



ECONOMIC AND SOCIAL STABILIZATION FUND

Monthly Executive Report as of January, 2018

I. Market Value as of January, 2018

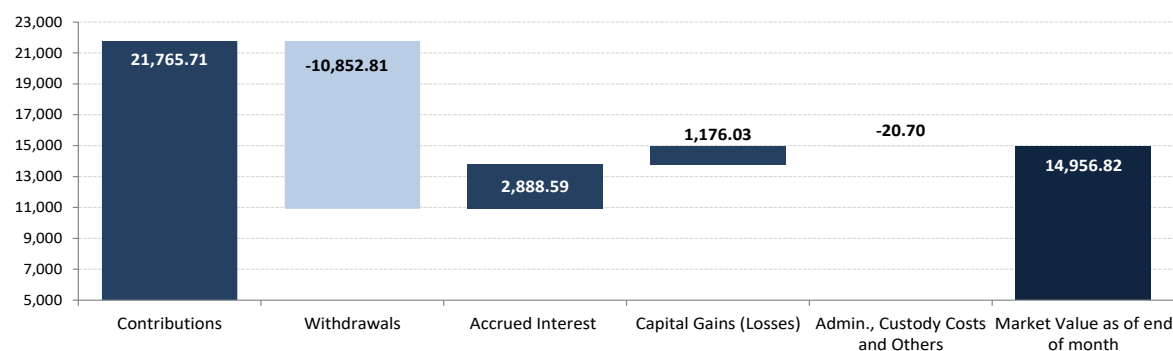
The market value of the Economic and Social Stabilization Fund (ESSF) totaled US\$14,956.82 million at the end of the month. The variation of the period was due to: (i) accrued interest of US\$13.67 million, (ii) capital gains on investments of US\$204.35 million and (iii) administrative, custody and others costs of US\$0.03 million.

| Changes in Market Value (US\$ million) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | | | | 2018 | Since Inception ⁽¹⁾ |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------------------|
| | | | | | | | | | | | Q1 | Q2 | Q3 | Q4 | January | |
| Starting Market Value | 0.00 | 14,032.61 | 20,210.68 | 11,284.78 | 12,720.10 | 13,156.64 | 14,997.52 | 15,419.13 | 14,688.82 | 13,966.28 | 13,772.06 | 14,070.31 | 14,400.90 | 14,615.06 | 14,738.82 | 0.00 |
| Contributions | 13,100.00 | 5,000.00 | 0.00 | 1,362.33 | 0.00 | 1,700.00 | 603.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 21,765.71 |
| Withdrawals | 0.00 | 0.00 | -9,277.71 | -150.00 | 0.00 | 0.00 | 0.00 | -498.93 | -463.88 | -462.29 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -10,852.81 |
| Accrued Interest | 326.15 | 623.95 | 404.27 | 227.63 | 236.99 | 201.89 | 184.10 | 188.28 | 167.08 | 161.56 | 34.91 | 40.82 | 38.95 | 11.44 | 13.67 | 2,888.59 |
| Capital Gains (Losses) | 606.81 | 556.08 | -50.83 | -3.51 | 200.71 | -59.71 | -363.71 | -416.97 | -422.87 | 109.12 | 263.95 | 290.52 | 175.82 | -84.78 | 204.35 | 1,176.03 |
| Admin., Custody and Other Costs ⁽²⁾ | -0.35 | -1.96 | -1.62 | -1.13 | -1.16 | -1.30 | -2.17 | -2.69 | -2.87 | -2.61 | -0.61 | -0.76 | -0.61 | -0.26 | -0.03 | -20.70 |
| Final Market Value | 14,032.61 | 20,210.68 | 11,284.78 | 12,720.10 | 13,156.64 | 14,997.52 | 15,419.13 | 14,688.82 | 13,966.28 | 13,772.06 | 14,070.31 | 14,400.90 | 14,615.06 | 14,541.45 | 14,956.82 | 14,956.82 |

⁽¹⁾ 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.

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

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



| By Asset Class (US\$ million) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 ⁽¹⁾ | 2014 | 2015 | 2016 | 2017 | | | | 2018 |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | | | | | | | | | Q1 | Q2 | Q3 | Q4 | January |
| Money Market ⁽²⁾ | 4,216.29 | 5,957.12 | 3,373.66 | 3,773.50 | 3,939.33 | 4,488.14 | 5,107.57 | 4,934.76 | 4,766.70 | 4,622.49 | 4,716.81 | 4,949.53 | 4,954.52 | 4,976.47 | 5,047.36 |
| Sovereign Bonds ⁽³⁾ | 9,323.73 | 13,583.62 | 7,508.85 | 8,501.34 | 8,755.83 | 9,987.37 | 8,524.08 | 8,099.28 | 7,720.56 | 7,531.68 | 7,645.36 | 7,864.05 | 8,012.60 | 8,045.82 | 8,124.78 |
| Sovereign Inflation Linked Bonds | 492.59 | 669.93 | 402.27 | 445.26 | 461.48 | 522.01 | 541.64 | 512.29 | 489.36 | 478.50 | 488.60 | 507.48 | 511.39 | 514.58 | 514.93 |
| Equities | - | - | - | - | - | - | 1,245.83 | 1,142.49 | 989.65 | 1,139.39 | 1,219.53 | 1,079.83 | 1,136.55 | 1,201.95 | 1,269.75 |
| Market Value | 14,032.61 | 20,210.68 | 11,284.78 | 12,720.10 | 13,156.64 | 14,997.52 | 15,419.13 | 14,688.82 | 13,966.28 | 13,772.06 | 14,070.31 | 14,400.90 | 14,615.06 | 14,738.82 | 14,956.82 |

