizens Bank International Limited	35,000.00	196.90	6,891,500	Level 1
46	Prabhu Bank Limited	63,000.00	189.60	11,944,800	Level 1
47	SuryaJyoti Life Insurance Company Limited	34,010.00	413.00	14,046,130	Level 1
48	Soaltee Hotel Limited	14,710.00	489.50	7,200,545	Level 1
49	National Life Insurance Co. Limited	9,070.00	579.00	5,251,530	Level 1
50	Prabhu Insurance Limited	28,720.00	668.10	19,187,832	Level 1
51	Jyoti Bikas Bank Limited	33,000.00	339.00	11,187,000	Level 1
52	Nepal Hydro Developers Limited	11,000.00	630.90	6,939,900	Level 1
53	Mountain Energy Nepal Limited	17,282.00	568.90	9,831,730	Level 1
54	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	21,900.00	751.90	16,466,610	Level 1
55	Everest Bank Limited	25,000.00	695.00	17,375,000	Level 1
56	Siddhartha Bank Limited	29,043.00	395.00	11,471,985	Level 1
57	Nepal Investment Mega Bank Limited	13,000.00	190.00	2,470,000	Level 1
58	Sanima Bank Limited	100,500.00	350.00	35,175,000	Level 1
59	Arun Kabeli Power Limited	20,000.00	249.00	4,980,000	Level 1
60	Nepal Life Insurance Co. Limited	38,973.00	749.80	29,221,955	Level 1
	Sub- Total (A)	**3,346,255.00**		**659,932,400**	
	UNLISTED				
1	Beni Hydropower Project Limited	532.00	100.00	53,200	Level 2
2	Sanima Equity Fund II	500,000.00	10.00	5,000,000	Level 2
3	Mount Everest Power Development Limited	887.00	100.00	88,700	Level 2
4	Reliable Samriddhi Yojana-2	500,000.00	10.00	5,000,000	Level 2
5	Siddhartha Equity Fund 2	500,000.00	10.00	5,000,000	Level 2
6	Sarvottam Paints Industries Limited	441.00	100.00	44,100	Level 2
7	Prabhu Insurance Limited	2,585.00	668.10	1,727,039	Level 2
8	Nepal Life Insurance Co. Limited	1,117.00	749.80	837,527	Level 2
	Sub-Total (B)	**1,505,562.00**		**17,750,565**	
	Grand Total	**4,851,817.00**		**677,682,965**	

6. **Other Financial Assets:**

The fair value of other current assets is not materially different to their carrying values.

S.N	Particulars	Ashad End 2083	Ashad End 2082
1	Dividend Income Receivables	13,609	-
2	Interest Income Receivables	1,338	-
	Total Amount	**14,947**	-

7. **Trade and Other Payables:**

The details of current liabilities and provisions for the period are as follows:

S.N	Particulars	Ashad End 2083	Ashad End 2082
1	Broker Payable	777,557	-
2	Unit Redemption Payables	162,581	-
3	SIP REFUND PAYABLE	9,644	-
4	Pre operating Expenses Payable	445,634	-
5	Advance From Customer	39,005	-
6	CDSC Payables	9,955	-
7	TDS Payable	104,554	-
8	Fund Management Fee Payable	2,766,467	-
9	Depository Fee Payable	372,563	-
10	Supervisor Fee Payable	160,751	-
11	Provision for Audit Fee Payable	113,000	-
12	Provision for Notice Publishing Fee	58,000	-
	Total Amount	**5,019,710**	-

Liabilities are recognized when it is probable that an outflow of resources embodying economic benefits will result from the settlement of present obligation and the amount at which the settlement will take place can be measured reliably.

8. **Net Assets Attributable to Unit Holders**

Particular	Ashad End 2083	Ashad End 2082
Opening Balance as on 16/05/2082	-	-
Unit Capital	755,149,407	-
Unit premium Reserve	(269,688)	-
Realized Profit	(3,529,462)	-
Unrealized Profit	(28,211,735)	-
Dividend Paid	-	-
Balance as on 32/03/2083	**723,138,522**	-

Unit Capital

The unit capital of Fund is as follows:

S.N	Particulars	Ashad End 2083	Ashad End 2082
1	Unit Capital Account	605,149,407	-
2	Unit Seed Capital Account	150,000,000	-
	Total Amount	**755,149,407**	-

Movement of Unit Capital

The movement of the Unit Capital during the period is given below.

