

ATRAM Alpha Opportunity Fund, Inc.

February 29, 2016



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	149.99 Million
NAVPS	1.0893

*Date of conversion from money market fund

Performance Overview



Figures as of 02.29.2016

Cumulative Performance %						
	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	5.46	-32.35	-21.48	N.A.	-7.03	-3.65
NAVPS						
	27-Nov-15	31-Dec-15	29-Jan-16	29-Feb-16		
Fund	1.2055	1.1717	1.0329	1.0893		

Manager's Report

The Philippine Stock Exchange Index (PSEi) barely moved (-0.25% month-on-month) in February as the combination of external and local factors led investors to be more guarded. During the last day of the month, Philippine Long Distance Telephone Company (TEL) released its first quarterly loss in 12 years, and guided a significantly (-12.5%) lower 2016 core net income versus street expectations. As a result, its stock dropped 17.9% which dragged the PSEi with it. In addition, most of the companies that reported their 2015 earnings had mixed results compared to market consensus. On the other hand, global risk appetite remained volatile due to the developments in oil and macroeconomic data from the major industrialized countries.

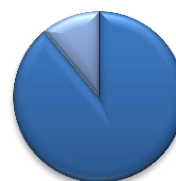
Foreign flows continued to be a major market driver as foreigners accelerated their selling to \$84mn (+97% month-on-month) marking the 11th straight month of foreign outflows from the equity market. Prior to the weak TEL earnings, the index retested the 6,800 resistance level which we expect to be broken in the short term due to the improvement in global sentiment brought upon by expectations of more easing by the central banks of Japan, China and the European Union as well as the perceived improvement in the supply demand situation in the global oil market. At the end of February, the PSEi was trading at 16x 2016 PE assuming 12% 2017 consensus earnings growth.

The ATRAM Alpha Opportunity Fund gained 5.46% and underperformed the MSCI PH Small Cap Index by 1.14% in February. Holdings in Petron Corp (PCOR) boosted the fund performance as investors expect a continuation of the company's strong earnings trend amidst the improving outlook on global oil prices. In addition, EEI Corporation added to the gains as the company bagged the contract to construct the MRT7 which was estimated to cost P22.5bn. However, our underweight position on Double Dragon (DD) dragged the fund performance as rumors of DD inclusion and up weights in the various (FTSE, MSCI) indices drove the demand for the stock.

We believe that the market will consolidate between the 6800 & 7100 level until May. By that time, we should have more clarity on what 1st quarter earnings will look like. This is important because expectations from the street are still quite high for EPS growth in 2016 (+15%) and we would not like to see any major negative surprises this early in the year. By that time, the market will also be reacting to the election process and who our new set of leaders will be. We prepare for some interesting times ahead.

Portfolio Analysis

Composition of the Fund



■ Equities (89%)
■ Cash/Money Market (11%)

Sector Exposure

Financials	19%	Holding Firms	9%
Power/Utilities	14%	Construction	6%
Consumer	11%	Transportation	5%
Property	10%	Others	15%

Top Ten Holdings

Security Bank Corporation	12.4%
D&L Industries, Inc.	6.6%
First Gen Corporation	6.2%
ABS-CBN Holdings Corporation. - PDR	5.9%
Cosco Capital, Inc.	5.7%
Cebu Air, Inc.	5.5%
Manila Water Company, Inc.	5.5%
Belle Corporation	3.9%
Robinsons Retail Holdings, Inc.	3.9%
Philippine National Bank	3.8%

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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%											-7.03%	-3.65%

Performance	Risk-adjusted Returns & Statistics				Portfolio Analytics*		
	2016 YTD	Since launch		1 yr	Since launch	Percentage of positive months	47.62%
Fund	-7.03%	-3.65%	Risk-adjusted return	(1.78)	0.04	Average gain in positive months	4.57%
Benchmark	-5.40%	13.37%	Information ratio	(1.25)	(0.37)	Sharpe ratio	(0.16)
Over/under performance	-1.63%	-17.02%	Standard deviation	20.40%	18.51%	Correlation with reference BM	0.78
						Beta (relative to reference BM)	0.89
						Jensen's Alpha (relative to reference BM)	-4.15%

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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