



# ECONOMIC AND SOCIAL STABILIZATION FUND

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Monthly Executive Report as of September, 2017

## I. Market Value as of September, 2017

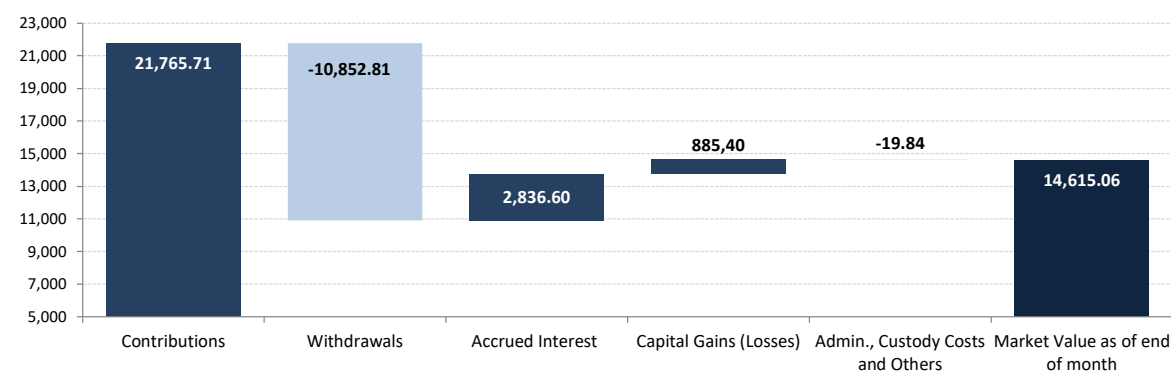
The market value of the Economic and Social Stabilization Fund (ESSF) totaled US\$14,615.06 million at the end of the month. The variation of the period was due to: (i) accrued interest of US\$12.25 million, (ii) capital losses on investments of US\$166.29 million and (iii) administrative, custody and others costs of US\$ 0.40 million.

Changes in Market Value (US\$ million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017				Since Inception <sup>(1)</sup>	
											Q1	Q2	July	August	September	
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	14,070.31	14,400.90	14,607.83	14,769.50	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	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	0.00	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	34.91	40.82	12.15	14.55	12.25	2,836.60
Capital Gains (Losses)	606.81	556.08	-50.83	-3.51	200.71	-59.71	-363.71	-416.97	-422.87	109.12	263.95	290.52	194.89	147.22	-166.29	885.40
Admin., Custody and Other Costs <sup>(2)</sup>	-0.35	-1.96	-1.62	-1.13	-1.16	-1.30	-2.17	-2.69	-2.87	-2.61	-0.61	-0.76	-0.10	-0.11	-0.40	-19.84
<b>Final Market Value</b>	<b>14,032.61</b>	<b>20,210.68</b>	<b>11,284.78</b>	<b>12,720.10</b>	<b>13,156.64</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>14,070.31</b>	<b>14,400.90</b>	<b>14,607.83</b>	<b>14,769.50</b>	<b>14,615.06</b>	<b>14,615.06</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 and others.

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



By Asset Class (US\$ million)	2007	2008	2009	2010	2011	2012	2013 <sup>(1)</sup>	2014	2015	2016	2017				
											Q1	Q2	July	August	September
Money Market <sup>(2)</sup>	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	4,716.81	4,949.53	4,966.34	4,993.80	4,954.52
Sovereign Bonds <sup>(3)</sup>	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	7,645.36	7,864.05	8,016.90	8,141.77	8,012.60
Sovereign Inflation Linked Bonds	492.59	669.93	402.27	445.26	461.48	522.01	541.64	512.29	489.36	478.50	488.60	507.48	514.54	519.08	511.39
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	1,139.39	1,219.53	1,079.83	1,110.05	1,114.84	1,136.55
<b>Market Value</b>	<b>14,032.61</b>	<b>20,210.68</b>	<b>11,284.78</b>	<b>12,720.10</b>	<b>13,156.64</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>14,070.31</b>	<b>14,400.90</b>	<b>14,607.83</b>	<b>14,769.50</b>	<b>14,615.06</b>

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

<sup>(2)</sup> Includes sovereign bills and commercial money market.

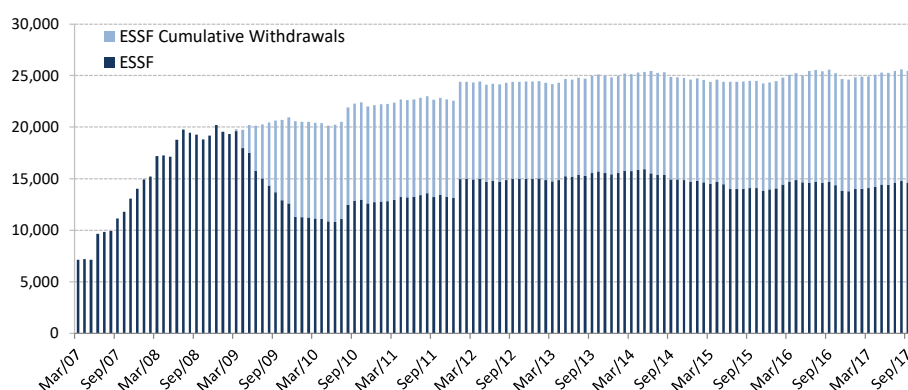
<sup>(3)</sup> Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee with remanent maturity lower than one year.

