Shreejan Associates
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To, The Fund Manager and Unit Holders,
Siddhartha Equity Fund-2

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Siddhartha Equity Fund-2**, (hereinafter referred to as "the fund"), which comprises the statement of financial position as at Ashad 32, 2083 (July 16, 2026) and statement of profit or loss, statement of cash flow & statement of changes in equity for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes (hereinafter referred to as "the financial statements").

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the fund as at Ashad 32, 2083 (July 16, 2026) and its financial performance and its cash flows for the year then ended on that date in accordance with Nepal Financial Reporting Standards (NFRS) and comply with the Securities Act 2063, Securities Board Regulations 2064, Mutual Fund Regulations 2067, Mutual Fund Guidelines 2069 and other prevailing laws.

Basis of Opinion

We have 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 Accountant of Nepal's 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 our other ethical responsibilities in accordance with those 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 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, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated through this report.

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

The Fund's Management is responsible for the other information. The other information comprises the information included in the Management Report 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.

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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 other 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 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 misstatements, 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 (Board of Directors/Fund Manager) are responsible for overseeing the fund'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 misstatements, 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 risks 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.

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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 fund 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 statement 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.

Report on Other Legal and Regulatory Requirements

As required by Rule 40 (8) of the Mutual Fund Regulation, 2067 issued by Securities Board of Nepal (SEBON), we report that:

a. 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 are in agreement with the books of account maintained by the scheme.

b. 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 has acted contrary to the provisions of law to cause loss or damage to the fund.

c. The fund has maintained the necessary internal control system.

d. We have not come across any cases where the fund has conducted activities against the interest of unit holders and the capital market.

e. The fund has invested its fund according to the Mutual Fund Regulation, 2067.

f. The operations of the fund were found satisfactory.

Shreejan Associates Lalitpur Chartered Accountants

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CA Shreejan Shrestha

Shreejan Associates

Chartered Accountants

Place: Lalitpur, Nepal

Date: 18th August, 2026

UDIN: 260818CA01198mbGvJ

Siddhartha Mutual Fund
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

Siddhartha Equity Fund 2
Fund Manager & Depository: Siddhartha Capital Limited

Statement of Financial Position
As at Ashadh 32, 2083 (July 16, 2026)

ASSETS	Schedule	Current Period NPR
Cash & Cash Equivalents	1	913,778,740
Financial Assets at Fair Value through Profit or Loss	2	324,468,930
Total Assets		**1,238,247,670**

EQUITY AND LIABILITIES	Schedule	Current Period NPR
Liabilities		
Current Liabilities	3	3,462,130
Total Liabilities		**3,462,130**
Equity		
Unit Holder's Capital	4	1,250,000,000
Reserves and Surplus	5	(15,214,460)
Total Equity		**1,234,785,540**
Total Capital & Liabilities		**1,238,247,670**
NAV Per Unit		**9.88**

Significant Accounting Policies	8
Notes to Accounts	9

Schedules 1 to 9 form Integral part of Financial Statements

On Behalf of Siddhartha Capital Limited
(Fund Management Company)

Rupesh Raut
Head, Finance & Operations

Mukti Nath Subedi
Chief Operating Officer

Sandeep Karki
Chief Executive Officer

Varun Kumar Todi
Director

Suresh Raj Maharjan
Director

Mohit Kedia
Chairman

Rishi Raj Gautam
Independent Director

Kiran Thapa
Independent Director

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As per our attached report of even date
On Behalf of Shreejan Associates,
Chartered Accountants

Shreejan Shrestha, CA
Proprietor

Shreejan Associates Chartered Accountants Lalitpur

Date: August 17, 2026
Place: Kathmandu, Nepal

Siddhartha Mutual Fund
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

Siddhartha Equity Fund 2
Fund Manager & Depository: Siddhartha Capital Limited

Statement of Profit or Loss
For the period from Ashadh 04, 2083 to Ashadh 32, 2083

Particular	Schedule	Current Period NPR
Realised Income		
Interest Income from Financial Asset at Amortized Cost		389,820
Other Income		980
Total Realised Income		**390,800**
Expenses		
Pre-Operating Expenses	6	3,141,500
Fund Management Fee		1,478,133
Fund Depository Fee		197,084
Fund Supervisor Fee		39,017
PCS Software Annual Charge		62,150
Reporting Expenses		35,000
Scheme Audit Fee		84,750
Notice Publication Expenses		5,085
QII Registration Fee		10,000
Other Expenses		5,470
Total Expenses		**5,058,189**
Realised Profit/(Loss)		**(4,667,389)**
Unrealised Income		
Net Unrealised Gain/(Loss) from Financial Assets Held at Fair Value through Profit or Loss	7	(10,547,071)
Net Profit/ (Loss)		**(15,214,460)**

