

ATRAM Alpha Opportunity Fund, Inc.

October 28, 2016



www.atram.com.ph

Investment Objective

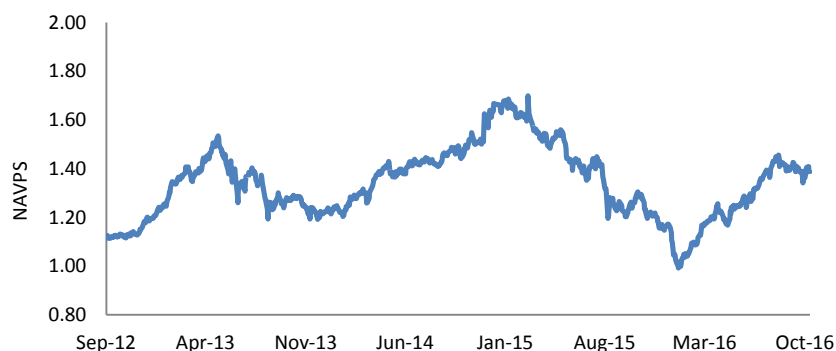
The Fund's investment objective is growth through capital appreciation. The Fund seeks to deliver returns over the long term by investing primarily in equity securities, with a focus on companies with strong growth potentials which are not included in the Philippine Stock Exchange Composite Index (PSEi). 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	211.81 Million
NAVPS	1.3785

*Date of conversion from money market fund

Performance Overview



Figures as of 10.28.2016

Cumulative Performance %						
	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	-1.24	7.42	7.54	n.a.	17.65	21.93

NAVPS				
	29-July-16	31-Aug-16	30-Sept-16	28-Oct-16
Fund	1.3840	1.4242	1.3958	1.3785

Manager's Report

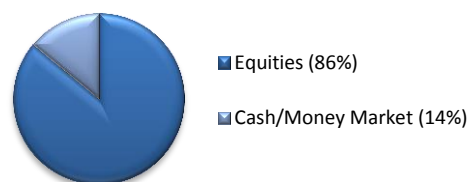
October was a volatile month for Philippine equities with the PSEi declining by 2.95%. The recent trend of foreign outflows remained intact as the month closed with net foreign selling of \$94mn. Risk-off sentiment on the probability of an impending US rate-hike pushed the market lower until it rebounded mid-month on Moody's positive comments on the country's fiscal and monetary policies and President Duterte's recent trip to Beijing to attract business deals. However, sentiment remains cautious on continuing political headline risk as foreign investors remain wary of recent comments by the President on his desire to cut ties with the US, while siding instead with China and Russia. Consequently, many investors have shifted to a wait-and-see approach with a largely muted reaction to early 3Q earnings results.

The ATRAM Alpha Opportunity Fund slid -1.24% MoM, approximating the MSCI Small Cap Index's performance of -1.32%. The positive drivers of the fund were Bloomberry Resorts Corp (BLOOM), Manila Water Corp (MWC), and COSCO Capital Inc (COSCO). On the other hand, the top laggards were First Gen Corp (FGEN), Metro Retail Stores Group (MRSGI), and Cebu Air Inc (CEB). Last month, we heavily reduced our exposure in Xurpass (X) due our negative outlook on the direction they are taking in their recent acquisition and planned expansions.

We believe that the market may continue to trend downwards until there is additional clarity on upcoming risk events such as the aforementioned US rate hike and the US Presidential elections in November. Our short-term view is reflected in our unchanged model portfolio and our high cash reserves. Nevertheless, the Philippines economy's strong fundamentals remain intact, and we are keen on taking advantage of additional buying opportunities.

Portfolio Analysis

Composition of the Fund



Sector Exposure

Power & Utilities	23%	Gaming	8%
Consumer	18%	Holding Firms	6%
Construction	11%	Financials	5%
Property	9%	Others	6%

Top Ten Holdings

Manila Water Company, Inc.	11.2%
D&L Industries, Inc.	8.8%
First Gen Corporation	7.6%
Bloomberry Resorts Corporation	7.0%
Cosco Capital, Inc.	6.1%
Cemex Holdings Philippines, Inc.	5.1%
Cebu Air, Inc.	4.4%
Megawide Construction Corporation	3.6%
Metro Retail Stores Group, Inc.	3.3%
Max's Group, Inc.	3.2%

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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			17.65	21.93

Performance	Risk-adjusted Returns & Statistics				Portfolio Analytics*		
	2016 YTD	Since launch		1 yr	Since launch		
Fund	17.65%	21.93%	Risk-adjusted return	0.46	0.35	Percentage of positive months	50.00%
Benchmark	23.14%	47.58%	Information ratio	(1.13)	(0.40)	Average gain in positive months	4.80%
Over/under performance	-5.49%	-25.65%	Standard deviation	20.22%	18.24%	Sharpe ratio	0.16
						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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