Opening Units	-
Purchase During the Financial Year	76,020,798
Redemption During the Financial Year	505,858
Closing Units	**75,514,940**

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Net gain/Loss from financial assets held at fair value through profit or loss:

Net gain/loss from financial assets held at fair value through profit or loss is as follows:

Particular	Realized Profit	Unrealized Profit	Total
Opening Balance	-	-	
Unit Capital	-		
Net Profit (Loss) During the year	(3,529,462)	(28,211,735)	(31,741,197)
Dividend Paid	-	-	-
Unit premium Reserve	-	-	-
Balance as on 32/03/2083	**(3,529,462)**	**(28,211,735)**	**(31,741,197)**

Unit premium Reserve:

The Unit premium reserve amount at the end of the period is as follows:

Particular	Unit Premium Reserve
Opening Balance	-
Issue of Unit Capital	-
Net Profit (Loss) During the year	-
Dividend Paid	-
Unit premium Reserve	(269,688)
Balance as on 32/03/2083	**(269,688)**

Unit Premium Reserve

Unit Premium reserve is created on every purchase and redemption of units of NIC ASIA Equity Linked Investment Scheme at the prevailing NAV on the date in excess or shortfall of Face value of the units. The Unit premium reserve amount at the end of the period is Rs. (269,988) (In words: Two Hundred Sixty-Nine Thousand Six Hundred Eighty-Eight Rupees Only)

9. Interest Income

S.N	Particulars	Ashad End 2083	Ashad End 2082
1	Interest Income from Bank	1,484,862	-
2	Interest Income from Debenture	1,338	-
	Total Amount	**1,486,201**	-

Interest income is recognized in profit or loss for all financial instruments using the quoted interest rate and such interest income on assets held at fair value through profit or loss is included in the net gains/ (losses) on financial instruments.

10. Dividend Income

S.N	Particulars	Ashad End 2083	Ashad End 2082
1	Dividend Income	3,046,900	-
	Total Amount	**3,046,900**	-

Dividend income is recognized on the ex-dividend date.

11. Net realized Gains/Losses on Financial Assets at Fair Value through Profit or Loss

S.N	Particulars	Ashad End 2083	Ashad End 2082
1	Net Gain/ (Loss) on Sale of Financial Assets	13,211,425	
	Total Amount	**13,211,425**	-

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12. Other Income

S.N	Particulars	Ashad End 2083	Ashad End 2082
1	Exit Load Incomes	72,476	-
2	Closeout Income	4,328	-
	Total Amount	**76,804**	-