Schedules 1 to 9 form Integral part of Financial Statements

On Behalf of Siddhartha Capital Limited
(Fund Management Company)

Rupesh Raut
Head, Finance & Operations

Mukti Nath Subedi
Chief Operating Officer

Sandeep Karki
Chief Executive Officer

Varun Kumar Todi
Director

Suresh Raj Maharjan
Director

Mohit Kedia
Chairman

Rishi Raj Gautam
Independent Director

Kiran Thapa
Independent Director

As per our attached report of even date
On Behalf of Shreejan Associates,
Chartered Accountants

Shreejan Shrestha, CA
Proprietor

Shreejan Associates Chartered Accountants Lalitpur

Date: August 17, 2026
Place: Kathmandu, Nepal

Siddhartha Capital Limited
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Siddhartha Mutual Fund
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

Siddhartha Equity Fund 2
Fund Manager & Depository: Siddhartha Capital Limited

Statement of Cash Flow
For the period from Ashadh 04, 2083 to Ashadh 32, 2083

Particulars	Current Period NPR
Cash Flows From Operating Activities	
Profit/(Loss) for the period	**(15,214,460)**
Adjustments:	
Unrealised gain/(loss) on financial assets held for trading purposes	10,547,071
Cash Flows before Changes in Working Capital	**(4,667,389)**
(Increase)/Decrease in Investment in Securities Held for Trading	(335,016,001)
Increase/(Decrease) in Current Liabilities	3,462,130
Net Cash Flow from Operating Activities (A)	**(336,221,260)**
Cash Flows From Investing Activities	
(Increase)/Decrease in Investment in Bond & Debentures	-
Net Cash Flow from Financing Activities (B)	**-**
Cash Flows from Financing Activities	
Increase/(Decrease) in Unit Holder's Capital	1,250,000,000
Net Cash Flow from Investing Activities (C)	**1,250,000,000**
Net Cash Flow For The Year from all activities (A+B+C)	**913,778,740**
Opening Cash and Cash Equivalents	**-**
Closing Cash and Cash Equivalents	**913,778,740**

On Behalf of Siddhartha Capital Limited
(Fund Management Company)

Rupesh Raut
Head, Finance & Operations

Mukti Nath Subedi
Chief Operating Officer

Sandeep Karki
Chief Executive Officer

Varun Kumar Todi
Director

Suresh Raj Maharjan
Director

Mohit Kedia
Chairman

Rishi Raj Gautam
Independent Director

As per our attached report of even date
On Behalf of Shreejan Associates,
Chartered Accountants

Kiran Thapa
Independent Director

Shreejan Shrestha, CA
Proprietor

Date: August 17, 2026
Place: Kathmandu, Nepal

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Siddhartha Mutual Fund
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

Siddhartha Equity Fund 2
Fund Manager & Depository: Siddhartha Capital Limited

Statement of Change in Unit Holder's Equity
For the period from Ashadh 04, 2083 to Ashadh 32, 2083

Particulars	Unit Holder's Capital NPR	Realized Profit NPR	Unrealized Profit NPR	Total NPR
Balance as on Ashadh 04, 2083	-	-	-	-
Adjustments	-	-	-	-
Adjusted balance as on Ashadh 04, 2083	-	-	-	-
Net Profit (Loss) During the year	-	(4,667,389)	(10,547,071)	(15,214,460)
Issue of Unit Capital	1,250,000,000	-	-	1,250,000,000
Amount transferred to general Reserve	-	-	-	-
Dividend Paid	-	-	-	-
Capital Reserve Fund	-	-	-	-
Unit Advance	-	-	-	-
Balance as at Asadh 32, 2083	**1,250,000,000**	**(4,667,389)**	**(10,547,071)**	**1,234,785,540**

On Behalf of Siddhartha Capital Limited
(Fund Management Company)

Rupesh Raut
Head, Finance & Operations

Mukti Nath Subedi
Chief Operating Officer

Sandeep Karki
Chief Executive Officer

Varun Kumar Todi
Director

Suresh Raj Maharjan
Director

Mohit Kedia
Chairman

Rishi Raj Gautam
Independent Director

Kiran Thapa
Independent Director

As per our attached report of even date
On Behalf of Shreejan Associates,
Chartered Accountants

Shreejan Associates ★ Lalitpur ★ Chartered Accountants

Shreejan Shrestha, CA
Propritor

Date: August 17, 2026
Place: Kathmandu, Nepal

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Siddhartha Mutual Fund
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

Siddhartha Equity Fund 2
Fund Manager & Depository: Siddhartha Capital Limited
As at Ashadh 32, 2083 (July 16, 2026)

