



**Global IME
Capital Limited**

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GICL

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Nepse: Looking for a Mean Reversion after Extended Sell off

According to weekly chart, Nepse index have gone into extended selling since last year without a major correction on the upside. Stock prices have tendency to revert to the mean in short term and long term. But Nepse index experienced free fall after it broke 1380 region and it took a very short time to come as low as 1200 region. As stated in previous volume of GICL fortnightly communique, 1175 to 1280 is a significant support zone for Nepse index. Because 1175 is a peak of 2008, this level acts as a psychological support for the worried investors. In the past, 1200, 1218, including 1175 has been a critical psychological level so it is now.

As long as Nepse index remains above 1200, there is nothing to fear. Additionally, if Nepse stabilizes above 1300, that will be a bullish sentiment. On the other hand if Nepse index breaches beyond 1175 region, Nepse may take longer time to come back to the 1200+ territory. In another words, market below 1175 will bring a prolong bear market. At the present Nepse is moving inside a multi-year down trending channel. The



benchmark index came across the channel line around 1134 and went higher. It is surprising to see how market respected this long term channel. Moreover, if market really fluctuates within this channel, market has to test the channel trend line which is way higher around 1500. But it is dangerous to dream like this. It is completely absurd to expect market to behave in the way we want.

On the weekly timeframe, Nepse index is far below the 5-day and 21-day simple moving average indicating extreme down trending conditions. The negative directional index –DI is separating away from positive directional index +DI indicating that market is moving downward aggressively. The ADX line, which is the average of –DI and +DI, rising higher which hints that the trend is strong, down, in this case. In the recent weeks, average true range indicator has soared which means the volatility has relatively gone higher. The stochastic indicator which gauges the momentum of Nepse index has plunged into the oversold territory suggesting lacking of buying interest in the market.

Looking at the recent price action of the market, it is struggling to rise higher after a long weeks of panic selling but the market has not shown any signs of confirmation in the either of the directions. As per the general rule of the market, after such an extended selling, there remain enough spaces for the upward bounces.



Market Performance

NEPSE Top 5 Companies by Traded Shares		
1	NMB Sulav Investment Fund -1	458,890
2	Nepal Bank	444,839
3	Nabil Balance Fund 1	403,732
4	Nepal Credit And Commerce Bank	367,137
5	Kumari Bank	333,946

NEPSE Top 5 Companies by Market CAP (' Millions)		
1	Nepal Doorsanchar Company	105,600.00
2	Nabil Bank	77,974.44
3	Standard Chartered Bank	69,298.87
4	Nepal Investment Bank	68,965.57
5	Everest Bank	59,398.79

NEPSE Top 5 Companies by No. of Transactions		
1	Nepal Life Insurance	4,055
2	Nabil Bank	1,745
3	Everest Bank	1,596
4	Nepal Investment Bank Limited	1,477
5	Sanima Bank	1,440

NEPSE Top 5 Companies by Turnover		
1	Nepal Life Insurance	360,229,809
2	Nabil Bank	168,779,639
3	Nepal Bank	134,754,049
4	Nepal Investment Bank	127,840,904
5	Sanima Bank	112,139,637

NEPSE Top Leaders				
1	Radhi Bidhyut Company	115	205	32.26%
2	Swadeshi Laghubitta Bittiya Sanstha	461	596	29.28%
3	Corporate Development Bank	137	147	7.30%
4	Guheshwori Merchant Bank & Finance	151	161	6.62%
5	Reliance Finance	121	125	3.31%

NEPSE Summary: 18 th Mar to 29 th Mar, 2018	
NEPSE High	1,278.96
NEPSE Low	1,168.55
NEPSE Close	1,220.29
Total Average Turnover per Day	401,166,940
Total Average Share Traded per Day	1,166,405
Total Average Transactions per Day	5,756

Global Indices				
S. No.	Indices	19 th March	29 th March	% Change
1	DJIA	24,610.91	24,103.11	-2.06%
2	NASDAQ	7,344.24	7,063.45	-3.82%
3	FTSE 100	7,042.93	7,056.61	-1.50%
4	NIKKEI	21,480.90	21,159.08	0.14%
5	SENSEX	32,923.12	32,968.68	0.19%

NEPSE Top Losers				
1	Asian Life Insurance	702	584	-16.81%
2	Swarojgar Laghu Bitta Bikas Bank	1380	1152	-16.52%
3	Kabeli Bikas Bank	265	223	-15.85%
4	Premier Insurance	906	765	-15.65%
5	Nepal Credit and Commerce Bank	273	231	-15.38%

