



ECONOMIC AND SOCIAL STABILIZATION FUND

Monthly Executive Report as of October, 2018

I. Market Value as of October, 2018

The market value of the Economic and Social Stabilization Fund (ESSF) totaled US\$13,847.16 million at the end of the month. The variation of the period was due to: (i) accrued interest of US\$12.29 million, (ii) capital losses on investments of US\$185.40 million and (iii) administrative, custody and others costs of US\$0.13 million.

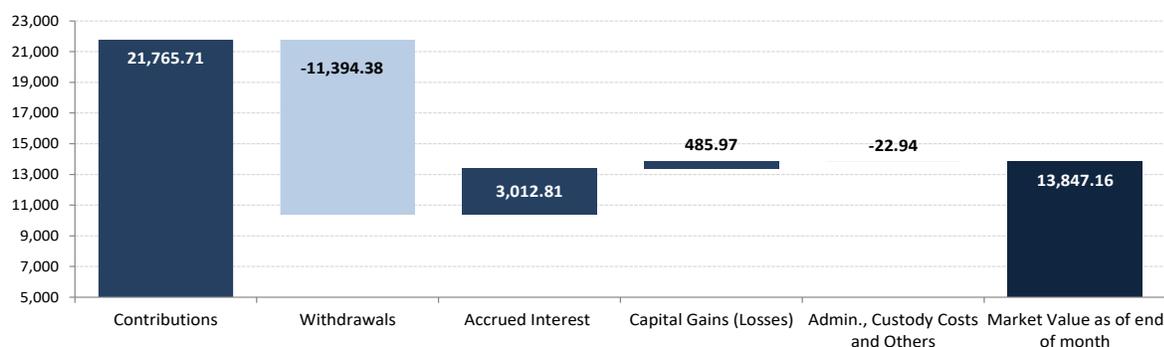
Changes in Market Value (US\$ million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018			Since Inception	
												Q1	Q2	Q3		October
Starting Market Value	0.00	14,032.61	20,210.68	11,284.78	12,720.10	13,156.64	14,997.52	15,419.13	14,688.82	13,966.28	13,772.06	14,738.82	14,937.57	14,636.89	14,020.41	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	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	-541.58	0.00	-11,394.38
Accrued Interest	326.15	623.95	404.27	227.63	236.99	201.89	184.10	188.28	167.08	161.56	153.01	41.04	41.92	42.65	12.29	3,012.81
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	158.37	-341.91	-116.77	-185.40	485.97
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	-0.67	-0.69	-0.79	-0.13	-22.94
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	14,937.57	14,636.89	14,020.41	13,847.16	13,847.16

⁽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	October
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	4,985.10	4,742.51	4,790.31	4,714.89
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	8,238.68	8,176.54	7,673.58	7,661.14
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	522.13	518.91	492.07	486.27
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	1,139.39	1,201.95	1,191.66	1,198.93	1,064.45	984.85
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	14,937.57	14,636.89	14,020.41	13,847.16

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

⁽²⁾ Includes sovereign bills and commercial money market.

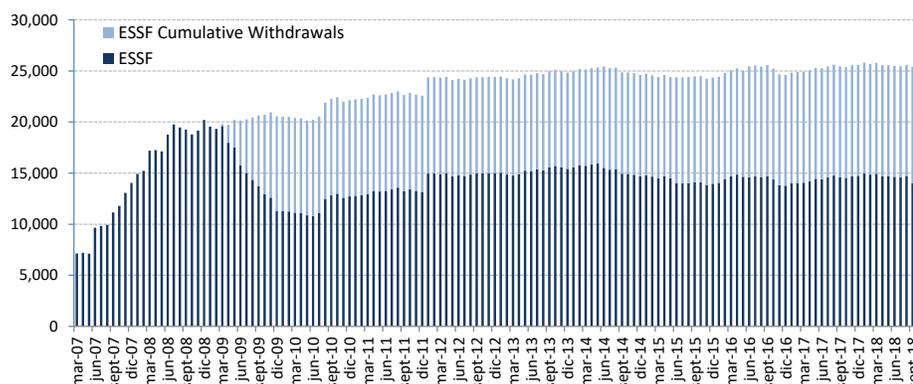
⁽³⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee with remanent maturity lower than one year.

