



PENSION RESERVE FUND

Monthly Executive Report as of December, 2018

I. Market Value as of December, 2018

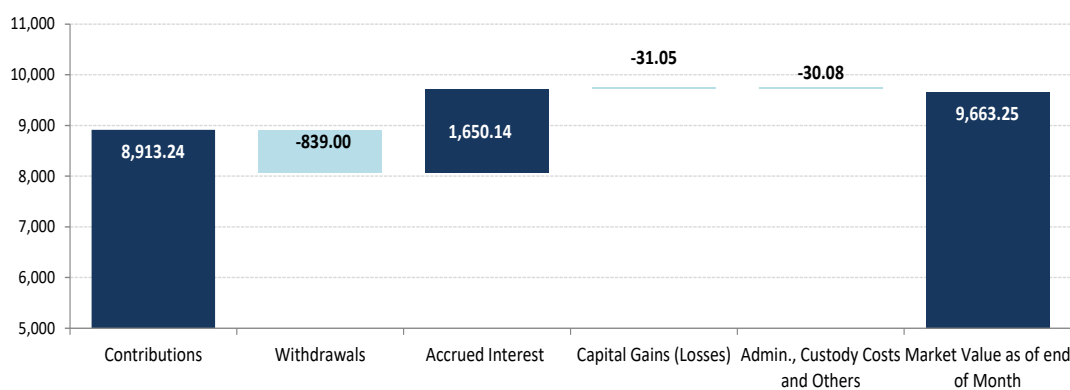
The market value of the Pension Reserve Fund (PRF) totaled US\$9,663.25 million at the end of the month. It changed due to: (i) withdrawal of US\$229.83, (ii) accrued interests of US\$30.77 million, (iii) capital loss on investments of US\$15.27 million and (iv) administrative, custody and other costs of US\$0.63 million.

Changes in Market Value (US\$ million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018				Since Inception		
												Q1	Q2	Q3	October		November	December
Starting Market Value ⁽¹⁾	604.63	1,466.35	2,506.76	3,420.83	3,836.70	4,405.60	5,883.25	7,335.11	7,943.70	8,112.21	8,862.07	10,010.95	10,123.76	9,870.59	10,103.91	9,861.35	9,878.20	0.00
Contributions	736.35	909.07	836.71	337.30	443.32	1,197.37	1,376.75	498.93	463.88	462.29	505.15	0.00	0.00	541.58	0.00	0.00	0.00	8,913.24
Withdrawals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-313.95	0.00	0.00	-295.23	0.00	0.00	-229.83	-839.00
Accrued Interest	45.62	71.25	71.86	70.23	75.20	130.65	174.06	190.18	194.29	197.38	207.71	53.37	52.56	51.80	15.51	17.69	30.77	1,650.14
Capital Gains (Losses)	79.79	60.42	5.85	8.74	50.81	150.87	-94.60	-75.90	-485.19	94.45	754.81	60.57	-304.41	-63.60	-257.99	-0.49	-15.27	-31.05
Admin., Custody and Other Costs ⁽²⁾	-0.04	-0.33	-0.35	-0.41	-0.43	-1.23	-4.35	-4.63	-4.47	-4.24	-4.85	-1.13	-1.32	-1.24	-0.08	-0.35	-0.63	-30.08
Final Market Value	1,466.35	2,506.76	3,420.83	3,836.70	4,405.60	5,883.25	7,335.11	7,943.70	8,112.21	8,862.07	10,010.95	10,123.76	9,870.59	10,103.91	9,861.35	9,878.20	9,663.25	9,663.25

(1) The PRF was established with an initial contribution of US\$604.5 million on December 28, 2006. Also, there is a contribution of US\$0.09 million originated from accrued interest in 2006

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

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



By Asset Class (US\$ million)	2007	2008	2009	2010	2011	2012 ⁽¹⁾	2013	2014	2015	2016	2017	2018						
												Q1	Q2	Q3	October	November	December	
Money Market	439.54	736.05	1,018.55	1,142.37	1,311.07	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereign and Government Related Bonds ⁽²⁾	974.69	1,686.93	2,280.42	2,559.90	2,940.06	2,703.67	3,431.55	3,766.56	3,975.33	4,099.88	4,695.10	4,817.59	4,660.97	4,562.60	4,516.54	4,531.65	4,404.18	
Inflation Indexed Sov. Bonds	52.13	83.79	121.86	134.42	154.47	1,029.31	1,233.25	1,356.21	1,344.03	1,529.29	1,729.17	1,751.72	1,693.58	1,668.92	1,649.71	1,632.34	1,649.91	
Corporate Bonds	-	-	-	-	-	1,198.96	1,453.66	1,609.61	1,628.69	1,788.70	1,993.53	1,974.72	1,926.32	1,936.37	1,903.65	1,895.57	1,918.37	
Equities	-	-	-	-	-	951.31	1,216.65	1,211.32	1,164.15	1,444.20	1,593.15	1,579.72	1,589.72	1,936.01	1,791.44	1,818.65	1,690.79	
Market Value	1,466.35	2,506.76	3,420.83	3,836.70	4,405.60	5,883.25	7,335.11	7,943.70	8,112.21	8,862.07	10,010.95	10,123.76	9,870.59	10,103.91	9,861.35	9,878.20	9,663.25	

