

May 06th, 2015

Mongolia Investors Cockpit

Monthly Report – April 2015

MSE Top 20 Index

1 year performance: 13,061.81 **-15.25% YOY**



MSE Top 20 Stocks

(Share Price, Monthly performances)

Company name	SI Opinion	May 6	Change
Ulaanbaatar BUK JSC (BUK)	Hold	40,200	+14.86%
Hermes Center (HRM)	Buy	140	+7.69%
Darkhan Nekhii (NEH)	Buy	17,000	+3.03%
Gobi JSC (GOV)	Buy	7,525	+0.33%
BDSec JSC (BDS)	Hold	1,800	+0.00%
Mongolia Development Resources (MDR)	Sell	498	-0.40%
State Department Store JSC (UID)	Hold	515	-0.96%
APU JSC (APU)	Hold	3,495	-0.96%
Khukh Gan JSC (HGN)	Hold	94	-1.05%
Talkh Chikher JSC (TCK)	Buy	17,740	-1.44%
Material Impex (MIE)	Hold	15,210	-1.87%
Genco Tour Bureau JSC (JTB)	Hold	84	-1.90%
Makh Impex (MMX)	Hold	3,084	-2.10%
Bayangol ZB JSC (BNG)	Buy	53,000	-3.55%
Tavantolgoi JSC (TTL)	Buy	3,700	-7.48%
Remicon JSC (RMC)	Hold	72	-10.55%
Telecom Mongolia JSC (MCH)	Hold	1,029	-14.25%
Shariin Gol JSC (SHG)	Buy	4,195	-16.85%
Shivee Ovoo JSC (SHV)	Buy	3,700	-18.68%
Baganuur JSC (BAN)	Buy	2,200	-21.40%

Source: Bloomberg

Mongolia in the global context

Index	YOY perf.	YTD perf.
DJIA (US)	+11.45%	+0.91%
Nikkei 225 (JP)	+41.41%	+12.72%
Hang Seng (HK)	+31.78%	+17.79%
DAX 30 (DE)	+19.89%	+15.89%
SMI (CH)	+9.14%	+1.63%
MSE20	-15.25%	-11.54%

Source: Bloomberg

Foreign exchange rates (Monthly performances)

Currencies	Apr 6	May 6	Change
USD - MNT	1,986.04	1,952.93	-1.67%
EUR - MNT	2,178.29	2,196.95	0.86%
JPY - MNT	16.69	16.32	-2.22%
CHF - MNT	2,083.77	2,115.97	1.55%

Source: MongolBank

Market News

April trading

Total trading of the MSE was 289.9 million MNT, which includes 25.6 million MNT worth block trading which comes to 8.6% of the total trade amount. The total monthly trading value was 10.5 times less compared to the same period of 2014. Compared to the previous month's trade value of 1.34 billion MNT, it had decreased by 4.49 times.

Government retail bond trading

There were 4 rounds of primary market Government bond trading in April and the total trade volume was 55.15 billion MNT.

Date	Period (weeks)	Annual coupon rate	Volume traded	Value traded (bln MNT)
07/04/2015	12	15.185 %	337,511	32.6
14/04/2015	28	15.800 %	2,652	0.24
21/04/2015	12	14.988 %	209,049	20.2
28/04/2015	52	16.000 %	20,891	2.09
Total			570,103	55.15

Source: MSE

The above are short-term bonds for 12 to 52 weeks. If you are interested in longer term investment, the Mongolian Govt had introduced 3 and 5 years' retail bonds since April 2015. Long term bonds will be traded once every fortnight and will pay coupons twice a year. Below pls find trade info for long term bonds issued in April.

Date	Period (years)	Annual coupon rate	Volume traded	Value traded (mln MNT)
14/04/2015	3	16.88 %	29	2.9
28/04/2015	5	16.75 %	20	2.0
Total			49	4.9

Reverse merger of Standard Property Group LLC to Bayanbogd JSC

A new reverse merger was approved by the FRC on 1st of April. Standard Property Group LLC (SPG), a construction and real estate company with 3 daughter companies, will now merge to Bayanbogd JSC (BBD). BBD is one of the old state owned companies which stock trade was ceased temporarily due to inaction of the company for long time. The SPG is a new construction sector player that has secured a 4 years project in Ger district redevelopment program led by the UB City Council. BBD will change its name to SPG. Standard Investment has performed the underwriting work for this merger.

