



ECONOMIC AND SOCIAL STABILIZATION FUND

Quarterly Executive Report as of September 2021

EXECUTIVE SUMMARY

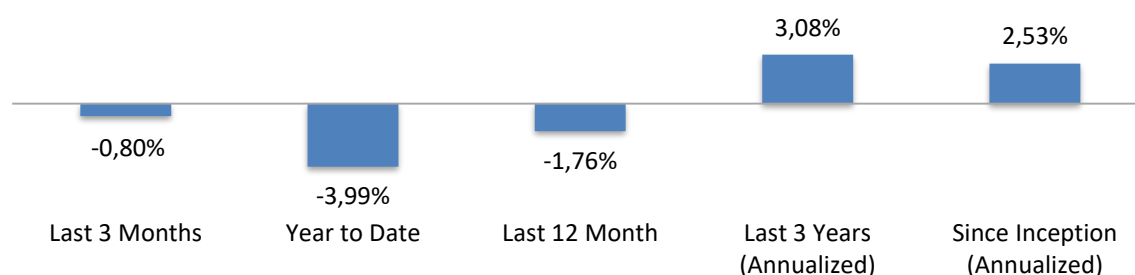
Third Quarter 2021

Market Value
US\$ 2,482
million

Withdrawals
US\$ 2,447
Million

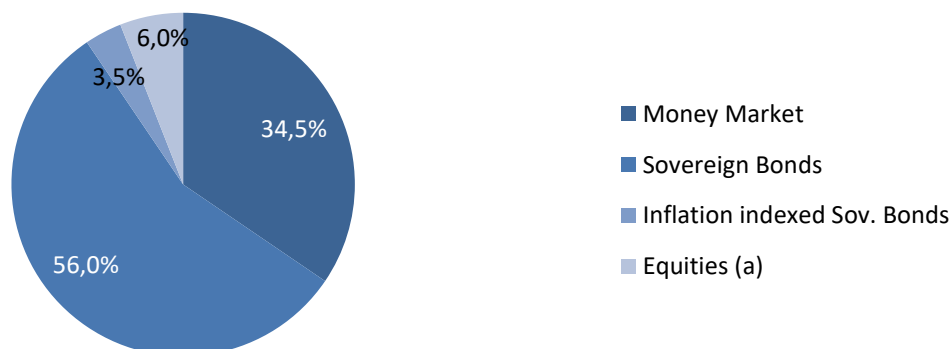
Net Income
US\$ 2
million

Returns in dollars¹



Source: Ministry of Finance based on information provided by JP Morgan.

Portfolio Composition



^(a) At the end of 3Q 2021, the equity account is mainly composed of cash, due to the termination of the equity mandate at the end of September 2021.

Source: Ministry of Finance, based on information provided by JP Morgan.

¹ Returns reported in this document correspond to the Time Weighted Rate of Return (TWR), unless otherwise stated. Returns for periods greater than one year are annualized. For periods of less than one year, the return corresponds to the change during the period. Net returns reported are net of management fees.

I. MARKET VALUE OF THE FUND

Table 1: Quarterly change in market value
(millions of dollars)

