

ATRAM Alpha Opportunity Fund, Inc.

December 31, 2015



www.atram.com.ph

Investment Objective

The Fund's investment objective is growth through capital appreciation. The fund seeks to deliver returns under various market conditions by investing in a range of local and international securities, providing exposure to bonds, equities, currencies, cash and other assets.

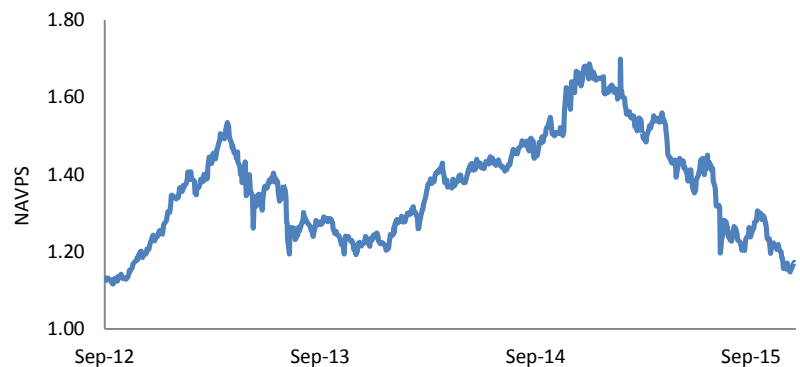
The Fund's current strategy is to deliver superior returns over the long term by investing primarily in small to middle capitalized equity securities, with a focus on companies with strong growth potentials.

Fund Facts

Fund Manager	ATR AM
Bloomberg Ticker	ALPHAOP PM
Inception Date*	17 September 2012
Currency	PHP
Fund Size	162.40 Million
NAVPS	1.1717

*Date of conversion from money market fund

Performance Overview



Figures as of 12.31.2015

Cumulative Performance %						
	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	-2.80	-29.56	-2.88	n.a.	-29.56	3.64
NAVPS						
	30-Sept-15	30-Oct-15	27-Nov-15	31-Dec-15		
Fund	1.2035	1.2833	1.2055	1.1717		

Manager's Report

The Philippine Stock Exchange Index (PSEi) gained 0.45% in December on anemic trading due to US Federal Reserve rate-hike concerns during the first half and the "holiday mood" in the second half of the month. Largely expected and priced-in, the Fed's first interest rate hike succeeded in pushing the market higher as investors welcomed the move to lessen the pervasive uncertainty in global financial markets. In the currency market, the Philippine Peso remained weak but stayed less volatile compared to its Asian neighbors which helped foreign investors protect their gains in the market.

Foreign funds continued to be net sellers for \$85.7 million, marking the 9th straight month of foreign outflows from the equity market. Emerging markets (EM), which include the Philippines, continue to be under pressure due to the adverse impact of slackening global trade led by the Chinese economy's slowdown and the strengthening of the US dollar, which continues to put a strain on EM currencies. Despite the PSEi's 3.85% loss (-8.3% in USD terms) for the year, it performed much better compared to its neighbors where the main equity markets in Malaysia (-21.7%), Thailand (-21.4%), Indonesia (-21%), and Singapore (-20%) fared far worse. This can be explained by the Philippines' superior economic standing and its defensive characteristics.

The ATRAM Alpha Opportunity Fund lost 2.80% and underperformed the MSCI Philippines Small Cap Index by 180 basis points in December. Holdings in Bloomberg, Melco Crown and Robinsons Retail Holdings dragged the fund performance. The weak Macau gaming sector weighed on Bloomberg and Melco Crown's stock prices despite these companies growth potential and cheap valuations, which we believe will work for the stocks in the long-run. Meanwhile, the increased competition in the retail sector pulled Robinsons Retail's price down disproportionately given the company's sound strategy and topnotch management.

We remain guarded in this market environment given the dearth of positive catalysts in the near term. Markets remain dependent largely on foreign flows, geopolitical tensions and the diverging central banks policies around the world. Emerging markets in particular will continue to be affected by the downbeat sentiment due to global growth slowdown and the volatility in commodity prices. Locally, we believe that once the uncertainty from the incoming local presidential elections in May disperses, investors will refocus their attention on fundamentals where the Philippine's steady growth will play a part.

Portfolio Analysis

Composition of the Fund



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

Sector Exposure

Financials	19%	Gaming	8%
Property	13%	Construction	6%
Consumer	12%	Holding Firms	6%
Power & Utilities	11%	Others	18%

Top Ten Holdings

Security Bank Corporation	13.9%
D&L Industries, Inc.	6.3%
Petron Corporation	5.9%
Cosco Capital, Inc.	5.7%
Vista Land & Lifescapes, Inc.	5.6%
Cebu Air, Inc.	4.6%
Nickel Asia Corporation	4.2%
Xurpas Inc.	4.0%
ABS-CBN Holdings Corporation	3.7%
Fiilinvest Land, Inc.	3.6%

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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%

Performance	Risk-adjusted Returns & Statistics				Portfolio Analytics*		
	2015 YTD	Since launch		1 yr	Since launch		
Fund	-29.56%	3.64%	Risk-adjusted return	(2.00)	0.15	Percentage of positive months	47.50%
Benchmark	-11.78%	19.85%	Information ratio	(1.82)	(0.34)	Average gain in positive months	4.52%
Over/under performance	-17.78%	-16.21%	Standard deviation	16.59%	17.56%	Sharpe ratio	(0.06)
						Correlation with reference BM	0.74
						Beta (relative to reference BM)	0.86
						Jensen's Alpha (relative to reference BM)	-3.59%

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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