

# ATRAM Alpha Opportunity Fund, Inc.

April 27, 2017



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## Investment Objective

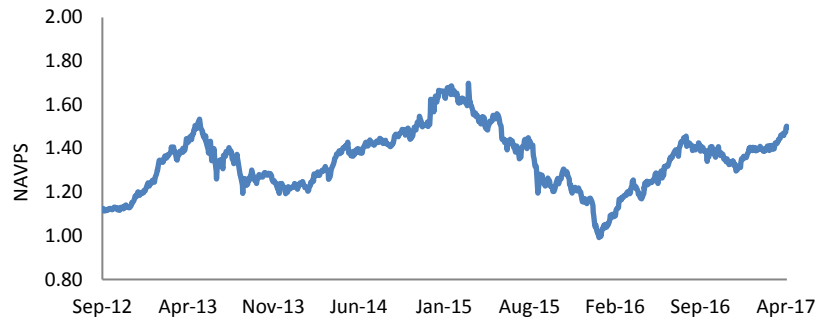
The Fund's investment objective is growth through capital appreciation. The Fund seeks to deliver returns over the long term by investing primarily in equity securities, with a focus on companies with strong growth potentials which are not included in the Philippine Stock Exchange Composite Index (PSEi). 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.

## Fund Facts

Fund Manager	<b>ATR AM</b>
Bloomberg Ticker	<b>ALPHAOP PM</b>
Inception Date*	<b>17 September 2012</b>
Currency	<b>PHP</b>
Fund Size	<b>364.69 Million</b>
NAVPS	<b>1.4861</b>

\*Date of conversion from money market fund

## Performance Overview



Figures as of 04.27.2017

## Cumulative Performance %

	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
<b>Fund</b>	4.48	24.76	6.37	n.a.	12.56	31.44

## NAVPS

	31-Jan-17	28-Feb-17	31-Mar-17	27-Apr-17
<b>Fund</b>	1.3936	1.3870	1.4224	1.4861

## Manager's Report

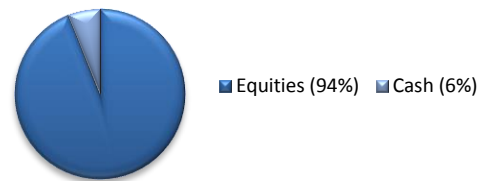
The Philippine Stock Exchange Index (PSEi) extended its gains from March by rallying another 4.8% in April. The index finally broke the 7,400-technical resistance level early in the month and never looked back as it consolidated in a higher range between 7,500 and 7,750. Foreign flows, which had been registering 3 months of consecutive outflows, reversed sharply in April. Foreign funds poured in a total of \$198 million, which was the largest monthly inflow in the past 8 months. Year-to-date foreign money outflows improved to \$152 million as the hot money that has been flowing into the Emerging Markets since the start of 2017 finally spilled to the Philippine market.

The ATRAM Alpha Opportunity Fund rallied by 4.48% and outperformed the PSEi Total Return by 1.34% in April. The overweight exposures in Rizal Commercial Banking Corporation (RCB) and Philippine National Bank (PNB) were the source of excess returns relative to the benchmark. RCB (+41.8% month-on-month) was up dramatically after its chairman and founder, Mr. Yuchengco passed away, fueling rumors of a potential sale of the Yuchengco stake to another bank. Similarly, PNB was up 17.9% month-on-month as speculation that one merger and acquisition (M&A) activity will initiate a wave of M&A activities in the banking sector.

As the FY2016 earnings results came mostly in-line with expectations, investors will be focusing on the 1Q2017 results which will be released starting May. Earnings will be a key input as investors determine if their current bets are playing out. Furthermore, investors will be closely watching the progress of the Duterte administration's key reforms which are being deliberated in the Philippine Congress as sessions resume. In terms of fund positioning, we are currently satisfied with our exposures as we recently rebalanced to take advantage of tactical opportunities. We expect the market to test the 7,750 near-term resistance level as investors continue to believe in the country's solid economic fundamentals and growth prospects.

## Portfolio Analysis

### Composition of the Fund



### Sector Exposure

Power & Utilities	19%	Financials	13%
Gaming	15%	Construction	6%
Property	13%	Retail	6%
Consumer	13%	Others	9%

### Top Ten Holdings

Manila Water Company, Inc.	13.0%
Bloomberry Resorts Corporation	9.6%
D&L Industries, Inc.	7.6%
Vista Land & Lifescapes, Inc.	6.6%
Melco Crown (Philippines) Resorts Corporation	5.6%
Philippine National Bank (PNB)	5.2%
Rizal Commercial Banking Corp.	4.4%
Phoenix Petroleum Philippines, Inc.	3.9%
Wilcon Depot, Inc.	3.9%
Xurpas, Inc.	3.4%

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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	4.61	5.71	5.07	2.90	-1.99	-1.24	-2.83	-1.43	12.68	16.78
2017	5.55	-0.47	2.55	4.48									12.56	31.44

Performance	2017		Risk-adjusted Returns & Statistics			Portfolio Analytics*	
	YTD	Since launch		1 yr	Since launch		
Fund	12.56%	31.44%	Risk-adjusted return	2.11	0.42	Percentage of positive months	50.00%
Benchmark	10.40%	53.31%	Information ratio	0.41	(0.30)	Average gain in positive months	4.73%
Over/under performance	2.16%	-21.87%	Standard deviation	10.84%	17.61%	Sharpe ratio	0.21
						Correlation with reference BM	0.81
						Beta (relative to reference BM)	0.84
						Jensen's Alpha (relative to reference BM)	-2.08%

Note: Risk-adjusted returns and statistics are all annualized

\*Since launch

<b>Asset Class</b>	Equities (Multi-asset)	<b>NAVPS publication</b>	Trade date + 1
<b>Domicile</b>	Philippines	<b>Investment Manager</b>	ATR AM
<b>Risk &amp; Investor Profile</b>	High Risk	<b>Transfer Agent</b>	ATR AM
<b>Reference Benchmark*</b>	MSCI Phil. Small Cap Index	<b>Custodian</b>	Citibank N.A. Manila
<b>Management &amp; distribution fee</b>	2.00% p.a.	<b>Fund Accountant</b>	Deutsche Bank AG, Manila Branch
<b>Type of shares</b>	Common	<b>Auditor</b>	SGV & Co.
<b>Dealing frequency</b>	Daily	<b>Website</b>	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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