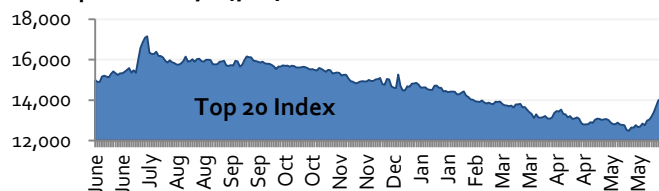


June 10th, 2015

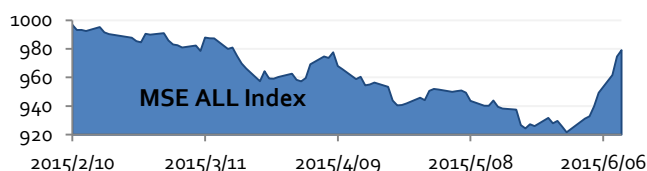
Mongolia Investors Cockpit

Monthly Report

MSE Top 20 Index, 14,067 -0.06% YOY



MSE ALL Index, 979.11 -1.78%



MSE Top 20 Stocks

(Share Price, Monthly performances)

Company name	Opinion	6- May	%
Shariin Gol JSC (SHG)	sell	6,100	+52.5%
Shivee Ovoo JSC (SHV)	sell	5,100	+37.8%
Baganuur JSC (BAN)	buy	2,870	+30.5%
Makh Impex (MMX)	buy	3,650	+19.7%
Tavantolgoi JSC (TTL)	hold	3,935	+17.5%
Gobi JSC (GOV)	hold	8,805	+17.0%
Khukh Gan JSC (HGN)	hold	108	+14.9%
Talkh Chikher JSC (TCK)	hold	19,990	+11.1%
Remicon JSC (RMC)	sell	81.81	+10.6%
BDSec JSC (BDS)	hold	1,900	+5.6%
Hermes Center (HRM)	hold	145	+3.6%
Material Impex (MIE)	buy	15,500	+1.9%
State Department Store JSC (UID)	sell	509.84	+1.7%
APU JSC (APU)	hold	3,500	+0.1%
Darkhan Nekhii (NEH)	hold	17,000	+0.0%
Mongolia Development Resources (MDR)	sell	498	+0.0%
Telecom Mongolia JSC (MCH)	hold	998	-0.2%
Genco Tour Bureau JSC (JTB)	hold	82.05	-2.9%
Bayangol ZB JSC (BNG)	buy	50,100	-5.5%
Ulaanbaatar BUK JSC (BUK)	buy	35,000	-12.9%

Source: MSE

Mongolia in the global context

Index	2015.06.10	1 yr return
DJIA (US)	18,000.40	6.87%
Nikkei 225 (JP)	20,316.82	34.82%
Hang Seng (HK)	26,923.87	15.77%
DAX 30 (DE)	11,265.39	12.33%
SMI (CH)	9,102.70	4.48%
MSE 20	14,337.50	-3.77%

Source: Bloomberg

Foreign Exchange Rates (Monthly performances)

	10-May	10-Jun	%
USD - TӨГ	1,947.56	1,863.41	-4.32%
EUR - TӨГ	2,180.20	2,104.63	-3.47%
JPY - TӨГ	16.24	15.14	-6.77%
CHF - TӨГ	2,107.41	2,007.23	-4.75%

Source: MongolBank

Market news

May trading

Total trading of the MSE in May was 353.4 million MNT. The total monthly trading showed 1.23 times less compared to the same period of 2014. Compared to the previous month's trade value of 298.9 million MNT, it had increased by 1.18 times.

Government retail bond trading

There were 4 rounds of short term of government bond trading in May and the total volume was 28.56 billion MNT.

Date	Period (weeks)	Annual nominal yield	Volume traded	Value traded (bln MNT)
05.05.2015	12	14.97%	30,523	2.95
12.05.2015	28	15.53%	2,622	0.24
19.05.2015	12	14.90%	255,308	24.68
26.05.2015	52	15.75%	6,850	0.69
Total			295,303	28.56

Source: MSE

The volume of the long term bonds traded in May increased by 6.6 times compared to previous month's 32.6 million MNT.

Date	Period (weeks)	Annual nominal yield	Volume traded	Value traded (bln MNT)
12.05.2015	3	16.88%	185	18.5
26.05.2015	3	16.88%	141	14.1
Total			326	32.6

Source: MSE

Please find more information on Government bonds on page 4.

