



MSE 2019 PERFORMANCE REPORT

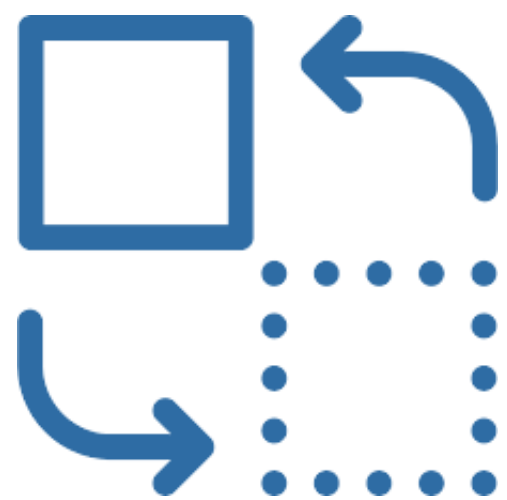
OPERATIONAL HIGHLIGHTS

New listing



During the reporting period, MSE received **3 new listing applications – Invescore NBFi, Most Fintec and Bodi Insurance** and listed **773.7 million shares**. However, Most Fintec's shares were delisted before the IPO based on the issuer's request. In **2019, Tumen shuvuut'JSC, 'Ard credit NBFi' JSC, 'Monos khuns' JSC and 'Invescore NBFi' JSC** successfully raised proceeds of **MNT 42.4 billion** from public.

Listing amendment–Stock split



"Mandal Insurance" JSC implemented a stock split of **1:100** which results in splitting **6,243,016 common shares** into total of **624,301,600 shares**. Also, MSE examined the stock split requests of **"Bayan-Albar" JSC** and **'Darkhan Guril Tejeel' JSC** and delivered the decision to FRC.



OPERATIONAL HIGHLIGHTS

Listing amendment –Reverse takeover

The reverse takeover involving **“Khorgo khairkhan” JSC** and **“Mongol daatgal” JSC**, was approved by the Financial Regulatory Commission in December 16, 2019.

Other listing amendment –FPO

“Darkhan Guril Tejeel” JSC and **‘Sharyn gol’ JSC**’s requests related to FPO and debt-for-share swap were examined. **“Darkhan Guril tejeel” JSC**’s request were rejected while **‘Sharyn gol’ JSC** cancelled its request.

During the reporting period, MSE resolved name change requests from 3 companies.

Delisting

21 issuers who failed to perform its obligations and 2 issuers – Bayalag Nalaikh’JSC and ‘Most Fintech’ JSC who voluntarily requested delisting were delisted from MSE.





OPERATIONAL HIGHLIGHTS

Members of MSE



“Mongol khuvitsaa securities firm” LLC and “Domix securities firm” LLC became a member of MSE, while, “Frontier SC” LLC and “MWTS SC” LLC were removed from the MSE membership. As of the end of 2019, the number of member companies were 59.

Government securities



During the reporting period, the Ministry of Finance did **not issue new Government securities due to its fiscal and budget policy. However, due to repayment of MNT 56.8 billion for matured bonds, **568,515 units of Government securities were delisted.****

ACTIVITY OVERVIEW

Capital Market Open Day

In order to improve capital market knowledge of rural citizens, MSE organized 'Capital Markets Open Day' event since 2017. During the reporting period MSE organized 'Capital market open day' event in 12 provinces – **Uvurkhangai, Bayankhongor, Gobisumber, Dornogobi** and **Selenge** and 30 soums. Overall, around **15,000 citizens** were involved in the event.

During the event, the training covered the following concepts:

- **basic capital markets concepts;**
- **participating in the stock and bond trades;**
- **capital raising opportunities from the capital market;**

In addition, the event organizers provided the most recent news and information about 'Erdenes Tavan Tolgoi' JSC's 1072 shares and checked the balance of the shares granted by pink and blue vouchers given during the state privatization programs in 1991.