Schedule 1: Cash & Cash Equivalents

Particulars	Current Period NPR
Call Accounts	
At Siddhartha Bank Limited	453,697,449
At Manjushree Finance Limited	200,069,041
At Everest Bank Limited	30,004,314
At Shangri-La Development Bank	30,001,086
At Kamana Sewa Bikas Bank Limited	150,004,110
At Reliance Finance Limited	50,002,740
Total	**913,778,740**

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Siddhartha Mutual Fund

(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

Siddhartha Equity Fund 2

Fund Manager & Depository: Siddhartha Capital Limited

As at Ashadh 32, 2083 (July 16, 2026)

Schedule 2: Financial Assets at Fair Value through Profit/Loss

S.N.	Particulars	Symbol	Current Period			
			Stock Qty	Per Unit Price	Value in NPR	Cost in NPR
A	**Listed Equities Investments**		**656,695**		**324,468,930**	**335,016,001**
1	Api Power Company Ltd.	API	102,117	321	32,748,922	34,957,303
2	Chandragiri Hills Limited	CGH	15,000	755	11,328,000	11,744,587
3	Everest Bank Limited	EBL	71,803	695	49,903,085	50,261,962
4	Global IME Bank Limited	GBIME	101,417	240	24,340,080	24,395,404
5	Himalayan Everest Insurance Limited Promotor	HEIP	7,161	378	2,706,858	2,347,223
6	Mandu Hydropower Limited	MANDU	10,952	800	8,761,600	8,958,425
7	Mountain Energy Nepal Limited	MEN	56,230	569	31,989,247	33,187,155
8	National Life Insurance Co. Ltd.	NLICL	22,924	579	13,272,996	13,339,211
9	Sahas Urja Limited	SAHAS	88,600	636	56,349,600	58,834,840
10	Sanima Bank Limited	SANIMA	30,000	350	10,500,000	10,618,717
11	Sarbottam Cement Limited	SARBTM	18,717	772	14,449,524	15,562,740
12	SHIVAM CEMENTS LTD	SHIVM	42,000	621	26,082,000	27,219,257
13	Sanima Middle Tamor Hydropower Limited	TAMOR	89,714	437	39,205,018	40,739,334
14	Unilever Nepal Limited	UNL	60	47,200	2,832,000	2,849,843
B	**IPO Equities Investments**		-		-	-
C	**Unlisted Equities Investments**		-		-	-
	Grand Total		**656,695**		**324,468,930**	**335,016,001**

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Siddhartha Mutual Fund
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund

Siddhartha Equity Fund 2
Fund Manager & Depository: Siddhartha Capital Limited
As at Ashadh 32, 2083 (July 16, 2026)

Schedule 3: Current Liabilities

Particulars	Current Period NPR
Payable to Broker	1,592,253
TDS Payables	62,999
Fund Manager, Depository and Supervisor Fee Payable	1,683,253
Audit Fee Payable	83,625
Provision for Reporting Expenses	35,000
Provision for Audit Expenses	5,000
Total	**3,462,130**

Schedule 4: Unit Holder's Capital

Particulars	Current Period NPR
Seed Capital Investment of Siddhartha Bank Limited	187,500,000
Capital Raised from General Public	1,062,500,000
Total	**1,250,000,000**

Schedule 5: Reserves and Surplus

Particulars	Current Period NPR
Accumulated Profit/(Loss)	
Realised Profit /(Loss)	(4,667,389)
Unrealised Profit /(Loss)	(10,547,071)
Total	**(15,214,460)**

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Siddhartha Mutual Fund
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund

Siddhartha Equity Fund 2
Fund Manager & Depository: Siddhartha Capital Limited
As at Ashadh 32, 2083 (July 16, 2026)

Schedule 6: Pre-Operating Expenses

Particulars	Current Period NPR
Scheme Registration Fee	1,000,000
Issue management Fee	2,000,000
Prospectus Processing Fee	45,000
Audit Fee For Financial Projection	25,000
Scheme Allotment Meeting Expenses	51,500
NFO Issue Software Charge	20,000
Total	**3,141,500**

Schedule 7: Net Unrealised Gain/(Loss) from Financial Assets Held at Fair Value or Loss

Particulars	Current Period NPR
1. Secondary Market Value Appreciation	(10,547,071)
Less: Unrealised income upto previous year	-
2. IPO/Right/Bonus Value Appreciation	-
Total	**(10,547,071)**

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Siddhartha Mutual Fund
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

Siddhartha Equity Fund 2

Fund Manager & Depository: - Siddhartha Capital Limited
As at Ashadh 32, 2083 (16 July 2026)

Schedule: 8 - Significant Accounting Policies

1. Overview of the Scheme

Siddhartha Mutual Fund is the first Mutual Fund in Nepal registered with Securities Board of Nepal (SEBON) as per Mutual Fund Regulations, 2010. Siddhartha Bank Limited (SBL) is the Fund Sponsor and Siddhartha Capital Limited (SCL) a subsidiary of SBL is the Fund Manager and Depository of the fund.

