



# ECONOMIC AND SOCIAL STABILIZATION FUND

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Monthly Executive Report as of December, 2020

## I. Market Value as of December, 2020

The market value of the Economic and Social Stabilization Fund (ESSF) totaled US\$8,955.24 million at the end of the month. The variation of the period was due to: (i) accrued interest of US\$6.08 million, (ii) capital gains on investments of US\$102.00 million and (iii) administrative, custody and others costs of US\$0.39 million.

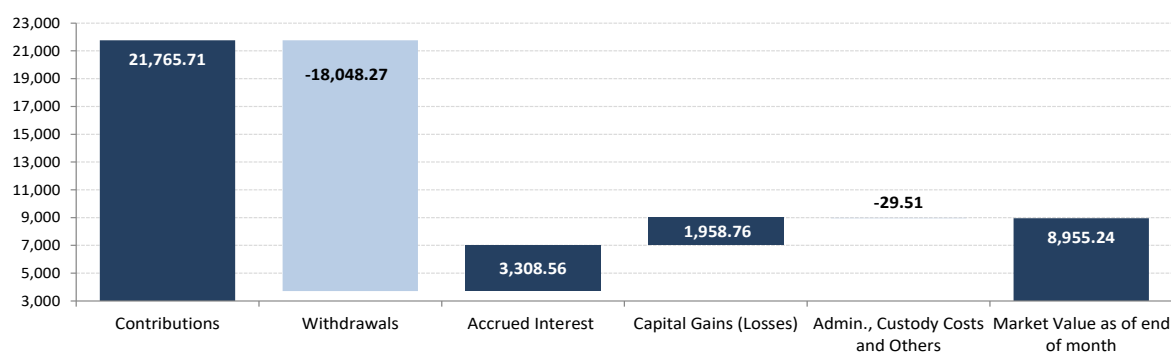
Changes in Market Value (US\$ million)	2012	2013	2014	2015	2016	2017	2018	2019	2020					Since Inception <sup>(1)</sup>	
									Q1	Q2	Q3	October	November		December
Starting Market Value	13,156.64	14,997.52	15,419.13	14,688.82	13,966.28	13,772.06	14,738.82	14,133.85	12,233.41	12,334.30	10,569.49	9,736.26	9,701.63	9,847.55	0.00
Contributions	1,700.00	603.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,765.71
Withdrawals	0.00	0.00	-498.93	-463.88	-462.29	0.00	-541.58	-2,563.89	0.00	-2,000.00	-1,090.00	0.00	0.00	-1,000.00	-18,048.27
Accrued Interest	201.89	184.10	188.28	167.08	161.56	153.01	166.92	171.28	32.33	25.65	19.73	5.61	6.04	6.08	3,308.56
Capital Gains (Losses)	-59.71	-363.71	-416.97	-422.87	109.12	816.56	-227.51	495.33	69.22	210.39	237.62	-40.00	140.03	102.00	1,958.76
Admin., Custody and Other Costs <sup>(2)</sup>	-1.30	-2.17	-2.69	-2.87	-2.61	-2.80	-2.82	-3.17	-0.66	-0.85	-0.58	-0.24	-0.15	-0.39	-29.51
<b>Final Market Value</b>	<b>14,997.52</b>	<b>15,419.13</b>	<b>14,688.82</b>	<b>13,966.28</b>	<b>13,772.06</b>	<b>14,738.82</b>	<b>14,133.85</b>	<b>12,233.41</b>	<b>12,334.30</b>	<b>10,569.49</b>	<b>9,736.26</b>	<b>9,701.63</b>	<b>9,847.55</b>	<b>8,955.24</b>	<b>8,955.24</b>

<sup>(1)</sup> The ESSF was established by the merger of the fiscal assets saved under Decree Law N° 3.653 (1981) with those of the Copper Income Compensation Fund. The first payment into the new fund was made on March 6, 2007.

<sup>(2)</sup> It includes costs associated with consultants, accounting adjustment and others.

