



Prospectus

PHILAM BOND FUND, INC.

PHILAM BOND FUND, INC. ("PBFI" OR "FUND" OR "COMPANY") SHARES OF COMMON AND VOTING STOCKS AMOUNTING TO PHP 4,500,000,000 WILL BE OFFERED TO THE PUBLIC BASED AT NET ASSET VALUE (NAV) PER SHARE. SHARES OF THE FUND WILL BE SOLD AND REDEEMED IN ALL PHILAM ASSET MANAGEMENT, INC. OFFICES FROM MONDAY TO FRIDAY DURING OFFICE HOURS.

PBFI THROUGH THE MANAGEMENT COMPANY, PHILAM ASSET MANAGEMENT, INC. ("PAMI"), SHALL BE READY TO BUY AND SELL SHARES TO THE PUBLIC IN ANY OF ITS OFFICES AND BRANCHES.

As of November 2002

A total of 4,500,000,000 PBFI shares will be offered to the public.

The Company plans to invest the proceeds from the sale of PBFI shares in fixed-income instruments including but not limited to treasury bills, Bangko Sentral ng Pilipinas' (BSP) Certificate of Indebtedness, other government securities or bonds and such other evidences of obligations issued by the BSP or guaranteed by the Philippine Government.

Dividends may be declared from the surplus profits of the Company at such time and in such percentage as the Board of Directors of PBFI may deem proper and in accordance with law.

PBFI's office is located at:

5/F SALUSTIANA D. TY TOWER, 104 PASEO DE ROXAS

COR. NIEVA AND PEREA STREETS,

LEGASPI VILLAGE, MAKATI CITY

TELEPHONE NUMBERS: (632) 867-39-12 TO 18

FAX NUMBERS: (632) 813-68-13 AND 18

**ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND
ALL INFORMATION CONTAINED HEREIN IS TRUE AND
CURRENT.**

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THE PHILAM BOND FUND

PBFI is an open-ended mutual fund whose shares will be offered to the public based on its NAV per share, with a minimum investment of Php5,000. The investment objective of the Fund is capital preservation with returns and inflows derived out of investments in fixed income instruments. PBFI considers a medium to long-term investment horizon for its shareholders. The Fund will be positioned to compete directly with Common Trust Funds (CTFs) offered by banks.

Philam Asset Management, Inc. (PAMI) is the Investment Manager of PBFI. PAMI, through its Treasury Manager, currently manages the fixed-income component of three other funds namely: Philam Fund, Inc., Philam Strategic Growth Fund, Inc., and Philam Dollar Bond Fund, Inc. with the guidance from officers of the Treasury Division of Philamlife.

PBFI registered a year-to-date yield of 6.64% as of end September 2002 with a Net Asset Value per Share (NAVPS) of 1.6664. For the third quarter alone, PBFI 3.32% performance bettered the 364-day T-bill yield of 1.96%.

The Net Asset Value of the Fund will fluctuate with changes in the market value of the Fund's investments. Such changes in market value may occur as a result of various factors, including material changes in the Fund, general economic conditions or interest rate policy changes.

For a description of the additional risk factors associated with the purchase of PBFI shares, see "Risk Factors".

Glossary

"BSP"	: Bangko Sentral ng Pilipinas
"CTI"	: Citibank, N.A.
"NAV"	: Net Asset Value
"NAVPS"	: Net Asset Value Per Share
"PAMI" or "Fund Management Company" or "Fund Manager"	: Philam Asset Management, Inc.
"PBF" or "Fund" or "Company"	: Philam Bond Fund, Inc.
"PHP" or "Php"	: Philippine Peso
"Philamlife"	: The Philippine American Life and General Insurance Company
"R.A. 2629"	: Republic Act No. 2629 or the Investment Company Act
"SEC"	: Securities and Exchange Commission
"SGV"	: Sycip Gorres Velayo and Co.

RISK FACTORS

Even if the Fund is made up of treasury bills or grade-A commercial papers, its value can fluctuate just the same. The government guarantee on treasury bills assures that the interest payments will be made and that the bond will be redeemed at face value when it matures. However, the government guarantee does not assure that a bond will not decrease in market value between now and maturity. Such guarantees back the bond's creditworthiness, not its market value.

How much do the Fund's bonds fluctuate? That depends on the average maturity of the portfolio. The average maturity is nothing more than the weighted average of the maturities of all the bonds held by the Fund. And the maturity of the bond is merely the number of years left until the bond will be redeemed by its issuer for its full, principal value.

Maturity is a revealing piece of information. The longer the maturity, the more sensitive the bond prices are to changes in interest rates. And buying the golden credit of the Philippine Treasury is no safe haven from fluctuating bond prices. Philippine treasury bills, in

fact, are considered to have no credit risk, so their values are solely a function of the changes in interest rates.