NEW RULES

Closed-End Funds Listing Rules

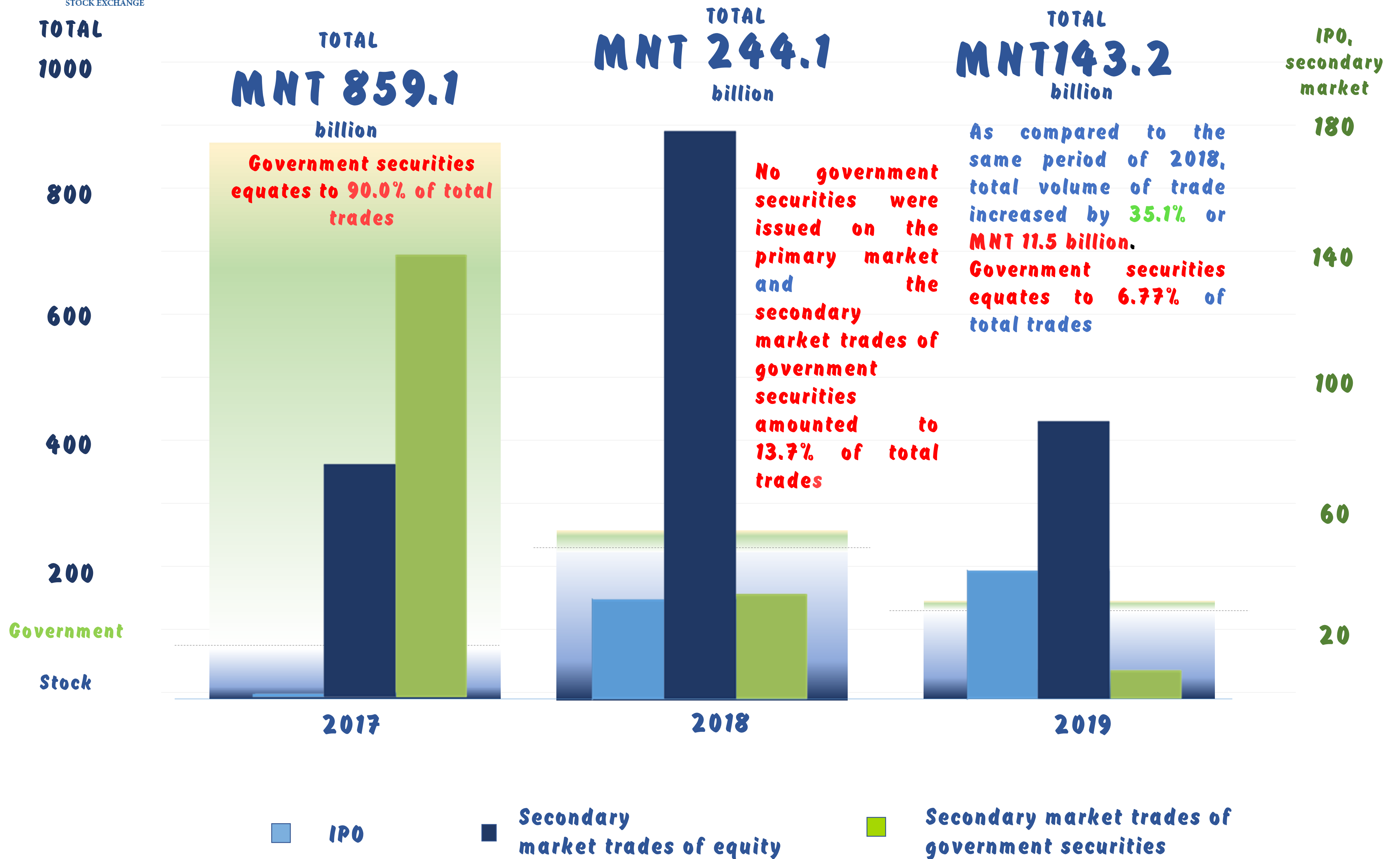


In recent years, Mongolian capital market is currently going through a rapid transformation and an IPO boom and in 2018, we reached our historical record in our equity trading turnover, the number of IPOs as well as admitted the first securities dual-listing. In order to **improve the market liquidity and expand the stock market**, we need to increase the participation of professional investors in the market, and thus, we **adopted the Closed-End Funds Listing Rules on June 28, 2019**. It was approved by the FRC on November 13, 2019.

