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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of NIC ASIA Flexi Cap Fund

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Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying financial statements of **NIC ASIA Flexi Cap Fund** (the Fund), which comprise the Statement of Financial Position as at 32 Ashad 2082, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Unit Holder's Fund and Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of Significant Accounting Policies and Notes to Accounts.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the NIC ASIA Flexi Cap Fund as at 32nd Ashad 2082, and its financial performance and its cash flows for the period then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

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 Fund in accordance with the Institute of Chartered Accountants of Nepal's Code of Ethics for Professional Accountants 2023 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 the audit of the financial statements and include the most significant assessed risk of material misstatement (whether or not due to fraud) identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarize below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

S.N.	Key audit matter	How the Matter was Addressed in the Audit
1.	**Valuation of Investments** The fund's portfolio of investments is the most significant asset of the fund. As of 32 Ashad 2082, the portfolio primarily	We performed the following procedure in relation to valuation of investment. • Comparison of the investment quantity balance with Demat account.

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S.N.	Key audit matter	How the Matter was Addressed in the Audit
	consisted of listed equity shares, unlisted equity shares, and fixed income securities. Given the materiality of the investment portfolio within the financial statements, it is considered a significant area for audit. There is a risk related to the existence of the investments and the proper determination of their fair value. Therefore, the existence and valuation of the investments are identified as key audit matters.	• Verifying the valuation of the investment as per closing price of Nepal Stock Exchange as at 32nd Ashad 2082. • Evaluation of the design and implementation of internal controls related to the valuation and existence of investments. • Assessed the valuation of investments by testing compliance with the approved investment valuation policy and relevant provisions of the Mutual Funds Regulations.

Based on the procedures performed, we did not identify any material misstatements or deficiencies.

Other Information

Management is responsible for other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 the Annual Report, 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, the Fund manager, 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's 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 Fund or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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Auditor's Responsibility 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 part of an 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 statements, whether due to fraud or error, design and perform audit procedures 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 for 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 Fund'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 Fund'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 a 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 be reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the Rule 40 of Mutual Fund Regulation, 2067 issued by the Securities Board of Nepal (SEBON), we report that:

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- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- Proper books of account as required by law have been kept by the Fund so far as it appeared from our examination of those books.
- Financial statements confirm the compliance with Securities Act, 2063, Mutual Fund Regulations, 2067, Mutual Fund Guidelines, 2069 and are in agreement with the books of accounts maintained by the Fund.
- During our examination of the books of account of the Fund, we have not come across cases where any office holder or any employee of the Fund or Fund Manager has acted contrary to the provisions of law to cause loss or damage to the Fund.
- The Fund has maintained the necessary internal control system for its operation, and we did not come across any case of irregularity.
- We have not come across any cases where the Fund or Fund Manager has conducted activities against the interest of unit holders and the capital market.
- The internal audit of the Fund is carried out as part of Fund Manager's internal audit on periodic basis and the internal audit so carried out is found to be effective.
- The Fund has formulated and implemented Investment Policy, 2073 which is in line with the requirement of the Mutual Fund Regulation, 2067 and investments are done accordingly.

Milan Basnet

Dev Associates ★ Chartered Accountants ★ Lalitpur Nepal

Milan Basnet, CA
Partner,
For,
Dev Associates, Chartered Accountants

Place: Lalitpur
Date: August 03, 2025

UDIN: 250817CA01259MzBnn

NIC ASIA Flexi Cap Fund
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Ltd.)
Balance Sheet As at 32nd Ashad 2082 (16th July 2025)

In NPR

Particulars	Annexure	Ashad End 2082	Ashad End 2081
Capital and Liabilities			
Unit Capital	9	1,020,000,000	1,020,000,000
Reserves and Surplus	9	167,382,343	136,708,040
Current Liabilities and Provisions	8	6,189,686	5,345,234
Total		**1,193,572,028**	**1,162,053,274**
Assets			
Investments in Debentures	7	15,000,000	15,000,000
Investment in Fixed Deposit	6	96,000,000	123,000,000
Investments in Shares	4	669,405,011	691,034,710
Bank Balances	3	348,396,756	269,515,402
Other Current Assets	5	64,770,261	63,503,162
Total		**1,193,572,028**	**1,162,053,274**

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

NIC ASIA CAPITAL

Bimal Kumar Shah
Mutual Fund- Incharge

Pragya Ratna Shakya
Chief Operating Offier

Ramendra Rayamajhi
Chief Executive Officer

Date: 03/08/2025
Place : Kathmandu

NIC ASIA Flexi Cap Fund
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Statement of Financial Position
As at 32nd Ashadh, 2082 (16th July, 2025)

In NPR

Particulars	Notes	32nd Asadh 2082	31st Asadh 2081
Assets			
Current Assets			
Cash and Cash Equivalents	3	348,396,756	269,515,402
Financial Assets Held at Fair Value Through Profit or Loss	4	669,405,011	691,034,710
Other Assets	5	64,770,261	63,503,162
Financial Asset Measured at Amortised Cost	6	96,000,000	123,000,000
Total Current Assets		**1,178,572,028**	**1,147,053,274**
Non Current Assets			
Financials Assets Measured at Amotised Cost	7	15,000,000	15,000,000
Total Non Current Assets		**15,000,000**	**15,000,000**
Total Assets		**1,193,572,028**	**1,162,053,274**
Liabilities and Unit Holder's Fund			
Current Liabilities			
Accrued Expenses & Other Payables	8	6,189,686	5,345,234
Total Liabilities (Excluding Net Assets Attributable to Unitholders)		**6,189,686**	**5,345,234**
Unit Holder's Funds			
Net Assets Attributable to Unit Holders	9	1,187,382,343	1,156,708,040
Total Liabilities and Unit Holder's Fund		**1,193,572,028**	**1,162,053,274**

NAV per Share		**11.64**	**11.34**

Significant Accounting Policies and Notes forms integral part of Statement of Financial Position

