SUJAN KAFLE & ASSOCIATES
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Fund Manager and Unit Holders,
NIC Asia Balanced Fund.

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of NIC Asia Balanced Fund, which comprise the Statement of Financial Position as at 32nd Ashadh 2083 (16th July 2026), and the Statement of Profit or Loss, Statement of Changes in Net Assets 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 Balanced Fund as at 32nd Ashadh 2083 (16th July 2026), 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 measured at amortized cost; Financial Assets measured at amortized cost comprises of debenture constituting 28.94% 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 Measurement; NFRS 7 Financial Instruments: Disclosure.	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 so obtained were reconciled to the Scheme's records.

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	• We ensured the correctness of valuation of investment valued at amortized costs through verification of effective interest rate and amortization schedule
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 61.53% 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 Measurement; NFRS 7 Financial Instruments: Disclosure.	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. • For the investment made on quoted equity instruments, we ensured fair value based on close price against Nepal Stock Exchange as at 32nd Ashadh 2083.

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.

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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 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 fraud or error and are 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.

Sujan Kafle & Associates
Kathmandu
Nepal
Chartered Accountants

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.

Sujan Kafle & Associates
Kathmandu
Nepal
Chartered Accountants

CA Sujan Kumar Kafle
Managing Partner
Sujan Kafle & Associates,
Chartered Accountants

Date: 2026.08.14
Place: Kathmandu, Nepal
UDIN: 260814CA00275DXwRf

NIC ASIA Balanced Fund

(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	Ashad End 2083	Ashad End 2082
Capital and Liabilities			
Unit Capital	I	755,000,000	755,000,000
Reserves and Surplus	II	9,870,823	107,380,056
Current Liabilities and Provisions	III	3,786,232	21,021,612
Total		**768,657,055**	**883,401,668**
Assets			
Investments in Debentures	IV	221,729,000	217,737,000
Investment in Fixed Deposit	V	-	30,000,000
Investments in Shares	VI	471,379,693	409,792,576
Bank Balances	VII	52,945,093	141,288,288
Other Current Assets	VIII	22,603,269	84,583,804
Total		**768,657,055**	**883,401,668**

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

Bimal Kumar Shah
Mutual Fund- Incharge

NIC ASIA CAPITAL

P. Shakya

Pragya Ratna Shakya
Chief Operating Officer

Ramendra

Ramendra Rayamajhi
Chief Executive Officer

Date:2026.08.11
Place : Kathmandu

Sujan Kafle & Associates
Kathmandu
Nepal
Chartered Accountants

NIC ASIA Balanced Fund

(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Ltd.)

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

In NPR

Particulars	Notes	Ashad End 2083	Ashad End 2082
Assets			
Non Current Assets			
Financial Asset Measured at Amortised Cost	3	221,729,000	217,737,000
Current Assets			
Cash and Cash Equivalents	4	52,945,093	141,288,288
Interest Receivable	5	9,633,948	9,653,496
Dividend Receivable	5	11,448	605,681
Other Assets	6	12,957,874	74,324,626
Financial Asset Measured at Amortised Cost	7	-	30,000,000
Financial Assets Measured at Fair Value Through Profit or Loss	8	471,379,693	409,792,576
Total		**768,657,055**	**883,401,668**
Liabilities			
Current Liabilities			
Accrued Expenses & Other Payables	9	3,786,232	21,021,612
Liabilities (Excluding Net Assets Attributable to Unitholders		**3,786,232**	**21,021,612**
Unit Holder's Funds			
Net Assets Attributable to Unit Holders	10	764,870,823	862,380,056
Total		**768,657,055**	**883,401,668**
NAV per unit		**10.13**	**11.42**

Explanatory Notes form integral part of Financial Statements

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

As per our Report of even date

Bimal Kumar Shah
Mutual Fund- Incharge

Pragya Ratna Shakya
Chief Operating Officer

Ramendra Rayamajhi
Chief Executive Officer

Satish Khadka
Director

Rupesh Luitel
Chairman

CA Sujan Kafle
Sujan Kafle & Associates
Chartered Accountants

Rabin Sapkota
Independent Director

Suman Dangol
Independent Director

Date:2026.08.11
Place : Kathmandu

NIC ASIA Balanced Fund

(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Ltd.)

Statement of Profit or Loss

For the Period from 1st Shrawan, 2082 to 32nd Ashad, 2083 (17th July, 2025 to 16th July, 2026)

In NPR

Particulars	Notes	FY 2082/83	FY 2081/82
Income			
Realised Income			
Interest Income	11	22,481,100	25,629,304
Dividend Income	12	7,178,541	8,355,492
Net Gain/(Loss) on Sale of Financial Assets	13	32,298,453	55,706,457
Other Income	14	31,147	100,100
Unrealised Income			
Fair Value Gains/(losses)	15	(68,411,150)	28,341,356
Total		**(6,421,909)**	**118,132,709**
Operating Expenses	16		
Fund Management Fee		11,541,843	12,666,742
Depository Fee		1,538,912	1,688,899
Fund Supervisor Fee		769,456	844,449
Annual Listing fee		50,000	50,000
Scheme Audit Fee		113,000	113,000
CDSC Annual Fee		120,000	120,000
Bank Charges		3,264	2,681
Books and Publications		231,930	449,480
Book Building License Fee		5,000	5,000
Transaction Cost		1,388,247	563,978
SEBON Fee		-	3,000
Other Expenses		-	566
Total		**15,761,653**	**16,507,794**
Profit (Loss) for the period		**(22,183,562)**	**101,624,915**
Other Comprehensive income			
Increase/(Decrease) in Net Assets Attributable to Unitholders		**(22,183,562)**	**101,624,915**

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

As per our Report of even date

Bimal Kumar Shah
Mutual Fund- Incharge

Pragya Ratna Shakya
Chief Operating Officer

Ramendra Rayamajhi
Chief Executive Officer

Satish Khadka
Director

Rupesh Luitel
Chairman

CA Sujan Kafle
Sujan Kafle & Associates
Chartered Accountants

Rabin Sapkota
Independent Director

Suman Dangol
Independent Director

Date:2026.08.11
Place : Kathmandu

NIC ASIA Balanced Fund

(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Ltd.)

