



ECONOMIC AND SOCIAL STABILIZATION FUND

Monthly Executive Report as of January, 2020

I. Market Value as of January, 2020

The market value of the Economic and Social Stabilization Fund (ESSF) totaled US\$12,352.56 million at the end of the month. The variation of the period was due to: (i) accrued interest of US\$10.46 million, (ii) capital gains on investments of US\$108.82 million and (iii) administrative, custody and others costs of US\$0.14 million.

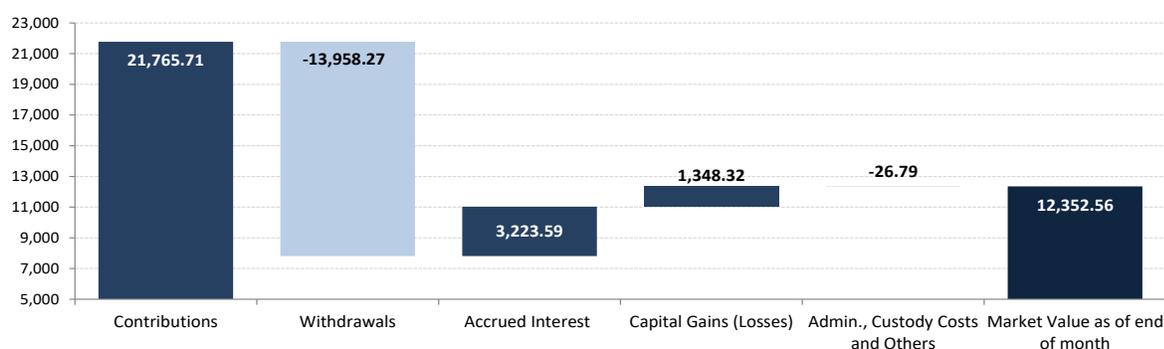
Changes in Market Value (US\$ million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019				2020	Since Inception ⁽¹⁾
													Q1	Q2	Q3	Q4	January	
Starting Market Value	0.00	14,032.61	20,210.68	11,284.78	12,720.10	13,156.64	14,997.52	15,419.13	14,688.82	13,966.28	13,772.06	14,738.82	14,133.85	14,344.02	14,189.90	14,163.61	12,233.41	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	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	-541.58	0.00	-563.89	0.00	-2,000.00	0.00	-13,958.27
Accrued Interest	326.15	623.95	404.27	227.63	236.99	201.89	184.10	188.28	167.08	161.56	153.01	166.92	46.56	45.37	41.30	38.05	10.46	3,223.59
Capital Gains (Losses)	606.81	556.08	-50.83	-3.51	200.71	-59.71	-363.71	-416.97	-422.87	109.12	816.56	-227.51	164.40	365.16	-67.01	32.79	108.82	1,348.32
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	-2.80	-2.82	-0.79	-0.77	-0.58	-1.03	-0.14	-26.79
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	14,738.82	14,133.85	14,344.02	14,189.90	14,163.61	12,233.41	12,352.56	12,352.56

⁽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, accounting adjustment 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	2019				2020
													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	4,976.47	4,777.23	4,793.65	4,721.79	4,801.52	4,148.52	4,181.73
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	8,045.82	7,938.70	8,011.37	7,872.93	7,770.17	6,716.23	6,809.53
Sovereign Inflation Linked Bonds	492.59	669.93	402.27	445.26	461.48	522.01	541.64	512.29	489.36	478.50	514.58	488.36	495.47	494.42	491.00	429.81	433.03
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	1,139.39	1,201.95	929.55	1,043.53	1,100.76	1,100.92	938.84	928.26
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	14,738.82	14,133.85	14,344.02	14,189.90	14,163.61	12,233.41	12,352.56

⁽¹⁾ A new investment policy that includes equities was implemented in August 2013.

⁽²⁾ It includes sovereign bills and commercial money market. It may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee with remanent maturity lower than one year.

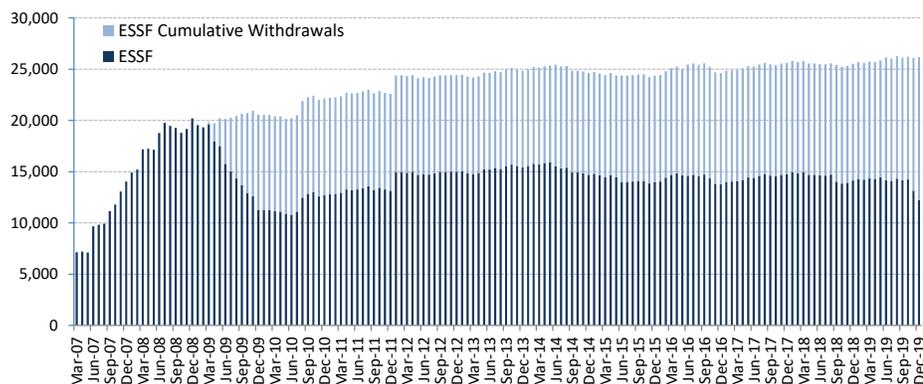
⁽³⁾ This item may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee with remanent maturity higher than one year.

