

Nabil Investment to issue mutual funds worth Rs 600m

POST REPORT

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NABIL Investment Banking, a subsidiary of Nabil Bank, is at the final stages of issuing mutual funds worth Rs 600 million. This will be the second issuance of mutual funds after Siddhartha Capital in November 2012.

NIDC Capital Market pioneered the field by launching NCM Mutual Fund a decade ago. Since then, an increasing number of companies have been licensed to issue mutual funds. Nabil Invest said it was awaiting the final approval from the Securities Board of Nepal (Sebon). "We will issue a notice for the issuance of mutual funds within a week after obtaining Sebon's go-ahead," said Pravin Raman Parajuli, chief executive officer of Nabil Invest. "As we have already submitted the necessary documents sought by Sebon, we expect to get its approval soon."

Two banks apply for mutual fund licence

KATHMANDU: Nepal Investment Bank and Global IME Bank have applied to the Securities Board of Nepal (Sebon) for a mutual fund licence. Nepal Investment Bank CEO Jyoti Pandey said his bank wanted to enter the business in order to compete in the market. "We have appointed three trustees, and talks are on to add a few more to generate necessary infrastructure and human resources to run the mutual

Nabil Invest has named its mutual fund Nabil Balance Fund One. "There will be components

fund," he added. Similarly, Global IME CEO Ratna Raj Bajracharya said the new sector had a huge scope for banks. "The existing size of mutual funds in the capital market is very small compared to market capitalisation," he said. "In order to provide institutional support to the capital market, it is necessary for mutual funds to hold stocks worth Rs 5 billion out of the total market capitalisation," added Bajracharya.

such as treasury bills, private and government bonds, and fixed deposits in the product," said

Parajuli. He added that the mutual fund would be closed-ended; it will be valid for a five-year period. "After five years, investors will be given back their equity on a proportional basis," he said. "If the size of the equity increases over the period, it will be shared proportionally based on their equity holding."

The company said the fund's price would be Rs 10 per unit. As per the mutual fund regulation, an investor has to subscribe to at least 100 units or Rs 1,000 worth of mutual funds. The company expects an overwhelming response to the issuance based on Nabil Bank's goodwill in the market.

Siddhartha Capital's mutual fund named Siddhartha Investment Growth Fund was oversubscribed. Siddhartha had initially issued mutual funds worth Rs 400 million. The issuance was increased to Rs 500 million as per the Mutual Fund Regulation 2010 due to massive demand.