Statement of Cash Flow

For the Period from 1st Shrawan, 2082 to 32nd Ashad, 2083 (17th July, 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	(22,183,562)	101,624,915
Adjustments for:		
Prior Period Adjustment	(580,671)	
(Increase)/Decrease in Unrealised (gain)/loss on financial assets held for trading purposes	68,411,150	(28,341,356)
Increase/(Decrease) in Liabilities	(17,235,380)	16,530,153
(Increase)/Decrease in Share	(129,998,267)	50,166,174
(Increase)/Decrease in Other Assets	87,988,535	(11,873,822)
Net cash generated/(used) in Operations (A)	**(13,598,195)**	**128,106,064**
B. Cash Flow from Financing Activities		
Increase/(Decrease) in Unit Capital	-	-
Dividend Paid during the year (net of tax)	(74,745,000)	(69,837,500)
Net cash generated/(used) in Financing (B)	**(74,745,000)**	**(69,837,500)**
C. Cash Flow from Investing Activities	-	-
Net cash generated/(used) in Investing (C)	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	***(88,343,195)***	***58,268,564***
Cash and Cash Equivalents at beginning of the year/period	141,288,288	83,019,724
Cash and Cash Equivalents at end of period	**52,945,093**	**141,288,288**
Components of Cash and Cash Equivalents		
Balance with Banks	**52,945,093**	**141,288,288**

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

As per our Report of even date

Bimal Kumar Shah
Mutual Fund- Incharge

Pragya Ratna Shakya
Chief Operating Officer

Ramendra Rayamajhi
Chief Executive Officer

Satish Khadka
Director

Rupesh Luitel
Chairman

CA Sujan Kafle
Sujan Kafle & Associates
Chartered Accountants

Rabin Sapkota
Independent Director

Suman Dangol
Independent Director

Date:2026.08.11
Place : Kathmandu

NIC ASIA Balanced Fund

(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Ltd.)

Statement of Changes in Net Assets

For the Period from 1st Shrawan, 2082 to 32nd Ashad, 2083 (17th July, 2025 to 16th July, 2026)

In NPR

Particular	Unit Capital	Realized Profit	Unrealized Profit	Total
Issue of Unit Capital	755,000,000			755,000,000
Net Profit (Loss) Last Year		71,452,597	4,140,044	75,592,641
Net Profit (Loss) During the year		73,283,559	28,341,356	101,624,915
Dividend Paid		(69,837,500)		(69,837,500)
Balanco as on 32/03/2082	**755,000,000**	**74,898,656**	**32,481,400**	**862,380,056**
Prior Period Adjustment		(580,671)		(580,671)
Issue of Unit Capital	755,000,000			755,000,000
Net Profit (Loss) Last Year		74,898,656	32,481,400	107,380,056
Net Profit (Loss) During the year		46,227,588	(68,411,150)	(22,183,562)
Dividend Paid		(74,745,000)		(74,745,000)
Balance as on 32/03/2083	**755,000,000**	**45,800,573**	**(35,929,750)**	**764,870,823**

NAV Per Unit	10.13

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

As per our Report of even date

Bimal Kumar Shah
Mutual Fund- Incharge

NIC ASIA CAPITAL

Pragya Ratna Shakya
Chief Operating Officer

Ramendra Rayamajhi
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Sujan Kafle & Associates
Chartered Accountants

Sujan Kafle & Associates Kathmandu Nepal Chartered Accountants

Rabin Sapkota
Independent Director

Suman Dangol
Independent 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 Balanced Fund**
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. Narayan Sundar Shilpakar
Total Units of Scheme:	75,500,000 (Seventy-Five Million Five Hundred Thousand units)
Total Unit Capital:	NPR 755,000,000 (NPR Seven Hundred Fifty-Five Million Rupees Only)
Scheme type:	Close-Ended

NIC ASIA Balanced Fund (the Scheme) under NIC ASIA Bank Mutual Fund (the Fund) is registered under Mutual Fund Regulations, 2067 as a closed-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 12 Bhadra 2076 (Scheme allotment date) B.S. with maturity period of 10 years (i.e., 11 Bhadra 2086 B.S.) It was listed in NEPSE on 29th Aswin 2076. 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 the approval of Financial Statements has been shared with Fund Supervisors.

NIC ASIA Bank Limited (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.

NIC ASIA CAPITAL

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

Holder	Capacity	No. of Units	Holding Amount @ NPR 10 Each	Holding (%)
NIC ASIA Bank Limited	Fund Sponsor	17,500,000	175,000,000	23.18
NIC ASIA Capital Limited	Fund Manager	1,355,700	13,557,000	1.80
General Public	General	56,644,300	566,443,000	75.02
Total		**75,500,000**	**755,000,000**	**100**

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 and other assets such as interest and dividend receivable, bank balances divided by total number of scheme units on a weekly basis in accordance with the prevailing regulations/guidelines on mutual funds and publishes the same on its official website: www.nicasiacapital.com every week. 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 Scheme and does not extend to a right to the underlying assets of the Scheme. There are no separate classes of units, and each unit has the same rights attached to it as all other units of the Scheme. The Scheme 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 Scheme is subject to daily changes in Market Price of equities at Nepal Stock Exchange.

1.4. Taxation

Finance Act FY 2078/79 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:

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 compliance with the Securities Act, 2063, Mutual Fund Regulations, 2067 and Mutual Fund Guidelines, 2069.

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2.1.2. Accounting Convention

The Financial Statements are prepared and presented under the historical cost convention and on the accrual basis in conformity with Nepal Financial Reporting Standards. Except for the following items which were measured or recognized as stated.

Investment Classified as FVTPL are measured at Fair Value.

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 financial statements for the year ended 32nd Ashad, 2083. The comparative information covers the period from 1st Shrawan 2081 to 31st Ashad 2082.

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 financial assets measured at amortized cost (bonds and debenture & Fixed Deposit), financial assets measured at fair value through profit or loss, other assets 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 Scheme's 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:

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- **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 instrument that is not held for trading and at the initial recognition, the Scheme makes an irrevocable election that the subsequent changes in fair value of the instrument 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 Other Comprehensive Income. (FVTOCI)

ii) Financial Liabilities

The Scheme 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 the 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 though profit or loss are classified as subsequently measured at amortized cost using an effective interest rate method.

b) Recognition / De- recognition

The Scheme 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.

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De-recognition of Financial Asset

Fund derecognizes Financial Asset when the contractual right to receive cash flows from the financial asset expires or the Scheme 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 now 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 Asset or Liability classified as measured at amortized cost is subsequently measured at amortized cost using an effective interest rate method.

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 are expensed off immediately in statement of profit or loss.

Measurement of Financial Assets/Liabilities at Fair Value

The Scheme 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.

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(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 Scheme 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 script due to merger & acquisition, the 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.

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- 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.

