

ATRAM Alpha Opportunity Fund, Inc.

November 27, 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	168.25 Million
NAVPS	1.2055

*Date of conversion from money market fund

Performance Overview



Figures as of 11.27.2015

Cumulative Performance %						
	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	-6.06	-20.40	4.94	n.a.	-27.53	6.62
NAVPS						
	28-Aug-15	30-Sept-15	30-Oct-15	27-Nov-15		
Fund	1.2814	1.2035	1.2833	1.2055		

Manager's Report

The Philippine Stock Exchange Index (PSEI) fell by 2.9% after last month's 3.49% rally failed to break the overall sour investor sentiment. Although 3Q earnings were largely in line with market expectations, there were a few disappointments in the consumer sector mainly due to heating competition. At the same time, investors turned cautious yet again on emerging markets (EM) due to the combination of renewed broad-based commodity prices weakness, geopolitical tensions, terrorist attacks and the increased likelihood of a US Fed rate-hike in its December meeting.

For the eight straight month, foreigners remained net sellers to the tune of \$1.11bn year-to-date with \$168mn flowing out in November alone as funds continue to go from EM to developing markets since the prospect of higher interest rates and dearth of positive EM catalysts remain on top of investors' minds. Tellingly, the market's average daily turnover decreased to \$138mn even as rebalancing of the MSCI Philippine index boosted the volume traded during the last trading day of the month. While the PSEI has lost 4.27% year-to-date (-9.2% in USD terms), the index still outperformed its Asian neighbors with Malaysia (-21.8%), Indonesia (-23.8%), Singapore (-15.1%) and Thailand (-9.2%) facing greater external pressures due to their export-driven economies in a slowing international growth environment. On the other hand, the Philippine economy's defensive characteristics—consumer-driven, steady USD inflows, and ample international reserves—remains supported by low inflation (+1.1% in November), recovering GDP growth (+6% 3Q, YoY) helped by accelerating government expenditures (+17% in September and steady OFW remittances growth (+4.3% in USD terms) in September.

The ATRAM Alpha Opportunity Fund lost 6.06% and underperformed the MSCI Small Cap Index by about 1% in November. Holdings in EEI Corporation (PCOR) and Bloomberry (BLOOM) Resorts dragged the fund performance. EEI was indiscriminately sold down as it was deleted from the MSCI Small Cap Index in the latest rebalancing while BLOOM decided to forego its Incheon casino bid to focus more on its Philippine operations.

We remain slightly prudent in this market environment given the dearth of positive external catalysts. Markets remain dependent largely on foreign flows and central banks policies around the world. Emerging markets in particular, which includes the Philippines, will continue to be affected by the downbeat sentiment especially in the short-term as the chances of a US Fed December rate-hike increases. However, we believe that once the uncertainty disperses, global investors will refocus their attention on fundamentals where Philippine economy's defensive characteristics will certainly play its part.

In addition, having met street expectations on the earnings results for 3Q, we anticipate positive prospects and realistic forecasts for earnings growth (low teens) for 2016. Outflows from foreign investors may stabilize once the overhang from the delayed US rate-hike concludes this year. On the macro front, low interest rates, low inflation and steady GDP growth numbers are expected next year. At the same time, next year's election may cause added political noise to an already expected eventful 2016.

Portfolio Analysis

Composition of the Fund



- Equities (92%)
- Cash/Money Market (8%)

Sector Exposure

Financials	19%	Gaming	9%
Property	13%	Holding Firms	5%
Consumer	12%	Construction	5%
Power & Utilities	11%	Others	18%

Top Ten Holdings

Security Bank Corporation	13.8%
D&L Industries, Inc.	6.1%
Petron Corporation	6.0%
Vista Land & Lifescapes, Inc.	5.5%
Cosco Capital, Inc.	5.1%
Cebu Air, Inc.	4.4%
Nickel Asia Corporation	4.2%
Xurpas Inc.	4.0%
Bloomberg Resorts Corporation	4.0%
Belle Corporation	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%		-27.53%	6.62%

Performance	Risk-adjusted Returns & Statistics				Portfolio Analytics*		
	2015 YTD	Since launch		1 yr	Since launch		
Fund	-27.53%	6.62%	Risk-adjusted return	(1.00)	0.20	Percentage of positive months	48.72%
Benchmark	-10.89%	21.06%	Information ratio	(0.56)	(0.29)	Average gain in positive months	4.52%
Over/under performance	-16.64%	-14.44%	Standard deviation	20.51%	17.70%	Sharpe ratio	(0.01)
						Correlation with reference BM	0.74
						Beta (relative to reference BM)	0.86
						Jensen's Alpha (relative to reference BM)	-3.06%

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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