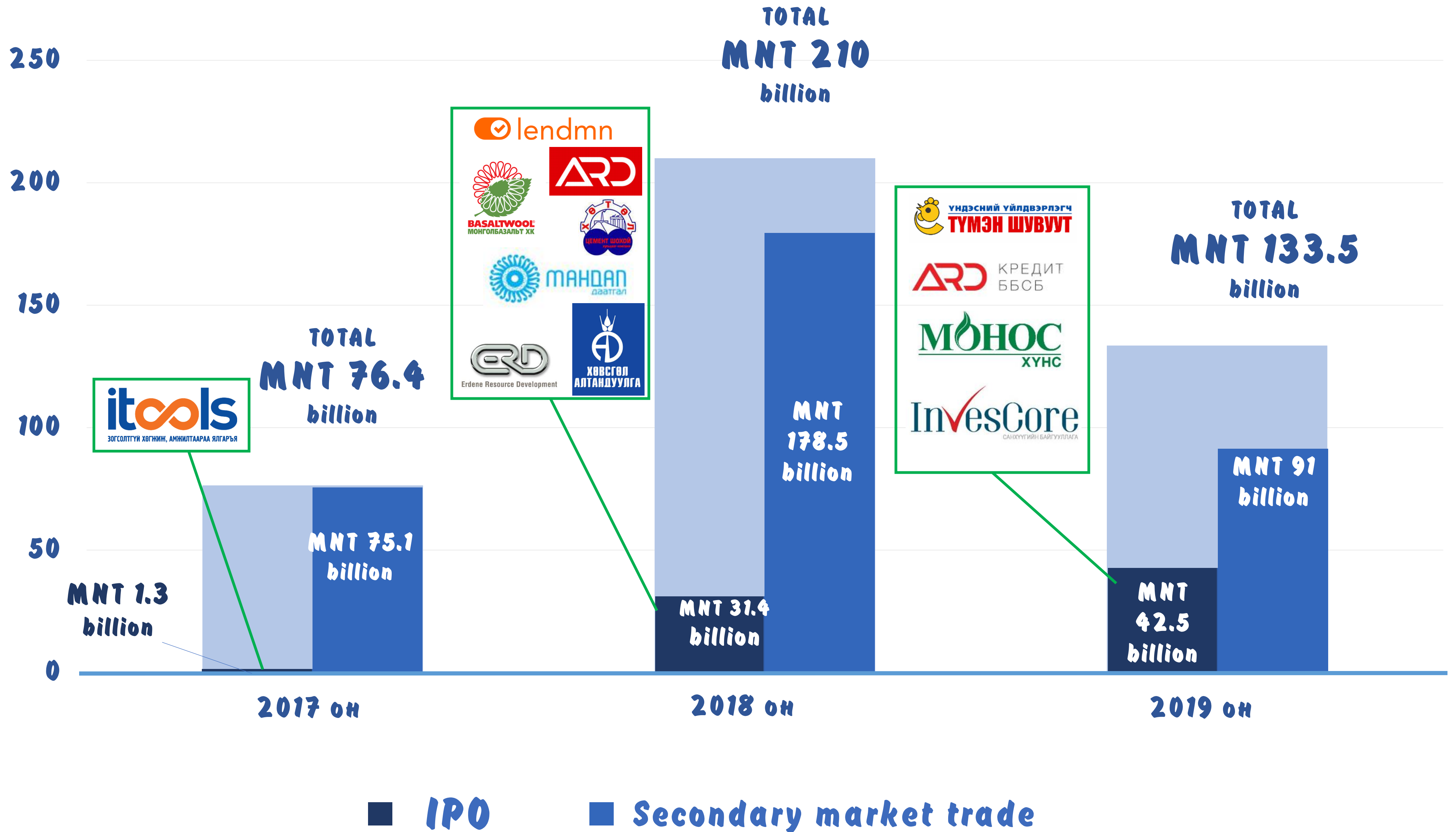
These Rules will enable investors to get provided with sound investment management