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

NIC ASIA CAPITAL

Ramendra Rayamajhi
Chief Executive Officer

Dinesh Bhari
Director

Santosh Kumar Rathi
Chairman

Partner
Milan Basnet
Dev Associates
Chartered Accountants

Dev Associates Chartered Accountants Nepal

Nidhan Shrestha
Director

Rabin Sapkota
Independent Director

Suman Dangol
Independent Director

Date: 03/08/2025
Place : Kathmandu

NIC ASIA Flexi Cap Fund
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Statement of Profit or Loss and Other Comprehensive Income
For the Period from 1st Shrawan, 2081 to 32nd Ashadh, 2082 (16th July,2024 to 16th July, 2025)

In NPR

Particulars	Notes	FY 2081/82	FY 2080/81
Income			
Realised Income			
Interest Income			
Dividend Income	10	11,398,672	34,934,735
Income From Sale of Financial Asset at Fair Value through Profit or Loss	11	14,245,598	3,487,056
Underwriting Income	12	100,334,248	48,723,960
Other Income	13	125,000	250,000
	13		381,396
Unrealised Income			
Unrealized Gain/(Loss) on Financial Asset Held for Trade	14	35,876,388	2,154,940
Total		161,979,906	89,932,088
Expenses			
Bank Charges			
Depository Fee	15	1,988	1,645
Fund Management Fee		2,337,367	2,170,890
Software Expenses		17,530,255	16,281,677
Book Building Licence Fee		-	135,600
Annual Listing Fee		5,000	5,000
SEBON Fee		50,000	50,000
CDSC Listing and Software Fee		3,750	7,500
Publication Expenses		170,000	170,000
Scheme Audit Fee		478,060	181,480
Supervisor Fee		113,000	113,000
Transaction cost		1,168,684	1,085,445
		2,347,499	974,916
Total		24,205,602	21,177,152
Increase/(Decrease) in Net Assets Attributable to Unit holders		137,774,304	68,754,936
Other Comprehensive Income		-	-
Total Comprehensive Income		137,774,304	68,754,936

Significant Accounting Policies and Notes forms integral part of Statement of Profit or Loss and Other Comprehensive Income

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

As per our Report of even date

NIC ASIA CAPITAL

Bimal Kumar Shah
Mutual Fund- Incharge

Pragya Ratna Shakya
Chief Operating Officer

Ramendra Rayamajhi
Chief Executive Officer

Dev Associates Lalitpur Nepal Chartered Accountants

Dinesh Bhari
Director

Santosh Kumar Rathi
Chairman

Partner
Milan Basnet, CA
Dev Associates
Chartered Accountants

Nidhaan Shrestha
Director

Rabin Sapkota
Independent Director

Suman Dangol
Independent Director

Date: 03/08/2025
Place : Kathmandu

NIC ASIA Flexi Cap Fund
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Statement of Cash Flow
For the Period from 1st Shrawan, 2081 to 32nd Ashadh, 2082 (16th July,2024 to 16th July, 2025)

In NPR

Particulars	FY 2081/82	FY 2080/81
A. Cash Flow from Operating Activities		
Surplus/ (Deficit) for the year	137,774,304	68,754,935
Adjustments for:		
(Increase)/Decrease in Unrealised (gain)/loss on financial assets held for trading purposes	(35,876,388)	(2,154,939)
Increase/(Decrease) in Liabilities	844,452	(4,035,326)
(Increase)/Decrease in Share	57,506,088	(43,756,434)
(Increase)/Decrease in Other Assets	25,732,900	(109,584,646)
Net cash generated/(used) in Operations (1)	**185,981,355**	**(90,776,409)**
B. Cash Flow from Financing Activities		
Increase/(Decrease) in Unit Capital	-	-
Dividend Paid during the year (net of tax)	(107,100,000)	-
Net cash generated/(used) in Financing (2)	***(107,100,000)***	-
C. Cash Flow from Investing Activities	-	-
Net cash generated/(used) in Investing (3)	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)	78,881,355	(90,776,409)
Cash and Cash Equivalents at beginning of the year/period	269,515,402	360,291,812
Cash and Cash Equivalents at end of period	**348,396,756**	**269,515,402**
Components of Cash and Cash Equivalents		
Balance with Banks	**348,396,756**	**269,515,402**

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

Dinesh Bhari
Director

Santosh Kumar Rathi
Chairman

Partner
Milan Basnet, CA
Dev Associates
Chartered Accountants

Nidhaan Shrestha
Director

Rabin Sapkota
Independent Director

Suman Dangol
Independent Director

Date: 03/08/2025
Place : Kathmandu

NIC ASIA Flexi Cap Fund
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Statement in Changes in Unit Holder's Fund
For the Period from 1st Shrawan, 2081 to 32nd Ashadh, 2082 (16th July,2024 to 16th July, 2025)

In NPR

articular	Unit Capital	Realized Profit	Unrealized Profit	Total
pening Balance	1,020,000,000			1,020,000,000
sue of Unit Capital	-	-	-	-
et Profit (Loss) Last Year	-	41,733,443	26,219,662	67,953,104
et Profit (Loss) During the year	-	66,599,995	2,154,940	68,754,935
vidend Paid	-	-	-	-
				-
alance as on 31/03/2081	**1,020,000,000**	**108,333,438**	**28,374,602**	**1,156,708,040**

articular	Unit Capital	Realized Profit	Unrealized Profit	Total
pening Balance	1,020,000,000			1,020,000,000
sue of Unit Capital	-	-	-	-
et Profit (Loss) Last Year	-	108,333,438	28,374,602	136,708,040
et Profit (Loss) During the year	-	101,897,915	35,876,388	137,774,304
vidend Paid	-	(107,100,000)	-	(107,100,000)
				-
alance as on 32/03/2082	**1,020,000,000**	**103,131,353**	**64,250,990**	**1,187,382,343**

Per Share 11.64

ignificant Accounting Policies and Notes to the Financial Statements forms integral part of Statement of Change in Unit Holder's Fund

behalf of NIC ASIA Capital Limited
Management Company)