(1) The new investment policy was implemented between January and mid-March. This policy considers the following asset classes: Sovereign and Government Related Bonds, Inflation Indexed Sovereign Bonds, Corporate Bonds, and Equity.

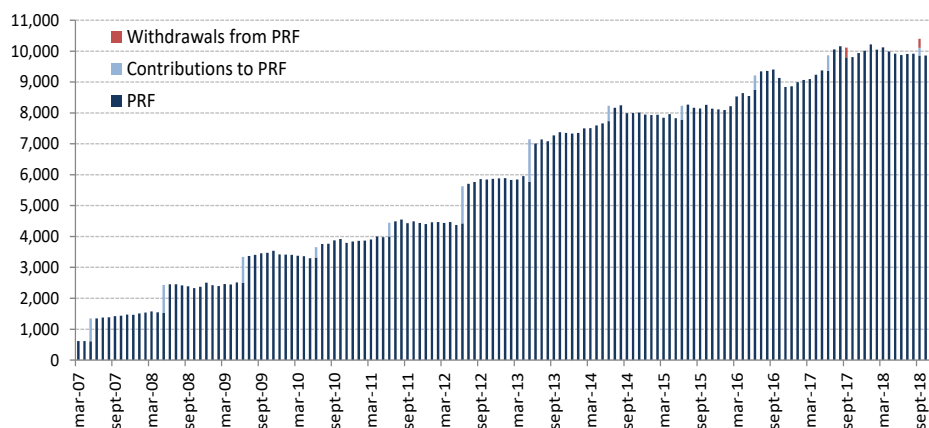
(2) Investment in Government Related Bonds started in January 2012.

By Risk Exposure ⁽¹⁾ (US\$ million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018					
												Q1	Q2	Q3	October	November	December
Sovereign and Government Related	1,026.81	2,102.55	2,689.79	3,024.63	3,652.58	3,713.54	3,643.15	5,122.40	5,295.10	5,624.09	6,422.43	6,567.16	6,355.12	6,231.60	6,166.04	6,165.22	6,035.00
Banks ⁽²⁾	439.54	404.21	731.04	812.06	753.02	37.11	16.74	13.90	39.97	22.16	24.96	19.57	11.84	27.54	17.57	23.08	37.34
Corporate Bonds	-	-	-	-	-	1,186.74	1,177.51	1,600.48	1,616.86	1,777.89	1,978.33	1,964.48	1,920.91	1,931.97	1,893.19	1,882.77	1,906.92
Equities	-	-	-	-	-	945.87	1,007.52	1,206.92	1,160.27	1,437.93	1,585.22	1,572.56	1,582.72	1,912.80	1,784.55	1,807.13	1,683.99
Market Value	1,466.35	2,506.76	3,420.83	3,836.70	4,405.60	5,883.25	5,844.92	7,943.70	8,112.21	8,862.07	10,010.95	10,123.76	9,870.59	10,103.91	9,861.35	9,878.20	9,663.25

(1) Only for the purposes of this table the term deposits and cash equivalents associated to each asset class are reported as Banks.

(2) Since 2012, it represents cash, cash equivalents and unliquidated transactions.

Historical Market Value
(US\$ million)



II. Return as of December, 2018

The monthly return in US dollars was 0.16%. For the Sovereign and Government Related Bonds the monthly return was 2.35%, for Inflation Indexed Sovereign Bonds, 1.08%, for Corporate Bonds, 1.20%, and for Equities, -7.03%. The return experienced by Sovereign and Government Related Bonds was explained by the local currency return and by the appreciation of the currencies in which the instruments are invested. Inflation Indexed Sovereign Bonds and Corporate Bonds returns were mainly explained by the negative performance in local currency. The negative equity return was mainly due to the local currency return. Finally, the monthly return of the fund in pesos was 4.08%. Year to date return was -3.56% in US dollars and 9.05% in pesos, while the annualized return since inception was 3.22% in US dollars and 5.48% in pesos.

