

ATRAM Alpha Opportunity Fund, Inc.

April 29, 2016



www.atram.com.ph

Investment Objective

The Fund's investment objective is growth through capital appreciation. The Fund seeks to deliver returns over the long term by investing primarily in equity securities, with a focus on companies with strong growth potentials which are not included in the Philippine Stock Exchange Composite Index (PSEi). The Fund may also invest a portion of its assets in other securities such as fixed income, bonds and currencies depending on prevailing market conditions. It is suitable for investors who have a medium to long-term investment horizon and who are willing to accept risk. The Fund is classified as a high risk investment.

Fund Facts

Fund Manager	ATR AM
Bloomberg Ticker	ALPHAOP PM
Inception Date*	17 September 2012
Currency	PHP
Fund Size	164.22 Million
NAVPS	1.1912

*Date of conversion from money market fund

Performance Overview



Figures as of 04.29.2016

Cumulative Performance %						
	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	-0.89	-21.65	-19.73	n.a.	1.66	5.36
NAVPS						
	29-Jan-16	29-Feb-16	31-Mar-16	29-Apr-16		
Fund	1.0329	1.0893	1.2019	1.1912		

Manager's Report

The Philippine Stock Exchange Index (PSEi) slid 1.42% month-on-month to close April at 7,159, paring year-to-date (YTD) March-end gains. Early on, the market sustained a rally on reduced fears of global growth deceleration and more stable oil markets, with the PSEi approaching a YTD high of 7,376. Market sentiment turned cautious a few weeks ahead of May 9 national elections however and had investors taking some risk off the table.

Foreign funds resumed its net selling (-\$33mn) trend after inflows seen in March; YTD flows remain positive at \$43mn however, largely due to the \$50mn Xurpas placement. Average daily turnover slowed down to US\$130mn in April, much slower than the US\$158mn hit the month prior and slightly behind the US\$132mn YTD average. Notably, local fund managers stayed in the sidelines where domestic participation accounted for only 46% of traded volume (54% average in 2015). The index managed to preserve positive YTD gains of 2.98% despite the weakness. At the end of April, the PSEi was estimated to be trading at 17.7x 2016 PE, assuming 2017 consensus earnings growth at 12%.

The ATRAM Alpha Opportunity Fund inched lower by 0.89% and underperformed the MSCI Small Capitalization Index by 7 basis points. The position in Robinson Retail Holdings enhanced the fund performance as investors expect a strong 2016 earnings performance, along with the company's large cash holdings that can be used for any potential acquisitions. However, the fund's Xurpas exposure negatively impacted performance due to the recent discounted share sale at P16/share.

We have tactically reduced our exposures in index heavyweights as we view the PSEi to be on the high end of its current trading range. We are also cautious as we move closer to May 9, 2016 general elections, especially given the risk it may deliver a result that does not represent continuity from the outgoing government of President Aquino. While poll results should be known shortly after May 9, members of the next cabinet may not be known until well into June. Until then, we expect the reporting season currently underway may be bigger share price drivers in the short-term.

Portfolio Analysis

Composition of the Fund



- Equities (93%)
- Cash/Money Market (7%)

Sector Exposure

Financials	18%	Media	8%
Consumer	16%	Holdings Firms	7%
Power/Utilities	15%	Construction	6%
Property	9%	Others	14%

Top Ten Holdings

Security Bank Corporation	13.6%
Robinsons Retail Holdings, Inc. D&L Industries, Inc.	7.7%
Cosco Capital, Inc.	7.1%
D&L Industries, Inc.	6.9%
ABS-CBN Holdings Corporation. - PDR	6.0%
Manila Water Company, Inc.	5.6%
First Gen Holdings Corp.	5.4%
Cebu Air, Inc.	5.4%
Megawide Construction Corp.	3.9%
Xurpas, Inc.	3.5%

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Monthly Performance %														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year	Cumulative
2012	-	-	-	-	-	-	-	-	-0.87	0.75	1.74	5.02	6.71	6.71
2013	7.89	6.58	0.04	6.92	-4.23	-7.27	4.97	-8.85	-0.89	2.57	-3.72	-0.91	1.36	8.16
2014	-0.04	5.69	-1.56	9.86	-1.52	3.68	1.36	-2.30	5.22	2.20	-0.30	9.84	36.02	47.13
2015	0.09	-3.28	-5.36	-0.24	-5.08	-4.19	4.85	-11.61	-6.08	6.63	-6.06	-2.80	-29.56	3.64
2016	-11.85	5.46	10.34	-0.89									1.66	5.36

Performance	Risk-adjusted Returns & Statistics				Portfolio Analytics*	
	2016 YTD	Since launch		1 yr	Since launch	
Fund	1.66%	5.36%	Risk-adjusted return	(0.89)	0.17	Percentage of positive months 47.73%
Benchmark	6.20%	27.28%	Information ratio	(1.43)	(0.43)	Average gain in positive months 4.84%
Over/under performance	-4.54%	-21.92%	Standard deviation	23.82%	18.86%	Sharpe ratio (0.03)
						Correlation with reference BM 0.80
						Beta (relative to reference BM) 0.87
						Jensen's Alpha (relative to reference BM) -4.34%

Note: Risk-adjusted returns and statistics are all annualized

*Since launch

Asset Class	Equities (Multi-asset)	NAVPS publication	Trade date + 1
Domicile	Philippines	Investment Manager	ATR AM
Risk & Investor Profile	High Risk	Transfer Agent	ATR AM
Reference Benchmark*	MSCI Phil. Small Cap Index	Custodian	Citibank N.A. Manila
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

*ATRAM has changed its benchmark from Philippine Stock Exchange Index to MSCI Phil. Small Cap Index as of August 1, 2015.

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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