



Prospectus

PHILAM MANAGED INCOME FUND, INC.

ONE HUNDRED MILLION (100,000,000) PHILAM MANAGED INCOME FUND, INC. (PMIF) SHARES OF COMMON AND VOTING STOCKS AMOUNTING TO PHP1,000,000.00 (INCLUSIVE OF THE 25,000,000 SHARES AMOUNTING TO PHP250,000.00 WHICH THE ORIGINAL PROPONENT HAVE SUBSCRIBED AND PAID FOR AND CANNOT BE WITHDRAWN FOR A PERIOD OF TWELVE (12) MONTHS FROM THE REGISTRATION OF PMIF). IT WILL BE OFFERED TO THE PUBLIC AT THE CURRENT NET ASSET VALUE PER SHARE. THE FUND SHALL BE READY TO BUY FROM 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.

February 16, 2006

RISK DISCLOSURE STATEMENT

GENERAL RISK WARNING

- The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.
- Past performance is not a guide to future performance.
- There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities.
- An investor deals in a range of investments each of which may carry a different level of risk.

PRUDENCE REQUIRED

This risk does not purport to disclose all the risks and other significant aspects of investing in these securities. An investor should undertake his or her own research and study on the trading of securities before commencing any trading activity. He/she may request information on the securities and issuer thereof from the Commission which are available to the public.

PROFESSIONAL ADVICE

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading securities specially those high risk securities.

The original proponents have 25,000,000 shares that can be redeemed only after 12 months following the date of registration of the PMIF. A total of 100,000,000 (inclusive of the 25,000,000 shares held by the current shareholders) shares will be offered to the public on a continuing basis until all the shares have been subscribed and paid. The offering is expected to raise Php100,000,000.00 at a net asset value per share of Php1.00.

The proceeds from the sale of PMIF shares will be used to build up its investment in mostly domestic 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. Majority of the PMIF's portfolio will be invested in government securities. The Fund does not plan to invest in foreign securities. However, SEC allows mutual fund companies to invest up to one hundred percent (100%) of its net assets in foreign securities subject to safety nets and standards set by the SEC.

The Fund's NAVPS will be valued based on market prices and its performance benchmarked against a comparable Government Securities Index, hence, the Fund's portfolio duration will approximate that of the chosen index. Nevertheless, the Fund's duration may be shortened or lengthened depending on market conditions with the objective of outperforming the index.

Aside from market conditions, timing will also be a critical area of consideration in the purchase or sale of the Fund's securities. At the initial stage, short-term tenors will be purchased first and as a stable rate environment is expected in year 2006, longer tenors may be purchased at the latter part of 2005.

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

The Investment Manager (or "Fund Manager") of the Fund is Philam Asset Management, Inc. (PAMI). For its services, the Investment Manager shall charge a monthly fee equivalent to and not exceeding one-fourth of one per centum (1/4 of 1%), or 3% per year, of the average net value of the Fund's assets, computed on a daily basis.

PMIF's office is located at:

**5th Floor, Salustiana D. Ty Tower, 104 Paseo de Roxas
cor. Nieva and Perea Streets,
Legaspi Village, Makati City
Telephone Numbers: (632) 867-3912 up to 18
Fax Numbers: (632) 813-6813 and 18**

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

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PHILAM MANAGED INCOME FUND, INC.

The Philam Managed Income Fund, Inc. (PMIF) or the Fund is an open-ended mutual fund with a par value of Php0.01 per share, which will be offered to the public at a starting offering price of Pph1.00, with a minimum investment of Php100,000.00 with succeeding investments of at least Php10,000.00. All investments shall be on cash basis and installment sales are prohibited. The PMIF considers a medium to long term investment horizon for its shareholders. The fund will be positioned as a conservative investment vehicle that provides investors, whose investment amounts total at least Php100,000.00, with quarterly cash flows while providing reasonable returns on their assets.

Automatic and compulsory cash flows will come in the form of scheduled redemptions to be filed based on the NAVPS at the end of each calendar quarter. However, shareholders still have the option to redeem the investment before the end of each quarter. Should the end of the calendar quarter fall on a weekend or a non-working holiday, the scheduled redemption will be filed on the next banking day. The amount of redemption will be equivalent to the 90% of the difference between the current value of the investment and the net investment amount (total amount invested less the total amount redeemed). If the current value is less than the net investment amount then no redemption will be filed for that period. The proceeds of the redemption will automatically be deposited to a savings account, the opening of which will be required, in order to facilitate the funds transaction smoothly and accurately for all shareholders. The fund manager will be given the option to choose the disbursing bank that they believe will best serve the shareholders needs.

