

## WEEKLY MARKET UPDATE

2019.09.02 - 09.07

## MACROECONOMIC UPDATE OF MONGOLIA

### Mongolia's major projects introduced at Mongolia-China Expo

In frames of Mongolia-China Expo, Regional Cooperation, Economic and Investment Forum was held in Ulanqab city, Inner Mongolia where investment climate and priority projects of Mongolia and Inner Mongolia were introduced to some 650 investors.

Specifically, 15 major projects of the Government of Mongolia and 56 projects of private sector were presented to businesses and investors from China and other countries, seeking investment and trade partners. Of which 24 were projects on agricultural and animal origin product manufacturing and food industry, 3- on equipment manufacturing, 5 - on building material manufacturing, 3 - in tourism industry, 9 - in light industry, 1 - in mining, 2- in information technology, 1- in hydropower plant, 6- in social service sector and another 2- in strategically developing sector.

Furthermore, the sides signed over 50 cooperation agreements and memorandums, which were a result of partnership within Mongolia-China Expo held in 2017. The officials consider that it will advance bilateral trade and investment cooperation and partnership at regional level.

Trade turnover between Mongolia and Inner Mongolia reached USD 4.96 billion in 2018, showing an increase of 27 percent. it takes up 62 percent of the total trade turnover between Mongolia and China, which was USD 8.4 billion in 2018 and the two countries are striving to bring the trade turnover to USD 10 billion in 2020.

"Around 14 thousand foreign invested entities have been registered in Mongolia since 1990 and 50 percent of them were Chinese invested. Direct investment of China reached USD 5.1 billion in this period, making up 20 percent of total foreign investment and was written in the first place out of 120 countries with its investment volume. The fact shows that bilateral trade and investment cooperation has been expanding. The Governments of the two countries officially signed an agreement on the Construction of Erenhot-Zamyn-Uud Economic Cooperation Zone in June, 2019. This would be the first Mongolia-China Economic Cooperation Zone and also one of the important steps that connected 'Belt and Road' Initiative of China and 'Development Road' strategic policy of Mongolia," said B.Bayarsaikhan, Head of the National Development Agency of Mongolia.

Chairman of the National Development and Reform Commission of Inner Mongolia Gun Min Zhun noted that Inner Mongolia's investment to Mongolia has been increasing permanently. "As of June, 2019, we negotiated to make investment of USD 19.52 billion to 226 projects of Mongolia. Big construction projects have shown positive progress and we have been actively encouraging works to establish Erenhot-Zamyn-Uud Economic Cooperation Zone. Concurrently, the sides are promoting collaboration in directions of green environment, livestock industry, modern energy economics, and using big data.

**Source:** Montsame.mn

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#### WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	19,629.00	-0.19% ▼
Dow Jones	USA	26,797.46	1.49% ▲
S&P 500	USA	2,978.71	1.79% ▲
Nasdaq	USA	8,103.07	1.76% ▲
S&P/TSX	Canada	16,535.33	0.57% ▲
FTSE 100	GB	7,282.34	1.04% ▲
S&P/ASX 200	Australia	6,647.30	0.65% ▲
Nikkei 225	Japan	21,199.57	2.39% ▲
Hang Seng	Hong Kong	26,690.76	3.76% ▲

#### MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	112.64
Mongol 2023 (Gerege)	USD	5.625%	101.87
Mongol 2022 (Chinggis)	USD	5.125%	100.84
Mongol 2021 (Mazalai)	USD	10.875%	109.86
DBM' 23 (Samurai)	JPY	1.520%	104.11
DBM' 2023	USD	7.250%	103.20
TDBM' 2020	USD	9.375%	102.86
MGMTGE' 2022 (Hoelun)	USD	9.750%	99.33

#### MARKET RATES

Rates	Last	Change /w/
Libor 1M	2.049	-0.04 ▼
Libor 3M	2.134	0.00 ▼
Libor 6M	2.034	0.00 ▼
Libor 1YR	1.949	-0.02 ▼
US 2YR Bond	1.536	0.03 ▲
US 3YR Bond	1.473	0.05 ▲
US 5YR Bond	1.431	0.04 ▲
US 10YR Bond	1.562	0.07 ▲

#### EXCHANGE RATES

Against MNT	2019.09.07	Change /w/
USD	2,671.58	-0.02% ▼
CNY	375.45	0.36% ▲
EUR	2,946.49	-0.10% ▼
RUB	40.61	1.05% ▲
KRW	2.24	1.36% ▲
JPY	24.99	-0.44% ▼
CAD	2,028.15	0.98% ▲

#### COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,506.82	-0.89% ▼
Silver /spot/	USD/t oz.	18.18	-1.08% ▼
Copper	USD/lb.	263.40	3.23% ▲
Coal	USD/MT	69.60	5.69% ▲
Crude Oil WTI	USD/bbl.	56.52	2.58% ▲
Crude Oil Brent	USD/bbl.	61.54	1.84% ▲

#### MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2019. VII	7.70%
Policy Rate	2019. VII	11.00%
Interbank Rate	2019. VII	10.99%
Deposit Interest Rate /MNT/	2019. VII	11.44%
Deposit Interest Rate /Foreign currency/	2019. VII	4.98%
Loan Interest Rate /MNT/	2019. VII	16.99%
Loan Interest Rate /Foreign currency/	2019. VII	10.75%

## MSE TRADING UPDATE

In this week, a total of 57 companies' 2,099,403 shares worth MNT 451.3 million were traded in the secondary market.

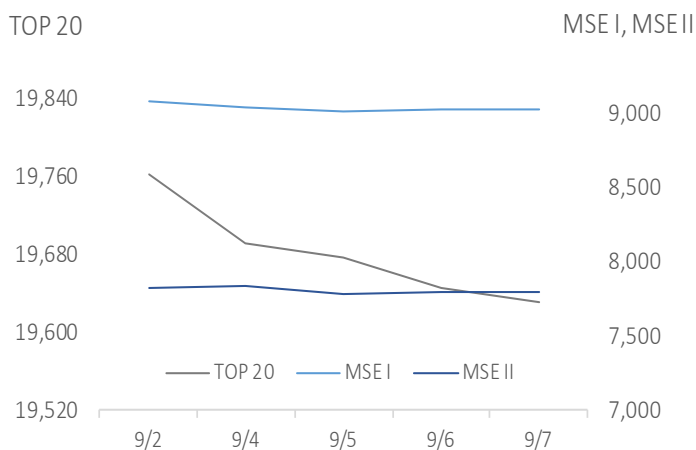
'Ard Financial Group' /AARD/ company's share rose 15.84% percent to MNT 1,499.0 while 'Mongol Securities' /MSC/ company's share fell 15.00 percent to MNT 340.0.

No government securities were traded on the primary market during this week.

On the secondary market trading of Government securities, 2,860 units of securities were traded for MNT 29.3 million.

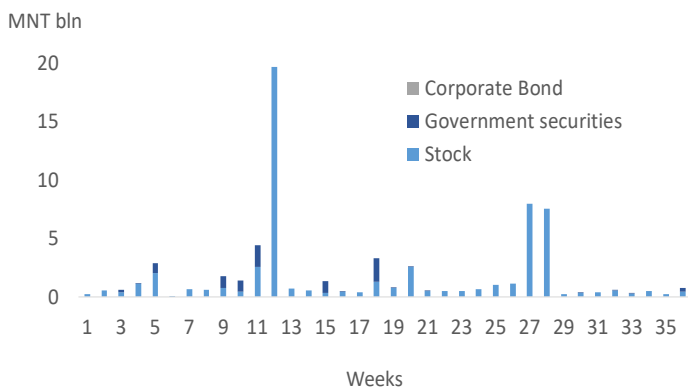
As of September 7, total market capitalization of MSE is MNT 2,488.6 billion. The TOP-20 index decreased by 0.19% to stand at 19,629.00 units.

MSE Indices



Source: Mongolian Stock Exchange

Trading Value /week by week/



Source: Mongolian Stock Exchange

### STOCK MARKET REVIEW

Review	Total amount /MNT mln/
Total Value	744.0
Market Capitalization	2,488,601.5

### STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	19,629.00	-0.19% ▼
MSE I Index	9,018.73	-0.28% ▼
MSE II Index	7,794.90	0.15% ▲

### ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Invescore NBFI	63,071	114,365,199
Lendmn NBFI	1,409,699	75,422,382
Ard Financial Group	43,381	636,630,270
Tavantolgoi	8,092	54,798,475
APU	68,946	35,022,331

### SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Ard Financial Group	1,499.00	15.84% ▲
Davaanbulag	196.65	15.00% ▲
Mogoin Gol	9,910.00	14.97% ▲
Telecom Mongolia	454.55	13.64% ▲
Juulchin Duty Free	110,000.00	10.00% ▲

### SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Mongol Securities	340.00	-15.00% ▼
Mongol Basalt	300.62	-12.61% ▼
Sor	860.01	-11.97% ▼
Mongol Shiltgeen	311.00	-11.14% ▼
Naco Tulsh	55.00	-8.33% ▼

### MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Novel Investment	454,732,918
Golomt Capital	222,822,652
TDB Capital	146,294,337
Ard Securities	129,251,526
Mirae Asset Securities Mongolia	115,900,300

### COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	508.83	541,487
Tavan Tolgoi	6,700.00	352,856
MIK Holding	13,700.00	283,718
Gobi	279.55	218,080
Invescore NBFI	1,920.00	137,718

## GOVERNMENT SECURITY TRADING

Government securities /primary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
-	-	-	-	-	-	-	-

Government securities /secondary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
1	ZGEB-BD-22/05/20-A0248-15.87	1,430	143,000,000	100,000	100,000	156	15.870%
2	ZGEB-BD-22/05/20-A0248-15.87	1,430	149,721,000	104,700	104,700	156	15.870%

## DIVIDEND INFORMATION

Nº	Ticker	Company name	Net profit of 2018 /MNT mln/	Total dividend amount /MNT mln/	Dividend payout ratio	Dividends per share /MNT/	Date of resolution	Record date	Payment date
1	HRM	Hermes Center	783.4	298.5	38.1%	3.8	2019.01.25	2019.02.18	paid on 2019.03.18
2	LEND	LendMN NBF1	2,560.3	800.0	31.2%	1.0	2019.01.30	2019.02.22	paid on 2019.03.28
3	MBW	Mongol Basalt	217.2	56.4	26.0%	1.0	2019.02.01	2019.03.25	paid on 2019.06.14
4	BTG	Bayanteeg	1,771.4	1,000.0	56.5%	3,958.7	2019.02.11	2019.03.04	from 2019.06.01
5	SUL	Juulchin Duty Free	1,384.5	653.6	47.2%	10,000.0	2019.02.12	2019.04.10	from 2019.05.31
6	GOV	Gobi	17,764.2	5,304.8	29.9%	6.8	2019.02.13	2019.03.28	from 2019.04.25
7	ADU	Khuvsgul Altan Duulga	399.2	1,888.1	473.0%	120.0	2019.02.13	2019.04.01	from 2019.05.01
8	TCK	Talkh Chikher	1,975.9	204.7	10.4%	200.0	2019.02.14	2019.04.03	from 2019.07.01
9	MMX	Makhimpex	778.6	456.1	58.6%	120.0	2019.02.14	2019.04.03	from 2019.10.01
10	BUK	UB-BUK	566.4	131.5	23.2%	1.0	2019.02.14	2019.04.05	from 2019.05.01
11	TAH	Takhi Ko	799.1	128.5	16.1%	108.0	2019.02.15	2019.04.05	paid on 2019.04.24
12	BNG	Bayangol Hotel	3,433.1	150.2	4.4%	355.0	2019.02.16	2019.04.05	from 2019.09.01
13	MNP	Mongol Post	1,560.3	468.1	30.0%	4.7	2019.02.18	2019.04.05	from 2019.05.01
14	HRD	Khurd	751.1	74.4	9.9%	550.0	2019.02.18	2019.03.04	within 2019.06.01
15	MNDL	Mandal Insurance	3,868.3	624.3	16.1%	100.0	2019.02.18	2019.04.10	paid on 2019.05.27
16	GTL	Gutal	2,225.8	1,257.7	56.5%	777.0	2019.02.18	2019.03.13	from 2019.05.06
17	TEX	Technicimport	2,702.0	723.4	26.8%	500.0	2019.02.18	2019.03.11	from 2019.04.11
18	APU	APU	57,851.7	48,952.4	84.6%	46.0	2019.02.19	2019.04.04	paid on 2019.05.20
19	AIC	Ard Insurance	1,263.4	631.8	50.0%	25.3	2019.02.19	2019.03.15	paid on 2019.06.17
20	GHC	Gan Khiits	20.3	12.1	59.7%	50.0	2019.02.19	2019.03.22	from 2019.10.01
21	HUV	Khuvsgul Geology	107.4	14.4	13.4%	100.0	2019.02.19	2019.04.03	from 2019.04.29
22	HHS	Khuvsgul Khuns	11.3	2.6	23.4%	10.0	2019.02.19	2019.04.03	from 2019.05.15
23	TAL	Talyn Gal	255.9	34.7	13.6%	50.0	2019.02.25	2019.03.26	paid on 2019.07.19
24	BRC	Barilga Corporation	1,311.0	40.1	3.1%	985.0	2019.02.26	2019.03.18	on 2019.03.18
25	UBH	Ulaanbaatar Khivs	235.6	48.6	20.6%	120.0	2019.02.26	2019.03.18	within 2019.05.31
26	DSS	Darkhan Selengiin Tsakhilgaan Tugeekh Suljee	11.5	11.4	99.2%	1.1	2019.03.01	2019.03.21	from 2019.07.02
27	ADL	Aduunchuluun	547.1	409.7	74.9%	130.0	2019.03.11	2019.04.03	paid on 2019.07.26
28	TEE	Teever Darkhan	22.3	81.7	365.5%	500.0	2019.04.17	2019.03.27	within 2019.12.31
29	ERS	Mongol Alt	6.3	39.9	631.2%	150.0	2019.04.17	2019.03.27	within 2019.12.31
30	TTL	Tavan Tolgoi	52,858.1	44,923.4	85.0%	853.0	2019.04.26	2019.04.01	paid on 2019.06.11
31	EER	Arig Gal	449.3	109.4	24.3%	32.5	2019.04.26	2019.03.27	within 2019.09.30
32	HRM	Hermes Center	481.3	447.7	93.0%	5.7	2019.08.15	2019.09.02	from 2019.09.12