13. Net Unrealized Gains/Losses on Financial Assets at Fair Value through Profit or Loss

S.N	Name	2082-83				
		Unit	Value per unit	Value Amount	Cost Price	Total Cost
	LISTED					
1	Kalinchowk Hydropower Limited	423	916	387,468	100	42,300
2	Kamana Sewa Bikas Bank Limited	46,000	474	21,804,000	477	21,946,078
3	Shine Resunga Development Bank Limited	31,968	415	13,266,720	414	13,235,916
4	Appolo Hydropower Limited	481	819	393,939	100	48,100
5	Garima Bikas Bank Limited	47,930	404	19,354,134	408	19,562,059
6	Chandragiri Hills Limited	17,600	755	13,291,520	859	15,121,657
7	Suryakunda Hydro Electric Limited	368	874	321,742	100	36,800
8	NLG Insurance Company Limited	17,027	558	9,501,066	692	11,776,306
9	Super Khudi hydropower limited	828	818	677,304	100	82,800
10	Shangrila Development Bank Limited	41,497	404	16,764,788	411	17,072,093
11	Ngadi Group Power Limited	12,000	398	4,776,000	467	5,600,417
12	Chhimek Laghubitta Bittiya Sanstha Limited	30,316	922	27,951,352	922	27,962,820
13	Hotel Forest Inn Limited	2,135	644	1,374,940	100	213,500
14	Solu Hydropower Limited	5,319	509	2,707,371	100	531,900
15	Ridge Line Energy Limited	760	713	541,880	100	76,000
16	Mahalaxmi Bikas Bank Limited	29,750	346	10,293,500	375	11,157,614
17	Kalanga Hydro Limited	1,801	473	851,873	100	180,100
18	Muktinath Bikas Bank Limited	86,934	363	31,548,349	388	33,724,768
19	Shikhar Power Development Limited	1,129	559	630,998	100	112,900
20	Sanigad Hydro Limited	2,945	462	1,360,590	100	294,500
21	Snow Rivers Limited	482	779	375,478	100	48,200
22	Sopan Pharmaceuticals Limited	2,193	780	1,710,540	100	219,300
23	Nepal Life Samriddhi Lagani Yojana	1,000,000	10	9,750,000	10	10,000,000
24	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	13,432	635	8,529,320	731	9,815,597
25	Sarbottam Cement Limited	14,464	772	11,166,208	885	12,805,801
26	Shivam Cements Limited	38,000	621	23,598,000	638	24,246,222
27	Citizens Santulit Yojana	1,000,000	9	9,020,000	10	10,000,000
28	Palpa Cement Industries Limited	2,858	595	1,700,510	100	285,800
29	Bhujung Hydropower Limited	534	681	363,654	100	53,400
30	Yambaling Hydropower Limited	1,137	556	632,172	100	113,700
31	Everest Colour Limited	409	100	40,900	100	40,900
32	Lumbini Bikas Bank Limited	39,500	483	19,094,300	511	20,169,950
33	Taksar Pikhuwa Khola Hydropower Limited	1,558	495	770,898	100	155,800
34	Oriental Hotel Limited	11,007	682	7,506,774	717	7,888,119
35	Nepal Bank Limited	43,000	262	11,248,800	254	10,907,716
36	Himalayan Reinsurance Limited	23,500	553	12,995,500	908	21,349,050
37	RSDC Laghubitta Bittiya Sanstha Limited	20,177	650	13,111,015	672	13,559,565

38	Nepal Reinsurance Company Limited	16,500	923	15,229,500	1,591	26,257,335
39	Himalayan Distillery Limited	31,000	1,140	35,340,000	1,164	36,095,345
40	Nabil Bank Limited	50,000	535	26,745,000	517	25,841,314
41	Butwal Power Company Limited	40,085	668	26,776,780	738	29,566,975
42	Global IME Bank Limited	53,000	240	12,720,000	234	12,380,631
43	Kumari Bank Limited	51,000	210	10,710,000	197	10,056,664
44	Sahas Urja Limited	21,000	636	13,356,000	597	12,536,619
45	Citizens Bank International Limited	35,000	197	6,891,500	212	7,423,500
46	Prabhu Bank Limited	63,000	190	11,944,800	199	12,553,272
47	SuryaJyoti Life Insurance Company Limited	34,010	413	14,046,130	432	14,678,262
48	Soaltee Hotel Limited	14,710	490	7,200,545	503	7,395,760
49	National Life Insurance Co. Limited	9,070	579	5,251,530	600	5,439,004
50	Prabhu Insurance Limited	28,720	668	19,187,832	660	18,942,010
51	Jyoti Bikas Bank Limited	33,000	339	11,187,000	342	11,283,790
52	Nepal Hydro Developers Limited	11,000	631	6,939,900	687	7,551,557
53	Mountain Energy Nepal Limited	17,282	569	9,831,730	607	10,497,860
54	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	21,900	752	16,466,610	793	17,372,133
55	Everest Bank Limited	25,000	695	17,375,000	694	17,344,975
56	Siddhartha Bank Limited	29,043	395	11,471,985	388	11,255,411
57	Nepal Investment Mega Bank Limited	13,000	190	2,470,000	212	2,758,650
58	Sanima Bank Limited	100,500	350	35,175,000	350	35,183,282
59	Arun Kabeli Power Limited	20,000	249	4,980,000	272	5,445,573
60	Nepal Life Insurance Co. Limited	38,973	750	29,221,955	766	29,850,579
	Sub-Total (A)	**3,346,255**		**659,932,400**		**688,148,244**
	UNLISTED					
1	Beni Hydropower Project Limited	532.00	100.00	53,200	100.00	53,200
2	Sanima Equity Fund II	500,000.00	10.00	5,000,000	10.00	5,000,000
3	Mount Everest Power Development Limited	887.00	100.00	88,700	100.00	88,700
4	Reliable Samriddhi Yojana-2	500,000.00	10.00	5,000,000	10.00	5,000,000
5	Siddhartha Equity Fund 2	500,000.00	10.00	5,000,000	10.00	5,000,000
6	Sarvottam Paints Industries Limited	441.00	100.00	44,100	100.00	44,100
7	Prabhu Insurance Ltd.	2,585.00	668.10	1,727,039	659.54	1,704,913
8	Nepal Life Insurance Co. Ltd.	1,117.00	749.80	837,527	765.93	855,543
	Sub-Total (B)	**1,505,562.00**		**17,750,565**		**17,746,456**
	Grand Total	**4,851,817**		**677,682,965**		**705,894,700**
Unrealized Gain / (Loss)						**(28,211,735)**
Less: Previous Year Unrealized Gain/(Loss)						-
Unrealized Gain / (Loss) This Year						**(28,211,735)**