PAMI is the Investment Manager. PAMI, through its Treasury Manager, will handle all investments of the fund with the guidance from PAMI's Asset Liability Committee (ALCO) and the officers of the Treasury Division 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 PMIF shares, see "Risk Factors" and other information.

FINANCIAL INFORMATION

PHILAM MANAGED INCOME FUND, INC. (An Open-End Mutual Fund Company) Summary of Financial Information Balance Sheet as of December 31, 2005

Total Assets	
Cash	25,000,000.00
Total Liabilities	-
Net Assets	<u>25,000,000.00</u>
Capital Stock - P0.01 par value	
Authorized Capital Stock 100,000,000 shares	
Issued and Outstanding - 25,000,000 shares	250,000.00
APIC	24,750,000.00
Net Assets	25,000,000.00
Net Asset Value Per Shares (NAVPS)	1.00
* The Company has not yet started commercial operations	

GLOSSARY

"BSP"	: Bangko Sentral ng Pilipinas
"NAV"	: Net Asset Value
"NAVPS"	: Net Asset Value Per Share
"PAMI" or "Fund Management Company" or "Fund Manager"	: Philam Asset Management, Inc.
"PMIF" or "Fund" or "Company"	: Philam Managed Income 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

“SEC”
“SGV”

Act
: Securities and Exchange Commission
: SyCip Gorres Velayo and Co.

RISK FACTORS

The Net Asset Value of the Fund will fluctuate with changes in the market value of the Fund's investments. With the adoption of Philippine Accounting Standards (PAS) 39 that requires all assets to be valued on a mark-to-market basis, PMIF's NAVPS will experience volatility due to changes in local interest rates. 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. Investment companies, unlike bank deposit are not covered by the Philippine Deposit Insurance Corporation (PDIC).

- ❖ **Price Risk:** 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.
- ❖ **Market Risk:** 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.
- ❖ **Liquidity Risk:** A credit situation wherein the local market is highly non liquid making it impossible to sell the funds assets thereby causing substantial delay in the processing of redemption proceeds.

The Fund only invests in marketable securities which are composed of government securities. The fund also maintains 10% liquidity of cash or near cash instrument in order to service redemptions.

- ❖ **Inflation Risk:** This risk will occur in case the Fund's returns fall below the local inflation rate.
- ❖ **Settlement Risk:** A situation wherein the fund management company goes bankrupt which results to a delay in the sale of the Funds' assets.

The fund maintains a 10% limit on exposures to counter parties.

The investment manager will manage the risk through active fund management and portfolio diversification. Diversification will be done across asset classes and maturity profiles. The investment manager's sensitivity to risk is demonstrated by its exhaustive due diligence and systematic portfolio controls. Investment controls will be done through an Asset Liability Committee that meets periodically to assess risk and opportunities.

Philosophy

PAMI's fixed income team steadfastly believes that successful long-term investment must be inherently based on sound, fundamental research. Its team-oriented approach is considered a key PAMI strength and a valuable source of opportunities as its management style emphasizes yield enhancement and portfolio diversification – as no single strategy or security should dominate portfolio results.

Process - Collaborative Decision Making

PAMI's investment process combines the best elements of portfolio manager top-down viewpoints (providing sector allocation) research analyst bottom-up input (providing security selection) and traders real-time market analysis to provide PAMI with an unparalleled team-oriented approach to investing.

This clearly defined process enables PAMI to mine the various sources of opportunities: security selection, sector allocation, duration, credit, and trading. Through a systematic analysis of Fundamental, Valuation and Technical drivers PAMI is able to maximize risk-adjusted yield by purchasing bonds with improving credit outlook and avoid industries and issues that are likely to experience credit deterioration

FUND FEATURES

Classification of Investment Objectives

The PMIF considers a medium to long term investment horizon for its shareholders. The Fund will be positioned as a conservative investment vehicle that provides investors with reasonable returns on their assets while making available a quarterly cash stream for investors with at least P100,000.00 invested in the Fund.