As per our Report of even date

Kumar Shah
utual Fund- Incharge

Pragya Ratna Shakya
Chief Operating Officer

NIC ASIA CAPITAL

Ramendra Rayamajhi
Chief Executive Officer

nesh Bhari
rector

Santosh Kumar Rathi
Chairman

Dev Associates Chartered Accountants Lalitpur Nepal

Partner
Milan Bashet, CA
Dev Associates
Chartered Accountants

idhaan Shrestha
irector

Rabin Sapkota
Independent Director

Suman Dangol
Independent Director

ate: 03/08/2025
Place : Kathmandu

NIC ASIA Flexi Cap Fund
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Significant Accounting Policies and Notes to the Financial Statements
For the Period from 1st Shrawan, 2081 to 32nd Ashad, 2082 (16th July 2024 to 16th July 2025)

1. Background

Fund:	**NIC ASIA Bank Mutual Fund**
Scheme:	**NIC ASIA Flexi Cap 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. Bodh Raj Niraula Mr. Aashish Adhikari Mr. Shivaraj Ghimire Mr. Santosh Lamichhane Mr. Mahendra Nath Karmacharya
Total Units of Scheme:	102,000,000 (One Hundred Two Million units)
Total Unit Capital:	NPR 1,020,000,000 (NPR One Billion Twenty Million Only)
Scheme type:	Close-Ended

NIC ASIA Flexi Cap 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 funds with the aim of achieving a high return for unit holders, growth of both capital and income from investment in equities and fixed income securities and conservation of capital. The Scheme commenced its operation on 31st Jestha 2079 (Scheme allotment date) B.S. with maturity period of 7 years (i.e., 30th Jestha, 2086 B.S.).

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.

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2. Significant Accounting Policies

2.1. Basis of Preparation

2.1.1. Statement of compliance

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NIC ASIA Flexi Cap Fund
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Significant Accounting Policies and Notes to the Financial Statements
For the Period from 1st Shrawan, 2081 to 32nd Ashad, 2082 (16th July 2024 to 16th July 2025)

The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) issued by Accounting Standards Board (ASB) of Nepal and pronounced by the Institute of Chartered Accountants of Nepal (ICAN).
These financial statements also confirm the compliance with Securities Act, 2063, Mutual Fund Regulations, 2067, Mutual Fund Guidelines, 2069. NFRS 9 Financial Instruments: Recognition and Measurement is notified to be applicable for Financial Instruments.

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. Financial assets and liabilities are of fair value through profit or loss statements.

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 Fund Manager for the preparation and presentation of Financial Statements of the fund.

2.1.4. Going Concern Assumption

NIC ASIA Flexi Cap Fund is a close-ended fund with maturity in seven years from the allotment of units. As the scheme is in fourth year of operation and since the fund managers, supervisors, and sponsors cannot liquidate the scheme before the maturity of the scheme by application of statute, the scheme's financial statements have been prepared undergoing concern assumption.

2.1.5. Approval of Financial Statements

The Scheme's Financial Statements were approved by the Board of Directors of the NIC ASIA Capital Limited on 18th Shrawan, 2082 being the Fund Management and Depository Company.

1.6. Reporting Period and Approval of financial statement.

The Fund follows the Nepalese financial year based on the Nepalese calendar as a reporting period. This year figure consists of the period from 1st Shrawan 2081 to 32nd Ashad 2082.

1.7. Functional and Presentation Currency

The functional and presentation currency is Nepali Rupees (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 funds' presentation and functional currency during the year under review. The figures presented in Financial Statements are rounded to nearest Nepali Rupee, except otherwise indicated.

1.8. Use of Estimates, Assumptions and Judgments

The preparation of Financial Statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.1.9. Financial Instruments

The Fund's principal financial assets comprise of assets held at fair value through profit and loss, other assets, bonds and debenture, fixed deposit and cash and 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

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 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 the Statement of Profit or Loss as incurred. Subsequent changes in fair value are recognized in 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.

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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

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 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 Instrument.

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 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, the 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

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Fair Value Measurement

NFRS 13 requires disclosure of fair value measurements by the 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).

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.

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 the last 30 days are valued at 180 days by closing the average market price provided by NEPSE and Equities which are listed but no transactions are made within the last 180 days is valued taking lower of cost of acquisition or netbook value of stock as published in the latest quarterly report.
- In case of a trading halt of the scrip due to merger & acquisition, the last traded price is taken.
- In case of unprecedented events, where no prescriptive guidelines are proposed to value securities/ portfolios, Assets Management Company shall seek the guidance of company's board in deciding appropriate methodology for valuation of the stocks. The 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.
  - However, the above events will not be accounted for in 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.

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, right share will be valued as listed equities.

2.1.10. Cash and Cash Equivalents

Cash and Cash Equivalents presented in Statement of financial position and cash flow statement represents the cash at bank and financial institutions, cash in hand and highly liquid short-term investment with original maturity within ninety days.

2.1.11. Income

2.1.12. Interest Income

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.

1.12.1. Dividend Income

Dividend income is recognized on the ex-dividend date.

Cash and Cash Equivalent

Particulars	Ashad End, 2082	Ashad End, 2081
NIC ASIA Bank Limited	344,953,616	268,844,924
Shangri-La Development Bank	2,005,280	15,746
Lumbini Bikas Bank	14,731	9,585
Jyoti Bikas Bank Limited	258,384	254,608
Citizens Bank International Limited	-	4,097
Mahalaxmi Bikas Bank Limited	1,164,746	381,442
Global IME Bank Limited	-	5,000
Total	**348,396,756**	**269,515,402**

The book value of cash and cash equivalent is deemed to be the fair value of such assets. It also 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.

