

**Newsletter**

MBG Equity Investment Fund, Inc.

**Fund Manager's Report**

For the month of January, shares are down 1.9% to 69.91, with the PSEi TR down 10.2% MoM.

The PSEi recorded its worst monthly return and officially entered bear market territory, plunging 22.4% from its recent October 2024 peak and closing at its lowest level in over two years. Persistent foreign selling weighed on market sentiment, with outflows totaling PHP 6.6 billion in for the month and as investors sold index-linked stocks ahead of the PSEi rebalancing. Market sentiment was further dampened by lackluster 4Q GDP growth of 5.2%, behind the government's target of 6-6.5%, amid weaker private consumption and capital formation. Concerns over a potential "Trump 2.0" presidency also added to the uncertainty, as the U.S. fired an initial tariff salvo against Canada and Mexico, though a last-minute deal quickly resolved the issue. Meanwhile, U.S. inflationary pressures may rise, reducing the likelihood of Federal Reserve rate cuts and creating uncertainty around global business investments.

Though BSP Governor Remolona hinted at a 50 bps rate cut this year, the BSP opted for a surprise pause in its latest meeting, likely in response to expectations that U.S. Federal Reserve rate cuts will be delayed until Q3 2025, and in a move to alleviate pressure on the Peso.

Despite the weak GDP print, macro indicators remain supportive. The PMI stood at 52.3 in January, reflecting continued expansion in manufacturing output, albeit at its slowest pace in five months. S&P upgraded the Philippines' credit rating outlook to "positive", indicating a possible A- credit rating revised within 24 months. Such an upgrade would help lower borrowing costs and enhance the country's appeal to investors. Additionally, the mid-term elections are set for May 12, 2025, with polls suggesting the continuation of President BBM's economic reforms would likely boost domestic consumption.

Locally, Republic Act 12120 was signed into law on January 8, 2025, with the implementing rules and regulations expected within 6 months. The law prioritizes the use of indigenous natural gas over other energy sources, and power produced from this source will ultimately benefit as the government prioritizes energy security. This would greatly benefit our power company as some of its power plants are set to expire this year, allowing for re-contracting at more favorable rates.

We initiated a position in a leading spirits company that has built significant scale, is benefiting from strong operating leverage and has outpaced all its competitors in growth. For the first nine months of the year, operating income increased by 26%, while revenues rose by 17%. Net income, excluding one-time gains, was up 25% year-over-year.

Nothing beats offering the best value for money, backed by a recognizable brand that every Filipino household knows.

We are also awaiting the earnings results of our other portfolio companies and will keep you posted on key developments.

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

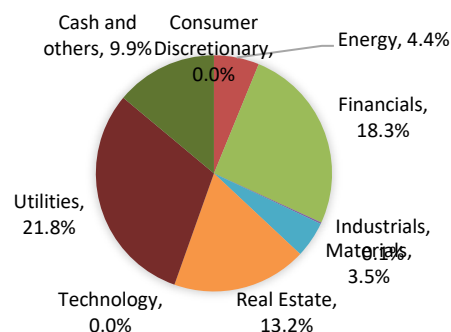
2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-1.9%												-1.9%
PSEi TR <sup>1</sup>	-10.2%												-10.2%

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

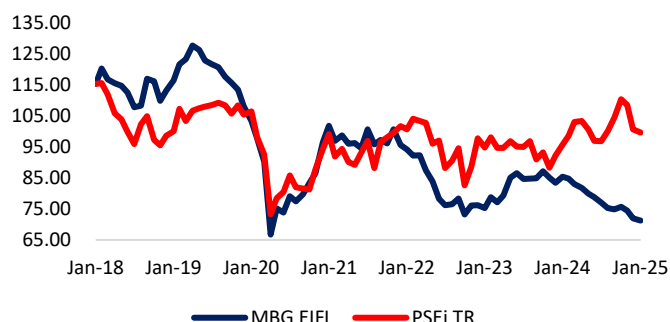
Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 1.8%	+/- 2.8%
Correlation to PSEi	0.33	1.0
Beta	0.21	1.0
Stock holdings	90.1%	100.0%
Large cap (> \$3bln)	13.1%	98.5%
Mid cap (\$500mln to \$3bln)	78.6%	1.5%
Small cap (< \$500mln)	8.3%	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	-1.9%	-10.2%
3 months	-6.1%	-17.6%
6 months	-7.2%	-10.6%
1 year	-17.5%	-9.3%
Launch (cumulative)	-39.5%	-22.5%
Launch (annualized)	-6.9%	-3.5%
Months with gains	40.0%	52.9%
Volatility of returns p.a.	11.6%	16.0%
1-yr Sharpe ratio (RFR 6%)	n.a.	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 117 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