14. Pre Operating Expenses

Pre-operating expenses represent expenses incurred prior to the commencement of the Fund's operations, including regulatory, legal, professional, and other establishment costs. Details of these expenses are as below:

S.N	Particulars	Ashad End 2083	Ashad End 2082
1	Pre Operating Expenses	5,216,402	-
	Total Amount	5,216,402	-

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15. Operating Expenses

S.N	Particulars	Ashad End 2083	Ashad End 2082
1	Fund Management Fee	9,558,085	-
2	Depository Fee	1,274,411	-
3	Supervisor Fee	637,206	-
4	Notice Publication Expenses	208,245	-
5	Scheme Audit Expenses	113,000	-
6	Bank Charges	1,901	-
7	Annual and Software fee- CDSC	120,000	-
8	Book Building Application Fee	10,000	-
9	Transaction Cost	2,696,142	-
10	SEBON Fee	1,500,000	-
11	DP Charge	15,400	-
	Total Amount	**16,134,391**	-

Expenses and Service Fees

All expenses are accounted on an accrual basis. Following fees incurred by the Scheme:
Up to Ashad End

- Fund Management Fees: 1.50% of Net Assets Value (NAV) *
- Depository Fees: 0.20% of NAV *
- Fund Supervisor Fees: 0.10% of NAV *

* NAV for this purpose is computed based on quarterly average of daily NAV. The fee is booked quarterly at the end of the First, Second, Third and Fourth quarter of the financial year (at the end of Ashwin 2082, Poush 2082, Chaitra 2082, and Ashad 2083).

Employees Related Expenses:

There are no current and future employee related expenses and liabilities as the fund is managed by NIC ASIA Capital Limited.

Fund Management, Depository and Supervisor Fee

Total Fund Management, Depository and Fund Supervisor Fees are calculated and recognized as per the mutual Fund Regulation, 2067. The total fees charged for FY 2082/83 is as follows:

FY	Fund Management Fee	Depository Fee	Supervisor Fee
2082/83	9,558,085	1,274,411	637,206

16. Financial Risk Management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's investment policy. It also seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair market value of those positions.

The management of these risks is carried out by the NIC ASIA Capital Limited, the fund management company. The fund supervisors provide principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure and mitigate different types of risk to which it is exposed.

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Market Risk

a. Price Risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Paragraph below sets out how this component of price risk is managed and measured. Investments are classified in the statement of financial position as at fair value through profit or loss and assets. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the management company. The Fund's policy requires that the overall market position is monitored daily by the Fund Management Company.

