

### Fund Manager's Report

For the month of November, shares gained +3.1% to 113.33, slightly underperforming the PSEi (+3.2%). Since the Fund's inception, shares have lost 1.8%, outperforming the PSEi which lost 15.7% for the same period. The domestic market rebounded as inflation slowed and the peso continued to strengthen. Moreover, foreign investors were finally net buyers of \$702 million after being net sellers for the last 9 consecutive months. This was primarily driven by strong foreign demand for San Miguel Food and Beverage's recent \$740 million follow-on-offering.

Inflation, which soared to a 9-year high of 6.7% last month, tempered down to 6% in November attributed to alleviated price pressures brought about by the sharp decline in petroleum prices and normalization of rice supply. With an improved inflation outlook, the central bank has kept policy rates unchanged during its December 13 meeting, after raising it to a total of 175 bps this year. Moreover, the Philippine peso continued to appreciate by another 1.9% to 52.44 in November, as remittances began to pour in for the Christmas season, and investor sentiment on Philippines bonds and stocks improved.

One of our holdings with a subsidiary in the power industry has recently partnered with a foreign firm to build an LNG terminal. This plan for the terminal has been in the works for a few years, given the care and thoroughness in selecting the right partner for the project. It just goes to show how direction is so much more important than speed. We'll take a company that takes its time making a thought-out plan and works out all the kinks to carry out its vision, over a company that is going nowhere, fast. The subsidiary has already moved +13.4% MoM in November following this report. While the parent company's stock price has not made any significant movements, this only implies that it is trading at an even higher discount, and we believe that it is just a matter of time before the market acts upon this arbitrage-like opportunity.

With the holidays just around the corner, we are quite satisfied with our performance thus far. While market conditions have been difficult, the fund's strategy has allowed it to be one of the top performers among stock funds in the country. With that, we thank you for your unceasing support, and we'd like to wish you a Merry Christmas and a Happy New Year!

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

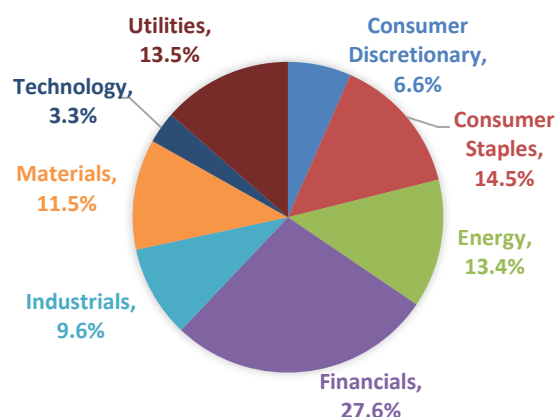
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	4.3%	-2.9%	-1.1%	-0.7%	-1.9%	-4.2%	0.4%	8.0%	-0.6%	-5.5%	3.1%		-1.8%
PSEi <sup>1</sup>	0.2%	-3.3%	-5.9%	-2.0%	-4.1%	-4.1%	6.7%	2.4%	-7.4%	-1.9%	3.2%		-15.7%

<sup>1</sup> Philippine Stock Exchange Index (PCOMP Index);

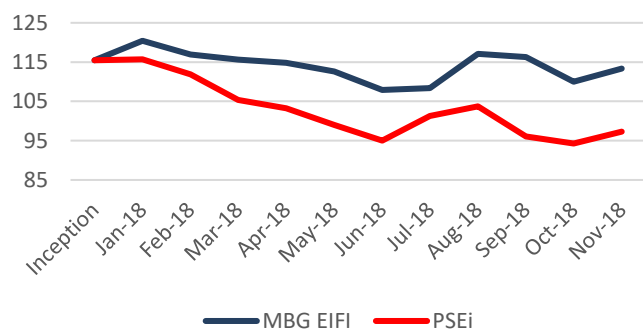
**Portfolio Characteristics**

	MBGEIFI	PSEi
Volatility (3σ, 1-day)	+/- 2.0%	+/- 3.3%
Correlation to PSEi	0.33	1.0
Beta	0.20	1.0
Stock holdings	93.0%	100.0%
Large cap (> \$3bln)	15.1%	88.4%
Mid cap (\$500mln to \$3bln)	61.5%	11.6%
Small cap (< \$500mln)	23.4%	Nil
Philippines allocation	80.0%	100.0%
Vietnam allocation	20.0%	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	-1.8%	-15.7%
3 months	-3.2%	-6.2%
6 months	0.6%	-1.7%
1 year	n.a	n.a
Inception (cumulative)	-1.8%	-15.7%
Inception (annualized)	-2.1%	-17.5%
Months with gains	36.4%	36.4%
Volatility of returns p.a.	n.a.	n.a.
1-mo Sharpe ratio (RFR 6%)	1.11	0.58

**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 155 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. <a href="mailto:info@mbgfunds.com">info@mbgfunds.com</a> <a href="http://www.mbgfunds.com">www.mbgfunds.com</a> Tel: +63 2 956 7254 Fax: +63 2 956 7065