

## Fund Manager's Report

For the month of February, shares are down to 83.08 (down 2% MoM), underperforming the PSEi TR which gained 4.5% MoM. Global markets rallied this month as Wall Street continued to shine despite U.S. inflation print coming in higher than expected at 3.1% (vs. 2.9% consensus). Investors anticipate a soft-landing narrative in the U.S. economy as consumer spending remains strong. On the local front, the Philippines closed 4.5% higher this month, extending the positive momentum to 7.7% YTD. Foreigners remained active, with net buying throughout the month, accounting for 50% of market participation. Core inflation slowed to 3.6%. The BSP maintained its benchmark interest rate at 6.5% and is expected to remain hawkish for an extended period citing continued upside inflation risks, along with US Fed uncertainty to implement monetary easing.

According to a recent article by BMI, a Fitch Solutions company, the Philippines' GDP is projected to grow by 6.2% in 2024 (vs 5.6% in 2023). This growth is underpinned by resilient domestic consumer spending and a rebound in investment activities. Domestic macro data remains healthy, with cash remittances in 2023 reaching a record high (+2.9% YoY) to USD 33.5bn. Tourism arrivals increased 24% YoY in Jan 2024, reaching a new post-COVID peak at 83% of the levels observed before the pandemic. Bank loan growth remained steady at 7% YoY in Dec 2023, driven primarily by consumer and vehicle loans. The automotive sector is seeing robust growth with new car sales up 15.5% YoY in Jan 2024. Bank asset quality also improved, with the NPL ratio decreasing to 3.23%. Loan growth is expected to accelerate to 9.2% for the year, which could see a boost from BSP rate cuts in the second half of 2024.

Our bank reported a 32% YoY growth in net profits for 2023, on the back of sustained consumer loan growth and strong deposit generation, while delivering an ROE of 9.5%. Capital ratios continue to stand healthy with both CAR and CET1 ratios above regulatory requirements at 13.8% and 13% respectively. Our real estate company (indirect exposure) reported a 30% YoY growth in net profit for 2023, driven primarily by its mall operations which saw revenues growing by 32%. Although its office exposure saw only 2% revenue growth, it has managed costs well, giving it the ability to maintain its net income contribution of 33%. Furthermore, our refiner reported 51% YoY growth in net profits, reaching 10.1bn in 2023. This impressive performance was fueled by a 50% growth in jet fuel sales, solidifying its position as a dominant player in the market, with an 80% market share in 2023.

Despite these stellar financial performances across our portfolio in 2023, we acknowledge that this success has not been fully reflected in our share prices. Consequently, our Net Asset Value (NAV) experienced a decline during the first 2 months of the year. This underperformance can be attributed to our exposure in mid-cap companies, which constitute 87% of our portfolio, compared to the benchmark's index allocation of 96% in large-sized market capitalization companies. However, we remain confident that the inherent strengths of our portfolio companies will translate into improved share prices in the later part of the year.

MBG Equity Investment Fund, Inc.

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

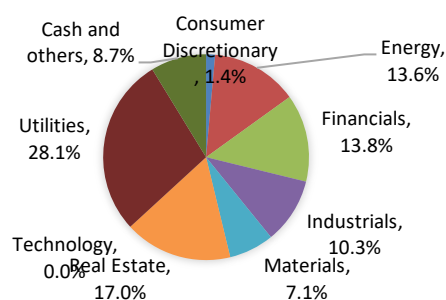
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-0.7%	-2.0%											-2.7%
PSEi TR <sup>1</sup>	3.0%	4.5%											7.7%

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

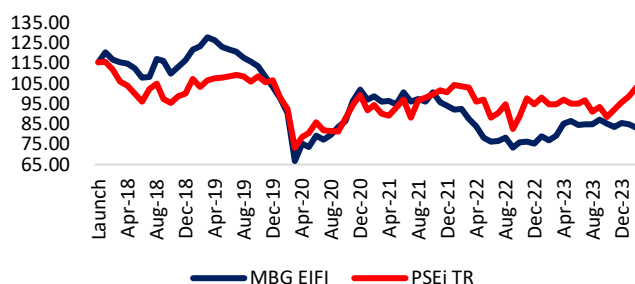
## Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 2.0%	+/- 2.4%
Correlation to PSEi	0.15	1.0
Beta	0.13	1.0
Stock holdings	91.3%	100.0%
Large cap (> \$3bln)	2.4%	96.5%
Mid cap (\$500mln to \$3bln)	87.1%	3.5%
Small cap (< \$500mln)	12.9%	0.0%
Philippines allocation	100.0%	100.0%
Vietnam allocation	Nil	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	-2.7%	7.7%
3 months	-0.5%	11.8%
6 months	-2.1%	13.3%
1 year	7.7%	8.8%
Launch (cumulative)	-28.0%	-10.9%
Launch (annualized)	-5.2%	-1.9%
Months with gains	44.6%	54.1%
Volatility of returns p.a.	10.7%	12.8%
1-yr Sharpe ratio (RFR 6%)	0.35	0.38

## 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 123 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 7956 7254 Fax: +63 2 7956 7065