By Risk Exposure (US\$ million)	2007	2008	2009	2010	2011	2012	2013 <sup>(1)</sup>	2014	2015	2016	2017				
											Q1	Q2	July	August	September
Sovereigns <sup>(2)</sup>	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	9,749.45	9,961.66	10,186.39	10,320.75	10,147.03
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	3,101.33	3,359.41	3,311.39	3,333.90	3,331.47
Agencies	533.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	1,139.39	1,219.53	1,079.83	1,110.05	1,114.84	1,136.55
<b>Market Value</b>	<b>14,032.61</b>	<b>20,210.68</b>	<b>11,284.78</b>	<b>12,720.10</b>	<b>13,156.64</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>14,070.31</b>	<b>14,400.90</b>	<b>14,607.83</b>	<b>14,769.50</b>	<b>14,615.06</b>

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

<sup>(2)</sup> 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.

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



## II. Return as of September, 2017

The return in US dollars was -1.05% in the month. This was due to the performance of Money Market and Sovereign Bonds, -1.32%, Sovereign Inflation Linked Bonds, -0.61%, and Equities, 1.95%. The returns of the Money Market and Sovereign Bonds' and Sovereign Inflation Linked Bonds' portfolios were explained by the negative returns they had in local currency, and in a slightly greater magnitude, by the depreciation against the US dollar of the currencies in which these portfolios are invested. On the other hand, the Equities portfolio had a positive return both in local currency and in dollars. The monthly return of the fund in pesos was 0.29%. Year to date portfolio's return was 6.11% in US dollars and 1.27% in pesos. Finally, annualized return since inception was 2.65% in US dollars and 4.29% 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>	-1.32%	1.15%	5.17%	-2.46%	0.83%	
Sovereign Inflation Linked Bonds	-0.61%	1.86%	4.19%	1.40%	0.45%	
Equities	1.95%	5.25%	17.45%	18.88%	7.89%	
<b>Return in USD</b>	<b>-1.05%</b>	<b>1.48%</b>	<b>6.11%</b>	<b>-0.74%</b>	<b>1.40%</b>	<b>2.65%</b>
Exchange Rate (CLP)	1.35%	-3.97%	-4.56%	-3.37%	1.91%	1.59%
<b>Return in CLP <sup>(d)</sup></b>	<b>0.29%</b>	<b>-2.55%</b>	<b>1.27%</b>	<b>-4.09%</b>	<b>3.34%</b>	<b>4.29%</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> It's calculated from March 31, 2007, when the performance of Central Bank of Chile started to be measured.

<sup>(c)</sup> 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.

<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 September, 2017

Portfolio by Country and Credit Exposures	US\$ million	% of Total
<b>Nominal Sovereign Exposure</b>		
United States	3796.97	26.0%
Japan	3221.38	22.0%
Germany	1607.04	11.0%
Switzerland	1099.11	7.5%
Others <sup>(1)</sup>	-88.86	-0.6%
<b>Total Nominal Sovereign Exposure<sup>(2)</sup></b>	<b>9635.64</b>	<b>65.9%</b>
<b>Sovereign Inflation Linked Exposure</b>		
United States	364.69	2.5%
Germany	146.70	1.0%
<b>Total Sovereign Inflation Linked Exposure</b>	<b>511.39</b>	<b>3.5%</b>
<b>Banking Exposure</b>		
France	937.30	6.4%
Japan	747.73	5.1%
Germany	484.05	3.3%
China	395.69	2.7%
Spain	243.84	1.7%
United Kingdom	184.73	1.3%
Denmark	87.00	0.6%
Belgium	77.56	0.5%
Australia	52.11	0.4%
The Netherlands	45.10	0.3%
Others <sup>(1)</sup>	76.35	0.5%
<b>Total Banking Exposure</b>	<b>3331.47</b>	<b>22.8%</b>
<b>Equities Exposure</b>		
United States	615.40	4.2%
Japan	86.70	0.6%
United Kingdom	63.24	0.4%
France	39.20	0.3%
Canada	37.00	0.3%
Germany	36.51	0.2%
Switzerland	35.98	0.2%
Australia	25.89	0.2%
South Korea	19.47	0.1%
The Netherlands	17.57	0.1%
Hong Kong	17.40	0.1%
Spain	12.93	0.1%
Sweden	11.26	0.1%
Ireland	8.25	0.1%
Italy	8.16	0.1%
Denmark	7.03	0.0%
Mexico	4.64	0.0%
Belgium	4.44	0.0%
Others <sup>(1)</sup>	85.50	0.6%
<b>Total Equities Exposure</b>	<b>1136.55</b>	<b>7.8%</b>
<b>Total Portfolio</b>	<b>14615.06</b>	<b>100.0%</b>

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

<sup>(2)</sup> Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee.

Duration	Years
Sovereign Bills and Bonds <sup>(1)</sup>	6.4
Sovereign Inflation Linked Bonds	5.2
Banking	0.3
<b>Portfolio Total</b>	<b>4.9</b>

<sup>(1)</sup> 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 <sup>(1)</sup>	12967.12	88.7%
Sovereign Inflation Linked Bonds	511.39	3.5%
Equities	1136.55	7.8%
<b>Portfolio Total</b>	<b>14615.06</b>	<b>100.0%</b>

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

Portfolio by Issuer Credit Rating	Sovereigns <sup>(1)</sup>	Banking	Fixed Income Total
Credit Rating			
AAA	51.6%	0.0%	51.6%
AA+	0.5%	0.0%	0.5%
AA	0.0%	0.2%	0.2%
AA-	0.0%	2.4%	2.4%
A+	23.9%	5.5%	29.4%
A	0.0%	12.2%	12.2%
A-	0.0%	4.7%	4.7%
Others <sup>(2)</sup>	-0.7%	-0.2%	-0.9%
<b>Fixed Income Total</b>	<b>75.3%</b>	<b>24.7%</b>	<b>100.0%</b>

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

<sup>(2)</sup> It includes cash, cash equivalents and unsettled transactions.