

Fund Manager's Report

For the month of February, shares gained 2.3% to 124.07, outperforming the PSEi which lost 3%. Since the Fund's inception, shares have gained 7.5%, outperforming the PSEi which lost 11.9% for the same period. It was a month of index re-balancements which saw more pronounced share price movements. The PSEi's steep 7.3% climb in Jan prompted profit-taking, dropping by 3.8% in Feb. After 11 months of settling above the government's target band, inflation slowed down to 3.8% on the back of lower oil prices, harvest season, the arrival of rice imports, and the strengthening of the peso. In fact, the Philippine peso surprised to become Asia's best performing currency, strengthening 0.8% in Feb. This strengthening could be attributed to the easing oil prices (last two months of 2018 saw a \$22 drop in prices). Oil imports, which comprise 1.6% of GDP, and its subsequent decline in prices should help augment consumption.

The BSP, expectedly, did not move policy rates. The appointment of a new governor of the central bank, who is seen as open to growth measures, has also raised the possibility of several cuts this year in the reserve requirement. (source: Deutsche Regis, "The Month in Review - Feb 2019")

One of our companies was included in the FTSE, which explains the quick increase in share price. However, this inclusion is not the only reason we see upside. While it did not have a great 4Q, due to the rising costs of raw materials, peso depreciation, and interest expenses for expansion projects, most of its business segments recorded double digit revenue growth and increased sales volume. The upcoming election is likely to help give a boost in consumer activity.

Government spending and investing, as well, also present opportunity for some of our holdings. Out of the many projects scheduled to break ground this year, the Metro Manila subway system, for one, is expected to improve property prices, infrastructure, job creation, which will help increase disposable income and the demand for cement. Another one of our companies has approved the board resolution to increase equity, which should improve float thereby increasing liquidity, which is more attractive to investors. While this stock has been criticized as being slow in development, we've held this stock for quite some time, and we are happy to see it finally being recognized. This company doesn't focus on short-term profitability, but on creating shareholder value in the long-run.

As Warren Buffet rightly said that "If you aren't thinking about owning a stock for 10 years, don't even think about owning it for 10 minutes." While we didn't hold it for that long, it just goes to show that investors that focus on near-term results, tend to lose out over longer-term profitability.

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

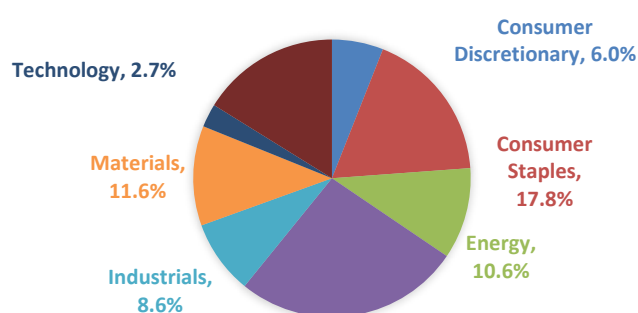
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	4.0%	2.3%											6.4%
PSEi ¹	7.3%	-3.8%											3.2%

¹ Philippine Stock Exchange Index (PCOMP Index);

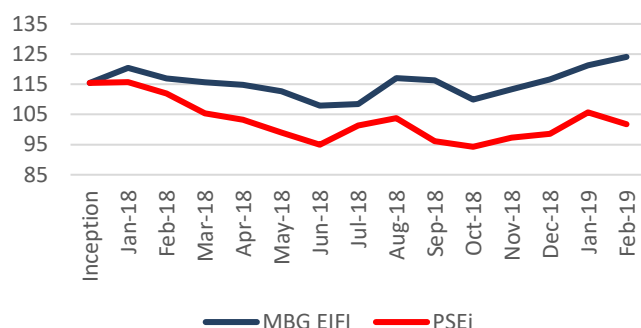
Portfolio Characteristics

	MBGEIFI	PSEi
Volatility (3σ, 1-day)	+/- 2.3%	+/- 3.0%
Correlation to PSEi	0.31	1.0
Beta	0.24	1.0
Stock holdings	86.1%	100.0%
Large cap (> \$3bln)	18.4%	88.0%
Mid cap (\$500mln to \$3bln)	59.4%	12.0%
Small cap (< \$500mln)	22.2%	Nil
Philippines allocation	82.1%	100.0%
Vietnam allocation	17.9%	Nil

Sector Allocation



MBG EIFI Performance vs. Benchmark (in PHP)



*Rescaled to 115.46 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	6.4%	3.2%
3 months	9.5%	4.6%
6 months	6.0%	-1.9%
1 year	6.1%	-9.1%
Inception (cumulative)	7.5%	-11.9%
Inception (annualized)	6.5%	-10.4%
Months with gains	50.0%	42.9%
Volatility of returns p.a.	10.6%	17.6%
1-yr Sharpe ratio (RFR 6%)	0.01	-0.86

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 171 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