

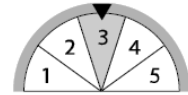
PHILAM FUND INC.

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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 balanced fund is invested in a mix of equities and debt. The risk-return characteristics of this type of fund, fall between those of Equity Funds and Fixed-Income Funds.
- The objective of the Philam Fund Inc. (Fund) is capital growth with returns and inflows derived out of investments in both equities and fixed-income securities.
- The Fund aims to perform better than the Philippine Stock Exchange Index (PSEi) and the HSBC Philippines Local Currency Bond Total Return.

Medium Risk *



Fund Manager	Philam Asset Management Inc.
Fund Structure	Mutual Fund
Base Currency	Philippine Peso (PHP)
Launch Date	28 September 1993
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	Balanced

- 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.

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.**
- **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 moderate capital and income growth over a period of time. It is suitable for investors who:

- have an investment time horizon of at least 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 : Medium**

- The price volatility of the product is medium. Active market monitoring and management may be required to control the relevant risks.
- This product may be suitable for investors who are happy to accept 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 Fund, Inc. (PFI)

April 30, 2010

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.



Historical Performance

YTD	YOY	3 Yrs.	5 Yrs.	Since Inception
11.87%	40.52%	12.15%	86.33%	338.15%

NAVPS Graph



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

Commentary

The PSE index closed 3290.09, gaining 1.4%WoW supported by positive 1Q10 corporate results. The Greece debt crises foiled any attempts for the PSEi to break past 3,300 level.

Investors continued to support AEV (+8%WoW) and AP (+8.9%WoW) shares on news that power plant expansions in Olongapo and Mindanao are on track. DMCI (+9.68%WoW) reported a 3-fold increase in FY 2009 net income on the back of strong earnings contributions from its mining, real estate and water distribution subsidiaries. Moreover, its water subsidiary, Maynilad was granted a 15-year extension of its concession agreement. MPI (+5%WoW), which partly owns, Maynilad also benefited from the news. Meanwhile, 1Q10 corporate results has unfolded positively with BDO (+1.2%WoW) and MER (1.15%WoW) both reporting more than 100% growth in 1Q10 results. BDO's growth was fueled by strong loan growth of 18%YoY. Growth in costs also slowed down, as the bank completes its integration process. MER's growth was a result of the implementation of a tariff increase in May 2009,

February imports rose 27.6%YoY (vs January's 31%YoY) to US\$3.9bn. Meanwhile, the government exceeded 1Q10 target budget deficit of Php 110bn with the actual figure reaching Php134.2bn. This increases the possibility that the country will also breach the FY2010 budget deficit target of Php293.2bn.

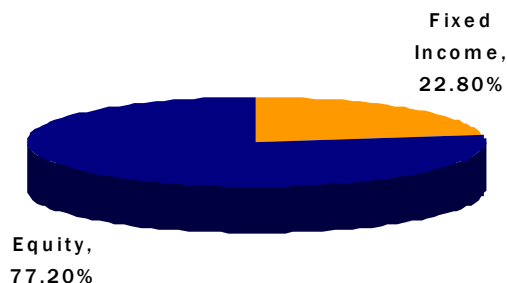
Investment Objective

The Fund is a moderate type of investment dealing with equity securities and fixed-income instruments. An adequate portion of the portfolio will be invested in cash or near cash assets to ensure that redemptions will be adequately and immediately serviced. An investment in a balanced fund should be regarded as long-term in nature and only suitable for sophisticated investors who understand and appreciate the risk involved.

Top Ten Holdings

COMPANY	PERCENTAGE
SM INVESTMENTS CORP.	11.27%
GMA HOLDING INC - PDR	7.39%
SEMIRARA MINING CORPORATION	7.17%
BANK OF PHILIPPINE ISLANDS	6.18%
PHILEX MINING CORP.	5.73%
PHIL LONG DISTANCE TEL. CO.	5.51%
ICTS, INC.	5.17%
ALLIANCE GLOBAL GROUP INC	5.03%
ROBINSON'S LAND CORPORATION	3.97%
ABS-CBN HOLDINGS-PDR	3.89%

Fund Allocation



Key Figures

Net Asset Value per Share (NAVPS)	PHP 9.5951
Total Fund Size (in Millions) as of 3/31/10	PHP 2,433.78
PFI YOY return as of 4/30/10	40.52%
Benchmark YOY return as of 4/30/10	31.93%
Inception Date	September 28, 1993
Fund Currency	Philippine Peso
Domicile	Philippines
Valuation Method	Marked-to-Market
Fund Classification	Balanced Fund
Risk Profile	Moderate
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.