### Changes in Market Value Since Inception

(US\$ million)



By Asset Class (US\$ million)	2012	2013 <sup>(1)</sup>	2014	2015	2016	2017	2018	2019	2020					
									Q1	Q2	Q3	October	November	December
Money Market <sup>(2)</sup>	4,488.14	5,107.57	4,934.76	4,766.70	4,622.49	4,976.47	4,777.23	4,148.52	4,256.21	3,664.69	3,397.69	3,396.64	3,419.02	3,122.23
Sovereign Bonds <sup>(3)</sup>	9,987.37	8,524.08	8,099.28	7,720.56	7,531.68	8,045.82	7,938.70	6,716.23	6,914.55	5,930.30	5,493.55	5,472.96	5,532.28	5,058.33
Sovereign Inflation Linked Bonds	522.01	541.64	512.29	489.36	478.50	514.58	488.36	429.81	424.27	367.32	339.86	339.05	342.62	312.17
Equities	-	1,245.83	1,142.49	989.65	1,139.39	1,201.95	929.55	938.84	739.26	607.18	505.17	492.99	553.63	462.51
<b>Market Value</b>	<b>14,997.52</b>	<b>15,419.13</b>	<b>14,688.82</b>	<b>13,966.28</b>	<b>13,772.06</b>	<b>14,738.82</b>	<b>14,133.85</b>	<b>12,233.41</b>	<b>12,334.30</b>	<b>10,569.49</b>	<b>9,736.26</b>	<b>9,701.63</b>	<b>9,847.55</b>	<b>8,955.24</b>

<sup>(1)</sup> A new investment policy that includes equities was implemented in August 2013.

<sup>(2)</sup> It includes sovereign bills and commercial money market. As of June 17, 2015, it may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee with remanent maturity lower than one year.

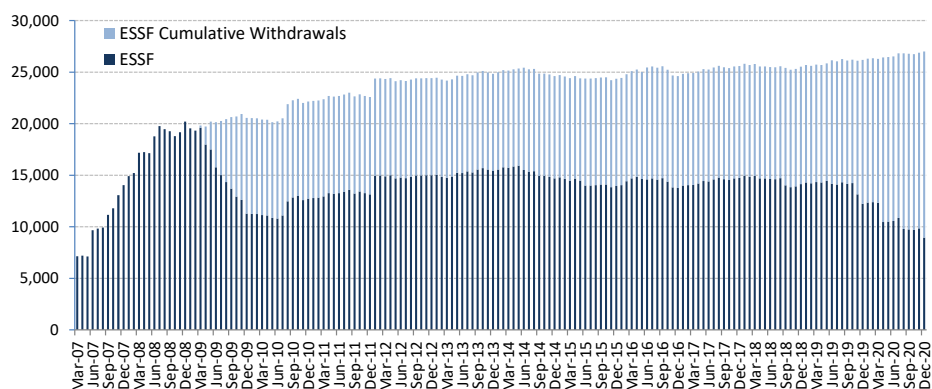
<sup>(3)</sup> This item may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee with remanent maturity higher than one year.

By Risk Exposure (US\$ million)	2012	2013 <sup>(1)</sup>	2014	2015	2016	2017	2018	2019	2020					
									Q1	Q2	Q3	October	November	December
Sovereigns <sup>(2)</sup>	12,746.00	11,450.71	9,773.08	9,780.39	9,492.27	10,125.91	10,025.86	8,532.19	9,123.23	8,335.37	7,724.00	7,702.78	7,779.97	7,011.37
Banks	2,251.52	2,722.58	3,773.24	3,196.23	3,140.40	3,410.96	3,178.43	2,762.37	2,471.81	1,626.94	1,507.10	1,505.87	1,513.95	1,481.36
Agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equities	-	1,245.83	1,142.49	989.65	1,139.39	1,201.95	929.55	938.84	739.26	607.18	505.17	492.99	553.63	462.51
<b>Market Value</b>	<b>14,997.52</b>	<b>15,419.13</b>	<b>14,688.82</b>	<b>13,966.28</b>	<b>13,772.06</b>	<b>14,738.82</b>	<b>14,133.85</b>	<b>12,233.41</b>	<b>12,334.30</b>	<b>10,569.49</b>	<b>9,736.26</b>	<b>9,701.63</b>	<b>9,847.55</b>	<b>8,955.24</b>

<sup>(1)</sup> A new investment policy that includes equities was implemented in August 2013.