Returns ^(a)	Month	Last 3 Months	YTD	Last 12 months	Last 3 years (annualized)	Since Inception ^(b)
Sovereign and Government Related Bonds	2.35%	1.67%	-0.62%	-0.62%	2.84%	0.22%
Inflation Indexed Sov. Bonds	1.08%	-1.14%	-4.25%	-4.25%	2.74%	1.79%
Corporate Bonds	1.20%	-0.93%	-3.77%	-3.77%	3.03%	2.49%
Equities	-7.03%	-12.67%	-9.07%	-9.07%	6.95%	8.36%
Total Portfolio	0.16%	-2.08%	-3.56%	-3.56%	3.45%	3.22%
Exchange rate (CLP)	3.92%	5.17%	13.08%	13.08%	-0.55%	2.19%
Return in CLP ^(c)	4.08%	2.98%	9.05%	9.05%	2.88%	5.48%

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

(b) For the four asset classes, the since inception return is measured starting in December 31, 2011. However, for the total fund this 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 longterm 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, 2018

Portfolio by Asset Class	US\$ million	% of Total	Duration	Years
Sovereign and Government Related Bonds	4,404.18	45.6%	Sovereign and Government Related Bonds	7.3
Inflation Indexed Sov. Bonds	1,649.91	17.1%	Inflation Indexed Sov. Bonds	11.8
Corporate Bonds	1,918.37	19.9%	Corporate Bonds	6.3
Equities	1,690.79	17.5%	Total	8.0
Total	9,663.25	100.0%		

Portfolio by Currency as percentage of Asset Class

	USD	EUR	JPY	GBP	CAD	AUD	CHF	Others	Total
Sovereign and Government Related Bonds	30.6%	26.7%	26.2%	5.9%	3.0%	1.6%	0.6%	5.4%	100.0%
Inflation Indexed Sov. Bonds	41.0%	22.7%	0.4%	29.7%	2.3%	1.6%	0.0%	2.3%	100.0%
Corporate Bonds	65.2%	23.7%	1.6%	5.0%	3.6%	0.4%	0.5%	0.0%	100.0%
Equities	59.1%	9.8%	7.5%	5.4%	3.0%	2.2%	2.6%	10.4%	100.0%
Total	44.0%	22.5%	13.8%	9.7%	3.0%	1.4%	0.8%	4.7%	100.0%

Fixed Income Portfolio by Credit Rating

	Sovereign and Government Related Bonds	Inflation Indexed Sov. Bonds	Corporate Bonds	Total Fixed Income
AAA	15.5%	10.2%	0.1%	25.8%
AA+	0.5%	0.2%	0.4%	1.1%
AA	6.1%	8.8%	0.3%	15.2%
AA-	3.1%	0.0%	1.1%	4.3%
A+	6.1%	0.1%	2.2%	8.3%
A	13.5%	0.0%	3.5%	17.0%
A-	1.8%	0.0%	3.9%	5.7%
BBB+	4.6%	0.4%	5.2%	10.2%
BBB	0.1%	0.0%	3.7%	3.9%
BBB-	3.7%	0.9%	3.2%	7.8%
Others ⁽¹⁾	0.2%	0.0%	0.5%	0.7%
Total	55.2%	20.7%	24.1%	100.0%

(1) It includes cash, cash equivalents and unliquidated transactions.

Portfolio by Country (US\$ million)	Sovereign and Government Related Bonds	Inflation Indexed Sov. Bonds	Corporate Bonds	Equities	Total
Australia	64.57	25.79	33.49	35.79	159.64
Belgium	47.73	0.00	7.14	5.13	60.01
Canada	173.29	38.49	99.48	50.99	362.25
Denmark	10.20	7.48	2.29	9.15	29.11
France	208.35	213.62	113.05	52.83	587.85
Germany	105.89	51.47	36.58	45.22	239.17
Hong Kong	23.98	0.00	4.04	28.45	56.47
Ireland	12.96	0.00	17.05	22.63	52.63
Italy	206.25	74.63	20.70	10.20	311.78
Japan	1,200.38	7.30	25.78	126.66	1,360.12
Mexico	154.16	0.00	16.64	5.47	176.27
Netherlands	55.29	0.00	126.55	31.13	212.97
S.Korea	185.76	0.00	1.07	27.23	214.05
Spain	196.65	34.36	33.05	16.05	280.11
Switzerland	8.45	0.00	12.29	51.74	72.48
United Kingdom	223.02	490.06	162.87	84.14	960.09
United States	950.82	676.44	1,060.85	944.12	3,632.22
Others ⁽¹⁾	576.43	30.26	145.46	143.85	896.01
Total	4,404.18	1,649.91	1,918.37	1,690.79	9,663.25

(1) It includes cash and cash equivalents and unliquidated transactions.