3. Financial Asset Measured at Amortized Cost

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

S.N.	Particulars	Unit	Value per Unit	Ashad End 2083	Ashad End 2082
	Non-Current Assets				
	Asset measured at amortized cost				
1.	10.25% MBL Debenture	30,000	1,000	30,000,000	30,000,000
2.	10.25% SBL Debenture 2083	32,806	1,000	32,806,000	32,806,000
3.	12% ICFC Finance Debenture 2083	800	1,000	800,000	800,000
4.	10.25% KBL Debenture 2086	20,000	1,000	20,000,000	20,000,000
5.	10.35% ADBL Krishi Bank Rinpatra 2083	5,229	1,000	5,229,000	5,229,000
6.	10% Prabhu Bank Debenture 2084	8,000	1,000	8,000,000	8,000,000
7.	8.5% Global IME Bank Limited Debenture 2086/87	12,500	1,000	12,500,000	12,500,000
8.	8.5% Prabhu Bank Debenture 2087	25,000	1,000	25,000,000	25,000,000
9.	8.5% RBBL Debenture 2083	10,927	1,000	10,927,000	10,927,000
10.	10.25% Civil Bank Debenture 2088	4,020	1,000	4,020,000	4,020,000
11.	9% Jyoti Bikas Bank Bond 2087	8,955	1,000	8,955,000	8,955,000
12.	8.75% Garima Debenture 2085	2,000	1,000	2,000,000	2,000,000
13.	10.50% Century Debenture 2088	20,000	1,000	20,000,000	20,000,000
14.	10.75 % SBL Debenture 2089	15,000	1,000	15,000,000	15,000,000
15.	11.25% Global IME Bank Debenture 2084/85	15,000	1,000	15,000,000	15,000,000
16.	11% LBBL Debenture 2089	7,500	1,000	7,500,000	7,500,000
17.	8% ICFC Finance Limited Debenture 2089	555	1,000	555,000	-
18.	6.25% Prime Bank Debenture 2093	1,955	1,000	1,955,000	-
19.	7% Laxmi Sunrise Debenture 2092	1,482	1,000	1,482,000	-
	Total Amount	**221,729**		**221,729,000**	**217,737,000**

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.	Kamana Sewa Bikas Bank Limited	7,062	7,389
2.	NIC ASIA Bank Limited	52,727,430	139,816,121
3.	Muktinath Bikas Bank Limited	28,944	29,547
4.	Lumbini Bikas Bank Limited	12,814	12,824
5.	Shangrila Development Bank Limited	58,614	1,312,205
6.	Garima Bikas Bank Limited	110,230	110,202
	Total Amount	**52,945,093**	**141,288,288**

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.

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5. **Receivables:**

S.N.	Particulars	Ashad End 2083	Ashad End 2082
1.	Dividend Receivable	11,448	605,681
2.	Interest receivable	9,633,948	9,653,496
	Total Amount	**9,645,395**	**10,259,178**

6. **Other 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.	Broker Receivable	12,957,874	71,824,626
2.	IPO Advance	-	2,500,000
	Total Amount	**12,957,874**	**74,324,626**

7. **Financial Asset Measured at Amortized Cost**

Financial Assets Measured at Amortized Cost comprises of fixed deposits which are as follows:

S.N.	Particulars	Ashad End 2083	Ashad End 2082
1.	Shangrila Development Bank Limited	-	30,000,000
	Total Amount	**-**	**30,000,000**

8. **Financial Assets Measured at Fair Value Through Profit or Loss:**

S.N.	Name	Ashad End 2083			Fair Value Hierarchy
		Unit	Value per unit	Value Amount	
	LISTED				
1.	Agricultural Development Bank Limited	38,000	309.00	11,742,000	Level 1
2.	Nepal Investment Mega Bank Limited Promoter Share	23,023	143.00	3,292,289	Level 1
3.	Nabil Bank Limited	13,418	534.90	7,177,288	Level 1
4.	Sanima Bank Limited	16,000	350.00	5,600,000	Level 1
5.	NMB Bank Limited	86,953	239.50	20,825,244	Level 1
6.	Machhapuchhre Bank Limited	10,500	248.00	2,604,000	Level 1
7.	Himalayan Bank Limited	45,274	194.50	8,805,793	Level 1
8.	Siddhartha Bank Limited	6,989	395.00	2,760,655	Level 1
9.	Nepal SBI Bank Limited	20,000	392.90	7,858,000	Level 1
10.	Global IME Bank Limited	37,000	240.00	8,880,000	Level 1
11.	Everest Bank Limited	60	695.00	41,700	Level 1
12.	Citizens Bank International Limited	37,961	196.90	7,474,521	Level 1
13.	Nepal Investment Mega Bank Limited	28,160	190.00	5,350,400	Level 1
14.	Garima Bikas Bank Limited	12,650	403.80	5,108,070	Level 1
15.	Kamana Sewa Bikas Bank Limited	5,000	474.00	2,370,000	Level 1
16.	Shangrila Development Bank Limited	24,307	404.00	9,820,028	Level 1
17.	Muktinath Bikas Bank Limited	20,000	362.90	7,258,000	Level 1
18.	Butwal Power Company Limited	7,000	668.00	4,676,000	Level 1
19.	National Life Insurance Company Limited	25,611	579.00	14,828,769	Level 1