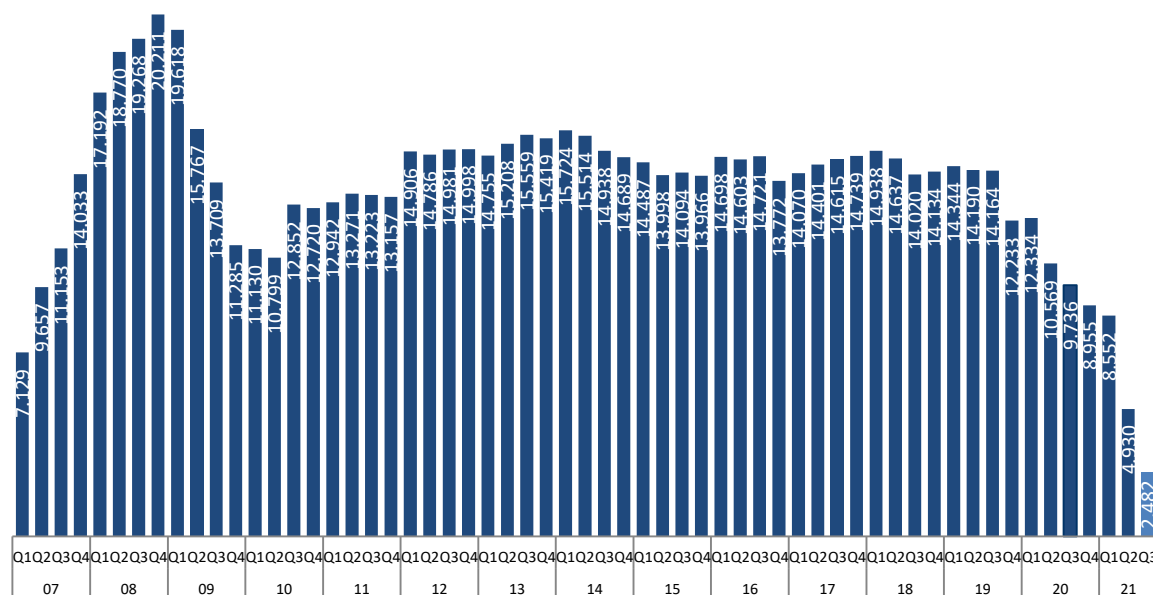
Changes in Market Value (US\$ million)	2020		2021		Since Inception ^(a)
	Q4	Q1	Q2	Q3	
Starting Market Value	9,736.3	8,955.2	8,551.9	4,930.2	0.0
Contributions	0.0	0.0	0.0	0.0	21,765.7
Withdrawals	-1,000.0	0.0	-3,750.0	-2,446.8	-24,245.1
Accrued Interest	17.7	14.3	12.6	5.1	3,340.5
Capital Gains (Losses)	202.0	-417.1	116.2	-6.5	1,651.4
Admin., Custody and Other Costs ^(b)	-0.8	-0.6	-0.5	-0.4	-31.0
Final Market Value	8,955.2	8,551.9	4,930.2	2,481.6	2,481.6

^(a) 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.

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

Source: Ministry of Finance, based on information provided by JP Morgan.

Figure 1: ESSF market value
(millions of dollars)



Source: Ministry of Finance, based on information provided by JP Morgan.

II. RETURNS

Table 2: Performance by asset class²
(percent)

Returns ^(a)	Last 3 Months	Year to Date	Last 12 Months	Last 3 Years (Annualized)	Since Inception (Annualized)	Inception
Money Market and Sovereign Bonds	-0.91%	-5.13%	-3.58%	2.51%	0.95%	01-Aug-13
Sovereign Inflation Linked Bonds	1.21%	2.58%	5.48%	4.94%	1.85%	05-Aug-13
Equities	-0.06%	12.59%	28.79%	13.01%	10.88%	21-Aug-13
Return in USD	-0.80%	-3.99%	-1.76%	3.08%	2.53%	01-Apr-07
Exchange Rate (CLP)	9.29%	12.98%	2.44%	6.70%	2.79%	01-Apr-07
Return in CLP ^(b)	8.41%	8.47%	0.64%	9.99%	5.39%	01-Apr-07

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

^(b) CLP return corresponds to the sum of the percentage change of the CLP/USD exchange rate and the USD return.

Source: Ministry of Finance, based on information provided by JP Morgan.

Table 3: Excess returns
(Basis points)

Excess Returns ^(a)	Last 3 Months	Year to Date	Last 12 Months	Last 3 Years (Annualized)	Since Inception (Annualized)	Inception
Money Market and Sovereign Bonds	1	-3	-2	3	2	01-Aug-13
Sovereign Inflation Linked Bonds	-3	-12	-10	-4	-7	05-Aug-13
Equities ^(b)	89	109	81	-15	-7	21-Aug-13
Total Portfolio	4	5	9	5	-2	01-Apr-07

