

ATRAM Corporate Bond Fund, Inc.

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

October 28, 2016



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**

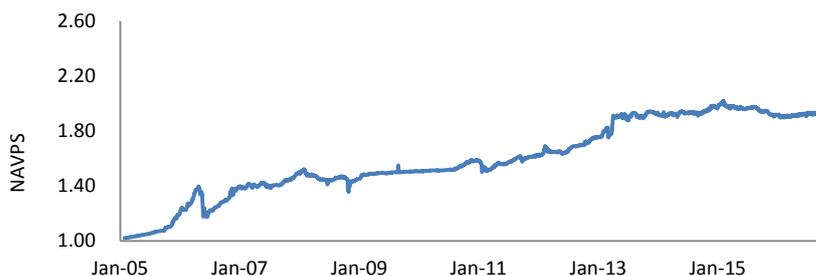
Currency **PHP**

Fund Size **118.48 Million**

NAVPS **1.9304**

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

Performance Overview



Figures as of 10.28.2016

Cumulative Performance %

	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Inception
Fund	0.17	-0.42	-0.54	19.86	0.89	90.15

Annualized Performance %

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
Fund	-0.42	-0.54	-0.18	2.99	3.69

Calendar Year Performance %

	2011	2012	2013	2014	2015
Fund	2.88	7.81	10.18	2.06	-3.04

Note: Performance figures are net of fees and taxes.

Manager's Report

Local bond yields surged higher once again in October as caution reigned. Investors continued to reduce risk by trimming positions in a market that had become characterized by thin liquidity and sudden spikes of volatility. The Philippine Sovereign Bond Index was down (-)1.52% as yields across the curve continued to rise higher.

Inflation in September accelerated to 2.3%, higher than market estimates at 2.1%, as both food and non-food CPI edged up. Similarly, core inflation rose to 2.3%.

For the month of October, trading activity accelerated in the corporate bond secondary market with average daily volumes higher at 211M compared to the previous month's 175M. The surge in volume was partly driven by the listing of Petron's PHP 15Bn maiden issue. Top traded securities for October were, PSALM 07-01, JGS 21 R19, ALI 25 R22, PCOR 21 R19 and PCOR 23 R21. Next month, we are expecting the issuance of the 7-year SM Investments (indicative spread at 70 to 110bps) and 10-year Double Dragon (indicative spread at 150 to 225) bonds.

The ATRAM Corporate Bond Fund was up 17bps in October even as yields on local Government Securities (GS) surged higher. Gains were due to trades in the secondary market at month-end causing a reversal on negative off-market MTM levels from the previous month, as well as accrual on our holdings.

Yields are likely to remain reactive to external global events with the timing of the US rate hike as the foremost of these factors. 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 opportunities in the market.

Portfolio Analysis

Composition of the Fund

Portfolio Duration 3.74



■ Corporate Bond (93%)
■ Cash (7%)

Top Holdings

Holdings	% of Port.
South Luzon Tollway Corp. 05-22-2022 5.5796%	7.0%
Aboitiz Power Corp. 09-10-2021 5.205%	5.7%
Filinvest Dev Co 01-24-2024 6.1458%	5.7%
Manila North Tollways 03-31-2024 5.5%	5.4%
Phil. Long Distance Tel. Co. 02-06-2021 5.225%	4.9%
RLC 02-23-2022 4.80%	4.9%
SMIC 05-19-2024 5.6125%	4.5%
San Miguel Brewery, Inc. 04-02-2022 6.6%	4.4%
Globe 07-17-2023 5.2792%	4.3%
Manila Electric Company 12-12-2025 4.8750%	4.3%

The content on this material is provided for information purposes only and should not be considered as investment advice. This document is not a solicitation or an offer to buy or sell any securities or related financial products. While this document was prepared with reasonable care, no guarantee is given as to the accuracy and completeness of the information herein. Any information or opinion expressed in this document is subject to change without prior notice. Be advised that past performance is not indicative of future performance. Shares of the ATRAM Corporate Bond Fund, Inc. are not deposits or obligations of, or guaranteed or endorsed by, any financial institution and are not insured by the Philippine Deposit Insurance Corporation (PDIC). Investment in shares of this mutual fund involves risk. See prospectus or contact ATR AM for a discussion of the investment risk factors. This mutual fund is primarily regulated by the Philippine Securities and Exchange Commission.

ATR Asset Management: 8th Floor, 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City, 1210 Philippines
Trunk line: +632-8147800 | Fax: +632-8410315 | E-mail: ird@atram.com.ph | Website: www.atram.com.ph

ATRAM Corporate Bond Fund, Inc.

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

October 28, 2016



www.atram.com.ph

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			0.89	90.15

Performance Relative to Reference Benchmark %

	2009	2010	2011	2012	2013	2014	2015	2016 YTD	Since Inception
Fund	3.69	5.12	2.88	7.81	10.18	2.06	-3.04	0.89	90.15
Benchmark	8.20	12.09	12.82	8.92	5.20	6.81	0.23	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.

RISK- ADJUSTED RETURNS & STATISTICS

	1 yr	3 yr	5 yr	Since Takeover
Risk-adjusted Return	(0.25)	(0.06)	0.98	0.94
Information Ratio	n.a.	n.a.	n.a.	n.a.
Standard Deviation	1.62%	2.41%	3.78%	6.00%
Tracking Error	n.a.	n.a.	n.a.	n.a.

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

Asset Class	Phil Fixed Income
Domicile	Philippines
Risk & Investor Profile	Moderate Risk
Reference Benchmark*	N.A.
Management & distribution fee	1.20% p.a.
Type of shares	Common
Dealing frequency	Daily

PORTFOLIO ANALYTICS*

Percentage of Positive Months	66.90%
Average Gain in Positive Months	1.21%
Sharpe Ratio	(0.02)
Correlation with Reference BM	n.a.
Beta (relative to reference BM)	n.a.
Jensen's Alpha (relative to reference BM)	n.a.

*Since launch

NAVPS publication	Trade date + 1
Investment Manager	ATR AM
Transfer Agent	ATR AM
Custodian	Citibank N.A. Manila
Fund Accountant	Deutsche Bank AG, Manila Branch
Auditor	SGV & Co.
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 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*.

The content on this material is provided for information purposes only and should not be considered as investment advice. This document is not a solicitation or an offer to buy or sell any securities or related financial products. While this document was prepared with reasonable care, no guarantee is given as to the accuracy and completeness of the information herein. Any information or opinion expressed in this document is subject to change without prior notice. Be advised that past performance is not indicative of future performance. Shares of the ATRAM Corporate Bond Fund, Inc. are not deposits or obligations of, or guaranteed or endorsed by, any financial institution and are not insured by the Philippine Deposit Insurance Corporation (PDIC). Investment in shares of this mutual fund involves risk. See prospectus or contact ATRAM for a discussion of the investment risk factors. This mutual fund is primarily regulated by the Philippine Securities and Exchange Commission.