TRADE SUMMARY



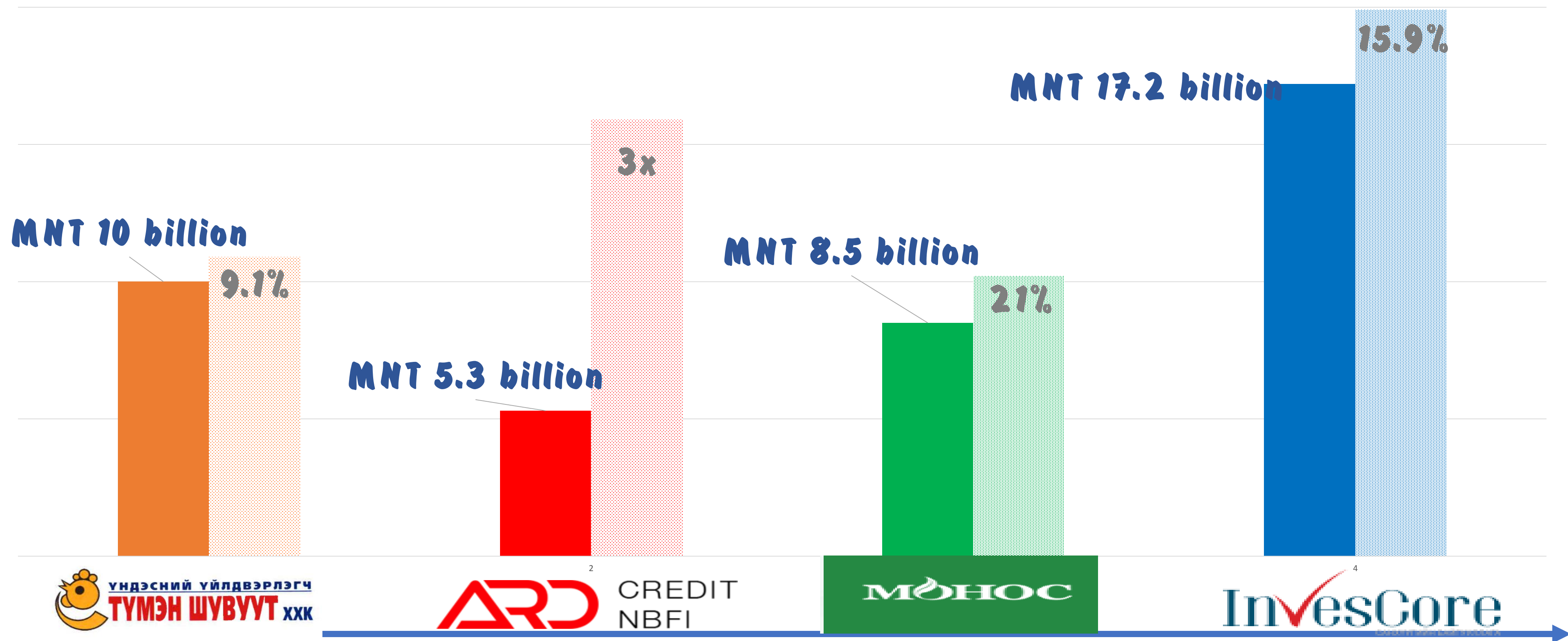
STOCK TRADES





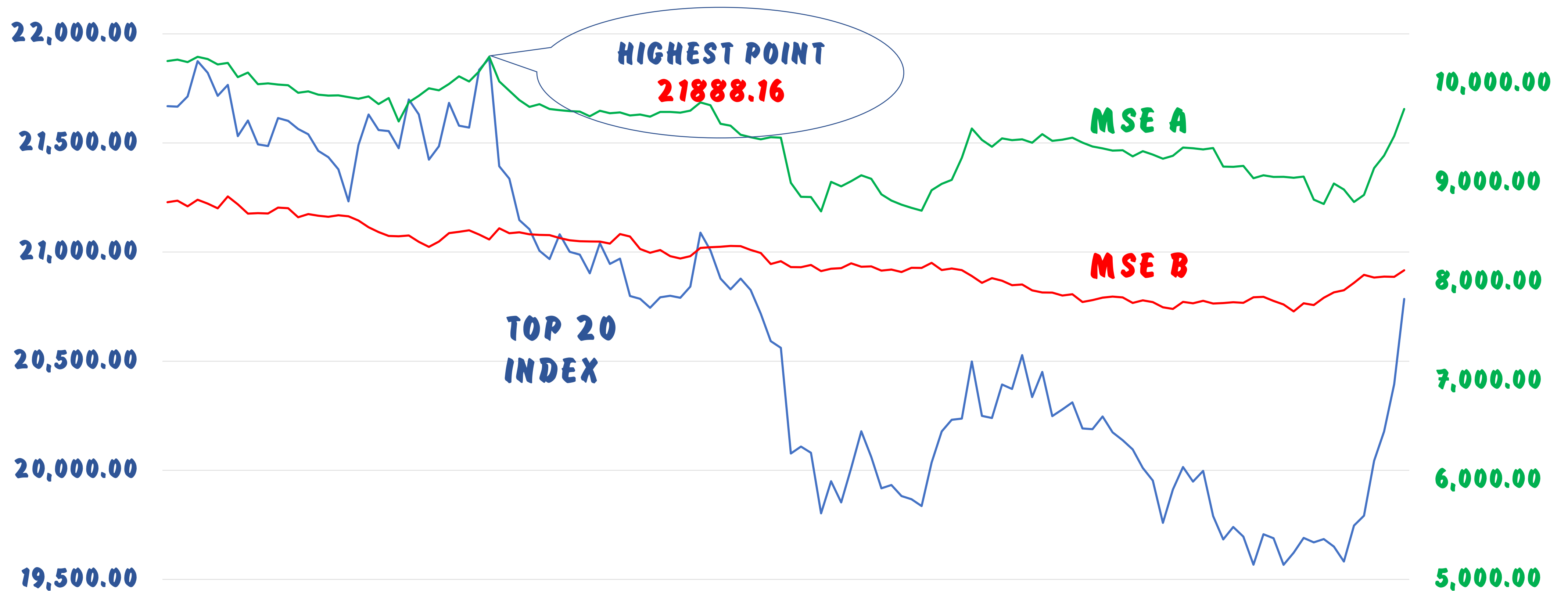
MARKET ACTIVITY

In 2019, the IPOs of “Tumen shuvuut” JSC, “Monos Foods” JSC, “Invescore NBFI” JSC and “Ard credit NBFI” JSC were oversubscribed by 9.1%, 21%, 15.9% and three times, respectively, which shows a strong market appetite.





MARKET INDICATORS



In the reporting period, MSE Top 20 index was **19978.13** points on average. Comparing to same period of 2018, Top 20 index decreased by **8.59%** reaching **19621.86**.