Binse JSC is offering additional shares

Binse JSC is the old Bayankhairhan JSC that changed its name after merging with Binse LLC in July in 2014. Currently, Binse JSC is offering 1 million additional shares out of which 500 thousand are open for the public at 744 MNT per share. The company will use the raised capital for purchasing inventory and assets. Binse JSC operates in veterinary sector, mainly importing and trading of medical products for livestock. This year the company plans to achieve 2 bln MNT sales income and 498 mln MNT net profit. Initial offering of the shares will continue during 3-16 June 2015.

TDB launches first custodian services in Mongolia

We are happy to inform that Mongolia is now able to provide custodian services including safekeeping of financial instruments and investment assets, performing corporate actions and securities payment, asset servicing for investment funds, provision of all types of required reports and tax related services as the Trade and development bank of Mongolia (TDB) becomes the first custodian bank in Mongolia. TDB was issued a special license for provision of custodian services by the Financial Regulatory Commission (FRC) on 21st October 2014 and on 22nd May this year it had launched an opening ceremony. The bank had announced that it's now ready to offer comprehensive custodian services for domestic and international clients. The custody software was developed and installed by Diasoft, a leading financial software company of Russia, which is also well known in Europe.

Mongolia is back to business as it signs the Oyu Tolgoi plan

The development of the underground mine of Oyu Tolgoi in Mongolia has taken a significant step forward with the signing of the Oyu Tolgoi Underground Mine Development and Financing Plan (the Plan) on May 18th by the Government of Mongolia, Turquoise Hill Resources and Rio Tinto. As general development scope of the underground mine agreed, the focus now shifts to finalizing the project finance, the feasibility study and securing all necessary permits so that the underground mine development can proceed.

Additional information on Oyu Tolgoi

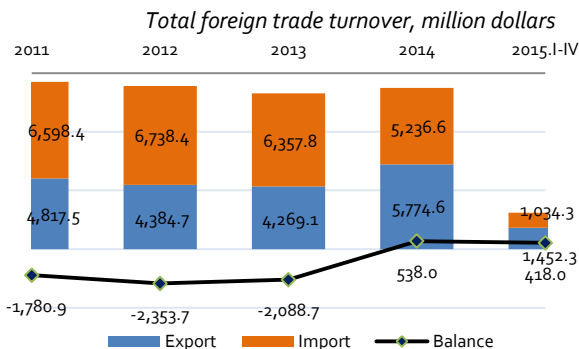
Oyu Tolgoi (OT) is a world-class copper-gold mine and its further development is of great economic significance for Mongolia. This mega mining project is implemented by Rio Tinto together with the Mongolian Government and 6 billion USD had been invested in OT to date since the initial Investment Agreement was signed in 2009. The construction of the first phase of OT project – the open-pit mine – was completed on schedule in less than 24 months.

The operation celebrated 984.5 thousand tons of copper concentrate shipped in March 2015, less than two years after the first production left the mine. In Q2-Q4 2015, OT plans to produce 670-745 thousand tons of copper concentrate and has already concluded sales deals. Restarting development of the underground mine (after 2 years of misunderstanding between the shareholders) will build on the value generated from the operations of the open-pit mine and will provide jobs and other economic contributions along with best practices in mining standards. The underground mine's reserves count 80% of total OT reserves and further investment of 4.2 billion USD is needed for enabling the underground mine operations after 5-7 years.

OT production and export in 2013-2015

Exported minerals	2013	2014	2015 Q1	Plan of 2015
Production of copper concentrate, thous. tons	290	563.6	130.9	670-745
Metals in concentrate produced				
Copper, thousand tons	76.7	148.4	33.6	176-196
Gold, thousand ounce	157	589	86	600-700
Silver, thousand ounce	489	893	184	
Metals in concentrate sold				
Copper, thousand tons	6.1	185.8	42.1	176-196
Gold, thousand ounce	10	561	200	600-700
Silver, thousand ounce	36	1,093	219	-

Source: www.ot.mn



Mongolian mineral export, thousand tons

	2011	2012	2013	2014	2015 I-IV
Coal	21,296.0	20,915.5	18,373.1	19,499.1	4,254.1
Copper concentrate	575.9	574.3	649.8	1,378.1	414.7
Iron ore	5,802.0	6,415.9	6,724.5	6,324.4	1,500.3
Crude petroleum oils, thous. barrel	2,553.7	3,568.0	5,243.8	6,885.1	2,518.0
Zinc ore, concentrate	121.2	140.9	130.9	99.4	42.7
Gold, unwrought or in semi-manufactured forms, tons	2.6	2.8	7.6	10.0	3.4

