



# ECONOMIC AND SOCIAL STABILIZATION FUND

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Monthly Executive Report as of August 2010

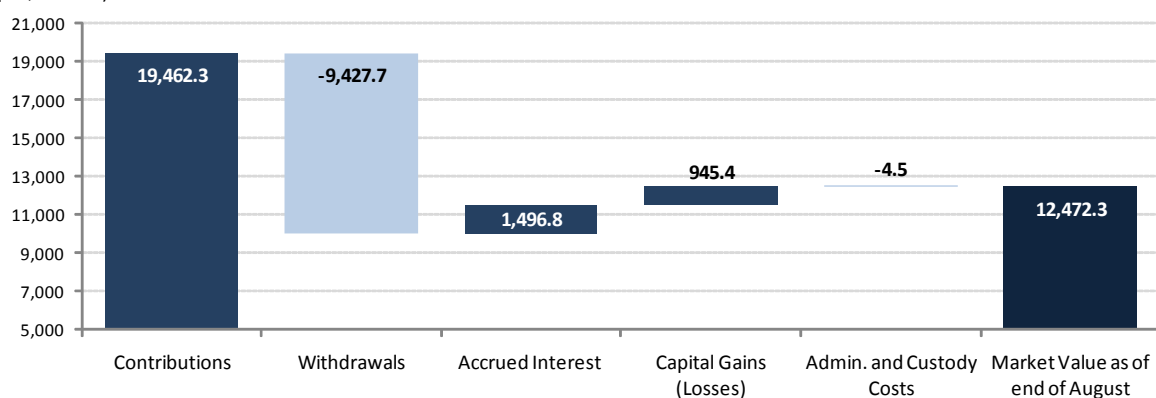
## I. Market Value as of August, 2010

The market value of the Economic and Social Stabilization Fund (ESSF) totaled **US\$12,472.3** million as of August 31, 2010. This value is **US\$1,368.2** million higher than in the previous month due to: (i) contributions of **US\$1,362.3** million, (ii) accrued interest of **US\$18.3** million, (iii) capital losses on investments of **US\$12.3** million, and (iv) custody and administration costs of **US\$0.04** million.

Changes in Market Value (US\$ million)	2007	2008	2009	2010				Since Inception
				1st Quarter	2nd Quarter	July	August	
Starting Market Value	0.0	14,032.6	20,210.7	11,284.8	11,130.0	10,799.0	11,104.0	0.0
Contributions	13,100.0	5,000.0	0.0	0.0	0.0	0.0	1,362.3	19,462.3
Withdrawals	0.0	0.0	-9,277.7	0.0	-150.0	0.0	0.0	-9,427.7
Accrued Interest	326.2	624.0	404.3	55.3	47.9	20.9	18.3	1,496.8
Capital Gains (Losses)	606.8	556.0	-50.8	-209.9	-228.5	284.1	-12.3	945.4
Admin. and Custody Costs	-0.4	-1.9	-1.6	-0.2	-0.4	0.0	0.0	-4.5
<b>Final Market Value</b>	<b>14,032.6</b>	<b>20,210.7</b>	<b>11,284.8</b>	<b>11,130.0</b>	<b>10,799.0</b>	<b>11,104.0</b>	<b>12,472.3</b>	<b>12,472.3</b>

### Changes in Market Value Since Inception

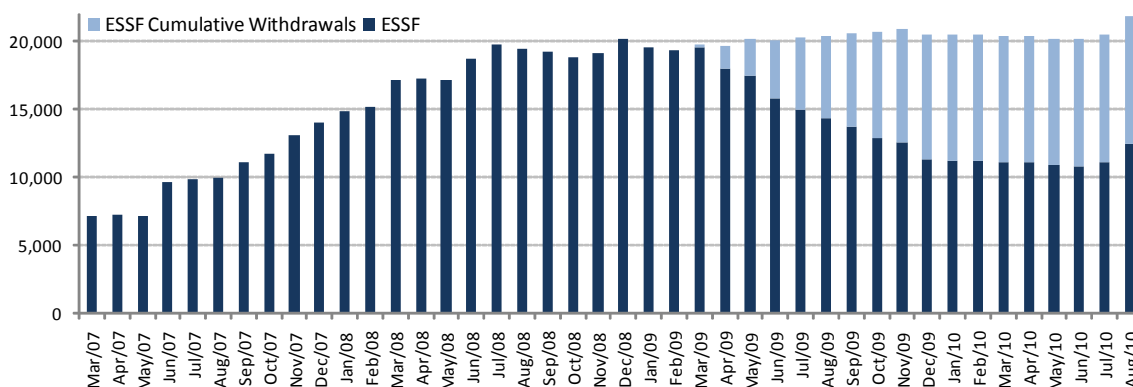
(US\$ million)



By Asset Class (US\$ million)	2007	2008	2009	2010			
				1st Quarter	2nd Quarter	July	August
Money Market	4,216.3	5,957.1	3,373.7	3,335.6	3,576.5	3,313.5	3,962.1
Sovereign Bonds	9,323.7	13,583.6	7,508.9	7,392.0	6,862.1	7,410.7	8,080.8
Inflation Indexed Sov. Bonds	492.6	669.9	402.3	402.3	360.4	379.7	429.4
<b>Market Value</b>	<b>14,032.6</b>	<b>20,210.7</b>	<b>11,284.8</b>	<b>11,130.0</b>	<b>10,799.0</b>	<b>11,104.0</b>	<b>12,472.3</b>