⁽¹⁾ In August 2013 a new investment policy that includes equities was implemented.

⁽²⁾ Includes sovereign bills and commercial money market.

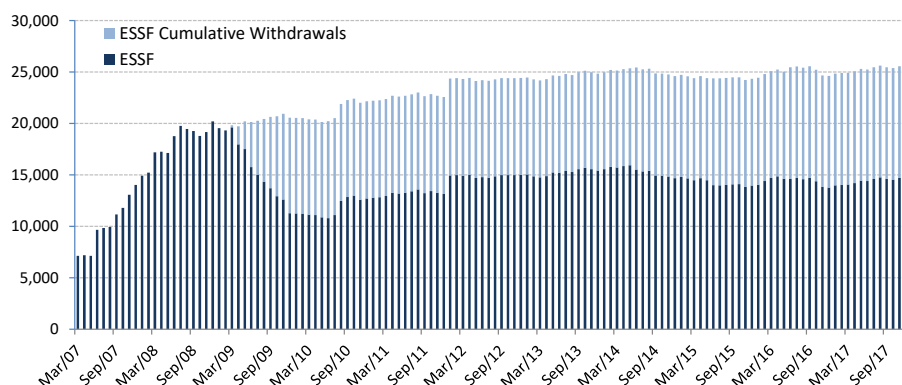
⁽³⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee with remanent maturity lower than one year.

| By Risk Exposure (US\$ million) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 ⁽¹⁾ | 2014 | 2015 | 2016 | 2017 | | | | 2018 |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | | | | | | | | | Q1 | Q2 | Q3 | Q4 | January |
| Sovereigns ⁽²⁾ | 9,283.19 | 16,617.20 | 8,913.96 | 10,112.22 | 10,949.50 | 12,746.00 | 11,450.71 | 9,773.08 | 9,780.39 | 9,492.27 | 9,749.45 | 9,961.66 | 10,147.03 | 10,125.91 | 10,311.80 |
| Banks | 4,216.29 | 3,593.47 | 2,370.82 | 2,607.88 | 2,207.14 | 2,251.52 | 2,722.58 | 3,773.24 | 3,196.23 | 3,140.40 | 3,101.33 | 3,359.41 | 3,331.47 | 3,410.96 | 3,375.26 |
| Agencies | 533.12 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Equities | - | - | - | - | - | - | 1,245.83 | 1,142.49 | 989.65 | 1,139.39 | 1,219.53 | 1,079.83 | 1,136.55 | 1,201.95 | 1,269.75 |
| Market Value | 14,032.61 | 20,210.68 | 11,284.78 | 12,720.10 | 13,156.64 | 14,997.52 | 15,419.13 | 14,688.82 | 13,966.28 | 13,772.06 | 14,070.31 | 14,400.90 | 14,615.06 | 14,738.82 | 14,956.82 |

⁽¹⁾ In August 2013 a new investment policy that includes equities was implemented.

⁽²⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee with remanent maturity lower than one year.

Market Value
(US\$ million)



II. Return as of January, 2018

The return in US dollars was 0.48% in the month. This was due to the performance of Money Market and Sovereign Bonds, 1.14%, Sovereign Inflation Linked Bonds, 0.22%, and Equities, 5.64%. The returns of the Money Market and Sovereign Bonds' and Sovereign Inflation Linked Bonds' portfolios were explained mainly by the appreciation versus the US dollar of the currencies in which these portfolios are invested. The Equities portfolio had a positive return, mainly explained by the return in local currency and to a lesser extent to the appreciation of the currencies other than dollar. The monthly return of the fund in pesos was -0,30%. Finally, annualized return since inception was 2.79% in US dollars and 3.88% in pesos.

| Returns ^(a) | Month | Last 3 Months | Year to Date | Last 12 Months | Last 3 Years (Annualized) | Since Inception (Annualized) ^(b) |
|---|---------------|---------------|---------------|----------------|---------------------------|---|
| Money Market and Sovereign Bonds ^(c) | 1.14% | 2.32% | 1.14% | 5.21% | 1.65% | |
| Sovereign Inflation Linked Bonds | 0.22% | 1.37% | 0.22% | 4.18% | 1.66% | |
| Equities | 5.64% | 9.44% | 5.64% | 27.63% | 12.35% | |
| Return in USD | 1.48% | 2.85% | 1.48% | 6.85% | 2.51% | 2.79% |
| Exchange Rate (CLP) | -1.76% | -5.04% | -1.76% | -6.85% | -1.19% | 1.06% |
| Return in CLP ^(d) | -0.30% | -2.33% | -0.30% | -0.47% | 1.29% | 3.88% |

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

^(b) It's calculated from March 31, 2007, when the performance of Central Bank of Chile started to be measured.

