



# ECONOMIC AND SOCIAL STABILIZATION FUND

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Monthly Executive Report as of July 2016

## I. Market Value as of July, 2016

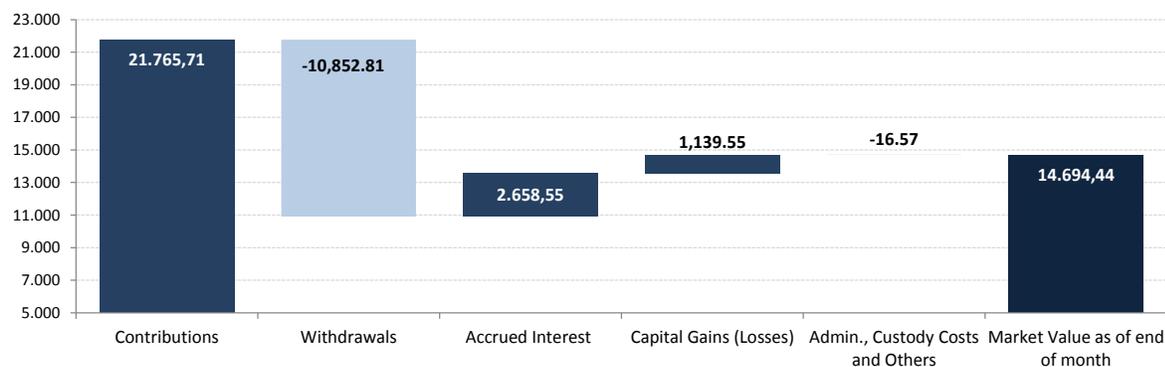
The market value of the Economic and Social Stabilization Fund (ESSF) totaled US\$14,694.44 million as of July of 2016. The market value changed during this month due to: (i) accrued interest of US\$12.50 million, (ii) capital losses on investments of US\$78.64 million and (iii) administrative, custody and others costs of US\$ 0.16 million.

Changes in Market Value (US\$ million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016			Since Inception <sup>(1)</sup>
										Q1	Q2	July	
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	14,697.65	14,603.46	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	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	-462.29	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	42.61	43.10	12.50	2,658.55
Capital Gains (Losses)	606.81	556.08	-50.83	-3.51	200.71	-59.71	-363.71	-416.97	-422.87	689.31	325.60	78.64	1,139.55
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	-0.55	-0.60	-0.16	-16.57
<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>14,697.65</b>	<b>14,603.46</b>	<b>14,694.44</b>	<b>14,694.44</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		
										Q1	Q2	July
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	5,004.44	4,921.03	4,989.40
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	8,179.42	8,104.53	8,078.46
Sovereign Inflation Linked Bonds	492.59	669.93	402.27	445.26	461.48	522.01	541.64	512.29	489.36	520.62	509.95	512.32
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	993.16	1,067.94	1,114.26
<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>14,697.65</b>	<b>14,603.46</b>	<b>14,694.44</b>

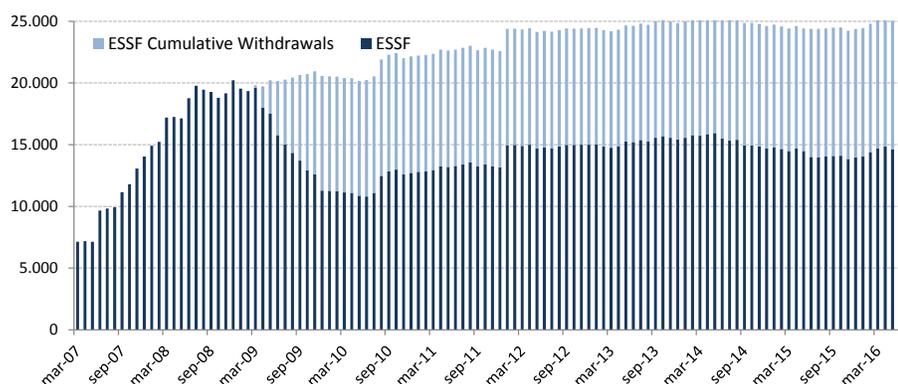
<sup>(1)</sup> In August 2013 a new investment policy that includes equities was implemented.

