

ATRKE Alpha Opportunity Fund, Inc.

March 31, 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	269.48 Million
NAVPS	1.5240

*Date of conversion from money market fund

Performance Overview



Figures as of 03.31.2015

Cumulative Performance %						
	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	-5.36	19.84	n.a.	n.a.	-8.38	34.80

NAVPS				
	31-Dec-14	30-Jan-15	27-Feb-15	31-Mar-15
Fund	1.6634	1.6649	1.6103	1.5240

Manager's Report

The Philippine Stock Exchange index closed the month of March at an all-time high of 7,940.49 driven by inflows from global ETF's. Foreigners were net buyers of Philippine equities by USD167MN bringing year-to-date net inflow of USD 1BN. Note that the total foreign inflow last year was USD1.5BN. The Philippine index gained 209.9 points or 2.7% for the month and closed the first quarter of the year up 9.8%. MSCI Philippines also gained 2.22% and outperformed both MSCI EM as well as MSCI APxJ by 2.2% and 1.8% respectively.

Key conglomerates like AC (+10.88% m/m), JGS (+8.21%), AGI (+11.34%), GTCAP (+13.39%), and SM (+2.22%) all posted large gains in the month. Financials posted the highest earnings growth in 4Q14, with BDO (+11.44% m/m), MBT (+8.67%), and BPI (+4.20%) all gaining for the month. Losers for the month focused largely on company specific issues such as TEL (-9.68%), which declined as the company lowered its earnings guidance and cut dividends following its 4Q14 miss. Another name that declined was MPI (-10.56%), on the back of the issues surrounding Maynilad's tariff adjustment as well as further rate hikes going forward.

Strong market earnings growth which came out at 19% year-on-year in 4th Quarter of 2014 sustained the market's valuations and helped support the country's attractive macro story. Sectors with strong earnings growth such as financials outperformed. Meanwhile, telcos underperformed as their margins remain under pressure. Average daily turnover for the 1st quarter of this year was USD 245MN. It is higher than that of the 1Q last year at USD 162MN.

The ATR Alpha Opportunity Fund lagged its benchmark in March. It dropped 5pct while its benchmark slipped 1.2%. Underperformance was attributed to its gaming positions such as Melco Crown and Leisure and Resorts which declined 10% and 12%, respectively. Gaming names in the region got sold off after the Chinese Premiere's clampdown on extravagant spending and luxury. Meanwhile, its position in Nickel Asia Corp decreased by 17pct on softening nickel prices.

We remain constructive on Philippine equities for April. The Philippines remains to be one of the more attractive investment destinations globally. Developed economies are expected to grow only 1-2% this year. The Philippines is expected to grow 6-7% (only 2nd to China) this year and this is why we think that country is trading at a premium. The lower oil price is beneficial to the country being a net importer of oil. It will support consumption which is the country's economic growth. Inflation outlook remains manageable at 3-4%. BPO and overseas remittances continue to show healthy growth. Another sign that the economy is booming is auto sales. Toyota holds 45% of the auto market share in the country. It saw a 40% growth in its sales last year. Meanwhile, we recognize that valuations are a concern. At current levels of 8,000, the market trades at 20x 2015 PE which looks stretched. We also recognize the delay in PPP programs especially now that President Aquino's term will end next year.

Portfolio Analysis

Composition of the Fund



■ Equities (90.0%)
■ Cash/ Money Market (10.0%)

Sector Exposure

Construction	17%	Information Technology	9%
Gaming	13%	Transportation	8%
Retail	11%	Power	8%
Mining & Oil	11%	Others	13%

Top Ten Holdings

EEL Corporation	11.9%
Robinsons Retail Holdings, Inc	10.9%
Melco Crown (Philippines) Resorts Corporation	10.0%
Xurpas, Inc.	9.4%
Cebu Air, Inc.	7.9%
Petron Corporation	7.8%
Nickel Asia Corporation	5.9%
Concepcion Industrial Corporation	5.0%
Megawide Construction Corporation	5.0%
Semirara Mining & Power Corporation	5.0%

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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%										-8.38%	34.80%

Performance			Risk-adjusted Returns & Statistics			Portfolio Analytics*	
	2015 YTD	Since launch		1 yr	Since launch	Percentage of positive months	54.84%
Fund	-8.38%	34.80%	Risk-adjusted return	1.22	0.80	Average gain in positive months	4.38%
Benchmark	9.82%	49.19%	Information ratio	(0.12)	(0.29)	Sharpe ratio	0.57
Over/under performance	-18.20%	-14.39%	Standard deviation	16.03%	16.06%	Correlation with reference BM	0.66
						Beta (relative to reference BM)	0.77
						Jensen's Alpha (relative to reference BM)	-0.66%

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	Philippine Stock Exchange 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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