NIC ASIA CAPITAL

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NIC ASIA Flexi Cap Fund
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

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4. Financial assets are held at fair value through profit or loss.

s.	Name	Ashad End 2082			
	LISTED	Units	Value per unit	Value Amount	Fair Value Hierarchy
1.	NMB Bank Limited	104,000	269.72	28,050,880	Level 1
2.	Mahalaxmi Bikas Bank Limited	44,990	411.67	18,521,033	Level 1
3	Agricultural Development Bank Limited	97,905	327.13	32,027,663	Level 1
4.	Sanima Bank Limited	30,000	374.77	11,243,100	Level 1
5.	Laxmi Sunrise Bank Limited	40,000	238.74	9,549,600	Level 1
6.	Nepal Bank Limited	74,241	291.44	21,636,797	Level 1
7.	Standard Chartered Bank Limited	15,325	656.10	10,054,733	Level 1
8.	Prabhu Bank Limited	69,500	221.89	15,421,355	Level 1
9.	Everest Bank Limited	10,400	701.56	7,296,224	Level 1
10	Chilime Hydropower Company Limited	8,500	533.45	4,534,325	Level 1
11	Shine Resunga Development Bank Limited	35,000	431.97	15,118,950	Level 1
2	People's Power Limited	2	385.49	771	Level 1
3	Sanjen Jalavidhyut Company Limited	15,450	317.28	4,901,976	Level 1
14	Nepal Insurance Company Limited	20,448	645.18	13,192,641	Level 1
5	National Life Insurance Company Limited	27,313	623.58	17,031,841	Level 1
16	IGI Prudential Insurance Limited	45,366	556.99	25,268,408	Level 1
7	NIBL Growth Fund	2,000,000	9.86	19,720,000	Level 1
18	RSDC Laghubitta Bittiya Sanstha Limited	20,000	701.19	14,023,800	Level 1
9	Global IME Balance Fund-I	500,000	10.91	5,455,000	Level 1
20	Sanima Growth Fund	1,500,000	10.32	15,480,000	Level 1
1	Sunrise Focused Equity Fund	1,500,000	10.04	15,060,000	Level 1
22	RBB Mutual Fund 2	500,000	10.08	5,040,000	Level 1
23	First Micro Finance Laghubitta Bittiya Sanstha Limited	12,769	799.08	10,203,453	Level 1
24	Asian Life Insurance Company Limited	74,200	498.36	36,978,312	Level 1
25	Prime Commercial Bank Limited	58,000	276.31	16,025,980	Level 1
26	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	44,672	768.71	34,339,813	Level 1
27	Machhapuchchhre Bank Limited	75,000	259.41	19,455,750	Level 1
28	Muktinath Bikas Bank Limited	72,145	405.92	29,285,098	Level 1
29	Garima Bikas Bank Limited	34,500	428.36	14,778,420	Level 1
30	Chhimek Laghubitta Bittiya Sanstha Limited	8,900	1,035.98	9,220,222	Level 1
31	Kamana Sewa Bikas Bank Limited	15,668	500.69	7,844,811	Level 1
32	Sagarmatha Lumbini Insurance Company Limited	24,281	726.09	17,630,191	Level 1
33	SuryaJyoti Life Insurance Company Limited	4,000	446.69	1,786,760	Level 1
34	Prabhu Insurance Limited	21,390	921.26	19,705,751	Level 1
35	Himalayan Everest Insurance Limited	25,398	616.36	15,654,311	Level 1
36	Siddhartha Investment Growth Scheme 3	1,000,000	10.44	10,440,000	Level 1
37	Citizens Super 30 Mutual Fund	1,500,000	10.08	15,120,000	Level 1
38	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	12,500	884.41	11,055,125	Level 1
39	Nabil Bank Limited	70,891	541.37	38,378,261	Level 1
40	Api Power Company Limited	29,500	295.92	8,729,640	Level 1
1	Guardian Micro Life Insurance Limited	1,367	2,194.29	2,999,594	Level 1
42	Nepal Micro Insurance Company Limited	1,430	1,559.40	2,229,942	Level 1
43	Crest Micro Life Insurance Limited	1,429	1,364.36	1,949,670	Level 1
44	Garima Samriddhi Yojana	350,000	9.95	3,482,500	Level 1

NIC ASIA CAPITAL

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45	NMB Hybrid Fund L-II	500,000	9.06	4,530,000	Level 1
46	Om Megashree Pharmaceuticals Limited	996	1,517.76	1,511,689	Level 1
47	Pure Energy Limited	791	871.71	689,523	Level 1
48	Trade Tower Limited	1,913	100.00	191,300	Level 1
	UNLISTED				
1.	Sanvi Energy Limited - IPO	1,404	100.00	140,400	Level 3
2.	Bikash Hydropower Company Limited- IPO	1,687	100.00	168,700	Level 3
3.	Him Star Urja Company Limited - IPO	442	100.00	44,200	Level 3
4.	Asian Life Insurance Company Limited – Bonus Shares	5,823	498.36	2,901,950	Level 2
5.	National Life Insurance Company Limited - Bonus Share	2,687	623.58	1,675,559	Level 2
6.	Asian Life Insurance Company Limited - Value of Right	33,476	520.03	17,408,524	Level 3
7.	Nepal Insurance Company Limited - Value of Right	6,957	606.65	4,220,464	Level 3
	Grand Total	**10,652,656**		**669,405,011**	