New regulation on Prevention of Securities Market Manipulation

A new FRC regulation on Prevention of Securities Market Manipulation was approved in March 2015. It aims to prevent market manipulation and other unfair trading practices in line with IOSCO principles. It strictly prohibits manipulative and unfair actions such as fraudulently inducing trading in securities, marking the close, wash sales, painting the tape, improper matched order, advancing the bid, pumping and dumping, squeezing, churning, front running and insider trading.

FRC and MSE announce lower commission for certain period of time

In order to support the market in the current downturn, the regulator and the stock exchange announced reduction of their regulatory as well as transaction and commission fees for a certain time period. For instance, it is now clear that the MSE will reduce its commission on equity trading from 0.4% to 0.15% between 15th May and 15th August 2015.

Information from 2015 Annual General Meeting of some joint stock companies

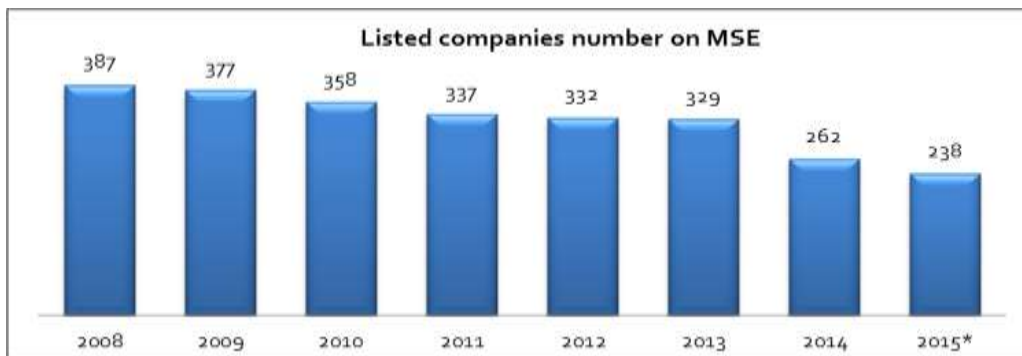
There are 130 Joint Stock Companies (JSC) which published their AGM agenda and resolutions on MSE website. Below we extracted main decisions that may be of interest to our esteemed investors.

- Twenty companies announced delisting decision. Please see the list below.

Nº	Company name	Code	Nº	Company name	Code
1	Tav JSC	TAV	11	Evlel JSC	JRG
2	Khuvsgul geology JSC	HUV	12	22nd baaz JSC	AHH
3	Khuvsgul JSC	HVL	13	Mongoliin gegee JSC	GGE
4	Tulpar JSC	TLP	14	Bornuur JSC	BOR
5	Mongol makh expo JSC	DLG	15	Darkhan guril tejeel JSC	DAR
6	Bishrelt industrial JSC	HHC	16	Baylag shariin gol	BLS
7	Undraga Umnugovi JSC	UND	17	Khuvsgul altan duulga JSC	ADU
8	Buudain tsastsal JSC	CCA	18	Silikate JSC	SIL
9	Buyan JSC	BYN	19	Goviin undur JSC	JGL
10	Asia pacific properties JSC	APP	20	Zavkhan baylag JSC	BLG

Delisting of the companies must be approved by the FRC. After the FRC permission the company must announce share repurchase or tender offer to buy back outstanding stocks in order to implement shareholders rights. However, shareholders may choose to stay as a shareholder of the private limited company by provision of interest within the term stated in the law.

The graph below shows the number of listed companies on the Mongolian Stock Exchange since 2008. It's estimated that in 2015 this number will decrease to 238 based on the above information.



- There are following 8 companies that plan to issue additional shares in 2015.

Companies which plan to issue additional shares	
1	Binse JSC
2	Gobi financial group JSC
3	Digital catalyst JSC
4	Bluesky securitis JSC
5	Euro Asia capital holding JSC
6	Khar tarvagatai JSC
7	Bukhug JSC
8	Mongolia development resource JSC

- The following 5 companies are planning to convert their debt into equity.

