

ATRKE Equity Opportunity Fund, Inc.

September 30, 2013



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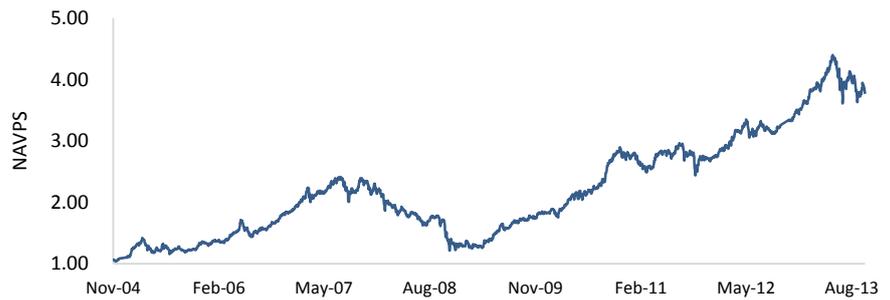
Investment Objective

The Fund is designed to seek absolute returns through long-term capital appreciation through investment in listed securities of Philippine companies.

Fund Facts

Fund Manager	ATR AM
Bloomberg Ticker	ATRKEEO PM <Equity>
Inception Date	2 November 2004
Currency	PHP
Fund Size	7,111.33 Million
NAVPS	3.7673

Performance Overview



Figures as of 9.30.2013

Cumulative Performance %

	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	-0.54	15.63	41.10	121.79	6.83	255.41

Annualized Performance %

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
Fund	15.63	20.34	12.16	21.79	17.27

Calendar Year Performance %

	2008	2009	2010	2011	2012
Fund	-41.50	42.85	51.94	-1.60	28.50

Note: Performance figures are net of fees and taxes. For calendar year returns, Dec. 31 NAVPS used. Dec. 31, 2010 NAVPS and full year 2010 returns adjusted post audit.

Manager's Report

The PSEi surged in mid-September to an intraday high of 6,587.48, an 8.43% increase from the close in August as the US Federal Reserve decided to defer the tapering of its bond-buying program. The market was also buoyed by the news that the US will delay the use of force in resolving the crisis in Syria. However, the index rally was short-lived as the possibility of a US government shutdown due to an impasse on the US budget weighed on investor sentiment. The PSEi closed the month of September 1.92% higher from the previous month's close at 6,191.80.

Inflation in August hit a 4-year low at just 2.1% from 2.5% in July. This brought the year-to-date average to 2.8% for the first eight months of the year, which is still below the government's target range of 3-5% for 2013. Meanwhile, OFW remittances continued to soar in July, posting the highest inflows so far this year. Remittances coursed through banks increased by 6.52% to \$1.927 billion, a 7-month high, from \$1.809 billion a year ago. It brought the year to date tally to \$12.627 billion, 5.79% higher than the value recorded during the same period last year.

The government has earmarked P14.4 billion out of the proposed national budget for next year for road projects meant to make tourist destinations accessible. The proposed 2014 budget for tourism infrastructure marked a 20-percent increase from the P12 billion allotted this year, a report from the Investor Relations Office (IRO) showed.

Foreigners were net sellers of about USD 70MN for the month but they are still net buyers for the year by more than USD 1.1BN. Selling was apparent particularly towards month-end driven by the possibility of a US government shutdown. Average daily turnover for the month was at USD 231MN, in-line with monthly average daily turnover for the year. Foreign participation remained high at 59%.

The Financials sector led the gainers last month rising 4.52%. It was followed by the Conglomerates and Services industries which gained 3.57% and 2.45%, respectively. Mining and Oil firms collapsed 11.6% led by Philex Mining while Industrial firms declined 1.93%. The Services sector is the best performing sector for the year. It's up 15.58%. The mining sector is the worst losing almost 37% for the year.

The Equity Opportunity fund slipped 0.54% for the month but it still outperforms the so far this year (6.81% vs. 6.52%). Underperformance can be largely attributed to sector allocation decisions. The fund was underweight Financials firms which was the best performing sector. Moreover, it was overweight Industrials which declined 1.93%.

We are defensive on Philippine equities for October mainly due to external concerns. There is a risk that the US could default on its obligations for the very first time which could send financial markets into chaos. Although we believe and remain committed to the long term prospect for Philippine corporations, should the scenario described above come to bear, Philippines stocks will be sold down and the index could once again test levels below 6000. The country remains to be pricey relative to its neighbours in the region thus it is vulnerable to selling when volatility arises. The strategy is to remain relatively concentrated with just over 30 stocks in the portfolio and to take opportunities to raise cash levels slightly until signals or concrete actions expected from the US government become more apparent.

