



ECONOMIC AND SOCIAL STABILIZATION FUND

Monthly Executive Report as of February 2017

I. Market Value as of February, 2017

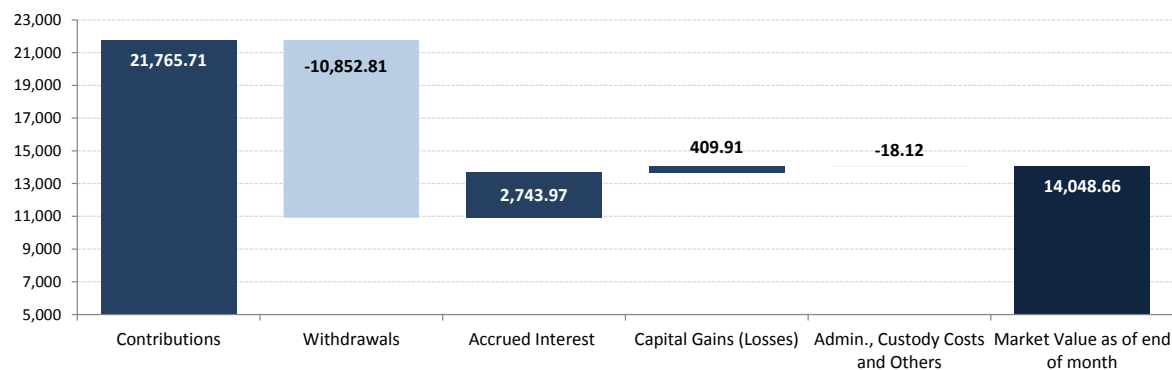
The market value of the Economic and Social Stabilization Fund (ESSF) totaled US\$14,048.66 million as of February of 2017. The market value changed during this month due to: (i) accrued interest of US\$12.03 million, (ii) capital gains on investments of US\$41.51 million and (iii) administrative, custody and others costs of US\$ 0.10 million.

Changes in Market Value (US\$ million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		Since Inception ⁽¹⁾
											January	February	
Starting Market Value	0.00	14,032.61	20,210.68	11,284.78	12,720.10	13,156.64	14,997.52	15,419.13	14,688.82	13,966.28	13,772.06	13,995.22	0.00
Contributions	13,100.00	5,000.00	0.00	1,362.33	0.00	1,700.00	603.39	0.00	0.00	0.00	0.00	0.00	21,765.71
Withdrawals	0.00	0.00	-9,277.71	-150.00	0.00	0.00	0.00	-498.93	-463.88	-462.29	0.00	0.00	-10,852.81
Accrued Interest	326.15	623.95	404.27	227.63	236.99	201.89	184.10	188.28	167.08	161.56	10.03	12.03	2,743.97
Capital Gains (Losses)	606.81	556.08	-50.83	-3.51	200.71	-59.71	-363.71	-416.97	-422.87	109.12	213.29	41.51	409.91
Admin., Custody and Other Costs ⁽²⁾	-0.35	-1.96	-1.62	-1.13	-1.16	-1.30	-2.17	-2.69	-2.87	-2.61	-0.16	-0.10	-18.12
Final Market Value	14,032.61	20,210.68	11,284.78	12,720.10	13,156.64	14,997.52	15,419.13	14,688.82	13,966.28	13,772.06	13,995.22	14,048.66	14,048.66

⁽¹⁾ 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.

⁽²⁾ It includes costs associated with consultants and others.

Changes in Market Value Since Inception
(US\$ million)



By Asset Class (US\$ million)	2007	2008	2009	2010	2011	2012	2013 ⁽¹⁾	2014	2015	2016	2017	
											January	February
Money Market ⁽²⁾	4,216.29	5,957.12	3,373.66	3,773.50	3,939.33	4,488.14	5,107.57	4,934.76	4,766.70	4,622.49	4,697.88	4,698.40
Sovereign Bonds ⁽³⁾	9,323.73	13,583.62	7,508.85	8,501.34	8,755.83	9,987.37	8,524.08	8,099.28	7,720.56	7,531.68	7,638.69	7,662.67
Sovereign Inflation Linked Bonds	492.59	669.93	402.27	445.26	461.48	522.01	541.64	512.29	489.36	478.50	487.21	483.33
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	1,139.39	1,171.44	1,204.25
Market Value	14,032.61	20,210.68	11,284.78	12,720.10	13,156.64	14,997.52	15,419.13	14,688.82	13,966.28	13,772.06	13,995.22	14,048.66

⁽¹⁾ In August 2013 a new investment policy that includes equities was implemented.

