



ECONOMIC AND SOCIAL STABILIZATION FUND

Monthly Executive Report as of September, 2018

I. Market Value as of September, 2018

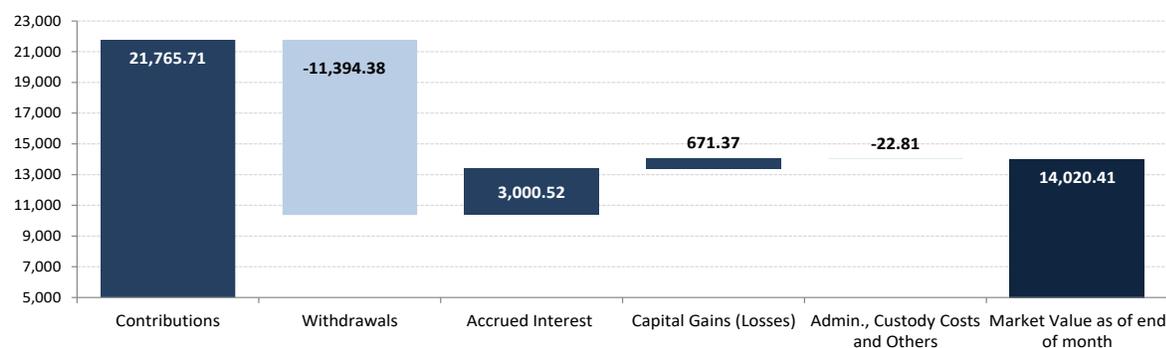
The market value of the Economic and Social Stabilization Fund (ESSF) totaled US\$14,020.41 million at the end of the month. The variation of the period was due to: (i) a withdrawal of US\$541.58 million, (ii) accrued interest of US\$13.53 million, (iii) capital losses on investments of US\$177.69 million and (iv) administrative, custody and others costs of US\$0.52 million.

Changes in Market Value (US\$ million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Q1	Q2	2018 July	August	September	Since Inception
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	14,615.10	14,726.66	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	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	-541.58	-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	13.85	15.26	13.53	3,000.52
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	-35.44	96.36	-177.69	671.37
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	-0.21	-0.07	-0.52	-22.81
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	14,615.10	14,726.66	14,020.41	14,020.41

⁽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	Q1	Q2	2018 July	August	September
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	4,910.49	4,922.67	4,790.31
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	7,951.91	8,039.05	7,673.58
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	517.28	519.49	492.07
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	1,139.39	1,201.95	1,191.66	1,198.93	1,235.42	1,245.45	1,064.45
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	14,615.10	14,726.66	14,020.41

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

⁽²⁾ Includes sovereign bills and commercial money market.

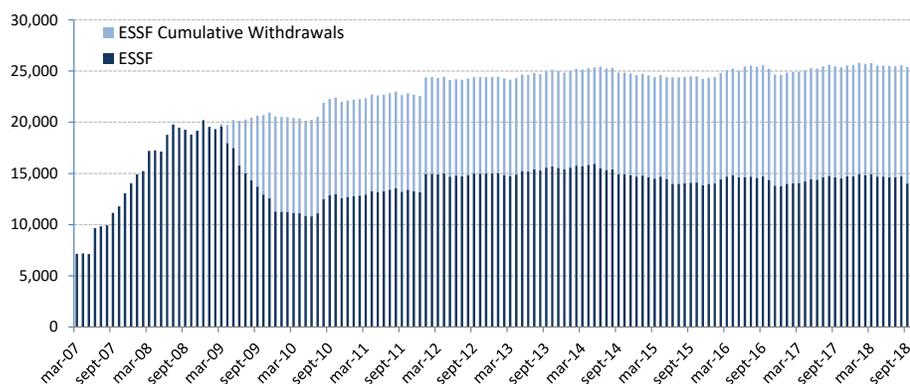
⁽³⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible entities with explicit government guarantee with remanent maturity lower than one year.

