

Newsletter

MBG Equity Investment Fund, Inc.

Fund Manager's Report

For the month of March, shares are up 1.8% to 70.27, with the PSEi TR up 4.2% MoM. Year-to-date, shares are down 1.4% vs the PSEi, down 4.2%.

The stakes have been raised once again. This time, the impact isn't limited to China, Canada, or Mexico—it now extends to many parts of the world, allies or not. The U.S. has imposed tariffs on all countries with which it runs a trade deficit. The retaliatory tariffs, as they are called, are structured using a formula based on trade deficits, elasticity of goods, and trade status, with the objectives of leveling the playing field—either by reducing tariffs to zero or equalizing them across countries. In this trade standoff, every country has a dominant strategy: to negotiate for zero tariffs, regardless of the actions of others. President Trump claims that over 50 countries have already reached out, expressing interest in negotiating trade deals. However, not all nations are approaching this the same way. Some are playing hardball—China, the EU, and a few others have already announced or prepared their own counter-tariffs. China responded almost immediately with a 34% retaliatory tariff. They, too, understand that the U.S.'s ultimate goal is zero tariffs. So the question now is: will Trump go all-in on his vision?

On April 2, U.S. President Trump unveiled a sweeping 10% tariff on all imports to the U.S. and higher levies across countries with which the U.S. has the largest trade deficits. Given that the Philippines is a net exporter to the U.S., our exports will now be charged a tariff rate of 17%. The Philippines has been slapped with a 17% tariff—a relatively moderate figure compared to its neighbors. Some countries have faced tariffs in the 40% range, while the lowest was 10%. This relatively low tariff may actually benefit the Philippines through trade diversification, as goods from other countries may be redirected to our shores instead of being sent to the U.S. at inflated prices. As a consumer-driven economy, this could translate into more affordable imports and potential benefits for local consumers. Still, no one is immune from the broader economic impact. A repricing of the global stock market is likely, and equity risk premiums are expected to rise.

Looking at our portfolio, we're largely invested in domestic-focused companies with zero export exposure to the U.S. A significant portion is allocated to utilities, which are typically defensive, and consumer businesses that earn most of their revenues locally. We remain confident that earnings of our portfolio companies will not be significantly impacted by the ongoing tariff wars. On the contrary, if the Philippines continues to be among the countries with the lowest tariffs in the region, it could encourage foreign companies to set up operations here—driving demand for industrial space and electricity.

As for earnings, one of our holding companies recently announced an impressive 36% annual growth in net income in 2024, with contributions from nearly all of its business units. Yet it currently trades at just 3.5x PE and 0.25x book, despite growing revenues and profits by at least 20%. Management is projecting 20% annual growth through 2030, and we're excited about their long-term prospects. Our data company has also performed exceptionally well, growing revenues by 14.8% and core net income by 18.8% year-on-year—well ahead of competitors, many of whom are struggling to grow at all. The company is guiding for 14–16% revenue growth and expects ROIC between 16.5% and 17.5%, more than double that of its peers.

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

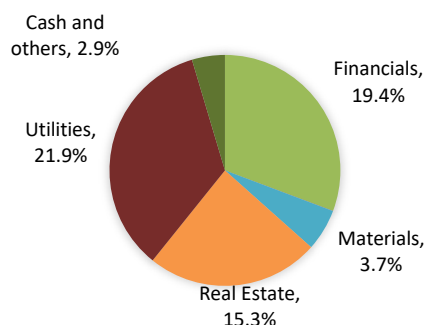
2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-1.9%	-1.3%	1.8%										-1.4%
PSEi TR ¹	-10.2%	2.4%	4.2%										-4.2%

¹ Philippine Stock Exchange Index Total Return;

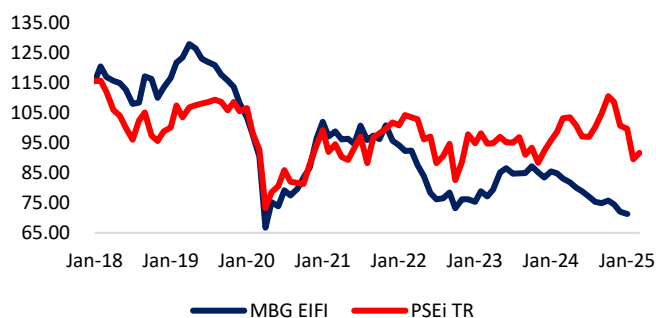
Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 2.2%	+/- 3.1%
Correlation to PSEi	0.35	1.0
Beta	0.26	1.0
Stock holdings	97.1%	100.0%
Large cap (> \$3bln)	14.8%	98.5%
Mid cap (\$500mln to \$3bln)	76.3%	1.5%
Small cap (< \$500mln)	7.7%	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	-1.4%	-4.2%
3 months	-1.4%	-4.2%
6 months	-7.2%	-13.5%
1 year	-14.1%	-7.7%
Launch (cumulative)	-39.1%	-17.3%
Launch (annualized)	-6.6%	-2.6%
Months with gains	40.2%	54.0%
Volatility of returns p.a.	12.3%	17.2%
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 114 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