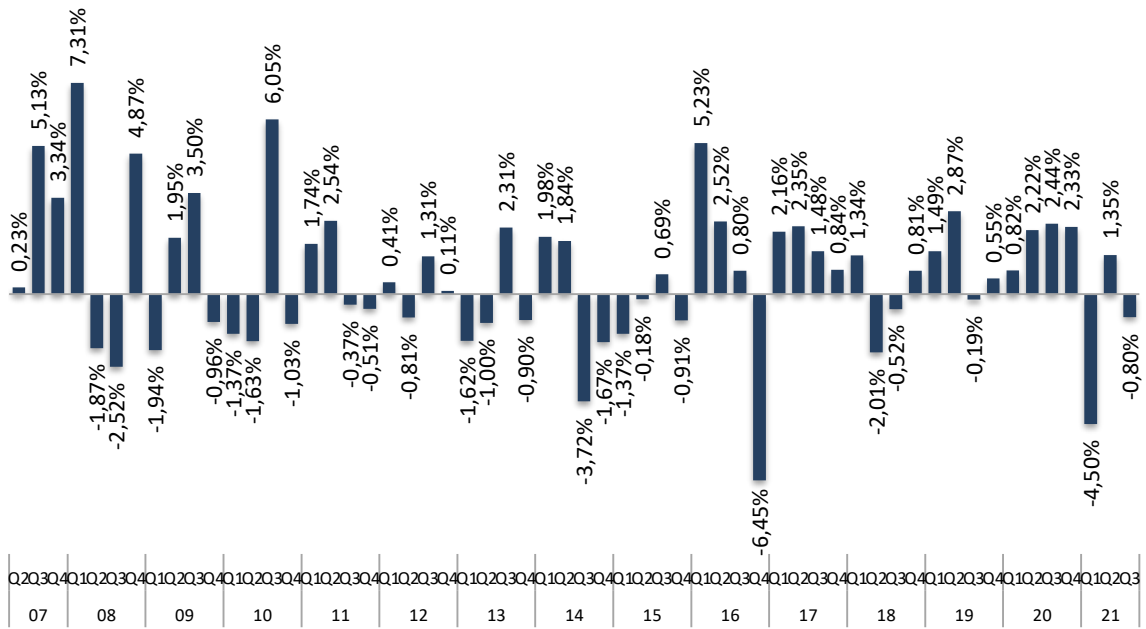
^(a) Time Weighted Return (it's calculated as the growth rate of the funds that were invested throughout the period)

^(b) UBS ends the equity mandate on September 27, 2021, however, the return of the benchmark is calculated until September 30.

Source: Ministry of Finance, based on information provided by JP Morgan.

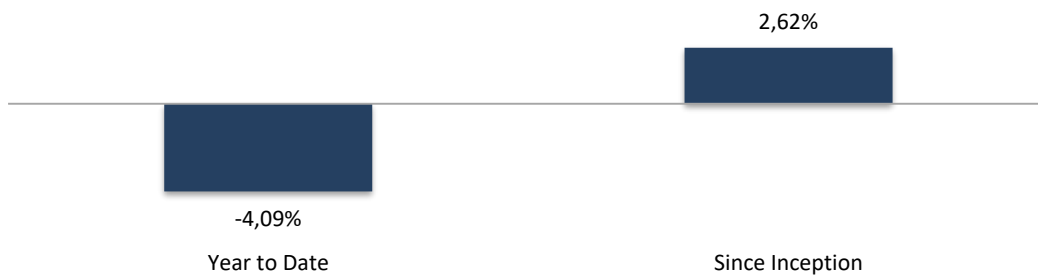
² Returns for periods of more than one year are compound annualized rates while those for less than a year correspond to the change as seen in the stated period. To meet high standards of transparency and provide a better assessment of the gains or losses on investments, the Ministry of Finance discloses the fund's return in different time horizons and currencies. With respect to the time 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 currencies. 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.

Figure 2: Quarterly returns in dollar (TWR)
(percent)



Source: Ministry of Finance, based on information provided by JP Morgan.

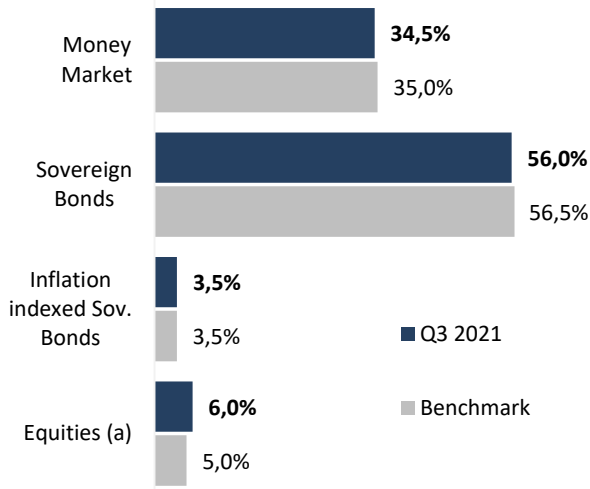
Figure 3: Internal rate of return (IRR)
(percent)



Source: Ministry of Finance, based on information provided by JP Morgan.

