

Fund Manager's Report

For the month of March, the Fund declined 1.1% to 115.63, outperforming the PSEi (-5.9%). Since inception, the Fund has gained 0.1%, beating the PSEi which has lost 8.8% in the same period. Overall, the market continued its downtrend since peaking in January 29 at 9,058.62—falling 11.9% from this high as of the end of March. Moreover, foreigners were net sellers during the month, with net outflows of \$371mln to bring YTD net outflows to \$621mln.

When travelling, the destination is the important thing, but one cannot avoid the journey. Traveling via plane, car, or rail, one cannot escape turbulence. Our market is seeing this turbulence today; a series of events—high inflation, weak currency, trade deficits, higher debt levels, and tax restructuring have created the perfect storm in the Philippine market. As we have experienced before, our portfolio will not be insulated from this storm. Nevertheless, after every storm, the sun always shines; there will always be opportunities and, rest assured, we will be there to take advantage of these market opportunities.

Our construction company in Vietnam, has dominated the North region for a long time; they are the partner of choice by the large manufacturers and real estate developers for certain areas of construction. Last year, they started doing business in the South and did a few projects outside Vietnam. Time will tell if they will be successful, but so far, their first business outside Vietnam has been highly fruitful—a Japanese company teamed up with them and formed a JV to do more business. We continue to believe that management is competent to achieve the same success in the Southern region of Vietnam as they did in the Northern region.

One of our holding companies in the Philippines has reported 21% EPS growth in 2017, not including a potential 50% more in growth that we are forecasting. Currently, P/E is still trading at 10x and P/B is at 0.4x. The stock price has not moved for a year or so, but we are confident that it will only be a matter of time before the market starts to recognize the stock's potential.

The first quarter of the year has officially ended with much turbulence at hand. We might see this for the next few quarters as more stress from overseas emerges. However, we remain confident in our process and believe that we will be rewarded over the long term.

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

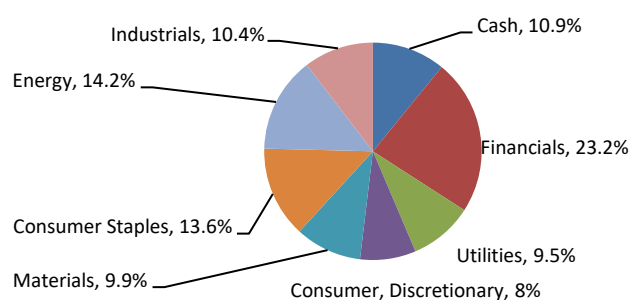
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	4.1%	-2.9%	-1.1%										0.1%
PSEi ¹	0.2%	-3.3%	-5.9%										-8.8%

¹ Philippine Stock Exchange Index (PCOMP Index);

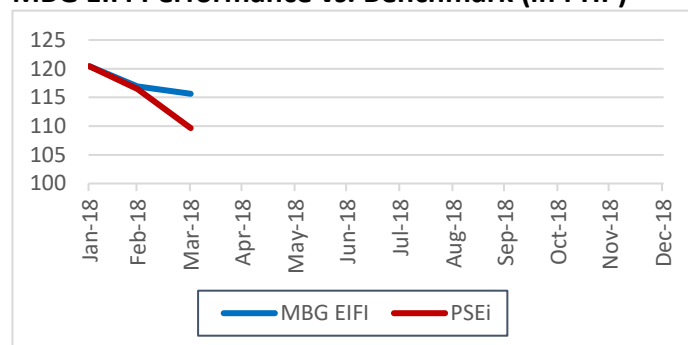
Portfolio Characteristics

	MBGEIFI	PSEi
Volatility (3σ, 1-day)	+/- 2.1%	+/- 2.3%
Correlation to PSEi	0.3	1.0
Beta	0.3	1.0
Stock holdings	89.1%	100.0%
Large cap (> \$3bln)	0.0%	93.4%
Mid cap (\$500mln to \$3bln)	79.0%	5.3%
Small cap (< \$500mln)	21.0%	Nil
Philippines allocation	70.4%	100.0%
Vietnam allocation	18.7%	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	0.1%	-8.8%
3 months	0.1%	-8.8%
6 months	n.a	n.a
1 year	n.a	n.a
Inception (cumulative)	0.1%	-8.8%
Inception (annualized)	n.a	n.a
Months with gains	33%	33%
Volatility of returns p.a.	n.a.	n.a.
1-mo Sharpe ratio (RFR 4%)	-0.51	-1.24

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