

Fund Manager's Report

For the month of April, shares declined 0.5% to 114.84, outperforming the PSEi (-10.59%). Since the Fund's inception, shares have lost 0.54%, beating the PSEi which lost 10.59% for the same period. Overall, the market continued its downtrend since peaking in January 29 at 9,058.62—falling 13.7% from this high as of the end of April. Moreover, foreigners were net sellers during the month, with net outflows of \$160mln to bring YTD net outflows to \$781mln.

Newton's third law of motion, "what goes up, must come down", has usually held true in most circumstances, with very few exceptions. The price of oil is no exception as price has risen at least 10% YTD. The recent rise in price, will surely attract oil explorers, and will eventually drive down prices in the future. The inflationary pressure we are experiencing today will eventually wane. However, in the short term, this will hurt profitability of most companies, especially those who can't pass on the cost.

Our food and beverage Company in the Philippines reported attributable net income growth of 24% in Q1, driven by its beer business. Its industry reported weak numbers across the board—only Jollibee (JFC) bucked the trend with a reported growth of 16% for the period. For the quarter, the average growth for the consumer space, excluding our company, is just 4%. Inflation has been the root of the problem, increasing working capital requirements and decreasing margins.

Our Vietnam portfolio continues to take a hit, with the Vietnam index declining 13.1% since its high back in April 9. The profitability of our Vietnam companies has been affected by rising oil and steel prices. We view this as temporary in nature as only death and taxes are permanent. Luckily, inflation is not one of them.

As expected, volatility in the market persists as global issues pressure the markets. Inflation continues to creep up driven by higher oil prices. However, there are signs that oil has peaked, and it's only a matter of time until the market corrects itself.

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

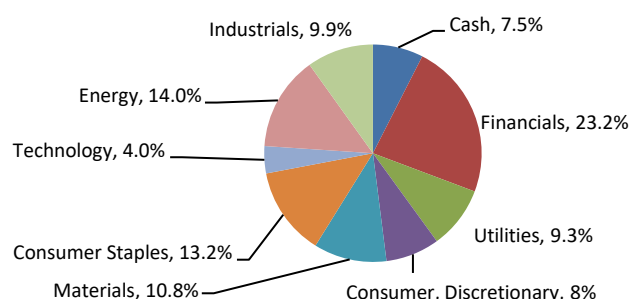
| 2018 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-------------------|------|-------|-------|-------|-----|-----|-----|-----|-----|-----|-----|-----|--------|
| MBG EIFI | 4.1% | -2.9% | -1.1% | -0.7% | | | | | | | | | -0.5% |
| PSEi ¹ | 0.2% | -3.3% | -5.9% | -2.0% | | | | | | | | | -10.6% |

¹ Philippine Stock Exchange Index (PCOMP Index);

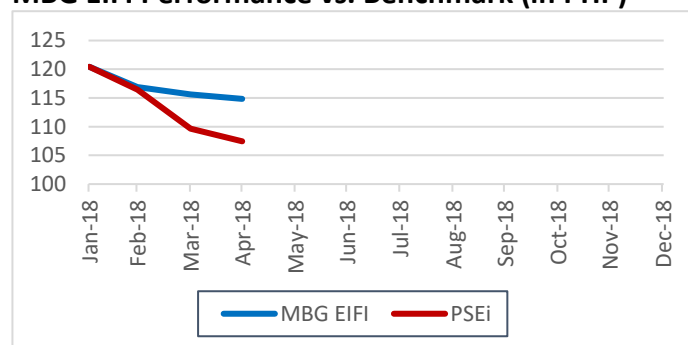
Portfolio Characteristics

| | MBGEIFI | PSEi |
|------------------------------|----------|----------|
| Volatility (3σ, 1-day) | +/- 1.4% | +/- 2.4% |
| Correlation to PSEi | 0.4 | 1.0 |
| Beta | 0.2 | 1.0 |
| Stock holdings | 92.5% | 100.0% |
| Large cap (> \$3bln) | 0.0% | 91.2% |
| Mid cap (\$500mln to \$3bln) | 75.9% | 7.5% |
| Small cap (< \$500mln) | 24.1% | Nil |
| Philippines allocation | 69.7% | 100.0% |
| Vietnam allocation | 22.8% | Nil |

Sector Allocation



MBG EIFI Performance vs. Benchmark (in PHP)



*Rescaled to 115.68 on 8 January 2018 (NAV of fund at inception date)

Class A Fund Statistics, since inception (08Jan18)

| (net of all fees) | MBG EIFI | PSEi |
|----------------------------|----------|--------|
| Year-to-date | -0.5% | -10.6% |
| 3 months | -4.6% | -10.8% |
| 6 months | n.a | n.a |
| 1 year | n.a | n.a |
| Inception (cumulative) | -0.5% | -10.6% |
| Inception (annualized) | n.a | n.a |
| Months with gains | 25% | 25% |
| Volatility of returns p.a. | n.a. | n.a. |
| 1-mo Sharpe ratio (RFR 4%) | -0.41 | -0.53 |

Fund Information

| | |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inception | 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 148 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 | Deutsche Bank AG |
| Auditor | SGV & Co. (Ernst & Young Ltd) |
| Legal advisors | Mata-Perez & Francisco |
| Stock Transfer Agent | BDO Unibank |
| Fund Manager | Joseph Alvin C. Tan MBG Equity Investment Fund, Inc. info@mbgfunds.com www.mbgfunds.com Tel: +63 2 956 7254 Fax: +63 2 956 7065 |