III. PORTFOLIO ALLOCATION

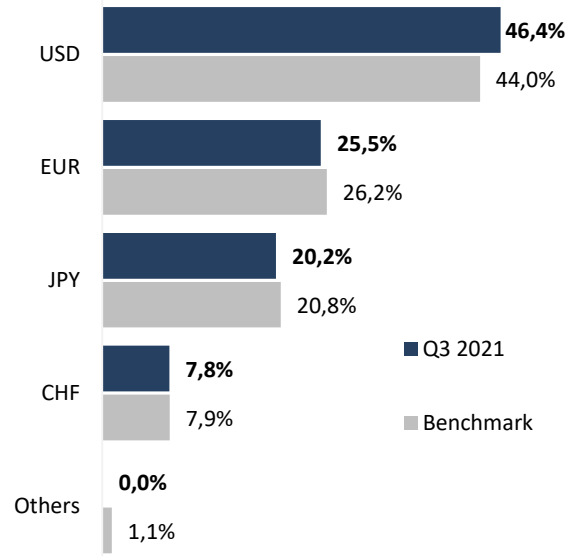
Figure 4: Investments by asset class
(percent of total)



^(a) At the end of 3Q 2021, the equity account is mainly composed of cash, due to the expiration of the equity mandate at the end of September 2021.

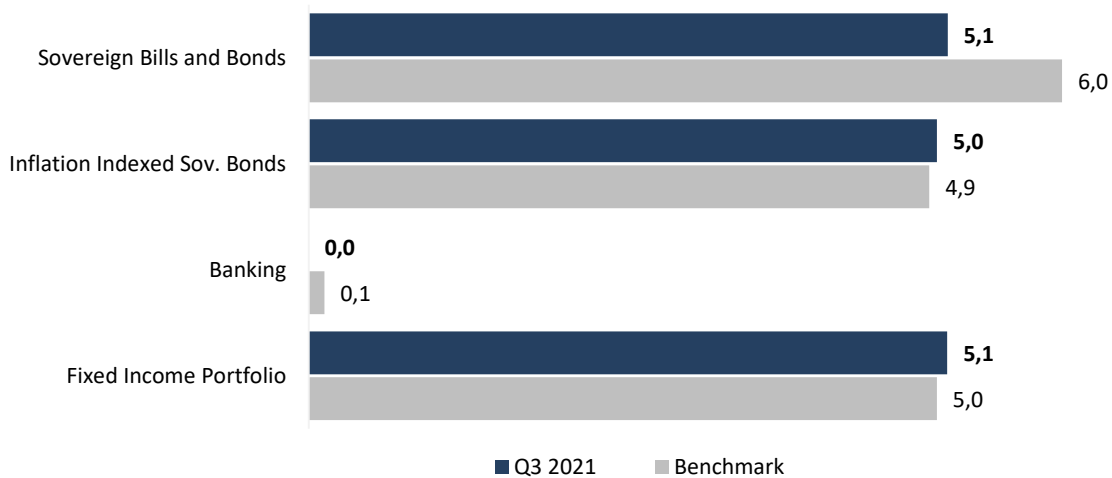
Source: Ministry of Finance, based on information provided by JP Morgan.

Figure 5: Investments by currency
(percent of total)



Source: Ministry of Finance, based on information provided by JP Morgan.

Figure 6: Fixed income portfolio duration³
(years)



Source: Ministry of Finance, based on information provided by JP Morgan.

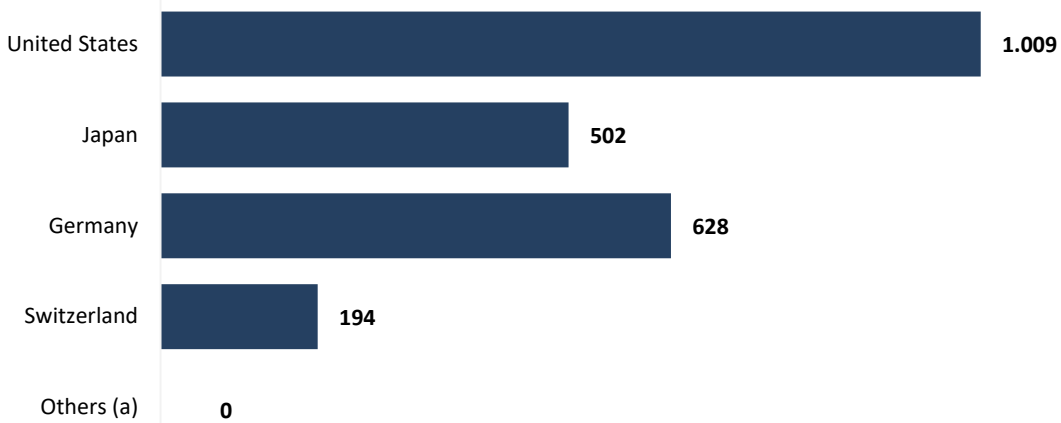
³ During the month of September, investments in bank deposits are discontinued, which generates deviations respect to the duration of the benchmark. The ESSF benchmark was modified as of October 1, 2021.

