



# PENSION RESERVE FUND

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Monthly Executive Report as of October 2010

### I. Market Value as of October, 2010

The market value of the Pension Reserve Fund (PRF) totaled **US\$3,917.7** million as of October 29, 2010. This value is **US\$40.6** million higher than in the previous month due to: (i) accrued interest of **US\$6.9** million and (ii) capital gains on investments of **US\$33.7** million.

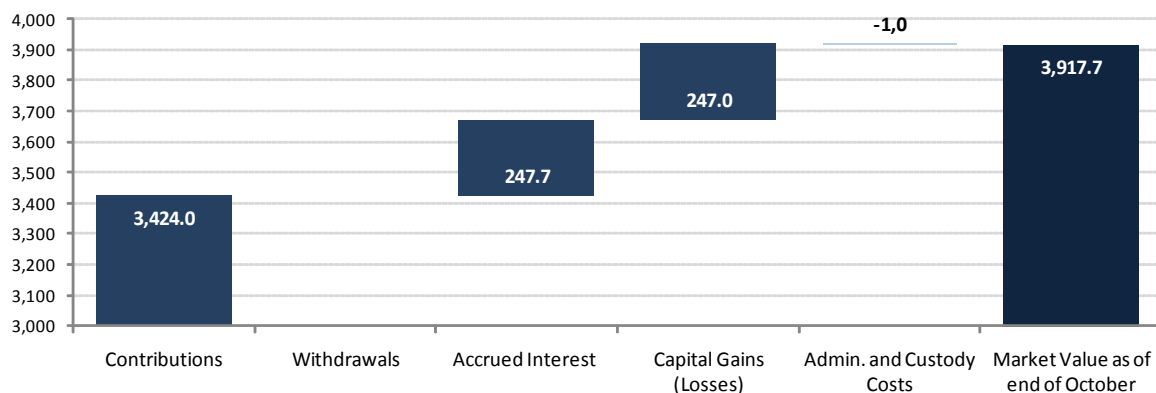
Changes in Market Value (US\$ million)	2007	2008	2009	2010				Since Inception
				1st Quarter	2nd Quarter	3rd Quarter	October <sup>(2)</sup>	
Starting Market Value <sup>(1)</sup>	604.6	1,466.4	2,506.8	3,420.8	3,373.7	3,656.2	3,877.1	0.0
Contributions	736.4	909.1	836.7	0.0	337.3	0.0	0.0	3,424.0
Withdrawals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accrued Interest	45.6	71.3	71.9	16.9	14.8	20.4	6.9	247.7
Capital Gains (Losses)	79.8	60.4	5.9	-64.0	-69.4	200.6	33.7	247.0
Admin. and Custody Costs	0.0	-0.3	-0.3	-0.1	-0.2	-0.1	0.0	-1.0
<b>Final Market Value</b>	<b>1,466.4</b>	<b>2,506.8</b>	<b>3,420.8</b>	<b>3,373.7</b>	<b>3,656.2</b>	<b>3,877.1</b>	<b>3,917.7</b>	<b>3,917.7</b>

(1) The PRF was established with an initial contribution of US\$604.5 million on December 28, 2006.

(2) The information on accrued interest and capital gains were adjusted in October.

#### Changes in Market Value Since Inception

(US\$ million)

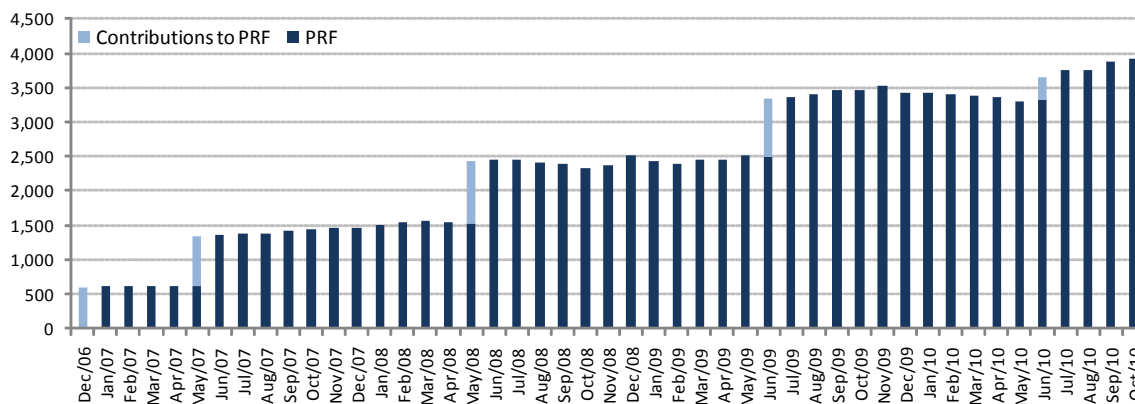


By Asset Class (US\$ million)	2007	2008	2009	2010			
				1st Quarter	2nd Quarter	3rd Quarter	October
Money Market	439.5	736.0	1,018.6	1,010.1	1,436.4	1,156.3	1,180.6
Sovereign Bonds	974.7	1,686.9	2,280.4	2,241.5	2,110.4	2,590.3	2,600.5
Inflation Indexed Sov. Bonds	52.1	83.8	121.9	122.1	109.4	130.5	136.5
<b>Market Value</b>	<b>1,466.4</b>	<b>2,506.8</b>	<b>3,420.8</b>	<b>3,373.7</b>	<b>3,656.2</b>	<b>3,877.1</b>	<b>3,917.7</b>