N	Name	Ashad End 2081			
		Units	Value per unit	Value Amount	Fair Value Hierarchy
	LISTED				
1.	NMB Bank Limited	93,322	218.00	20,344,196	Level 1
2.	Mahalaxmi Bikas Bank Limited	74,456	352.00	26,208,512	Level 1
3.	Agricultural Development Bank Limited	74,384	294.00	21,868,896	Level 1
4.	Sanima Bank Limited	94,482	279.00	26,360,478	Level 1
5.	Laxmi Sunrise Bank Limited	88,454	175.00	15,479,450	Level 1
6.	Nepal Bank Limited	73,221	229.50	16,804,220	Level 1
7.	Standard Chartered Bank Limited	31,457	602.00	18,937,114	Level 1
8.	Prabhu Bank Limited	94,275	163.70	15,432,818	Level 1
9.	Everest Bank Limited	41,954	560.00	23,494,240	Level 1
10.	Chilime Hydropower Company Limited	69,709	465.00	32,414,685	Level 1
11.	Butwal Power Company Limited	61,434	310.00	19,044,540	Level 1
12.	Shine Resunga Development Bank Limited	49,494	405.10	20,050,019	Level 1
13.	People's Power Limited	2	455.00	910	Level 1
14.	Sanjen Jalavidhyut Company Limited	15,450	283.70	4,383,165	Level 1
15.	Sanima Mai Hydropower Limited	33,848	339.50	11,491,396	Level 1
16.	Rasuwagadhi Hydropower Company Limited	22,000	295.00	6,490,000	Level 1
17.	NLG Insurance Company Limited	10,695	794.90	8,501,456	Level 1
18.	Nepal Insurance Company Limited	15,136	880.00	13,319,680	Level 1
19.	National Life Insurance Company Limited	52,380	595.00	31,166,100	Level 1
20.	IGI Prudential Insurance Limited	25,166	558.00	14,042,628	Level 1
21.	NMB Sulav Investment Fund - II	300,000	10.06	3,018,000	Level 1
22.	NIBL Growth Fund	2,000,000	10.64	21,280,000	Level 1
23.	Nabil Flexi Cap Fund	250,000	10.64	2,660,000	Level 1
24.	RSDC Laghubitta Bittiya Sanstha Limited	17,106	692.00	11,837,352	Level 1
25.	Global IME Balance Fund-I	500,000	9.10	4,550,000	Level 1
26.	Sanima Growth Fund	1,500,000	10.14	15,210,000	Level 1
27.	Sunrise Focused Equity Fund	1,500,000	8.24	12,360,000	Level 1
28.	Prabhu Smart Fund	1,000,000	9.61	9,610,000	Level 1
29.	RBB Mutual Fund 2	500,000	9.50	4,750,000	Level 1

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30.	First Microfinance Laghubitta Bittiya Sanstha Limited	3,213	681.00	2,188,053	Level 1
31.	Asian Life Insurance Company Limited	61,000	623.00	38,003,000	Level 1
32	Prime Commercial Bank Limited	100,045	221.80	22,189,981	Level 1
33.	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	32,054	711.90	22,819,243	Level 1
34.	Machhapuchchhre Bank Limited	78,379	200.00	15,675,800	Level 1
35	Muktinath Bikas Bank Limited	60,445	367.00	22,183,315	Level 1
36.	Garima Bikas Bank Limited	50,587	385.10	19,481,054	Level 1
37.	Chhimek Laghubitta Bittiya Sanstha Limited	19,915	900.00	17,923,500	Level 1
38.	Kamana Sewa Bikas Bank Limited	15,000	416.00	6,240,000	Level 1
39	Sagarmatha Lumbini Insurance Company Limited	15,281	727.00	11,109,287	Level 1
40.	SuryaJyoti Life Insurance Company Limited	3,000	429.90	1,289,700	Level 1
41.	Prabhu Insurance Limited	11,390	826.00	9,408,140	Level 1
42.	Himalayan Everest Insurance Limited	10,034	632.00	6,341,488	Level 1
43.	Siddhartha Investment Growth Scheme 3	1,000,000	9.45	9,450,000	Level 1
44.	Citizens Super 30 Mutual Fund	1,500,000	10.00	15,000,000	Level 1
45.	Sarbottam Cement Limited	2,246	806.50	1,811,399	Level 1
46.	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	20,000	853.70	17,074,000	Level 1
47.	Nabil Bank Limited	37,691	524.00	19,750,084	Level 1
	UNLISTED				
1.	Sun Nepal Life Insurance Company Limited - Bonus share	1,934	511.30	988,854	Level 2
2.	IME Life Insurance Company Limited - Bonus Share	2,203	453.00	997,959	Level 2
	Grand Total	**11,612,842**		**691,034,710**	

Other Assets

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

S.N.	Particulars	Ashad End 2082	Ashad End 2081
1	Interest Receivables	825,000	827,260
2	Broker Receivables	63,883,596	62,592,431
3	Dividend Receivables	61,665	83,471
	Total Amount	**64,770,261**	**63,503,162**

Financial Assets Held at Amortized Cost (Current)

The Current Portion of Financial assets Measured at Amortized cost includes the investments in the Fixed Deposits as below:

S.N.	Particulars	Ashad End 2082	Ashad End 2081
Assets measured at amortized cost			
1	Shangri-la Development Bank Limited	46,000,000	-
2	NIC ASIA Bank Limited	-	123,000,000
3	Mahalaxmi Bikas Bank Limited	50,000,000	
	Total Amount	**96,000,000**	**123,000,000**

Financial Assets Held at Amortized Cost (Non-Current)

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

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NIC ASIA Flexi Cap Fund

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S.N.	Particulars	Unit	Price	Ashad End 2082	Ashad End 2081
1	11% LBBL Debenture 2089	15,000	1,000	15,000,000	15,000,000
	Total Amount			**15,000,000**	**15,000,000**

Accrued Expenses & Other Payables

S.N.	Particulars	Ashad End 2082	Ashad End 2081
1	Time Media	72,000	58,870
2	Scheme Audit Fee Payable	111,500	111,500
3	Fund Management Fee Payable	4,314,768	4,186,882
4	Depository Fee Payable	575,302	558,251
5	Supervisor Fee Payable	248,227	240,871
6	TDS Payable	119,773	184,521
7	Right Advance Payable	695,700	-
8	Other Current Liabilities	52,416	4,339
	Total Amount	**6,189,686**	**5,345,234**

The accrued expenses and other payables are the financial liabilities to be discharged by the scheme.

Net Asset attributable to Unit holder's Fund

Particulars	Ashad End 2082	Ashad End 2081
Fund Capital	1,020,000,000	1,020,000,000
Reserve	167,382,343	136,708,040
Total	**1,187,382,343**	**1,156,708,040**

1. Fund Capital

The capital of the Scheme comprises of the following.