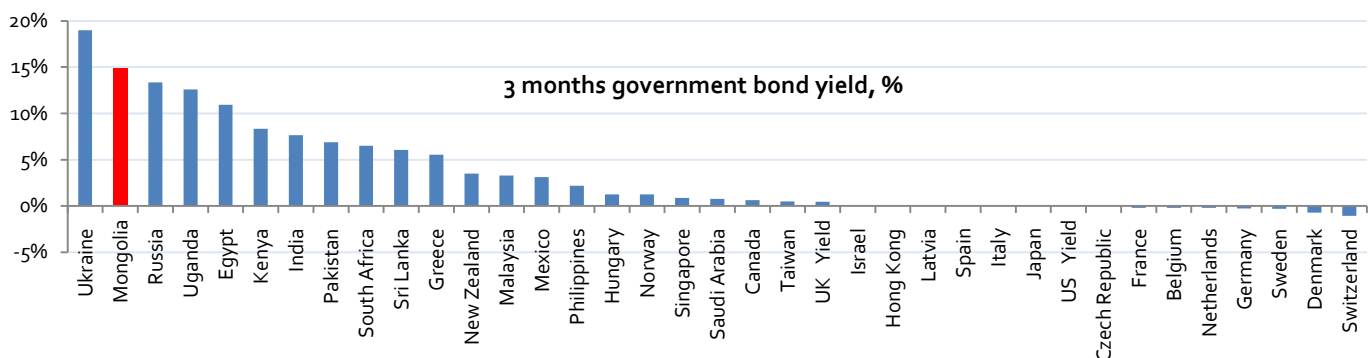
Source: www.nso.mn

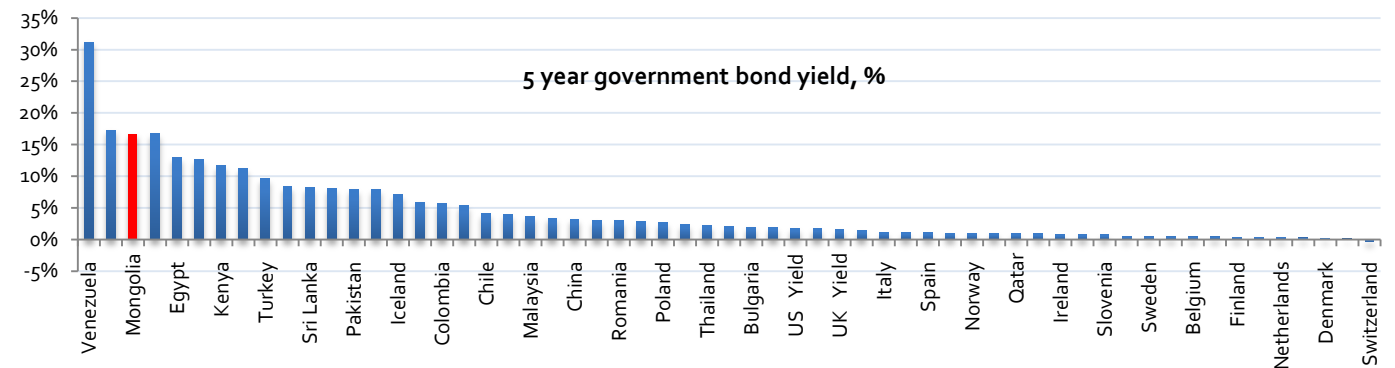
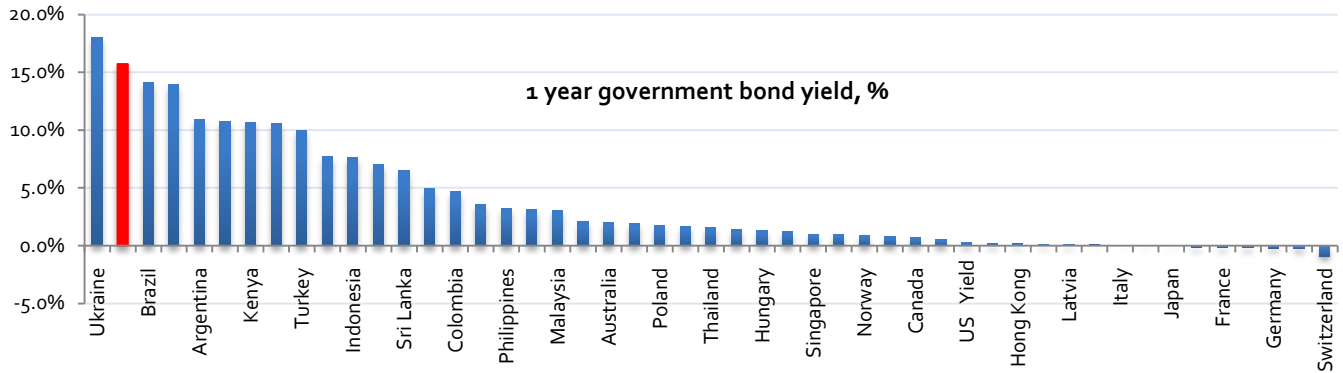
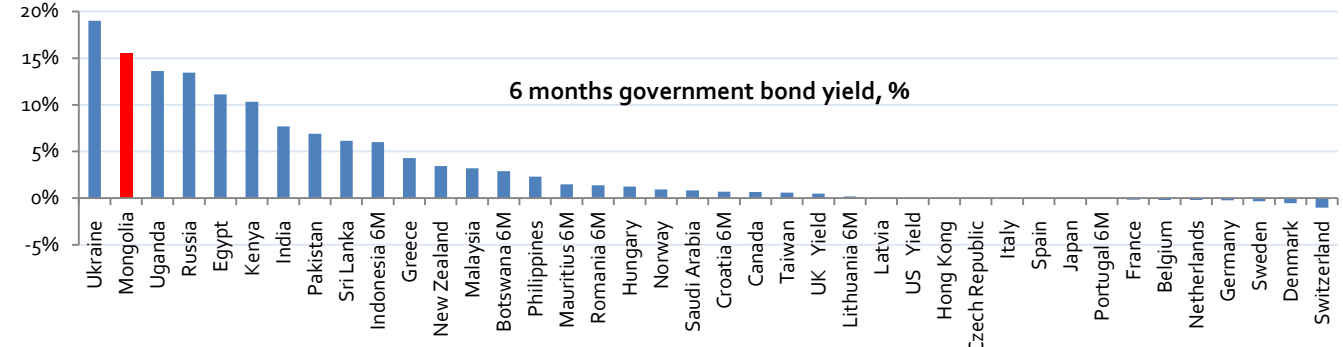
Mongolian Government bond compared with other sovereign bonds

