

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 Dollar Bond Fund, Inc. (PDBF)

July 23, 2010

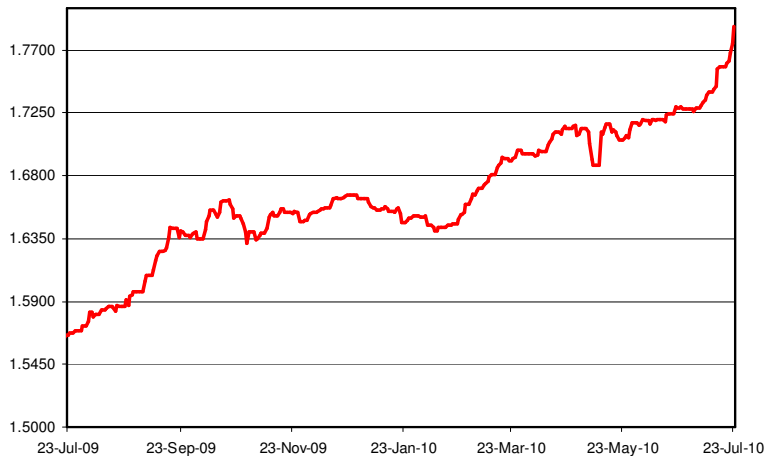
## Investment Objective

The investment objective of the Philam Dollar 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
7.37%	14.07%	22.99%	43.28%	76.97%

## NAVPS Graph



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

## Top Five Holdings

ROP 20	6.5% DUE 20JAN20	12.08%
ROP 30	9.5% 02FEB30	10.73%
ROP 19	9.875% DUE 15JAN19	10.26%
ROP 16N	8.0% DUE 15JAN16	9.21%
ROP 14	8.25% DUE 15JAN14	8.49%

## Commentary

ROP prices just continued to skyrocket together with other Asian credits as global equities continued to enjoy a positive momentum that started early this month. The Dow Jones Industrial Average ended the week above the 10.4k level, recovering from a midweek drop to the 10.1k level after US Federal Reserve Chairman Bernanke's statement during his testimony to Congress that the "economic outlook remains unusually uncertain." The positive push came from better-than-expected corporate earnings announcements from companies such as Caterpillar, 3M, AT&T, Ford and United Parcel Services Inc., coupled with the result of the European banks' stress test with the conclusion that the European banking system was "sound" with only 7 out of 91 banks failing the defined standards.

On top of these global developments, ROPs prices continued to jump as demand continued to overwhelm existing supply in the market. The news on the ballooning budget deficit of the Philippine government (PHP 196.7 billion for the first half versus government forecast of PHP 178 billion) was seemingly ignored, as market players focused instead on the improved growth expectations of the International Monetary Fund and the Asian Development Bank for the local economy. Despite the all-time high of ROP prices, offshore players continued to snatch whatever offer was in the market as they based their valuation of the bonds on spread terms over the yields of US treasuries rather than on the absolute price. As a result, yields of the ROPs dropped by another 28bps on average, with the long ends still outperforming as yields on that part of the curve declined by an average of 33bps.

## Key Figures

Net Asset Value per Share (NAVPS)	USD 1.7865
Total Fund Size (in Millions) as of 6/30/10	USD 71.13
<b>PDB YOY return as of 6/30/10</b>	<b>11.47%</b>
<b>Benchmark* YOY return as of 6/30/10</b>	<b>14.96%</b>

Inception Date	September 13, 2001
Fund Currency	US Dollar
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% JP Morgan Asia Credit Index - Philippines Total Return + 10% Philippines Dollar Depo Rate 60 Days (Net of 7.5% WHT)

**Readership:** This document is intended solely for the addressee(s). Its content may be legally privileged and/or confidential.

**Opinions:** Any opinions expressed in this document may be subject to change without notice. We are not soliciting or recommending any action based on this material.

**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.