Since its inception in 1997, PBFI has resulted to positive gains year after year. However, there was a time in 1997 when the Fund's yield was outperformed by the more traditional investment vehicles resulting to some opportunity loss for PBFI investors.

USE OF PROCEEDS

The Company plans to use the proceeds from the sale of PBFI shares to build up its investment in fixed-income instruments including but not limited to medium to long term government securities (notes, bonds, and other certificate of indebtedness issued by the Philippine Government both locally and abroad), short-term government securities, bonds or other evidences of indebtedness issued by the Philippine government or any of its instrumentalities. Likewise, the fund's fixed-income portfolio shall be invested in SEC registered corporate debt papers subject to at least PRS2 rating by the Philippine Rating System, savings or time deposits, and other deposit substitutes, preferred shares, and convertibles, the issuers of whom had been pre-approved by the Board of Directors of the Fund Management Company and transacted with commercial banks and financial institutions pre-approved by the Board of Directors of the Fund Management Company. All proceeds from the sale of securities will be held by a custodian bank.

DETERMINATION OF OFFERING PRICE

The offering price is determined at Net Asset Value (NAV) per share computed for the current banking day, if payment is made within the daily cut-off time. Otherwise, the NAV per share on the following banking day will be used for payments made after the daily cut-off time. The daily cut-off time shall be 12:00 noon of a banking day. A banking day is defined as a day when commercial banks in Metro Manila are not required or authorized to close by law.

PLAN OF DISTRIBUTION

Investments in the Fund will be offered as single one-time placements and through innovative savings program. Packaging contributions through programmed designs will essentially make investing in the Fund a strategic option for the Philamlife and Philam Plans policyholders who want to augment plan benefits. It will also be a good competitive tool for agents who encounter "buy term - invest the difference" concepts in the market.

Management fees will be pegged at 1.5% annually (this was arrived at after considering relevant fees charged by bank CTFs). The sales load, which will be directly used for commissions, will not be more than 3%.

PAMI will be selling the Fund shares through its licensed account managers and sales officers. The programmed financial packages will be presented as simple savings programs that will be easy to sell.

Promotions will be directed at both the distribution channels and the retail investor. Print advertisement will be utilized to arouse their interests.

FUND FEATURES

Classification of Investment Objective:

The Bond Fund is a conservative type of investment dealing with short to long-term fixed income securities. The area of focus of the investment will include treasury bills or notes, and other government securities or bonds or other evidences of indebtedness fully guaranteed by the Republic of the Philippines, as well as savings or time deposits with government-owned or private banks. 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. The mode of investment in the fund will be in the form of common shares.

Investment Plans:

The Fund's fixed-income portfolio shall be invested in fixed-income instruments including but not limited to medium to long term government securities (notes, bonds, and other certificate of indebtedness issued by the Philippine Government both locally and abroad), short-term government securities, bonds or other evidences of indebtedness issued by the Philippine government or any of its instrumentalities. Likewise, the fund's fixed-income portfolio shall be invested in SEC registered corporate debt papers subject to at least PRS2 rating by the Philippine Rating System, savings or time deposits, and other deposit substitutes, preferred shares, and convertibles, the issuers of whom had been pre-approved by the Board of Directors of the Fund Management Company and transacted with commercial banks and financial institutions pre-approved by the Board of Directors of the Fund Management Company.

Shares Offered:

PBFI shares are redeemable common stock (one class of shares only).

INVESTMENT RESTRICTIONS

1. Until the Securities and Exchange Commission shall, by order, provide otherwise, the Fund shall not sell securities short or invest in any of the following:
 - a.) margin purchase of securities (investments in partially paid shares are excluded);
 - b.) commodity futures contracts;
 - c.) precious metals;
 - d.) unlimited liability investments;
 - e.) other investments as the SEC shall, from time to time prescribe.
2. The Fund shall not incur any further debt or borrowings unless at the time of its occurrence or immediately thereafter there is an asset coverage of at least three hundred percent (300%) for all its borrowings. In the event that such asset coverage shall fall below 300%, the Fund shall within three (3) days thereafter, reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least 300%.
3. The Fund shall not participate in an underwriting or selling group in connection with public distribution of securities except for its own capital stock.
4. The Fund shall not purchase from or sell to any of its officers or directors or the officers or directors of the Fund Management Company, managers or distributors or firms of which any of them are members any security other than the capital stock of the Fund.
5. The Fund shall not make any investment for the purpose of exercising control of management.
6. Operational expenses of the Fund shall not exceed ten percent (10%) of its total investment fund or total net worth as shown in the previous year's audited financial statements of the Fund.
7. The maximum investment of the Fund in any single enterprise shall not exceed an amount equivalent to ten percent (10%) of the Fund's net asset value except obligations of the Philippine government or its instrumentalities. Provided, that in no case shall the total investment of the Fund exceeds ten percent (10%) of the outstanding securities of any one investee company.
8. For liquidity purposes, unless otherwise prescribed by the Commission, at least ten percent (10%) of its fund shall be invested in liquid/semi-liquid assets such as:
 - a) Treasury notes or bills, BSP Certificates of Indebtedness which are short-term, and other government securities or bonds and such other evidences of

- indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines.
 - b) Savings or time deposits with government owned banks or commercial banks, provided that in no case shall any such savings or time deposits account be accepted or allowed under a "bearer", "numbered" account or other similar arrangement.
9. For greater diversification, the investment of the fund in real estate properties and developments shall not exceed 25% of the total investment portfolio.
 10. The Fund shall not engage in lending operations without prior approval of the Board of Directors. Such approval shall be limited only to corporations or other entities, public or private, determined to be financially sound by the Board of Directors.
 11. The Fund may not change its investment objective without prior approval of the majority of its shareholders.

Portfolio Mix:

The Fund's fixed-income portfolio shall be invested in fixed-income instruments including but not limited to medium to long term government securities (notes, bonds, and other certificate of indebtedness issued by the Philippine Government both locally and abroad), short-term government securities, bonds or other evidences of indebtedness issued by the Philippine government or any of its instrumentalities. Likewise, the Fund's fixed-income portfolio shall be invested in SEC registered corporate debt papers subject to at least PRS2 rating by the Philippine Rating System, savings or time deposits, and other deposit substitutes, preferred shares, and convertibles, the issuers of whom had been pre-approved by the Board of Directors of the Fund Management Company and transacted with commercial banks and financial institutions pre-approved by the Board of Directors of the Fund Management Company.

Eligible Applicant:

Shares of the Fund may be held by any person of legal age or any duly organized and existing corporation, partnership, or any other legal entity regardless of citizenship or nationality. If the applicant is a corporation, partnership or other legal entity, copies of the Articles of Incorporation and By-Laws, Certificate of Registration and the Resolution of the applicant's Board of Directors authorizing the investment, all duly certified, must be submitted with the application.

Offering Price:

At Net Asset Value (NAV) per share computed for the current banking day, if payment is made within the daily cut-off time. Otherwise, the NAV per share on the following banking day will be used for payments made after the daily cut-off time. The daily cut-off time shall be 12:00 o'clock noon of a banking day. A banking day is defined as a day when commercial banks in Metro Manila are not required or authorized to close by law.

Sales Load:

Sales load for each investment will not be more than 3%. Sales loads for all investments will be computed based on three percent but lower sales loads may be negotiated by institutional accounts.

Minimum Purchase:

Minimum initial purchase of Php5,000.00 and a minimum of Php1,000.00 for each additional purchase. Securities/shares sold shall be on cash basis only. Installment sales are expressly prohibited.

Income Distribution Policy:

All investment income derived by the Fund shall be distributed proportionately among the shareholders. Dividends may be declared from the surplus profits of the Corporation at such time and in such percentage as the Board of Directors may deem proper and in accordance with law.

PROCEDURES IN THE PURCHASE AND SALE OF SECURITIES**I. Opening an Account**

Any qualified investor may purchase PBFI shares, through the principal distributor, PAMI, or through any authorized investment solicitor. The minimum initial purchase is Php5,000.00 and subsequent investments shall be for a minimum of Php1,000.00.

(a) Regular Account Requirements**Individual Account**

1. The investors accomplish an official Investment Application Form (IAF) and specimen signature card (SSC).
2. The above documents are submitted together with cash or check payable to "Philam Bond Fund, Inc."

Joint Account

1. Joint parties accomplish an IAF and the SSC.
Note: The maximum number of people who could open a joint account is three (3).
2. The above documents are submitted together with cash or check payable to "Philam Bond Fund, Inc."

In-Trust-For Account

1. Trustee and trustor accomplish an IAF, a SSC, and a Trust Agreement to be notarized. Both parties sign the documents, unless one of them is incapable of writing, in which case his/her thumbmark is attached to the above documents.
2. The above documents are submitted together with cash or check payable to "Philam Bond Fund, Inc."

Upon receipt of the necessary documents, the account manager or any duly authorized representative issues to the applicant a provisional receipt. The applicant is given an official receipt and a confirmation of purchase (COP) after the investment has been properly taken into account and the number of shares corresponding to the investment has been properly determined.

(b) Corporate Investor Requirements

For corporate investors, the following documents, in addition to the SSC, must accompany the IAF and shall be considered integral parts thereof:

- (1) Certified copy of the corporation's SEC certificate of registration, articles of incorporation and by-laws;
- (2) Board resolution duly certified by the corporate secretary, authorizing the subscription to the shares applied for and specifying the authorized signatories; and
- (3) Certification from the corporate secretary indicating the percentage holdings by nationality of stockholders.

