

**Newsletter**

MBG Equity Investment Fund, Inc.

**Fund Manager's Report**

For the month of May, shares lost 6.6% to 78.32, underperforming the PSEi TR which gained 1.0%. Since the Fund's inception, shares have lost 32.2%, outperforming PSEi TR which lost 16.1% for the same period.

Uncertainty and volatility continued to weigh on the market amid investor concerns on mounting inflation, worsening supply chain disruptions, the US Fed's aggressive tightening, and the prolonged Russia-Ukraine conflict. On the local front, the main focus was on the May 9th elections, which saw Ferdinand Marcos Jr. and Sara Duterte win the presidency and vice presidency in a landslide. Investor attention then turned towards the incoming administration's cabinet formation and economic plans—critical for the economic recovery of the country as it navigates its way out of the pandemic alongside global headwinds.

Recovery is evident, seen through bottom-up indicators including electricity demand, mall foot traffic, car sales, and air travel. On the back of strong 1Q GDP growth numbers (+8.3%), the Monetary Board opted to raise the benchmark rate by 25bps to 2.25%, with guidance of another rate hike in June, citing elevated inflation pressures. The latest inflation print came in at 4.9%, the highest in over three years, as soaring food and energy prices continued to hurt consumers. The BSP is projecting inflation to average 4.6% this year and settle down to 3.9% in 2023. The increase in policy rates should be positive on banks in the form of NIM expansion, and to help not only to manage the inflation but also to stabilize the peso.

Our renewable energy company reported 1Q22 revenue growth of 18% YoY with net profit declining by 25% YoY. This was due to higher replacement power cost and maintenance for some plants and disruptions from natural disasters. They recently requested for an extension to build their offshore LNG terminal. While the facility was expected to be commercially operating in 4Q22, it is expected to be ready in 2Q or 3Q of next year. Once completed, the LNG terminal will play a critical role in ensuring the energy security of the country as it accelerates the introduction of LNG to the Philippines by providing the nat gas requirements of existing and future gas fired power plants. With DOE targeting a renewable energy mix of 35% by 2030 and given the company's significant renewable capex plans, the company is poised to benefit from the growing need of more capacity to support demand growth.

Our home improvement company's store expansion is still ongoing in provinces outside of Metro Manila. The company is set to add a minimum of 8 new stores in 2022, bringing its store footprint to 58 (with a target of 100 branches by 2026). Its new branches will be built closer to residential communities, leveraging the synergies with its parent company's residential housing arm, as more consumers deem it a priority to lessen movement and shop closer to home. With gov't focusing on inclusive growth outside of Metro Manila, this is a play on urbanization outside the metro as a result of improving connectivity.

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)

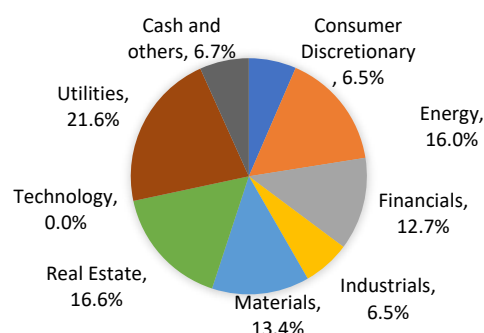
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-2.1%	0.1%	-5.2%	-4.2%	-6.6%								-16.9%
PSEi TR <sup>1</sup>	3.4%	-0.7%	-0.6%	-6.5%	1.0%								-3.7%

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

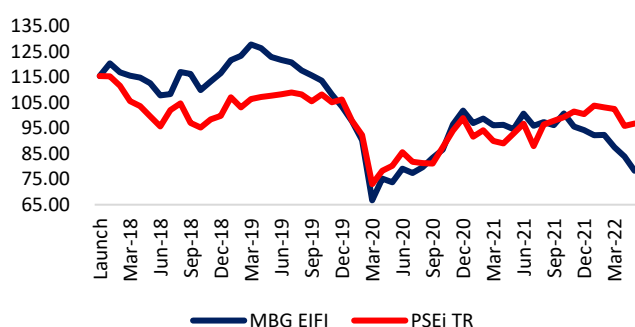
### Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 2.1%	+/- 3.5%
Correlation to PSEi	0.36	1.0
Beta	0.21	1.0
Stock holdings	93.3%	100.0%
Large cap (> \$3bln)	0.9%	95.3%
Mid cap (\$500mln to \$3bln)	85.8%	4.7%
Small cap (< \$500mln)	13.3%	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	-16.9%	-3.7%
3 months	-15.2%	-6.2%
6 months	-18.1%	-4.6%
1 year	-17.3%	4.2%
Launch (cumulative)	-32.2%	-16.1%
Launch (annualized)	-8.5%	-3.9%
Months with gains	39.6%	50.9%
Volatility of returns p.a.	11.1%	19.4%
1-yr Sharpe ratio (RFR 6%)	-1.92	0.01

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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 128 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