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20.	Asian Life Insurance Company Limited	62,001	419.00	25,978,419	Level 1
21.	Himalayan Life Insurance Limited	13,459	321.80	4,331,106	Level 1
22.	SuryaJyoti Life Insurance Company Limited	15,540	413.00	6,418,020	Level 1
23.	Sanima Reliance Life Insurance Limited	17,988	378.80	6,813,854	Level 1
24.	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	27,876	635.00	17,701,260	Level 1
25.	Swabalamban Laghubitta Bittiya Sanstha Limited	9,904	643.00	6,368,272	Level 1
26.	IGI Prudential insurance Limited	26,325	449.00	11,819,925	Level 1
27.	Himalayan Everest Insurance Limited	23,100	520.00	12,012,000	Level 1
28.	Siddhartha Premier Insurance Limited	23,000	741.00	17,043,000	Level 1
29.	Prabhu Bank Limited	75,000	189.60	14,220,000	Level 1
30.	Prime Commercial Bank Limited	20,000	239.90	4,798,000	Level 1
31.	Nepal Life Insurance Company Limited	57,101	749.80	42,814,330	Level 1
32.	Neco Insurance Limited	16,843	610.00	10,274,230	Level 1
33.	Prabhu Insurance Company Limited	25,001	668.10	16,703,168	Level 1
34.	Sagarmatha Lumbini Insurance Company Limited	48,624	605.00	29,417,520	Level 1
35.	Nepal Doorsanchar Company Limited	11,800	857.50	10,118,500	Level 1
36.	Kumari Sabal Yojana	500,000	10.03	5,015,000	Level 1
37.	Sarbottam Cement Limited	12,125	772.00	9,360,500	Level 1
38.	NIBL Stable Fund	1,000,000	9.04	9,040,000	Level 1
39.	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	7,292	751.90	5,482,855	Level 1
40.	NMB Microfinance Bittiya Sanstha Limited	8,132	593.00	4,822,276	Level 1
41.	Api Power Company Limited	18,000	320.70	5,772,600	Level 1
42.	Jyoti Bikas Bank Limited	11,000	339.00	3,729,000	Level 1
43.	Hotel Forest Inn Limited	1,171	644.00	754,124	Level 1
44.	Mountain Energy Nepal Limited	5,000	568.90	2,844,500	Level 1
45.	Solu Hydropower Limited	2,952	509.00	1,502,568	Level 1
46.	Bhujung Hydropower Limited	293	681.00	199,533	Level 1
47.	Super Khudi Hydropower Limited	452	818.00	369,736	Level 1
48.	Ridge Line Energy Limited	414	713.00	295,182	Level 1
49.	Suryakunda Hydro Electric Limited	201	874.30	175,734	Level 1
50.	Shikhar Power Development Limited	612	558.90	342,047	Level 1
51.	Kalinchowk Hydropower Limited	224	916.00	205,184	Level 1
52.	Appolo Hydropower Limited	255	819.00	208,845	Level 1
53.	Taksar Pikhuwa Khola Hydropower Limited	814	494.80	402,767	Level 1
54.	Yambaling Hydropower Limited	593	556.00	329,708	Level 1
55.	Snow Rivers Limited	252	779.00	196,308	Level 1
56.	Sanigad Hydro Limited	1,515	462.00	699,930	Level 1
57.	Kalanga Hydro Limited	937	473.00	443,201	Level 1
58.	Nepal Reinsurance Company Limited	5,000	923.00	4,615,000	Level 1
59.	Shivam Cements Limited	10,999	621.00	6,830,379	Level 1
60.	Global IME Samunnat Yojana -II	250,000	9.98	2,495,000	Level 1
61.	Citizens Santulit Yojana	500,000	9.02	4,510,000	Level 1
62.	Himalayan Distillery Limited	2,000	1,140.00	2,280,000	Level 1
63.	Nepal Life Samriddhi Lagani Yojana	1,000,000	9.75	9,750,000	Level 1
64.	Palpa Cements Industries Limited	1,556	595.00	925,820	Level 1

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65.	Sopan Pharmaceuticals Limited	1,165	780.00	908,700	Level 1
66.	Everest Colour Limited	210	100.00	21,000	Level 1
	SUB-Total A	**4,274,632**		**457,831,858**	
	UNLISTED				
1	Beni Hydropower Project Limited - IPO	282	100.00	28,200	Level 2
2	Mount Everest Power Development Limited-IPO	458	100.00	45,800	Level 2
3	Nepal Life Insurance Company Limited - Bonus Share	2,665	749.80	1,998,217	Level 2
4	Prabhu Insurance Company Limited - Bonus	2,175	668.10	1,453,118	Level 2
5	Sarvottam Paints Industries Limited-IPO	225	100.00	22,500	Level 2
6	Sanima Equity Fund II-IPO	500,000	10.00	5,000,000	Level 2
7	Siddhartha Equity Fund 2-IPO	500,000	10.00	5,000,000	Level 2
	Sub-Total (B)	**1,005,805**		**13,547,835**	
	Grand Total	**5,280,437**		**471,379,693**	

S.N.	Name	Ashad End 2082			Fair Value Hierarchy
		Unit	Value per unit	Value Amount	
	LISTED				
1.	Agricultural Development Bank Limited	45,500	327.13	14,884,415	Level 1
2.	Nepal Investment Mega Bank Limited Promoter Share	23,023	168.00	3,867,864	Level 1
3.	Nabil Bank Limited	18,000	541.37	9,744,660	Level 1
4.	Sanima Bank Limited	10,000	374.77	3,747,700	Level 1
5.	NMB Bank Limited	63,301	269.72	17,073,546	Level 1
6.	Machhapuchhre Bank Limited	18,000	259.41	4,669,380	Level 1
7.	Himalayan Bank Limited	23,024	237.30	5,463,595	Level 1
8.	Siddhartha Bank Limited	9,000	383.77	3,453,930	Level 1
9.	Nepal SBI Bank Limited	18,000	439.98	7,919,640	Level 1
10.	Global IME Bank Limited	33,000	259.57	8,565,810	Level 1
11.	Kumari Bank Limited	16,000	219.77	3,516,320	Level 1
12.	Everest Bank Limited	7,183	701.56	5,039,305	Level 1
13.	Citizens Bank International Limited	29,653	228.28	6,769,187	Level 1
14.	Nepal Investment Mega Bank Limited	17,660	231.02	4,079,813	Level 1
15.	Kamana Sewa Bikas Bank Limited	7,000	500.69	3,504,830	Level 1
16.	Shangrila Development Bank Limited	3,626	462.82	1,678,185	Level 1
17.	Muktinath Bikas Bank Limited	7,000	405.92	2,841,440	Level 1
18.	National Life Insurance Company Limited	17,025	623.58	10,616,450	Level 1
19.	Asian Life Insurance Company Limited	29,077	498.36	14,490,814	Level 1
20.	Himalayan Life Insurance Limited	7,959	407.11	3,240,188	Level 1
21.	SuryaJyoti Life Insurance Company Limited	10,540	446.69	4,708,113	Level 1
22.	Sanima Reliance Life Insurance Limited	4,994	410.19	2,048,489	Level 1
23.	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	23,549	768.71	18,102,352	Level 1
24.	Swabalamban Laghubitta Bittiya Sanstha Limited	7,500	881.44	6,610,800	Level 1
25.	Chhimek Laghubitta Bittiya Sanstha Limited	9,467	1,035.98	9,807,623	Level 1
26.	Deprosc Laghubitta Bittiya Sanstha Limited	4,129	882.25	3,642,810	Level 1