Indices			
Index	18 th Mar	29 th Mar	% Change
NEPSE Index	1,278.96	1,220.29	-4.59%
Sensitive	272.47	260.88	-4.25%
Float	92.11	87.98	-4.48%
Sensitive Float	82.81	79.30	-4.24%

went up by 0.19% to close at 32,968. NASDAQ of United States dropped by 3.82% to close at 7,063.45. The drop in NASDAQ was followed by its counterpart DJIA. DJIA, which tracks 30 stocks, fell 2.06% to close at 24,103. NIKKEI gained as little as 0.14% while the London based FTSE 100 dropped 1.50% to close at 7,056.61.

In the review period, Nepse index plunged 58 points (4.59%) to close at 1220 whereas sensitive index slid 4.25% to stay at 260.88 levels. In the review period global stocks performed poorly. Hardly any major stock exchanges in the world saw its index going higher. Sensex of India remained as the top performer as SENSEX



Sectoral Indices

Sub-Indices	Turnover (29th March)	18th March	29th March	% Change
Banking	161,760,000.00	1,136.60	1,101.83	-3.06%
Development Bank	17,874,500.00	1,495.13	1,458.50	-2.45%
Finance	2,208,580.00	664.68	644.03	-3.11%
Hotels	2,229,350.00	1,849.49	1,786.27	-3.42%
Hydro Power	22,238,900.00	1,533.56	1,455.72	-5.08%
Insurance	64,058,300.00	6,194.36	5,569.35	-10.09%
Manu. & Pro.	841,280.00	2,200.58	2,162.99	-1.71%
Microfinance	39,146,200.00	1,457.83	1,340.23	-8.07%
Others	9,224,690.00	711.45	677.54	-4.77%

Listing of Shares in NEPSE during review period:

S. No.	Name of Company	Type of Issue	Number of Listed Shares
1	Everest Insurance Co. Ltd	Bonus	2,02,500
2	Garima Bikas Bank Ltd	Bonus	33,06,365.21
3	Janata Bank Nepal Ltd.	Bonus	1,00,70,919.35
4	Machhapuchhre Bank Ltd.	Bonus	66,51,490
5	Muktinath Bikas Bank Ltd	Bonus	43,19,605.53
6	Nepal Finance Ltd	Bonus	2,44,219
7	NMB Microfinance Bittiya Sanstha Ltd.	Bonus	2,81,750
8	Ridi Hydropower Development Company Ltd	Bonus	2,84,598
9	RSDC Laghubitta Bittiya Sanstha Ltd	Bonus	1,49,500
10	Standard Chartered Bank Ltd.	Bonus	4,00,57,153.33
11	Womi Microfinance Bittiya Sanstha Ltd	Bonus	1,29,600
12	Premier Insurance Company Limited	FPO	6,59,565
13	Radhi Bidhut Company Ltd	IPO	41,000,000
14	Aarambha Microfinance Bittiya Sanstha Ltd	IPO	6,00,000
15	Nepal Community Development Bank Ltd.	Rights	26,43,538.80

Existing/Upcoming Corporate Events

Auction

S.No	Ticker	Ratio	Units	Opening Date	Closing Date	Book Closure Date	Issue Manager	Status
1	SHBL	250%	1,824,870	Coming Soon	Coming Soon		NIBL Ace Capital	Coming Soon
3	SLICL	40%	2,887,500	Coming Soon	Coming Soon		NIC Asia Capital	Coming Soon
4	NICL	100%	3,019,886	Coming Soon	Coming Soon		NIBL ACE Capital	Coming Soon
2	DBBL	40%	6,533,109	4/9/2018	5/13/2018	3/1/2018	NIBL ACE Capital	Coming Soon
5	MFIL	5%	362,190	3/22/2018	4/25/2018	2/21/2018	NIBL ACE Capital	Open
6	PLIC	160%	9,763,200	3/11/2018	4/15/2018	3/1/2018	Siddhartha Capital	Open
7	SLBS	70%	280,000	3/9/2018	4/11/2018	2/9/2018	Global IME Capital	Open
8	FMDBL	50%	2,281,313	3/2/2018	4/6/2018	1/23/2018	Global IME Capital	Open
9	ALICL	50%	4,027,966	2/25/2018	4/15/2018	1/22/2018	NIBL Ace Capital	Open



