



Prospectus

PHILAM DOLLAR BOND FUND, INC.

PHILAM DOLLAR BOND FUND, INC. (PDBF) SHARES OF COMMON AND VOTING STOCKS AMOUNTING TO PHP2,000,000,000 (INCLUSIVE OF THE 1,250,000 SHARES AMOUNTING TO PHP62,500,000 WHICH THE ORIGINAL PROPONENTS HAVE SUBSCRIBED AND PAID FOR AND CANNOT BE WITHDRAWN FOR A PERIOD OF TWELVE (12) MONTHS FROM THE REGISTRATION OF PDBF). IT WILL BE OFFERED TO THE PUBLIC AT NET ASSET VALUE PER SHARE. ONE (1) PDBF SHARE WILL BE OFFERED INITIALLY AT A NET ASSET VALUE OF PHP55.6406 PER SHARE. THE FUND SHALL BE READY TO BUY AND SELL SHARES TO THE PUBLIC IN ANY OF ITS OFFICES AND BRANCHES.

THE FUND'S SHARES WILL BE SOLD OVER THE COUNTER. PHILAM ASSET MANAGEMENT, INC. IS THE FUND'S DISTRIBUTOR AND MANAGER.

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

As of December, 2003

A total of 250,000,000 new shares will be offered to the public. The offering is expected to raise Php12,500,000,000.00 (assuming that all PDBF shares are sold at the par value of Php50.00 pershare).

The Company plans to use the proceeds from the sale of PDBF shares to accumulate investment in dollar-denominated fixed-income instruments including but not limited to 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, issued locally and abroad. The fund shall also invest not more than 20% of its net asset in debt instruments issued by foreign governments and corporations that are pre-approved by the board of directors of the Fund Management Company. The Fund shall likewise invest in dollar-denominated savings and 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.

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

PDBF's office is located at:

<p>5th Floor, Salustiana D. Ty Tower, 104 Paseo de Roxas corner Nieva and Perea Streets, Legaspi Village, Makati City Tel. No.: (632) 867-3912 to 18 Fax Nos.: (632) 813-6813 and 18</p>
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TABLE OF CONTENTS

<i>The Philam Dollar Bond Fund, Inc.</i>	4
<i>Glossary of Terms</i>	5
<i>Risk Factors</i>	5
<i>Fund Features</i>	6
<i>Investment Restrictions</i>	6
<i>Procedures in the Purchase and Sales of Securities</i>	8
<i>Use of Proceeds</i>	12
<i>Determination of Offering Price</i>	12
<i>Plan of Distribution</i>	12
<i>Description of Securities to be Registered</i>	13
<i>Corporate Profile</i>	13
<i>PDBF Directors and Executive Officers</i>	15
<i>Investment Manager and Principal Distributor</i>	17
<i>Custodian Bank</i>	20
<i>Transfer Agent</i>	20
<i>Legal Counsel</i>	20
<i>External Auditors</i>	20
<i>Financial Information</i>	20

THE PHILAM DOLLAR BOND FUND, INC.

PDBF is an open-ended mutual fund whose shares will be offered to the public at net asset value with a minimum initial investment of US dollars 2,000 and additional investments of no less than US dollars 100. Initially, one PDBF share will be offered at par value of Php50.00. The investment objective of the fund is capital preservation with returns and inflows derived out of investments in fixed income instruments. PDBF considers a medium to long-term investment horizon for its shareholders. The fund will be positioned to compete directly with other US dollar-denominated mutual funds and US dollar foreign currency deposit units (FCDU) offered by banks.

Philam Asset Management, Inc. (PAMI) is the Investment Manager. PAMI, through its Treasury Manager, currently manages the fixed-income component of Philam Fund, Inc., Philam Bond Fund, Inc., and Philam Strategic Growth Fund, Inc. with the guidance from officers of the Treasury and Investment Divisions of Philamlife.

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 and foreign exchange policy changes.

For a description of the additional risk factors associated with the purchase of PDBF shares, see "Risk Factors" and other information.

Glossary

"BSP"	: Bangko Sentral ng Pilipinas
"BPI"	: Bank of the Philippine Islands
"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.
"PDBF" or "Fund" or "Company"	: Philam Dollar Bond Fund, Inc.
"PHP" or "Php"	: Philippines Pesos
"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 government securities or high-grade corporate papers, its value can fluctuate just the same. The government guarantee on government securities 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 credit worthiness, not its market value.

How volatile are bonds? 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 its issuer redeems the bond 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.