II. Additional Investment

To add to an existing account, an IAF is accomplished and, together with the check or payment order, submitted to the account manager. For existing joint and in-trust-for accounts, any one of the investors can add to the investment and sign the documents.

III. Acceptance of Applications

Applications to purchase are subject to confirmation by PAMI as to the amount of shares, the applicable NAVPS and the final approval by the investment manager. Applications that do not comply with the purchase terms, rules and regulations may be rejected at the sole discretion of the investment manager.

IV. Determination of NAV per share

The offering price of one share is its net asset value per share (NAVPS) plus an entry fee or sales load. The NAVPS is normally calculated as of 4 P.M. each banking day. It is determined by taking the Fund's total assets less all its liabilities, and divided by the total number of shares outstanding. Expenses are accrued daily and applied when computing for the NAVPS. The total cost incurred by the fund in applying for additional authorized capital stocks will be amortized for a period of five (5) years.

Investments made before the cut-off time of 12:00 noon shall be priced at the applicable NAVPS for the day. NAVPS of the following day will be used for investments received after 12:00 noon.

V. Delivery of Stock Certificates

Stock certificates evidencing ownership of shares shall be issued by the transfer agent upon request from the shareholder and delivered, as soon as practicable after approval of the application to purchase the payment thereof, at the address of the investor indicated in the official application to purchase or, upon instruction, to the investment manager. Prior to the issuance of the original stock certificate, shareholders will be provided with a COP and official receipt that will serve as proof of ownership of the Fund's shares.

Costs of issuance of stock certificate including the documentary stamp tax will be borne by the Fund.

VI. Statements and Reports

Investors will receive a statement of account after the end of each quarter, or upon request. PAMI also sends investors an annual publication "Asset Link" to keep the investors updated with the present economic conditions, the Fund's performance, and answers to commonly asked questions from investors. PAMI also issues a certification and annual reports, as may be requested by an investor.

VII. Redemption

The price of securities surrendered for redemption within the daily cut-off time shall be the current banking day's computed NAV per share after the redemption is received, while those surrendered after the daily cut-off time shall be deemed to have been received the following banking day. The daily cut-off time for redemption shall be 12:00 noon. Payment shall be made no later than seven (7) days from receipt of redemption request, at the principal office of the investment manager.

NAVPS Computation:

NAV per share is defined as the difference of total assets of the Fund less its total liabilities, divided by the number of shares outstanding.

Manner & Method of redemption:**A. How to Redeem****(a) By Phone**

A shareholder of PBFI can redeem his PBFI shares by phone provided he faxes a redemption form to PAMI. If a shareholder has signed a redemption request form with PAMI, such shareholder can call to inform PAMI of the number of shares he intends to redeem.

(b) In Person

A shareholder fills up the redemption request form and forwards the request to PAMI together with the properly endorsed stock certificate(s) or stock assignment form(s). In case of joint, in-trust-for, and corporate accounts, any one of the signatories can sign and request for redemption, unless otherwise provided in the agreement between or among the concerned parties.

B. Amount of Redemption

Shareholders can redeem their shares partially or in full. Partial redemption is not allowed if the number of shares that would remain after such redemption is less than three thousand (3,000).

C. Redemption Price

The redemption price of the securities surrendered before the daily cut-off time shall be the same banking day's NAV per share after the request for redemption is received, while those surrendered after the daily cut-off time shall be deemed to have been received on the following banking day. The daily cut-off time shall be 12:00 noon.

Payments for securities redeemed shall be effected within seven (7) banking days from receipt of the request for redemption.

D. Claim of Payment for Redeemed Shares

1. A shareholder must bring a proper ID. In case of a proxy, an authorization letter should accompany the ID of the duly authorized person.
2. (a) Submit stock certificate(s) and fill-up an original redemption request form and/or stock assignment(s), if the redemption order was made through phone. (b) Together with the check, shareholders may be given a of the redemption request form upon request.

E. Special Considerations

PBFI shall not suspend the right of redemption or postpone the date of payment or satisfaction upon redemption of any redeemable security for more than seven banking days after the tender of such security to the Company, except on the following cases:

- (1) for any period during which banks are closed other than customary weekend and holiday closings;
- (2) for any period during which an emergency exists as a result of which (a) disposal by the Company of securities owned by it is not reasonably practicable or (b) it is not reasonably practicable for the Company to determine the value of its net assets; or
- (3) for such other periods as the SEC may by order permit for the protection of security holders of the Company.

Note: Shareholders can file their redemption request forms in any PAMI office.

