ATRAM Alpha Opportunity Fund, Inc.

January 31, 2017

ATRAM

www.atram.com.ph

Investment Objective

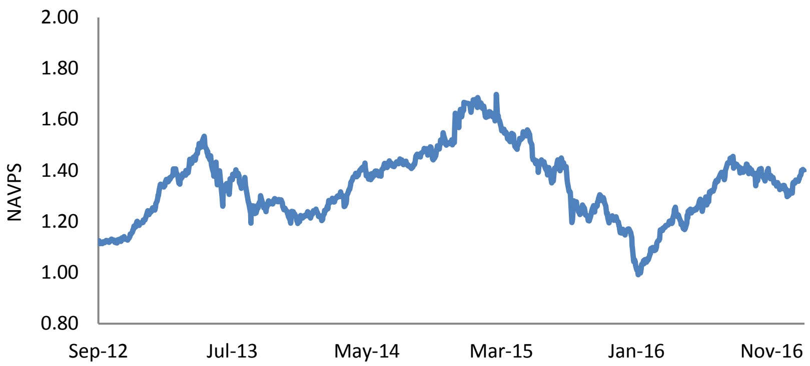
The Fund's investment objective is growth through capital appreciation. The Fund seeks to deliver returns over the long term by investing primarily in equity securities, with a focus on companies with strong growth potentials which are not included in the Philippine Stock Exchange Composite Index (PSEi). 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	**338.93 Million**
NAVPS	**1.3936**

**Date of conversion from money market fund*

Performance Overview



Figures as of 01.31.2017

Cumulative Performance %

	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	5.55	34.92	14.01	n.a.	5.55	23.26

NAVPS

	28-Oct-16	29-Nov-16	31-Dec-16	31-Jan-17
Fund	1.3785	1.3395	1.3203	1.3936

Manager's Report

The Philippine Stock Exchange Index (PSEi) gained 5.69% month-on-month to start 2017 with a bang. After four consecutive months of foreign net selling, foreigners turned bargain hunters albeit at a reduced market participation rate of 48% (versus a historical average level of above 50%). Local investors picked up the slack and drove the rally as a series of positive news buoyed sentiment, underscored by the sustained 4Q GDP growth, and some headway on President Duterte's comprehensive tax reform plan. In addition, the PSEi turned relatively attractive in terms of valuation as it traded within the historical P/E average in December and coincided with the improving global growth outlook that boosted global risk sentiment.

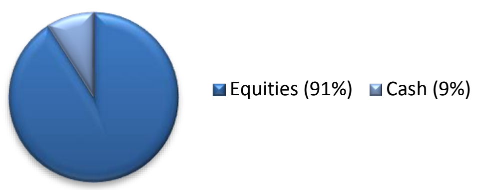
The ATRAM Alpha Opportunity Fund rallied 5.55% but underperformed the MSCI Philippines Small Cap Index by 2.86% in January. The underweight positions in Double Dragon (DD) and Premium Leisure Corporation (PLC) were the main drag in the relative performance. DD rallied (+34.24% month-on-month) after correcting by over 31% since October last year. Similarly, PLC rose 22.22% month-on-month as sentiment on the gaming sector shifted as the administration's warm relationship with China promises to increase the number of Chinese tourists visiting the Philippines' gaming attractions.

We expect investors to turn cautious next month given the strong performance of the market in January. The release of fourth quarter corporate earnings will also introduce volatility in the stock prices. Externally, we expect the global markets, including the PSEi to be wary of US President Trump's future directives and its impact given the extent and speed of his unconventional actions in his first two weeks in office.

Despite our guarded view, we still believe in the Philippines' solid economic fundamentals and treat any market pullback as an opportunity to add to our preferred names. As such, we are increasing our exposures in the financial and holding firm sectors while utilizing a third of our cash reserves to take advantage of the government's plan to accelerate infrastructure spending and sustain the economic growth trend.

Portfolio Analysis

Composition of the Fund



Sector Exposure

Power & Utilities	29%	Gaming	9%
Consumer	16%	Financials	4%
Construction	14%	Holding Firms	3%
Property	13%	Others	3%

Top Ten Holdings

Manila Water Company, Inc.	12.9%
D&L Industries, Inc.	8.2%
Bloomberry Resorts Corporation	7.6%
Cemex Holdings Philippines, Inc.	7.3%
First Gen Corporation	6.2%
Vista Land & Lifescapes, Inc.	6.1%
Shakey's Pizza Asia Ventures, Inc.	3.9%
Belle Corporation	3.7%
Megawide Construction Corporation	3.4%
Cosco Capital, Inc.	3.1%

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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												5.55	23.26

Performance

	2017 YTD	Since launch
Fund	5.55%	23.26%
Benchmark	8.41%	50.55%
Over/under performance	-2.86%	-27.29%

Risk-adjusted Returns & Statistics

	1 yr	Since launch
Risk-adjusted return	2.26	0.35
Information ratio	(0.74)	(0.40)
Standard deviation	13.80%	17.97%

Portfolio Analytics*

Percentage of positive months	49.06%
Average gain in positive months	4.83%
Sharpe ratio	0.15
Correlation with reference BM	0.81
Beta (relative to reference BM)	0.84
Jensen's Alpha (relative to reference BM)	-3.29%

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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