

Fund Manager's Report

For the month of August, shares gained 2.9% to 79.70, outperforming the PSEi TR which lost 0.5%. Since the Fund's inception, shares have lost 31.0%, underperforming PSEi TR which lost 29.3% for the same period. With the month seeing continued growth in both global (27 million) and local caseloads (226,440 confirmed), now highest in ASEAN, and a lack of any significant positive catalysts, investors have generally stayed on the sidelines waiting for a signal of sufficiently large government stimulus or the further easing of lockdowns. In many forms, the recovery from the Covid-19 induced recession has been quite uneven with the levels of productivity, caseloads and market growth varying from one country to another. This is most apparent in the PSEi, which seems to lack the same vigor as other indices, falling 0.75% MoM and down 24.7% YTD. Negative sentiment was further exacerbated by the PSEi components' lower 2Q corporate earnings (-81% YoY), weak 1H OFW remittances (-7% YoY), and lackluster manufacturing data, which fell to 47.3 in August, its 6th straight month of contraction. As a result, foreign net selling continued on for the 10th consecutive month, reaching US\$ 261 mln in August. Though the better-than-expected unemployment rate of 10% was a marked improvement from the 16.7% recorded in April, which should bring back some confidence in the economy. Moreover, in more positive news, the curve of coronavirus cases has reportedly already flattened, but the public has been cautioned to remember that the pandemic is far from over.

2Q earnings capped off with our GenCo and petrol refiner reporting unfortunate, but not unexpected drops in their revenues. As mobility remained subdued and businesses still operating under full capacity, energy consumption was heavily reduced in 1H leading to a 15% fall in our GenCos net income to Php6.7 bn from Php8.2 bn the year before. Despite the uninspiring performance, the company performed comparatively well to other GenCos, which coinciding with the construction of its LNG regasification plant slated to begin operations by 2022 means there is likely more upside than downside ahead for the company.

Our oil refinery on the other hand wasn't as well-off, registering a Php15 bn net loss in 1H. With the combination of a sharp drop in demand and a sudden burst in supply, oil prices fell significantly, decimating the companies margins in the 1st half of the year. Supply and demand has since stabilized with oil prices having recovered, which combined with the resumption of operations of its refinery, has set more optimistic expectations for 2H as the company's CEO projects a gain of Php 3.5 bn for the rest of the year.

Despite there being much uncertainty in many other industries, the construction sector specifically infrastructure is likely to continue growth in the coming years with the government's commitment to keep up and even expand major infrastructure projects. Infra spending jumped 44% YoY, 61% MoM in June, bringing 1H20 infra spending to P297.9bn, down only 4.3% YoY. It seems the government plans to build its way out of the pandemic, utilizing infrastructure as a primary driver for the country's recovery. This may partially explain why our cement company jumped 25% MoM. It plays a critical role in this multi-decade story, as such we see much opportunity for the sector in the years to come. We take care to remember that as Bill Ackman says, "investing is a business where you can look very silly for a long period of time before you are proven right." With that we hope for you and your families continued safety.

MBG Equity Investment Fund, Inc.

Performance MBG Equity Investment Fund, Inc. (MBG EIFI), net of all fees (in PHP)

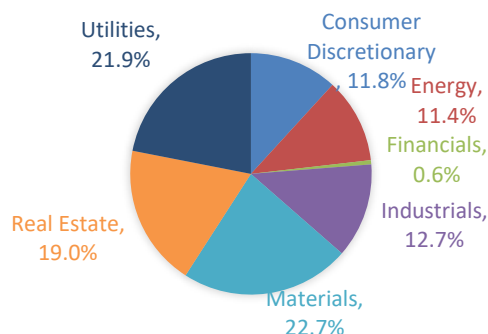
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-5.5%	-7.6%	-26.1%	12.7%	-1.9%	7.2%	-2.1%	2.9%					-23.0%
PSEi TR ¹	-7.9%	-5.7%	-20.9%	7.2%	2.5%	6.6%	-4.4%	-0.5%					-23.4%

¹ Philippine Stock Exchange Index Total Return;

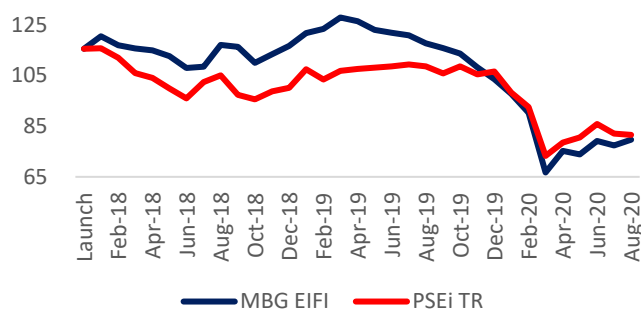
Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 4.0%	+/- 5.7%
Correlation to PSEi	0.69	1.0
Beta	0.49	1.0
Stock holdings	87.9%	100.0%
Large cap (> \$3bln)	7.0%	91.2%
Mid cap (\$500mln to \$3bln)	66.8%	7.9%
Small cap (< \$500mln)	26.2%	0.9%
Philippines allocation	76.9%	100.0%
Vietnam allocation	23.1%	Nil

Sector Allocation



MBG EIFI Performance vs. Benchmark (in PHP)



*Rescaled to 115.46 on 8 January 2018 (NAV of fund at launch date)

Class A Fund Statistics, since launch (08Jan18)

(net of all fees)	MBG EIFI	PSEi TR
Year-to-date	-23.0%	-23.4%
3 months	8.0%	1.4%
6 months	-11.8%	-11.9%
1 year	-32.3%	-24.9%
Launch (cumulative)	-31.0%	-29.3%
Launch (annualized)	-13.1%	-12.3%
Months with gains	34.4%	50.0%
Volatility of returns p.a.	21.5%	31.1%
1-yr Sharpe ratio (RFR 6%)	-1.68	-0.93

Fund Information

Launch date	January 8, 2018
Management fee	2%
Performance fee	10% with High Water Mark
Minimum subscription	PHP 100,000
Dealing	Daily
Subscription notice	5 business days
Redemption notice	7 calendar days
Lock-up period and penalty	1 year; 5% penalty
Fund AUM	PHP 118 million
FATCA categorization/ GIIN	Registered deemed-compliant foreign financial institution under Model 1 IGA/ 6XW2RW.99999.SL.608
Investment manager	MBG Investment Management, Inc. (Licensed Investment Company Adviser) SEC C.R. No. 01-2017-00284
Custodian	Deutsche Bank AG
Auditor	SGV & Co. (Ernst & Young Ltd)
Legal advisors	Mata-Perez & Francisco
Stock Transfer Agent	BDO Unibank
Fund Manager	Joseph Alvin C. Tan MBG Equity Investment Fund, Inc. info@mbgfunds.com www.mbgfunds.com Tel: +63 2 956 7254 Fax: +63 2 956 7065