

Fund Manager's Report

For the month of October, shares lost -5.5% to 109.97, underperforming the PSEi (-1.9%). Since the Fund's inception, shares have lost 4.8%, beating the PSEi which lost 18.4% for the same period. The domestic market further weakened with red across the board, dropping to 7,140 MoM. Foreigners were net sellers for 9 consecutive months, with the October figure at -\$212 million (YTD net foreign flow of -\$1,771 million), as concerns to the peso, inflation forecasts affected market outlook. Externally, rising interest rates and the trade war clouded sentiment.

Inflation remains elevated at 6.7% but steady, however a slowing in the increase of prices MoM eased to 0.3% from 0.8% in September. The central bank has indicated that inflationary pressures are moderating due to stabilizing prices of basic goods, power, and fuel prices. Oil prices are dropping which has helped relieve the pressure from peso depreciation and brought down costs on items tied to oil. The government is also planning to suspend the oil excise tax scheduled for January. Moreover, the Philippine peso continued to depreciate against the dollar this month, reaching a two-month high of 54.33. However, OFW remittances are expected to come in for the upcoming Christmas holiday, which could strengthen the peso.

While YTD returns are negative, we are very excited about the portfolio's 9M weighted average earnings growth which came in at 18%, compared to the index's weighted average growth of 6%. One of our holdings achieved a 9M EPS growth of 80% and is still valued very cheaply at 6.0x P/E. The stock price has not moved much since it was purchased, but we remain confident in its value and look forward to the market realizing its potential.

This bear market has made it clear that there is no such thing as overnight success or easy money. Henry Sy said, "If you fail, do not be discouraged; try again. When you do well, do not change your ways." We have always been value investors; we are not changing our ways simply because the market is not favoring our strategies. Our process time and time again has proven worthwhile. As the old saying goes, good things come to those who wait.

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

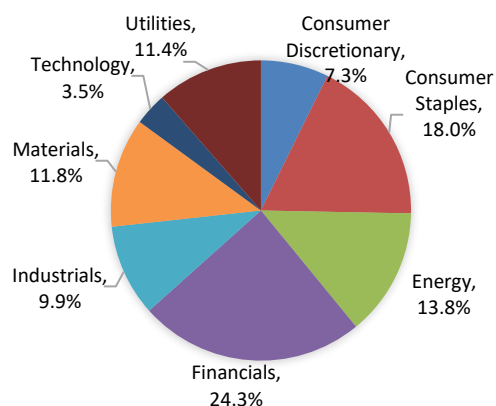
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	4.3%	-2.9%	-1.1%	-0.7%	-1.9%	-4.2%	0.4%	8.0%	-0.6%	-5.5%			-4.8%
PSEi ¹	0.2%	-3.3%	-5.9%	-2.0%	-4.1%	-4.1%	6.7%	2.4%	-7.4%	-1.9%			-18.4%

¹ Philippine Stock Exchange Index (PCOMP Index);

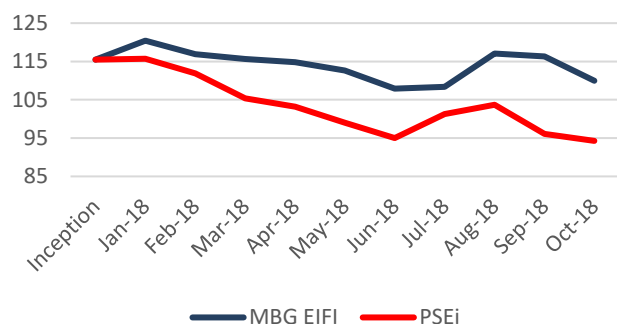
Portfolio Characteristics

	MBGEIFI	PSEi
Volatility (3σ, 1-day)	+/- 2.6%	+/- 3.3%
Correlation to PSEi	0.33	1.0
Beta	0.26	1.0
Stock holdings	92.6%	100.0%
Large cap (> \$3bln)	18.6%	85.3%
Mid cap (\$500mln to \$3bln)	59.5%	14.7%
Small cap (< \$500mln)	21.9%	Nil
Philippines allocation	78.7%	100.0%
Vietnam allocation	21.3%	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	-4.8%	-18.4%
3 months	1.5%	-6.9%
6 months	-4.2%	-8.7%
1 year	n.a	n.a
Inception (cumulative)	-4.8%	-18.4%
Inception (annualized)	-5.8%	-22.1%
Months with gains	30.0%	30.0%
Volatility of returns p.a.	n.a.	n.a.
1-mo Sharpe ratio (RFR 6%)	-2.06	-0.42

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 150 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