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27.	IGI Prudential insurance Limited	20,825	556.99	11,599,317	Level 1
28.	Himalayan Everest Insurance Limited	17,600	616.36	10,847,936	Level 1
29.	Siddhartha Premier Insurance Limited	13,000	840.35	10,924,550	Level 1
30.	Kumari Equity Fund	700,000	9.95	6,965,000	Level 1
31.	RBB Mutual Fund 1	500,000	9.96	4,980,000	Level 1
32.	RBB Mutual Fund 2	500,000	10.08	5,040,000	Level 1
33.	Sanima Growth Fund	1,500,000	10.32	15,480,000	Level 1
34.	Prabhu Bank Limited	55,000	221.89	12,203,950	Level 1
35.	Prime Commercial Bank Limited	20,000	276.31	5,526,200	Level 1
36.	Laxmi Sunrise Bank Limited	25,000	238.74	5,968,500	Level 1
37.	Jyoti Bikas Bank Limited	4,500	351.54	1,581,930	Level 1
38.	Nepal Life Insurance Company Limited	41,808	772.97	32,316,330	Level 1
39.	Neco Insurance Limited	5,107	710.36	3,627,809	Level 1
40.	Prabhu Insurance Limited	12,118	921.26	11,163,829	Level 1
41.	Sagarmatha Lumbini Insurance Company Limited	43,124	726.09	31,311,905	Level 1
42.	Nepal Doorsanchar Company Limited	2,200	877.27	1,929,994	Level 1
43.	Kumari Sabal Yojana	500,000	10.00	5,000,000	Level 1
44.	Sarbottam Cement Limited	8	865.81	6,926	Level 1
45.	NIBL Stable Fund	1,000,000	9.89	9,890,000	Level 1
46.	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	2,306	884.41	2,039,449	Level 1
47.	NMB Microfinance Bittiya Sanstha Limited	5,132	745.13	3,824,007	Level 1
48.	Jeevan Bikas Laghubitta Bittya Sanstha Limited	23	1,497.27	4,437	Level 1
49.	Api Power Company Limited	25,000	295.92	7,398,000	Level 1
50.	Pure Energy Limited	691	871.71	602,352	Level 1
51.	Sun Nepal Life Insurance Company Limited	459	490.64	225,204	Level 1
52.	Guardian Micro Life Insurance Limited	1,189	2,194.29	2,609,011	Level 1
53.	Nepal Micro Insurance Company Limited	1,225	1,559.40	1,910,265	Level 1
54.	Crest Micro Life Insurance Limited	1,225	1,364.36	1,671,341	Level 1
55.	Sunrise Focused Equity Fund	1,000,000	10.04	10,040,000	Level 1
56.	Om Megashree Pharmaceuticals Limited	870	1,517.76	1,320,451	Level 1
57.	Trade Tower Limited	1,675	100.00	167,500	Level 1
58.	Samaj Laghubittya Bittiya Sanstha Limited	17	2,400.00	40,800	Level 1
	SUB-Total A	**6,463,312**		**398,334,251**	
	UNLISTED				
1	Sanvi Energy Limited - IPO	1,228	100.00	122,800	Level 2
2	Him Star Urja Company Limited - IPO	387	100.00	38,700	Level 2
3	Bikash Hydropower Company Limited-IPO	1,477	100.00	147,700	Level 2
4	National Life Insurance Company Limited- Bonus Share	975	623.58	607,991	Level 2
5	Neco Insurance Limited- Bonus Share	893	710.36	634,351	Level 2
6	Asian Life Insurance Company Limited - Bonus	2,750	498.36	1,370,490	Level 2
7	Asian Life Insurance Company Limited - Value of Right	16,415	520.03	8,536,292	Level 3
	Sub-Total (B)	**24,125**		**11,458,324**	
	Grand Total	**6,487,437**		**409,792,576**	

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9. Accrued Expenses 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	-	16,970,731
2	Time Media	50,000	65,000
3	Scheme Audit Fee Payable	111,500	111,500
4	Fund Management Fee Payable	2,944,882	3,148,892
5	Depository Fee Payable	392,651	419,852
6	Supervisor Fee Payable	204,772	216,509
7	TDS Payable	82,427	89,128
	Total Amount	**3,786,232**	**21,021,612**

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

10. Net Assets Attributable to Unit Holders

S.N.	Particulars	Ashad End 2083	Ashad End 2082
1	Unit Capital	755,000,000	755,000,000
2	Reserve	9,870,823	107,380,056
	Total Amount	**764,870,823**	**862,380,056**

10.1. Unit Capital

The unit capital of fund is as follows:

S.N.	Particulars	Ashad End, 2083	Ashad End, 2082
1.	Unit Capital Account	566,443,000	566,443,000
2.	Unit Seed Capital Account	188,557,000	188,557,000
	Total Amount	**755,000,000**	**755,000,000**

10.2. Reserve

Reserve is the cumulative net earnings or profit after accounting for dividends and is sometimes referred to as the earnings surplus. Reserve balance is the net earnings after dividend that is available for reinvestment in the company's core business or to pay down its debt. It is recorded under equity in the Statement of Financial Position.

Particulars	Ashad End 2083	Ashad End 2082
Opening Reserve	107,380,056	75,592,641
Prior Period Adjustment	(580,671)	-
Add: Current Year Profit/(Loss)	(22,183,562)	101,624,915
Less: Dividend Paid	(74,745,000)	(69,837,500)
Total	**9,870,823**	**107,380,056**

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10.2.1. Prior Period Adjustment:

The details of prior period adjustments are as follows:

Date	Script	Fiscal Year	Amount	Remarks
17/12/2021	NBL	2077/78	299,085	The dividend income was received and credited to the bank on 2022-03-14.
13/4/2022	SIL	2077/78	78,690	The bonus share was booked as cash dividend erroneously.
13/1/2023	MLBL	2078/79	73,337	The dividend income was received and credited to the bank on 2023-01-14
17/6/2022	ADBL	2077/78	53,456	The dividend income was received and credited to the bank on 2022-05-27.
10/7/2022	PRVU	2077/78	30,339	The dividend income was received and credited to the bank on 2022-02-17
16/1/2022	LBL	2077/78	21,767	The dividend income was received and credited to the bank on 2021-12-27.
	Other Cash Dividend (Less than NPR.10,000)		23,997	Dividend accounting discrepancies noted, including unreversed or incorrectly recognized dividend receivables, incomplete reversal entries, overstatement of dividend income, excess dividend booking, and related TDS adjustments. Necessary correction and reversal entries are required.
Total Cash Dividend Adjusted			**580,671**	

11. Interest Income

S.N.	Particulars	Ashad End 2083	Ashad End 2082
1.	Interest Income from Bank, Fixed Deposits and Debenture	22,481,100	25,629,304
	Total Amount	**22,481,100**	**25,629,304**

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.

