



**REPUBLIC OF CHILE**  
Ministry of Finance

**MONTHLY EXECUTIVE REPORT**  
**ECONOMIC AND SOCIAL STABILIZATION FUND**

**MAY 2007**

## I. The Economic and Social Stabilization Fund

The Economic and Social Stabilization Fund (ESSF) was established on March 6, 2007, in conformity with the *Decreto con Fuerza de Ley* N° 1 of 2006. The fund received an initial contribution of US\$ 6,000 million, of which US\$ 2,563.7 million were derived from the former Copper Compensation Fund which was merged with the new ESSF. On March 30, 2007, the ESSF received an additional contribution of US\$ 1,100 million. Both contributions constitute advances to the final amount that should be deposited to the fund this year.

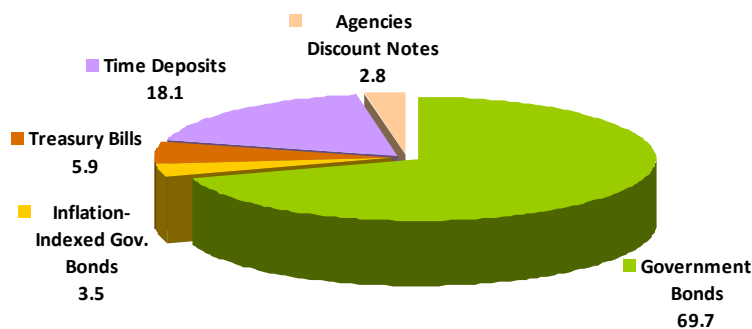
The ESSF as well as the PRF have been managed by the Central Bank of Chile, acting as fiscal agent, since March 6, 2007, according to Ministry of Finance's Supreme Decree N° 1,383 of 2006.

The following shows the ESSF's market value in United States dollars as of May 31, 2007. The fund's investments are governed by DFL N°1 of 2006 of the Ministry of Finance and supplementary regulations.

Asset Class	US\$ Million	%
Government Bonds	4,970.6	69.7
Inflation-Indexed Gov. Bonds <sup>1</sup>	248.1	3.5
Treasury Bills	423.1	5.9
Time Deposits	1,292.6	18.1
Agencies Discount Notes	199.3	2.8
<b>Total</b>	<b>7,133.7</b>	

Currency	Duration (years)
USD	2.5
EUR	2.4
YEN	2.5
<b>Average</b>	<b>2.46</b>

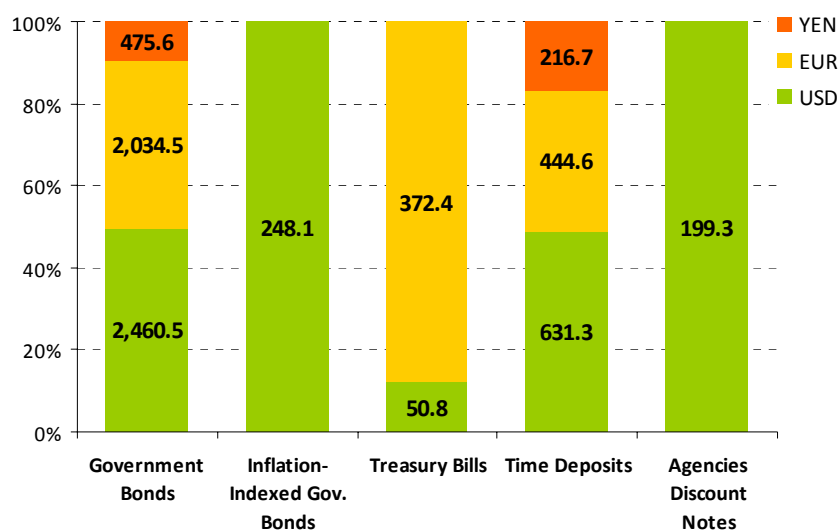
Chart 1: Composition by Asset Class



<sup>1</sup> Inflation-Indexed Bonds: Bonds whose value is adjusted according to a specific inflation index. These financial instruments are known as TIPS (Treasury Inflation-Protected Securities) in the US.

Asset Class	USD	EUR	YEN	Total
Government Bonds	2,460.5	2,034.5	475.6	4,970.6
Inflation-Indexed Gov. Bonds	248.1	0.0	0.0	248.1
Treasury Bills	50.8	372.4	0.0	423.1
Time Deposits	631.3	444.6	216.7	1,292.6
Agencies Discount Notes	199.3	0.0	0.0	199.3
<b>Total</b>	<b>3,590.0</b>	<b>2,851.5</b>	<b>692.2</b>	<b>7,133.7</b>
<b>% of Portfolio</b>	<b>50.3</b>	<b>40.0</b>	<b>9.7</b>	

Chart 2: Composition by Asset Class and Currency



<sup>2</sup> The end-of-month exchange rates utilized were 1.3457 USD/EUR and 121.82 JPY/USD. Source: JP Morgan.