F. Redemption Fee

The fund charges redemption fees as follows:

Placement Period	Redemption Fee
Less than 1 year	1.0%
1 year or above	0.0%

USE OF PROCEEDS

The Company plans to use the proceeds from the sale of PBF shares to build up its investment in fixed-income instruments including but not limited to treasury bills, Bangko Sentral ng Pilipinas' (BSP) Certificate of Indebtedness, other government securities or bonds and such other evidences of obligations issued by the BSP or guaranteed by the Philippine Government. The Company plans to use the proceeds from the sale of PBF shares to build up its investment in fixed-income instruments including but not limited to treasury bills, Bangko Sentral ng Pilipinas' (BSP) Certificate of Indebtedness, other government securities or bonds and such other evidences of obligations issued by the Bangko Sentral ng Pilipinas or guaranteed by the Philippine Government. The Fund shall likewise invest in savings deposits, time deposits and other deposit substitutes transacted with commercial banks and financial institutions that are pre-approved by the Board of Directors of the Fund Management Company. The proceeds from the sale of securities, including the original subscription payments at the time of incorporation, will be held by a custodian bank.

DETERMINATION OF OFFERING PRICE

The offering price is determined at Net Asset Value per share (NAVPS) for the banking day. If payment is made within the daily cut-off time, NAVPS on the following banking day will be used for payment made after the daily cut-off time. The daily cut-off time shall be 12:00 o'clock noon of a banking day. A banking day is defined as a day when commercial banks in Metro Manila are not required or authorized to close by law.

PLAN OF DISTRIBUTION

Investments in the Fund will be offered as single one-time placements and through innovative savings program. Packaging contributions through programmed designs will essentially make Fund investing a strategic option for the Philamlife and Philam Plans policyholders who want to augment plan benefits. It will also be a good competitive tool for agents who encounter "buy term - invest the difference" concepts in the market.

Management fees will be pegged at 1.5% annually. The sales load, which will be directly used for commissions, will not be more than 3%.

PAMI will be selling the Fund through its licensed account managers and sales officers. The programmed financial packages will be presented as simple savings programs that will be easy to sell.

Promotions will be directed at both the distribution channels and the retail investor. Print advertisement will be utilized to arouse their interests.

DESCRIPTION OF SECURITIES TO BE REGISTERED

PBF shares are redeemable common stock (one class of shares only).

CORPORATE PROFILE

PBFI is a stock corporation incorporated on March 19, 1997. The company's principal products are shares (securities) of PBFI. Philam Asset Management, Inc. (PAMI) will directly distribute the PBFI shares. Initial campaigns will utilize print media, direct mailers, and telemarketing. After the initial sales blitz, PAMI will capitalize on the support of the Philamlife (about 4,000 agents) and Philam Plans (about 6,000 agents) agency forces. PAMI will also capitalize on the established corporate relationships of the Philam Group through its officers'

network, group marketing division (GMD) and PhilamCare to tap the institutional investment segment.

There are currently 19 open-end mutual funds available to investors. Among the 19 mutual funds, 6, including PBFI are investing purely on fixed-income instruments. Therefore the registrant will compete directly with the other 5 bond funds (including the Philam Dollar Bond Fund) and common trust funds being managed by commercial banks rather than the other local mutual funds. The registrant's competitive advantage over fixed-income trust funds is the distribution network of the management firm, PAMI. PBFI and PAMI are both affiliates of the Philippine American Life Insurance Company.

There are no government approvals needed for PBFI to operate as a Mutual Fund except for registration with the SEC pursuant to the Securities Regulation Code and the Investment Company Act. With regard to certain government regulations that affect the operation of the fund, the passage of the Comprehensive Tax Reform Package (CTRP) into law addressed the issue on double taxation that mutual funds had to contend within the past.

PBFI's net worth exceeds Php25,000,000. No unsecured bonds will be issued by PBFI.

PBFI's Operations

The Fund is an open-end mutual fund whose shares will be offered to the public based on its NAVPS, with a minimum investment of Php5,000. The fund will be positioned to compete directly with Common Trust Funds (CTFs) offered by banks. The investment plans of PBFI are discussed in this prospectus. The Fund's investment objectives, based on Article V (5.1) of the Rules and Regulations Governing Investment Companies Under Republic Act 2629, are:

- (a) A conservative type of investment;
- (b) Dealing with short to long-term fixed income securities;
- (c) The focus of the Fund's investment will include treasury bills or notes, and other government securities or bonds or other evidences of indebtedness fully guaranteed by the Republic of the Philippines, as well as savings or time deposits with government-owned or private banks. An adequate portion of the portfolio should be invested in cash or near cash assets to ensure that redemptions will be adequately and immediately serviced;
- (d) The mode of investment in the Fund will be in the form of common shares.

