

ATRKE Alpha Opportunity Fund, Inc.

May 29, 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	244.36 Million
NAVPS	1.4431

*Date of conversion from money market fund

Performance Overview



Figures as of 05.29.2015

Cumulative Performance %

	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	-5.08	4.88	n.a.	n.a.	-13.24	27.64

NAVPS

	27-Feb-15	31-Mar-15	30-Apr-15	29-May-15
Fund	1.6103	1.5240	1.5204	1.4431

Manager's Report

The Philippine Stock Exchange Index (PSEi) declined by -1.74% in the month of May, as underwhelming first quarter earnings results and a weaker-than-expected 1st quarter GDP reading drove investors to take profits. Foreigners sold an aggregate of US\$275M during the month, bringing net foreign inflows for the year down to US\$700MN after reaching US\$1.2BN at the peak. The PSEi managed to hold slightly below the 8,000-point level, supported by local funds buying. Average daily turnover last month stood at USD 238.9MN, in-line with the year-to-date average. Sector performance was weakest in Mining and Oil (-5.7%) and Financials (-3.4%). Meanwhile, the Property sector bucked the trend, eking out a +0.24% return.

GT Capital attracted US\$72MN of net inflows last month after the quarterly MSCI rebalancing was announced mid-month. Its inclusion in the MSCI Philippines Index pushed the stock price up by +11.14%. Other top gainers for May were Globe, Meralco, Ayala Land and SM Prime while Emperador, Bloomberg, Universal Robina, Megaworld and DMCI led decliners.

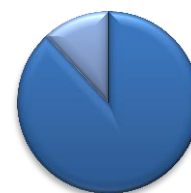
Philippine GDP growth was reported at 5.2% for 1Q15, which was below economist forecasts of about 6.6% and equivalent to a 3-year low, as exports and government spending faltered. Meanwhile, corporate earnings growth for the 1st quarter was at +11%, lower than the consensus estimate of 15%. While revenue figures were generally in-line, operating margins were lower than expected. Gaming names led underperformers, with Bloomberry and Melco Crown suffering net losses in 1Q15. Oil companies were hit by inventory losses from the oil price drop. Consumers companies likewise fell short of growth expectations due to lower than forecast margins. Conversely, property companies' earnings were in-line. While banks delivered on earnings expectations, it may be worth noting that Net Interest Margin (NIM) continued to contract and trading gains generally increased. In the telco space, Globe reported stellar 1Q15 results as it continued to grab market share.

The ATR Alpha Opportunity Fund declined 5.08% in May, outperforming the MSCI Philippine Small Cap Index by 137 basis points. Xurpas Inc (+5.9%), Leisure & Resorts World Corp. (+2.1%) and Nickel Asia (-0.22%) were the best performing stocks, while the laggards included Robinsons Retail Holdings (-13.8%), Melco Crown Phils (-10.4%) and EEI Corp. (-4.5%).

We expect Philippine equities to consolidate and move sideways in June, as investors turn more cautious following the lackluster 1Q15 GDP and corporate earnings results. Aggregate spending should pick up in the second quarter but is expected to be more election-related, rather than infrastructure-driven spending. Meanwhile, foreigners continue to take profits in the Philippines and shift their funds to less expensive markets in the region, particularly China within the emerging market space. Meanwhile, market proxy names (i.e. conglomerates, banks) may be weighed down by passive index funds outflows.

Portfolio Analysis

Composition of the Fund



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

Sector Exposure

Construction	22%	Mining & Oil	8%
Gaming	17%	Retail	7%
Information Technology	10%	Power/Utilities	6%
Financials	10%	Others	8%

Top Ten Holdings

EEI Corporation	11.8%
Xurpas Inc.	9.9%
Bloomberry Resorts Corporation	7.5%
Melco Crown (Philippines) Resorts Corporation	7.5%
East West Banking Corporation	7.3%
Robinsons Retail Holdings, Inc.	6.6%
Petron Corporation	6.4%
Megawide Construction Corporation	4.3%
Cebu Air Inc.	4.2%
Lafarge Republic 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%								-13.24%	27.64%

Performance			Risk-adjusted Returns & Statistics			Portfolio Analytics*	
	2015 YTD	Since launch		1 yr	Since launch		
Fund	-13.24%	27.64%	Risk-adjusted return	0.40	0.64	Percentage of positive months	51.52%
Benchmark	4.84%	42.42%	Information ratio	(0.46)	(0.30)	Average gain in positive months	4.38%
Over/under performance	-18.08%	-14.78%	Standard deviation	14.57%	16.01%	Sharpe ratio	0.41
						Correlation with reference BM	0.66
						Beta (relative to reference BM)	0.77
						Jensen's Alpha (relative to reference BM)	-1.39%

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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ATR Asset Management: 15th Floor Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, 1226 Makati City, Philippines
Trunk line: +632-8147800 | Fax: +632-8410315 | E-mail: ird@atram.com.ph | Website: www.atram.com.ph