

**Newsletter**

MBG Equity Investment Fund, Inc.

**Fund Manager's Report**

For the month of November, shares declined to 83.46 (-1.9%), underperforming the PSEi TR which gained 4.4%. Since the Fund's inception, shares have lost 27.7%, underperforming PSEi TR which lost 20.1% for the same period. Liquidity has been lower with average trading volume down to 71m USD from 81m USD in October.

Following a tumultuous October which saw the PSEi plummet below the 6,000 level, Philippine stocks rebounded 4.2% from the 5.5% loss recorded last month, attributed to an improving economic landscape. U.S. inflation eased in Oct, raising hopes that the US Fed may be done with its tightening measures. Moreover, the continued drop in oil prices, coupled with expectations of OPEC+ output cuts next year and lower global demand may further alleviate inflationary pressures. Adding to the positive sentiment, were improving local economic indicators, with 3Q GDP reaching 5.9%, exceeding the expected 4.7%. Inflation came out at 4.9% below expectations of 5.6%, and core inflation slightly lower at 3.4%, compared to 3.7% a month ago.

Looking into our portfolio, our oil refining company did well, with 9M net income attributable to common shares hitting 4bn, putting it on track to reach full-year net income of 5.5b, translating to 5x PE ratio. This achievement is particularly noteworthy amidst the market volatility, and we are confident in their potential for future growth as we transition to a post-Covid phase. Our clean energy holding company exhibited a notable 30% YoY improvement in its profits, generating 12.6bn in the current year alone, with a market capitalization of only 28bn. Additionally, our real estate company is showing signs of improvement, with 3Q numbers showing a 30% improvement in its net income. Overall, we are happy to see strong signs of growth in profits across most of our portfolio companies.

Despite the strong economic and company performance, liquidity is still dwindling due to investors reallocating funds to developed markets. However, with global rates having decreased by 0.70% in November and an anticipated 100 basis point cut next year, emerging markets, including the Philippines, may experience increased capital flows. Our strategy remains steadfast in acquiring deep-value companies for the long term.

As we approach the conclusion of 2023, we wish to express sincere gratitude for your unwavering support amidst various challenges this year, from the banking crisis, rising interest rates, and the Israel-Hamas conflict affecting inflation. Despite the PCOMP returning -5.2% for the year, our performance has stood out against market trends, underscoring the success of our strategy. Your patience and trust have greatly contributed to this achievement. With that we'd like to wish you a 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)

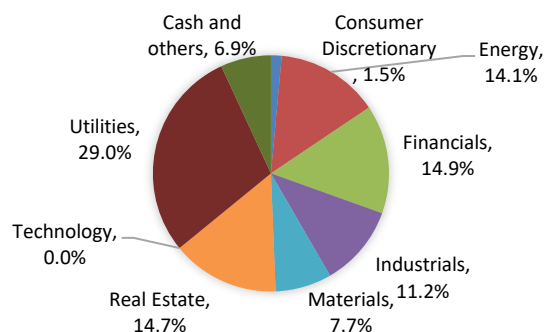
2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	4.7%	-2.2%	2.9%	7.3%	1.7%	-2.2%	0.2%	0.05%	2.7%	-2.4%	-1.9%		10.9%
PSEi TR <sup>1</sup>	3.5%	-3.4%	-0.02%	2.3%	-1.9%	-0.1%	1.9%	-6.0%	2.5%	-5.3%	4.4%		-2.7%

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

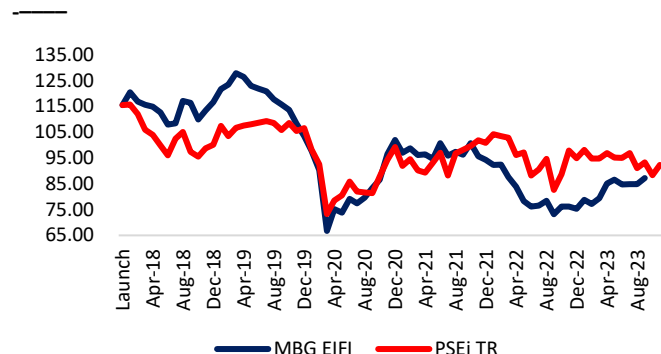
### Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 2.1%	+/- 2.7%
Correlation to PSEi	0.16	1.0
Beta	0.13	1.0
Stock holdings	93.1%	100.0%
Large cap (> \$3bln)	0.2%	95.7%
Mid cap (\$500mln to \$3bln)	86.4%	4.3%
Small cap (< \$500mln)	13.4%	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	10.9%	-2.7%
3 months	-1.7%	1.3%
6 months	-3.6%	-3.0%
1 year	9.5%	-5.7%
Launch (cumulative)	-27.7%	-20.1%
Launch (annualized)	-5.4%	-3.7%
Months with gains	45.1%	53.5%
Volatility of returns p.a.	12.4%	14.8%
1-yr Sharpe ratio (RFR 6%)	0.44	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 125.26 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