

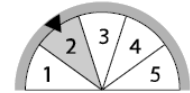
PHILAM BOND FUND

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PRODUCT DETAILS

- A fund is a pooled investment vehicle which :
 - gives investors access to the financial markets
 - pools your money with other investors
 - is managed by an Investment Manager who maintains the fund's portfolio and makes decision about what assets to buy and when to sell them
- A bond fund is invested in fixed income investments or bonds. These bonds, which are issued by governments and corporations, pay fixed coupons. Since the interest returns of these instruments are predetermined, they are less risky than stocks. However, the returns on the fund itself are not predetermined or fixed.
- The investment objective of the Philam Bond Fund is long-term capital preservation with returns and inflows derived out of investments in fixed income instruments.
- The Fund aims to perform better than the HSBC Philippines Local Currency Bond Total Return.
- The Fund is valued using the marked-to-market (MTM) method, based on the fair market value of the underlying assets. As such, investors trade units of participation at their true current worth in the market and can therefore enjoy the full earnings potential of the asset class.
- The Net Asset Value per Share (NAVPS) as of the close of business on any day, shall be the quotient obtained by dividing the value of the assets of the Fund less the liabilities by the total number of shares outstanding at such close. Fair Market valuation requires asset be valued on actual day-end market prices plus accrued interest. Unlike the accrual or amortised trade shares of participation in the Fund at their true current worth on the market. This enables investors to enjoy the full earnings potential of the asset class.
- The Net Asset Value per Share (NAVPS) of the Fund is net of taxes and management fees.

Low to Medium Risk *



Fund Manager	Philam Asset Management Inc.
Fund Structure	Mutual Fund
Base Currency	Philippine Peso (PHP)
Launch Date	18 June 1997
Valuation Methodology	Marked-to-Market
Minimum Holding Period *	6 Months <i>* Subject to an Early Redemption Penalty of 1% of the redemption amount</i>
Minimum Investor Type	Cautious

BENEFITS of INVESTING in a FUND :

- **Professional Management.** The Fund is administered by a team of fund managers, who make the day-to-day investment decisions.
- **Instant Diversification.** The Fund is invested in a portfolio of securities.
- **Liquidity.** Units of participations can be bought and sold at any time, subject to the minimum holding period.
- **Affordable Investment Size.** Low minimum and incremental investment amount.

RISKS INVOLVED in INVESTING in the FUND :

- **There is no guaranteed minimum return.** Past performance should not be taken as an indication of future results.
- **The Fund and participations in the Fund are not capital-protected.** Since this is a trust product, any loss incurred or income derived therefrom is for the account of the investor. Participations in the Fund are not obligations of HSBC and/or Philam Asset Management Inc., and are not insured by the Philippine Deposit Insurance Corporation (PDIC).
- **The Fund has no fixed maturity date but is subject to a minimum holding period.** Should the investor redeem before the minimum holding period elapses, he / she will be charged a penalty of 1% of the redemption amount. Redemptions, especially those made within a short time horizon, may result in loss of capital.
- **Investment in the Fund does not constitute a deposit.** It will entail a Trust relationship governed by a Trust Agreement between the bank and the client.
- If the Fund you are investing in has a higher proportion of long-term securities, during times of volatility, it will be subject to larger price movements.
- **Management Risk.** The Fund is subject to management risk because they are actively managed investment portfolios. The investment manager will apply investment techniques and risk analysis in making portfolio decisions, however, there are no guarantees that these will produce the intended results.
- **Interest Rate Risk.** Changes in market interest rates will affect the value of the underlying assets and the Fund NAVPS either positively or negatively. In general, there is an inverse relationship between interest rates and bond prices. If interest rate goes up, current outstanding bonds in the market become less attractive, causing their prices to go down and vice versa. The NAVPS is based on bond prices in the Fund. Thus if bond prices drop, the NAVPS will go down as well.
- **Market Risk.** Many other factors can affect the value of the Fund assets, including socio-economic, political and investment conditions, which can cause the NAVPS to fluctuate particularly in the short-term.
- **Inflation Risk.** The rate of inflation may be higher than the rate of return on your investment.
- **Liquidity Risk.** There is financial risk involved should the Fund be unable to sell or convert assets into cash quickly or in instances where conversion to cash is possible but at a loss.
- **Credit Risk.** Issuers of underlying securities may default. If this happens, the price of the security will decline thus affecting the NAVPS of the Fund.

INVESTOR COMMITMENT

The Fund aims to provide capital preservation and growth higher than the maturity value of local Philippine Peso time deposits. It is suitable for investors who:

- have an investment time horizon of around two (2) to three (3) years;
- want a reduced risk profile;
- understand the risks outlined above and are willing and able to take on these risks; are comfortable with short-term fluctuations in the value of their units of participations which, upon redemption, may be worth more or worth less than the original amount invested.

OTHERS

- Financial reports are provided by HSBC Manila Trust Department on a quarterly basis.
- Publication of prices: Subscription and redemption prices are published daily in the Business World, Stock Market Section and in <http://www.philamfunds.com.ph/>. Investors are advised that such published prices are for information only. HSBC does not accept for omission of publication of prices.

*** Product Risk Level : Low to Medium**

- The price volatility of the product is low to medium, and some market monitoring is required to control relevant risks of the product.
- This product may be suitable for investors who are happy to accept low to medium level of investment risk.

ABOUT THE FUND MANAGER

Philam Asset Management, Inc. (PAMI) is a fund management company wholly owned by The Philippine American Life and General Insurance Company (Philamlife) and a member of the American International Group (AIG) that operates in over 130 countries and jurisdictions around the world. By providing a wide array of mutual fund choices to investors, PAMI creates investment solutions capable of meeting investment goals within acceptable risk standards.