Investment Threshold

As per the Mutual Fund Regulation, 2067 investment in fixed deposit cannot be made more than 15% of Net Asset Value of the scheme. Scheme has not made any investment in fixed deposit as of Asadh End, 2083.

b. Foreign Exchange Rate Risk

The Fund is not exposed to the fluctuations in exchange rates. The Fund's all investments and transactions are denominated in NPR.

c. Cash Flow and Fair Value Interest Rate Risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates.

Financial instruments with fixed rates expose the Fund to fair value interest rate risk. The Fund's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest-bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model.

Credit Risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities.

Credit risk on cash and cash equivalents, other receivable balances.

In accordance with the Fund's policy, the Management Company monitors the Fund's credit position on a daily basis. The Fund can maximize the returns derived for the level of risk to which the Fund is exposed. The table below is a summary of the significant sector concentrations within the listed equity portfolio as on 32nd Ashad 2083.

Sector	Buying Amount	Market Value	Profit/(Loss)	Proportion
Commercial Banks	145,705,413	146,752,085	1,046,672	145,705,413
Development Banks	148,152,266	143,312,791	(4,839,475)	148,152,266
Hydro Power	73,117,400	76,817,678	3,700,278	73,117,400
Life Insurance	50,823,389	49,357,142	(1,466,247)	50,823,389
Microfinance	68,710,114	66,058,297	(2,651,818)	68,710,114
Mutual Fund	35,000,000	33,770,000	(1,230,000)	35,000,000
Non-Life Insurance	32,423,229	30,415,937	(2,007,293)	32,423,229
Hotels And Tourism	30,619,036	29,373,779	(1,245,257)	30,619,036
Manufacturing And Processing	73,737,469	73,600,258	(137,211)	73,737,469
Others	47,606,385	28,225,000	(19,381,385)	47,606,385
Total	**705,894,700**	**677,682,965**	**(28,211,735)**	**705,894,700**

Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of redeemable units. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market or can be readily disposed.

The Fund's listed securities are considered readily realizable, as all are listed on the Nepal Stock Exchange.

In accordance with the Fund's policy, the Management Company monitors the Fund's liquidity position on a daily basis.

17. Related Party Transactions

Related Parties:

I. Fund Sponsor: NIC ASIA Bank Limited
II. Fund Manager and Depository: NIC ASIA Capital Limited, a subsidiary of the Sponsor.
III. Shareholders holding substantial interest in the Fund Manager:
   - NIC ASIA Bank Limited
IV. Subsidiaries of Major Shareholders of Fund Manager with whom the Fund transacted:
   - None

The Scheme has entered into transactions with related parties' details of which is as follows:

a. Unit Holding of NIC ASIA Bank Limited (Fund Sponsor) amounts to NPR 150,000,000 (at par value of NPR 10 per unit)
b. NIC ASIA Equity Linked Investment Scheme has earned interest amounting to NPR 1,484,862.00 in call account maintained in NIC ASIA Bank Limited.
c. Fund Management and Depository Fees incurred by NIC ASIA Equity Linked Investment Scheme during the year amounted to NPR 9,558,085 of which NPR 2,766,467 was outstanding and payable to NIC ASIA Capital Limited as on 32nd Ashad 2083.

18. Contingent Liability

There is no contingent liability in respect of underwriting commitments, uncalled liability on partly paid shares and other commitments.

19. Previous Year's Balance

The Fund commenced operations during the current financial year. Accordingly, the comparative figures for the previous year are nil.

NAV Details: -

The details of the NAV Certified by auditor and the NAV at the end of the Financial Year is as follows:

Date	NAV
32nd Ashad 2083	9.58

20. Reporting

The Fund Manager has been reporting its Fund Management Activities to its Board and the Fund Supervisor on regular basis while the statutory reports are also forwarded in line with the prevailing regulations/guidelines on mutual funds.

NIC ASIA CAPITAL

T.N. ACHARYA & CO. Chartered Accountants Kathmandu