Figure 7: Exposure by type of risk
(millions of dollars)



Source: Ministry of Finance, based on information provided by JP Morgan.

Figure 8: Sovereign bonds exposure by countries
(millions of dollars)



^(a) Cash, cash equivalents and unsettled transactions.

Source: Ministry of Finance, based on information provided by JP Morgan.

Table 4: Portfolio by issuer credit rating
(percent of the fixed-income portfolio)

Fixed Income Portfolio by Issuer Credit Rating			
Credit Rating	Sovereigns	Banking	Total
AAA	78.5%	0.0%	78.5%
AA+	0.0%	0.0%	0.0%
AA	0.0%	0.0%	0.0%
AA-	0.0%	0.0%	0.0%
A+	21.5%	0.0%	21.5%
A	0.0%	0.0%	0.0%
A-	0.0%	0.0%	0.0%
Others ^(a)	0.0%	0.0%	0.0%
Total	100.0%	0.0%	100.0%

^(a) Cash, cash equivalents and unsettled transactions.

Source: Ministry of Finance based on information provided by JP Morgan.

IV. OTHER INDICATORS

A commonly used indicator for monitoring the market risk of the portfolio is the return volatility. In the third quarter of 2021, the standard deviation of returns of the ESSF was 3.99%.⁴ The tracking error ex-post, an indicator used to measure how closely the portfolio returns track the returns of benchmark, was 14 basis points at the quarter end.⁵

Table 5: Standard deviation and tracking error

	Q3 2021 ^(a)
Standard deviation	3.99%
Tracking error ex-post (basis points)	14

^(a) Calculated using monthly returns of the last 3 years, annualized.

Source: Ministry of Finance, based on information provided by JP Morgan.

V. SECURITIES LENDING INCOME AND ADMINISTRATION COSTS

The cost associated with the management of the fund by those responsible for the investment⁶ was US\$ 302,977 during the quarter, while expenses associated with the custody service⁷ were US\$ 83,075. Additionally, there were other outflows for US\$ 797. Finally, the securities lending program generated revenues of US\$ 76,502 during the quarter.

Table 6: Summary of other flows for the quarter
(in dollars)

	Q3 2021
Outflows	
Administration	302,977
Custody	83,075
Others	797
Total	386,848
Inflows	
Securities Lending	76,502
Others	-
Total	76,502

Source: Ministry of Finance, based on information provided by JP Morgan.

⁴ Standard deviation of annualized gross monthly returns for the past three years.

⁵ Standard deviation of annualized gross monthly excess returns of the portfolio against the benchmark for the past three years.

⁶ The Central Bank of Chile is responsible for the investment of the fixed income portfolio. UBS Asset Management is responsible for the equity portfolio.

⁷ The Custodian bank is JP Morgan.

VI. APPENDIX

N°1: *Benchmarks* (Or reference comparators)

A benchmark is defined for each asset class of the strategic asset allocation, and corresponds to a representative index of the corresponding market.

<i>Benchmark</i>	Porcentaje del PI
ICE BofA US Dollar 3 Month Deposit Bid Rate Average Index	5.25%
ICE BofA Euro Currency 3 Month Deposit Bid Rate Average Index	6.25%
ICE BofA Japanese Yen 3 Month Deposit Bid Rate Average Index	4.0%
Banking	15.5%
ICE BofA US Treasury Bill Index	6.0%
ICE BofA German Treasury Bill Index	7.25%
ICE BofA Japan Treasury Bill Index	6.25%
Sovereign Bills	19.5%
Bloomberg Barclays Global Aggregate - Treasury: U.S. 7-10 Yrs	27.25%
Bloomberg Barclays Global Aggregate - Treasury: Germany 7-10 Yrs	11.25%
Bloomberg Barclays Global Aggregate - Treasury: Japan 7-10 Yrs	10.25%
Bloomberg Barclays Global Aggregate - Treasury: Switzerland 5-10 Yrs	7.75%
Sovereign Bonds	56.5%
Sovereign Bills and Bonds	76.0%
Bloomberg Barclays Global Inflation-Linked: U.S. TIPS 1-10 Yrs	2.5%
Bloomberg Barclays Global Inflation-Linked: Germany 1-10 Yrs	1.0%
Sovereign Inflation Linked Bonds	3.5%
Equity: MSCI All Country World Index (ex Chile) (unhedged with reinvested dividends)	5.0%
Total	100.0%