<sup>(2)</sup> As of June 17, 2015, it may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee.

Market Value  
(US\$ million)



## II. Return as of December, 2020

The net return in US dollars was 1.17% in the month. This is broken down in the returns of Money Market and Sovereign Bonds portfolio, 0.96%, Sovereign Inflation Linked Bonds, 1.62%, and Equities, 4.38%. The returns of Money Market and Sovereign Bonds portfolio is explained by the appreciation (relative to the US dollar) of the currencies in which is invested. The returns of Sovereign Inflation Linked Bonds portfolio is explained by the positive effect of interest rates on this portfolio and by the appreciation (relative to the US dollar) of the currencies in which is invested. The return of the Equities portfolio is mainly explained by the positive performance in local currency and to a lesser extent, by the appreciation (relative to the US dollar) of the currencies in which is invested. The fund's monthly return measured in pesos was -6.15%. Finally, the accumulated return for the year is 8.03% in US dollars and 3.19% in pesos, while the annualized return since the beginning is 2.98% in US dollars and 5.07% in pesos.

Returns <sup>(a)</sup>	Month	Last 3 Months	Year to Date	Last 12 Months	Last 3 Years (Annualized)	Since Inception (Annualized) <sup>(b)</sup>
Money Market and Sovereign Bonds <sup>(c)</sup>	0.96%	1.63%	7.92%	7.92%	3.72%	1.77%
Sovereign Inflation Linked Bonds	1.62%	2.82%	8.56%	8.56%	3.80%	1.69%
Equities	4.38%	14.39%	15.87%	15.87%	10.09%	10.27%
<b>Return in USD</b>	<b>1.17%</b>	<b>2.33%</b>	<b>8.03%</b>	<b>8.03%</b>	<b>4.07%</b>	<b>2.98%</b>
Exchange Rate (CLP)	-7.23%	-9.33%	-4.48%	-4.48%	4.95%	2.03%
<b>Return in CLP<sup>(d)</sup></b>	<b>-6.15%</b>	<b>-7.22%</b>	<b>3.19%</b>	<b>3.19%</b>	<b>9.22%</b>	<b>5.07%</b>

<sup>(a)</sup> Time Weighted Return (It's calculated as the growth rate of the funds that were invested throughout the period).

<sup>(b)</sup> For the entire ESSF the performance is calculated from March 31, 2007, when the Central Bank of Chile's performance started to be measured. Due to the change in the fund's investment policy occurred in 2013, the return of the following asset classes, "Money market and sovereign bonds" and "Sovereign bonds indexed to inflation" are calculated since the beginning of August 2013 and for "Equities" since the middle of August of 2013.

<sup>(c)</sup> This item may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee.

<sup>(d)</sup> CLP return corresponds to the sum of the percentage change of the CLP/USD exchange rate and the USD return.

Returns for periods of more than one year are compound annualized rates while those for less than a year correspond to the change as seen in the stated period. With a view to meeting high standards of transparency and providing a better assessment of the gains or losses on investments, the Ministry of Finance discloses the fund's return in different time horizons and currencies. With respect to the horizon, it is important to note that, in keeping with the medium- and long-term investment policy, the return assessment should focus on that period, disregarding fluctuations that may occur monthly or quarterly. With regard to returns expressed in different currencies, the return in US dollars allows for an assessment which is more in line with the investment policy given that the fund's resources are wholly invested abroad and in foreign currency. The return in Chilean pesos is also disclosed. This return reflects changes in the peso-dollar exchange rate and, therefore, may experience greater fluctuations. Finally, as with any investment, returns obtained in the past do not guarantee future positive results.