Initial Investment Plans

In light of the rising interest rate environment and considering that the Fund will be marked-to-market, the planned portfolio mix, at least for the initial year, will have an average tenor of 3.5 years with 40% of the portfolio invested in 3-year tenor. Investments will still be heavy on fixed-rate treasury notes (FXTNs) as there are only limited commercial paper issuances at present.

Shares Offered

PMIF shares are redeemable common stocks (one class of shares only).

INVESTMENT RESTRICTIONS

1. Unless ordered otherwise by the Securities and Exchange Commission, 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 other 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 exceed ten percent (10%) of the outstanding securities of any one investee company.
8. For liquidity purposes, unless otherwise prescribed by the SEC, 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. The Fund does not plan to invest in foreign securities. However, SEC allows mutual fund companies to invest up to one hundred percent (100%) of its net assets in foreign securities subject to safety nets and standards set by the SEC.
10. The fund may not lend to individual and corporate borrowers.
11. Change in the Fund's investment objective should be with notice and prior approval of the SEC. An investment company shall not change its investment objective without the approval from the majority of the fund's shareholders.

Portfolio Mix

Majority of the PMIF's portfolio will be invested in government securities. The Fund does not plan to invest in foreign securities. However, SEC allows mutual fund companies to invest up to one hundred percent (100%) of its net assets in foreign securities subject to safety nets and standards set by the SEC. The Fund's NAVPS will be valued based on market prices and its performance benchmarked against a comparable Government Securities Index, hence, the Fund's portfolio duration will approximate that of the chosen index.

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. 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 P100,000 and a minimum of P10,000 for each additional purchase. All investments shall on cash basis. 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 Company 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

Opening an Account

Any qualified investor may purchase PMIF shares, through the principal distributor, PAMI, or through any authorized investment solicitor. The minimum initial purchase is P100,000.00 and subsequent investments shall be a minimum of P10,000.00.

Opening an account requires filling-out, disclosing and presenting the following information and documents:

1. Individual Accounts

- Client Information Sheet (CIS) for the primary, secondary and principal investors
- Investment Application Form (IAF)
- Photocopy of one (1) valid ID with photo from each "AND" and "OR" joint investors (authenticated copy).

Examples of acceptable IDs issued by an official authority as contained in the CIS are listed below.

1. Bureau of Internal Revenue (BIR) Tax Identification No. (TIN) I.D.
 2. Department of Foreign Affairs I.D.
 3. Social Security System (SSS) I.D.
 4. Government Service Insurance System (GSIS) I.D.
 5. Philippine Health Insurance Corp. (Philhealth) I.D.
 6. Home Development Mutual Fund (PAG-IBIG) I.D.
 7. Commission on Election (COMELEC) Voters I.D.
 8. Philippine Regulatory Commission (PRC) I.D.
 9. Philippine Postal Office I.D.
 10. Land Transportation Office (LTO) Driver's License
 11. Philippine Passport
 12. Barangay Office or Center I.D.
- Copy of Trust Agreement in case of ITF account

The receiving agent, PAMI sales or sales & administrative assistant personnel should confirm that the original IDs were personally shown to him by writing in the IAF the statement: *ID authenticated by "name of receiving personnel"* and affixing his signature after the statement.

2. Corporate Accounts

- Client Information Sheet (CIS) for corporate accounts
- Investment Application Form (IAF)
- Articles of Incorporation or Partnership
- By-laws
- Board Resolution or Secretary's Certificate to invest in the Fund
- Board Resolution or Secretary's Certificate on the authorized signatories
- Latest General Information Sheet
- Contact numbers
- Sworn statement as to the existence or non-existence of beneficial owners
- Verification of the authority and identification of the person purporting to act on behalf of the client

The receiving agent, PAMI sales or sales & administrative assistant personnel should confirm that he has verified the authority and identification of the person transacting in behalf of the corporate client by writing in the IAF: *"Capacity of Mr. X to transact in behalf of "name of company" authenticated by "name of receiving"* and affixing his signature after the statement.

Additional Investments

To add to an existing account, an IAF is accomplished and, together with the check or payment order, submitted to the business development officer. For existing joint accounts, any one of the investors can add to the investment and sign the documents.

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.

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. 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.

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 only be issued by the transfer agent upon the written request of the shareholder and delivered after approval of the application to purchase and the receipt of 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.