Rights

S. No	Ticker	Ratio	Units	Opening Date	Closing Date	Book Closure Date	Issue Manager	Status
1	NICL	100%	3,019,886	Coming Soon	Coming Soon	N/A	NIBL Capital	Coming Soon
2	MFIL	5%	362,190	3/22/2018	4/25/2018	2/21/2018	Ace Capital	Coming Soon
3	DBBL	40%	6,533,109	Coming Soon	Coming Soon	3/1/2018	NIBL Capital	Coming Soon
4	PLIC	160%	9,763,200	3/11/2018	4/15/2018	3/1/2018	Siddhartha Capital	Open
5	SLBS	70%	280,000	3/9/2018	4/11/2018	2/9/2018	Global IME Capital	Open
6	FMDBL	50%	2,281,313	3/2/2018	4/6/2018	1/23/2018	Global IME Capital	Open
7	ALICL	50%	4,027,966	2/25/2018	4/1/2018	1/22/2018	NIBL Ace Capital	Open
8	SBL	10%	6,826,117	2/14/2018	3/20/2018	2/5/2018	Laxmi Capital	Open
9	KSBBL	15%	3,094,155	1/29/2018	3/19/2018	1/17/2018	NMB Capital	Open

IPO Status of different Companies at SEBON

IPO Replied and Under Review						
S. No.	Company Name	Type of Issue	Units	Issue Manager	Date of Application	Date of Comment
1	Shuvam Power Ltd. (For Local People)	IPO	200,000.00	CBIL Capital	11/18/2073	12/13/2073
2	Nepal Sewa Laghubitta Bittiya Sanstha	IPO	180,000.00	NMB Capital	8/7/2074	11/3/2074
3	Joshi Hydropower Development Company Ltd. (For Local People)	IPO	371,400.00	Siddhartha Capital	9/12/2073	10/5/2074

IPO Reviewed and Comment Sent						
S. No.	Company Name	Type of Issue	Units	Issue Manager	Date of Application	Date of Comment
1	Mailung Khola Jal Vidhyut Co. Ltd. (For General Public)	IPO	736,286.00	Siddhartha Capital	6/20/2074	10/18/2074
2	Upper Tamakoshi Hydropower Ltd. (For Local and General Public)	IPO	26,475,000.00	Citizen Investment Trust & Sunrise Capital	7/30/2074	10/23/2074
3	Mountain Hydro Nepal Ltd. (For Local People)	IPO	1,250,000.00	Siddhartha Capital	6/25/2074	10/26/2074
4	NADEP Laghubitta Bittiya Sanastha	IPO	480,000.00	Nabil Investment Banking	10/17/2074	11/11/2074
5	NMB Bank Ltd.	FPO	11,415,163.00	Citizen Investment Trust	2/22/2074	11/30/2074
6	Rairang Hydropower Development Company Ltd.	IPO	840,000.00	NIBL Ace Capital	7/27/2074	12/4/2074

Waiting for Reply and Compliance / Preliminary Review (Local People)						
S. No.	Company Name	Type of Issue	Units	Issue Manager	Date of Application	Date of Comment
1	Gajrang Upatyaka Hydro Power Ltd.	IPO	200,000.00	NIBL Capital Market	6/14/2073	8/15/2073



IPO Under Preliminary Review						
S. No.	Company Name	Type of Issue	Units	Issue Manager	Date of Application	Date of Comment
1	Ankhukhola Jalbidut Co. Ltd	IPO	800,000.00	Civil Capital	2073/02/31	5/7/2073
2	Laughing Buddha Power Nepal Ltd. (For Local People)	IPO	978,000.00	Siddhartha Capital	2074/02/31	
3	Unique Hydel Co.Ltd (For Local People)	IPO	550,000.00	NMB Capital	2074/02/31	
4	CEDB Hydro Fund Ltd. (For General People)	IPO	2,289,300.00	Sunrise Capital	3/27/2074	
5	Union Hydropower Ltd. (For Local People)	IPO	633,745.00	Laxmi Capital	4/29/2074	
6	Ghalemadi Hydro Ltd. (For Local People)	IPO	550,000.00	Vibor Capital	6/25/2074	
7	Shiva Shree Hydropower Ltd. (For Local People)	IPO	1,476,400.00	Siddhartha Capital	10/24/2074	
8	Shivam Cements Ltd. (For Local People and General Public)	IPO	5,280,000.00	Siddhartha Capital	12/6/2074	