By Risk Exposure (US\$ million)	2007	2008	2009	2010			
				1st Quarter	2nd Quarter	July	August
Sovereigns	9,283.2	16,617.2	8,914.0	8,672.6	8,834.3	9,124.6	9,807.1
Banks	4,216.3	3,593.5	2,370.8	2,457.4	1,801.8	1,816.5	2,567.3
Supranational	0.0	0.0	0.0	0.0	162.8	162.9	97.9
Agencies	533.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>Market Value</b>	<b>14,032.6</b>	<b>20,210.7</b>	<b>11,284.8</b>	<b>11,130.0</b>	<b>10,799.0</b>	<b>11,104.0</b>	<b>12,472.3</b>

**Historical Market Value**  
(US\$ million)



**II. Return as of August, 2010**

Return in August was 0.09% in US dollars and -4.33% in Chilean pesos. Cumulative return in 2010 totaled -0.15% in US dollars and -1.57% in Chilean pesos. Annualized return since inception was 5.46% in US dollars and 3.23% in Chilean pesos.

Returns <sup>(a)</sup>	August	Last 3 Months	Year to Date	Last 12 Months	Last 3 Years (Annualized)	Since Inception (Annualized) <sup>(b)</sup>
Local Currency	0.75%	1.43%	3.47%	3.97%	4.78%	4.77%
Exchange Rate Return	-0.66%	2.07%	-3.62%	-3.62%	0.40%	0.69%
<b>Return in USD</b>	<b>0.09%</b>	<b>3.50%</b>	<b>-0.15%</b>	<b>0.35%</b>	<b>5.18%</b>	<b>5.46%</b>
Exchange Rate (CLP)	-4.42%	-6.16%	-1.42%	-9.33%	-1.64%	-2.23%
<b>Return in CLP</b>	<b>-4.33%</b>	<b>-2.66%</b>	<b>-1.57%</b>	<b>-8.98%</b>	<b>3.54%</b>	<b>3.23%</b>

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

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

(c) Return in CLP corresponds to the sum of the percentage change of the exchange rate CLP/USD and the return in USD.

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 August 2010

Portfolio by Credit Risk			US\$ million	% from Total	Portfolio by Currency			US\$ million	% from Total
<i>Sovereign Exposure by Country</i>									
USA			4,387.9	35.2%	Sovereign	USD	5,049.7	40.5%	
Germany			3,510.6	28.1%		EUR	3,943.9	31.6%	
Japan			813.5	6.5%		JPY	813.5	6.5%	
France			354.7	2.8%		<i>Total</i>	<i>9,807.1</i>	<i>78.6%</i>	
Netherlands			288.6	2.3%					
Finland			162.6	1.3%	Banks	USD	1,240.4	9.9%	
Austria			124.1	1.0%		EUR	925.2	7.4%	
Belgium			106.7	0.9%		JPY	401.6	3.2%	
Sweden			58.4	0.5%		<i>Total</i>	<i>2,567.3</i>	<i>20.6%</i>	
<b>Total Sovereign Exposure</b>			<b>9,807.1</b>	<b>78.6%</b>					
<i>Bank Exposure by Country</i>									
United Kingdom			902.4	7.2%	Supranational	USD	97.9	0.8%	
Switzerland			352.6	2.8%		EUR	0.0	0.0%	
Italy			306.7	2.5%		JPY	0.0	0.0%	
Germany			256.6	2.1%		<i>Total</i>	<i>97.9</i>	<i>0.8%</i>	
Netherlands			223.3	1.8%					
France			205.0	1.6%	Agencies	USD	0.0	0.0%	
Belgium			133.1	1.1%		EUR	0.0	0.0%	
Sweden			71.9	0.6%		JPY	0.0	0.0%	
Japan			60.1	0.5%		<i>Total</i>	<i>0.0</i>	<i>0.0%</i>	
Austria			55.6	0.4%					
Others			0.1	0.0%	<b>Total</b>	<b>USD</b>	<b>6,388.1</b>	<b>51.2%</b>	
<b>Total Bank Exposure</b>			<b>2,567.3</b>	<b>20.6%</b>		<b>EUR</b>	<b>4,869.1</b>	<b>39.0%</b>	
<i>Supranational Exposure by Issuer</i>									
European Investment Bank			54.0	0.4%		<b>JPY</b>	<b>1,215.1</b>	<b>9.7%</b>	
European Bank For Reconstruction			43.9	0.4%	<b>Total</b>	<b>Total</b>	<b>12,472.3</b>	<b>100.0%</b>	
<b>Total Supranational Exposure</b>			<b>97.9</b>	<b>0.8%</b>					
<b>Total</b>			<b>12,472.3</b>	<b>100.0%</b>					
Portfolio by Issuer Credit Rating					Duration		Years		
Credit Rating	Sovereigns	Banks	Supranational	Total					
AAA	71.3%	2.8%	0.8%	74.9%	Sovereign				2.93
AA+	0.9%	0.0%	0.0%	0.9%	Banks				0.35
AA	6.5%	1.6%	0.0%	8.2%	Supranational				0.13
AA-	0.0%	9.9%	0.0%	9.9%	Agencies				0.00
A+	0.0%	5.3%	0.0%	5.3%	<b>Total</b>				<b>2.38</b>
A	0.0%	0.9%	0.0%	0.9%					
A-	0.0%	0.0%	0.0%	0.0%					
<b>Total</b>	<b>78.6%</b>	<b>20.6%</b>	<b>0.8%</b>	<b>100.0%</b>					