PBF DIRECTORS AND EXECUTIVE OFFICERS

<i>Name</i>	<i>Age</i>	<i>Position</i>	<i>Term</i>
FRANCISCO M. ORTIGAS III	57	Chairman of the Board	1 Year
VICTOR A. LIM	79	President	1 Year
JAIME C. LAYA	64	Treasurer	1 Year
RAFAEL A. MORALES	52	Corporate Secretary	1 Year
BIENVENIDO A. TAN III	49	Director	1 Year
JOSE D. BALTAZAR	73	Director	1 Year
EDGARDO A. GRAU	60	Director	1 Year
JOSE L. CUISIA, JR.	58	Incorporator	N.A.
REX MA. A. MENDOZA	40	Incorporator	N.A.
REYNALDO C. CENTENO	47	Incorporator	N.A.
JESUS G. HOFILEÑA	47	Incorporator	N.A.

FRANCISCO M. ORTIGAS III ***Chairman of the Board***

Mr. Ortigas is a recognized businessman and civic leader. He obtained his degree in Business Administration from De La Salle University and his Master's Degree in Business Administration from the Santa Clara University (USA). Mr. Ortigas currently serves as Chairman of Philam Dollar Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc. and Bayer (Phils.), Inc. He

is the General Partner and Treasurer of Ortigas and Co. and President of Concrete Aggregates Corporation. He is also the Director and Treasurer of Philippine Golf Foundation and Bell Telecommunications Phils. Mr. Ortigas likewise serves as the Director for Commonwealth Foods Corporation, J. Romero & Associates and Valle Verde Country Club.

VICTOR A. LIM

Director and President

Mr. Lim is a professional executive, businessman, engineer and civic leader. He has Mechanical Engineering degrees from the University of the Philippines and the Massachusetts Institute of Technology (USA). Mr. Lim is currently the Chairman of Uniplastic International, Inc. and Unilonseal Plastics Corporation. He is also the President of Philam Dollar Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc. A professor at Asian Institute of Management, he also acts as a Director of North Luzon Railways, Inc. and Galeria de Magallanes Condominium Associates.

JAIME C. LAYA

Director and Treasurer

Dr. Jaime C. Laya obtained his Bachelor of Science in Business Administration from the University of the Philippines, M.S. in Industrial Management from Georgia Institute of Technology (USA) and a Ph.D. in Financial Management from Stanford University (USA). He was formerly Governor of the Central Bank of the Philippines, Minister of Budget, Minister of Education, Culture and Sports, and Dean of the College of Business Administration of the University of the Philippines. He is currently Chairman of Laya, Mananghaya & Co., and Chairman of the National Commission for Culture and the Arts.

RAFAEL A. MORALES

Director and Corporate Secretary

Atty. Morales is a cum laude graduate of Political Science at the University of the Philippines. Thereafter, he entered U.P. College of Law and graduated cum laude and class valedictorian. In 1978, he finished his Master of Laws at the University of Michigan (USA). Currently, he is a Senior Partner at SyCip Salazar Hernandez & Gatmaitan and Head of the Banking, Finance and Securities Department. He is also a member of various national and international lawyers' organizations: Integrated Bar of the Philippines, Philippine Bar Association, American Bar Association, and the Inter-Pacific Bar Association where he is the Chairman of the Committee on International Construction Projects.

BIENVENIDO A. TAN III

Independent Director

Mr. Tan earned his Bachelor of Arts Degree in Economics from the Ateneo de Manila University and his Master's Degree in Business Administration from the Harvard Business School (USA). He has served in various finance positions in both private and government institutions. Mr. Tan currently serves as Chairman of International Heavy Equipment Corporation. He is also a Director of Alsons Consolidated Resources, Inc., Alsons Development & Investment Corporation, Artemis Realty Corporation, C. Alcantara & Sons, Inc., Conal Holdings Corporation, Eagle Ridge Hotel Corporation, Halifax Capital Resources, Inc., Kubota Agro-Industrial Machinery Philippines, Inc., MADE (Market Developers), Inc., MotivationAsia (Philippines), Inc., MotivationAsia (Thailand) Ltd., Net Curricula, Inc., Northern Mindanao Power Corporation, Philam Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Dollar Bond Fund, Inc., Refractories Corporation of the Philippines, Sarangani Agricultural Co, Inc., Southern Philippines Power Corporation and Western Mindanao Power Corporation. Mr. Tan likewise serves as Treasurer & Director of Halifax Davao Hotel, Inc. (The Marco Polo Davao), Linden Suites, Inc., Philippine Tobacco Flue-Curing & Redrying Corporation, and as President of Mirabel, Inc., Okayan River Corporation, The Alaala Foundation and Belmont Equities, Inc.

JOSE D. BALTAZAR
Independent Director

Atty. Baltazar is presently the Vice Chairman of the Board of Trustees and President of Jose Rizal University and Vice Chairman of the Board of Trustees of San Beda College. He is concurrently Trustee and Chairman of the Finance and Investment Committee of the Philippine Education Assistance Committee-Fund for Assistance to Private Education (FAPE) and the Philippine Education Retirement Annuity Association (PERAA). He earned both his Master of Arts degree in Development Education and Master of Science in Management from Stanford University (USA). He is also a director of various corporations including the Philam Dollar Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc., Multi-Med Industries, Inc., Newlife Medical Distributors, Inc., Venutek Medica, Inc., and Practika Philippines, Inc.