⁽²⁾ Includes sovereign bills and commercial money market.

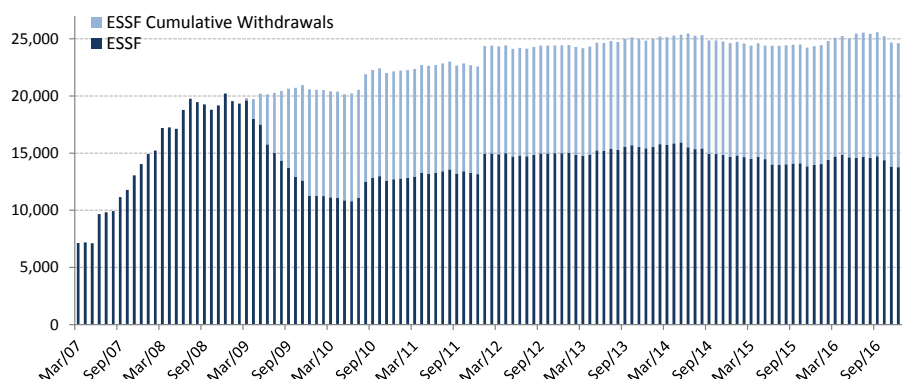
⁽³⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee with remanent maturity lower than one year.

By Risk Exposure (US\$ million)	2007	2008	2009	2010	2011	2012	2013 ⁽¹⁾	2014	2015	2016	2017	
											January	February
Sovereigns ⁽²⁾	9,283.19	16,617.20	8,913.96	10,112.22	10,949.50	12,746.00	11,450.71	9,773.08	9,780.39	9,492.27	9,725.54	9,754.16
Banks	4,216.29	3,593.47	2,370.82	2,607.88	2,207.14	2,251.52	2,722.58	3,773.24	3,196.23	3,140.40	3,098.25	3,090.25
Agencies	533.12	-	-	-	-	-	-	-	-	-	-	-
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	1,139.39	1,171.44	1,204.25
Market Value	14,032.61	20,210.68	11,284.78	12,720.10	13,156.64	14,997.52	15,419.13	14,688.82	13,966.28	13,772.06	13,995.22	14,048.66

⁽¹⁾ In August 2013 a new investment policy that includes equities was implemented.

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Market Value
(US\$ million)



II. Return as of February 2017

Return in US dollars was 0.38% in February. This was due to the performance of Money Market and Sovereign Bonds, 0.17%, and Equities, 2.80%, which represented 88.0% and 8.6% of the total fund at the end of month, respectively. Sovereign Inflation Linked Bonds' portfolio return was, -0.15% and represented 3.4% of the total fund. The Money Market and Sovereign Bonds' portfolio return was mainly explained by the performance, in local currency, of the instruments held in the portfolio. The Sovereign Inflation Linked Bonds' portfolio return was explained by a depreciation against the US dollar of the main currencies in which the portfolios are invested. Equity's portfolio return was mainly explained by the performance, in local currency, of the instruments held in the portfolio. The return of the fund in pesos was -0.19% in February mostly explained by a 0.57% depreciation of the US the dollar relative to the peso. Year to date portfolio's return was 2.00% in US dollars and -1.31% in pesos. Annualized return since inception was 2.39% in US dollars and 4.28% in pesos.