## CAPITAL MARKET NEWS

### “Tumen Shuvuut” JSC published its report on capital expenditure

“Tumen Shuvuut” JSC, which has been successfully listed on the MSE gathering MNT 10 billion through its IPO, has published its report on capital expenditure as of August 22, 2019. The report states that the company has spent:

- Expansion of chicken farm: MNT 1.8 billion;
- Establishing a new 200,000 bird farm: 842 million MNT;
- Establishment of drainage plant: MNT1.1 billion;
- Expansion of irrigated farms: MNT 889.2 million.

**Source:** Mongolian Stock Exchange

### “Tavanbogd Trade” LLC has acquired 28.59% of Gobi JSC’s shares by a non-exchange agreement and is holding 50.23% of the company.

There has been a change in ownership of “Gobi” /MSE: GOV/ JSC, a company which is listed on tier I of Mongolian Stock Exchange. The company has three major shareholders that are holding a total of 84.23% of “Gobi” JSCs shares.

The largest shareholder, “Hyde Inter” LLC, owns 34% of “Gobi” JSC. The company’s second-largest shareholder, FCI LLC, transferred its ownership to “Tavanbogd trade” LLC. This transfer was carried out by a “non-exchanging” agreement which means it was not traded on the MSE.

As of August 30, 2019 “Gobi” JSC has 17,245 small shareholders whom holds 15.77% of the total shares.

**Source:** MarketInfo.mn

### An urgent request to approve the procedure of unit rights’ registration on investment fund has been sent to the FRC

Due to the fact that the Mongolian capital market has been active with increasing the number of issuers in recent years, the MSE has drafted “The procedure on registering the unit right of closed investment fund”, in order to create long-term professional investors in the market, taking into account FRC’s, market participants’ and the public opinions. On 9 July 2019, the drafted procedure has been submitted to the FRC for approval.

The procedure was drafted in the light of international standards and domestic market laws and regulations, and has been submitted to the FRC at the initiative of the market participants. However, since the procedure has been submitted to the FRC, a period of 2 months has passed during which the procedure has not been ratified.

If the procedure is to be ratified, products that are being commonly traded on international exchanges will be available for the first time Mongolia’s market, allowing investors to diversify their risk and invest in portfolio, and it will be the key to creation of investment funds, one of the immediate challenges on the development of the market.

**Source:** Mongolian Stock Exchange

### DBM Asset Management of Mongolia and Direct Investment Fund of Russia to collaborate for economic growth

DBM Asset Management SC LLC, a subsidiary of the Development Bank of Mongolia has established a cooperation agreement with the Direct Investment Fund (RDIF), Russia’s sovereign wealth fund. On September 3, within the official visit of President of the Russian Federation Vladimir Putin to Mongolia ten bilateral documents with significant impacts on the bilateral partnership of Mongolia and Russia were signed and one of them was this agreement.

Within the framework of the agreement, a mutual investment fund in dollar and ruble currencies is to be set up for financing large scale projects, further providing impetus to the economic development of the two countries.

The RDIF was created in 2011 under the leadership of the President and Prime Minister of Russia to co-invest alongside top global investors, acting as a catalyst for direct investment in Russia. It is a major investment fund that has invested and committed for this purpose RUB1.5 trillion and attracted over USD40 billion of foreign capital into the Russian economy through long-term strategic partnerships.

