

**Newsletter**

MBG Equity Investment Fund, Inc.

**Fund Manager's Report**

For the month of November, shares gained 0.1% to 76.22, underperforming the PSEi TR which gained 10.4%. Since the Fund's inception, shares have lost 34.0%, underperforming PSEi TR which lost 15.3% for the same period.

After a series of four consecutive jumbo rate hikes this year which took the US policy rate to 3.75%, the Federal Reserve is expected to slow down the pace of its monetary tightening, suggesting smaller rate hikes in the coming months on the back of easing inflation. On the Philippine shores, the Monetary Board raised its key rates by 75 bps to 5%, now higher than the pre-pandemic rate of 4%, in line with the latest move by the Fed. Interest rates are expected to continue rising, but at a similarly slower pace alongside the US Fed. The Philippines' annual inflation rate soared to 8% in November, the highest in 14 years driven primarily by higher food prices.

Despite the inflationary headwinds, there is cause for optimism as PSEi corporates reported strong earnings results (+42% YoY in 3Q22). Unemployment slid to 4.5% in Oct, the same unemployment rate that was last seen in Oct 2019. The peso appreciated 2.7% in Nov, closing at Php56.58 to the US\$. Moreover, 3Q22 GDP accelerated 7.6% YoY, beating Bloomberg consensus estimates of 6.1%, driven by strong demand and resilient consumption despite ongoing inflationary pressures amid increased mobility and the return of in-person classes. As a result, the local bourse surged 10.2% in Nov, tempering the index's YTD decline to 4.8% in Nov from 19.4% in 3Q22.

Looking into our portfolio, our bank reported higher net income in 3Q22, up +17% YoY and +49% QoQ driven by increases in loans and fixed income securities. Its loan book increased by +10% in 9M22 on the back of improving consumer lending. Consumer loans, which account for 74% of the bank's portfolio, rose by +11%. Our one-stop-shop home improvement company reported P9.1B in revenue in 9M22 (-10% YoY) and net income of P702M (-59%) as consumer spending shifted to travel and entertainment. However, the company's expansion strategy remains unchanged, and they will continue to grow their store count, having added five more locations in the first half of 2022 alone putting it on track to meet its goal of 100 stores by 2026. We remain optimistic about the company's growth prospects given its synergy with the Villar group.

Though there are talks of the global economy potentially facing a recession going into 2023, the Philippines remains well on track towards a strong recovery. The country is still expected to grow one of the fastest among its ASEAN member states next year with GDP growth in 2023 expected to range from 6-7%.

With the holidays just around the corner, we'd like to wish you and your loved ones a very Merry Christmas and a Happy New Year!

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

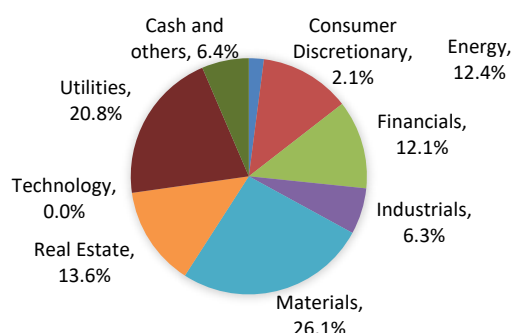
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-2.1%	0.1%	-5.2%	-4.2%	-6.6%	-2.7%	0.4%	2.4%	-6.6%	3.9%	0.1%		-19.1%
PSEi TR <sup>1</sup>	3.4%	-0.7%	-0.6%	-6.5%	1.0%	-9.1%	2.6%	4.5%	-12.7%	7.3%	10.4%		-2.9%

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

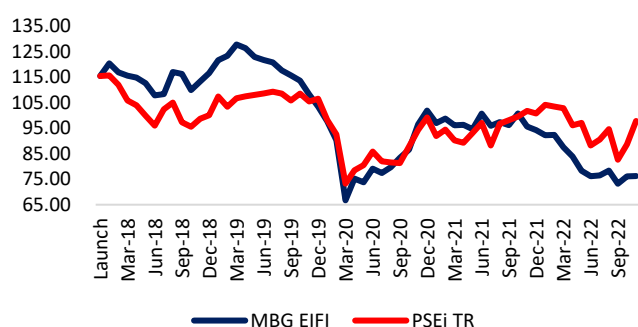
### Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 2.2%	+/- 3.8%
Correlation to PSEi	0.31	1.0
Beta	0.18	1.0
Stock holdings	93.6%	100.0%
Large cap (> \$3bln)	27.9%	95.2%
Mid cap (\$500mln to \$3bln)	56.3%	4.8%
Small cap (< \$500mln)	15.8%	0.0%
Philippines allocation	100.0%	100.0%
Vietnam allocation	0.0%	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	-19.1%	-2.9%
3 months	-2.7%	3.4%
6 months	-2.7%	0.8%
1 year	-20.3%	-3.9%
Launch (cumulative)	-34.0%	-15.3%
Launch (annualized)	-8.1%	-3.3%
Months with gains	42.4%	54.2%
Volatility of returns p.a.	11.2%	20.5%
1-yr Sharpe ratio (RFR 6%)	-2.17	-0.38

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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 116.6 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