

ATRAM Alpha Opportunity Fund, Inc.

November 29, 2016



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	261.18 Million
NAVPS	1.3395

*Date of conversion from money market fund

Performance Overview



Figures as of 11.29.2016

Cumulative Performance %						
	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	-2.83	11.12	8.54	n.a.	14.32	18.48

NAVPS				
	31-Aug-16	30-Sept-16	28-Oct-16	29-Nov-16
Fund	1.4242	1.3958	1.3785	1.3395

Manager's Report

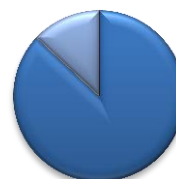
The Philippine Stock Exchange Index (PSEi) weakened considerably by 8.42% (-10.83% in USD terms) last November as lackluster 3Q earnings results failed to halt the aggressive sell-off led by foreign funds. Foreigners moved \$378.5mn out of the Philippine equity market last month alone, which is an acceleration of the ongoing trend since August. The foreign outflow was partly due to the impending US rate hike in December, and partly due to the surprise win by Trump in the US elections. Trump's proposed policies such as deep tax cuts, accelerated fiscal spending, and anti-globalization policies are widely regarded as inflationary. Consequentially, we may see a more aggressive Federal Reserve next year that will focus on keeping inflation at bay.

The ATRAM Alpha Opportunity Fund was down by -2.83% month-on-month but outperformed the MSCI Small Cap Index by 21 basis points in November. The underweight positions in Double Dragon (DD) and Xurpas (X) provided the bulk of the outperformance. DD fell (-21.15% month-on-month) in November as the stock became susceptible to profit-taking after appreciating 80.33% year-to-date, even after its recent weakness. On the other hand, X tumbled 16.52% after a series of non-core acquisitions diminished investor sentiment on the company.

Last month, we slightly decreased our cash reserves as we took advantage of the market weakness. At the same time, we realized some gains in the Consumer sector while increasing our exposure in the Infrastructure sector. In any event, we are nimble enough to withstand any sharp movements and act decisively to add to our preferred names. Having said this, it is important to note that any upside is limited due to unexciting third quarter earnings, the imminent US rate hike in December, and political uncertainty in both local and foreign markets. We therefore expect the index to consolidate at its recent range for the rest of the year. Despite the dampened foreign interest in the Philippines and emerging markets as a whole, we expect investors to remain positive on the long-term Philippine story.

Portfolio Analysis

Composition of the Fund



■ Equities (87%)
■ Cash/Money Market (13%)

Sector Exposure

Power & Utilities	24%	Gaming	9%
Consumer	20%	Transportation	4%
Property	11%	Holding Firms	3%
Construction	11%	Others	5%

Top Ten Holdings

Manila Water Company, Inc.	12.8%
D&L Industries, Inc.	9.3%
First Gen Corporation	7.7%
Bloomerry Resorts Corporation	7.3%
Cemex Holdings Philippines, Inc.	4.8%
Cebu Air, Inc.	4.4%
Vista Land & Lifescapes, Inc.	4.4%
Megawide Construction Corporation	3.5%
Robinsons Retail Holdings, Inc.	3.1%
Cosco Capital, Inc.	3.0%

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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		14.32	18.48

Performance	Risk-adjusted Returns & Statistics				Portfolio Analytics*	
	2016 YTD	Since launch		1 yr	Since launch	
Fund	14.32%	18.48%	Risk-adjusted return	0.65	0.31	Percentage of positive months 49.02%
Benchmark	19.39%	43.09%	Information ratio	(0.95)	(0.39)	Average gain in positive months 4.80%
Over/under performance	-5.07%	-24.61%	Standard deviation	19.34%	18.13%	Sharpe ratio 0.11
						Correlation with reference BM 0.80
						Beta (relative to reference BM) 0.85
						Jensen's Alpha (relative to reference BM) -3.35%

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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