The DBM Asset Management SC LLC asset management company, was established in 2017 by the Development Bank of Mongolia as a wholly owned subsidiary. The company works towards gaining the confidence of domestic and foreign investors by establishing investment funds and introducing internationally accepted asset management operations in Mongolia. With the purpose to maintain stable economic growth, increase competitiveness and finance major profitable projects, the company founded the National Strategic Investment Fund in 2018. In scope of its aims to draw in capital from international markets, the DBM Asset Management SC LLC is also working on a proposed financing of USD 75.9 million from the Asian Development Bank.

**Source:** Montsame.mn

### “Baganuur” JSC will take a loan of MNT 15 billion

“Baganuur” /MSE: BAN/ JSC’s board of directors has decided to take a loan of MNT 15 billion from commercial banks.

The loan will be used to maintain stable production and prepare for the winter, thus the relating responsibilities has been assigned to the CEO. The loan is to be paid back in 10 months.

As for the company’s liabilities, according to the financial statement of the first half of 2019, the company has a total of MNT 34.6 billion in long term loan and a total of MNT 38.6 billion in short term loan.

**Source:** MarketInfo.mn

## COMMODITY MARKET NEWS

### Gold purchase decreased 21%

Mongolbank has purchased 9.6 tons of precious metals in the first 8 months of this year. Compared to the same period of the previous year, the purchase is lower by 2.5 tons or 21%.

Mongolbank purchased 2.1 tons of precious in August, with the Mongolbank's department in Darkhan-Uul province buying 181.3 kg of precious metals and Mongolbanl's department in Bayankhongor province buying 147.5 kg of precious metals. This is a decreased of 745.7 kg compared to 2.8 tons of precious metals in the same period last year.

In August of 2019, the average price gold purchased by Mongolbank was MNT 128,129.8 per gram.

**Source:** Montsame.mn

### Incentive for wool supply set at MNT 1500-2000

The Government of Mongolia approved a resolution on some measures to support national producers and increase jobs in 2011. The resolution regulates to grant monetary incentives to members of herder cooperatives and citizens with livestock when they supply wool of sheep and camel to national factories.

This action has brought many positive results, including growth of herders' income, production capacity of factories, jobs and number of herders to turn in wool of sheep and camel and so on. Moreover, a large number of wool and other raw material processing factories that have been newly built have increased their production of value-added wool products.

A new goal has been established to increase the full processing of wool and cashmere up to 60 percent nationwide. In this regard, the Cabinet made a decision to increase the amount of incentives in accordance with the wool quality on September 4. The incentive amount of this year has increased to MNT 1500-2000 per kilogram depending on the number of livestock animals by an annual census, breeds, livestock animal benefits and wool quality. Corresponding local administrative officials were assigned with works of wool submission and incentive provision.

**Source:** Montsame.mn

### Responsible mining codex developed

A responsible mining codex was developed aimed at supporting and development of good examples of responsible mining and ensure sustainable development of the mining industry, and currently some 8 business entities have signed it voluntarily including Erdenet Mining Corporation and Oyu Tolgoi LLC.

Minister of Mining and Heavy Industry of Mongolia D.Sumiyabazar informed it when he addressed the opening of the ninth Coal Mongolia 2019 coal trade and investment forum held in Ulaanbaatar on September 5 and 6. Minister D.Sumiyabazar also pledged to provide policy support for mining companies who are engaged in environment friendly and responsible mining activities and job employment growth and to firmly fight any illegal activities in this regard.

He introduced that the mining industry, playing a vital role in the economic development of Mongolia and constitutes 24 percent of the country's GDP, 72 percent of the total industrial production, 87 percent of export products and 75 percent foreign direct investment. As the Minister of Mining and Heavy Industry pursues goals to create favorable environment to attract foreign investment in geology and mining areas, carry out joint profitable projects with domestic and foreign entities, build new mining factories, form pleasant conditions for manufacturing of value added products, modernize facilities and equipment of currently operating mining companies to enhance their output and stimulate a transparent and responsible mining industry, numerous legal documents concerning the mining industry are prepared and process for final approval is underway.

Preparatory works are ongoing to trade up to 30 percent of special licenses of the Tavantolgoi deposit held by business entities at domestic and foreign stock exchanges and invited the participating investors at the Coal Mongolia 2019 to cooperate in projects of coal preparation and chemical coal plants and production of value added end products. In terms of the mining infrastructure development, the Minister reported about government projects of railway, auto roads and water resource, such as Tavantolgoi-Gashuunsukhait and Tavantolgoi-Zuunbayan auto roads and power plant. In addition, possibilities to implement a major project to the southern Gobi region, home to a large number of deposits exporting coals to abroad, with surface water, are being studied. The project is expected to bring massive changes to the human settlement, regional ecological balance and development.

**Source:** Montsame.mn

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