Statements and Reports

Investors will receive a statement of account after the end of each quarter. PAMI also sends investors annual publication 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.

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.

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 fund shall compute the NAVPS daily. The price of the fund will be posted on a conspicuous place in the principal office of the company and published in at least two newspapers of general circulation in the Philippines.

Manner and Method of Redemption

A. How to Redeem

Shareholders can file their redemption request forms in any PAMI office. Redemption from the fund requires filling-out, disclosing and presenting the following information and documents:

- Redemption Request Form (RRF)
- Stock Assignment Forms (SAF)
- Reason for Redemption (monitoring form)
- Confirmation of Purchase (COP)
- 2 Valid IDs (for walk-in redemptions)

The receiving agent, PAMI sales or sales & administrative assistant personnel should make sure that the forms are completely filled-out with the client's signature affixed on the RRF and SAF. If the redemption is coursed thru fax, the original redemption documents must be submitted before the proceeds will be released. Redemption proceeds will be available three days after the transaction date.

B. Amount of Redemption

Over and above the automatic and compulsory quarterly redemptions, 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). In cases of shareholders with partial redemptions, the proceeds of these partial redemptions will be deducted from the total investment amount in computing the scheduled quarterly redeemable amounts.

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

Shareholders, upon claiming the proceeds must present 2 valid IDs and sign the receiving copy. In case of a representative, present an authorization letter signed by the shareholder and one (1) valid ID of the shareholder.

E. Special Considerations

PMIF 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.
4. The Commission may, whenever necessary or appropriate in the public interest and for the protection of investors, suspend the redemption of securities of open-end investment companies.

Note: Shareholders can file their redemption request forms in any PAMI office. If necessary, the fund may establish a network of redemption centers.

F. Redemption Fee

Not more than 1% of the redemption proceeds.

USE OF PROCEEDS

PMIF is a conservative type of investment that exposes the shareholders to low risk. The investment manager plans to use the Php100,000,000.00 proceeds from the sale of PMIF shares on the initial offering price of Php1.00 per share to build up its investment in mostly domestic 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 Fund will also invest in deposit agreements for liquidity. Majority of the PMIF's portfolio will be invested in government securities. The Fund does not plan to invest in foreign securities. However, SEC allows mutual fund companies to invest up to one hundred percent (100%) of its net assets in foreign securities subject to safety nets and standards set by the SEC.

The Fund's NAVPS will be valued based on market prices and its performance benchmarked against a comparable Government Securities Index, hence, the Fund's portfolio duration will approximate that of the chosen index. However, the investment manager, may, at any time, change the reference index where, for reasons outside the investment manager's control, the index has been replaced by another index, or where another index may be reasonably be considered to have become the industry standard for the relevant exposure. Shareholders will be advised of any change in the reference index in the next annual report of the fund. A custodian bank duly appointed by the board of directors will safe keep the proceeds of the sale of shares.

No material amount of proceeds will discharge debt nor will the proceeds be used to acquire or finance the acquisition of other businesses. The filing fees for the incorporation and registration of the fund, and publication of notices required thereof shall be deducted or paid out of the gross proceeds. Expenses chargeable to the fund are: management fees, taxes, legal fees, audit fees, shareholder services (statements-of-account, notices, meetings), and directors' fees.

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

The Fund's primary market niche will be retired individuals that need to invest their retirement funds over the long haul but require a form of liquidity mechanism that will provide for their basic financing needs. Furthermore, packaging the Fund with insurance and pre-need products as investment-linked life insurance packages will provide Philamlife agents and their prospective clients with highly affordable insurance coverage combined with tailor-made life benefits. Packaging contributions through programmed design will essentially make fund investing a strategic option for the Philamlife and Philam Plans policyholders who want to augment plan benefits. Another packaging option is to match the Fund with Accident and Health that will double the investors placements in the event of accidental death.

PAMI, a company licensed by the SEC to engage in the distribution of securities to the public, will directly distribute Fund shares. Initial campaigns will utilize print media, direct mailers, and telemarketing. PAMI's main distribution channel will be the Philamlife (about 6,000 agents) and Philam Plans (about 40,000 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. A major distribution channel will be third party distributors looking to grow their customer relationships by expanding their product and service offerings.