Mutual Fund Pipeline Status					
S. No.	Company Name	Fund Size	Fund Manager	Date of Application	Processing Status
1	Global IME Balanced Fund-1	1.2 Billion	Global IME Capital	2/7/2074	Under Preliminary Review
2	NIBL Sahabagita Fund	500 Million	NIBL Capital	3/27/2074	Under Preliminary Review

Top Fortnightly News:

1. IPO issue of Upper Tamakoshi Hydropower has been postponed by one month. The locals of Dolakha have been protesting against the allotment module of the IPO.
2. Nabil Balance Fund is maturing on Chaitra 29, 2074; Nabil Investment Banking will be starting the winding up procedures.
3. The allotment of the IPO issue of both Sanjen Hydropower Company and Rasuwagadhi Hydropower Company is likely to conclude on 1st April, 2018. The issue of the companies was open from Falgun 11 to Falgun 30 for the employees of Employee Provident Fund and from Chaitra 5 to Chaitra 13 for the employees of the promoter institutions as well as employees of the local offices.
4. Preliminary cutoff price for 2.22 lakh units auctioned ordinary shares of Gandaki Bikas Bank stood at Rs 200 and promoter's share at Rs 127.
5. Butwal Power's FPO has been allotted to 84,804 valid applicants 100% of their applications and Rs 61.21 core worth shares were subscribed by underwriters.
6. Shivam Cement will be issuing 52.80 lakh units of shares in IPO (10% for general public and 2% for project affected locals); the issue manager for IPO is Siddhartha Capital Limited.
7. Sparsha Laghubitta is set to issue 2.40 lakh units of shares in IPO for the public; Sanima Capital will be the issue manager.
8. Nepal Rastra Bank to issue Treasury Bill worth Rs 13.33 arba today; Treasury Bills with four different maturity period to be allotted tomorrow
9. Kalika Power Company has allotted 6 lakh units IPO shares to the project affected locals of Gorkha district on 22th March. Out of 5849 applicants, 5845 applicants have grabbed the shares.
10. Nepal Life Insurance 18th AGM is on Chaitra 28 to endorse 42% bonus & 28.5% cash dividend.
11. Premier Insurance's 24th AGM is on Chaitra 26 to endorse 13.52% bonus shares.
12. Siddhartha Bank's 16th AGM approved 14 % bonus shares to reach paid up capital of Rs 8.46 arba.



13. Central Finance announces 8.5% bonus shares to reach paid up capital Rs 84.72 crore.
14. Support Microfinance's 3rd AGM is on Chaitra 29 to endorse increase in working areas.
15. Cut off price of Civil Bank stood at Rs 133; 283 applicants got allotted the shares of Civil Bank.
16. Everest Insurance's 23rd AGM is on Baishakh 10 to endorse 10% bonus shares & further 105% and 300% right share issue.
17. Bank of Kathmandu declared 13.25% bonus shares but still there remains capital gap of 94 crores.
18. Citizen Investment Trust's 22nd AGM is on Baishakh 7 to endorse 22% bonus shares.
19. Radhi Bidhyut Company's stock symbol RADHI set for open range from Rs 136.66-397.98 but first trading happened at Rs. 155.
20. Best Finance and Synergy Finance postpone their AGM to Chaitra 24 from Chaitra 14.
21. Book closure for 100% right shares of Nepal Insurance Company on is Chaitra 23.
22. Aarambha Microfinance's stock symbol AMFI set for open range from Rs 81.84-245.52 for the first transaction.

(Sources: Various online portals)

Monetary and Debt Operation:

1. Nepal Rastra Bank issues 5 year, Citizen Saving Bond 2079 Kha worth Rs 2 Arba from 1st Chaitra which yields 9% return per annum. The issue will be closed on 21st Chaitra, 2074.
2. NRB issued 364-days Treasury Bills of Rs. 176.11 crore and Rs. 3.75 crore on 6th Chaitra and 13th Chaitra respectively. The issue were oversubscribed and allotted full. The average discount rates are 5.2656% and 5.0823% respectively.

Brief Highlights from the White Paper issued by Finance Ministry:

The government issued white paper on economics to state the country's current economic status. Yubaraj Khatiwada, Minister of Finance unveiled the report at a press meet at Singhadurbar. The government issues white paper to not just show the country's economic condition, but also plan to take measures on ongoing economic and financial challenges.