As the fund manager and depository, SCL shall ensure management of the schemes operated under Siddhartha Mutual Fund along with its depository functions. The registered office of SCL is situated at Narayanchaur Naxal, Kathmandu.

There are five Fund Supervisors of Siddhartha Mutual Fund as per Mutual Fund Regulations, 2010 and they are:

1. Dr. Ram Krishna Timilsina
2. Mr. Radha Krishna Poudel
3. Mr. Pratap Prasad Pradhan
4. Mr. Bishow Prakash Pandit
5. Mr. Surya Prasad Bhandari

The seventh scheme of the Siddhartha Mutual Fund, Siddhartha Equity Fund 2 (SEF2) started its operation from Ashadh 04, 2083 (June 18, 2026). SEF2 is a close end scheme with initial base fund size of NPR. 1.00 billion which was increased to base fund size of NPR 1.25 billion as per Section 15(4) of Mutual Fund Guidelines, 2069 and point number 4.2 of approved prospectus of SEF2. The fund received its approval for fund size increment on Ashadh 03, 2083 (June 17, 2026). The maturity period of the scheme is 12 years (i.e. Ashadh 04, 2083 – Ashadh 03, 2095). SEF2 is yet to be listed on NEPSE.

SEF2 has obtained withholdee PAN on Baisakh 09, 2083 and its PAN number is 201642465.

2. Basis of Preparation of Financial Statement and Significant Accounting Policies

The Financial Statements are in conformity with Nepal Financial Reporting Standards (NFRS) i.e. the financial statements are prepared on the basis of fair value measurement of assets and liabilities. The management has prepared the financial statement on an orderly realization basis.

The principle accounting policies adopted in preparation of financial statements which have been consistently applied unless otherwise stated.

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2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards comprising of Nepal Financial Reporting Standards and Nepal Accounting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal to the extent applicable and in compliance with the requirements of Securities Act, 2063; Mutual Fund Regulations, 2010; and Mutual Fund Guidelines, 2012.

2.2 Reporting Period

The Scheme follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for the English calendar are as follows:

Relevant Financial Statement	Nepalese Calendar Date/Period	English Calendar Date/Period
Statement of Financial Position	32nd Ashadh,2083	16th July, 2026
Statement of Profit or Loss	4th Ashadh, 2083 to 32nd Ashadh, 2083	18th June, 2026 to 16th July 2026
Statement of Cash flows	32nd Ashadh,2083	16th July, 2026
Statement of changes in Equity	4th Ashadh, 2083 to 32nd Ashadh, 2083	18th June, 2026 to 16th July 2026

2.3 Responsibility for Financial Statements

The Board of Directors of Siddhartha Capital Limited is responsible for the preparation and presentation of Financial Statements of Siddhartha Equity Fund 2 (SEF2) being the Fund Manager of the SEF2 as per the provisions of the Mutual Fund Regulation, 2067.

2.4 Approval of Financial Statements by Directors

The Scheme's Financial Statements for FY 2082/83 were approved by the Board of Directors (BoDs) of SCL, being the Fund Management and Depository Company for the Siddhartha Mutual Fund by BOD meeting dated August 17, 2026 (1st Bhadra 2083).

2.5 Functional and Presentation Currency

The Financial Statements are presented in Nepalese Rupees (NPR) and is the functional and presentation currency of the fund. Financial information presented in financial statement are rounded to the nearest Nepalese Rupees and has been shown in actual figure, unless otherwise stated.

2.6 Reporting Pronouncements

The company has, for the preparation of financial statements, adopted the Nepal Financial Reporting Standards (NFRS) pronounced by ASB as effective on July 16, 2025. NFRS conform, in all material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.7 Net Asset Value (NAV)

The Net Asset Value (NAV) calculation is done on the basis of market value of the total investment plus other current assets and deducting the same by the current liabilities in compliance with Mutual Fund Regulations and Guidelines. The Net Asset Value is calculated on per unit basis in weekly and monthly periods and the same is published on SCL website: www.siddharthacapital.com. Net Assets value (NAV) includes unit

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holder's fund, realized gain and unrealized gain. The total value of NAV is reflected as Equity in statement of financial position.

