

**Newsletter**

MBG Equity Investment Fund, Inc.

**Fund Manager's Report**

For the month of March, shares lost 5.2% to 87.54, underperforming the PSEi TR which lost 0.6%. Since the Fund's inception, shares have lost 24.2%, underperforming PSEi TR which lost 10.9% for the same period.

The local market fell as investors remained wary of the escalating tension between Russia and Ukraine which sent oil prices soaring. Rising oil prices sparked fears of inflation while consumer and business sentiment turned cautious. While for the time being, developments abroad will continue to affect the local bourse and dampen economic recovery, the reopening theme of the Philippines remains largely intact.

The NCR will remain under Alert Level 1 all of April, allowing all establishments to operate at full capacity, as other areas continue to ease restrictions. Domestic travel is said to already be at more than 80% of pre pandemic levels, while the PMI index saw modest growth to 53.2 in March, as factories continue to build inventories to fulfill existing and new orders. Philippine banks are expecting to see higher loan demand from firms and households as Covid restrictions ease and as economic activity picks up.

The BSP has maintained its monetary policy but revealed plans to start a normalization process with rate hikes expected in 2H22. BSP Governor Diokno has said that an increase in policy rates to 2.5%-2.75% is "reasonable" as part of an exit from the pandemic's accommodative policy at 2% (Source: Regis, "The Month in Review - March 2022"). Meanwhile, the IMF in its latest World Economic Outlook, raised its 2022 GDP projection to 6.5%, the highest in the ASEAN-5 region.

Looking into our portfolio, our energy company reported its consolidated revenues rose 18% YoY in-line with higher fuel costs while earnings were flat, due to weaker 4Q core profit contributions from its natural gas and renewables plants. While the natural gas supply issues may carry over to 1H22, entailing higher purchase costs, we continue to like their prospects. Their LNG terminal is scheduled to come online in 4Q22, which should help alleviate short-term uncertainties and stabilize natural gas utilization rates. With demand for renewables set to grow, we're optimistic in our company and its ability to meet the changing demands of consumers and the Philippines' sustainable energy agenda. Moving on to our power company, the recent rise in global oil prices should provide some inventory gains for them. The company shared that they do not anticipate any supply shortages in the short or medium term as a result of the conflict given that they do not have any crude supply contracts with Russia.

We're awaiting the results of the rest of our companies and will keep you posted on any new developments.

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)

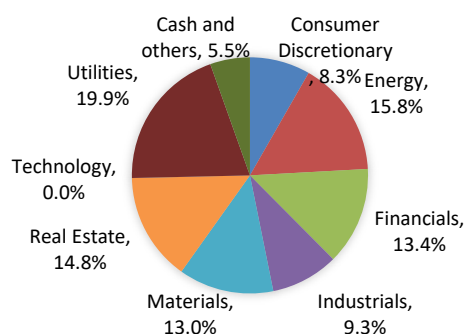
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-2.1%	0.1%	-5.2%										-7.1%
PSEi TR <sup>1</sup>	3.4%	-0.7%	-0.6%										2.0%

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

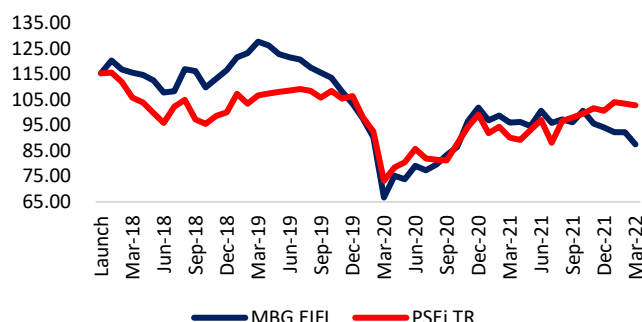
Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 2.1%	+/- 3.5%
Correlation to PSEi	0.33	1.0
Beta	0.20	1.0
Stock holdings	94.5%	100.0%
Large cap (> \$3bln)	1.1%	94.6%
Mid cap (\$500mln to \$3bln)	83.5%	4.4%
Small cap (< \$500mln)	15.4%	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	-7.1%	2.0%
3 months	-7.1%	2.0%
6 months	-9.0%	4.8%
1 year	-8.9%	14.0%
Launch (cumulative)	-24.2%	-10.9%
Launch (annualized)	-6.3%	-2.7%
Months with gains	41.2%	52.9%
Volatility of returns p.a.	10.6%	19.1%
1-yr Sharpe ratio (RFR 6%)	-1.22	0.52

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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 144 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