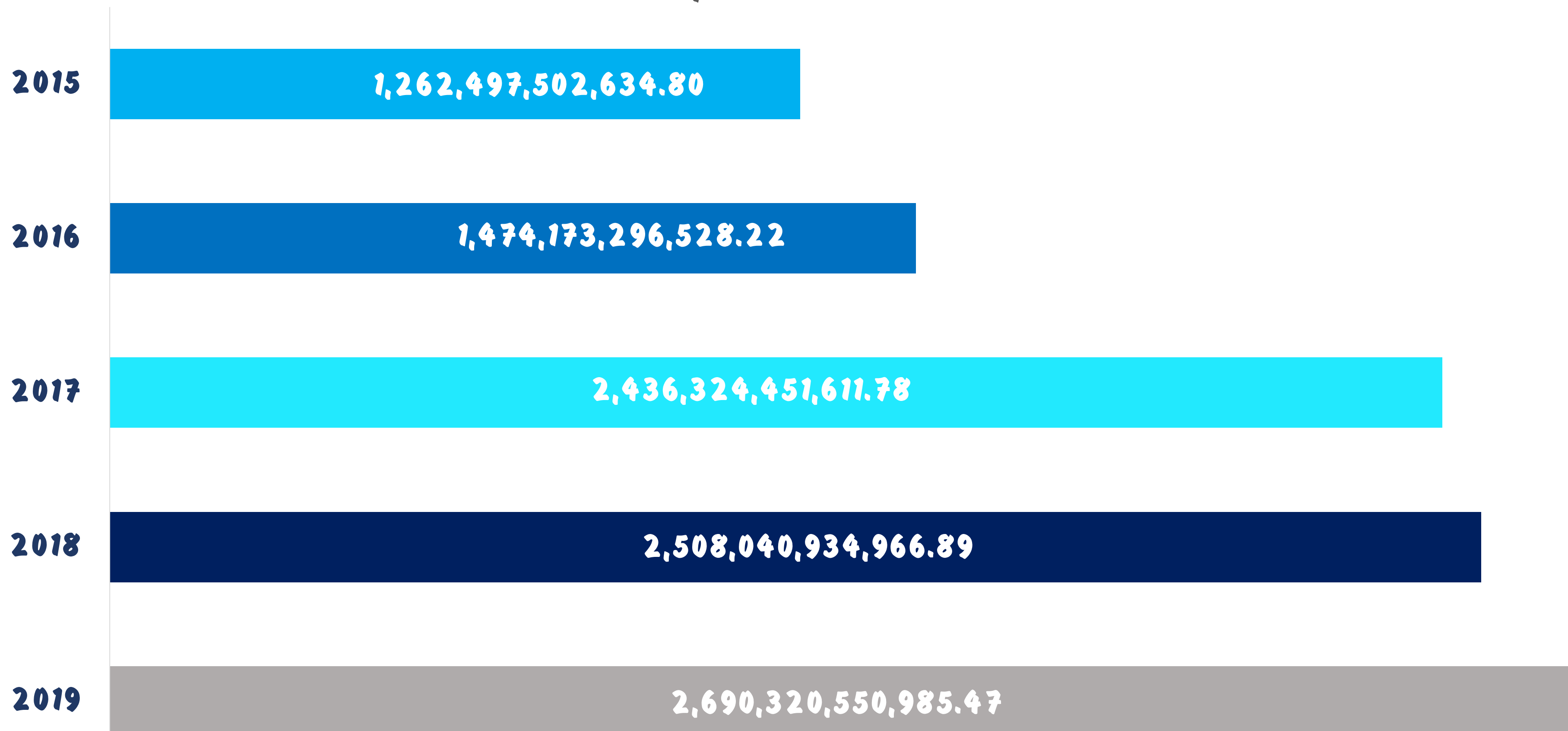
TOP-20 INDEX COMPOSITION IS RENEWED ONCE A EVERY YEAR AND ACCORDING TO THE RECENT REVIEW, 11 STOCKS REMAINED AS A COMPONENT SECURITY, WHILE, "HB OIL" JSC, "JENCO TOUR BUREAU" JSC, "JINST UVS" JSC, "ITTOOLS" JSC, "LENDMN NBFI" JSC, "MONGOL BASALT" JSC, "KHUVSGUL ALTAN DUULGA" JSC, "MANDAL INSURANCE" JSC AND "ARD INSURANCE" JSC WERE NEWLY ADDED IN THE INDEX COMPOSITION.



