

ATRAM Corporate Bond Fund, Inc.

(formerly known as Prudentiallife Fixed Income Fund, Inc.)

April 27, 2017



www.atram.com.ph

Investment Objective

The Fund is designed to achieve stable returns by investing in fixed income securities issued by the Philippine government and select companies.

Fund Facts

Fund Manager **ATR AM**

Bloomberg Ticker **PRULFIX PM**

Inception Date **3 January 2005**

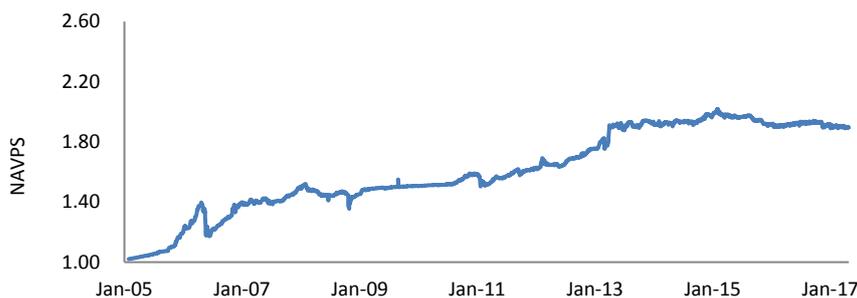
Currency **PHP**

Fund Size **106.61 Million**

NAVPS **1.8968**

ATR Asset Management took over management of the Fund effective January 1, 2012.

Performance Overview



Figures as of 04.27.2017

Cumulative Performance %

	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Inception
Fund	-0.02	-0.52	-1.44	14.96	-1.20	86.84

Annualized Performance %

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
Fund	-0.52	-1.61	-0.48	-0.15	2.83

Calendar Year Performance %

	2012	2013	2014	2015	2016
Fund	7.81	10.18	2.06	-3.04	0.34

Manager's Report

GS yields decoupled from global yield movements as local drivers took center stage this April. While US Treasury yields drifted lower, local bond yields moved up to close the month at their highs as investors approached the Bureau of Treasury's (BTr) auctions with caution. The Philippine Sovereign Bond Index gained 46 basis points (bps) for the month on the reversal of excessive paper losses on illiquid holdings from the previous month. Meanwhile, yields on the liquid securities continued to trend higher.

Inflation in March printed at 3.4%, in-line with market estimates. Meanwhile, core inflation beat estimates at 2.8%, rising to 2.9%. Food inflation eased as non-food inflation inched higher. Electricity and other fuel prices also continued to inch higher.

Activity in the secondary market declined as the average daily trading volume for corporate bonds dipped to Php 173m in April from Php 235m in March. The top traded names in terms of volume was still San Miguel Corporation, followed by PSALM, Ayala Land, and Megaworld. Consequently, the top traded securities were SMC 22 R20, PSALM 07-01, SMC 27 R24, MEG 24 R22, and ALI 24 R20. Looking ahead, we anticipate Aboitiz Power to list in the primary market a 10-year bond with a volume of Php 2b with an option to issue an additional Php 1b. The issuance is expected to price at a spread of 75-100 bps against the 10-year government security. Additionally, we also expect Cyberzone to issue 5.5-year bonds with an issue size of Php 5b + Php 1b with a spread of 90-122.5 bps.

The ATRAM Corporate Bond Fund was down by (-)2 basis points (bps) in March. Rates moved up sharply across the Government Securities (GS) yield curve and bids on corporate securities adjusted higher accordingly.

Local factors have become the main drivers behind short-term yield movements and the upcoming 10-year and 20-year Bureau of Treasury (BTr) auctions are likely to cause the yield curve to reprice. Locally, inflation continues to trend higher and has moved above the middle of the BSP's range at 3.0%. The Fund has deployed funds into select credits that are expected to perform well in the current investment environment. It continues to be on the lookout for compelling offers in the market.

Portfolio Analysis

Composition of the Fund

Portfolio Duration 3.81



■ Corporate Bond (93%)
■ Cash (7%)

Top Holdings

Holdings	% of Port.
South Luzon Tollway Corp 05-22-2022 5.5796%	7.9%
Filinvest Dev Co 01-24-2024 6.1458%	6.2%
Abotiz Power Corp 09-10-2021 5.205%	6.1%
Manila North Tollways 03-31-2024 5.5%	5.7%
Phil. Long Distance Tel Co. 02-06-2021 5.225%	5.3%
SMIC 05-19-2024 5.6125%	4.8%
San Miguel Brewery Inc. 04-02-2022 6.6%	4.7%
Globe 07-17-2023 5.2792%	4.7%
EDCPM 05-03-2023 4.7312%	4.7%
SMPH 02-25-2021 4.5095%	4.7%