There are currently 32 registered mutual funds in the industry with over P75B in assets. Over 93% of the total asset base is invested in bond funds which show that most Filipino investors are very conservative. In terms of geographic location, over 90% of the assets are from Metro Manila with the rest coming from key provincial cities like Cebu, Iloilo, Bacolod, and Davao.

The principal method of competition within the mutual fund industry is performance and service. However, with the emergence of unit investment trust funds (UITF), pricing might be a critical area of competition in the near future.

The principal competitors in the mutual fund industry are Ayala Life Fixed Income Fund and Sunlife Prosperity Bond Fund both of which are peso denominated bond funds. The Ayala fund has over P40 Billion in assets while the Sunlife fund has over P5 Billion. Both funds are actively distributed by their respective distribution agents.

PMIF can compete very well with all the available bond funds because PAMI's financial muscle and distribution capabilities. Hence, the fund will perform well in both yield and sales. Furthermore, the funds cash flow facility will be a major differential advantage that will attract long-term investors.

DESCRIPTION OF SECURITIES TO BE REGISTERED

One Hundred Million (100,000,000) PMIF shares of common and voting stocks of par value of Php 0.01 per share (inclusive of the 25,000,000 shares which the original proponents have subscribed and paid for and which cannot be transferred for a period of twelve (12) months from the registration of PMIF) will be offered to the public.

No stockholder shall, because of his ownership of stock, have a pre-emptive or other right to purchase, subscribe for, or take any part of any stock or of any other securities convertible into or carrying options or warrants to purchase stock of the Corporation. Any part of such stock or other securities may at any time be issued, optioned for sale, and sold or disposed of by the Corporation pursuant to resolution of its Board of Directors, to such persons and upon such terms as to such Board may deem proper, without first offering such stock or securities or any part thereof to existing stockholders.

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, to vote at stockholders' meetings and otherwise to exercise other rights or privileges of stockholders, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

There is no provision in the charter or by-laws that would delay, deter, or prevent a change in control of the registrant.

CORPORATE PROFILE

PMIF is a stock corporation incorporated on October 20, 2005. The company's principal products are shares (securities) of PMIF. PAMI will directly distribute fund shares.

PMIF is an open-ended mutual fund whose shares will be offered to the public at net asset value with a minimum investment of P5,000. The PMIF considers a medium to long term investment horizon for its shareholders.

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

The Custodial Agreement establishes the relationship between PMIF, 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 PMIF investment and fees of the custodian bank.

The transfer agent of PMIF 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 a maximum of 3% per year. The management fee to be charged will be set at the start of each quarter and will remain constant for the duration of the calendar quarter. PAMI will vary the entry fee depending on the fund's performance in order to provide shareholders with reasonable returns on their investments. A sales load of not more than 3% will also be charged. No load arrangements can be negotiated with institutional investors on a case-to-case basis.

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 P20 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Plan of Operation

The registrant was incorporated in October 20, 2005, hence, has not registered revenues in each of the last two fiscal years, or the last fiscal year and any interim period in the current fiscal year for which financial statements are furnished in the disclosure document. Nevertheless, 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. Once the registration is approved by the Commission, the registrant will start selling its shares to the public and will invest the proceeds as indicated in the prospectus (see use of proceeds). Since the registrant does not have any employees and does not plan to hire any in the future, there will be significant change in the number of employees in the future.

Notes:

- There will be no public trading market for PMIF shares.
- As of the date of this registration there are twelve (12) holders of redeemable common stock (one class of shares only).
- There are no pending legal proceedings to which the registrant or any of its subsidiaries or affiliates is party of.
- There exist no restrictions that limit the ability to pay dividends on common equity or that are likely to do so in the future.

- The registrant has not sold any unregistered or exempt securities and is prohibited from selling these types of securities. Hence, no exceptions from registration were claimed nor were there any dealings with underwriters to this effect.

PMIF DIRECTORS AND EXECUTIVE OFFICERS

<u>Name</u>	<u>Age</u>	<u>Citizenship</u>	<u>Position</u>	<u>Term</u>
FRANCISCO M. ORTIGAS III	60	Filipino	Chairman	1 Year
VICTOR A. LIM	82	Filipino	Vice Chairman	1 Year
ROBERTO F. DE OCAMPO	60	Filipino	President	1 Year
RAFAEL A. MORALES	54	Filipino	Corporate Secretary	1 Year
JESUS P. TAMBUNTING	68	Filipino	Treasurer	1 Year
EDGARDO A. GRAU	63	Filipino	Director	1 Year
ARMAND BRAUN	68	Filipino	Director	1 Year

FRANCISCO M. ORTIGAS III ***Chairman of the Board (2005-2006)***

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 Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Dollar Bond 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 Vice-Chairman (2005-2006)***

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 Corp. He is also the Vice-Chairman of Philam Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc. and Philam Dollar Bond 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.

