



# ECONOMIC AND SOCIAL STABILIZATION FUND

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Monthly Executive Report as of February 2016

## I. Market Value as of February, 2016

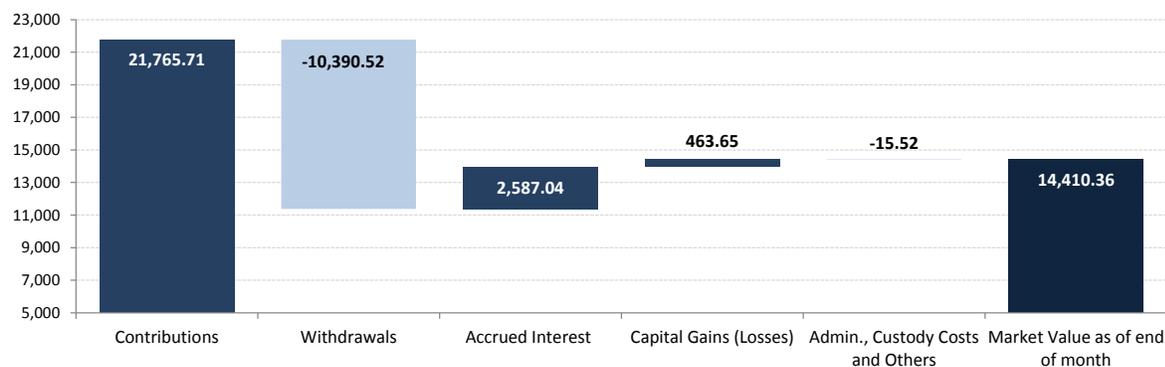
The market value of the Economic and Social Stabilization Fund (ESSF) totaled US\$14,410.36 million as of February of 2016. The market value changed during this month due to: (i) accrued interest of US\$14.72 million, (ii) capital gains on investments of US\$346.17 million and (iii) administrative, custody and others costs of US\$ 0.13 million.

Changes in Market Value (US\$ million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		Since Inception <sup>(1)</sup>
										January	February	
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	14,049.60	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	21,765.71
Withdrawals	0.00	0.00	-9,277.71	-150.00	0.00	0.00	0.00	-498.93	-463.88	0.00	0.00	-10,390.52
Accrued Interest	326.15	623.95	404.27	227.63	236.99	201.89	184.10	188.28	167.08	11.98	14.72	2,587.04
Capital Gains (Losses)	606.81	556.08	-50.83	-3.51	200.71	-59.71	-363.71	-416.97	-422.87	71.48	346.17	463.65
Admin., Custody and Other Costs <sup>(2)</sup>	-0.35	-1.96	-1.62	-1.13	-1.16	-1.30	-2.17	-2.69	-2.87	-0.14	-0.13	-15.52
<b>Final Market Value</b>	<b>14,032.61</b>	<b>20,210.68</b>	<b>11,284.78</b>	<b>12,720.10</b>	<b>13,156.64</b>	<b>14,997.52</b>	<b>15,419.13</b>	<b>14,688.82</b>	<b>13,966.28</b>	<b>14,049.60</b>	<b>14,410.36</b>	<b>14,410.36</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 <sup>(1)</sup>	2014	2015	2016	
										January	February
Money Market <sup>(2)</sup>	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	4,786.78	4,938.33
Sovereign Bonds	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	7,829.55	8,035.57
Sovereign Inflation Linked Bonds	492.59	669.93	402.27	445.26	461.48	522.01	541.64	512.29	489.36	502.51	512.48
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	930.76	923.98
<b>Market Value</b>	<b>14,032.61</b>	<b>20,210.68</b>	<b>11,284.78</b>	<b>12,720.10</b>	<b>13,156.64</b>	<b>14,997.52</b>	<b>15,419.13</b>	<b>14,688.82</b>	<b>13,966.28</b>	<b>14,049.60</b>	<b>14,410.36</b>

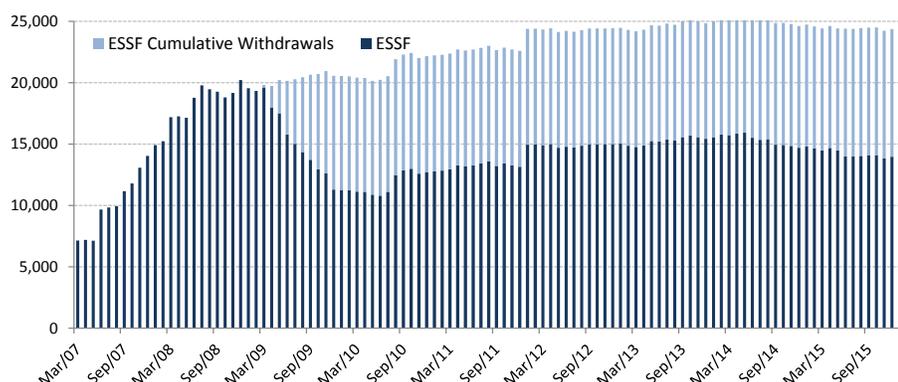
<sup>(1)</sup> In August 2013 a new investment policy that includes equities was implemented.

<sup>(2)</sup> Includes sovereign bills and commercial money market.

