

Fund Manager's Report

For the month of August, shares are down 0.6% to 74.85, with the PSEi TR was up 4.5% MoM.

GDP growth accelerated to 6.3% YoY in 2Q24, from 5.8% in 1Q24, driven by a recovery of government spending at 10.7%, from -7.1% in 2Q23. (+38.9%). The early part of August was turbulent for global markets, largely driven by the Bank of Japan's unexpected decision to raise interest rates from near 0% to 0.25% to curb inflation. The resulting unwinding of the yen carry trade triggered significant reactions across global markets, with the Nikkei plummeting over 12% on August 5th—its largest single-day drop in history—fueling a global panic sell-off amid recession fears.

In the Philippines, private consumption grew at a slower pace of 4.6%, which accounts for 72.5% of nominal GDP. On the inflation front, headline inflation eased to 3.3% YoY, down from 4.4% the previous month. Core inflation also moderated to 2.6% YoY from 2.9% in July 2024, with a drop in Food and Beverages offsetting the increases in housing, water, electricity, gas.

With two monetary policy meetings to go, the Bangko Sentral ng Pilipinas (BSP) is expected to cut rates again in 4Q24, reducing the policy rate by 25 basis points from 6.25% to 6.0%, reflecting its cautious stance on supporting growth. The BSP has already made its first rate cut of 25 bps this year, the first such move since 2020, as the slowdown in private consumption due to high non-core inflation and elevated interest rates provided room for policy easing.

Despite the rate cut, the Philippine peso (PHP) strengthened by 3.9% MoM to ₱56.15 against the USD, alongside a broader rally in ASEAN currencies. This rally was partly driven by capital flows moving out of the U.S. and into emerging markets like the Philippines, as investors sought higher returns in growth-oriented economies.

Our energy holding company reported a 13% decline in consolidated net income for the first half of the year, primarily due to a 7% decline in 1H income from its energy subsidiary. However, earnings per share (EPS) rose by 1%, buoyed by better performance from its property unit. The income decline was mainly due to a major power plant undergoing maintenance, and the expiration of some of its geothermal asset contracts. The company's new hydro facility also contributed to higher interest expenses, with income contributions for the asset expected later in the year. Our construction company saw a recovery in margins with gross margins almost doubling. While EPS remains negative, the company is on track to reach profitability by the end of the year. Our property and banking holding company delivered strong results, with net income up 41%, and 2Q up 46%. Most of its business units are performing well, with the energy segment as its strongest contributor. The company is ramping up its power portfolio following the successful entry with its 405 MW coal plant a few years ago and targeting to reach over 1000 MW in the next few years.

We have initiated a new position in a convenience store operator, the largest in their space and corners about 70% of sales in their market. The company is expanding rapidly, building 500 stores per year, all funded by internally generated cash, it maintains a net cash position with minimal debt. Despite the minimal leverage, the company has high returns to equity, at over 30%. This combination of high growth and financial prudence positions the company for continued growth and success.

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

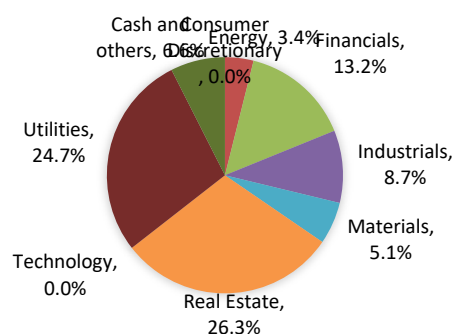
2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-0.7%	-2.0%	-1.5%	-2.2%	-1.5%	-2.2%	-2.2%	-0.6%					-12.4%
PSEi TR ¹	3.0%	4.5%	0.3%	-2.7%	-3.6%	-0.1%	3.3%	4.5%					9.2%

¹ Philippine Stock Exchange Index Total Return;

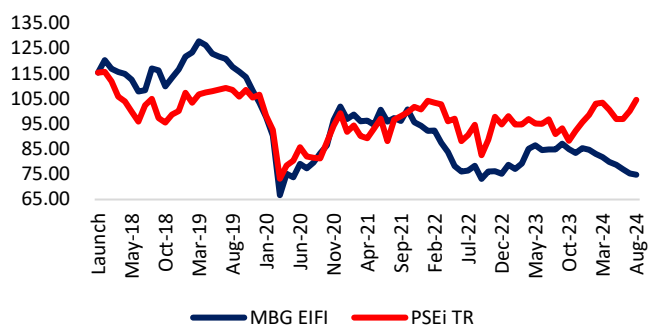
Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 1.8%	+/- 2.6%
Correlation to PSEi	0.19	1.0
Beta	0.13	1.0
Stock holdings	93.4%	100.0%
Large cap (> \$3bln)	0.0%	96.9%
Mid cap (\$500mln to \$3bln)	66.7%	3.1%
Small cap (< \$500mln)	20.4%	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	-12.4%	9.2%
3 months	-5.0%	7.8%
6 months	-9.9%	1.4%
1 year	-11.8%	14.9%
Launch (cumulative)	-35.2%	-9.4%
Launch (annualized)	-6.3%	-1.5%
Months with gains	41.3%	55.0%
Volatility of returns p.a.	11.5%	13.8%
1-yr Sharpe ratio (RFR 6%)	n.a.	0.79

MBG Equity Investment Fund, Inc.

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 126 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. info@mbgfunds.com www.mbgfunds.com Tel: +63 2 7956 7254 Fax: +63 2 7956 7065