



# ECONOMIC AND SOCIAL STABILIZATION FUND

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Monthly Executive Report as of December 2010

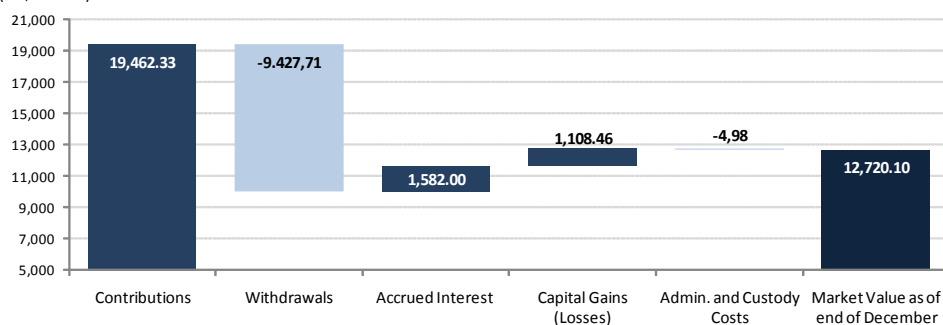
## I. Market Value as of December, 2010

The market value of the Economic and Social Stabilization Fund (ESSF) totaled **US\$12,720.10** million as of December 31, 2010. This value is **US\$138.06** million higher than in the previous month due to: (i) accrued interest of **US\$22.24** million, (ii) capital gains on investments of **US\$116.05** million, and (iii) administration and custody costs of **US\$0.24** million.

Changes in Market Value (US\$ million)	2007	2008	2009	2010						Since Inception
				1st Quarter	2nd Quarter	3rd Quarter	October	November	December	
Starting Market Value	0.00	14,032.61	20,210.68	11,284.78	11,129.96	10,799.03	12,851.82	12,987.50	12,582.04	0.00
Contributions	13,100.00	5,000.00	0.00	0.00	0.00	1,362.33	0.00	0.00	0.00	19,462.33
Withdrawals	0.00	0.00	-9,277.71	0.00	-150.00	0.00	0.00	0.00	0.00	-9,427.71
Accrued Interest	326.15	623.95	404.27	55.33	47.93	64.11	22.73	15.29	22.24	1,582.00
Capital Gains (Losses)	606.81	556.00	-50.84	-209.93	-228.46	626.57	112.96	-420.70	116.05	1,108.46
Admin. and Custody Costs	-0.35	-1.88	-1.62	-0.23	-0.40	-0.22	0.00	-0.05	-0.24	-4.98
<b>Final Market Value</b>	<b>14,032.61</b>	<b>20,210.68</b>	<b>11,284.78</b>	<b>11,129.96</b>	<b>10,799.03</b>	<b>12,851.82</b>	<b>12,987.50</b>	<b>12,582.04</b>	<b>12,720.10</b>	<b>12,720.10</b>

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

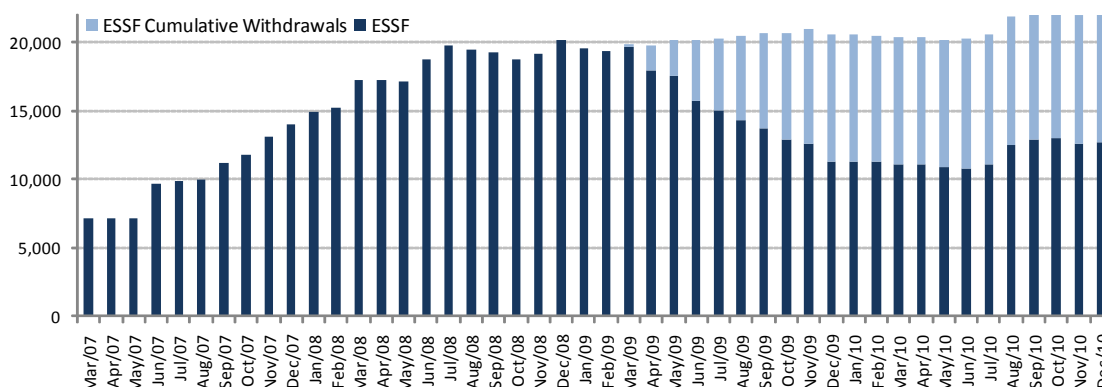
### Changes in Market Value Since Inception (US\$ million)



By Asset Class (US\$ million)	2007	2008	2009	2010					
				1st Quarter	2nd Quarter	3rd Quarter	October	November	December
Money Market	4,216.29	5,957.12	3,373.66	3,335.58	3,576.53	3,825.09	3,913.26	3,811.50	3,773.50
Sovereign Bonds	9,323.73	13,583.62	7,508.85	7,392.04	6,862.09	8,592.92	8,622.03	8,321.64	8,501.34
Inflation Indexed Sov. Bonds	492.59	669.93	402.27	402.34	360.41	433.80	452.21	448.90	445.26
<b>Market Value</b>	<b>14,032.61</b>	<b>20,210.68</b>	<b>11,284.78</b>	<b>11,129.96</b>	<b>10,799.03</b>	<b>12,851.82</b>	<b>12,987.50</b>	<b>12,582.04</b>	<b>12,720.10</b>