By Risk Exposure (US\$ million)	2007	2008	2009	2010	2011	2012	2013 ⁽¹⁾	2014	2015	2016	2017	Q1	Q2	2018 July	August	September
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	9,914.75	10,017.71	9,588.65
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	3,464.93	3,463.50	3,367.30
Agencies	533.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equities	-	-	-	-	-	-	1,245.83	1,142.49	989.65	1,139.39	1,201.95	1,191.66	1,198.93	1,235.42	1,245.45	1,064.45
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	14,615.10	14,726.66	14,020.41

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Market Value
(US\$ million)



II. Return as of September, 2018

The return in US dollars was -1.12% in the month. This was due to the performance of Money Market and Sovereign Bonds, -1.29%, Sovereign Inflation Linked Bonds, -0.66%, and Equities, 0.45%. On one hand, the returns of the Money Market and Sovereign Bonds portfolios were explained by the negative performance in local currency, and also, by the appreciation of the dollar, mainly over the Japanese Yen. Furthermore, the Sovereign Inflation Linked Bonds portfolio's return was mainly explained by the negative performance in local currency. On the other hand, the Equities portfolio had a positive return in dollars, mainly explained by the performance in local currency. Measured in pesos, the fund's monthly return was -3.16%. The Year to Date return in dollars was -1.21% and 6.22% in pesos. Finally, annualized return since inception was 2.39% in US dollars and 4.22% 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)	-1.29%	-0.97%	-1.72%	-1.32%	1.15%	0.06%
Sovereign Inflation Linked Bonds	-0.66%	-0.54%	-0.73%	0.25%	2.04%	0.10%
Equities	0.45%	4.34%	4.08%	10.07%	13.71%	9.66%
Return in USD	-1.12%	-0.52%	-1.21%	-0.38%	2.14%	2.39%
Exchange Rate (CLP)	-2.06%	2.09%	7.52%	3.87%	-2.09%	1.79%
Return in CLP ^(d)	-3.16%	1.56%	6.22%	3.48%	0.01%	4.22%

^(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 September, 2018

Portfolio by Country and Credit Exposures	US\$ million	% of Total
Nominal Sovereign Exposure		
United States	3,684.47	26.3%
Japan	2,842.78	20.3%
Germany	1,505.75	10.7%
Switzerland	1,056.62	7.5%
Others ⁽¹⁾	6.97	0.0%
Total Nominal Sovereign Exposure⁽²⁾	9,096.59	64.9%
Sovereign Inflation Linked Exposure		
United States	355.91	2.5%
Germany	136.07	1.0%
Others	0.08	0.0%
Total Sovereign Inflation Linked Exposure	492.07	3.5%
Banking Exposure		
Japan	724.88	5.2%
France	597.55	4.3%
Germany	589.14	4.2%
China	436.03	3.1%
Spain	215.34	1.5%
United States	205.71	1.5%
Denmark	170.82	1.2%
Belgium	145.00	1.0%
Israel	120.72	0.9%
Australia	113.08	0.8%
Singapore	79.78	0.6%
The Netherlands	31.64	0.2%
Others	(62.38)	-0.4%
Total Banking Exposure	3,367.30	24.0%
Equities Exposure		
United States	600.86	4.3%
Japan	79.75	0.6%
United Kingdom	51.60	0.4%
France	33.33	0.2%
Canada	32.50	0.2%
Germany	30.61	0.2%
Switzerland	31.30	0.2%
Australia	21.48	0.2%
The Netherlands	19.27	0.1%
South Korea	18.02	0.1%
Hong Kong	16.08	0.1%
Ireland	14.78	0.1%
Spain	9.46	0.1%
Sweden	8.79	0.1%
Italy	6.50	0.0%
Denmark	5.49	0.0%
Belgium	3.42	0.0%
Mexico	3.70	0.0%
Others ⁽¹⁾	77.51	0.6%
Total Equities Exposure	1,064.45	7.6%
Total Portfolio	14,020.41	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

Duration	Years
Sovereign Bills and Bonds ⁽¹⁾	6.6
Sovereign Inflation Linked Bonds	4.9
Banking	0.2
Portfolio Total	4.9

⁽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⁾	12,463.89	88.9%
Sovereign Inflation Linked Bonds	492.07	3.5%
Equities	1,064.45	7.6%
Portfolio Total	14,020.41	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
Credit Rating			
AAA	52.0%	0.0%	52.0%
AA+	0.0%	0.0%	0.0%
AA	0.0%	0.0%	0.0%
AA-	0.0%	2.3%	2.3%
A+	21.9%	7.8%	29.7%
A	0.0%	13.0%	13.0%
A-	0.0%	3.4%	3.4%
Others ⁽²⁾	0.1%	-0.5%	-0.4%
Fixed Income Total	74.0%	26.0%	100.0%

⁽¹⁾ Since June 2015 it might include instruments of Supranational institutions, agencies and eligible

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