2.8 Cash & Cash Equivalents

Cash and Cash Equivalents include cash in hand, balances with banks and money at call and at short notice. These are subject to insignificant risk of changes in their fair value. The detail of cash balance on various financial institutions are listed below:

2.9 Financial Instruments

The Fund's principal financial assets comprises of Assets held at fair value through profit and loss, Assets measured at Amortized cost, other financial assets and cash and cash equivalents. The main purpose of these financial instruments is to generate a return on the investment made by unit holders. The Funds' principal financial liabilities comprises of accrued expenses and other payables which arise directly from its operations.

In accordance with NFRS-9; Financial Instruments: Recognition and Measurement, the Fund's prepaid, advances and receivables are classified as 'Other Financial Assets'. Equity securities are classified as fair value through profit and loss. Debentures and Fixed Deposits are classified as assets measured at amortized cost. The amount attributable to unit holders is classified as equity and payables are designated as 'other financial liabilities' at amortized cost.

a. Classification

i. Financial Assets measured at amortized cost

Held to Maturity Financial Assets are non-derivative financial assets with fixed or determinable payments and fixed maturities which the fund has the intention and ability to hold to maturity. After the initial measurement, held to maturity financial investments are subsequently measured at amortized cost using the effective interest rate, less impairment. The amortization is included in 'realized interest income' in the Statement of Profit or Loss. The losses arising from impairment of such investments are recognized in the Statement of Profit and Loss.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on an active market. Receivables mainly represent payment made for applying right shares, dividend receivable from investment and receivable from brokers for sale of shares.

ii. Financial instruments classified at fair value through profit or loss

Financial assets, held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognized through profit or loss. This classification includes quoted equity securities held for trading. The dividend income from the quoted equity securities is recorded in the profit or loss.

b. Recognition / De- recognition

All financial assets and liabilities are initially recognized on the trade date, i.e. the date on which the fund becomes a party to the contractual provisions of the instrument. This includes 'regular way trade'. Regular way trade means purchases or sales of financial assets that required delivery of assets within the time frame generally established by regulations or convention in the market place.

Investments are derecognized when the rights to receive cash flows from the investments have expired or the Fund has substantially transferred all risks and rewards of ownership.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Realized gains and realized losses on de-recognition are determined using the weighted 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 weighted average cost and disposal amount.

Cost of purchase of instruments includes transaction cost on such purchases, while disposal value is calculated net of transaction cost involved on such disposal.

c. Measurement

i. Financial Assets measured at amortized cost

Assets are measured initially at fair value plus transaction costs and subsequently amortized using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If evidence of impairment exists, an impairment loss is recognized in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognized on a financial asset carried at amortized cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

ii. Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value including transaction costs of those financial assets.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of profit and loss within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently 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 closing price.

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

Further details on how the fair values of financial instruments are determined are disclosed in point 2.13 of this Schedule.

d. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.10 Realized Income

Realized income includes income from interest from bank deposits with bank and financial institutions and capital gain and dividend income from Investments made on securities and other incomes.

- Interest on interest bearing accounts (call accounts) and other fixed income investments (Fixed Deposit and Debenture) is recognized on a day-to-day basis as it is accrued. Interest on call accounts is booked based on the interest rates provided by the bank on a regular interval.
- Dividend income is recognized as realized when right to receive is established.
- Profit or loss on sale of investments is recognized on trade date. The cost of investments sold is determined on "weighted average cost basis".
- Other income of miscellaneous nature is accounted for when it is probable that the economic benefits associated with the transactions will flow to the entity.

2.11 Unrealized Income

Unrealized incomes are the income that are booked based upon the valuation gain from the investments made on securities, both on secondary market as well as on primary market. Unrealized appreciation/depreciation, on marking the investments is recognized on the balance sheet date and accordingly reckoned for determination of net surplus/deficit for the period.

These incomes are directly credited to the Unrealized Profit/ (Loss) as a fund which shall not be used for return distribution or other related purposes.

2.12 Expenses

All expenses are accounted on an accrual basis.

2.13 Valuation of Investments

The investments are stated as per the provisions stated on the Mutual Fund regulations and guidelines and valuation policy set out by Siddhartha Mutual Fund Investment Policy, 2022. Accordingly, investments have been valued as follows:

a. Investments are accounted for on trade date and off-market transactions including acquisitions through private placement/ private treaty are accounted when scheme obtains the enforceable obligation/right.

b. Cost of investments includes brokerage, transaction charges, and any other charge customarily included in the broker's note.

c. Equities which are traded frequently shall be valued at closing market price.

d. Equities which are not traded frequently i.e. which are listed but not transacted for more than 30 days and trading has been suspended including merger and acquisition shall be valued at 180 days Closing Average Price as provided by NEPSE in its website https://nepalstock.com.np/trading-average (in case of changes in page link, the page showing the average price).

