

MACROECONOMIC UPDATE OF MONGOLIA

Policy on sustainable investment to keep economic growth stable

The importance of a clear, consistent policy on investment was highlighted at the international conference held under the theme, 'Investment Climate: Stability', on October 22. The conference was co-organized by the Bank of Mongolia, International Finance Corporation, and the National Development Agency.

While foreign investment in Mongolia was USD 1.5 billion in 2016, it reached USD 2.7 billion, with an increase of 80 percent in 2018. Furthermore, entities with foreign investment made up 23 percent of the total tax revenue in 2018. However, as there is a potential risk of economic difficulties due to the fluctuating rate of export commodities, officials highlighted the possibility to overcome the difficulties with direct foreign investment and increase in exports.

Head of the Cabinet Secretariat L.Oyun-Erdene said, "Foreign-invested entities making 23 percent of our country's total tax revenue shows the impact of foreign investment in the economy. Specific goals and objectives on regaining investors' confidence and attracting investment have been reflected in the Government's plan for 2016-2020. In order to implement these goals, we are currently working on creating a favorable environment for new investors, protecting their rights, and introducing the best international practices."

Governor of the Bank of Mongolia N.Bayartsaikhan said, "The macroeconomy of Mongolia has stabilized since 2017. As of the first half of 2019, GDP grew by 7.3 percent. Despite this, the fluctuating rate of raw commodities and foreign debt risks continue to be problematic. Thus, to attract investment and find additional sources for programs on increasing the competitiveness of export products, and diversifying the economy, creation of a favorable investment environment is currently the most important issue."

Head of the National Development Agency of Mongolia B.Bayarsaikhan said, "In partnership with the International Financial Corporation of the World Bank, the National Development Agency has developed a report on the investment reform of Mongolia. The policy paper on attracting investment is currently being developed based on the report. It is highly important to define the vision for the sectors that will serve as a pillar of development, foreign investment, and human resource and personnel 20-30 years into the future. In this framework, the National Development Agency has begun to work on defining the vision for up to 2051."

IFC's Resident Representative in Mongolia Rufat Alimardanov said, "Alongside foreign investment and localization of know-how, it will be crucial to have a policy on investing in increasing domestic business opportunities. Our research showed that Mongolia is able to benefit the most from investments in sectors, such as mining, tourism, services, and agriculture. We are eager to give support in creating opportunities in the sectors, and realizing possible opportunities."

Source: Montsame.mn

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	18,126.24	-1.83% ▼
Dow Jones	USA	26,958.06	0.70% ▲
S&P 500	USA	3,022.55	1.22% ▲
Nasdaq	USA	8,243.12	1.90% ▲
S&P/TSX	Canada	16,404.49	0.17% ▲
FTSE 100	GB	7,324.47	2.43% ▲
S&P/ASX 200	Australia	6,739.20	1.35% ▲
Nikkei 225	Japan	22,799.81	1.37% ▲
Hang Seng	Hong Kong	26,667.39	-0.20% ▼

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	112.63
Mongol 2023 (Gerege)	USD	5.625%	101.68
Mongol 2022 (Chinggis)	USD	5.125%	100.75
Mongol 2021 (Mazalai)	USD	10.875%	109.42
DBM' 23 (Samurai)	JPY	1.520%	103.83
DBM' 2023	USD	7.250%	104.44
TDBM' 2020	USD	9.375%	102.59
MGMTGE' 2022 (Hoelun)	USD	9.750%	97.45

MARKET RATES

Rates	Last	Change /w/
Libor 1M	1.850	-0.05 ▼
Libor 3M	1.950	-0.02 ▼
Libor 6M	1.950	-0.02 ▼
Libor 1YR	1.980	-0.02 ▼
US 2YR Bond	1.592	0.03 ▲
US 3YR Bond	1.574	0.04 ▲
US 5YR Bond	1.583	0.04 ▲
US 10YR Bond	1.778	0.02 ▲

EXCHANGE RATES

Against MNT	2019.10.25	Change /w/
USD	2,685.97	0.26% ▲
CNY	379.81	0.35% ▲
EUR	2,985.86	0.18% ▲
RUB	41.99	0.24% ▲
KRW	2.29	0.88% ▲
JPY	24.73	0.28% ▲
CAD	2,056.32	0.79% ▲

COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,504.63	0.98% ▲
Silver /spot/	USD/t oz.	18.04	2.77% ▲
Copper	USD/lb.	267.55	1.50% ▲
Coal	USD/MT	67.70	-1.60% ▼
Crude Oil WTI	USD/bbl.	56.66	5.36% ▲
Crude Oil Brent	USD/bbl.	62.02	4.38% ▲

MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2019. IX	9.00%
Policy Rate	2019. IX	11.00%
Interbank Rate	2019. IX	11.12%
Deposit Interest Rate /MNT/	2019. IX	11.37%
Deposit Interest Rate /Foreign currency/	2019. IX	4.95%
Loan Interest Rate /MNT/	2019. IX	16.91%
Loan Interest Rate /Foreign currency/	2019. IX	10.76%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADING UPDATE

In this week, a total of 42 companies' 2,165,146 shares worth MNT 761.3 million were traded in the secondary market.

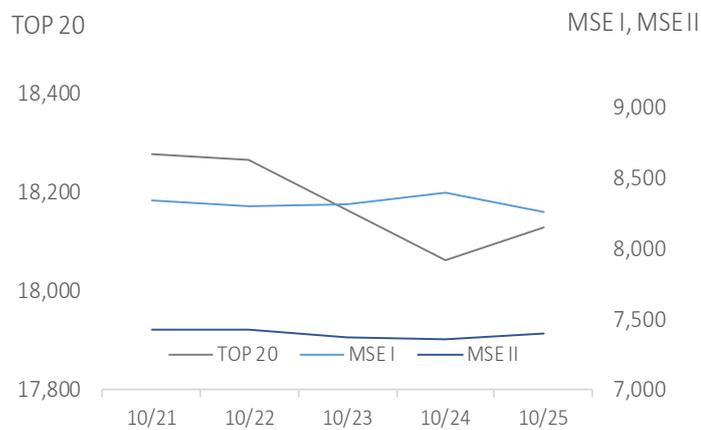
'Ulsyn Ikh Delguur' /UID/ company's share rose 30.82% percent to MNT 1,112.0 while 'Khukh Gan' /HGN/ company's share fell 11.11 percent to MNT 64.0.

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

On the secondary market trading of Government securities, 2,667 unit of securities were traded for MNT 272.2 million

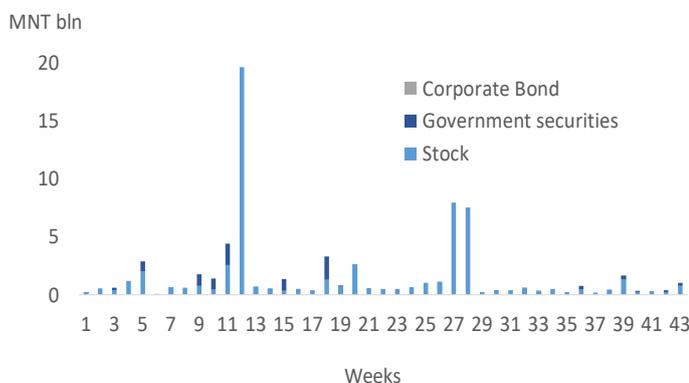
As of October 25, total market capitalization of MSE is MNT 2,390.8 billion. The TOP-20 index decreased by 1.83% to stand at 18,126.24 units.

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	1,033.5
Market Capitalization	2,390,771.2

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	18,126.24	-1.83% ▼
MSE I Index	8,250.37	-1.59% ▼
MSE II Index	7,388.95	-0.37% ▼

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Ard Daatgal	360,163	255,559,140
Ard Financial Group	118,660	166,678,813
Invescore NBFI	52,050	101,556,265
Ard Credit NBFI	583,403	43,518,944
Tavantolgoi	5,851	37,179,170