Key take-away from White Paper:

1. Activities, of both public and private sector, related to capital formation have been slowed down.
2. Government account is almost NIL because of Budgetary Indiscipline.
3. Nepalese Investment Environment is still not overwhelming in international context; foreign investors are in wait and watch situation.
4. Nepal aims to reach Developing Country status by 2022; out of three benchmark to be developing country, per-capita income of Us Dollar 1242 is still not reached.
5. Capital expenditure of Nepalese Government is relatively small in relation to current expenditure.
6. Nepal's 10-year average growth rate is 4%.
7. Only 40% citizens has accessed to banking services and only 5% or less has accessed to loan facilities.
8. Banking loan has been directed towards unproductive sector rather than productive sector.
9. Unhealthy competition among banks exists regarding the interest rate of deposits and loans.
10. The issues of corporate governance increase with the increment in business of Microfinance institutions,.
11. Capital market, despite of being powerful mechanism for capital formulation and mobilization, limited only to shares. There is need of improvement in organization and policies of capital market.
12. Insurance business is limited and focused only on urban areas.
13. Trade deficit (import minus export) is 42 times more as it was 25 years ago; export can bear only 7% of imports.
14. Remittance growth is likely to fall; during the last 10 years period, average remittance growth rate is 20%.
15. Current account deficit and negative balance of payment put pressure on foreign reserves.

Please follow below link to read full White Paper:

http://www.mof.gov.np/uploads/document/file/White%20Paper%20-%20Final_20180330104139.pdf



Investo School: Moving Average Crossover Strategy beats the Buy and Hold Strategy in Nepse

There has always been a debate if Buy and Hold strategy is superior or the active investing strategy. However history tells us that buy and hold strategy has been superior in many instances. But it is not to forget that there are also active money managers who have done well over the buy and hold ones. Buy and hold is a passive money management strategy while active investment strategy tries to time the market. Active investment strategy can be based on fundamental or technical. Here, in this article a brief study has been done on buy and hold strategy V.s. moving average crossover strategy. Moving average crossover strategy is purely technical strategy.

A Buy and Hold Strategy

In this study, time frame from 7/17/2011 to 4/30/2018 has been included. It is a well-known fact that a good data series of market prices should contain all type of market conditions including bull, bear, and sideways market. But due to the unavailability of the data, this study was limited to only 6.6 years of price history which we believe; contain, sideways, extreme bull, and a bear market. In a buy and hold strategy, every cash dividend received was reinvested in the scrip of the same company. While picking the stock, fundamentally sound company was chosen. We made sure that these companies are one of the best in their respective industries.

Assumptions:

- *Initial investment of Rs 100,000 (1 lakh)*
- *Every cash dividend received was used to purchase the stock of the same company. For the ease of calculations, stock was purchased on the book closure date at the adjusted price.*

A Moving Average Crossover Strategy

Moving average is a technical indicator which is simply the average of the past prices. Moving averages can be of different lengths. Some of the popular moving averages are -5, 10, 20, 50, 100, and 180 days. Here, a 5-day simple moving average and a 21-day simple moving average are used. When a 5-day simple moving average crosses above a 21-day simple moving average, stock is bought at the closing price, a day after the crossover occurs. Similarly when the 5-day SMA crosses below 21-SMA, stocks bought are sold. Broker commission, DP fee, and SEBON commissions are included on every trade as per the prevailing rate in Nepal.

Assumptions:

- *Initial investment of Rs 100,000 (1 lakh)*
- *Stocks are bought at each golden cross and sold at each dead cross.*
- *Money is always fully invested.*
- *Buy and sell signals are generated on the basis of adjusted price but actual trades are made at market price.*
- *If the sell signal occurs due to the bonus/right adjustment, kittas of shares are added and money for right share is deducted from the balance in case of a right issue.*
- *In NTC, if the shares were held during the book closure date for cash dividends, dividends were used to purchase the stock at the adjusted price. In case of other stocks, cash dividends were not included and they were not reinvested.*



Nabil Bank Limited (NABIL)