Another factor worth considering is the volatility in foreign exchange rates. The peso value of the funds' underlying investments and the fund itself will fluctuate due to the peso-dollar exchange rate movements.

ABBREVIATED FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

	2003	2002
Total Assets	8,720,771,343	2,214,409,190
Total Liabilities	17,309,966	7,607,574
Net Assets	8,703,461,377	2,206,801,616
Net Asset Value Per Share	64.4601	58.3031

STATEMENT OF OPERATIONS

	2003	2002
Total Revenues	560,335,446	99,486,951
Total Expenses	193,802,917	38,679,074
Net Income Before Tax	366,532,529	60,807,877

FUND FEATURES

Classification of Investment Objectives

PDBF is a conservative type of investment dealing with US dollar-denominated fixed-income instruments. The Fund's main objective is capital preservation and a satisfactory rate of capital appreciation. An adequate portion of the fund will be invested in cash or near cash assets to ensure that redemptions will be adequately and immediately serviced. Investments in the Fund will be in the form of common shares.

Initial Investment Plans

PDBF will be invested mainly on dollar-denominated fixed-income instruments ranging from debentures, money market instruments, and government securities (mostly but not limited to sovereign debts of the Philippine Government issued abroad). The capacity to pay, stability, and profitability of the issuers of these debt securities will be the primary criteria for security selection. Changes in macroeconomic conditions can dictate the type of fixed-income instrument that the Fund will invest in.

Shares Offered

PDBF shares are redeemable common stocks (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, in case of open-end companies, at least ten percent (10%) of its fund shall be invested in liquid/semi-liquid assets such as:
 - a) Treasury notes or bills, Central Bank 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. An investment company may not change its investment objective without prior approval of the majority of its shareholders.

Portfolio Mix:

The Fund's portfolio shall be invested in dollar-denominated fixed-income instruments including but not limited to government securities, 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 issued locally and abroad. The fund shall also invest not more than 20% of its net assets in debt instruments issued by foreign governments and corporations that are pre-approved by the board of directors of the Fund Management Company. The Fund shall likewise invest in dollar-

denominated 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 Fund will maintain a floor of its assets invested in short to medium-term fixed income instruments which may 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 dollar savings or dollar time deposits with government-owned or private banks. Although the principal investment objective remains to be maximization of capital appreciation, 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.

Eligible Applicant

Any person of legal age or any duly organized and existing corporation, partnership, or any other legal entity regardless of citizenship or nationality may hold shares of the Fund. 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 for the banking day, if payment is made within the daily cut-off time; otherwise, NAV per share 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. The NAV per share will be computed in pesos and in US\$ based on the exchange rate posted on the Philippine Dealing System at 12:00 o'clock noon. 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%.

Minimum Purchase

Minimum initial purchase of US\$ 2,000.00 and a minimum of US\$ 100.00 for each additional purchase. The purchase of securities shall be on cash basis only. Installment sales are 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 PDBF shares, through the principal distributor, PAMI, or through any authorized investment solicitor. The minimum initial purchase is US\$ 2,000.00 and subsequent investments shall be a minimum of US\$ 100.00.

(a) Regular Account Requirements

Individual Account

1. Investor accomplishes 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 Dollar Bond Fund, Inc."

Joint Account

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

In-Trust-For Account

1. Trustee and trustor accomplish an IAF, SSC, and a Trust Agreement to be notarized. Both parties must sign the documents, unless in the case of a child incapable of writing, his/her thumb mark is affixed to the above documents.
2. The above documents are submitted with cash or check payable to "Philam Dollar Bond Fund, Inc." Upon receipt of the necessary documents, the account manager or any duly authorized representative shall issue 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. This process takes about 3-5 working days.

(b) Corporate Investor Requirements

For corporate investors, the following documents, in addition to the signature card, must accompany the official application form 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 corporation's secretary, authorizing the subscription to the shares applied for and specifying the authorized signatories, and
3. Certification from the corporation's secretary indicating the percentage holdings by nationality of stockholders.

II. Additional Investments

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 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 are liable to be rejected at the sole discretion of the investment manager.

IV. Determination of NAVPS

The offering price of one share is its 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 fair value of 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 NAVPS will be computed in pesos and in US\$ based on the exchange rate posted on the Philippine Dealing System at 12:00 o'clock noon. Investments made before the cut-off time of 12 o'clock noon shall be priced at the applicable NAVPS for the day. NAVPS of the following day will be used for investments received after 12 o'clock noon.