^(c) Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee with remanent maturity lower than one year.

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

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 January, 2018

| Portfolio by Country and Credit Exposures | US\$ million | % of Total |
|---|------------------|---------------|
| Nominal Sovereign Exposure | | |
| United States | 3,952.82 | 26.4% |
| Japan | 3,145.29 | 21.0% |
| Germany | 1,589.84 | 10.6% |
| Switzerland | 1,122.04 | 7.5% |
| Others ⁽¹⁾ | (13.11) | -0.1% |
| Total Nominal Sovereign Exposure⁽²⁾ | 9,796.88 | 65.5% |
| Sovereign Inflation Linked Exposure | | |
| United States | 364.57 | 2.4% |
| Germany | 150.35 | 1.0% |
| Others | 0.01 | 0.0% |
| Total Sovereign Inflation Linked Exposure | 514.93 | 3.4% |
| Banking Exposure | | |
| France | 1,108.87 | 7.4% |
| Japan | 548.80 | 3.7% |
| Germany | 524.06 | 3.5% |
| China | 436.17 | 2.9% |
| Spain | 290.49 | 1.9% |
| Belgium | 209.92 | 1.4% |
| Singapore | 122.55 | 0.8% |
| Denmark | 91.57 | 0.6% |
| United Kingdom | 52.86 | 0.4% |
| Israel | 45.79 | 0.3% |
| Others ⁽¹⁾ | -95.92 | -0.6% |
| Total Banking Exposure | 3,375.26 | 22.6% |
| Equities Exposure | | |
| United States | 690.78 | 4.6% |
| Japan | 99.08 | 0.7% |
| United Kingdom | 67.11 | 0.4% |
| France | 43.68 | 0.3% |
| Germany | 41.16 | 0.3% |
| Switzerland | 38.76 | 0.3% |
| Canada | 38.10 | 0.3% |
| Australia | 28.43 | 0.2% |
| South Korea | 22.59 | 0.2% |
| Hong Kong | 19.63 | 0.1% |
| The Netherlands | 19.62 | 0.1% |
| Spain | 13.65 | 0.1% |
| Sweden | 11.51 | 0.1% |
| Ireland | 9.24 | 0.1% |
| Italy | 8.67 | 0.1% |
| Denmark | 7.39 | 0.0% |
| Belgium | 4.58 | 0.0% |
| Mexico | 4.56 | 0.0% |
| Others ⁽¹⁾ | 101.21 | 0.7% |
| Total Equities Exposure | 1,269.75 | 8.5% |
| Total Portfolio | 14,956.82 | 100.0% |

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

⁽²⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee.

| Duration | Years |
|--|------------|
| Sovereign Bills and Bonds ⁽¹⁾ | 6.3 |
| Sovereign Inflation Linked Bonds | 4.9 |
| Banking | 0.2 |
| Portfolio Total | 4.7 |

⁽¹⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee.

| Portfolio by Asset Classes | US\$ million | % of Total |
|--------------------------------------|------------------|---------------|
| Sovereign and Banking ⁽¹⁾ | 13,172.14 | 88.1% |
| Sovereign Inflation Linked Bonds | 514.93 | 3.4% |
| Equities | 1,269.75 | 8.5% |
| Portfolio Total | 14,956.82 | 100.0% |

⁽¹⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee.

| Portfolio by Issuer Credit Rating | Sovereigns ⁽¹⁾ | Banking | Fixed Income Total |
|-----------------------------------|---------------------------|--------------|--------------------|
| Credit Rating | | | |
| AAA | 52.5% | 0.0% | 52.5% |
| AA+ | 0.0% | 0.0% | 0.0% |
| AA | 0.0% | 0.0% | 0.0% |
| AA- | 0.0% | 3.3% | 3.3% |
| A+ | 23.0% | 5.8% | 28.8% |
| A | 0.0% | 11.2% | 11.2% |
| A- | 0.0% | 5.1% | 5.1% |
| Others ⁽²⁾ | -0.1% | -0.7% | -0.8% |
| Fixed Income Total | 75.3% | 24.7% | 100.0% |

⁽¹⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee.

⁽²⁾ It includes cash, cash equivalents and unsettled transactions.