EDGARDO A. GRAU
Director

Mr. Grau graduated with a Bachelors degree in Mechanical Engineering at De La Salle University and a Masters Degree in Business Administration at the prestigious Wharton Graduate School of Finance and Commerce, University of Pennsylvania. His wide exposure and training in banking and money market operations has made him the competent Executive Vice President and Chief Investment Officer of The Philippine American Life and General Insurance Company. He also holds key positions in other organizations like Philam Asset Management, Inc., Philam Dollar Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Plans, Inc., Philam Properties Corporation, Philam Savings Bank, Philam Systems, Inc. among others.

Notes:

- None of the Board of Directors and Executive Officers are related to each other up to the 4th degree of consanguinity or affinity nor have they, to our knowledge, been involved in any legal proceedings for the past five years.
- The Directors of the fund receive a per diem of P3,000.00 (gross).

PHILAM ASSET MANAGEMENT, INC. (PAMI)
INVESTMENT MANAGER AND PRINCIPAL DISTRIBUTOR

PAMI is the investment manager of PBF. As investment manager, PAMI is tasked to provide and render management and technical services to PBF. PAMI also functions as the principal distributor of PBF. As such, it takes charge of sales of the PBF shares to prospective investors. Through its Management and Distribution Agreement with PBF, the guidelines for the management of the resources and operations of PBF by PAMI are set. PAMI is wholly owned by Philippine American Life Insurance Company (Philamlife) and is an affiliate of the American International Group. Philamlife, which started in 1947, is the country's leading life insurance company with over PHP 48 Billion in assets and over PHP 180 Billion in life insurance coverages in force. It is a wholly owned subsidiary of the American International Group (AIG), a US-based insurance and financial giant with assets of over 380 Billion U.S. dollars and present in 130 countries and jurisdictions. At present, PAMI manages and distributes three other investment companies, namely: Philam Dollar Bond Fund, Inc., Philam Fund, Inc., and Philam Strategic Growth Fund, Inc. The management fee to be charged by PAMI is 1.5% of the assets under management. Furthermore, PAMI is entitled to an incentive fee equivalent to 1/10 of the increase in NAVPS in excess of 12% over a one-year period. A sales load of not more than 3% of the investment will also be charged.

PAMI Board of Directors

TREVOR BULL
Chairman of the Board

Mr. Trevor Bull joined Philamlife as President & CEO in August 2009. Mr. Bull was Tata AIG Life's Managing Director from 2006. His previous experience includes appointments as Senior Vice President and General Manager at American International Assurance (AIA) in Korea and Vice President for American Life Insurance Co. (ALICO) Japan. Mr. Bull has over 31 years of experience in the life insurance industry and has spent considerable time working in Britain prior to his assignments in Asia.

OMAR T. CRUZ***Director***

Mr. Cruz is Philamlife's Executive Vice President and Chief Investment Officer. He graduated at the De La Salle University with a degree in Bachelor of Science in Industrial Management Engineering and Master of Science in Industrial Economics at the University of Asia & the Pacific. Previous to his current post at Philamlife, Mr. Cruz was the Treasurer of the Philippines from March 2005 to May 2007. A renowned economist and financial expert even prior to his stint with the government, Mr. Cruz was a key senior officer at Citibank N.A. overseeing several groups such as Treasury, Risk Management and Private Banking.

FE R. VELASCO***Director***

Effective January 2009, Ms. Velasco was appointed as the Senior Vice President and Chief Finance Officer of The Philippine American Life and General Insurance Co. Prior to this, she held the position of First Vice President and Controller for nine years. She spent four years serving as Associate Controller and eight years as Budget Manager, prior to which as an Audit Assistant at SGV & Co. She is a member of the Board of Directors of Philam Properties Corporation (1995 to 1996, 1998 to present), 18/f, Holdings, Inc. (2006 – present), 45/f, Holdings, Inc. (2007- present), Kapatiran Realty Corporation (April 2002 – present), PERF Realty Corporation (2002-present), Philam Asset Management Inc. (April 2010 – present), Tower Club Inc. (2000 – present) and a member of the Board of Trustees of Philam Foundation, Inc (2002 – present). She is a member of the Philippine Institute of Certified Public Accountants, Financial Executives of the Philippines and she is a Fellow of the Life Management Institute. Ms. Velasco received a BSC in Accounting from the University of Sto. Tomas, Magna Cum Laude.