Returns ^(a)	Month	Last 3 Months	Year to Date	Last 12 Months	Last 3 Years (Annualized)	Since Inception (Annualized) ^(b)
Money Market and Sovereign Bonds	0.17%	1.07%	1.69%	-1.18%	-1.22%	
Sovereign Inflation Linked Bonds	-0.15%	1.33%	1.07%	2.39%	-1.24%	
Equities	2.80%	7.97%	5.69%	22.57%	5.30%	
Return in USD	0.38%	1.64%	2.00%	0.58%	-0.68%	2.40%
Exchange Rate (CLP)	-0.57%	-4.48%	-3.31%	-6.38%	4.63%	1.82%
Return in CLP ^(c)	-0.19%	-2.85%	-1.31%	-5.81%	3.95%	4.23%

^(a) Time Weighted Return (it's calculated as the growth rate of the funds that were invested throughout the period).

^(b) It's calculated from March 31, 2007, when the performance of Central Bank of Chile started to be measured.

^(c) 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.

II. Portfolio Composition and Duration as of February 2017

Portfolio by Country and Credit Exposures	US\$ million	% of Total
Nominal Sovereign Exposure		
United States	3,666.59	26.1%
Japan	3,017.20	21.5%
Germany	1,539.03	11.0%
Switzerland	1,048.01	7.5%
Total Nominal Sovereign Exposure ⁽¹⁾	9,270.83	66.0%
Sovereign Inflation Linked Exposure		
United States	346.11	2.5%
Germany	138.56	1.0%
Others ⁽²⁾	-1.34	0.0%
Total Sovereign Inflation Linked Exposure	483.33	3.4%
Banking Exposure		
France	646.48	4.6%
Japan	575.49	4.1%
Germany	490.78	3.5%
China	403.27	2.9%
Denmark	381.12	2.7%
Spain	356.75	2.5%
The Netherlands	82.78	0.6%
Singapore	53.80	0.4%
United States	45.61	0.3%
Others ⁽²⁾	54.17	0.4%
Total Banking Exposure	3,090.25	22.0%
Equities Exposure		
United States	672.05	4.8%
Japan	93.06	0.7%
United Kingdom	64.02	0.5%
Switzerland	39.59	0.3%
Canada	38.85	0.3%
France	36.46	0.3%
Germany	35.52	0.3%
Australia	29.70	0.2%
South Korea	19.17	0.1%
Hong Kong	18.35	0.1%
The Netherlands	16.38	0.1%
Spain	11.90	0.1%
Sweden	11.22	0.1%
Ireland	9.69	0.1%
Italy	6.92	0.0%
Denmark	6.49	0.0%
Belgium	4.58	0.0%
Mexico	4.54	0.0%
Others ⁽²⁾	85.74	0.6%
Total Equities Exposure	1,204.25	8.6%
Total Portfolio	14,048.66	100.0%

⁽¹⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee.

⁽²⁾ It includes cash, cash equivalents and unsettled transactions.

Duration	Years
Sovereign Bills and Bonds ⁽¹⁾	6.3
Sovereign Inflation Linked Bonds	5.1
Banking	0.2
Portfolio Total	4.8

⁽¹⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee.

Portfolio by Asset Classes	US\$ million	% of Total
Sovereign and Banking ⁽¹⁾	12,361.08	88.0%
Sovereign Inflation Linked Bonds	483.33	3.4%
Equities	1,204.25	8.6%
Portfolio Total	14,048.66	100.0%

⁽¹⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee.

Portfolio by Issuer Credit Rating	Sovereigns ⁽¹⁾	Banking	Fixed Income Total
Credit Rating			
AAA	52.5%	0.0%	52.5%
AA+	0.0%	0.0%	0.0%
AA	0.0%	0.7%	0.7%
AA-	0.0%	0.4%	0.4%
A+	23.5%	2.6%	26.1%
A	0.0%	14.8%	14.8%
A-	0.0%	6.1%	6.1%
Others ⁽²⁾	0.0%	-0.5%	-0.6%
Fixed Income Total	75.9%	24.1%	100.0%

⁽¹⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee.

⁽²⁾ It includes cash, cash equivalents and unsettled transactions.