

ATRKE Alpha Opportunity Fund, Inc.

August 28, 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	197.49 Million
NAVPS	1.2814

*Date of conversion from money market fund

Performance Overview



Figures as of 08.28.2015

Cumulative Performance %						
	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	-11.61	-9.29	n.a.	n.a.	-22.97	13.34
NAVPS						
	29-May-15	30-June-15	31-July-15	28-Aug-15		
Fund	1.4431	1.3826	1.4497	1.2814		

Manager's Report

The Philippine Stock Exchange index (PSEi) closed 5.98% lower month-on-month, following a drop of nearly 7% on an August 24 'Black Monday' when uncertainty as to future Chinese policy action triggered a global risk sell-off. Prior to the rout, investors were rattled by a surprise devaluation of the Yuan following the July collapse in China's stock markets. A weak Chinese manufacturing PMI figure later fueled growth fears and pushed markets over the edge. Emerging market (EM) currencies fell against the USD and selling of both EM bonds and EM stocks ensued. Philippine stocks were not spared and the PSEi erased all gains made in the last seven months to close lower by 1.8% YTD as of end August.

Foreign net selling of Philippine stocks accelerated in August with total net outflow of USD 382mn, of which US\$240mn flowed out in the last week alone. Year to date, foreigners are now net sellers by US\$166mn, from a high of US\$1.1bn of inflows hit in April. Top stocks sold by foreigners this month were TEL, SM, BDO, PGOLD and ALI. Average daily turnover for the month stood at US\$180mn, 20% higher than in July.

Philippine GDP grew at a rate of 5.6% in 2Q15, just under a consensus estimate of 5.7% even as 1Q15 was revised lower to 5.0% from 5.2%. As with Q1, overall GDP was dragged by net exports while personal consumption and capital formation continued to be the drivers for growth. The latest figure brings year-on-year average GDP expansion to 5.3% as of the first half of the year which means the Philippines needs to achieve least 8.7% growth in the second half to reach the government's initial full-year target of 7%-8% for 2015.

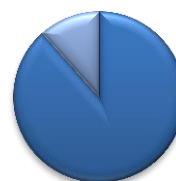
Elsewhere, inflation figures came in at a 20-year low for July as consumer prices (CPI) rose by just 0.8% year-on-year in-line with expectations. This brings the latest YTD inflation to 1.9%, slightly behind the government's guidance of 2-4% for the year. OFW remittances meanwhile continued to grow, increasing by +5.6% in the first half of the year, tracking ahead of the government's 5% official forecast. June inflows from Filipinos working abroad were surprisingly strong at +6.1% for the month, the fastest pace so far this year.

The Alpha Opportunity Fund slid 11.61% and underperformed the MSCI PH Small Cap Index (MXPBSC) by 1.85% for the month. Performance was primarily weighed down by holdings in Petron and Bloomberry Resorts. Petron tracked the weakness in the global commodity prices. Oil prices remained below \$50 a barrel, down from more than \$110 a barrel last summer when the slowdown in China first became apparent. During the month prices for Brent Crude fell to as low as USD 42.7/bbl during the height of the global risk sell-off before eventually closing the month higher at US\$54.3/bbl. Bloomberry Resorts' share price meanwhile was dragged down following the gaming sector's disappointing 2Q15 earnings results.

We remain cautious in the current market environment, which has seen heightened levels of volatility these past few weeks. Expect to see further flows from risky assets into safe havens as stabilization in capital markets remains to be seen. Emerging markets in particular, which includes the Philippines, will continue to be affected by the negative sentiment, as the impact of the impending Fed rate hike factor into the decisions of global fund managers. Given this, we maintained a certain level of cash in the portfolio until we see signs of stabilization in the market.

Portfolio Analysis

Composition of the Fund



■ Equities (88%)
■ Cash/Money Market (12%)

Sector Exposure

Financials	19%	Gaming	8%
Property	14%	Retail	4%
Power & Utilities	11%	Construction	4%
Consumer	9%	Others	19%

Top Ten Holdings

Security Bank Corporation	12.9%
D&L Industries, Inc.	7.3%
Vista Land & Lifescapes, Inc.	6.4%
First Gen Corporation	4.8%
Filinvest Land, Inc.	4.3%
Cebu Air, Inc.	4.0%
Nickel Asia Corporation	4.0%
Bloomberry Resorts Corporation	3.9%
Petron Corporation	3.9%
Cosco Capital, Inc.	3.9%

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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%					-22.97%	13.34%

Performance			Risk-adjusted Returns & Statistics			Portfolio Analytics*	
	2015 YTD	Since launch		1 yr	Since launch		
Fund	-22.97%	13.34%	Risk-adjusted return	(0.41)	0.33	Percentage of positive months	50.00%
Benchmark	-5.77%	28.01%	Information ratio	(0.77)	(0.51)	Average gain in positive months	4.40%
Over/under performance	-17.20%	-14.67%	Standard deviation	19.11%	17.28%	Sharpe ratio	0.11
						Correlation with reference BM	0.58
						Beta (relative to reference BM)	0.76
						Jensen's Alpha (relative to reference BM)	-5.16%

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	HSBC
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

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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