By Risk Exposure (US\$ million)	2007	2008	2009	2010					
				1st Quarter	2nd Quarter	3rd Quarter	October	November	December
Sovereigns	9,283.19	16,617.20	8,913.96	8,672.59	8,834.33	10,256.38	10,272.32	9,767.92	10,112.22
Banks	4,216.29	3,593.47	2,370.82	2,457.37	1,801.85	2,551.48	2,671.21	2,770.13	2,607.88
Supranational	0.00	0.00	0.00	0.00	162.85	43.96	43.97	43.99	0.00
Agencies	533.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Market Value</b>	<b>14,032.61</b>	<b>20,210.68</b>	<b>11,284.78</b>	<b>11,129.96</b>	<b>10,799.03</b>	<b>12,851.82</b>	<b>12,987.50</b>	<b>12,582.04</b>	<b>12,720.10</b>

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



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

Return in December was 1.10% in US dollars and -2.60% in Chilean pesos. Cumulative return in 2010 totaled 1.83% in US dollars and -5.69% in Chilean pesos. Annualized return since inception was 5.51% in US dollars and 1.82% in Chilean pesos.

Returns <sup>(a)</sup>	December	Last 3 Months	Year to Date	Last 12 Months	Last 3 Years (Annualized)	Since Inception (Annualized) <sup>(b)</sup>
Local Currency	-0.45%	-0.67%	2.94%	2.94%	3.76%	4.19%
Exchange Rate Return	1.55%	-0.36%	-1.11%	-1.11%	0.19%	1.32%
<b>Return in USD</b>	<b>1.10%</b>	<b>-1.03%</b>	<b>1.83%</b>	<b>1.83%</b>	<b>3.95%</b>	<b>5.51%</b>
Exchange Rate (CLP)	-3.70%	-3.47%	-7.52%	-7.52%	-1.88%	-3.69%
<b>Return in CLP <sup>(c)</sup></b>	<b>-2.60%</b>	<b>-4.50%</b>	<b>-5.69%</b>	<b>-5.69%</b>	<b>2.07%</b>	<b>1.82%</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 December, 2010

Portfolio by Credit Risk	US\$ million	% from Total
<i>Sovereign Exposure by Country</i>		
USA	4,672.69	36.73%
Germany	3,807.76	29.93%
Japan	988.30	7.77%
France	329.31	2.59%
Finland	162.93	1.28%
Austria	124.33	0.98%
Belgium	26.89	0.21%
<b>Total Sovereign Exposure</b>	<b>10,112.22</b>	<b>79.50%</b>
<i>Bank Exposure by Country</i>		
United Kingdom	787.86	6.19%
Germany	703.97	5.53%
Italy	393.33	3.09%
Spain	205.93	1.62%
Netherlands	187.07	1.47%
Switzerland	152.94	1.20%
Austria	137.61	1.08%
Sweden	22.53	0.18%
France	16.03	0.13%
Others	0.62	0.00%
<b>Total Bank Exposure</b>	<b>2,607.88</b>	<b>20.50%</b>
<b>Total</b>	<b>12,720.10</b>	<b>100.00%</b>

Portfolio by Currency	US\$ million	% from Total
<i>Sovereign</i>		
USD	5,062.89	39.80%
EUR	4,061.03	31.93%
JPY	988.30	7.77%
<b>Total</b>	<b>10,112.22</b>	<b>79.50%</b>
<i>Banks</i>		
USD	1,198.51	9.42%
EUR	1,088.70	8.56%
JPY	320.67	2.52%
<b>Total</b>	<b>2,607.88</b>	<b>20.50%</b>
<i>Supranational</i>		
USD	0.00	0.00%
EUR	0.00	0.00%
JPY	0.00	0.00%
<b>Total</b>	<b>0.00</b>	<b>0.00%</b>
<i>Agencies</i>		
USD	0.00	0.00%
EUR	0.00	0.00%
JPY	0.00	0.00%
<b>Total</b>	<b>0.00</b>	<b>0.00%</b>
<b>Total</b>	<b>12,720.10</b>	<b>100.00%</b>

Portfolio by Issuer Credit Rating			
Credit Rating	Sovereigns	Banks	Total
AAA	71.52%	1.20%	72.72%
AA+	0.21%	0.00%	0.21%
AA	7.77%	1.74%	9.51%
AA-	0.00%	8.79%	8.79%
A+	0.00%	5.01%	5.01%
A	0.00%	3.75%	3.75%
A-	0.00%	0.00%	0.00%
Others	0.00%	0.00%	0.00%
<b>Total</b>	<b>79.50%</b>	<b>20.50%</b>	<b>100.00%</b>

Duration	Years
Sovereign	3.04
Banks	0.22
Supranational	0.00
Agencies	0.00
<b>Total</b>	<b>2.46</b>