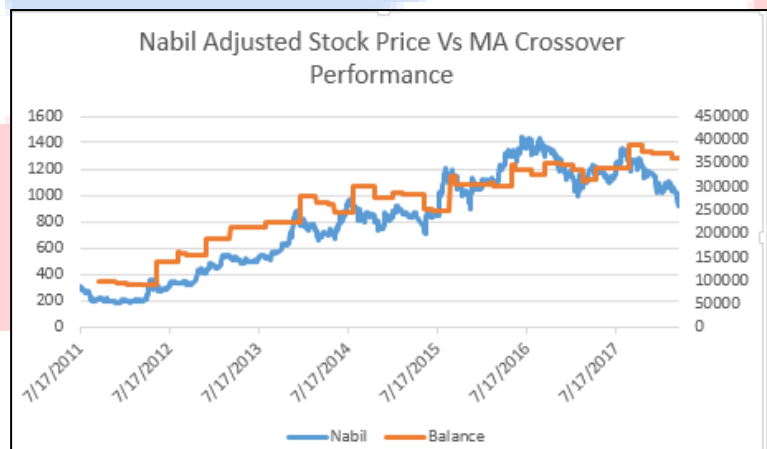
Buy and Hold Strategy

NABIL					
Invested Amount		100,000			
Price as on 18/07/2011		1,283			
No of Shares		78			
Year	Stock (%)	Cash (%)	Kitta	Cash	Kitta from Cash
2011/12	20	40	96	3,120	2
2012/13	25	40	121	3,834	2
2013/14	20	45	149	5,467	3
2014/15	30	6.84	194	1,018	1
2015/16	30	15	254	2,910	2
2016/17	30	18	334	4,570	4
Total Kittas			334		
LTP (2018/03/29)			970		
Ending Balance (Rs.)			323,980		
Gain (%)			223.98%		
Avg Annual Return			33.94%		

In Nabil bank, as per buy and hold strategy, ending amount resulted to Rs. 323,980 which is a 223.98% gain. Average annual return stood at 33.94%. With investment of Rs. 1 lakh, 78 kittas of shares were purchased in July 2011. After factoring stock dividends and reinvesting cash dividends, the total stock units went up to 334 kittas.

5-SMA and 21-SMA Moving Average Crossover Strategy

Particulars	Amount
Initial Balance	100,000
Ending Balance	359,370
Net Profit (%)	259%
Net Profit Amount	259,370
Average Annual return	39%
No. of Trades	42
Winning Trades	18
Losing Trade	24
Largest Winning Trade	71,409
Largest Losing trade	33,512.41



According to 5-day simple moving average and 21-day simple moving average crossover strategy, the ending balance of 1 lakh rupees amounted to Rs. 359,370 which is Rs. 35,390 more than buy and hold strategy. According to this strategy, 42 trades were executed out of which 18 trades were profitable. This means that this strategy have smaller losses and bigger profits.



Nepal Life Insurance Company Limited (NLIC)

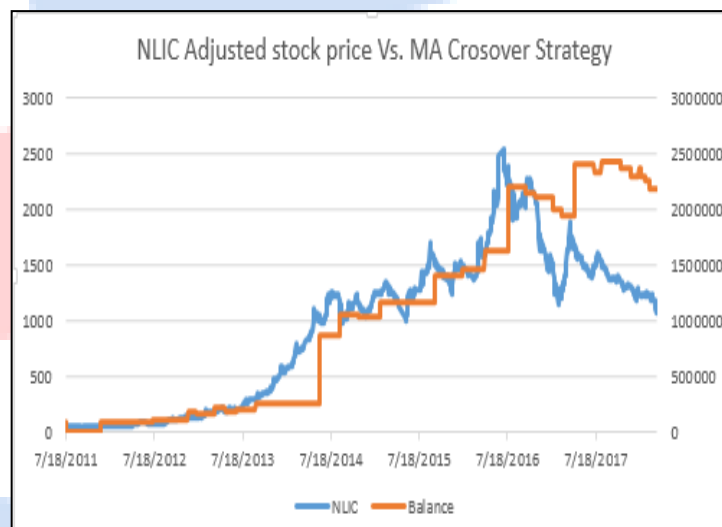
Buy and Hold Strategy

NLIC					
Invested Amount		100,000			
Price as on 18/07/2011		577			
No of Shares		173			
Year	Stock (%)	Cash (%)	Kitta	Cash	Kitta from Cash
2011/12	70	56.31	301	9,742	7
2012/13	70	28.5	515	8,586	2
2013/14	60	8	825	4,116	2
2014/15	25	1.32	1,032	1,089	0
2015/16	25	1.32	1,290	1,362	1
2016/17	42	28.53	1,865	36,806	33
Total Kittas			1,865		
LTP (2018/03/29)			1,100		
Ending Balance (Rs.)			2,051,500		
Gain (%)			1951.50%		
Avg Annual Return			295.68%		

If you had invested Rs. 1 lakh in NLIC during Mid-July of 2011 and if you had reinvested every dividends and held all stocks today till today, you would have shares worth of Rs. 20.5 lakhs. NLIC had a astonishing return of 1950% in such a small time frame with an outstanding average annual return of 295%.