V. Issuance of Stock Certificates

A Confirmation of Purchase (COP) will be given to the shareholder upon approval of the investment application. Stock certificates evidencing ownership of shares shall be issued by the transfer agent upon the request of 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. Costs of issuance of stock certificates 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 annual and monthly publications to keep the investors updated with the present economic conditions, the Fund's performance, and answers to commonly asked questions from investors. PAMI may also issue a certification and annual report, 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 NAVPS 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 o'clock noon. Payment shall be made no later than seven (7) days from receipt of redemption request, at the principal office of the investment manager.

VIII. NAVPS Computation

NAVPS is defined as the difference of total assets of the Fund less its total liabilities, divided by the number of shares outstanding. The NAVPS will be computed in pesos and in US\$ based on the exchange rate posted on the Philippine Dealing System at 12:00 o'clock noon.

Manner and Method of Redemption:

A. How to Redeem

A shareholder accomplishes the redemption request form and forwards the request to PAMI together with the properly endorsed stock certificate or stock assignment form(s). In case of joint 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 one hundred (100).

C. Redemption Price

The redemption price of the securities surrendered before the daily cut-off time shall be the current day's NAVPS 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 o'clock noon. Payments for securities redeemed shall be effected within seven (7) banking days from receipt of the request for redemption.

D. Claiming Redemption Proceeds

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

E. Special Considerations

PDBF 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

Not more than 1% of the redemption proceeds.

USE OF PROCEEDS

The Company plans to use the proceeds from the sale of PDBF 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 PDBF 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 issued locally and abroad. The fund shall also invest not more than 20% of its total assets in debt instruments issued by foreign governments and corporations that are pre-approved by the Board of Directors of the Fund Management Company. 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. The NAV per share will be computed in pesos and in US\$ based on the exchange rate posted on the Philippine Dealing System at 12:00 o'clock noon. 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 (this was arrived at after considering relevant fees charged by bank FCDUs). 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

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

CORPORATE PROFILE

PDBF is a stock corporation incorporated on September 5, 2001. The fund ended the year 2003 with a net asset value (NAV) of Php8.70 Billion (USD 156.56 Million) and a total shareholder base of 2,512. 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. No dividend declaration was made in 2001.

The company's principal products are shares (securities) of PDBF. PAMI will directly distribute fund shares. Sales 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 maximize on the established corporate relationships of the Philam Group through its officers' network, GMD and PhilamCare to tap the institutional investment segment.

There are currently twenty-two registered open-end mutual funds. Among the other funds, none are investing solely on dollar-denominated fixed-income instruments. Therefore, the registrant will compete directly with common trust funds and FCDUs 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 and the tax advantage that mutual fund shareholders enjoy.

One government regulation that will severely affect the Fund's yield is the law regarding documentary stamp taxes. At present, these taxes are levied on all sales of mutual fund shares regardless of the fact that the shares that are being sold were once redeemed shares that were

bought back by the investment company from previous shareholders. This scenario occurs when an investment company has come to the point when most of the authorized capital stocks have been subscribed. This results to multiple tax payments, penalizing the fund for aggressively distributing its shares to the public.

Upon its incorporation, the registrant's net worth exceeds Php25,000,000. No unsecured bonds will be issued by PDBF.

Market Information (Net Asset Value per Share per Quarter)

December 2002	3.3937
March 2003	59.7176
June 2003	60.3139
September 2003	62.5452
December 2003	64.4601

PDBF's Operations

PDBF is an open-ended mutual fund whose shares will be offered to the public at net asset value with a minimum investment of US\$2,000. The investment objective of the fund is capital preservation with returns and inflows derived out of investments in dollar-denominated fixed income instruments. The PDBF considers a medium to long term investment horizon for its shareholders. The fund will be positioned to compete directly with Common Trust Funds (CTFs) and FCDUs offered by banks. The Fund's investment objectives are based on: a) capital preservation since the fund is a conservative type of investment; b) dealing with short to long-term dollar-denominated debt instruments; c) but mainly focused on dollar-denominated government securities issued by the Philippines abroad.

PAMI is the investment manager of PDBF. As investment manager, PAMI is tasked to provide and render management and technical services to PDBF. PAMI also functions as the principal distributor of PDBF. As such, it takes charge of sales of the PDBF shares to prospective investors. Through its Management and Distribution Agreement with PDBF, the guidelines for the management of the resources and operations of PDBF by PAMI are set. PAMI is wholly owned by Philippine American Life and General Insurance Company (Philamlife), an affiliate of the American International Group.

The Custodial Agreement establishes the relationship between PDBF, 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 PDBF investments and fees of the custodian bank.