By Risk Exposure (US\$ million)	2007	2008	2009	2010	2011	2012	2013 ⁽¹⁾	2014	2015	2016	2017	2018			
												Q1	Q2	Q3	October
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	10,339.24	10,131.23	9,588.65	9,595.79
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	3,406.68	3,306.73	3,367.30	3,266.52
Agencies	533.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	1,139.39	1,201.95	1,191.66	1,198.93	1,064.45	984.85
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	14,937.57	14,636.89	14,020.41	13,847.16

⁽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 October, 2018

The return in US dollars was -1.24% in the month. This was due to the performance of Money Market and Sovereign Bonds, -0.70%, Sovereign Inflation Linked Bonds, -1.19%, and Equities, -7.48%. The returns of the Money Market and Sovereign Bonds portfolios were explained by the depreciation of the currencies in which the portfolios are invested. The Sovereign Inflation Linked Bonds portfolio's return was mainly explained also by the depreciation of the currencies against the dollar. The Equities portfolio had a negative return in dollars, mainly explained by the performance in local currency. Measured in pesos, the fund's monthly return was 3.51%. The Year to Date return in dollars was -2.43% and 9.95% in pesos. Finally, annualized return since inception was 2.26% in US dollars and 4.50% 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)	-0.70%	-1.23%	-2.41%	-1.28%	1.08%	-0.08%
Sovereign Inflation Linked Bonds	-1.19%	-1.43%	-1.91%	-0.78%	1.61%	-0.13%
Equities	-7.48%	-6.31%	-3.70%	-0.24%	8.05%	7.89%
Return in USD	-1.24%	-1.60%	-2.43%	-1.11%	1.69%	2.26%
Exchange Rate (CLP)	4.81%	8.53%	12.69%	8.93%	0.14%	2.19%
Return in CLP ^(d)	3.51%	6.80%	9.95%	7.72%	1.84%	4.50%

^(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 classifications, "Money market and sovereign bonds" and "Sovereign bonds indexed to inflation" are calculated starting in the beginning of August 2013 and for "Equities" starting in 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 October, 2018

Portfolio by Country and Credit Exposures	US\$ million	% of Total
Nominal Sovereign Exposure		
United States	3,672.58	26.5%
Japan	2,882.60	20.8%
Germany	1,507.64	10.9%
Switzerland	1,014.45	7.3%
Others ⁽¹⁾	32.24	0.2%
Total Nominal Sovereign Exposure⁽²⁾	9,109.52	65.8%
Sovereign Inflation Linked Exposure		
United States	353.05	2.5%
Germany	133.17	1.0%
Others ⁽¹⁾	0.06	0.0%
Total Sovereign Inflation Linked Exposure	486.27	3.5%
Banking Exposure		
Japan	763.87	5.5%
France	663.44	4.8%
Germany	535.39	3.9%
China	351.20	2.5%
Spain	167.77	1.2%
Denmark	158.76	1.1%
Australia	154.56	1.1%
United States	144.41	1.0%
Belgium	125.24	0.9%
Israel	124.83	0.9%
Singapore	104.47	0.8%
The Netherlands	84.90	0.6%
Switzerland	(0.01)	0.0%
Others (1)	(112.30)	-0.8%
Total Banking Exposure	3,266.52	23.6%
Equities Exposure		
United States	558.54	4.0%
Japan	73.65	0.5%
United Kingdom	49.52	0.4%
France	30.35	0.2%
Canada	29.90	0.2%
Germany	27.07	0.2%
Switzerland	29.94	0.2%
Australia	20.08	0.1%
The Netherlands	18.29	0.1%
South Korea	15.31	0.1%
Hong Kong	14.54	0.1%
Ireland	13.46	0.1%
Spain	8.84	0.1%
Sweden	7.34	0.1%
Italy	5.93	0.0%
Denmark	4.95	0.0%
Belgium	3.02	0.0%
Mexico	3.19	0.0%
Others ⁽¹⁾	70.95	0.5%
Total Equities Exposure	984.85	7.1%
Total Portfolio	13,847.16	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⁾	6.5
Sovereign Inflation Linked Bonds	4.8
Banking	0.2
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⁾	12,376.04	89.4%
Sovereign Inflation Linked Bonds	486.27	3.5%
Equities	984.85	7.1%
Portfolio Total	13,847.16	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	Fixed Income
Credit Rating			
AAA	51.9%	0.0%	51.9%
AA+	0.0%	0.0%	0.0%
AA	0.0%	0.0%	0.0%
AA-	0.0%	3.3%	3.3%
A+	22.4%	6.5%	28.9%
A	0.0%	13.8%	13.8%
A-	0.0%	2.7%	2.7%
Others ⁽²⁾	0.3%	-0.9%	-0.6%
Fixed Income Total	74.6%	25.4%	100.0%

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