<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		
										Q1	Q2	July
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	10,409.60	10,422.11	10,427.10
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	3,294.88	3,113.41	3,153.08
Agencies	533.12	-	-	-	-	-	-	-	-	-	-	-
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	993.16	1,067.94	1,114.26
<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>14,697.65</b>	<b>14,603.46</b>	<b>14,694.44</b>

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

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



## II. Return as of July 2016

Return in US dollars was 0.62% in July. This was mainly due to the performance of Money Market and Sovereign Bonds, 0.33%, and Sovereign Inflation Linked Bonds, 0.40%. By month-end these portfolios represented 88.9%, and 3.5% of the fund, respectively. The performance of Equity portfolio in US dollars was 4.34% and represented 7.6% of the fund. Monthly returns in US dollar for both Money Market and Sovereign Bonds portfolio and Sovereign Inflation Linked Bonds portfolio were mainly explained by the appreciation against the US dollar of the main currencies in which the portfolios are invested, and by the performance, in local currency, of the instruments held in both portfolios. The return of the fund in pesos was 1.15% in July mostly explained by a 0.52% appreciation of the US the dollar relative to the peso. Year to date return was 8.56% in US dollars and 2.56% in pesos, while annualized return since inception was 3.05% in US dollars and 5.32% 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	0,33%	1,93%	8,89%	9,23%		
Sovereign Inflation Linked Bonds	0,40%	0,58%	5,03%	3,35%		
Equities	4,34%	3,96%	5,88%	-0,06%		
<b>Return in USD</b>	<b>0,62%</b>	<b>2,04%</b>	<b>8,56%</b>	<b>8,34%</b>	<b>1,68%</b>	<b>3,05%</b>
Exchange Rate (CLP)	0,52%	0,23%	-5,99%	-1,08%	8,94%	2,27%
<b>Return in CLP<sup>(c)</sup></b>	<b>1,15%</b>	<b>2,27%</b>	<b>2,56%</b>	<b>7,27%</b>	<b>10,62%</b>	<b>5,32%</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 July 2016

Portfolio by Country and Credit Exposures	US\$ million	% of Total
<b>Nominal Sovereign Exposure</b>		
U.S.A.	3.869,78	26,3%
Japan	3.180,81	21,6%
Germany	1.628,58	11,1%
Switzerland	1.115,04	7,6%
Others <sup>(1)</sup>	120,56	0,8%
<b>Total Nominal Sovereign Exposure</b>	<b>9.914,78</b>	<b>67,5%</b>
<b>Sovereign Inflation Linked Exposure</b>		
U.S.A.	364,47	2,5%
Germany	147,85	1,0%
<b>Total Sovereign Inflation Linked Exposure</b>	<b>512,32</b>	<b>3,5%</b>
<b>Banking Exposure</b>		
France	756,43	5,1%
Germany	673,83	4,6%
Japan	454,91	3,1%
Spain	426,44	2,9%
Denmark	309,96	2,1%
China	270,67	1,8%
Belgium	214,08	1,5%
United Kingdom	106,20	0,7%
Sweden	15,79	0,1%
Others <sup>(1)</sup>	-75,24	-0,5%
<b>Total Banking Exposure</b>	<b>3.153,08</b>	<b>21,5%</b>
<b>Equities Exposure</b>		
U.S.A.	614,78	4,18%
Japan	86,36	0,59%
United Kingdom	65,43	0,45%
Switzerland	37,62	0,26%
Canada	34,87	0,24%
France	34,46	0,23%
Germany	32,53	0,22%
Australia	27,75	0,19%
South Korea	17,41	0,12%
Hong Kong	17,16	0,12%
Netherlands	15,67	0,11%
Spain	10,95	0,07%
Sweden	10,31	0,07%
Ireland	9,71	0,07%
Denmark	7,40	0,05%
Italy	6,42	0,04%
Belgium	5,01	0,03%
Mexico	4,71	0,03%
Others <sup>(1)</sup>	75,71	0,52%
<b>Total Equities Exposure</b>	<b>1.114,26</b>	<b>7,6%</b>
<b>Total Portfolio</b>	<b>14.694,44</b>	<b>100,0%</b>

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

Duration	Years
Sovereign Bills and Bonds	6,3
Sovereign Inflation Linked Bonds	5,3
Banking	0,2
<b>Portfolio Total</b>	<b>4,9</b>

Portfolio by Asset Classes	US\$ million	% of Total
Sovereign and Banking	13.067,86	88,9%
Sovereign Inflation Linked Bonds	512,32	3,5%
Equities	1.114,26	7,6%
<b>Portfolio Total</b>	<b>14.694,44</b>	<b>100,0%</b>

Portfolio by Issuer Credit Rating	Sovereigns	Banking	Fixed Income Total
Credit Rating			
AAA	53,4%	0,0%	53,4%
AA+	0,0%	0,0%	0,0%
AA	0,0%	0,1%	0,1%
AA-	0,0%	0,0%	0,0%
A+	23,4%	1,5%	24,9%
A	0,0%	15,5%	15,5%
A-	0,0%	6,6%	6,6%
Others <sup>(1)</sup>	-0,1%	-0,6%	-0,6%
<b>Fixed Income Total</b>	<b>76,8%</b>	<b>23,2%</b>	<b>100,0%</b>

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