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Monthly Performance %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year	Cumulative
2005	0.57	0.56	0.56	0.67	0.63	0.78	1.12	0.53	0.30	2.69	5.54	2.71	17.87	17.87
2006	2.37	3.65	6.06	2.44	-0.37	-1.61	1.61	2.30	1.83	2.08	4.69	1.42	16.62	37.46
2007	-1.15	2.13	0.06	-0.50	1.13	-1.54	0.62	-0.06	1.91	1.24	1.24	2.33	7.58	47.88
2008	1.08	-2.59	-0.10	-1.69	-0.22	-0.30	0.24	1.17	-0.55	-4.35	2.91	1.25	-3.32	42.98
2009	2.29	-0.01	0.26	0.27	0.08	0.05	0.29	3.46	-3.05	0.09	0.09	-0.05	3.69	48.26
2010	0.19	0.18	0.14	-0.02	0.10	0.23	0.10	1.02	1.13	1.29	0.48	0.17	5.12	55.84
2011	-3.22	-0.76	0.99	2.20	-0.62	0.87	0.81	1.48	-0.97	1.14	0.28	0.77	2.88	60.32
2012	0.42	1.78	-0.95	0.13	-0.67	0.92	2.13	0.17	0.43	0.98	1.91	0.35	7.81	72.84
2013	2.29	1.64	4.58	0.04	-0.78	-0.89	2.97	-1.08	-0.37	1.88	-0.19	-0.20	10.18	90.44
2014	-0.96	0.41	0.31	-0.21	0.74	-0.35	0.24	-0.21	0.16	0.81	1.53	-0.41	2.06	94.37
2015	2.02	-1.58	-0.49	-0.61	0.30	0.00	0.38	-0.22	-1.44	-0.07	-0.97	-0.33	-3.04	88.47
2016	-0.31	0.15	0.26	-0.43	0.89	0.53	0.04	-0.09	-0.30	0.17	-0.98	0.44	0.34	89.11
2017	-0.98	0.04	-0.23	-0.02									-1.20	86.84

Performance Relative to Reference Benchmark %

	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD	Since Inception
Fund	3.69	5.12	2.88	7.81	10.18	2.06	-3.04	0.34	-1.20	86.84
Benchmark	8.20	12.09	12.82	8.92	5.20	6.81	0.23	n.a.	n.a.	n.a.
Over/under performance	-4.50	-6.97	-9.95	-1.11	4.98	-4.75	-3.27	n.a.	n.a.	n.a.

RISK- ADJUSTED RETURNS & STATISTICS

	1 yr	3 yr	5 yr	Since Takeover
Risk-adjusted Return	(0.28)	(0.18)	0.76	0.89
Information Ratio	n.a.	n.a.	n.a.	n.a.
Standard Deviation	1.83%	2.47%	3.77%	5.91%
Tracking Error	n.a.	n.a.	n.a.	n.a.

Note: Risk-adjusted returns and risk statistics are all annualized.

PORTFOLIO ANALYTICS*

Percentage of Positive Months	65.54%
Average Gain in Positive Months	1.19%
Sharpe Ratio	(0.07)
Correlation with Reference BM	n.a.
Beta (relative to reference BM)	n.a.
Jensen's Alpha (relative to reference BM)	n.a.

*Since launch

Asset Class	Phil Fixed Income	NAVPS publication	Trade date + 1
Domicile	Philippines	Investment Manager	ATR AM
Risk & Investor Profile	Moderate Risk	Transfer Agent	ATR AM
Reference Benchmark*	N.A.	Custodian	Citibank N.A. Manila
Management & distribution fee	1.20% p.a.	Fund Accountant	Deutsche Bank AG, Manila Branch
Type of shares	Common	Auditor	SGV & Co.
Dealing frequency	Daily	Website	www.myoptimafunds.com

*ATRAM has ceased to use the HSBC Philippines Local Currency Bond Index ("HLBI") as its benchmark due to the discontinuation of the index effective May 2, 2016.

Definitions:

Beta of a fund measures its relationship with the benchmark. A beta of exactly 1 means that the fund's returns generally mirror the pattern of its benchmark's returns. A beta of greater than 1 means the fund will move in the same direction as the benchmark but by a greater amount. A beta of between zero and 1.0 implies that the fund's NAVPs should generally move in the same direction as the benchmark, although in lesser magnitude. A beta of exactly zero implies that the fund's pattern of returns is completely unrelated to the movement of the benchmark's returns. A negative beta indicates that the choice of benchmark may be inappropriate, and that a different benchmark should be selected.

Correlation measures how closely the movements of two variables are synchronized with each other. The maximum attainable correlation of 1.0 means that a pair of variables moves in perfect lockstep, in the same direction and magnitude; at the other extreme, the minimum possible correlation of -1.0 denotes that a pair of variables moves as perfect mirror images; meanwhile a correlation of exactly zero implies that the variables behave completely independently of each other. In the analysis of investments, correlation compares the direction and magnitude of a fund's returns with the direction and magnitude of a reference benchmark's returns.

Duration is a measure of a bond portfolio's sensitivity to interest rate changes. The longer the duration, the more the portfolio's value will go up (or down) when interest rates move down (or up).

Information Ratio measures how much excess return over a reference benchmark's returns an investment has yielded relative to the variability of said excess returns over benchmark returns. Information ratio is computed as the ratio of the mean of the fund's excess returns over benchmark returns (i.e., the *relative return*) to the fund's tracking error (i.e., the *relative risk*).

Jensen's alpha is a measure of a fund's excess return over its expected return as computed using CAPM (Capital Asset Pricing Model). The expected return considers the benchmark return, the fund's beta and the risk-free rate of return. A value of 1% indicates that the fund beat its expected return by 1%.

Risk-adjusted Return measures how much *absolute return* an investment has yielded relative to the amount of *absolute risk* taken. Risk-adjusted return is calculated by dividing the mean (average) of a fund's return by the standard deviation of the fund's returns.

Sharpe Ratio is a measure of risk-adjusted performance and is defined as the ratio of excess return over the volatility of an investment. Excess return refers to the return of the investment over the risk-free rate of return. A higher ratio means better risk-adjusted performance.

Standard Deviation is a measure of how widely dispersed the fund's returns are away from the mean of the fund's returns. A basic and widely-used statistical concept, standard deviation is often employed as a measure of *absolute risk* in the analysis of investments.

Tracking Error is a measure of how widely dispersed the fund's excess returns over the reference benchmark's returns were with respect to the mean of the fund's excess returns over benchmark returns. Tracking error is computed as the standard deviation of the fund's excess returns over benchmark returns. Tracking error is a measure of *relative risk*.

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