

Fund Manager's Report

For the month of April, shares gained 12.7% to 75.22, outperforming the PSEi TR which gained 7.2%. Since the Fund's inception, shares have lost 34.9%, underperforming PSEi TR which lost 32.0% for the same period. The world economy has been shut down by Covid-19, so the question now is how to restart it. Cases of coronavirus have surpassed 4 million with a death count of more than 280k, while a third of cases have recovered. Given a slowing growth of infections, and a flattening global curve many governments are seeking to ease lockdowns. News of policymakers preparing to re-open, and the development of potential treatments for Covid-19 have pushed the markets to historic gains with US indices up in the double digit percentages, carrying over to the PSEi, which despite foreign selling of US\$921mln YTD saw a rise of 7% MoM. Notwithstanding the significant bounce in the market, grim economic data and poor corporate earnings may provide more uncertainty for investors. The US and China have reported Q1 GDP data showing the significant impact of lockdowns, marking record economic contractions of -4.8% and 6.8% respectively. Locally, GDP has receded by 0.2%, the Philippines first economic contraction in more than 20 years. Similarly, grave are corporate earnings with many corporations being hit by lower consumer demand and lockdowns squeezing supply, translating into companies opting not to provide guidance or projecting lower earnings forecasts.

Despite the negative sentiment, governments have responded strongly to buoy their economies and citizens with countries such as the US, Japan and other major countries devoting trillions of US dollars to stimulus measures. In line with other nations, the Philippines saw an unparalleled fiscal and monetary response as the government instituted wage subsidies, policy rate cuts and the proposed Php1.4tn Philippine Economic Stimulus Act (PESA). The aforementioned bill is designed to reinvigorate the local economy post-covid through initiatives such as greater infrastructure spending and an interest-free loan program for MSMEs. Though the country's finances have been hit significantly by the virus, it is still in a strong position to respond economically with a total Debt-GDP ratio of 41.5% and foreign reserves of more than US\$89bln, which according to the economist ranks the Philippines as the 6th strongest emerging economy to respond financially to the coronavirus, ranking below the likes of Taiwan & Russia.

In these dire times, some companies are experiencing difficulties more so than others. After delays on the congressional discussion for the renewal of ABS-CBNs broadcasting franchise, the NTC eventually ordered the network to "cease & desist" operations with the passing of the franchise's expiration. Despite ABS efforts to digitize its content, the removal of its TV & radio channels is projected to lose the company Php35mln per day in foregone ad revenues. Our holding company has significant exposure to this given its majority stake in the broadcasting company. While our holdings corp may be hard pressed, our other holdings are faring much better through the lockdown. Despite a fall in energy demand and the declaration of "force majeure" by some energy distributors, our energy company is able to maintain minimum revenue with its "take-or-pay" provisions in its contracts with distributors, minimizing the effects on their overall earnings. Additionally, our cement company, which produces the cheapest cement and has the highest industry profit margins, is in the best position among its competitors to capitalize on the increase in infrastructure spending, with Secretary Dominguez citing public infrastructure as key to revving up the economy post-COVID. On the Vietnam front, the country has been commended for their success in responding to the pandemic. For a population of 95 million people, reporting less than 300 cases and an astonishing 0 deaths is a feat. This has prompted the country to begin loosening social distancing measures, with some businesses and industries allowed to resume operations, so long as adequate controls are in place. This is not to say that the lockdown won't leave any effects, but we're optimistic of a quicker, albeit cautious recovery.

Though there may still be much uncertainty in the market, there is just as much opportunity with the right mindset. Given a long enough investment horizon, any fundamentally strong stock, like the ones we hold, has the capacity for significant upside. Knowing this we take the opportunity to invest more in our companies, taking cue from our favorite value investor who says "The key to investing is not assessing how much an industry is going to affect society, or how much it will grow, but rather determining the competitive advantage of any given company and, above all, the durability of that advantage." With that we hope you and your loved ones stay safe.

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

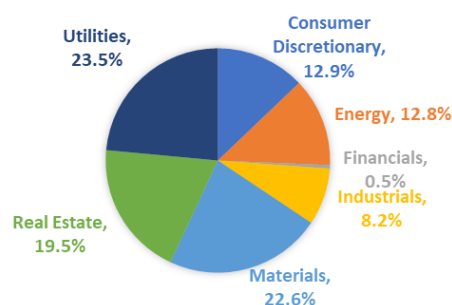
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-5.5%	-7.6%	-26.1%	12.7%									-27.3%
PSEi TR ¹	-7.9%	-5.7%	-20.9%	7.2%									-26.3%

¹ Philippine Stock Exchange Index Total Return;

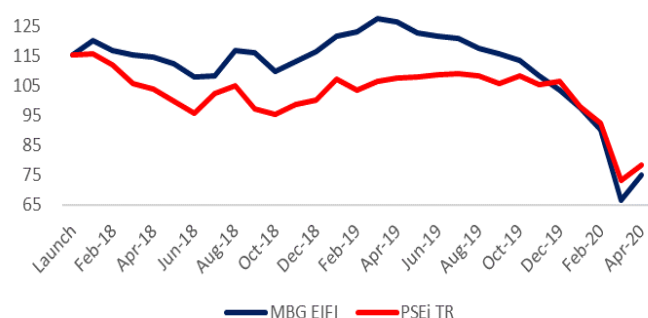
Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 3.9%	+/- 5.4%
Correlation to PSEi	0.72	1.0
Beta	0.52	1.0
Stock holdings	92.5%	100.0%
Large cap (> \$3bln)	6.3%	89.8%
Mid cap (\$500mln to \$3bln)	69.5%	10.2%
Small cap (< \$500mln)	24.2%	Nil
Philippines allocation	75.8%	100.0%
Vietnam allocation	24.2%	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	-27.3%	-26.3%
3 months	-23.0%	-20.1%
6 months	-33.8%	-27.7%
1 year	-34.9%	-32.0%
Launch (cumulative)	-34.9%	-32.0%
Launch (annualized)	-16.9%	-15.4%
Months with gains	32.1%	50.0%
Volatility of returns p.a.	19.9%	29.2%
1-yr Sharpe ratio (RFR 6%)	-2.24	-1.06

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 108 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