   In case where 180 days closing average price of ordinary shares is not found in NEPSE, then price shall be taken at lower of cost of acquisition or last traded price as shown in company details of the script in NEPSE.

e. In case of Promoter Share, where 180 days closing average price is not found in NEPSE, then price shall be taken at lower of cost of acquisition or last traded price as shown in company details of the script in NEPSE.

f. IPO investments are valued as advance for application amount till allotment at exact amount applied for.
   After allotment till listing or till trading is not commenced, IPO investments are valued at the value derived using valuation model which is 50% of latest net worth published by the company and 50 % based on the Earning Capitalization, based on the projections of the company by considering latest interest rate of the development bonds published by Public Debt Management Office (PDMO) in its website https://pdmo.gov.np/category/db-series/ as discount factor (in case of changes in page link, the page showing the latest interest rates of the development bonds). However, IPO issued at premium and through book building shall be valued at issue price and awarded bid price respectively.

g. In case of right shares announcement, if the management has an intention to apply for right shares, investments shall be valued with increase in corresponding units eligible for right share on ex-book close date and subsequent amount shall be booked under provision for the amount to be invested for right shares, until the right is issued. The eligible right share shall be valued based on market price.

h. In case of auction shares, investments are valued as advance for application amount till allotment at exact amount applied for. Further, after allotment till listing, the valuation shall be done based on market price.

i. In case of bonus shares, valuation shall be done based on market price after the book close date.

j. Bonds, Debentures and Treasury Bills shall be valued at cost of acquisition.

k. Bank Deposit shall be valued considering all the accrued interest for the period.

l. Other market instruments/investments are valued at cost of acquisition.

2.14 Provisions

Provisions are created when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

Siddhartha Mutual Fund

(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

Siddhartha Equity Fund 2

Fund Manager & Depository: - Siddhartha Capital Limited

As at Ashadh 32, 2083 (16 July, 2026)

Schedule: 9 - Notes to the Accounts

1 Unit Holder's Capital

Unit Ownership Detail	Status	%	Unit Capital
Siddhartha Bank Limited	Fund Sponsor	15%	187,500,000
General Public		85%	1,062,500,000
Total		**100%**	**1,250,000,000**

2 Reserve and Surplus

Reserve and Surplus comprise of net realized loss of NPR. 4,667,389 (NPR. Four Million Six Hundred Sixty-Seven Thousand Three Hundred Eighty-Nine Only) and net unrealized loss of NPR. 10,547,071 (NPR. Ten Million Five Hundred Forty-Seven Thousand Seventy-One Only).

3 Income Tax

Income Tax Act 2058 has prescribed Mutual Funds as non-taxable entity and thus TDS has not been deducted on its income. Similarly, corporate tax has not been provisioned or deposited. TDS are filed manually or through Siddhartha Capital Limited.

4 Compliance relating to Investment Threshold

Investment threshold of Mutual Fund Regulations, 2010 has been complied throughout the fiscal year and as on Ashad End 2083.

5 Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6 Fair value measurement

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

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period:

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.

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.

The Fund values its investments in accordance with the accounting policies set out in Point 2.13 of Schedule 8 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

7 Pre-Operating Expenses

Pre-operating Expenses are the expenses incurred before the NFO issue of the scheme for public. This expense is a onetime expense for the scheme throughout its operation period and occurs during the first year of its operation. Further, the other one-time expenses have also been included under pre-operating expenses and presented in financial statement accordingly. The total expenses booked under pre-operating expenses during the period are as follow:

Particulars	Amount (in NPR)
Scheme Registration Fee	1,000,000
Issue management Fee	2,000,000
Prospectus Processing Fee	45,000
Audit Fee for Financial Projection	25,000
Scheme Allotment Meeting Expenses	51,500
NFO Issue Software Charge	20,000
Total	**3,141,500**

8 Fund Management, Depository and Supervisor Fee

Fund management, depository and Supervisor Fee are calculated and recognized as per the Mutual Fund Regulations 2010. The fund management and depository fee has been calculated at the rate of 1.50% and 0.2% respectively of Quarterly Average of Weekly Gross NAV. The total fees charged are as follows:

Fund Management Fee	Depository Fee	Supervisor Fee
NPR. 1,478,133	NPR. 197,084	NPR. 39,017

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9 Cash and Cash Equivalents:

The detail of bank balance on various financial institutions are listed below:

Financial Institution	**Amount**
Siddhartha Bank Limited	453,697,449
Manjushree Finance Limited	200,069,041
Everest Bank Limited	30,004,314
Shangri-La Development Bank Limited	30,001,086
Kamana Sewa Bikas Bank Limited	150,004,110
Reliance Finance Limited	50,002,740
Total	**913,778,740**

10 Reconciliation Status

The Bank Accounts has duly been reconciled.