MARKET CAPITALIZATION

Comparing to the end of 2018, the market capitalization grew by **7.27%** or **MNT 182.2 billion** and reached **MNT 2 trillion 690.0 billion**.

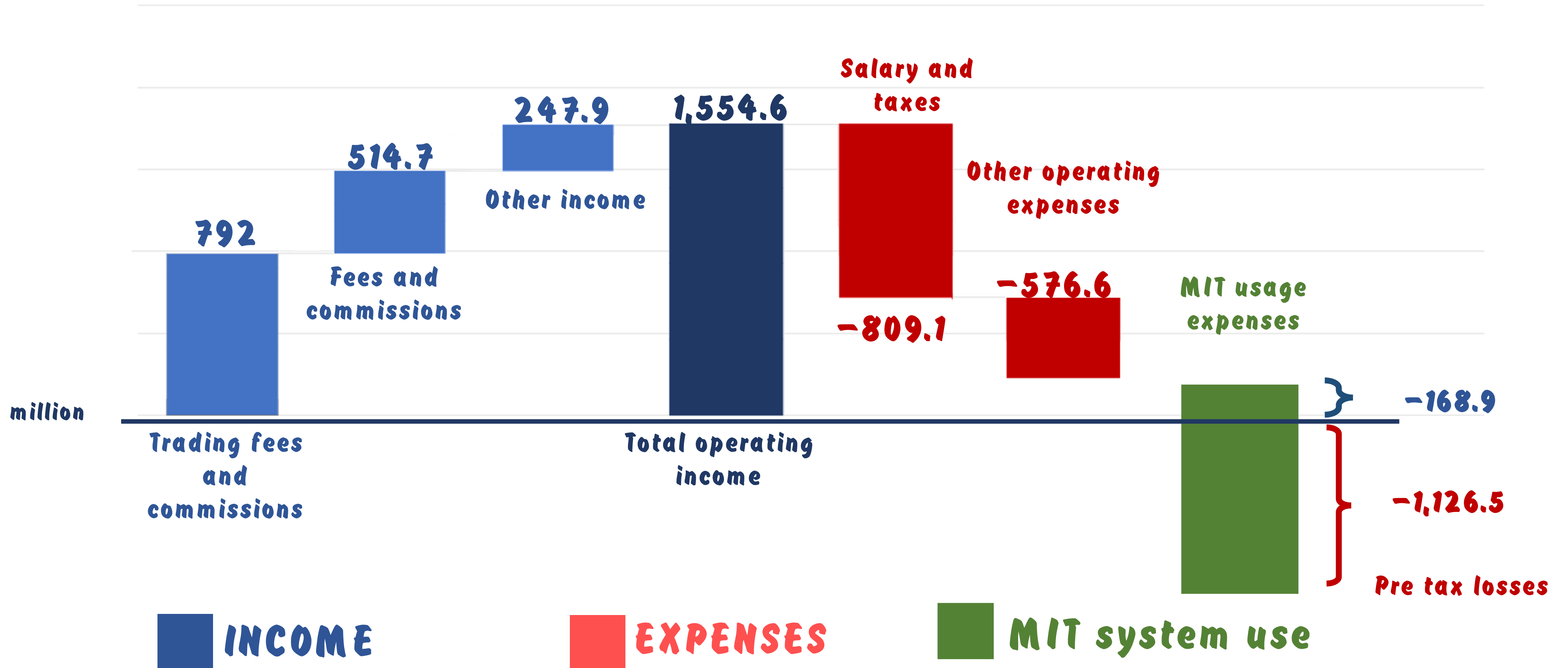
Marker capitalization 2015–2019





FINANCIAL HIGHLIGHTS

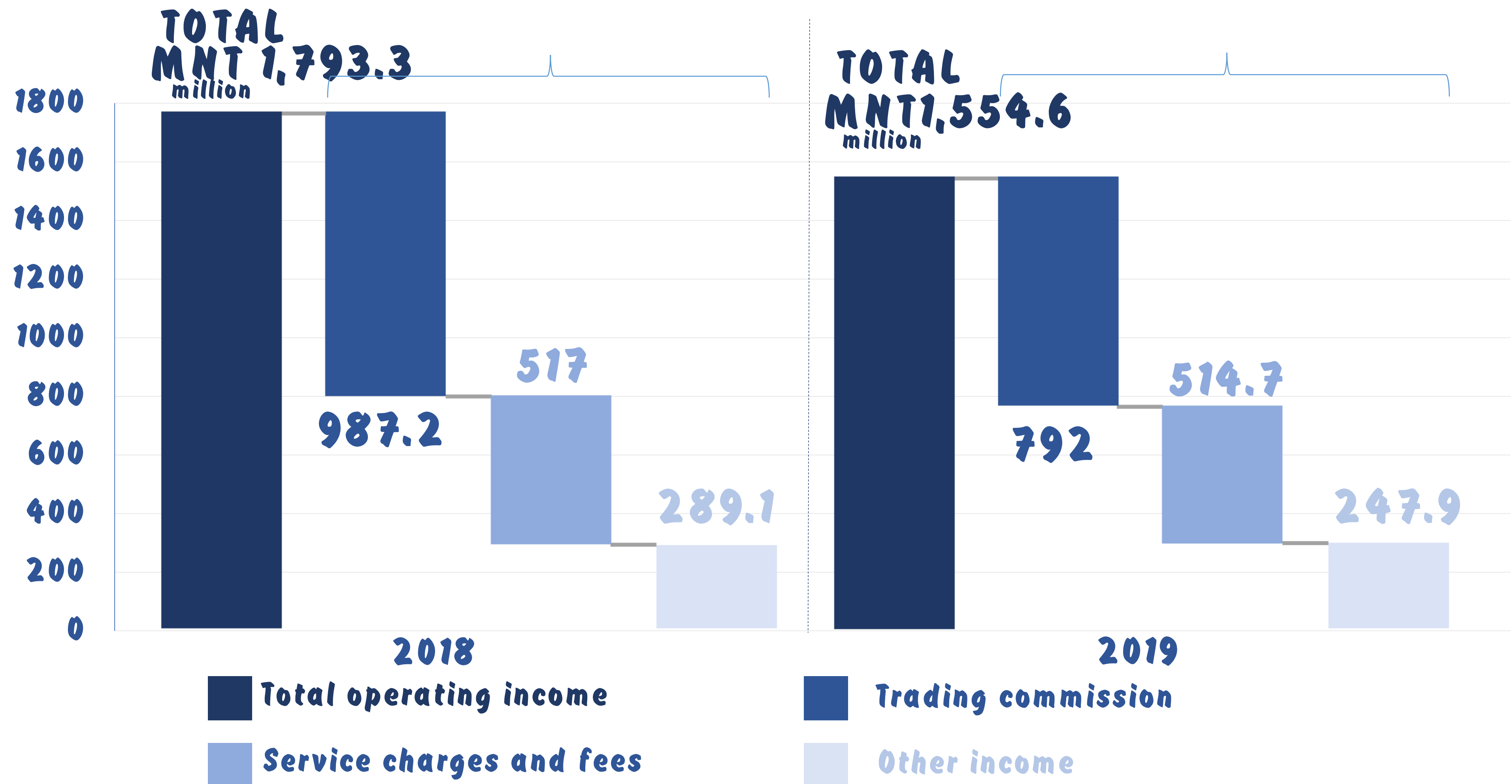
In 2019, MSE generated an operating income of **MNT 1.6 billion** and recorded an operating expenses of **MNT 1.4**, which resulted in net income of **MNT 168.9 million**. MSE recognized an expense of **MNT 1.2 billion** for all expenses related to MIT system as the proposal to share the expense with other market operators has not been decided yet. This has resulted a loss of **MNT 1.1 billion** for the reporting period.