By Risk Exposure (US\$ million)	2007	2008	2009	2010			
				1st Quarter	2nd Quarter	3rd Quarter	October
Sovereigns	980.1	2,102.5	2,689.8	2,624.3	2,632.2	3,056.0	3,041.7
Banks	439.5	404.2	731.0	749.3	941.8	776.6	831.5
Supranational	0.0	0.0	0.0	0.0	82.2	44.5	44.5
Agencies	46.7	0.0	0.0	0.0	0.0	0.0	0.0
<b>Market Value</b>	<b>1,466.4</b>	<b>2,506.8</b>	<b>3,420.8</b>	<b>3,373.7</b>	<b>3,656.2</b>	<b>3,877.1</b>	<b>3,917.7</b>

**Historical Market Value**

(US\$ million)



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

Return in October was 1.05% in US dollars and 2.40% in Chilean pesos. Cumulative return in 2010 totaled 3.96% in US dollars and 1.06% in Chilean pesos. Annualized return since inception was 6.32% in US dollars and 3.77% in Chilean pesos.

Returns <sup>(a)</sup>	October	Last 3 Months	Year to Date	Last 12 Months	Last 3 Years (Annualized)	Since Inception (Annualized) <sup>(b)</sup>
Local Currency	-0.05%	0.78%	3.62%	3.46%	4.40%	4.52%
Exchange Rate Return	1.10%	3.43%	0.34%	-1.03%	0.93%	1.80%
<b>Return in USD</b>	<b>1.05%</b>	<b>4.21%</b>	<b>3.96%</b>	<b>2.43%</b>	<b>5.33%</b>	<b>6.32%</b>
Exchange Rate (CLP)	1.35%	-5.86%	-2.90%	-7.52%	-0.19%	-2.55%
<b>Return in CLP<sup>(c)</sup></b>	<b>2.40%</b>	<b>-1.65%</b>	<b>1.06%</b>	<b>-5.09%</b>	<b>5.14%</b>	<b>3.77%</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 October, 2010

Portfolio by Credit Risk	US\$ million	% from Total
<b>Sovereign Exposure by Country</b>		
USA	1,410.3	36.0%
Germany	1,133.3	28.9%
Japan	292.2	7.5%
Netherlands	75.2	1.9%
Belgium	56.8	1.5%
Sweden	25.0	0.6%
France	18.0	0.5%
Spain	15.0	0.4%
Finland	15.0	0.4%
Austria	1.0	0.0%
<b>Total Sovereign Exposure</b>	<b>3,041.7</b>	<b>77.6%</b>
<b>Bank Exposure by Country</b>		
United Kingdom	257.8	6.6%
France	181.1	4.6%
Germany	161.2	4.1%
Italy	109.1	2.8%
Austria	54.4	1.4%
Netherlands	35.6	0.9%
Switzerland	18.8	0.5%
Belgium	6.2	0.2%
Others	7.4	0.2%
<b>Total Bank Exposure</b>	<b>831.5</b>	<b>21.2%</b>
<b>Supranational Exposure by Issuer</b>		
European Investment Bank	14.0	0.4%
European Bank For Reconstruction and Development	30.5	0.8%
<b>Total Supranational Exposure</b>	<b>44.5</b>	<b>1.1%</b>
<b>Total</b>	<b>3,917.7</b>	<b>100.0%</b>

Portfolio by Currency	US\$ million	% from Total	
Sovereign	USD	1,532.2	39.1%
	EUR	1,217.4	31.1%
	JPY	292.2	7.5%
<b>Total</b>	<b>3,041.7</b>	<b>77.6%</b>	
Banks	USD	384.8	9.8%
	EUR	341.3	8.7%
	JPY	105.3	2.7%
<b>Total</b>	<b>831.5</b>	<b>21.2%</b>	
Supranational	USD	44.5	1.1%
	EUR	0.0	0.0%
	JPY	0.0	0.0%
<b>Total</b>	<b>44.5</b>	<b>1.1%</b>	
Agencies	USD	0.0	0.0%
	EUR	0.0	0.0%
	JPY	0.0	0.0%
<b>Total</b>	<b>0.0</b>	<b>0.0%</b>	
<b>Total</b>	<b>USD</b>	<b>1,961.5</b>	<b>50.1%</b>
	<b>EUR</b>	<b>1,558.7</b>	<b>39.8%</b>
	<b>JPY</b>	<b>397.5</b>	<b>10.1%</b>
<b>Total</b>	<b>3,917.7</b>	<b>100.0%</b>	

Portfolio by Issuer Credit Rating				
Credit Rating	Sovereigns	Banks	Supranational	Total
AAA	68.4%	0.5%	1.1%	70.0%
AA+	1.8%	0.0%	0.0%	1.8%
AA	7.5%	0.0%	0.0%	7.5%
AA-	0.0%	12.5%	0.0%	12.5%
A+	0.0%	3.2%	0.0%	3.2%
A	0.0%	4.9%	0.0%	4.9%
A-	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>77.6%</b>	<b>21.2%</b>	<b>1.1%</b>	<b>100.0%</b>

Duration	Years
Sovereign	3.13
Banks	0.32
Supranational	0.11
Agencies	0.00
<b>Total</b>	<b>2.49</b>