

# ATRKE Alpha Opportunity Fund, Inc.

February 27, 2015

## 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	<b>ATR AM</b>
Bloomberg Ticker	<b>ALPHAOP PM</b>
Inception Date*	<b>17 September 2012</b>
Currency	<b>PHP</b>
Fund Size	<b>325.76 Million</b>
NAVPS	<b>1.6103</b>

\*Date of conversion from money market fund

## Performance Overview



Figures as of 02.27.2015

### Cumulative Performance %

	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
<b>Fund</b>	-3.28	24.65	n.a.	n.a.	-3.19	42.43

### NAVPS

	28-Nov-14	31-Dec-14	30-Jan-15	27-Jan-15
<b>Fund</b>	1.5144	1.6634	1.6649	1.6103

## Manager's Report

Philippine equities ended the month of February marginally higher, gaining 0.53% to close at 7,730.57. The Philippine Stock Exchange index (PSEi) hit all-time highs to a new record of 7,844.06 before succumbing to a flow-driven correction towards the end of February. The index performance still remains strong at +6.9% year-to-date.

Stocks continued to benefit from low inflation levels as well as stable interest rates. Key beneficiary of low inflation levels and interest rates as well as increasing cash remittances is the consumer sector with stocks such as LTG (+11.01%), EMP (+8.40%), RRHI (+7.32%), and URC (+5.31%) seeing significant gains for the the month. Strong foreign inflows also continued to boost the equity market though net foreign buying dropped to USD 372 million, compared to the previous month's USD 529 million.

In the gaming sector, the current crackdown of the Chinese government on gambling from neighboring countries had a significant impact on the market with MCP and BLOOM declining -14.43% and -12.76% respectively.

FY2014 earnings results were mixed with ALI, MPI, GLO and URC ahead of estimates while RLC and JFC came out below market expectations.

January inflation edged lower, posting 2.4% year-on-year relative to market expectation of 2.3%, down from a previous print of 2.7% in December. Core inflation, on the other hand, printed higher at 2.2% against estimates of 1.80%. Utilities and transportation sub-baskets continued to drop in tandem with oil prices but were offset by gains in vegetable, fish and meat prices.

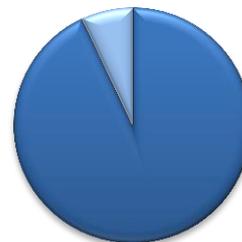
At its Monetary Board meeting, the Bangko Sentral ng Pilipinas (BSP) held policy rates steady and once again lowered inflation forecasts from 3% to 2.3% for 2015 and 2.6% to 2.5% for 2016, citing lower oil prices.

The ATRKE Alpha Opportunity Fund dropped 3.28% for the month. The underperformance can be attributed to Melco Crown Philippines as it fell 14.43% on negative sentiment brought by Chinese government's crackdown on gambling. The fund's cement-play holding, Lafarge Republic Inc, also fell by 11.86%.

We anticipate Philippine equities to further consolidate in March. Year-to-date, the PSEi has climbed almost 7 pct already and technical indicators show that the index is currently at overbought levels. Further upside for the index looks limited in the short-term. FY2015 earnings results may influence sentiment which could be drive market direction in the early part of the month.

## Portfolio Analysis

### Composition of the Fund



■ Equities (93%)

■ Cash/ Money Market (7%)

### Sector Exposure

Gaming	23%	Manufacturing	8%
Retail	11%	Information Technology	8%
Construction	11%	Transportation	6%
Power	8%	Others	17%

### Top Ten Holdings

Robinsons Retail Holdings, Inc	11.5%
Melco Crown (Philippines) Resorts Corporation	11.0%
Petron Corporation	8.3%
Xurpas, Inc.	7.9%
Cebu Air, Inc.	6.0%
EEL Corporation	5.8%
Leisure & Resorts World	5.7%
Megawide Construction Corporation	5.2%
Concepcion Industrial Corporation	5.1%
Nickel Asia Corporation	5.1%

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## Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year	Cumulative
<b>2012</b>	-	-	-	-	-	-	-	-	-0.87%	0.75%	1.74%	5.02%	6.71%	6.71%
<b>2013</b>	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%
<b>2014</b>	-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%
<b>2015</b>	0.09%	-3.28%											-3.19%	42.43%

Performance			Risk-adjusted Returns & Statistics			Portfolio Analytics*	
	<b>2015 YTD</b>	<b>Since launch</b>		<b>1 yr</b>	<b>Since launch</b>	Percentage of positive months	56.67%
Fund	-3.19%	42.43%	Risk-adjusted return	1.58	0.98	Average gain in positive months	4.38%
Benchmark	6.92%	45.24%	Information ratio	0.28	(0.05)	Sharpe ratio	0.75
Over/under performance	-10.11%	-2.82%	Standard deviation	14.74%	15.80%	Correlation with reference BM	0.70
						Beta (relative to reference BM)	0.79
						Jensen's Alpha (relative to reference BM)	2.06%

Note: Risk-adjusted returns and statistics are all annualized

\*Since launch

<b>Asset Class</b>	Equities (Multi-asset)	<b>NAVPS publication</b>	Trade date + 1
<b>Domicile</b>	Philippines	<b>Investment Manager</b>	ATR AM
<b>Risk &amp; Investor Profile</b>	High Risk	<b>Transfer Agent</b>	ATR AM
<b>Reference Benchmark</b>	Philippine Stock Exchange Index	<b>Custodian</b>	HSBC
<b>Management &amp; distribution fee</b>	2.00% p.a.	<b>Fund Accountant</b>	Deutsche Bank AG, Manila Branch
<b>Type of shares</b>	Common	<b>Auditor</b>	SGV & Co.
<b>Dealing frequency</b>	Daily	<b>Website</b>	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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