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Ulsyn Ikh Delguur	1,112.00	30.82% ▲
Merex	23.00	15.00% ▲
Khusug Trade	2,186.00	14.99% ▲
Berkh Uul	600.00	9.09% ▲
Ard Credit NBFI	75.01	2.50% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Khukh Gan	64.00	-11.11% ▼
Technicimport	8,000.00	-11.11% ▼
Erdene Resource	455.03	-8.81% ▼
Development Corporation		
Genco Tour Bureau	66.01	-7.03% ▼
Makhinpex	2,228.00	-5.19% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Ard Securities	831,451,461
Mirsae Asset Securities Mongolia	379,139,838
Standard Investment	205,703,344
Bumbat-Altai	121,489,090
Golomt Capital	96,781,400

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	503.54	535,858
Tavan Tolgoi	6,290.00	331,264
MIK Holding	11,000.00	227,803
Gobi	272.00	212,191
Invescore NBFI	1,999.00	143,384

GOVERNMENT SECURITY TRADING

Government securities /secondary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
1	ZGEB-BD-18/07/20-A0275-15.14	804	82,659,240	102,810	102,810	156	15.140%
2	ZGEB-BD-20/06/20-A0260-15.14	1,063	108,823,760	100,970	102,520	156	15.140%
3	ZGEB-BD-27/03/20-A0225-18	800	80,728,000	100,910	100,910	156	18.000%

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	paid on 2019.10.21
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	paid on 2019.09.18
33	SUU	Suu	5,706.4	1,143.4	20.0%	3.3	2019.09.09	2019.04.05	paid on 2019.10.24

CAPITAL MARKET NEWS

“Ard Financial Group” JSC has elected its’ board

“Ard Financial Group” JSC /MSE: AARD/ has elected its board by shareholders’ votes.

At the meeting, the voting right of 79.11% of total shares has been exercised and the board of directors has been elected as follows:

1. Gankhuyag Ch.
2. Batkhishig Kh.
3. Sukhdorj A.
4. Bruno E. Rashche
5. Odbayar O. as members
6. Batbayar P.
7. Sergelen M.
8. Munkhbat Ch.
9. James Anderson
10. Mikhail Zeldovich
11. Arnaud Ventura as independent members.

Source: Mongolian Stock Exchange

“Ard Credit NBFI” JSC presents spending report on its IPO proceeds

“Ard Credit NBFI” JSC /MSE: ADB/, a newly listed company that successfully raised MNT 5.2 billion from public in 2019, has presented its spending report on the proceeds from IPO. The company has spent the proceeds in the following activities as of September 30, 2019:

- Business Loan: MNT 2.7 billion
- Consumer Loan: MNT 612.5 million
- Express Loan: MNT 980.0 million
- Credit Card: 367.5 million
- Ard application expenses: 49.0 million
- Securities collateralized loan: 122.5 million

Source: Mongolian Stock Exchange

“Lendmn NBFI” JSC has published its financial report of the third quarter of 2019

“Lendmn NBFI” JSC /MSE: LEND/, a company which provides financial services, has published its financial statements of the third quarter of 2019 on its website.

As of 30 September, 2019, “Lendmn NBFI” JSC has operated with a revenue of MNT 9.7 billion and a net profit of MNT 3.7 billion.

As of 25 October, 2019, the company’s shares are listed on tier I of the MSE with the closing price of MNT 45.1

Source: TDB Capital SC

“Ard Credit NBFI” JSC has published its financial report of the third quarter of 2019

“Ard Credit NBFI” JSC /MSE: ADB/, a company which provide financial services, has published its financial statements of the third quarter of 2019 on the website of the MSE.

As of 30 September, 2019, “Ard Credit NBFI” JSC has operated with a total operating income of MNT 3.7 billion and a net profit of MNT 1.6 billion.

As of 25 October, 2019, the company’s shares are listed on tier II of the MSE with the closing price of MNT 75.1

Source: TDB Capital SC

“Mandal Daatgal” JSC has published its financial report of the third quarter of 2019

“Mandal Daatgal” JSC /MSE: MNDL/, a company which provides insurance services, has published its financial statements of the third quarter of 2019 on the website of the MSE.

As of 30 September, 2019, “Mandal Daatgal” JSC has operated with a total income of MNT 22.9 billion and a net profit of MNT 4.6 billion.

As of 25 October, 2019, the company’s shares are listed on tier I of the MSE with the closing price of MNT 4,900.0

Source: TDB Capital SC



“Suu” JSC company has allocated 2018 dividends to its clients’ accounts

“Suu” JSC’s dividends of 2018 or MNT 3.0 (after tax) per share has been placed into shareholders’ central securities depository account on 24 October, 2019.