### III. Portfolio Composition and Duration as of December, 2020

Portfolio by Country and Credit Exposures	US\$ million	% of Total
<b>Nominal Sovereign Exposure</b>		
United States	2,514.24	28.1%
Japan	1,832.27	20.5%
Germany	1,650.77	18.4%
Switzerland	701.98	7.8%
Others <sup>(1)</sup>	(0.06)	0.0%
<b>Total Nominal Sovereign Exposure<sup>(2)</sup></b>	<b>6,699.20</b>	<b>74.8%</b>
<b>Sovereign Inflation Linked Exposure</b>		
United States	223.18	2.5%
Germany	88.93	1.0%
Others <sup>(1)</sup>	0.07	0.0%
<b>Total Sovereign Inflation Linked Exposure</b>	<b>312.17</b>	<b>3.5%</b>
<b>Banking Exposure</b>		
Japan	365.56	4.1%
France	222.13	2.5%
United Kingdom	187.21	2.1%
Singapore	175.98	2.0%
Denmark	174.39	1.9%
United Arab Emirates	154.29	1.7%
Spain	137.14	1.5%
China	39.10	0.4%
Germany	25.19	0.3%
Others <sup>(1)</sup>	0.37	0.0%
<b>Total Banking Exposure</b>	<b>1,481.36</b>	<b>16.5%</b>
<b>Equities Exposure</b>		
United States	275.52	3.1%
Japan	31.28	0.3%
China	19.18	0.2%
United Kingdom	18.21	0.2%
Switzerland	13.33	0.1%
Canada	13.06	0.1%
France	12.60	0.1%
Germany	11.43	0.1%
Australia	8.42	0.1%
South Korea	8.39	0.1%
The Netherlands	6.93	0.1%
Hong Kong	5.64	0.1%
Ireland	5.57	0.1%
Sweden	4.19	0.0%
Denmark	3.23	0.0%
Brazil	3.13	0.0%
Spain	3.09	0.0%
Italy	2.54	0.0%
South Africa	2.02	0.0%
Others <sup>(1)</sup>	14.73	0.2%
<b>Total Equities Exposure</b>	<b>462.51</b>	<b>5.2%</b>
<b>Total Portfolio</b>	<b>8,955.24</b>	<b>100.0%</b>

<sup>(1)</sup> It includes cash, cash equivalents and unsettled transactions.

<sup>(2)</sup> This item may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee.

Duration	Years
Sovereign Bills and Bonds <sup>(1)</sup>	6.0
Sovereign Inflation Linked Bonds	5.1
Banking	0.1
<b>Portfolio Total</b>	<b>5.0</b>

<sup>(1)</sup> This item may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee.

Portfolio by Asset Classes	US\$ million	% of Total
Sovereign and Banking <sup>(1)</sup>	8,180.56	91.3%
Sovereign Inflation Linked Bonds	312.17	3.5%
Equities	462.51	5.2%
<b>Portfolio Total</b>	<b>8,955.24</b>	<b>100.0%</b>

<sup>(1)</sup> This item may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee.

Portfolio by Issuer Credit Rating	Sovereigns <sup>(1)</sup>	Banking	Total Fixed Income
Credit Rating			
AAA	61.0%	0.0%	61.0%
AA+	0.0%	0.0%	0.0%
AA	0.0%	0.0%	0.0%
AA-	0.0%	3.9%	3.9%
A+	21.6%	4.5%	26.0%
A	0.0%	3.7%	3.7%
A-	0.0%	5.4%	5.4%
Others <sup>(2)</sup>	0.0%	0.0%	0.0%
<b>Total Fixed Income</b>	<b>82.6%</b>	<b>17.4%</b>	<b>100.0%</b>

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