

ATRAM Alpha Opportunity Fund, Inc.

February 28, 2017



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.

Fund Facts

Fund Manager	ATR AM
Bloomberg Ticker	ALPHAOP PM
Inception Date*	17 September 2012
Currency	PHP
Fund Size	341.34 Million
NAVPS	1.3870

*Date of conversion from money market fund

Performance Overview



Figures as of 02.28.2017

Cumulative Performance %

	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	-0.47	27.33	7.36	n.a.	5.05	22.68

NAVPS

	29-Nov-16	31-Dec-16	31-Jan-17	28-Feb-17
Fund	1.3395	1.3203	1.3936	1.3870

Manager's Report

The Philippine Stock Exchange Index (PSEi) ended flat as it consolidated within a narrow trading range last month. The market fell by 0.24% month-on-month after the strong start in January despite earnings results being generally inline versus consensus. Foreign funds were back as net sellers after a short reprieve in January. Foreigners unloaded \$102.96mn worth of stocks last month but similar to what has been happening since the start of the year, local funds scooped up the shares as cash levels continue to be in the mid to high single digits. This resulted to the PSEi's range-bound motion, aided by unexciting earnings results and the lack of meaningful catalysts.

The ATRAM Alpha Opportunity Fund dipped by 0.47% but outperformed the MSCI Philippines Small Capitalization Index by 102 basis points (bps) in February. The exposure in Xurpas (X) and underweight position in Cemex Holdings (CHP) were the main contributors to the relative outperformance. X rebounded 20% after it touched its historical low in the middle of February. The stock has seen a steep 64.6% correction since April last year as investor sentiment soured after a series of non-core acquisitions. On the other hand, CHP (-18.84% month-on-month) fell after a significant earnings miss. The shortfall was attributed to a post-election slump and adverse weather conditions that affected cement demand. Moreover, the slated capacity addition for 2018 was indefinitely postponed which weakened the company's growth prospects.

The market consolidation provided the opportunity to utilize the fund's cash reserves and add new names to the portfolio. We included off-index energy names and X as it became technically attractive, as well as additional exposures to our preferred small cap bank. Next month, we expect the market to be volatile due to several local and external events. Locally, investors are expecting the lower house of Congress to pass the 1st phase of the comprehensive tax reform bill before they go on their Senate recess. At the same time, the increasing probability of a US Federal Reserve interest rate-hike will have an impact on valuation and risk-taking sentiment. As such, the fund continues to maintain a significant cash buffer in case the market offers any attractive prospects.

Portfolio Analysis

Composition of the Fund



Equities (90%) Cash (10%)

Sector Exposure

Power & Utilities	25%	Gaming	9%
Consumer	15%	Financials	7%
Construction	11%	Holding Firms	5%
Property	10%	Others	8%

Top Ten Holdings

Manila Water Company, Inc.	11.6%
D&L Industries, Inc.	8.6%
Bloomberry Resorts Corporation	7.1%
Vista Land & Lifescapes, Inc.	5.5%
Cosco Capital, Inc.	5.0%
Megawide Construction Corporation	4.9%
Xurpas, Inc.	4.4%
First Gen Corporation	4.1%
Shakey's Pizza Asia Ventures, Inc.	3.7%
Belle Corporation	3.4%

The content on this material is provided for information purposes only and should not be considered as investment advice. This document is not a solicitation or an offer to buy or sell any securities or related financial products. While this document was prepared with reasonable care, no guarantee is given as to the accuracy and completeness of the information herein. Any information or opinion expressed in this document is subject to change without prior notice. Be advised that past performance is not indicative of future performance. Shares of the ATRAM Alpha Opportunity Fund, Inc. are not deposits or obligations of, or guaranteed or endorsed by, any financial institution and are not insured by the Philippine Deposit Insurance Corporation (PDIC). Investment in shares of this mutual fund involves risk. See prospectus or contact ATR AM for a discussion of the investment risk factors. This mutual fund is primarily regulated by the Philippine Securities and Exchange Commission.

ATRAM Alpha Opportunity Fund, Inc.

February 28, 2017



www.atram.com.ph

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											5.05	22.68

Performance	2017		Risk-adjusted Returns & Statistics			Portfolio Analytics*	
	YTD	Since launch		1 yr	Since launch		
Fund	5.05%	22.68%	Risk-adjusted return	1.84	0.35	Percentage of positive months	48.15%
Benchmark	6.79%	48.31%	Information ratio	(0.45)	(0.38)	Average gain in positive months	4.83%
Over/under performance	-1.74%	-25.63%	Standard deviation	13.74%	17.81%	Sharpe ratio	0.14
						Correlation with reference BM	0.81
						Beta (relative to reference BM)	0.84
						Jensen's Alpha (relative to reference BM)	-3.05%

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.

The content on this material is provided for information purposes only and should not be considered as investment advice. This document is not a solicitation or an offer to buy or sell any securities or related financial products. While this document was prepared with reasonable care, no guarantee is given as to the accuracy and completeness of the information herein. Any information or opinion expressed in this document is subject to change without prior notice. Be advised that past performance is not indicative of future performance. Shares of the ATRAM Alpha Opportunity Fund, Inc. are not deposits or obligations of, or guaranteed or endorsed by, any financial institution and are not insured by the Philippine Deposit Insurance Corporation (PDIC). Investment in shares of this mutual fund involves risk. See prospectus or contact ATRAM for a discussion of the investment risk factors. This mutual fund is primarily regulated by the Philippine Securities and Exchange Commission.

ATR Asset Management: 8th Floor, 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City, 1210 Philippines
Trunk line: +632-8147800 | Fax: +632-8410315 | E-mail: ird@atram.com.ph | Website: www.atram.com.ph