S.N.	Particulars	Ashad End 2082	Ashad End 2081
1	Unit Capital Account	867,000,000	867,000,000
2	Unit Seed Capital Account	153,000,000	153,000,000
	Total Amount	**1,020,000,000**	**1,020,000,000**

9.2. 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 2082	Ashad End 2081
Opening Reserve	136,708,040	67,953,104
Add: Current Year Profit/(Loss)	137,774,304	68,754,936
Less: Dividend Paid	(107,100,000)	
Total	**167,382,343**	**136,708,040**

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NIC ASIA Flexi Cap Fund

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

Significant Accounting Policies and Notes to the Financial Statements

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10. Interest Income from Financial Assets

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.

S.N.	Particulars	Ashad End 2082	Ashad End 2081
1	Bank Interest Income	11,398,672	34,934,735
	Total Amount	**11,398,672**	**34,934,735**

11. Dividend Income

Dividend income on Financial Assets held for trade is recognized, as and when, the right to receive is established.

S.N.	Particulars	Ashad End 2082	Ashad End 2081
1	Dividend Income	14,245,598	3,487,056
	Total Amount	**14,245,598**	**3,487,056**

2. Income From Sale of Financial Asset at Fair Value through Profit or Loss

Gain/(Loss) on sale of financial assets held for trade is recorded in the Statement of Profit or Loss.

S.N.	Particulars	Ashad End 2082	Ashad End 2081
1	Gain on Sale of Stocks	100,334,248	48,723,960
	Total Amount	**100,334,248**	**48,723,960**

13. Other Income

In NPR

S.N.	Particulars	Ashad End 2082	Ashad End 2081
1	Underwriting Income	125,000	250,000
2	Other Income		381,396
	Total Amount	**125,000**	**631,396**

14. Unrealized Gain/(Loss) on Financial Asset Held for Trade

S.N.	Name	Ashad End 2082				
		Units	Value Per Units	Value	Cost Price	Total Cost
1	NMB Bank Limited	104,000	269.72	28,050,880	245.41	25,522,960
2	Mahalaxmi Bikas Bank Limited	44,990	411.67	18,521,033	348.35	15,672,419
3	Agricultural Development Bank Limited	97,905	327.13	32,027,663	297.85	29,160,547
4	Sanima Bank Limited	30,000	374.77	11,243,100	250.28	7,508,277
5	Laxmi Sunrise Bank Limited	40,000	238.74	9,549,600	184.92	7,396,653
6	Nepal Bank Limited	74,241	291.44	21,636,797	280.36	20,814,088
7	Standard Chartered Bank Limited	15,325	656.10	10,054,733	531.57	8,146,336
8	Prabhu Bank Limited	69,500	221.89	15,421,355	197.16	13,702,298
9	Everest Bank Limited	10,400	701.56	7,296,224	489.35	5,089,196
10	Chilime Hydropower Company Limited	8,500	533.45	4,534,325	359.19	3,053,075
11	Asian Life Insurance Company Limited	74,200	498.36	36,978,312	552.96	41,029,894

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12	Prime Commercial Bank Limited	58,000	276.31	16,025,980	225.62	13,085,841
13	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	44,672	768.71	34,339,813	790.81	35,327,106
14	Machhapuchchhre Bank Limited	75,000	259.41	19,455,750	216.04	16,202,711
15	Shine Resunga Development Bank Limited	35,000	431.97	15,118,950	346.87	12,140,316
16	People's Power Limited	2	385.49	771	100.00	200
17	Sanjen Jalavidhyut Company Limited	15,450	317.28	4,901,976	324.33	5,010,851
18	Nepal Insurance Company Limited	20,448	645.18	13,192,641	677.78	13,859,342
19	National Life Insurance Company Limited	27,313	623.58	17,031,841	539.32	14,730,432
20	IGI Prudential Insurance Limited	45,366	556.99	25,268,408	552.94	25,084,538
21	NIBL Growth Fund	2,000,000	9.86	19,720,000	10.00	20,000,000
22	RSDC Laghubitta Bittiya Sanstha Limited	20,000	701.19	14,023,800	631.51	12,630,290
23	Global IME Balance Fund-I	500,000	10.91	5,455,000	10.00	5,000,000
24	Sanima Growth Fund	1,500,000	10.32	15,480,000	10.00	15,000,000
25	Sunrise Focused Equity Fund	1,500,000	10.04	15,060,000	10.00	15,000,000
26	RBB Mutual Fund 2	500,000	10.08	5,040,000	10.00	5,000,000
27	First Microfinance Laghubitta Bittiya Sanstha Limited	12,769	799.08	10,203,453	728.12	9,297,380
28	Muktinath Bikas Bank Limited	72,145	405.92	29,285,098	362.00	26,116,529
29	Garima Bikas Bank Limited	34,500	428.36	14,778,420	349.25	12,049,144
30	Chhimek Laghubitta Bittiya Sanstha Limited	8,900	1,035.98	9,220,222	829.95	7,386,548
31	Kamana Sewa Bikas Bank Limited	15,668	500.69	7,844,811	412.51	6,463,217
32	Sagarmatha Lumbini Insurance Company Limited	24,281	726.09	17,630,191	743.47	18,052,181
33	Suryajyoti Life Insurance Company Limited	4,000	446.69	1,786,760	418.22	1,672,898
34	Prabhu Insurance Limited	21,390	921.26	19,705,751	896.04	19,166,252
35	Himalayan Everest Insurance Limited	25,398	616.36	15,654,311	646.69	16,424,557
36	Siddhartha Investment Growth Scheme 3	1,000,000	10.44	10,440,000	10.00	10,000,000
37	Citizens Super 30 Mutual Fund	1,500,000	10.08	15,120,000	10.00	15,000,000
38	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	12,500	884.41	11,055,125	716.62	8,957,783
39	Nabil Bank Limited	70,891	541.37	38,378,261	593.91	42,102,551
40	Api Power Company Limited	29,500	295.92	8,729,640	303.03	8,939,353
41	Guardian Micro Life Insurance Limited	1,367	2,194.29	2,999,594	100.00	136,700
42	Nepal Micro Insurance Company Limited	1,430	1,559.40	2,229,942	100.00	143,000
43	Crest Micro Life Insurance Limited	1,429	1,364.36	1,949,670	100.00	142,900
44	Garima Samriddhi Yojana	350,000	9.95	3,482,500	10.00	3,500,000
45	NMB Hybrid Fund L-II	500,000	9.06	4,530,000	10.00	5,000,000