By Risk Exposure (US\$ million)	2007	2008	2009	2010	2011	2012	2013 ⁽¹⁾	2014	2015	2016	2017	2018	2019				2020
													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	10,125.91	10,025.86	9,748.23	9,883.36	9,760.12	8,532.19	9,013.07
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	3,410.96	3,178.43	3,552.26	3,205.78	3,302.57	2,762.37	2,411.22
Agencies	533.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	1,139.39	1,201.95	929.55	1,043.53	1,100.76	1,100.92	938.84	928.26
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	14,738.82	14,133.85	14,344.02	14,189.90	14,163.61	12,233.41	12,352.56

⁽¹⁾ A new investment policy that includes equities was implemented in August 2013.

⁽²⁾ This item may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee.

Market Value
(US\$ million)



II. Return as of January, 2020

The net return in US dollars was 0.97% in the month. This is broken down in the returns of Money Market and Sovereign Bonds, 1.16%, Sovereign Inflation Linked Bonds, 0.75%, and Equities, -1.13%. The Money Market and Sovereign Bonds and the Sovereign Inflation Linked Bonds portfolios' returns are explained by the positive performance in local currency. Equities portfolios' returns is explained by the negative performance in local currency and by the impact of the depreciation (relative to the US dollar) of the currencies in which is invested. The fund's monthly return in pesos was 8.21%. Year to Date return in dollars was 0.97% and 8.21% in pesos. Finally, annualized return since inception was 2.65% in US dollars and 5.83% 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)	1.16%	0.56%	1.16%	3.66%	2.86%	1.01%
Sovereign Inflation Linked Bonds	0.75%	1.42%	0.75%	4.28%	2.56%	0.77%
Equities	-1.13%	4.68%	-1.13%	16.01%	11.21%	9.10%
Return in USD	0.97%	0.92%	0.97%	4.59%	3.52%	2.65%
Exchange Rate (CLP)	7.16%	9.86%	7.16%	19.68%	7.14%	3.10%
Return in CLP ^(d)	8.21%	10.88%	8.21%	25.17%	10.91%	5.83%

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

^(b) For the entire ESSF the performance is calculated from March 31, 2007, when the Central Bank of Chile's performance started to be measured. Due to the change in the fund's investment policy occurred in 2013, the return of the following asset classes, "Money market and sovereign bonds" and "Sovereign bonds indexed to inflation" are calculated since the beginning of August 2013 and for "Equities" since the middle of August of 2013.

^(c) This item may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee.

^(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, 2020

Portfolio by Country and Credit Exposures	US\$ million	% of Total
Nominal Sovereign Exposure		
United States	3,278.79	26.5%
Japan	2,473.17	20.0%
Germany	1,897.70	15.4%
Switzerland	930.83	7.5%
Others ⁽¹⁾	(0.46)	0.0%
Total Nominal Sovereign Exposure ⁽²⁾	8,580.05	69.5%
Sovereign Inflation Linked Exposure		
United States	309.92	2.5%
Germany	122.96	1.0%
Others ⁽¹⁾	0.15	0.0%
Total Sovereign Inflation Linked Exposure	433.03	3.5%
Banking Exposure		
Japan	543.26	4.4%
France	378.01	3.1%
Spain	305.12	2.5%
Australia	269.92	2.2%
Germany	249.72	2.0%
China	242.11	2.0%
United Kingdom	124.88	1.0%
Denmark	115.76	0.9%
Sweden	65.22	0.5%
Israel	44.20	0.4%
Canada	42.06	0.3%
Singapore	15.42	0.1%
The Netherlands	8.30	0.1%
Belgium	6.64	0.1%
Others ⁽¹⁾	0.59	0.0%
Total Banking Exposure	2,411.22	19.5%
Equities Exposure		
United States	534.76	4.3%
Japan	66.35	0.5%
United Kingdom	43.82	0.4%
China	33.16	0.3%
Switzerland	29.47	0.2%
Canada	28.51	0.2%
France	27.62	0.2%
Germany	23.26	0.2%
Australia	18.64	0.2%
The Netherlands	16.24	0.1%
Hong Kong	12.82	0.1%
South Korea	12.78	0.1%
Ireland	12.33	0.1%
Brazil	7.94	0.1%
Spain	7.51	0.1%
Sweden	7.10	0.1%
Italy	5.60	0.0%
Denmark	5.15	0.0%
Others ⁽¹⁾	35.20	0.3%
Total Equities Exposure	928.26	7.5%
Total Portfolio	12,352.56	100.0%

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

⁽²⁾ This item may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee.

Duration	Years
Sovereign Bills and Bonds ⁽¹⁾	6.2
Sovereign Inflation Linked Bonds	5.0
Banking	0.1
Portfolio Total	4.8

⁽¹⁾ This item may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee.

Portfolio by Asset Classes	US\$ million	% of Total
Sovereign and Banking ⁽¹⁾	10,991.27	89.0%
Sovereign Inflation Linked Bonds	433.03	3.5%
Equities	928.26	7.5%
Portfolio Total	12,352.56	100.0%

⁽¹⁾ This item may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee.

Portfolio by Issuer Credit Rating	Sovereigns ⁽¹⁾	Banking	Total Fixed Income
Credit Rating			
AAA	57.2%	0.0%	57.2%
AA+	0.0%	0.0%	0.0%
AA	0.0%	0.6%	0.6%
AA-	0.0%	4.0%	4.0%
A+	21.6%	3.3%	25.0%
A	0.0%	11.1%	11.1%
A-	0.0%	2.1%	2.1%
Others ⁽²⁾	0.0%	0.0%	0.0%
Total Fixed Income	78.9%	21.1%	100.0%

⁽¹⁾ This item may include instruments issued by Supranational institutions, agencies and eligible entities with explicit government guarantee.

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