

**Newsletter**

MBG Equity Investment Fund, Inc.

**Fund Manager's Report**

For the month of September, shares lost 1.2% to 96.22, underperforming the PSEi TR which gained 0.5%. Since the Fund's inception, shares have lost 16.7%, underperforming PSEi TR which lost 15.8% for the same period.

The Philippines seems to now be on the path to recovery. Vaccination rates continue to rise albeit at a slower pace. Supply no longer seems to be the issue but distribution and vaccine hesitancy remain critical challenges as vaccine czar Galvez noted that there are now over 38 million doses in the country's stockpile. Since the start of the vaccination campaign, around 22% of the population has been fully vaccinated. The rate is higher in the NCR, with 80% of the eligible population fully vaccinated.

Alongside rising vaccine coverage is an improvement in COVID-19 cases across the country. Daily infections are now on the decline since the September surge driven by the Delta variant. On Oct 20, the country's new COVID-19 cases dipped to 3,656--the lowest since July. Meanwhile, the Philippine government will begin expanding the new granular lockdown and alert level system initially tested in the capital region after the decrease in coronavirus cases and improvement in healthcare utilization. These smaller lockdowns and easing of quarantine restrictions are expected to help balance managing the pandemic while supporting the economy. Metro Manila, which was downgraded to Alert Level 3 is already showing evidence of improving mobility, with the latest figures nearing the highs since the initial outbreak and lockdown. The loosening of restrictions allows more businesses to reopen including cinemas, museums, and allowing quarantine free entry to certain tourist destinations. The Bangko Sentral ng Pilipinas (BSP) held its key interest rate steady at 2% as restrictions on movement are slowly eased to boost the economy.

As mobility restrictions continue to improve, as has our oil refinery which saw consolidated volumes rise 13.7% YoY. Coupled with the rally in crude oil prices helped to lift their topline +14.3% YoY in 1H21. While management has cautioned that the company would end the year in the red, we are optimistic about the company's prospects given their strategic network expansion and commitment to invest Php 3 bln into the newly reopened refinery over the next 5 years as part of its registration which should help level the playing field. Our power company was recently removed from the benchmark PSEi as the free float went below the minimum requirement rule owing to the tender offer of investment company KKR. Once completed, KKR's follow-on investment will give them approximately a 19.9% stake in the company.

Recent developments have brought fresh hopes of recovery and while the road to recovery will continue to be tough, but with the companies we hold, we find reassurance in the words of Peter Lynch who said "Your ultimate success or failure will depend on your ability to ignore the worries of the world long enough to allow your investments to succeed."

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

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

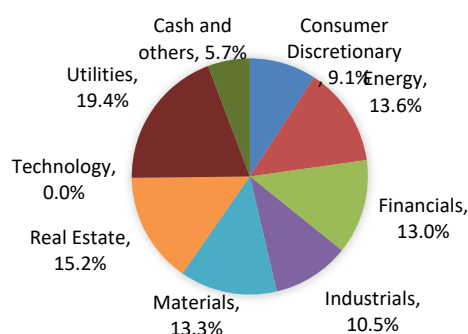
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-4.8%	1.8%	-2.7%	0.2%	-1.7%	6.4%	-4.8%	1.5%	-1.2%				-5.6%
PSEi TR <sup>1</sup>	-7.4%	2.8%	-4.5%	-1.0%	4.3%	4.2%	-9.1%	9.7%	0.5%				-2.0%

<sup>1</sup> Philippine Stock Exchange Index Total Return;

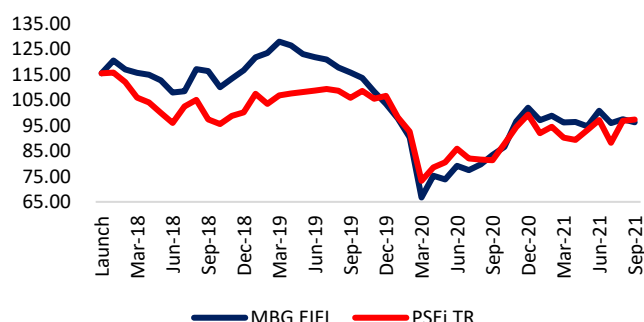
Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 2.3%	+/- 3.6%
Correlation to PSEi	0.38	1.0
Beta	0.24	1.0
Stock holdings	94.3%	100.0%
Large cap (> \$3bln)	1.0%	93.8%
Mid cap (\$500mln to \$3bln)	82.4%	6.2%
Small cap (< \$500mln)	16.6%	0.0%
Philippines allocation	99.0%	100.0%
Vietnam allocation	1.0%	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	-5.6%	-2.0%
3 months	-4.5%	0.3%
6 months	0.1%	7.8%
1 year	15.4%	19.6%
Launch (cumulative)	-16.7%	-15.8%
Launch (annualized)	-4.8%	-4.5%
Months with gains	42.2%	53.3%
Volatility of returns p.a.	11.4%	19.6%
1-yr Sharpe ratio (RFR 6%)	1.00	0.80

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**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 156 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. <a href="mailto:info@mbgfunds.com">info@mbgfunds.com</a> <a href="http://www.mbgfunds.com">www.mbgfunds.com</a> Tel: +63 2 956 7254 Fax: +63 2 956 7065