

**Newsletter**

MBG Equity Investment Fund, Inc.

**Fund Manager's Report**

For the month of May, shares lost 1.7% to 94.66, underperforming the PSEi TR which gained 4.3%. Since the Fund's inception, shares have lost 18%, outperforming PSEi TR which lost 19.3% for the same period.

The Philippines' improving Covid-19 situation prompted the government to ease lockdown restrictions in NCR+ to allow for more business activities and mobility. While the earlier resurgence in cases and rising inflation may have derailed the momentum of economic recovery in the 1st Quarter, with GDP contracting 4.2% YoY, easing restrictions and accelerating vaccine roll out boosted market sentiment, with the PSEi rising 4% MoM, following two straight months of declines. Investor sentiment is expected to remain upbeat on the back of further vaccine rollouts, with the Philippines breaching the 6M mark in vaccine shots administered. With millions more set to arrive in June, the government has set its eyes on inoculating 25-30 mln Filipinos by the end of August. Meanwhile, the BSP kept rates unchanged at 2% in a bid to support recovery, while inflation remained unchanged at 4.5% for the third straight month in May.

Looking into our Philippine holdings, our cement company announced its Q1 earnings, reporting double digit earnings growth with net sales up 16% YoY and its bottom-line up 44%. Their great performance came as a result of improvements in sales volume, better margins and a pick up in construction activity. Moreover, its Bulacan plant's Finish Mill 5 is expected to be completed by early June, increasing its capacity by 21% (7.1 to 8.6 MMT) thereby solidifying its position as the country's single largest cement plant. The company is confident in its growth as infra spending increases, and as ties with institutional clients provide a steady flow of demand. Our power firm reported flat 1Q21 revenue (+0.3% YoY) and positive net income (+22.8% YoY) attributed to lower expenses, higher recurring net income contributions (+20.8% YoY) due to higher dispatch, and tax benefits as a result of the CREATE bill. They've made considerable progress in the LNG space and have just recently signed an agreement with a foreign firm for towage and vessel support services for its upcoming LNG project. The company is on track to introduce LNG into the country as early as 3Q22 to serve existing and future gas-fired plants, thus playing a critical role in ensuring the country's energy security.

We've made the decision to exit our Vietnam portfolio which leaves us with a considerable amount of cash. We're looking into increasing our key holdings but also seeking out some candidates that fit our investment objectives and strategy locally--those we think have the potential to take advantage of the Philippines' inevitable recovery and growth. We'll keep you posted on any new developments.

While risks still remain, we are optimistic about the future, remembering that prior to the pandemic the PH economy was on the rise with much to offer. We remain confident in our portfolio of businesses to reach their full potential. Nothing worth having comes easy and so we take care to remember that the single greatest edge an investor can have is a long-term orientation (Seth Klarman).

With that, we hope for the continued safety of you and your loved ones.

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

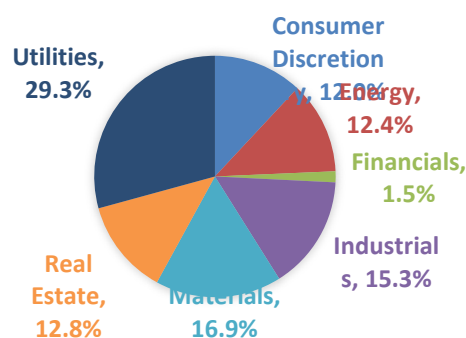
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
MBG EIFI	-4.8%	1.8%	-2.7%	0.2%	-1.7%								-7.1%
PSEi TR <sup>1</sup>	-7.4%	2.8%	-4.5%	-1.0%	4.3%								-6.1%

<sup>1</sup> Philippine Stock Exchange Index Total Return;

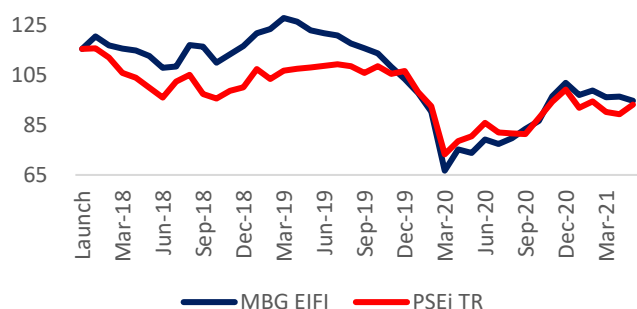
Portfolio Characteristics

	MBGEIFI	PSEi TR
Volatility (3σ, 1-day)	+/- 2.2%	+/- 3.9%
Correlation to PSEi	0.38	1.0
Beta	0.21	1.0
Stock holdings	65.7%	100.0%
Large cap (> \$3bln)	1.5%	95.3%
Mid cap (\$500mln to \$3bln)	75.3%	4.7%
Small cap (< \$500mln)	23.2%	0.0%
Philippines allocation	98.5%	100.0%
Vietnam allocation	1.5%	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	-7.1%	-6.1%
3 months	-4.2%	-1.4%
6 months	-2.0%	-1.2%
1 year	28.2%	15.7%
Launch (cumulative)	-18.0%	-19.3%
Launch (annualized)	-5.7%	-6.1%
Months with gains	41.5%	51.2%
Volatility of returns p.a.	14.0%	20.7%
1-yr Sharpe ratio (RFR 6%)	1.73	0.76

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**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 153 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	Standard Chartered
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