JAVIER CALERO***Independent Director***

Mr. Calero was previously Senior Adviser for International Foundation for Elections Systems based in Washington D.C. which is currently working on Strengthening National and Provincial Legislative Governance in Pakistan. He was also Chairman of the Zenith Optimedia and Signium Ward Howell, an Executive Development Search Firm. His exposure to social and political climate was very evident as he was involved in the Indonesian Presidential Elections in 1999 where he became part of the post election program funded by the USAID. Likewise, he was then President and CEO of J. Walter Thompson, Philippines and was promoted as its Regional Director in countries like Sri Lanka, Malaysia, Indonesia and Singapore in which he was responsible in ensuring the said countries' profitability. Currently, he holds directorship in various organizations—Institute of Corporate Directors, Philippine Band of Mercy, Asian Institute for Journalism and Communication, Dearborn Motors-Ford Dealership, Performance Auto Motors Group, Inc. and World Association of Psychosocial Rehabilitation. He is also Trustee and Vice Chairman of the University of Asia and the Pacific.

EDGARDO A. GRAU***Independent Director***

Mr. Grau is a graduate of the De La Salle University with a degree in Bachelor of Science in Mechanical Engineering and pursued M.B.A. major in Industrial Management at Wharton Graduate School, University of Pennsylvania. He was previously the Executive Vice President and Chief Investment Officer of Philamlife and a director of the various PAMI managed mutual funds. Mr. Grau also held positions at Meralco's Technical Services Group as Assistant Vice President, Philippine Commercial International Bank as Vice President, Atlantic Gulf & Pacific Company of Manila, Inc. as Executive Vice President & Chief Operating Officer, Magellan Capital Holdings Corporation as Senior Vice President & Chief Financial Officer, and Philippine Asia Equity Securities, Inc. as Senior Vice President for Investment Banking.

REYNALDO CENTENO***Director***

Mr. Centeno is currently Philamlife's Executive Vice President and Chief Financial Officer & Chief Actuary. He began his career with Philamlife as an Actuarial Associate in 1986, was promoted to Assistant Vice President the following year and to Senior Assistant Vice President of the Actuarial Department in 1989. Shortly after that, he became the Vice President and supervised the overall operation of the actuarial area and its coordination with other departments. In 1991, he was promoted as First Vice President of the Actuarial Division and eventually as a Senior Vice President for Insurance Operations. Mr. Centeno was also affiliated with the Social Security System where he became OIC of the Investment Accounts and Real Estate Departments.

KAREN LIZA M. ROA*President and CEO*

Ms. Roa has held senior responsibilities in major institutions such as Sungard Asia Pacific, Citibank, NA, and Chase Manhattan Bank NA in New York. Ms. Roa now leads the Philam Asset Management, Inc. as its President and CEO. She graduated with a Bachelor's degree in Legal Management at the Ateneo de Manila University and pursued her MBA at the Fordham University in New York Major in Management.

KEVIN NG*Director*

Mr. Ng is a graduate of Bachelor of Information Technology (Economics) from the Australian National University and he completed his MSc in International Management and MSc in Financial Economics from the University of London. He is likewise a Chartered Financial Analyst. He is currently the Vice President, Head of Asset Allocation Advisory of the American International Assurance Company Limited (AIA). He was formerly the Vice President, Wealth Management Products, Asia at the ABN AMRO Bank where he set up a regional investment advisory platform up and a structured product development platform for all ABN AMRO branches in Asia.

ANDREW LEUNG*Director*

Mr. Leung holds a Ph.D. in Engineering from the University of Cambridge and is also a Certified Financial Analyst. He is currently Vice President and Head of External Manager Strategies of the American International Assurance Company Limited (AIA). He is responsible for overseeing the overall fund manager evaluation process, conducting qualitative research on fund managers and nurturing good relationships with fund houses. Prior to joining AIA, he was Executive Director, Head of Research of SPARX International where he led the manager selection process across alternative investment strategies in Asia. Mr. Leung spent 12 years with HSBC Asset Management where he was involved in building up the multi-manager function and drove the manager research process across a wide range of traditional investment funds, and where as a member of the Multi-manager Global Investment Committee, he was responsible for setting research procedures and criteria, and for selecting and monitoring performances of third party managers on the HSBC global platforms.

CUSTODIAN BANK

The Custodial Agreement establishes the trustor-trustee relationship between PBF, PAMI and Citibank, N.A. as the custodian bank. The Custodial Agreement covers the custodian bank's duties on receipt of securities, identification and segregation of assets, registration of assets, reports and records to be accomplished by the custodian bank, custody of PBF investments and fees of the custodian bank.

LEGAL COUNSEL

The law firm of SyCip Salazar Hernandez and Gatmaitan serves as the legal counsel for the Company.

EXTERNAL AUDITORS

The accounting firm of SyCip Gorres Velayo and Company serves as external auditors for the Company.