

Newsletter

MBG Equity Investment Fund, Inc.

Fund Manager's Report

For the month of July, shares lost 4.8% to 95.93, outperforming the PSEi TR which lost 9.1%. Since the Fund's inception, shares have lost 16.9%, outperforming PSEi TR which lost 23.6% for the same period.

Rising Covid-19 cases due to what is presumably transmission of the highly infectious Delta variant (60% more contagious than Alpha) forced the Phil gov't to reinstitute stringent lockdowns across the country for the month of August. This put a damper on market sentiment as heightened restrictions on activity and movement threaten economic rebound which was already showing some signs of recovery as seen through improvements in unemployment and manufacturing data. Daily covid cases have since reached a 3-month high of 12k, and with only 11% of the population fully vaccinated, millions of Filipinos remain vulnerable to COVID-19. The gov't has said it will ramp up its inoculation efforts, now averaging >500k vaccinations/day, as the bulk of vaccines continue to arrive in the country. With the focus on major cities, Presidential spokesperson Roque has said that 45% of the Metro Manila population could be fully vaccinated by Aug 20. Meanwhile, inflation decelerated for the month of July, within the BSP's target given a slowdown in transport and meat prices.

Our cement company reported its best quarter to date with 2Q21 net sales up 317% YoY on the back of aggressive pricing and higher sales volume. Although coming off a low base from last year, the company grew its sales by 19% vs 2Q19. Management has indicated that 2021 may be the best year in terms of volume, and hopefully, profits.

Our oil & gas company maintained its positive performance, ending the 1H21 with Php 3.87 bln in net income, a massive turnaround from the Php 14.2 billion net loss seen in the same period last year. Though overall sales volume fell 7% YoY amid weaker industrial demand as a result of a prolonged pandemic, oil demand and prices have started to recover, with the company reporting consolidated revenues up 14%. The slowdown in sales, however, was partially offset by improvements in the retail segment. Moreover, the company has since resumed operations of its refinery as of June.

Though it's looking to be an uneven road of recovery ahead, our companies' prospects have not changed. They have survived the worst of the pandemic and will continue to thrive well after it has passed. We remain confident in our portfolio and remember what Peter Lynch said "People who succeed in the stock market also accept periodic losses, setbacks and unexpected occurrences. Calamitous drops do not scare them out of the game."

With that we hope for the continued safety of you and your loved ones.

Newsletter

MBG Equity Investment Fund, Inc.

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

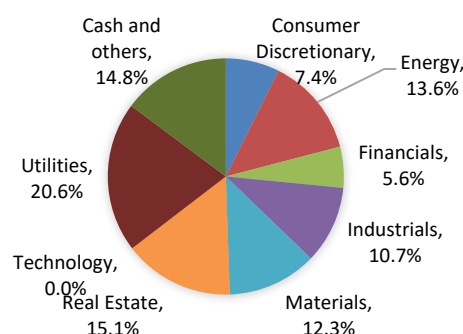
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-4.8%	1.8%	-2.7%	0.2%	-1.7%	6.4%	-4.8%						-5.9%
PSEi TR ¹	-7.4%	2.8%	-4.5%	-1.0%	4.3%	4.2%	-9.1%						-11.1%

¹ Philippine Stock Exchange Index Total Return;

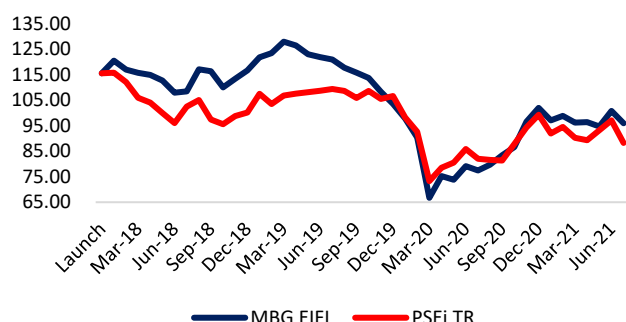
Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 2.3%	+/- 3.6%
Correlation to PSEi	0.40	1.0
Beta	0.26	1.0
Stock holdings	85.2%	100.0%
Large cap (> \$3bln)	1.1%	93.6%
Mid cap (\$500mln to \$3bln)	80.6%	6.4%
Small cap (< \$500mln)	18.3%	0.0%
Philippines allocation	98.9%	100.0%
Vietnam allocation	1.1%	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	-5.9%	-11.1%
3 months	-0.4%	-1.2%
6 months	-1.1%	-4.0%
1 year	23.9%	7.5%
Launch (cumulative)	-16.9%	-23.6%
Launch (annualized)	-5.1%	-7.3%
Months with gains	41.9%	51.2%
Volatility of returns p.a.	12.0%	19.4%
1-yr Sharpe ratio (RFR 6%)	1.66	0.18

Newsletter

MBG Equity Investment Fund, Inc.

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 155 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	Standard Chartered
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