The transfer agent of PDBF is Bank of the Philippine Islands (BPI). The primary responsibility of the transfer agent is the accurate record keeping of individual shareholdings and the issuance and cancellation of stock certificates.

The management fee to be charged by PAMI is 1.5%. A sales load not more than 3% will also be charged. No load arrangements can be negotiated with institutional investors on a case-to-case basis. These rates have been arrived at after a study of the fees currently charged by bank CTFs, the most logical competitor benchmark.

The registrant has complied with the following requirements as conditions for the registration of its securities as an investment company:

- The registrant is organized in the form of a stock corporation
- The registrant has minimum subscribed and paid-in capital of at least P50 million
- The registrant has a Board of Directors composed entirely of Filipino citizens.
- The registrant's shares of capital stock are composed of common and voting shares.
- The registrant's Articles of Incorporation provide for the waiver of preemptive rights of shareholders.

Notes:

- There will be no public trading market for PDBF shares.
- The registrant can satisfy cash requirements in the medium term (5 years) through internally generated funds. This is so because the registrant does not have substantial fixed overhead costs to cover. Therefore, the registrant does not have to raise additional funds in the next twelve months to meet its cash requirements.

PDBF DIRECTORS AND EXECUTIVE OFFICERS

<i>Name</i>	<i>Age</i>	<i>Position</i>	<i>Term</i>
FRANCISCO M. ORTIGAS III	59	Chairman of the Board	1 Year
VICTOR A. LIM	80	President	1 Year
JESUS P. TAMBUNTING	66	Treasurer	1 Year
RAFAEL A. MORALES	53	Corporate Secretary	1 Year
BIENVENIDO A. TAN III	51	Director	1 Year
ROBERTO F. DE OCAMPO	58	Director	1 Year
EDGARDO A. GRAU	61	Director	1 Year
JOSE L. CUISIA, JR.	60	Incorporator	N.A.
REX MA. A. MENDOZA	41	Incorporator	N.A.
REYNALDO C. CENTENO	48	Incorporator	N.A.
JESUS G. HOFILÉÑA	49	Incorporator	N.A.

FRANCISCO M. ORTIGAS III

Chairman of the Board (2001-2003)

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 (2001-2003)

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 Uni Plastic 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. Mr. Lim was the former Chairman and President of the Bases Conversion Development Authority from 1993 to 1996.

JESUS P. TAMBUNTING
Director and Treasurer (2003)

Ambassador Tambunting earned his Bachelor of Science degree in Economics from the University of Maryland in the U.S.A. He is currently the Chairman and Chief Executive Officer of Planters Development Bank (Planters). He also chairs Plantersbank SME Solutions, Inc. and its Vice-Chairman of the Micro Enterprise Bank of the Philippines. Outside his activities in Planters, he is the Chairman of the Philippine-British Business Council, Vice Chairman of the Philippines Business for Social Progress, and member of the Board of Trustees of the Carlos P. Romulo Foundation. He was appointed Special Adviser to the Board of Directors of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP). He is also a member of the Advisory Board of the Institute of Corporate Directors Foundation, and is currently the President of the Manila Polo Club.

RAFAEL A. MORALES
Director and Corporate Secretary (2001-2003)

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 (2001-2003)

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., and Chairman of International Heavy Equipment Corporation.

ROBERTO F. DE OCAMPO
Independent Director (2003)

Dr. Roberto F. De Ocampo is a cum laude graduate of Bachelor of Arts in Economics at the Ateneo de Manila University. He has a Master in Business Administration from the University of Michigan and a post-graduate diploma from the London School of Economics. He has also been conferred three Doctorates (Honoris Causas). Dr. de Ocampo is the current President of the Asian Institute of Management. He served as the Secretary of Finance under the Ramos administration and was widely recognized as the principal architect of the resurgence of the Philippine economy. He was the first Filipino and the first ASEAN finance minister to be

recognized and was cited as the "Finance Minister of the Year" in 1996 by the Euromoney. He was conferred the Legion of Honor in 1998, the highest honor conferred on Filipino civilians by the Philippine government and was conferred the Ordre National de la Legion d' Honneur by the Republic of France with the rank of Chevalier.

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:

- The data represents the Board of Directors' business experience for the past five (5) years.
- The fund has not been involved in any legal proceedings for the past five years. None of the Board of Directors and Executive Officers is 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.
- Each Board of Director of the fund receives a per diem of P4,000.00 (gross). Approximately, the total per diem per year for 2001 and 2002 amounted to Php105,000.00 while the 2003 per diem is estimated to amount to Php140,000.00. Aside from the per diem given to each director, there are no other contracts or agreements that will result to the registrant paying any amount to any of the directors.
- The registrant has no significant employees.