Portfolio Analysis

Composition of the Fund



■ Equities (95%)
■ Cash/Money Market (5%)

Sector Exposure

Holding Firms	19%	Power/Utilities	10%
Others	18%	Consumer	9%
Communication	11%	Financials	8%
Property	11%	Mining & Oil	8%

Top Ten Holdings

Petron Corporation	6.4%
PLDT Company	6.0%
Ayala Land, Inc.	5.7%
Globe Telecom, Inc.	5.1%
International Container Terminal Services, Inc.	4.9%
SM Prime Holdings, Inc.	4.9%
Megawide Construction Corporation	4.1%
Semirara Mining Corporation	3.9%
Ayala Corporation	3.2%
Manila Electric Company	3.1%

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Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year	Cumulative
2004	-	-	-	-	-	-	-	-	-	-	2.44%	1.56%	4.04%	4.04%
2005	14.54%	6.67%	-6.71%	-5.19%	4.34%	-0.68%	0.56%	-1.88%	-0.14%	2.97%	7.20%	-1.30%	20.23%	25.08%
2006	3.79%	-0.63%	7.97%	4.94%	1.81%	-5.64%	6.43%	-0.37%	5.37%	6.97%	3.22%	5.04%	45.49%	81.99%
2007	6.48%	1.11%	2.65%	0.45%	6.60%	3.34%	-1.22%	-4.41%	0.97%	4.24%	-6.80%	0.51%	13.85%	107.20%
2008	-8.08%	-3.42%	-3.73%	-5.74%	3.01%	-7.05%	0.54%	3.79%	-3.90%	-20.63%	-1.84%	-2.90%	-41.50%	21.22%
2009	-2.54%	1.67%	5.39%	5.18%	8.85%	2.43%	6.79%	2.98%	-1.06%	2.34%	3.66%	1.05%	42.85%	73.16%
2010	-0.64%	3.88%	7.83%	5.65%	-0.61%	2.66%	1.48%	4.61%	14.22%	5.62%	-4.59%	3.65%	51.94%	163.09%
2011	-6.18%	-4.93%	5.92%	7.18%	0.34%	-1.03%	4.31%	-4.55%	-6.82%	5.94%	-3.23%	2.90%	-1.60%	158.90%
2012	4.93%	3.66%	6.20%	3.48%	-2.46%	1.14%	0.06%	-3.34%	4.09%	2.07%	3.37%	2.58%	28.50%	232.68%
2013	5.25%	4.61%	3.22%	5.15%	-0.49%	-5.87%	2.44%	-6.33%	-0.54%				6.83%	255.41%

Performance Relative to Reference Benchmark

	2007	2008	2009	2010	2011	2012	2013YTD	Since Incept.
Fund	13.85%	-41.50%	42.85%	51.94%	-1.60%	28.50%	6.83%	255.41%
Benchmark	21.43%	-48.29%	63.00%	37.62%	4.07%	32.95%	6.52%	242.18%
Over/under performance	-7.58%	6.79%	-20.14%	14.32%	-5.66%	-4.46%	0.31%	13.23%

Note: Dec. 31, 2010 NAVPS, Dec. 2010 – Jan. 2011 and full year 2010 returns adjusted post audit.

RISK- ADJUSTED RETURNS & STATISTICS

	1 yr	3 yr	5 yr	Since launch
Risk-adjusted Return	1.19	0.87	1.00	0.92
Information Ratio	(0.12)	(0.46)	(0.34)	(0.02)
Standard Deviation	13.00%	14.48%	17.57%	17.10%
Tracking Error	5.94%	5.73%	7.00%	7.77%

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

PORTFOLIO ANALYTICS*

Percentage of Positive Months	64.49%
Average Gain in Positive Months	4.18%
Sharpe Ratio	0.54
Correlation with Reference BM	0.92
Beta (relative to Reference BM)	0.79
Jensen's Alpha (relative to Reference BM)	1.83%

*Since launch

Asset Class	Equities	NAVPS publication	Trade date + 1
Domicile	Philippines	Investment Manager	ATR AM
Risk & Investor Profile	High Risk	Transfer Agent	ATR AM
Reference Benchmark	Philippine Stock Exchange Index	Custodian	HSBC
Management & distribution fee	2.00% p.a.	Fund Accountant	Deutsche Bank AG, Manila Branch
Type of shares	Common	Auditor	SGV & Co.
Dealing frequency	Daily	Website	www.atram.com.ph

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.

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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