By Risk Exposure (US\$ million)	2007	2008	2009	2010	2011	2012	2013 <sup>(1)</sup>	2014	2015	2016	
										January	February
Sovereigns	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	10,044.84	10,324.23
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	3,074.00	3,162.15
Agencies	533.12	-	-	-	-	-	-	-	-	-	-
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	930.76	923.98
<b>Market Value</b>	<b>14,032.61</b>	<b>20,210.68</b>	<b>11,284.78</b>	<b>12,720.10</b>	<b>13,156.64</b>	<b>14,997.52</b>	<b>15,419.13</b>	<b>14,688.82</b>	<b>13,966.28</b>	<b>14,049.60</b>	<b>14,410.36</b>

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

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



## II. Return as of February 2016

Return in US dollars was 2.57% in February. This was mainly due to the positive return of the Money Market and Sovereign Bonds of 2.89%, and the Sovereign Inflation Linked Bonds of 0.56%. By month-end these portfolios represented 90.03% and 3.56% of the fund, respectively. The Equity portfolio, 6.41% of the fund, experienced a return of -0.73%. Money Market and Sovereign Bonds portfolios' returns were explained mainly by local currency performance resulting from interest rate reductions in U.S.A., Germany, Japan, and Switzerland. This effect was boosted by the appreciation of the main currencies that compound the portfolio in relation to dolar. The monthly performance of the Sovereign Inflation Indexed Bonds was also positive due to the interest rate reduction in the main countries in which that portfolio is invested. The return of the fund in pesos during February was -0.60%, explained mostly by the dollar depreciation of 3.17% relative to the peso. Annualized return since inception was 2.61% in dollars and 5.40% in pesos.

Returns <sup>(a)</sup>	Month	Last 3 Months	Year to Date	Last 12 Months	Last 3 Years (Annualized)	Since Inception (Annualized) <sup>(b)</sup>
Money Market and Sovereign Bonds	2.89%	5.23%	4.02%	2.80%		
Sovereign Inflation Linked Bonds	0.56%	1.56%	1.60%	-1.19%		
Equities	-0.73%	-8.34%	-6.64%	-11.78%		
<b>Return in USD</b>	<b>2.57%</b>	<b>4.11%</b>	<b>3.18%</b>	<b>1.58%</b>	<b>-0.23%</b>	<b>2.61%</b>
Exchange Rate (CLP)	-3.17%	-3.29%	-2.57%	11.58%	13.34%	2.79%
<b>Return in CLP<sup>(c)</sup></b>	<b>-0.60%</b>	<b>0.82%</b>	<b>0.61%</b>	<b>13.16%</b>	<b>13.12%</b>	<b>5.40%</b>

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

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

<sup>(c)</sup> 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.

## II. Portfolio Composition and Duration as of February 2016

Portfolio by Country and Credit Exposures	US\$ million	% of Total
<b>Nominal Sovereign Exposure</b>		
U.S.A.	3,862.88	26.8%
Japan	2,984.45	20.7%
Germany	1,849.97	12.8%
Switzerland	1,112.06	7.7%
Supranational	2.39	0.0%
<b>Total Nominal Sovereign Exposure</b>	<b>9,811.75</b>	<b>68.1%</b>
<b>Sovereign Inflation Linked Exposure</b>		
U.S.A.	370.08	2.6%
Germany	142.40	1.0%
<b>Total Sovereign Inflation Linked Exposure</b>	<b>512.48</b>	<b>3.6%</b>
<b>Banking Exposure</b>		
France	830.09	5.8%
Germany	542.69	3.8%
Spain	411.54	2.9%
Japan	400.78	2.8%
China	313.13	2.2%
Denmark	241.45	1.7%
Netherlands	152.24	1.1%
United Kingdom	149.06	1.0%
Others <sup>(1)</sup>	121.16	0.8%
<b>Total Banking Exposure</b>	<b>3,162.15</b>	<b>21.9%</b>
<b>Equities Exposure</b>		
U.S.A.	522.94	3.63%
Japan	71.56	0.50%
United Kingdom	61.29	0.43%
Germany	31.19	0.22%
France	30.21	0.21%
Switzerland	29.18	0.20%
Hong Kong	28.39	0.20%
Canada	27.36	0.19%
Australia	21.23	0.15%
South Korea	13.73	0.10%
Netherlands	9.88	0.07%
Spain	9.64	0.07%
Sweden	9.12	0.06%
Italy	6.74	0.05%
Denmark	6.32	0.04%
Belgium	4.47	0.03%
Mexico	4.10	0.03%
Ireland	1.60	0.01%
Others <sup>(1)</sup>	6.32	0.04%
<b>Total Equities Exposure</b>	<b>923.98</b>	<b>6.4%</b>
<b>Total Portfolio</b>	<b>14,410.36</b>	<b>100.0%</b>

<sup>(1)</sup> includes cash, cash equivalents and unsettled transactions

Duration	Years
Sovereign Bills and Bonds	6.5
Sovereign Inflation Linked Bonds	5.2
Banking	0.2
<b>Portfolio Total</b>	<b>4.9</b>

Portfolio by Asset Classes	US\$ million	% of Total
Sovereign and Banking	12,973.90	90.0%
Sovereign Inflation Linked Bonds	512.48	3.6%
Equities	923.98	6.4%
<b>Portfolio Total</b>	<b>14,410.36</b>	<b>100.0%</b>

Portfolio by Issuer Credit Rating	Sovereigns	Banking	Fixed Income Total
Credit Rating			
AAA	54.4%	0.0%	54.4%
AA+	0.0%	0.0%	0.0%
AA	0.0%	0.0%	0.0%
AA-	0.0%	1.4%	1.4%
A+	22.1%	2.5%	24.7%
A	0.0%	13.2%	13.2%
A-	0.0%	5.5%	5.5%
Others <sup>(1)</sup>	0.0%	0.9%	0.9%
<b>Fixed Income Total</b>	<b>76.6%</b>	<b>23.4%</b>	<b>100.0%</b>

<sup>(1)</sup> includes cash, cash equivalents and unsettled transactions