

**Newsletter**

MBG Equity Investment Fund, Inc.

**Fund Manager's Report**

For the month of December, shares are up to 85.42 (+2.3% MoM), underperforming the PSEi TR which gained 3.8%. Since the Fund's inception, shares have lost 26.0%, underperforming PSEi TR which lost 17.1% for the same period.

We ended 2023 on a positive note, achieving a return of 13.5%. Our portfolio companies displayed resilience, with a majority either meeting or surpassing pre-pandemic performance levels. Notably, our infrastructure company emerged as the biggest contributor, boasting an exceptional 130% increase during the year.

The commitment of the Philippine government to sustain infrastructure spending at 5-6% of GDP is notable, marked by the execution of 197 infrastructure flagship projects, amounting to 8.7 trillion pesos. A substantial portion of these projects focus on enhancing physical connectivity, especially in the realm of road infrastructure. To provide context, historical infrastructure spending during past administrations has varied: Ramos (1993-1998) 1.7%, Estrada (1999-2000) 1.8%, Arroyo (2001-2010) 1.6%, Aquino (2011-2016) 3%, and Duterte (2017-2018) 6.3%. This ambitious commitment puts us on track to catch up with our ASEAN peers who have historically averaged over 5% spending in the last 50 years, reinforcing our optimistic outlook.

Recently, our energy company secured a 15-year lease agreement with a gas aggregator company, enabling access to the Malampaya gas fields estimated to be utilized until 2039. With the government endorsing natural gas as a transitional complement to renewable energy, our company's strategy combining renewables and gas will bolster energy security and steer us towards a renewable future. Despite the undervaluation of these valuable assets, currently trading at less than 4x earnings primarily due to earlier projections regarding the end of the Malampaya supply in 202, we anticipate strong growth potential in this sector.

While the real estate sector faced challenges in 2023, particularly in office spaces due to factors stemming from the pandemic and the shift towards work-from-home environments, there are signs of improvement in office vacancy rates. We anticipate a gradual return to pre-pandemic levels as the supply and demand dynamics of the office sector adjust. Conversely, the retail sector has witnessed significant growth. As interest rates peaked in 2023, and potentially trend downwards in 2024, our optimism grows, believing that the worst might be behind us.

Looking ahead, we remain bullish on the Philippines in 2024. The resurgence of global investments in emerging markets, coupled with improving macroeconomic conditions locally and the promising trajectory of company earnings, reinforces our positive outlook. We hope you share our enthusiasm.

With that we'd like to wish you a Happy New Year!

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

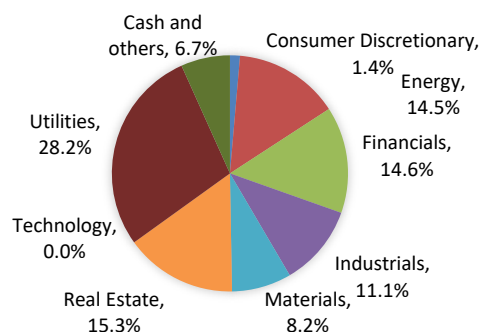
2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	4.7%	-2.2%	2.9%	7.3%	1.7%	-2.2%	0.2%	0.05%	2.7%	-2.4%	-1.9%	2.3%	13.5%
PSEi TR <sup>1</sup>	3.5%	-3.4%	-0.02%	2.3%	-1.9%	-0.1%	1.9%	-6.0%	2.5%	-5.3%	4.4%	3.8%	1.0%

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

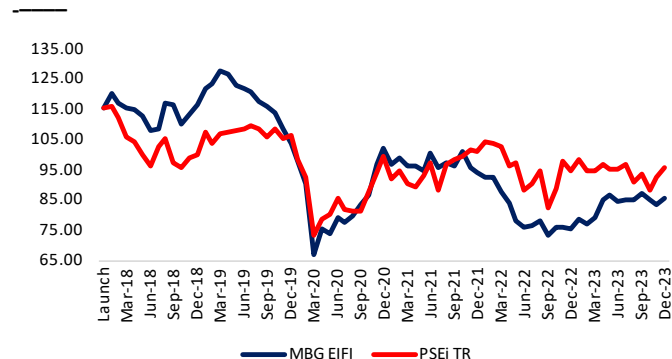
### Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 2.2%	+/- 2.6%
Correlation to PSEi	0.21	1.0
Beta	0.17	1.0
Stock holdings	93.3%	100.0%
Large cap (> \$3bln)	2.6%	96.7%
Mid cap (\$500mln to \$3bln)	84.3%	3.3%
Small cap (< \$500mln)	13.2%	0.0%
Philippines allocation	100.0%	100.0%

### 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	13.5%	1.0%
3 months	-2.0%	2.6%
6 months	0.9%	0.7%
1 year	13.5%	1.0%
Launch (cumulative)	-26.0%	-17.1%
Launch (annualized)	-4.9%	-3.1%
Months with gains	45.8%	54.2%
Volatility of returns p.a.	10.8%	14.0%
1-yr Sharpe ratio (RFR 6%)	0.88	n.a.

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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 128.20 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	MBG Investment Management, Inc.
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 8838 7822 Fax: +63 2 7956 7065