

Newsletter

MBG Equity Investment Fund, Inc.

Fund Manager's Report

For the month of November, shares are down 3.3% to 71.97, with the PSEi TR down 7.3% MoM.

Markets have been notably volatile following the U.S. elections last month, particularly in emerging markets and the Philippines. The "Trump 2.0" trade is back in play, with anticipated tariffs being priced in to simulate the return of manufacturing jobs to the US, has strengthened the USD, pushing the DXY up by 1.69%. The USDPHP exchange rate depreciated to a near record low level, touching 59.005, after hitting 55.5 in mid-September. The last time the PHP hit 59 was in June this year, and September 2022. This heightened volatility has led to foreign outflows totaling PHP 20bn for the month of November. Looking ahead, the BSP's forex interventions and seasonal remittance inflows are hoped to help curb a sustained breach of the currency to the PHP59 level.

Meanwhile, the local economy faces additional challenges. The Q3 2024 GDP report revealed a slowdown to 5.2%, below the 5.7% consensus estimate, adding to market concerns. Compounding this is the rising political tension stemming from a dispute between the country's top two leaders. While it remains unclear whether this political noise will escalate into significant economic risks, there is concern it could lead to unfavorable results in the 2025 midterm elections or disrupt policy continuity.

Moving on to our portfolio, one of our holding companies has achieved a milestone: its power business contributes 35% of net income, surpassing its traditional real estate business, after starting the business back in 2016. Most of their power facilities are primarily situated in Mindanao, where a recent report by WESM shows that peak power prices in the region remain high, at 22.75 per kWh, double the national average for retail at 10 per kWh. Plans to triple their capacity promise significant growth potential while addressing the region's energy challenges.

Our data company reported strong 3Q numbers, with revenues growing 17%, while net profits surged 40%, resulting in an industry-leading ROIC of 18%—more than double that of many of its peers. Its SME business continues to grow at a fast pace, growing 30% for the first nine months, YOY, while enterprise and wholesale revenues grew at 15% and 16.6% respectively.

In other news, Senate Bill 2793, the Philippine Natural Gas Development Act, which is a proposed act with the aim of promoting the development of the Philippine natural gas industry and using indigenous gas, has successfully passed both the Senate and the House. The bill is now awaiting PBBM's review and signature. Once enacted, it could significantly enhance the valuations of our companies who are the consumers of the country's sole indigenous gas supply.

As 2024 draws to a close, we wish to express our sincere gratitude for your support amidst the various challenges this year. The PSEi delivered a 2.54% return, peaking at 7,604 in October before settling at 6,613. Despite market volatility, our portfolio's focus on underappreciated names shielded us from sharp market swings. While we are seeing some of our names getting the attention they deserve, we also experienced losses, primarily in a few names that excelled last year but underperformed this year. Nonetheless, we remain optimistic about the future and the prospects of the rest of our companies as valuations become more attractive and earnings continue to grow. With that we'd like to wish you a Merry Christmas and a Happy New Year!

Newsletter

MBG Equity Investment Fund, Inc.

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

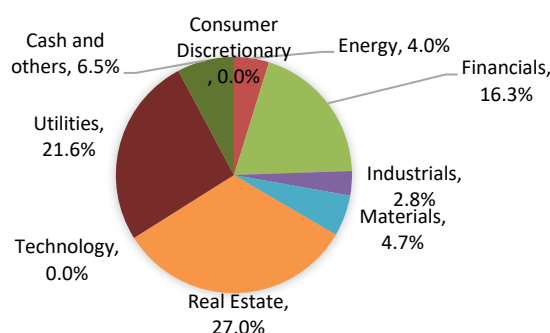
2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-0.7%	-2.0%	-1.5%	-2.2%	-1.5%	-2.2%	-2.2%	-0.6%	1.2%	-1.7%	-3.3%		-15.7%
PSEi TR ¹	3.0%	4.5%	0.3%	-2.7%	-3.6%	-0.1%	3.3%	4.5%	5.6%	-1.7%	-7.3%		5.2%

¹ Philippine Stock Exchange Index Total Return;

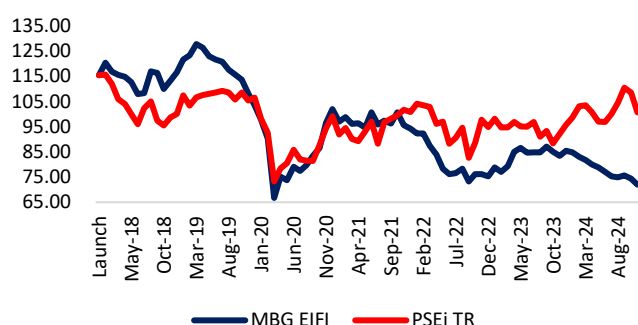
Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 1.8%	+/- 2.8%
Correlation to PSEi	0.36	1.0
Beta	0.23	1.0
Stock holdings	93.5%	100.0%
Large cap (> \$3bln)	19.6%	97.1%
Mid cap (\$500mln to \$3bln)	69.7%	2.9%
Small cap (< \$500mln)	10.8%	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	-15.7%	5.2%
3 months	-3.8%	-3.7%
6 months	-8.7%	3.8%
1 year	-13.8%	9.2%
Launch (cumulative)	-37.7%	-12.8%
Launch (annualized)	-6.6%	-2.0%
Months with gains	41.0%	54.2%
Volatility of returns p.a.	11.5%	15.3%
1-yr Sharpe ratio (RFR 6%)	n.a.	0.34

Newsletter

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 121 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