12. Dividend Income

S.N.	Particulars	Ashad End 2083	Ashad End 2082
1.	Dividend Income	7,178,541	8,355,492
	Total Amount	**7,178,541**	**8,355,492**

Dividend income is recognized after a resolution passed by the Annual General Meeting.

13. Gain on Sale of Stocks

S.N.	Particulars	Ashad End 2083	Ashad End 2082
1.	Gain on Sale of Stocks	32,298,453	55,706,457
	Total Amount	**32,298,453**	**55,706,457**

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14. Other Income

S.N.	Particulars	Ashad End 2083	Ashad End 2082
1	Underwriting Income	-	100,000
2	Other Income	31,147	100
	Total Amount	**31,147**	**100,100**

15. Net Unrealized Gains/Losses on Financial Assets at Fair Value through Profit and Loss

S.N.	Name	Ashad End 2083				
		Unit	Value per unit	Value Amount	Cost Price	Total Cost
	LISTED					
1	Agricultural Development Bank Limited	38,000	309.00	11,742,000	282.13	10,720,821
2	Nepal Investment Mega Bank Limited Promoter Share	23,023	143.00	3,292,289	269.40	6,202,354
3	Nabil Bank Limited	13,418	534.90	7,177,288	474.62	6,368,516
4	Sanima Bank Limited	16,000	350.00	5,600,000	337.02	5,392,303
5	NMB Bank Limited	86,953	239.50	20,825,244	262.14	22,794,093
6	Machhapuchhre Bank Limited	10,500	248.00	2,604,000	212.77	2,234,055
7	Himalayan Bank Limited	45,274	194.50	8,805,793	277.75	12,574,970
8	Siddhartha Bank Limited	6,989	395.00	2,760,655	369.73	2,584,023
9	Nepal SBI Bank Limited	20,000	392.90	7,858,000	381.71	7,634,295
10	Global IME Bank Limited	37,000	240.00	8,880,000	220.13	8,144,789
11	Everest Bank Limited	60	695.00	41,700	626.58	37,595
12	Citizens Bank International Limited	37,961	196.90	7,474,521	220.57	8,373,166
13	Nepal Investment Mega Bank Limited	28,160	190.00	5,350,400	207.76	5,850,420
14	Garima Bikas Bank Limited	12,650	403.80	5,108,070	413.10	5,225,710
15	Kamana Sewa Bikas Bank Limited	5,000	474.00	2,370,000	439.36	2,196,814
16	Shangrila Development Bank Limited	24,307	404.00	9,820,028	434.07	10,550,970
17	Muktinath Bikas Bank Limited	20,000	362.90	7,258,000	351.61	7,032,237
18	Butwal Power Company Limited	7,000	668.00	4,676,000	739.57	5,177,000
19	National Life Insurance Company Limited	25,611	579.00	14,828,769	581.61	14,895,707
20	Asian Life Insurance Company Limited	62,001	419.00	25,978,419	452.47	28,053,613
21	Himalayan Life Insurance Limited	13,459	321.80	4,331,106	383.24	5,157,964
22	SuryaJyoti Life Insurance Company Limited	15,540	413.00	6,418,020	438.43	6,813,212
23	Sanima Reliance Life Insurance Limited	17,988	378.80	6,813,854	424.33	7,632,867
24	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	27,876	635.00	17,701,260	772.02	21,520,694
25	Swabalamban Laghubitta Bittiya Sanstha Limited	9,904	643.00	6,368,272	760.60	7,532,994
26	IGI Prudential insurance Limited	26,325	449.00	11,819,925	561.14	14,772,085
27	Himalayan Everest Insurance Limited	23,100	520.00	12,012,000	620.26	14,327,892
28	Siddhartha Premier Insurance Limited	23,000	741.00	17,043,000	821.18	18,887,248
29	Prabhu Bank Limited	75,000	189.60	14,220,000	202.82	15,211,773
30	Prime Commercial Bank Limited	20,000	239.90	4,798,000	223.53	4,470,700
31	Nepal Life Insurance Company Limited	57,101	749.80	42,814,330	766.02	43,740,351

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32	Neco Insurance Limited	16,843	610.00	10,274,230	652.66	10,992,764
33	Prabhu Insurance Limited	25,001	668.10	16,703,168	680.22	17,006,236
34	Sagarmatha Lumbini Insurance Company Limited	48,624	605.00	29,417,520	728.16	35,406,080
35	Nepal Doorsanchar Company Limited	11,800	857.50	10,118,500	877.08	10,349,546
36	Kumari Sabal Yojana	500,000	10.03	5,015,000	10.00	5,000,000
37	Sarbottam Cement Limited	12,125	772.00	9,360,500	929.60	11,271,449
38	NIBL Stable Fund	1,000,000	9.04	9,040,000	10.00	10,000,000
39	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	7,292	751.90	5,482,855	750.73	5,474,339
40	NMB Microfinance Bittiya Sanstha Limited	8,132	593.00	4,822,276	859.14	6,986,540
41	Api Power Company Limited	18,000	320.70	5,772,600	295.46	5,318,333
42	Jyoti Bikas Bank Limited	11,000	339.00	3,729,000	332.71	3,659,832
43	Hotel Forest Inn Limited	1,171	644.00	754,124	100.00	117,100
44	Mountain Energy Nepal Limited	5,000	568.90	2,844,500	623.60	3,118,000
45	Solu Hydropower Limited	2,952	509.00	1,502,568	100.00	295,200
46	Bhujung Hydropower Limited	293	681.00	199,533	100.00	29,300
47	Super Khudi Hydropower Limited	452	818.00	369,736	100.00	45,200
48	Ridge Line Energy Limited	414	713.00	295,182	100.00	41,400
49	Suryakunda Hydro Electric Limited	201	874.30	175,734	100.00	20,100
50	Shikhar Power Development Limited	612	558.90	342,047	100.00	61,200
51	Kalinchowk Hydropower Limited	224	916.00	205,184	100.00	22,400
52	Appolo Hydropower Limited	255	819.00	208,845	100.00	25,500
53	Taksar Pikhuwa Khola Hydropower Limited	814	494.80	402,767	100.00	81,400
54	Yambaling Hydropower Limited	593	556.00	329,708	100.00	59,300
55	Snow Rivers Limited	252	779.00	196,308	100.00	25,200
56	Sanigad Hydro Limited	1,515	462.00	699,930	100.00	151,500
57	Kalanga Hydro Limited	937	473.00	443,201	100.00	93,700
58	Nepal Reinsurance Company Limited	5,000	923.00	4,615,000	1,720.39	8,601,973
59	Shivam Cements Limited	10,999	621.00	6,830,379	643.70	7,080,105
60	Global IME Samunnat Yojana -II	250,000	9.98	2,495,000	10.00	2,500,000
61	Citizens Santulit Yojana	500,000	9.02	4,510,000	10.00	5,000,000
62	Himalayan Distillery Limited	2,000	1,140.00	2,280,000	1,227.00	2,454,000
63	Nepal Life Samriddhi Lagani Yojana	1,000,000	9.75	9,750,000	10.00	10,000,000
64	Palpa Cements Industries Limited	1,556	595.00	925,820	100.00	155,600
65	Sopan Pharmaceuticals Limited	1,165	780.00	908,700	100.00	116,500
66	Everest Colour Limited	210	100.00	21,000	100.00	21,000
	Sub Total	**4,274,632**		**457,831,858**		**493,692,024**
	UNLISTED					
1	Beni Hydropower Project Limited - IPO	282	100.00	28,200	100.00	28,200
2	Mount Everest Power Development Limited-IPO	458	100.00	45,800	100.00	45,800
3	Nepal Life Insurance Company Limited - Bonus Share	2,665	749.80	1,998,217	766.02	2,041,436
4	Prabhu Insurance Company Limited - Bonus	2,175	668.10	1,453,118	680.22	1,479,483
5	Sarvottam Paints Industries Limited-IPO	225	100.00	22,500	100.00	22,500
6	Sanima Equity Fund II-IPO	500,000	10.00	5,000,000	10.00	5,000,000
7	Siddhartha Equity Fund 2-IPO	500,000	10.00	5,000,000	10.00	5,000,000

