

ATRAM Alpha Opportunity Fund, Inc.

January 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.

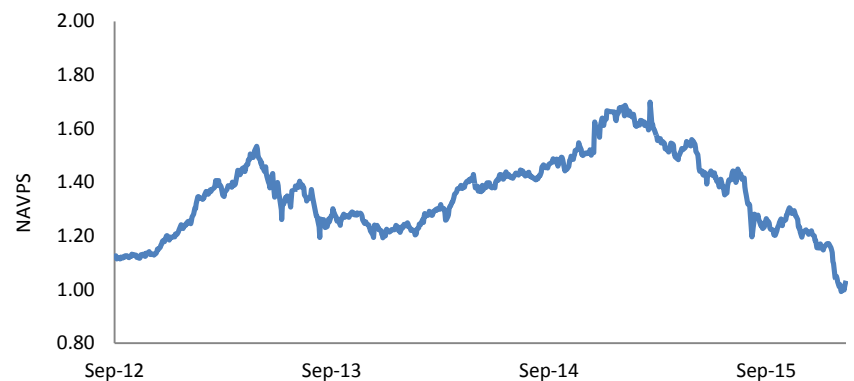
The Fund's current strategy is to deliver superior returns over the long term by investing primarily in small to middle capitalized equity securities, with a focus on companies with strong growth potentials.

Fund Facts

Fund Manager	ATR AM
Bloomberg Ticker	ALPHAOP PM
Inception Date*	17 September 2012
Currency	PHP
Fund Size	141.62 Million
NAVPS	1.0329

*Date of conversion from money market fund

Performance Overview



Figures as of 01.29.2016

Cumulative Performance %						
	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	-11.85	-37.96	-20.65	n.a.	-11.85	-8.64
NAVPS						
	30-Oct-15	27-Nov-15	31-Dec-15	29-Jan-16		
Fund	1.2833	1.2055	1.1717	1.0329		

Manager's Report

The Philippine Stock Exchange Index (PSEi) fell by 3.80% during the first month of 2016 as risk sentiment immediately soured after the Chinese equity markets were forced to halt trading for two days due to the recently implemented circuit breakers that saw the indices fall more than 7% in a single day. The continuing Chinese manufacturing weakness and the flip-flopping on its new circuit breaker rules were further worsened by sinking oil prices as investors grew increasingly concerned on the negative impact of a stronger US dollar. However, a surprise adoption of negative rates by the Bank of Japan, a dovish Federal Open Market Committee (FOMC) statement that prompted a rally in the commodities market, and finally, the stronger than expected Philippine economic growth pushed the index 7.7% higher during the last week of January that pared PSEi's month to date losses, and more importantly, reversed the prevailing bearish sentiment.

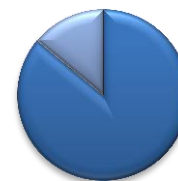
The market movements were mainly dictated by foreign flows as foreigners continued to be net sellers for \$42.6 million, marking the 10th straight month of foreign outflows from the equity market. However, the index saw some support at the 6,000 psychological level where foreign funds reversed from being sellers and turned net buyers for \$54 million. The Philippine economic growth positively surprised when it unexpectedly grew 6.3% in the fourth quarter of last year that brought the 2015 growth domestic product (GDP) growth to 5.8%. Despite the uncertainty generated by the upcoming national elections, analysts believe that the Aquino's administration reform gains will not be easily reversed.

The ATRAM Philippine Alpha Opportunity Fund fell 11.85% and underperformed the MSCI PH Small Cap Index by 0.59% in January. Holdings in Petron Corp and Xurpas dragged the fund performance. The strong US dollar expectations weighed heavily on global commodities that sent Petron's stock price lower despite the company's strong earnings, which we believe will work for the stock in the long-run. Meanwhile, the general downtrend prompted investors to take profits on Xurpas after its phenomenal run last year.

We have taken advantage of the recent volatility by realigning the portfolio to be more geared to index issues which we expect to be the first movers when risk sentiment further improves. However, we expect the market direction to be largely driven by foreign flows, geopolitical tensions and the diverging central bank policies around the world. Catalysts in the short term include fourth quarter earnings releases that may provide opportunities ahead of the May presidential elections. 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 upcoming 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 (86%)
■ Cash/Money Market (14%)

Sector Exposure

Financials	19%	Property	8%
Power/Utilities	12%	Construction	6%
Consumer	11%	Others	21%
Holding Firms	9%		

Top Ten Holdings

Security Bank Corporation	13.1%
D&L Industries, Inc.	6.7%
Cosco Capital, Inc.	5.7%
ABS-CBN Holdings Corporation. - PDR	5.6%
First Gen Corporation	5.3%
Manila Water Company, Inc.	5.3%
Cebu Air, Inc.	5.1%
Robinsons Retail Holdings, Inc.	4.0%
Philippine National Bank	3.6%
Megawide Construction Corporation	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%												-11.85%	-8.64%

Performance	Risk-adjusted Returns & Statistics				Portfolio Analytics*		
	2016 YTD	Since launch		1 yr	Since launch		
Fund	-11.85%	-8.64%	Risk-adjusted return	(2.45)	(0.05)	Percentage of positive months	46.34%
Benchmark	-11.26%	6.35%	Information ratio	(1.46)	(0.35)	Average gain in positive months	4.52%
Over/under performance	-0.59%	-14.99%	Standard deviation	18.38%	18.50%	Sharpe ratio	(0.25)
						Correlation with reference BM	0.78
						Beta (relative to reference BM)	0.89
						Jensen's Alpha (relative to reference BM)	-4.13%

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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