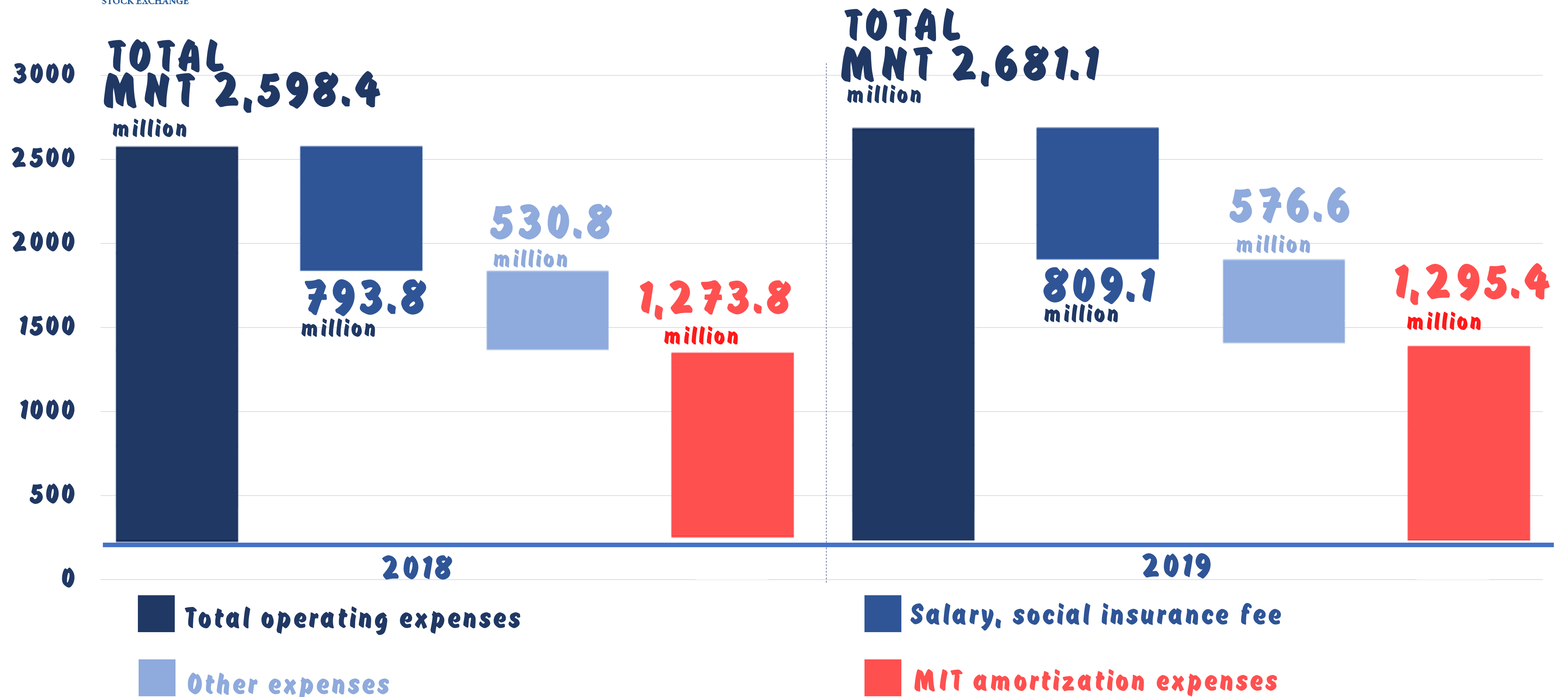
TOTAL INCOME

In 2019, MSE generated an operating income of **MNT 1.6 billion**. Compared to the end of 2018, **trading commissions** decreased by **19.8%** as a consequence of the decline of secondary market trading.






TOTAL EXPENSES



MSE recognized an expense of MNT 1.2 billion for all expenses related to MIT system. This resulted a loss of MNT1.2 billion for the reporting period. A total of MNT 458.6 million of taxes and fees were paid to the State Budget.



**THANK YOU FOR YOUR
ATTENTION.**



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