5-SMA and 21-SMA Moving Average Crossover Strategy

Particulars	Amount
Initial Balance	100,000
Ending Balance	2,185,847
Net Profit (%)	2086%
Net Profit Amount	2,085,847
Average Annual Return	316%
No. of Trades	29
Winning Trades	17
Losing Trade	12
Largest Winning Trade	601,819.64
Largest Losing Trade	-104,906.56



In this scrip too, MA crossover strategy proved to be superior to Buy and hold Strategy. MA crossover made a fantastic return of 2086% in a period of 6.6 years which an average annual return of 316%. One lakh rupees invested in 2011 with this moving average crossover strategy would give you return of 21.8 lakh rupees.



Nepal Telecom Company Limited (NTC)

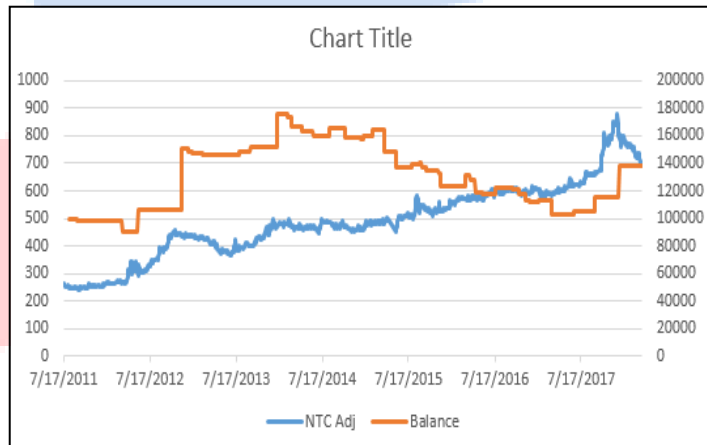
Buy and Hold Strategy

NTC					
Invested Amount		100,000			
Price as on 18/07/2011		425			
No of Shares		235			
Year	Stock (%)	Cash (%)	Kitta	Cash	Kitta from Cash
2011/12	-	48	254	11,280	19
2012/13	-	46	273	11,669	19
2013/14	-	47	294	12,822	21
2014/15	-	50	316	14,707	22
2015/16	-	51	342	16,127	25
2016/17	-	55	366	18,791	24
Total Kittas			366		
LTP (2018/03/29)			700		
Ending Balance (Rs.)			256,200		
Gain (%)			156.20%		
Avg Annual Return			23.67%		

Nepal Telecom has been consistently distributing cash dividends and all of them were used for purchasing the same stock. While doing so, 235 kittas of shares bought in 2011 rose to 366 in 2018. And, investment of Rs. 1 lakh would turn to 2.56 lakhs over 6.6 years. Total gain summed to 156.20% in 6.6 years with average annual return of 23.67%.

5-SMA and 21-SMA Moving Average Crossover Strategy

Particulars	Amount
Initial Balance	100,000
Ending Balance	137,968
Net Profit (%)	38%
Net Profit Amount	37,968
Average Annual Return	6%
No. of Trades	45
Winning trades	19
Losing Trade	26
Largest Winning Trade	44,138.45
Largest Losing Trade	-15,290.00



In Nepal telecom, buy and hold strategy has done better than moving average crossover strategy. With MA crossover strategy you would gain only 38% in 6.6 years with average annual return of 6%. MA crossover strategy performed poorly in this scrip largely due to the sideways movement of the stock price in most of the instances. Moving average works worst in a flat market and many losses incur due to the whipsaws.

Conclusion

In majority of the stocks we analyzed (only three of them are included here), a 5-day and a 21-day simple moving average crossover strategy outperformed the buy and hold strategy. However, in a real trading world, results as such of MA crossover strategy can be gained only by algo-trading or by maintaining very high level of discipline in executing trades as generated by the signals.



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