11 Financial Assets at Fair Value through Profit/Loss

The details of Investment in Financial Assets measured at fair value through Profit or Loss are as follows:

Particulars	**Amount (in NPR)**
Listed Equities Investments	324,468,930
IPO Equities Investments	-
Unlisted Equities Investments	-
Total	**324,468,930**

Listed Equities Investments

The details of Investment in Listed Equities are as follows:

SN	Company	Ticker	Stock Qty	Per Unit Price	Value in NPR	Cost in NPR
1.	Api Power Company Ltd.	API	102,117	320.70	32,748,922	34,957,303
2.	Chandragiri Hills Ltd.	CGH	15,000	755.20	11,328,000	11,744,587
3.	Everest Bank Ltd.	EBL	71,803	695.00	49,903,085	50,261,962
4.	Global IME Bank Ltd.	GBIME	101,417	240.00	24,340,080	24,395,404
5.	Himalayan Everest Insurance Ltd. Promotor	HEIP	7,161	378.00	2,706,858	2,347,223
6.	Mandu Hydropower Ltd.	MANDU	10,952	800.00	8,761,600	8,958,425
7.	Mountain Energy Nepal Ltd.	MEN	56,230	568.90	31,989,247	33,187,155
8.	National Life Insurance Co. Ltd.	NLICL	22,924	579.00	13,272,996	13,339,211
9.	Sahas Urja Ltd.	SAHAS	88,600	636.00	56,349,600	58,834,840
10.	Sanima Bank Ltd.	SANIMA	30,000	350.00	10,500,000	10,618,717
11.	Sarbottam Cement Ltd.	SARBTM	18,717	772.00	14,449,524	15,562,740

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12.	Shivam Cements Ltd.	SHIVM	42,000	621.00	26,082,000	27,219,257
13.	Sanima Middle Tamor Hydropower Ltd.	TAMOR	89,714	437.00	39,205,018	40,739,334
14.	Unilever Nepal Ltd.	UNL	60	47,200.00	2,832,000	2,849,843
	Total				**324,468,930**	**335,016,001**

12 Current Liabilities

The details of Current Liabilities are as follows:

Particulars	**Amount (in NPR)**
Payable to Broker	1,592,253
TDS Payables	62,999
Fund Manager, Depository and Supervisor Fee Payable	1,683,253
Audit Fee Payable	83,625
Provision for Reporting Expenses	35,000
Provision for Audit Expenses	5,000
Total	**3,462,130**

13 Net Unrealized Gain/(Loss) from Financial Assets Held at Fair Value through Profit or Loss

Changes in fair value of financial assets is recorded as unrealized gain/(loss) in the income statement.

SN	Particulars	Ticker	Stock Qty	Rate	Value in NPR	Cost in NPR
1.	Api Power Company Ltd.	API	102,117	320.70	32,748,922	34,957,303
2.	Chandragiri Hills Ltd.	CGH	15,000	755.20	11,328,000	11,744,587
3.	Everest Bank Ltd.	EBL	71,803	695.00	49,903,085	50,261,962
4.	Global IME Bank Ltd.	GBIME	101,417	240.00	24,340,080	24,395,404
5.	Himalayan Everest Insurance Ltd. Promotor	HEIP	7,161	378.00	2,706,858	2,347,223
6.	Mandu Hydropower Ltd.	MANDU	10,952	800.00	8,761,600	8,958,425
7.	Mountain Energy Nepal Ltd.	MEN	56,230	568.90	31,989,247	33,187,155
8.	National Life Insurance Co. Ltd.	NLICL	22,924	579.00	13,272,996	13,339,211
9.	Sahas Urja Ltd.	SAHAS	88,600	636.00	56,349,600	58,834,840
10.	Sanima Bank Ltd.	SANIMA	30,000	350.00	10,500,000	10,618,717
11.	Sarbottam Cement Ltd.	SARBTM	18,717	772.00	14,449,524	15,562,740
12.	Shivam Cements Ltd.	SHIVM	42,000	621.00	26,082,000	27,219,257
13.	Sanima Middle Tamor Hydropower Ltd.	TAMOR	89,714	437.00	39,205,018	40,739,334
14.	Unilever Nepal Ltd.	UNL	60	47,200.00	2,832,000	2,849,843
	Total				**324,468,930**	**335,016,001**
	Unrealized Gain/(Loss) as on 32nd Ashadh 2083					**(10,547,071)**
	Unrealized Gain/(Loss) up to Previous Year					0
	Unrealized Gain/(Loss) for this year					**(10,547,071)**