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	Sub-Total (B)	1,005,805		13,547,835		13,617,419
	Grand Total	5,280,437		471,379,693		507,309,443
Unrealized Gain / (Loss)						(35,929,750)
Less: Previous Year Unrealized Gain/(Loss)						32,481,400
Unrealized Gain / (Loss) This Year						(68,411,150)

S.N.	Name	Ashad End 2082				
		Unit	Value per unit	Value Amount	Cost Price	Total Cost
	LISTED					
1	Agricultural Development Bank Limited	45,500	327.13	14,884,415	280.99	12,785,035
2	Nepal Investment Mega Bank Limited Promoter Share	23,023	168.00	3,867,864	269.40	6,202,354
3	Nabil Bank Limited	18,000	541.37	9,744,660	422.22	7,600,012
4	Sanima Bank Limited	10,000	374.77	3,747,700	254.53	2,545,299
5	NMB Bank Limited	63,301	269.72	17,073,546	276.49	17,502,294
6	Machhapuchhre Bank Limited	18,000	259.41	4,669,380	196.53	3,537,508
7	Himalayan Bank Limited	23,024	237.3	5,463,595	312.14	7,186,647
8	Siddhartha Bank Limited	9,000	383.77	3,453,930	265.88	2,392,951
9	Nepal SBI Bank Limited	18,000	439.98	7,919,640	375.17	6,752,987
10	Global IME Bank Limited	33,000	259.57	8,565,810	201.91	6,663,127
11	Kumari Bank Limited	16,000	219.77	3,516,320	183.33	2,933,218
12	Everest Bank Limited	7,183	701.56	5,039,305	583.54	4,191,534
13	Citizens Bank International Limited	29,653	228.28	6,769,187	231.11	6,853,162
14	Nepal Investment Mega Bank Limited	17,660	231.02	4,079,813	196.22	3,465,320
15	Kamana Sewa Bikas Bank Limited	7,000	500.69	3,504,830	366.94	2,568,592
16	Shangrila Development Bank Limited	3,626	462.82	1,678,185	356.10	1,291,218
17	Muktinath Bikas Bank Limited	7,000	405.92	2,841,440	270.59	1,894,109
18	National Life Insurance Company Limited	17,025	623.58	10,616,450	581.87	9,906,373
19	Asian Life Insurance Company Limited	29,077	498.36	14,490,814	633.69	18,425,712
20	Himalayan Life Insurance Limited	7,959	407.11	3,240,188	342.37	2,724,937
21	SuryaJyoti Life Insurance Company Limited	10,540	446.69	4,708,113	428.67	4,518,212
22	Sanima Reliance Life Insurance Limited	4,994	410.19	2,048,489	405.64	2,025,762
23	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	23,549	768.71	18,102,352	809.41	19,060,694
24	Swabalamban Laghubitta Bittiya Sanstha Limited	7,500	881.44	6,610,800	755.33	5,664,949
25	Chhimek Laghubitta Bittiya Sanstha Limited	9,467	1,035.98	9,807,623	768.89	7,279,044
26	Deprosc Laghubitta Bittiya Sanstha Limited	4,129	882.25	3,642,810	644.55	2,661,360
27	IGI Prudential insurance Limited	20,825	556.99	11,599,317	556.24	11,583,595
28	Himalayan Everest Insurance Limited	17,600	616.36	10,847,936	616.07	10,842,867
29	Siddhartha Premier Insurance Limited	13,000	840.35	10,924,550	823.29	10,702,781

