

November 4th 2014

Mongolia Investors Cockpit

Monthly Report

MSE Top 20 Index, 1 year performance

15,473.89 +7.74% YOY



Source: Bloomberg

MSE Top 20 Stocks

(Share Price, Monthly performances)

Company name	3-Oct	3-Nov	%
Baganuur JSC (BAN)	3,200	3,551	+11.0%
Mongol Shiltgeen JSC (MSH)	626	650	+3.8%
Khukh gan JSC (HGN)	114	117	+2.6%
Genco tour bureau JSC (JTB)	82	84	+2.4%
APU JSC (APU)	3,701	3,752	+1.4%
BDSec JSC (BDS)	2,499	2,499	+/-0.0%
Bayangol ZB JSC (BNG)	60,000	60,000	+/-0.0%
Suu JSC (SUU)	126,500	126,500	+/-0.0%
Silikat JTB (SIL)	225	225	+/-0.0%
Telecom Mongolia JSC (MCH)	1,271	1,270	-0.1%
Talkh Chikher JSC (TCK)	20,000	19,950	-0.3%
Remicon JSC (RMC)	111	110	-0.9%
Tavantolgoi JSC (TTL)	4,861	4,800	-1.3%
State Department Store JSC (UID)	569	552	-3.0%
Shariin Gol JSC (SHG)	6,800	6,550	-3.7%
Gobi JSC (GOV)	8,100	7,700	-4.9%
Mongolia Development Resources (MDR)	550	520	-5.5%
Shivee Ovoo JSC (SHV)	6,500	6,000	-7.7%
Mogoin Gol JSC (BDL)	11,000	10,000	-9.1%

Source: MSE

Mongolia in the global context

Index	YOY perf.	YTD perf.
DJIA (US)	+13.97%	+6.86%
Nikkei 225 (JP)	+17.49%	+2.31%
Hang Seng (HK)	+6.94%	+6.60%
DAX 30 (DE)	+2.89%	-2.89%
SMI (CH)	+9.30%	+9.53%
MSE20	+7.74%	-6.38%

Source: Bloomberg

Foreign Exchange Rates

(Monthly performances)

	03-Oct	03-Nov	%
USD-MNT	1,842.21	1,866.02	+1.29%
JPY - MNT	16.94	16.55	-2.30%
EUR-MNT	2,329.20	2,330.57	+0.06%
CHF-MNT	1,927.30	1,933.30	+0.31%

Source: MongolBank

Market news

October Trading

Total trading on the MSE was 668.4 million MNT including block trades of 89.8% of HAM (Mongolyn khugjilin undesnii negdel JSC - 157.1 million MNT) and 9.4% of BHR (Binse JSC). The total monthly trading was 72.9 times less compared to the same period of 2013 and compared to the previous month's trade volume of 2.23 billion MNT, it had decreased by 3.34 times. Out of the MSE TOP 20, BDL shares fell the most (-9.1%) and BAN rose the highest (+11%).

Government of Mongolia Retail Bond

Government of Mongolia has introduced a new financial product, the Government retail bond, specifically for retail investors. The retail short-term bonds will be traded through the Mongolian Stock Exchange, within the Government's policy to expand the domestic capital market. The new product, issued at face value of 100,000 MNT (appx. 54 USD) with different maturity dates ranging from 12-weeks to 52-weeks. The coupon rates are announced weekly at the MongolBank's auction and is varying around 15.79% -16.25% (annually).

Nº	Bond code	Period (weeks)	Coupon payment type	Subscription start date	Subscription end date
1	3ГЭБ-Б-12-274	12	Discount	2014.10.29	2014.11.04
2	3ГЭБ-Б-52-275	52	Monthly	2014.11.05	2014.11.11
3	3ГЭБ-Б-12-276	12	Discount	2014.11.12	2014.11.18
4	3ГЭБ-Б-28-277	28	Discount	2014.11.19	2014.11.25

Source: MSE

TDB is to provide custodian service

According to the New Securities Market Law of Mongolia local banks are to provide custodian services under a special license. For the 1st time in Mongolia, Golomt Bank acquired such permission from FRC in August. Trade and Development Bank (TDB) is now the 2nd bank to provide custodian service as per permission issued by the FRC in October. Custodian service is new to Mongolia and the law requires local investment funds to be managed by a licensed management company and served by a custodian. Currently, there are two investment management companies, Bodi Investment LLC and BBC LLC, obtained special license from FRC.

Macro economy news

Taliin Zam project

On 24th May 2014, Russia concluded deal with China on exporting natural gas to China for 30 years which is to begin in 2018. In conjunction to this, Mongolia initiated the "Taliin zam" (Steppe Road) project and presented to the two neighbor countries. The project proposes 5 channels to be established between Russia to China across Mongolia including a road, a railway, an oil/gas pipeline and a power line. The project will significantly reduce the length of the initial pipeline as well as the cost of the Sino-Russian deal, and of course, will substantially aid Mongolian economy. China expressed to support this project, however Russia hasn't expressed any decision yet. The World Bank officially announced their willingness to participate in the financing of the "Taliin zam" project.

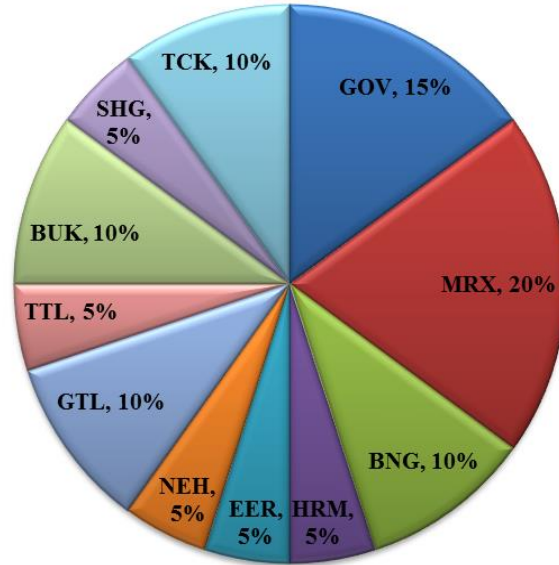
Mongolia to host the 11th ASEM Summit

On October 17, 2014 the 10th Asia-Europe Meeting (ASEM) Summit was held in Milan and the participants unanimously agreed to convene the 11th ASEM Summit in Ulaanbaatar in 2016. ASEM has 53 members in total and it is an important channel of cooperation between the countries of Asia and Europe to boost trade, energy and investment relations and further promote sustainable development.

Standard Investment MSE Portfolios

We made portfolio from companies which have low P/B ratios and comparatively promising future plans. And this portfolio would work in long term. November portfolio is the same as October's.

Stocks	%
GOV	15%
MRX	20%
BNG	10%
HRM	5%
EER	5%
NEH	5%
GTL	10%
TTL	5%
BUK	10%
SHG	5%
TCK	10%



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