Government of Mongolia has issued short term (12-week, 28-week, 52-week) retail bonds since November 2014 for the general public. Currently, 270.8 billion MNT worth short term bonds were traded through the Mongolian Stock Exchange. In April 2015, the Ministry of Finance has also issued 3-year, 5-year long term bonds for retail trading. The **average annual coupon rate** of short term bonds was over **15%**, long term bonds have more than **16%** rate, which are considerably higher than other sovereign bond rates and other debt instruments of emerging capital markets. However, a fragile external liquidity position, growing debt burden, and persistent inflationary pressures constrain the country's credit profile.

In terms of sovereign credit rating, Moody's rated Mongolia at B2 with negative outlook in July 2014, as it is constrained by exposure to commodities, strained public finances, weak governance and external vulnerabilities. Although, Mongolia now has foreign debt of nearly 60% of its total GDP, the country has abundant natural resources that attract high levels of foreign investment and with current furthering of Oyu Tolgoi project's Phase 2 (underground mine), we see that investors **will not be exposed to the sovereign default risk in the short run**. Therefore, below we provide you with information on Mongolian Government bonds yield compared to other sovereign bonds.

Please note that foreign government bond yields were taken from investing.com and may not be accurately comparable to the Mongolian bonds. However, we can see a general picture that Mongolia offers highly attractive coupon rates above 15% per annum. Also, there is another advantage of bond income being free of tax in Mongolia.

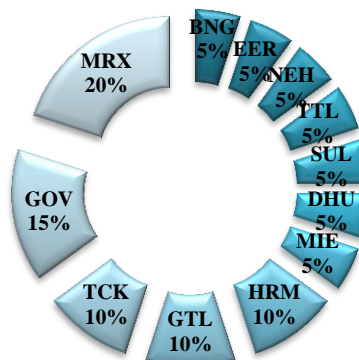




Standard Investment Portfolio

We made portfolio from companies which have low P/B ratios and comparatively promising future plans. This portfolio would work in the long term. This portfolio remains the same as our MAY portfolio.

Stocks	Company	Percent
MRX	Merex	20%
GOV	Gobi	15%
TCK	Talkh Chikher	10%
GTL	Gutal	10%
HRM	Hermes Centre	10%
MIE	Material impex	5%
DHU	Darkhan Khuns	5%
SUL	Gazar Suljmel	5%
TTL	Tavantolgoi	5%
NEH	Darkhan Nekhii	5%
EER	Arig Gal	5%
BNG	Bayangol Hotel	5%



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