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

PAMI is the investment manager of PDBF. As investment manager, PAMI is tasked to provide and render management and technical services to PDBF. PAMI also functions as the principal distributor of PDBF. As such, it takes charge of sales of the PDBF shares to prospective investors. Through its Management and Distribution Agreement with PDBF, the guidelines for the management of the resources and operations of PDBF by PAMI are set.

PAMI is wholly owned by Philippine American Life Insurance Company (Philamlife) and 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 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 Philam Life 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.

KAREN LIZA M. ROA

President and CEO

Ms. Roa obtained her degree in Bachelor of Science in Legal Management at the Ateneo De Manila University. She later on pursued her MBA degree with a Major in Management at the Fordham University in New York, USA. Ms. Roa was an Operations Analyst in Chase Manhattan Bank N.A. in New York for two years and eventually became an Associate in the Bank's Management Development Program. She returned to the Philippines and became the Assistant Vice-President and Financial Business Process Manager for the Asia Regional Financial Center of Citibank N.A. She later joined Philam Savings Bank Trust Banking Division as the Vice-President and Trust Officer. She was responsible for setting up and managing the Bank's trust business including investments, credit and compliance, and operations. Prior to joining Philam Asset Management, Inc., Ms. Roa was the Asia-Pacific Product Director for Investment and Wealth Management Solutions of Sungard Asia-Pacific.

OMAR T. CRUZ

Director

Mr. Cruz is Philam Life'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. Since 2008, he is Director of the following: Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc. and PAMI Global Bond Fund Philippines, Inc. Previous to his current post at Philam Life, 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.

REYNALDO C. CENTENO

Director

Mr. Centeno has truly proven himself up the ladder as he is now Philam Life's Senior Executive Vice-President and Chief Operating Officer. He has been with this company for 24 years. He started working with Philam Life as an Actuarial Associate in 1986, got promoted as Assistant Vice-President and Actuary immediately after a year and eventually as the 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. He is a member of the Board of Directors of Philam Life (2005-present), BPI-Philam Life Assurance Corp. (2010-present), Philam Asset Management, Inc. (1994-present), Philam Call Center (1999-present), Philam Equitable Life Assurance Co. (2003-

present), Tower Club, Inc.(2000-present), and the Asian Eye Institute, Inc. He is Chairman of the Board of Directors of Philam Properties Corporation (2010-present), Philam Life Tower Condominium Corporation (2002-present), Philam Life Tower Management Corp. (2000-present), and Philam Tower Realty Corp. (2000-present). He is a member of the Board of Trustees of Philam Foundation. He is a Fellow of the Society of Actuaries (USA), the Actuarial Society of the Philippines, and the Life Management Institute. He is also a Member of the American Academy of Actuaries and the International Actuarial Association. He holds a Bachelor of Science degree in Mathematics, *cum laude*, from the University of the Philippines and Master of Science degree in Actuarial Mathematics from the University of Michigan. Mr. Centeno is a graduate of the Top Management Program of the Asian Institute of Management.

FE R. VELASCO

Director

Effective January 2009, Ms. Velasco was appointed as the Senior Vice-President and Chief Finance Officer of Philam Life. 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.

LING CHI KEVIN NG

Director

Mr. Ng is a graduate of Bachelor of Information Technology (Economics) from the Australian National University and 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.

WING CHE ANDREW LEUNG

Director

Mr. Leung holds a Ph.D. in Engineering from the University of Cambridge and is also a Chartered 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 investment outsourcing strategy and manager evaluation processes for the Group. 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.

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 profitability of the said countries. 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 graduated with an MBA degree, major in Industrial Management at Wharton Graduate School, University of Pennsylvania. He was previously the Executive Vice-President and Chief Investment Officer of Philam Life and a director of various mutual funds of Philam Asset Management, Inc. as well as the affiliates, subsidiaries and investee companies of Philam Life. 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 and Chief Financial Officer, and Philippine Asia Equity Securities, Inc. as Senior Vice-President for Investment Banking.

CUSTODIAN BANK

The Custodial Agreement establishes the trustor-trustee relationship between PDBF, 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 PDBF investments and fees of the custodian bank.

TRANSFER AGENT

The transfer agent of PDBF is Bank of the Philippine Islands (BPI). The primary responsibility of the transfer agent is the accurate record keeping of individual shareholdings and the issuance and cancellation of stock certificates.

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.