

Fund Manager's Report

For the month of September, shares gained 4.6% to 83.40, outperforming the PSEi TR which lost 0.3%. Since the Fund's inception, shares have lost 27.8%, outperforming PSEi TR which lost 29.6% for the same period. The Philippines' caseloads have risen to over 320k, entering the list of top 20 countries with the most number of coronavirus infections globally.

However, despite the increasing cases, conditions seem to be improving. Covid stats and hospital data look encouraging, with the OCTA research team stating that the Philippines has already flattened the curve. The market was buoyed by an improved Philippine Manufacturing Purchasing Managers Index (PMI), 50.2 in September from 47.3 in August which showed an expansion in factory activity compared to the previous month's contraction. Meanwhile, the BSP kept policy rates unchanged but are expected to be cut by another 25 bps to 2% after the 3Q GDP print. With expectations of poor 3Q earnings, still dampened economic activity and potential volatility with the US presidential elections in close sight, investors remain wary and continue to stay on the sidelines. Foreign selling continued amounting to a record US\$ 2.02 bn YTD.

After careful consideration, we've decided to take a stake in a pure play infrastructure company, which we believe will benefit from the heavy emphasis on infrastructure development as part of the Build, Build, Build initiative. Locally, there are three big players in infra, and we picked the one with the highest exposure to infrastructure with about 60% of its order book comprising government infra projects. It has been awarded some big-ticket projects, including the Bulacan airport, and the "Project of the Century", the Metro Manila subway. The project is expected to translate to Php 162 bn of revenues and Php 7.5 bn in net income over the next 3 years (vs. Php 60 bn and Php 1 bn in 2019). It's got strong growth prospects and is trading at attractive market valuations with a forward PER of just 3x. Coinciding with our position in our cement company, we are poised to benefit from the local infrastructure sector's years of underinvestment and its role in jumpstarting the economy. Note that around 25% of the budget is allocated for infrastructure developments in 2021, a remarkable 41% rise from 2020. In its recent report, Oxford Economics forecasted a robust +5.5% avg annual growth rate for the construction industry from 2019-2030, against the projected regional avg of 4.2%. They project the PH construction industry to be among the fastest-growing across 50 countries monitored, alongside Vietnam, and Indonesia, pegged as potential members of the 5-6% growth club.

Meanwhile, our power company's LNG plans took another step forward with the finalization of its partnership with Tokyo Gas and awarding the EPC contract for its offshore terminal. The project could be in operation as soon as 3Q22 which should give plenty of ample time before Malampaya runs out.

Earnings season is soon to come and we're awaiting the results of our companies' quarterly earnings. We'll keep you posted on any new developments. Though the local bourse remains muted, we take care to remember, as Benjamin Graham says, "A stock is not just a ticker symbol or an electronic blip; it is an ownership interest in an actual business, with an underlying value that does not depend on its share price." 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)

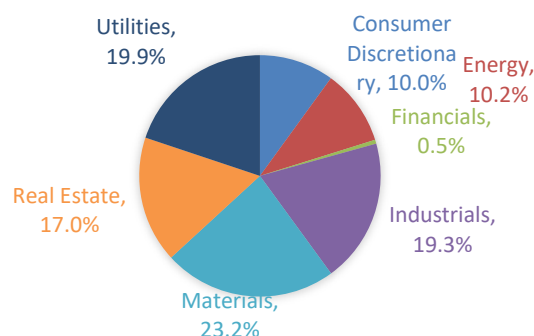
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-5.5%	-7.6%	-26.1%	12.7%	-1.9%	7.2%	-2.1%	2.9%	4.6%				-19.4%
PSEi TR ¹	-7.9%	-5.7%	-20.9%	7.2%	2.5%	6.6%	-4.4%	-0.5%	-0.3%				-23.7%

¹ Philippine Stock Exchange Index Total Return;

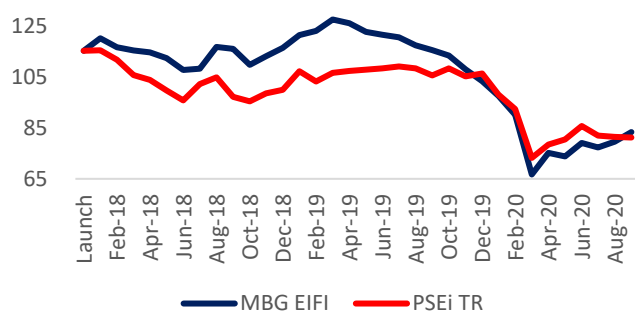
Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 4.3%	+/- 5.7%
Correlation to PSEi	0.69	1.0
Beta	0.52	1.0
Stock holdings	94.0%	100.0%
Large cap (> \$3bln)	6.0%	92.8%
Mid cap (\$500mln to \$3bln)	62.4%	7.2%
Small cap (< \$500mln)	31.6%	0.9%
Philippines allocation	78.1%	100.0%
Vietnam allocation	21.9%	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	-19.4%	-23.7%
3 months	5.4%	-5.2%
6 months	25.0%	-11.0%
1 year	-27.9%	-23.2%
Launch (cumulative)	-27.8%	-29.6%
Launch (annualized)	-11.2%	-12.0%
Months with gains	36.4%	48.5%
Volatility of returns p.a.	21.9%	31.3%
1-yr Sharpe ratio (RFR 6%)	-1.46	-0.87

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 127 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