

**Newsletter**

MBG Equity Investment Fund, Inc.

**Fund Manager's Report**

For the month of April, shares lost 4.2% to 83.89, outperforming the PSEi TR which lost 6.5%. Since the Fund's inception, shares have lost 27.3%, underperforming PSEi TR which lost 16.7% for the same period.

The local market fell for the third straight month as geopolitical tensions, rising commodity prices and supply chain issues amid Covid lockdowns in major manufacturing zones in China dampened global market sentiment. On the local front, with national elections just around the corner, investors remained wary and stayed on the sidelines. Inflation quickened to 4% in March, higher than the BSP's 3.7% forecast, as fuel prices and other basic commodities continued to rise. The BSP raised the benchmark interest rate by 25 bps, its first hike since November 2018 as it tries to curb inflationary pressures, with another 25 bps rate hike expected in June.

The Philippine economy posted better-than-expected growth of 8.3% YoY in the first quarter of 2022, driven by improving consumer spending and business activities as the economy continues to reopen with about 70% of the country placed under Alert Level 1. Meanwhile, banks posted double-digit growth in loan disbursements, marking the 9th straight month of expansion in April on the back of improving credit conditions. Fitch Ratings revised its operating environment outlook for the Philippine banking system from negative to stable, citing easing pandemic restrictions and continued economic recovery. Mobility has since increased with domestic passenger volumes close to 80% of pre-pandemic levels, and foot traffic and tenant sales at malls already at 80-85% of pre-pandemic levels. The unemployment rate dropped to 5.8% in March, its lowest since the pandemic and is likely to improve and achieve pre-pandemic levels into the year.

Moving on to our portfolio, our oil company more than doubled its net income in 1Q22, up +108.9% YoY to Php 3.6 bln due to improving sales volume amid strong refining crack margins and recovery in demand. According to the company, its consolidated sales volumes from the PH, Malaysia and its trading unit in SG grew 34% YoY to 25.67 mln barrels in Q1. Its retail segment in the PH also reported a 7% YoY increase in commercial volumes, while its sales of jet fuels and other lubricant products grew by 50% as local and international travels resumed.

Our cement company reported net income of Php 1.66 bln (-3% YoY) in 1Q22. Despite revenues growing 30% YoY (+32% QoQ), with both volumes and average cement prices growing by double digits, the company was not able to offset the higher input and logistics cost, leading to a contraction in profits. We continue to like this company given its industry leading profit margin of 24% vs its competitors (5% and 6%).

While our bank's profits dropped in the 1Q22 to Php 507 mln on the back of higher provisions for potential loan losses and lower trading revenues, we remain bullish given banks are seeing stronger loan demand as economic activity increases, and as they potentially stand to benefit from the BSP's move to raise policy rates.

With that we wish 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)

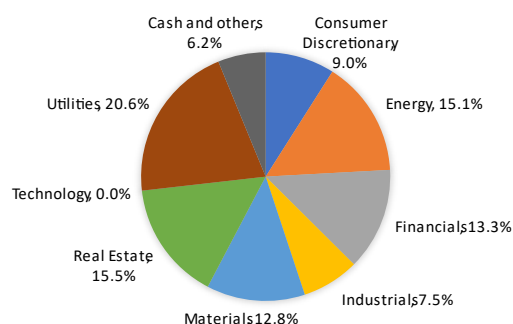
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-2.1%	0.1%	-5.2%	-4.2%									-11.0%
PSEi TR <sup>1</sup>	3.4%	-0.7%	-0.6%	-6.5%									-4.6%

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

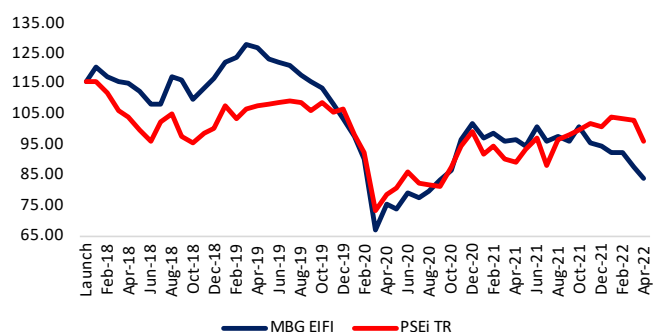
Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 2.1%	+/- 3.5%
Correlation to PSEi	0.33	1.0
Beta	0.19	1.0
Stock holdings	93.8%	100.0%
Large cap (> \$3bln)	1.0%	92.5%
Mid cap (\$500mln to \$3bln)	85.3%	6.4%
Small cap (< \$500mln)	13.7%	0.0%
Philippines allocation	90.0%	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	-11.0%	-4.6%
3 months	-9.1%	-7.7%
6 months	-16.8%	-3.5%
1 year	-12.9%	7.7%
Launch (cumulative)	-27.3%	-16.7%
Launch (annualized)	-7.1%	-4.2%
Months with gains	40.4%	51.9%
Volatility of returns p.a.	10.7%	19.4%
1-yr Sharpe ratio (RFR 6%)	-1.59	0.19

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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 137 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