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30	Kumari Equity Fund	700,000	9.95	6,965,000	10.00	7,000,000
31	RBB Mutual Fund 1	500,000	9.96	4,980,000	10.00	5,000,000
32	RBB Mutual Fund 2	500,000	10.08	5,040,000	10.00	5,000,000
33	Sanima Growth Fund	1,500,000	10.32	15,480,000	10.00	15,000,000
34	Prabhu Bank Limited	55,000	221.89	12,203,950	189.26	10,409,402
35	Prime Commercial Bank Limited	20,000	276.31	5,526,200	224.52	4,490,460
36	Laxmi Sunrise Bank Limited	25,000	238.74	5,968,500	198.70	4,967,576
37	Jyoti Bikas Bank Limited	4,500	351.54	1,581,930	240.92	1,084,127
38	Nepal Life Insurance Company Limited	41,808	772.97	32,316,330	777.90	32,522,366
39	Neco Insurance Limited	5,107	710.36	3,627,809	575.16	2,937,318
40	Prabhu Insurance Limited	12,118	921.26	11,163,829	823.64	9,980,929
41	Sagarmatha Lumbini Insurance Company Limited	43,124	726.09	31,311,905	725.78	31,298,607
42	Nepal Doorsanchar Company Limited	2,200	877.27	1,929,994	731.39	1,609,065
43	Kumari Sabal Yojana	500,000	10.00	5,000,000	10.00	5,000,000
44	Sarbottam Cement Limited	8	865.81	6,926	379.45	3,036
45	NIBL Stable Fund	1,000,000	9.89	9,890,000	10.00	10,000,000
46	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	2,306	884.41	2,039,449	663.02	1,528,929
47	NMB Microfinance Bittiya Sanstha Limited	5,132	745.13	3,824,007	900.73	4,622,540
48	Jeevan Bikas Laghubitta Bittya Sanstha Limited	23	1,497.27	34,437	1,336.39	30,737
49	Api Power Company Limited	25,000	295.92	7,398,000	302.21	7,555,214
50	Pure Energy Limited	691	871.71	602,352	100.00	69,100
51	Sun Nepal Life Insurance Company Limited	459	490.64	225,204	100.00	45,900
52	Guardian Micro Life Insurance Limited	1,189	2,194.29	2,609,011	100.00	118,900
53	Nepal Micro Insurance Company Limited	1,225	1,559.40	1,910,265	100.00	122,500
54	Crest Micro Life Insurance Limited	1,225	1,364.36	1,671,341	100.00	122,500
55	Sunrise Focused Equity Fund	1,000,000	10.04	10,040,000	10.00	10,000,000
56	Om Megashree Pharmaceuticals Limited	870	1,517.76	1,320,451	100.00	87,000
57	Trade Tower Limited	1,675	100.00	167,500	100.00	167,500
58	Samaj Laghubittya Bittiya Sanstha Limited	17	2,400.00	40,800	90.68	1,542
	Sub Total	**6,463,312**		**398,334,251**		**372,536,898**
	UNLISTED					
1	Sanvi Energy Limited - IPO	1,228	100.00	122,800	100.00	122,800
2	Him Star Urja Company Limited - IPO	387	100.00	38,700	100.00	38,700
3	Bikash Hydropower Company Limited- IPO	1,477	100.00	147,700	100.00	147,700
4	National Life Insurance Company Limited- Bonus Share	975	623.58	607,991	581.87	567,325
5	Neco Insurance Limited- Bonus Share	893	710.36	634,351	575.16	513,614
6	Asian Life Insurance Company Limited - Bonus	2,750	498.36	1,370,490	633.69	1,742,639
7	Asian Life Insurance Company Limited - Value of Right	16,415	520.03	8,536,292	100.00	1,641,500
	Sub-Total (B)	**24,125**		**11,458,324**		**4,774,278**
	Grand Total	**6,487,437**		**409,792,576**		**377,311,176**

Unrealized Gain / (Loss)	32,481,400
Less: Previous Year Unrealized Gain/(Loss)	4,140,044
Unrealized Gain / (Loss) This Year	28,341,356

16. Operating Expenses

S.N.	Particulars	Ashad End 2083	Ashad End 2082
1	Fund Management Fee	11,541,843	12,666,742
2	Depository Fee	1,538,912	1,688,899
3	Fund Supervisor Fee	769,456	844,449
4	Annual Listing fee	50,000	50,000
5	Scheme Audit Fee	113,000	113,000
6	CDSC Annual Fee	120,000	120,000
7	Bank Charges	3,264	2,681
8	Books and Publications	231,930	449,480
9	Book Building License Fee	5,000	5,000
10	Transaction Cost	1,388,247	563,978
11	SEBON Fee	-	3,000
12	Other Expenses	-	566
	Total Amount	**15,761,653**	**16,507,794**

16.1. Expenses and Service Fees

All Expenses are accounted on an accrual basis. Following Fees incurred by the Scheme:

- 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 weekly NAV. The fee is booked quarterly at the end of every quarter of the financial year.

16.2. Employees Related Expenses:

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

16.3. 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 full period 1st Shrawan 2082– 32nd Ashad 2083) are as follows: -

S.N.	Particulars	Ashad End 2083	Ashad End 2082
1.	Fund Management Fee	11,541,843	12,666,742
2.	Depository Fee	1,538,912	1,688,899
3.	Supervisor Fee	769,456	844,449

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17.Other Information

17.1.Financial Risk Management

The Scheme'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 Scheme's overall risk management program focuses on ensuring compliance with the NIC ASIA Capital's investment policy. It also seeks to maximize the returns derived for the level of risk to which the Scheme is exposed and seeks to minimize potential adverse effects on the Scheme'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 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 Scheme uses different methods to measure and mitigate different types of risk to which it is exposed.

Market Risk

a. Price Risk

The Scheme is exposed to equity securities price risk. This arises from investments held by the Scheme for which prices in the future are uncertain. The 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 NIC ASIA Capital's investment policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the management company.

NIC ASIA Capital's investment 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 Gross Net Asset Value of the scheme. The scheme has no investment in Fixed Deposit as of Ashad end, 2083.

b. Foreign Exchange Rate Risk

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

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c. **Cash Flow and Fair Value Interest Rate Risk**

The Scheme is exposed to cash flow interest rate risk on financial instruments with variable interest Rates.

Financial instruments with fixed rates expose the Scheme to fair value interest rate risk. The Scheme'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 Scheme has direct exposure to interest rate changes in 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 Scheme invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. The Scheme'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.

17.1.1. Credit Risk

The Scheme 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 Scheme is exposed arises from the Scheme's investments in debt securities. Credit risk on cash and cash equivalents, other receivable balances. In accordance with the Scheme's policy, the Management Company monitors the Scheme's credit position daily. The Scheme can maximize the returns derived for the level of risk to which the Scheme is exposed.

17.1.2. Liquidity Risk

Liquidity risk is the risk that the Scheme 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.

Its policy is therefore to invest most of its assets in investments that are traded in an active market or can be readily disposed of.

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

In accordance with the NIC ASIA Capital's investment policy, the Management Company monitors the Scheme's liquidity position daily.

17.2. 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 Scheme transacted:

None

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The Scheme has entered transactions with related parties which are required to be disclosed in accordance with Accounting Standard – on 'Related Party Disclosures'.

a. Unit Holding of NIC ASIA Bank Limited (Fund Sponsor) amounts to NPR 175,000,000 (at par value of NPR 10 per unit).
b. Unit Holding of NIC ASIA Capital Limited (Fund Manager) amounts to NPR 13,557,000 (at par value of NPR 10 per unit).
c. NIC ASIA Balanced Fund has earned interest amounting to NPR 312,933.86 (Three hundred twelve thousand nine hundred thirty-three and 86/100 Only) from NIC ASIA Bank Limited.
d. Fund Management and Depository Fee incurred by NIC ASIA Balanced Fund during the year amounts to NPR.13,080,755.41 (out of which NPR 3,235,882 is still payable to NIC ASIA Capital Limited).

17.3. Contingent Liability

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

17.4. Reporting

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

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