

Fund Manager's Report

For the month of June, shares lost -1.0% to 121.77, underperforming the PSEi which gained 0.4%. Since the Fund's inception, shares have gained 5.5%, outperforming PSEi which lost -8.5% for the same period. The PSEi rose 0.37% MoM while net outflows reached US\$129mn, mostly due to a BDO exit. Meanwhile, inflation slowed down to 2.7% from May 3.2% as price pressure eased. Policy rates were kept steady at the BSP June 20 meeting; however, a policy rate cut may still occur within the year.

Global market sentiment has improved as a result of the recent G20 meeting. Both parties, US and China, have agreed to a tentative trade truce as they resume negotiations aimed at resolving their dispute. Trump also confirmed that the US would not be adding tariffs on \$300bn worth of Chinese imports and reversed a ban which now allows technology companies to sell to China's Huawei. This truce signals a pause in hostilities and shows a positive sign; nonetheless, we keep our toes up for possible risks along the way.

Although the tension is easing between US and China, Vietnam, who has greatly benefited from the US-China trade war, is now seen as possible new target of Trump's administration. The unwanted attention from the US was due to Vietnam's increase in exports to the country and the move of several production houses to Vietnam from China, as a way of avoiding sanctions. Vietnam has recently been added to the watchlist of countries for possible currency manipulation and are in discussions with Trump. This resulted to a decline in our holdings in Vietnam. Investors wary as Vietnam may lose its edge with the uncertainty of additional tariffs from the US. Despite those potential risks, the EU extended its warm welcome as the two countries agree to a Free Trade Agreement (FTA) and Investment Protection Agreement (IPA). This will eliminate tariffs on almost all goods. This is a key milestone for both countries and it will enable Vietnam to become a hub for trade and investment activities of the EU in the region. Thus, we remain positive about the prospects of our current holdings in Vietnam.

Going back to the Philippines, several companies continue their buyback programs. Specifically, our power company has been buying significant number of shares. Since January 2019, it has bought back an outstanding total of P2.4bn worth of shares. As what they say, "It is not the talk that matters, but the walk." The more you believe in yourself; the more others will too. This shows that these companies are confident in their own performance and indicates their belief that their shares are undervalued. Not only does this boost their image but improves shareholder wealth.

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

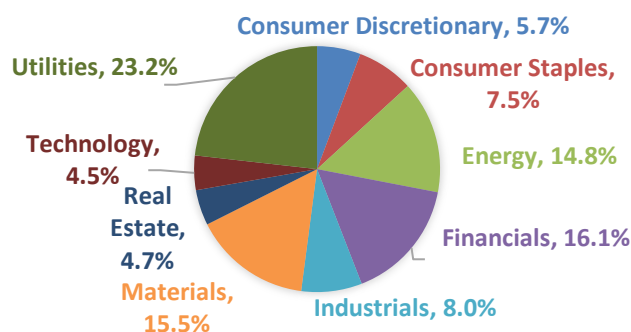
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	4.4%	1.4%	3.6%	-1.1%	-2.7%	-1.0%							4.4%
PSEi ¹	7.3%	-3.8%	2.8%	0.4%	0.2%	0.4%							7.1%

¹ Philippine Stock Exchange Index (PCOMP Index);

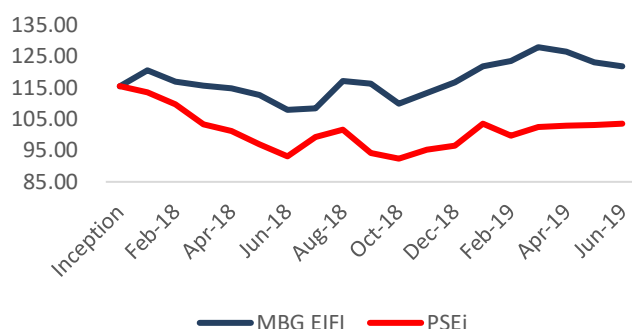
Portfolio Characteristics

	MBGEIFI	PSEi
Volatility (3σ, 1-day)	+/- 1.8%	+/- 3.0%
Correlation to PSEi	0.31	1.0
Beta	0.18	1.0
Stock holdings	95.1%	100.0%
Large cap (> \$3bln)	7.9%	98.6%
Mid cap (\$500mln to \$3bln)	63.0%	1.5%
Small cap (< \$500mln)	24.5%	Nil
Philippines allocation	76.7%	100.0%
Vietnam allocation	18.6%	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	4.4%	7.1%
3 months	-4.8%	1.0%
6 months	4.4%	7.2%
1 year	12.8%	11.2%
Inception (cumulative)	5.5%	-8.5%
Inception (annualized)	3.7%	-5.9%
Months with gains	44.4%	55.6%
Volatility of returns p.a.	10.3%	16.2%
1-mo Sharpe ratio (RFR 4%)	0.66	0.32

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 165 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