NIC ASIA Flexi Cap Fund
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Significant Accounting Policies and Notes to the Financial Statements
For the Period from 1st Shrawan, 2081 to 32nd Ashad, 2082 (16th July 2024 to 16th July 2025)

46	Om Megashree Pharmaceuticals Limited	996	1,517.76	1,511,689	100.00	99,600
47	Pure Energy Limited	791	871.71	689,523	100.00	79,100
48	Trade Tower Limited	1,913	100.00	191,300	100.00	191,300
	UNLISTED					
1	Sanvi Energy Limited - IPO	1,404	100.00	140,400	100.00	140,400
2	Bikash Hydropower Company Limited- IPO	1,687	100.00	168,700	100.00	168,700
3	Him Star Urja Company Limited - IPO	442	100.00	44,200	100.00	44,200
4	Asian Life Insurance Company Limited – Bonus Share	5,823	498.36	2,901,950	552.96	3,219,907
5	National Life Insurance Company Limited - Bonus Share	2,687	623.58	1,675,559	539.32	1,449,151
6	Asian Life Insurance Company Limited- Value of Right	33,476	520.03	17,408,524	100.00	3,347,600
7	Nepal Insurance Company Limited- Value of Right	6,957	606.65	4,220,464	100.00	695,700
	Grand Total	**10,652,656**		**669,405,011**		**605,154,022**
Unrealized Gain / (Loss)						**64,250,989.56**
Less: Previous Year Unrealized Gain/(Loss)						**28,374,601**
Unrealized Gain / (Loss) This Year						**35,876,388**

S.N.	Name	Ashad End 2081				
		Units	Value per unit	Value Amount	Cost Price	Total Cost
	LISTED					
1.	NMB Bank Limited	93,322	218.00	20,344,196	242.85	22,663,136
2.	Mahalaxmi Bikas Bank Limited	74,456	352.00	26,208,512	346.92	25,829,963
3.	Agricultural Development Bank Limited	74,384	294.00	21,868,896	304.54	22,653,222
4.	Sanima Bank Limited	94,482	279.00	26,360,478	228.45	21,584,258
5.	Laxmi Sunrise Bank Limited	88,454	175.00	15,479,450	181.26	16,033,193
6.	Nepal Bank Limited	73,221	229.50	16,804,220	280.54	20,541,737
7.	Standard Chartered Bank Limited	31,457	602.00	18,937,114	490.09	15,416,755
8.	Prabhu Bank Limited	94,275	163.70	15,432,818	191.85	18,086,357
9.	Everest Bank Limited	41,954	560.00	23,494,240	429.71	18,028,204
10	Chilime Hydropower Company Limited	69,709	465.00	32,414,685	395.09	27,541,602
11	Butwal Power Company Limited	61,434	310.00	19,044,540	317.81	19,524,586
12	Asian Life Insurance Company Limited	61,000	623.00	38,003,000	529.97	32,328,081
13	Prime Commercial Bank Limited	100,045	221.80	22,189,981	218.01	21,810,867
14	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	32,054	711.90	22,819,243	812.05	26,029,418
15	Machhapuchchhre Bank Limited	78,379	200.00	15,675,800	209.80	16,443,832
16	Shine Resunga Development Bank Limited	49,494	405.10	20,050,019	316.20	15,650,049
17	People's Power Limited	2	455.00	910	100.00	200

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18	Sanjen Jalavidhyut Company Limited	15,450	283.70	4,383,165	324.33	5,010,851
19	Sanima Mai Hydropower Limited	33,848	339.50	11,491,396	307.70	10,415,166
20	Rasuwagadhi Hydropower Company Limited	22,000	295.00	6,490,000	319.49	7,028,704
21	NLG Insurance Company Limited	10,695	794.90	8,501,456	649.16	6,942,815
22	Nepal Insurance Company Limited	15,136	880.00	13,319,680	547.06	8,280,275
23	National Life Insurance Company Limited	52,380	595.00	31,166,100	562.94	29,486,678
24	IGI Prudential Insurance Limited	25,166	558.00	14,042,628	510.42	12,845,130
25	NMB Sulav Investment Fund – II	300,000	10.06	3,018,000	10.00	3,000,000
26	NIBL Growth Fund	2,000,000	10.64	21,280,000	10.00	20,000,000
27	Nabil Flexi Cap Fund	250,000	10.64	2,660,000	10.00	2,500,000
28	RSDC Laghubitta Bittiya Sanstha Limited	17,106	692.00	11,837,352	612.35	10,474,920
29	Global IME Balance Fund-I	500,000	9.10	4,550,000	10.00	5,000,000
30	Sanima Growth Fund	1,500,000	10.14	15,210,000	10.00	15,000,000
31	Sunrise Focused Equity Fund	1,500,000	8.24	12,360,000	10.00	15,000,000
32	Prabhu Smart Fund	1,000,000	9.61	9,610,000	10.00	10,000,000
33	RBB Mutual Fund 2	500,000	9.50	4,750,000	10.00	5,000,000
34	First Microfinance Laghubitta Bittiya Sanstha Limited	3,213	681.00	2,188,053	544.64	1,749,927
35	Muktinath Bikas Bank Limited	60,445	367.00	22,183,315	352.93	21,332,857
36	Garima Bikas Bank Limited	50,587	385.10	19,481,054	323.67	16,373,647
37	Chhimek Laghubitta Bittiya Sanstha Limited	19,915	900.00	17,923,500	858.77	17,102,496
38	Kamana Sewa Bikas Bank Limited	15,000	416.00	6,240,000	390.85	5,862,751
39	Sagarmatha Lumbini Insurance Company Limited	15,281	727.00	11,109,287	694.80	10,617,220
40	Suryajyoti Life Insurance Company Limited	3,000	429.90	1,289,700	407.63	1,222,898
41	Prabhu Insurance Limited	11,390	826.00	9,408,140	806.13	9,181,860
42	Himalayan Everest Insurance Limited	10,034	632.00	6,341,488	615.97	6,180,681
43	Siddhartha Investment Growth Scheme 3	1,000,000	9.45	9,450,000	10.00	10,000,000
44	Citizens Super 30 Mutual Fund	1,500,000	10.00	15,000,000	10.00	15,000,000
45	Sarbottam Cement Limited	2,246	806.50	1,811,399	360.90	810,581
46	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	20,000	853.70	17,074,000	744.00	14,880,078
47	Nabil Bank Limited	37,691	524.00	19,750,084	674.01	25,404,236
	UNLISTED					
1.	Sun Nepal Life Insurance Company Limited - Bonus share	1,934	511.30	988,854	193.04	373,347
2.	IME Life Insurance Company Limited - Bonus Share	2,203	453.00	997,959	189.53	417,530
	Grand Total	**11,612,842**		**691,034,710**		**662,660,110**
Unrealized Gain / (Loss)						**28,374,601**
Less: Previous Year Unrealized Gain/(Loss)						**26,219,661**
Unrealized Gain / (Loss) This Year						**2,154,940**

