

Fund Manager's Report

For the month of March, shares lost 26.1% to 66.72, underperforming the PSEi TR which lost 20.9%. Since the Fund's inception, shares have lost 42.2%, underperforming PSEi TR which lost 36.6% for the same period. The world is fighting an "invisible enemy." Covid-19 has infected over a million people globally and deaths continue to climb, forcing countries all over to institute the lockdown of billions of citizens, ravaging the global economy as it grinds to a halt. Pricing in the economic decline, trillions of dollars have been wiped from global markets plunging equities into bearish territory. This move saw the PSEi fall to 8-year lows as the index dropped 22% MoM to the 5,321 level. In response, monetary authorities across the world have engaged in unmatched stimulus measures to lessen the economic impact, with the FED leading the way as it promises "unlimited liquidity" in the purchase of certain financial assets as well as cutting policy rates to practically zero. Similarly, the BSP has cut rates by an additional 50 bps to 3.25%, reduced the RRR by 200 bps and released a bond repurchase program worth Php300 bln. Despite the unparalleled monetary policy efforts used to buoy the global economy, a downturn is inevitable with the IMF declaring we are already in a global recession.

Early this March President Duterte announced a month-long enhanced community quarantine of Metro Manila and the greater Luzon region, which placed all households under home quarantine, while suspending mass transportation and gatherings. Currently only groceries, pharmacies and other essential services are allowed to stay open, while all other retail establishments such as malls and casinos have been forced to close. As the Luzon region continues its one-month lockdown, which has been extended to the end of April, other regions across the country have begun implementing lockdown measures. DOH has emphasized that they expect the number of cases to increase quickly, as more testing hubs are opened, and testing kits distributed. As of this writing, coronavirus cases in the country continue to rise surpassing 3,400 with a total of 152 confirmed deaths. To subdue the virus, keep local businesses afloat, and provide for the hundreds of thousands of Filipinos currently out of work, the government passed the "Bayanihan to Heal as One Act" bestowing the president special powers, which allow him to reallocate funds and direct private enterprises towards initiatives against the virus while also help in mitigating some of the economic effects of the prolonged lockdown. Around 275 billion of public funds will be used for the novel virus response efforts. Though local economic data has yet to be released forecasts for the year look bleak with the government estimating GDP growth to range from 4.3% to as low as -0.6% depending on the length and severity of the outbreak.

This month we also saw how some of our companies performed in the last Fiscal Year and received guidance on how they plan to navigate the pitfalls of operating in this environment. Our energy company had a phenomenal 2019 achieving 34% YoY net income growth driven in part by an increase in energy sales from its clean fuel platforms. Similarly, our cement company had a fantastic year, accomplishing 25% YoY net income growth attributed to an Income Tax Holiday it procured for one of its cement manufacturing lines. Though both companies forecast decreased demand for energy and cement as the coronavirus keeps the country on lockdown, they are both prepared to handle the financial blow. Having assessed the impact of the virus on our holdings and we continue to believe that our companies' fundamentals remain strong, and that the original investment thesis we held when we first invested in these companies will continue to hold long after the virus subsides. Interruptions will occur from time to time, but we are confident that they will come through this disruption intact.

Though to many the short-term outlook may seem grim, we see a long-term opportunity. Warren Buffett famously said that investors "should be fearful when others are greedy and greedy when others are fearful." A pandemic happens only once every 100 years, and while the human impact may be great now it will eventually abate. As investors in long term value we view the market crash as an opportunity to be "greedy" and accumulate positions for stocks we know will weather the storm and grow far beyond it. As our favorite value investor tells us "Opportunities come infrequently. When it rains gold, put out the bucket, not the thimble."

For now, we must do our part to "flatten the curve," and support our front liners as we battle this invisible enemy. We hope you and your loved ones remain safe.

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

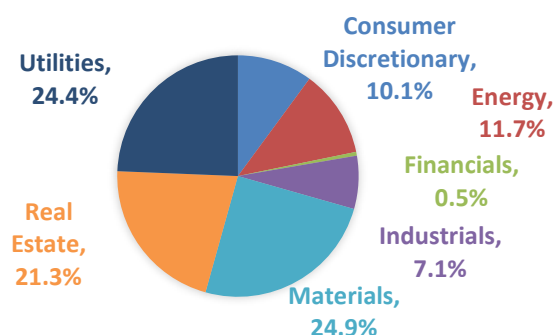
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-5.5%	-7.6%	-26.1%										-35.5%
PSEi TR ¹	-7.9%	-5.7%	-20.9%										-31.3%

¹ Philippine Stock Exchange Index Total Return;

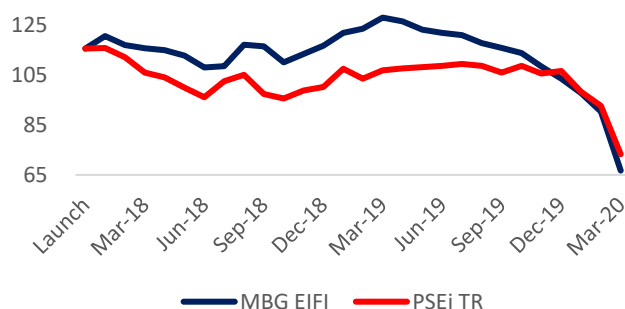
Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 3.6%	+/- 5.0%
Correlation to PSEi	0.74	1.0
Beta	0.53	1.0
Stock holdings	90.5%	100.0%
Large cap (> \$3bln)	6.3%	88.3%
Mid cap (\$500mln to \$3bln)	69.1%	11.7%
Small cap (< \$500mln)	24.6%	Nil
Philippines allocation	76.8%	100.0%
Vietnam allocation	23.2%	Nil

Sector Allocation



MBG EIFI Performance vs. Benchmark (in PHP)



*Rescaled to 115.46 on 8 January 2018 (NAV of fund at launch date)

Class A Fund Statistics, since launch (08Jan18)

(net of all fees)	MBG EIFI	PSEi TR
Year-to-date	-35.5%	-31.3%
3 months	-35.5%	-31.3%
6 months	-42.4%	-30.8%
1 year	-47.8%	-31.4%
Launch (cumulative)	-42.2%	-36.6%
Launch (annualized)	-21.8%	-18.5%
Months with gains	29.6%	48.1%
Volatility of returns p.a.	18.7%	26.7%
1-yr Sharpe ratio (RFR 6%)	-2.77	-1.33

Fund Information

Launch date	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 96 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