

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. (PBFI)

July 23, 2010

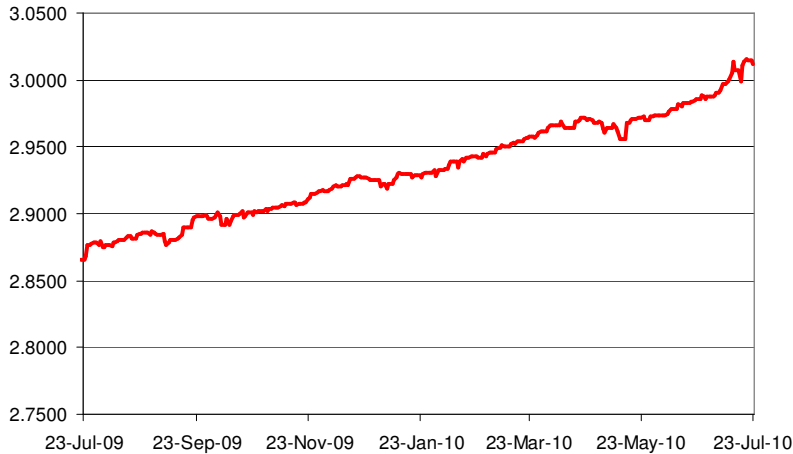
Investment Objective

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
3.36%	4.84%	15.87%	42.89%	194.38%

NAVPS Graph



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

Top Ten Holdings

RPGB 9.125% 09/04/16	18.55%
RPGB 7% 01/27/16	15.41%
RPGB 6.25 % 1/27/14	13.58%
RPGB 8.75% 03/03/13	12.45%
PIPN 10.25% 9/10/10	8.40%
SMPH9.75 8/15/16	6.67%
RPGB 0% 04/23/11	4.55%
RPGB 17.50% 01/18/11	3.85%
TFSPC 7.834% 3/24/11	2.84%
SMPH 9.6951% 6/17/015	2.48%

Commentary

Secondary market rates jumped during the mid of last week when government released the June budget deficit data. The fiscal shortfall for June was PHP 34.6-billion, and this effectively brought the deficit for the first half of 2010 to PHP 196.7-billion, which is already 61% of the PHP 325-billion full-year target. Although the knee-jerk reaction to the announcement was a sell-off where yields jumped by 20-30 basis points across the curve, rates made their way back down to close at previous week's levels by Friday as optimism over the government's plans to stick to the current deficit target of PHP 325-billion erased the market's perception of fiscal risks. The market seems to find credibility in the Aquino administration's current economic team and has found comfort in the fact that the frontloading of expenses in the first half reduces the government's need to spend in the second half of the year. The recent move by government to run after big-time tax evaders also reinforces the market's positive sentiment on Aquino. The upcoming State of the Nation Address (SONA) should provide more color on Aquino's plans to attain spending prudence and better tax administration. Also, the intended RTB offering, which has been deferred to the 2nd week of August, should provide more market liquidity and limit upside potential in rates due to fiscal risks. The incremental domestic financing requirement of the government is PHP 24-billion and the fresh RTB supply should more than cover this additional borrowing need and the maturing RTB volume of PHP 75-billion within the next two months.

The expected RTB liquidity and the benign inflation and policy risks of the present environment are expected to continue to support GS yields in the short run. Rates continue to hover around 2010 lows so this may put a limit on downside yield potential.

Key Figures

Net Asset Value per Share (NAVPS)	PHP 3.0168
Total Fund Size (in Millions) as of 6/30/10	PHP 3,306.54
PBF YOY return as of 6/30/10	4.54%
Benchmark*YOY return as of 6/30/10	6.53%
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)

*90% HSBC Philippines Local Currency Bond Total Return + 10% Philippines 30 Days Savings Rate General Avg (Net of 20% WHT)

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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.