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14 Summary of concentration of Sectoral Investment including IPO/Bonus/ Right Share:

Sector	Investment this FY (In Mkt Value)	
	Amount	%
Commercial Banks	84,743,165	26.12%
Development Banks	-	0.00%
Finance	-	0.00%
Hotels	11,328,000	3.49%
Hydro Power	169,054,387	52.10%
Investment	-	0.00%
Life Insurance	13,272,996	4.09%
Manufacturing And Processing	43,363,524	13.36%
Microfinance	-	0.00%
Mutual Fund	-	0.00%
Non-Life Insurance	2,706,858	0.83%
Others	-	0.00%
Total	**382,529,231**	**100%**

15 Net Assets Attributable to Unit Holders (Equity)

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 attaching to it as all other units of the Fund. The Fund considers its net assets attributable to unit holders as capital (which includes unit holder's fund, 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 on a daily basis as the Fund is subject to daily changes in Market Price of Shares at Nepal Stock Exchange.

NAV as on reporting date is NPR. 9.88.

16 Related Party Transaction:

Related Parties

a. **Fund Sponsor:** Siddhartha Bank Ltd.

b. **Fund Manger and Depository:** Siddhartha Capital Ltd., a subsidiary of the fund sponsor.

c. **Fund Supervisors:**
   i. Dr. Ram Krishna Timilsina
   ii. Mr. Radha Krishna Poudel
   iii. Mr. Pratap Prasad Pradhan
   iv. Mr. Bishwo Prakash Pandit
   v. Mr. Surya Prasad Bhandari

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d. Shareholders holding substantial interest in the Fund Management Company:

i. Siddhartha Bank Ltd.

e. Subsidiaries of Major Shareholders of Fund Management Company with whom transacted:

i. None

f. Key Management Personnel

i. None

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

The transactions entered into during the year with the related parties are as under:

i. Unit Holding of Siddhartha Bank Ltd. amounts to NRs. 187,500,000 (NPR. One Hundred Eighty-Seven Million Five Hundred Thousand Only).

ii. Siddhartha Equity Fund 2 have earned interest amounting to NPR. 308,519.57 (NPR. Three Hundred Eight Thousand Five Hundred Nineteen & 57/100 Only) from Siddhartha Bank Ltd. The bank balance at Siddhartha Bank as on 32nd Ashadh 2083 is NPR 453,697,449 (NPR. Four Hundred Fifty-Three Million Six Hundred Ninety-Seven Thousand Four Hundred Forty-Nine Only)

iii. Fund Management and Depository Fee incurred by Siddhartha Equity Fund 2 to Siddhartha Capital Ltd. amounts to NPR. 1,675,217 (NPR. One Million Six Hundred Seventy-Five Thousand Two Hundred Seventeen Only).

iv. Supervisor Fee incurred by Siddhartha Equity Fund 2 to Fund Supervisors amounts to NPR. 39,017 (NPR. Thirty-Nine Thousand Seventeen Only). Detail of transaction is as below:

Name	Amount (NPR.)
Dr. Ram Krishna Timilsina	9,289
Mr. Radha Krishna Poudel	7,432
Mr. Pratap Prasad Pradhan	7,432
Mr. Bishwo Prakash Pandit	7,432
Mr. Surya Prasad Bhandari	7,432
Total	**39,017**

v. Siddhartha Equity Fund 2 have incurred scheme allotment meeting expenses amounting NPR 31,500 (NPR. Thirty-One Thousand Five Hundred Only). The payment was made to staffs of Siddhartha Capital Limited as a meeting allowance for pre allotment meeting and allotment meeting.

Other small transactions are considered insignificant and hence are not disclosed.

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17 Reporting

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

18 Contingent Liability

There is no Contingent liability in respect of Underwriting Commitments, Uncalled liability on partly paid shares and other commitments.

19 Proposed Dividend and Distribution

The Board of Directors of the fund management company, Siddhartha Capital Ltd., held on August 17 2026 have not proposed any dividends in relation to F/Y 2082/83.

On Behalf of Siddhartha Capital Ltd.
(Fund Management Company)

Rupesh Raut Head, Finance and Operations	Mukti Nath Subedi Chief Operating Officer	Sandeep Karki Chief Executive Officer
Varun Kumar Todi Director	Suresh Raj Maharjan Director	Mohit Kedia Chairman

Rishi Raj Gautam
Independent Director

Kiran Thapa
Independent Director

As per our attached report of even date
On Behalf of Shreejan Associates,
Chartered Accountants

Shreejan Associates Lalitpur Chartered Accountants

Shreejan Shrestha, CA
Proprietor

Date: August 17, 2026
Place: Kathmandu, Nepal