ROBERTO F. DE OCAMPO ***Director and President (2005-2006)***

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 is also the President of Philam Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc. and Philam Dollar Bond Fund, Inc. 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.

RAFAEL A. MORALES ***Director and Corporate Secretary (2005-2006)***

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. Atty. Morales is also the Corporate Secretary of Philam Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc. and Philam Dollar Bond Fund, Inc.

JESUS P. TAMBUNTING
Director and Treasurer (2005-2006)

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. Ambassador Tambunting is also the Treasurer of Philam Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc. and Philam Dollar Bond Fund, Inc.

ARMAND F. BRAUN, JR.
Independent Director (2005-2006)

Mr. Armand Braun is a graduate of the Ateneo de Manila University where he acquired a degree of Bachelor of Science in Business Administration. He also took an Advance Management Program for Overseas Bankers at the prestigious Wharton School in Philadelphia, USA. He is currently an independent director of Union Bank of the Philippines where he chairs the firms audit committee. Mr. Braun also sits on the board of various other companies: Signworld Corp. (Chairman), AFBraun & Co. Holdings (Chairman and Pres.), OLRAM Construction Co., Inc. (Chairman), A-1 Microfinance, Inc. (Director), ALROSE Foods Corp. (Director), Iligan Pizza Corp. (Director), Union Properties, Inc. (Director), Philam Bond Fund, Inc. (Director), Philam Fund, Inc. (Director), Philam Strategic Growth Fund, Inc. (Director) and Philam Dollar Bond Fund, Inc. (Director).

EDGARDO A. GRAU
Director (2005-2006)

Mr. Grau's expertise in investment banking and financial market operations has earned him the position of Philamlife's Executive Vice President and Chief Investment Officer since 1996. He graduated at 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. Mr. Grau was then Assistant Vice President of Meralco's Technical Services Group and Vice President and Senior Officer of the Philippine Commercial International Bank (PCIBank). Furthermore, he was also affiliated with Atlantic Gulf & Pacific Company of Manila, Inc. as its Executive Vice President & Chief Operating Officer. His knowledge of the industry may also be attributed to the former posts he held at Magellan Capital Holdings Corporation as Senior Vice President and Chief Financial Officer and likewise, with the Philippine Asia Equity Securities, Inc. as the company's Senior Vice President for investment banking. Mr. Grau currently sits on the board of other companies: Philam Bond Fund, Inc. (Director), Philam Fund, Inc. (Director), Philam Strategic Growth Fund, Inc. (Director) and Philam Dollar Bond Fund, Inc. (Director).

Notes:

- The registrant does not have any significant employee nor will it have any in the future.
- There are no family relationships up to the fourth degree either by consanguinity or affinity among the directors, executive officers, or persons nominated or chosen by the registrant to become directors or executive officers.
- The registrant has not been involved in any legal proceeding or bankruptcy petition in any domestic or foreign court.
- The registrant does not have any executive under its employ and therefore does not pay any executive compensation. For every board meeting attended by each Director he will receive a per diem of Php4,000.00. Projected per diem for 2006 is Php84,000.00.

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

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

diversified insurance company and the undisputed market leader for over half the century. It is a wholly owned subsidiary of the American International Group, Inc. (AIG). At present, PAMI manages and distributes five other investment companies, namely: Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc. and GSIS Mutual Fund, Inc. The management fee to be charged by PAMI is a maximum of 3% per year. PAMI will vary the entry fee depending on the fund's performance in order to provide shareholders with reasonable returns on their investments. 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 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.

NOTE: The registrant has not transacted with nor was involved in any transaction with any entity where any of its director, executive officer, or stockholder owns more than 10% or where any of their immediate family had or is to have a direct or indirect material interest.

CUSTODIAN BANK

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

TRANSFER AGENT

The transfer agent of PMIF 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 (SGV) serves as external auditors for the Company.