PAMI's Head Office is located at 5th Floor, Philamlife (Salcedo), 126 L.P. Leviste St., Salcedo Village, Makati City, with telephone numbers (632) 867-3912 to 16 and (632) 813-6815.

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Philam Asset Management, Inc. (PAMI) administers, distributes and provides investment advisory to seven (7) mutual funds. PAMI gives shareholders superior yields through active management, diversification and investment expertise only organizations with extensive financial muscle can provide.



Philam Bond Fund, Inc. (PBF)

April 30, 2010

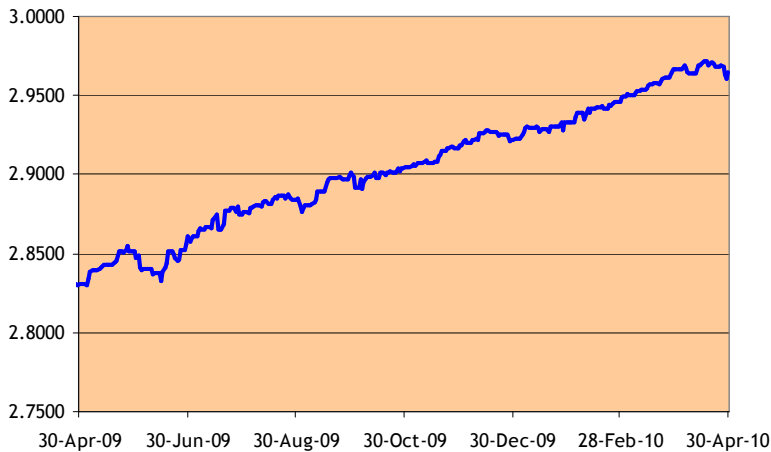
Investment Objective

The investment objective of the Philam Bond Fund, Inc. is long-term capital preservation with returns and inflows derived out of investments in fixed income instruments. The fund considers medium to long-term investment horizons for its shareholders.

Historical Performance

YTD	YOY	3 Yrs.	5 Yrs.	Since Inception
1.44%	4.71%	13.81%	42.95%	189.27%

NAVPS Graph



Source: Investment Company of the Philippines published NAVPS
* Past Performance is not indicative of future results

Top Ten Holdings

RPG 6.25 % 1/27/14	21.52%
RPG 9.125% 09/04/16	12.44%
RPG 7% 01/27/16	11.47%
RPG 8.75% 03/03/13	10.56%
PIP 10.25% 9/10/10	8.40%
SMP 9.75 8/15/16	6.58%
RPG 0% 04/23/11	4.44%
RPG 17.50% 01/18/11	3.88%
TFSP 7.834% 3/24/11	2.80%
RPG 14.125% 06/22/10	2.66%

Commentary

Dictating the downbeat tempo of trading in the GS market this week were rekindled fiscal deficit concerns and upward inflation risks that have fueled expectations of a sooner-than-anticipated policy rate hike by the BSP. Despite the fact that the government's primary tax agencies have surprised on the upside with respect to revenue collections since late of last year, overspending during the month of March brought the 1Q10 fiscal deficit to PHP 134-billion, breaching the government's deficit ceiling of PHP 111-billion for the quarter. There is an election ban on new projects that was carried out mid-March; hence, various government units scrambled to commence projects prior to the implementation of the ban, pushing government expenditure figures for the month significantly higher, more than offsetting the better-than-expected tax collections for the quarter. Also exerting pressure on yields was inflation. The recent BSP upward revision to its average inflation forecast for 2010 from 4.6 to 5.1 percent along with sustained upward inflation expectations in the near-term have led some analysts to believe that the BSP would hike benchmark interest rates as early as its June BSP-MB meeting. Week-on-week, secondary market rates on benchmark government bonds increased by an average of 11 basis points across the term structure.

The market's most liquid bonds as of the moment, the FXTN 5-67 and 7-48 will likely see the most selling activity among the market's jumbo FXTNs. Other longer-termed liquid issues such as the FXTN 1042 could also see its share of selling due to duration-reduction efforts of fund managers. We still do not see runaway inflation this year since the recent up-ticks in consumer prices are driven by low base effects and supply-side pressures that have already been factored into inflation forecasts. Moreover, domestic liquidity growth has been in single-digit territory over the past year, tempering potential inflation. Because of these, we maintain our view that the central bank will commence its interest rate hike cycle towards the end of the 3rd quarter.

Key Figures

Net Asset Value per Share (NAVPS)	PHP 2.9644
Total Fund Size (in Millions) as of 3/31/10	PHP 3,288.49
PBF YOY return as of 4/30/10	4.71%
Benchmark YOY return as of 4/30/10	5.94%
Inception Date	June 18, 1997
Fund Currency	Philippine Peso
Domicile	Philippines
Valuation Method	Marked-to-Market
Fund Classification	Bond Fund
Risk Profile	Low
Minimum Holding Period	Six Months
Redemption Notice Period	Three Days
Custodian Bank	Citibank N.A.
Transfer Agent	Deutsche Bank A.G. (Manila)

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Risk Warning: Past performance is not indicative of future results. Our investment management services relate to a variety of investments, each of which can fluctuate in value. The value of portfolios we manage may fall as well as rise, and the investor may not get back the full amount originally invested. The investment risks vary between different types of instruments. For example, for investments involving exposure to a currency other than that in which the portfolio is denominated, changes in the rate of exchange may cause the value of investments, and consequently the value of the portfolio, to go up or down. In the case of a higher volatility portfolio the loss on realization or cancellation may be very high (including total loss of investment), as the value of such an investment may fall suddenly and substantially. In making an investment decision, prospective investors must rely on their own examination of the merits and risks involved.