NIC ASIA Flexi Cap Fund

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

Significant Accounting Policies and Notes to the Financial Statements

For the Period from 1st Shrawan, 2081 to 32nd Ashad, 2082 (16th July 2024 to 16th July 2025)

15. Operating Expenses

In NPR

S.N.	Particulars	Ashad End 2082	Ashad End 2081
1	Bank Charges	1,988	1,645
2	Depository Fee	2,337,367	2,170,890
3	Fund Management Fee	17,530,255	16,281,677
4	Software Expenses	-	135,600
5	Book Building Licence Fee	5,000	5,000
6	Annual Listing Fee	50,000	50,000
7	SEBON Fee	3,750	7,500
8	CDSC Listing and Software Fee	170,000	170,000
9	Publication Expenses	478,060	181,480
10	Scheme Audit Fee	113,000	113,000
1	Supervisor Fee	1,168,684	1,085,445
12	Transaction cost	2,347,499	974,916
	Total Amount	**24,205,602**	**21,177,152**

Fund Management, Depository & Supervisor Fees

All expenses are recorded on an accrual basis in the income statement. The following fees are incurred by the Scheme as per Clause 8.6 of the prospectus.

(a) Fund Management fees: 1.5% of NAV

(b) Fund Supervisor Fees: 0.1% of NAV

(c) Depository Fess: 0.2% of NAV

NAV (Net Asset Value) for this purpose is computed based on quarterly average of weekly NAV as per mutual fund *regulation, 2067 rule 23(1). The fee for FY 2081/82 is booked at the end of Ashad.*

Particular	Ashad End 2082	Ashad End 2081
Fund Management	17,530,255	16,281,677
Depository	2,337,367	2,170,890
Supervisory Fee	1,168,684	1,085,445
Total	**21,036,306**	**19,538,012**

Other Information

1. Securities Transactions

Transactions in securities are accounted for on a trade date basis. The Scheme uses the weighted average cost method for determining the capital gain or loss on sale of investment. The cost of investment includes brokerage transactions charges, SEBON charges, central depository services (CDS) related charges and name transfer fees.

.2. 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 NIC ASIA Capital'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 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.

17.2.1. Market Risk:

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. 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.
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.

Foreign Exchange Rate Risk

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

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 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 Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model.

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

17.2.3. 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 NIC ASIA Capital's Investment Policy, the Management Company monitors the Fund's credit position daily. The Fund can maximize the returns derived for the level of risk to which the Fund is exposed.

17.2.4. Operational Risk:

Operational risk is the type of risk with the potential for loss resulting from inadequate or failed internal processes, people, and systems or from the impact of external events, including legal risks. NIC ASIA Capital Limited seeks to minimize the exposure to operational risks, subject to cost trade-offs. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control, and monitoring. NIC ASIA Capital Limited has adopted risk management practice that defines how risks are managed and how the risk management policies are assured and how governance is exercised as well as the key roles required managing the underlying process.

17.3. Taxation

The 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 2081/82.

.4. 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. 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.

.5. 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

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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.

17.6. Reporting

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

17.7. Related Party Transactions

As identified by the management and relied upon by the auditors, the following related parties' transactions have been entered into by the scheme which are required to be disclosed in accordance with Accounting Standard – on 'Related Party Disclosures'.

Name of the Related Party	Nature of the Relationship	Nature of the transaction	Amount (NPR)
NIC ASIA Bank Limited	Fund Sponsor	Unit Holding (at par value of NPR 10 per unit)	153,000,000
		Bank account deposit as on Ashad end 2082	344,953,616
		Interest earned from call deposit for FY 2081/82	2,632,377
		Interest earned from fixed deposit for FY 2081/82	4,346,776
NIC ASIA Capital Limited (a subsidiary of sponsor NIC ASIA Bank Limited)	Fund Manager and Depository	Fund Management and Depository Fee	19,867,622
		Payable as on Ashad end 2082	4,890,070

Further, the following disclosures are made:

- Shareholders holding substantial interest in the Fund Manager: NIC ASIA Bank Limited
- Subsidiaries of Major Shareholders of Fund Manager with whom the Fund transacted: None.

.8. Employee Related Expenses

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

.9. Contingent Liability

There is no contingent liability in respect of underwriting commitments, uncalled liability on partly.

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