Companies which are converting debt into equity	
1	Khungun beton JSC
2	Gobi financial group JSC
3	Digital catalyst JSC
4	Darkhan hotel JSC
5	Euro Asia capital holding JSC

4. Suu JSC is planning to split its shares.
5. The following 5 companies plan to change their names.

Companies which are changing their names	
1	Digital catalyst JSC
2	Mongolia development resource JSC
3	KHAABZ JSC
4	Dornod teeveer JSC
5	Tsuutaj JSC

6. The following 7 companies plan to make large size transactions.

Companies which plan to make large transactions	
1	Jargalant uils JSC
2	Shinest JSC
3	Digital catalyst JSC
4	Gobi financial group JSC
5	Bukhug JSC
6	Khar khorin JSC
7	Davaanbulag JSC

7. The following 22 companies announced dividend distribution in 2015.

No	Code	Company Name	Dividend per Share (MNT)	No	Code	Company Name	Dividend per Share (MNT)
1	GOV	Gobi JSC	140	12	SUL	Gazar suljmel JSC	13,196.8
2	TTL	Tavantolgoi JSC	59	13	MCH	Telecom Mongolia JSC	6.06
3	BNG	Bayangol hotel JSC	355	14	EER	Arig gal JSC	42.51
4	MIE	Material impex JSC	80	15	BTG	Bayanteeg JSC	100
5	TCK	Talkh chikher JSC	120	16	TEE	Teever Darkhan JSC	500
6	GTL	Gutal JSC	926	17	TAH	Takhi-co JSC	82
7	TEX	Technic import JSC	300	18	HRD	Khurd JSC	273
8	HRM	Hermes centre JSC	4.07	19	MMX	Makh impex JSC	100
9	ATR	Atar Urguu JSC	300	20	MIB	Moninjbar JSC	5
10	BUK	UB BUK JSC	66	21	BHR	Binse JSC	10
11	ADL	Aduun chuluun JSC	85	22	SVR	Erdenet suvraga JSC	5

Fulfillment of legal and contractual obligations of listed companies

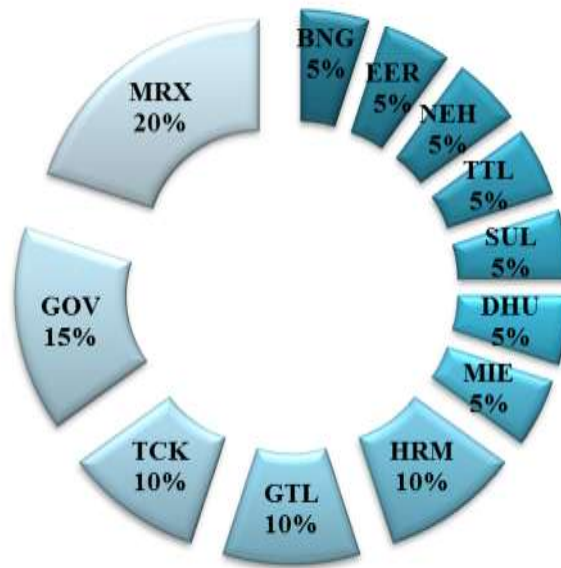
MSE issued an assessment on situation of listed companies' fulfillment of their legal and contractual obligations with the MSE such as paying the listing fees, holding their AGMs and submitting financial reports on time. Among 237 companies only 51 got satisfactory marks from the MSE. Those include companies such as Atar-Urguu, Gazar Suljmel, Gobi, Bayangol Hotel, Gutal, APU, UB-BUK, BDsec, Merex, Hermes Centre, Arig Gal, Makh Impex, Material Impex and Darkhan Khuns.

Assessment	Number of JSC	Percentage
Satisfactory (80%-100% fulfillment)	51	22%
Somewhat satisfactory (50%-80% fulfillment)	80	34%
Inadequate (less than 50% fulfillment)	106	45%
Total	237	100%

Standard Investment Portfolio

We made portfolio from companies which have low P/B ratios and comparatively promising future plans. This month's portfolio remains the same with the last month's and would work in the long term.

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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