Source: Central Securities Depository

“Gan Khiits” JSC company has allocated 2018 dividends to its clients’ accounts

“Gan Khiits” JSC’s dividends of 2018 or MNT 45.0 (after tax) per share has been placed into shareholders’ central securities depository account 21 October, 2019

Source: Central Securities Depository

COMMODITY MARKET NEWS

Oyu Tolgoi announces Q3'19 Performance results

In the third quarter of 2019, Oyu Tolgoi achieved an All Injury Frequency Rate (AIFR) of 0.18 per 200,000 hours worked. Safety remains Oyu Tolgoi's top priority for as we maintain strong safety performance and culture across our workforce. To reinforce our safety culture across our wider community we are campaigning for safer roads with our partner National Police Agency, committing over MNT 280 million for communication and provincial road monitoring system. Earlier this month, we co-hosted "Safety First - 2019" conference with the Mongolian Occupational Safety and Health Professionals' Association.

Oyu Tolgoi collaborated with 764 suppliers in the first three quarters of this year, 524 of which are national businesses that account for 76 per cent of the total operations procurement spend. Between 2010 and the third quarter of 2019, Oyu Tolgoi spent over US\$3 billion on national procurement, of which US\$523 million was spent on procurement from Umnugovi. We signed a MNT 2.7 billion contract to purchase 5,000 locally made standard leather safety boots from Khos-Az LLC over the next three years. Sixty-four new jobs were created with opening of two new factories in Manlai soum. The factories will supply concentrate bags and single-use coveralls to the mine.

Underground Development Update

Rope up is complete for both the service cage and the production hoists of Shaft 2. Other key infrastructure components completed during Q3 include the central heating plant expansion, the Shaft 2 jaw crusher system and the Shaft 2 surface discharge conveyor. Lateral underground development in Q3 has accelerated. In September, the team achieved a record 1,385 equivalent metres of lateral underground development. As previously announced, on July 15th 2019, improved rock mass information and geotechnical data modelling has confirmed that there are stability risks associated with components of the Feasibility Study 2016 mine design. To address these risks, a number of mine design options are under consideration to complete the project. In the interim period, underground development continues, and we look forward to providing the market with updates on the schedule and development capital spend as appropriate.

Q3'19 Production report

Q3's solid operational performance was impacted by a concentrator shutdown brought forward from October to September, combined with a higher-than-planned feed from the harder Phase 4B ore.-Copper production in concentrate of 28,446 tonnes, a decrease of 27.8% vs Q3 2018

- Gold production in concentrate of 25,607 ounces, a decrease of 66.8% vs Q3 2018
- Mill throughput increased 4% year-over-year and decreased 3.4% sequentially
- On track to achieve 2019 copper and gold production guidance

As anticipated, the transition from mining Phase 4A to lower grade Phase 4B and stockpiles resulted in:

- Lower copper head grade of 0.37 vs 0.46 Q2 2019
- Lower gold head grade of 0.14 vs 0.31 Q2 2019
- Concentrate production decreased 27.2% vs Q2 2019
- Copper production in concentrate decreased 27.4% vs Q2 2019
- Gold production in concentrate decreased 64.3% vs Q2 2019

Source: OT .mn

"Erdene Resource Development Corporation" JSC announces positive pre-feasibility study results for the bayan khundii gold project

Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) ("Erdene" or the "Company") is pleased to announce the results of an independent Technical Report for the 100%-owned, high-grade, open-pit, Khundii Gold Project in southwest Mongolia, including a Pre-Feasibility Study ("PFS") for its Bayan Khundii Gold Deposit ("Bayan Khundii" or "BK") and an updated Preliminary Economic Assessment ("PEA") for its Altan Nar Deposit ("Altan Nar" or "AN"), located 16 km from Bayan Khundii. The Technical Report also includes an updated mineral resource as well as a statement of mineral reserves for Bayan Khundii. The Technical Report was prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") by Tetra Tech Inc. ("Tetra Tech"). The Technical Report, pursuant to NI 43-101 guidelines, will be filed on SEDAR within 45 days.

Source: Erdene .com

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