



PENSION RESERVE FUND

Monthly Executive Report as of December 2016

I. Market Value as of December, 2016

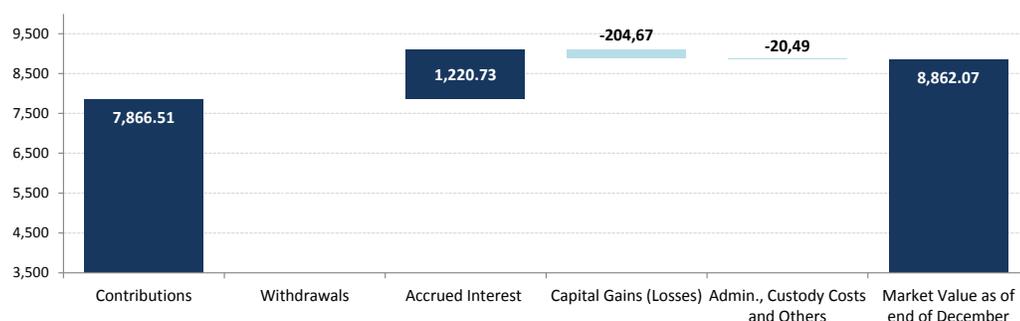
The market value of the Pension Reserve Fund (PRF) totaled US\$8,862.07 million as of December 2016. The market value changed during this month due to: (i) accrued interests of US\$15.99 million, (ii) capital gains on investments of US\$3.10 million and (iii) administrative, custody and other costs of US\$0.38 million.

Changes in Market Value (US\$ million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016	2016	October	November	December	Since Inception
										Q1	Q2	Q3				
Starting Market Value ⁽¹⁾	604.63	1,466.35	2,506.76	3,420.83	3,836.70	4,405.60	5,883.25	7,335.11	7,943.70	8,112.21	8,529.41	9,214.15	9,403.44	9,135.29	8,843.36	0.00
Contributions	736.35	909.07	836.71	337.30	443.32	1,197.37	1,376.75	498.93	463.88	0.00	462.29	0.00	0.00	0.00	0.00	7,866.51
Withdrawals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Interest	45.62	71.25	71.86	70.23	75.20	130.65	174.06	190.18	194.29	51.08	50.47	50.22	14.12	15.51	15.99	1,220.73
Capital Gains (Losses)	79.79	60.42	5.85	8.74	50.81	150.87	-94.60	-75.90	-485.19	367.11	172.84	140.58	-282.19	-307.00	3.10	-204.67
Admin., Custody and Other Costs ⁽²⁾	-0.04	-0.33	-0.35	-0.41	-0.43	-1.23	-4.35	-4.63	-4.47	-0.98	-0.85	-1.51	-0.07	-0.44	-0.38	-20.49
Final Market Value	1,466.35	2,506.76	3,420.83	3,836.70	4,405.60	5,883.25	7,335.11	7,943.70	8,112.21	8,529.41	9,214.15	9,403.44	9,135.29	8,843.36	8,862.07	8,862.07

(1) The PRF was established with an initial contribution of US\$604.5 million on December 28, 2006.

(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 ⁽¹⁾	2013	2014	2015	2016	2016	2016	October	November	December
										Q1	Q2	Q3			
Money Market	439.54	736.05	1,018.55	1,142.37	1,311.07	-	-	-	-	-	4,464.66	4,495.26	4,340.07	4,132.84	4,099.88
Sovereign and Government Related Bonds ⁽²⁾	974.69	1,686.93	2,280.42	2,559.90	2,940.06	2,703.67	3,431.55	3,766.56	3,975.33	4,221.60	4,562.97	4,613.21	4,560.91	4,516.79	4,529.29
Inflation Indexed Sov. Bonds	52.13	83.79	121.86	134.42	154.47	1,029.31	1,233.25	1,356.21	1,344.03	1,433.40	1,562.97	1,613.21	1,560.91	1,516.79	1,529.29
Corporate Bonds	-	-	-	-	-	1,198.96	1,453.66	1,609.61	1,628.69	1,705.99	1,832.75	1,868.19	1,832.14	1,780.07	1,788.70
Equity	-	-	-	-	-	951.31	1,216.65	1,211.32	1,164.15	1,168.42	1,353.77	1,426.78	1,402.18	1,413.66	1,444.20
Market Value	1,466.35	2,506.76	3,420.83	3,836.70	4,405.60	5,883.25	7,335.11	7,943.70	8,112.21	8,529.41	9,214.15	9,403.44	9,135.29	8,843.36	8,862.07

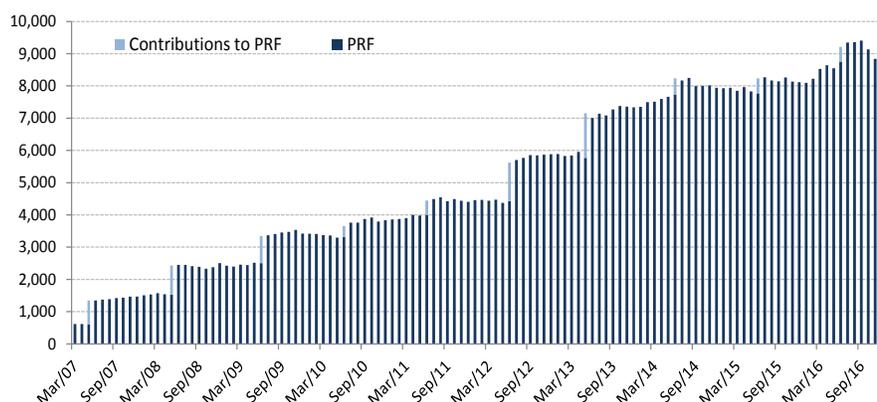
(1) The new investment policy was implemented between January and mid-March. This policy considers the following asset classes: Sovereign and Government Related Bonds, Inflation Indexed Sovereign

(2) Investment in Government Related Bonds started in January 2012.

By Risk Exposure ⁽¹⁾ (US\$ million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016	2016	October	November	December
										Q1	Q2	Q3			
Sovereign and Government Related	1,026.81	2,102.55	2,689.79	3,024.63	3,652.58	3,713.54	3,643.15	5,122.40	5,295.10	5,630.24	6,026.72	6,109.32	5,899.36	5,636.33	5,624.09
Banks	439.54	404.21	731.04	812.06	753.02	37.11	16.74	13.90	39.97	34.94	42.94	21.28	22.36	30.57	22.16
Corporate Bonds	-	-	-	-	-	1,186.74	1,177.51	1,600.48	1,616.86	1,699.75	1,815.04	1,851.38	1,817.48	1,768.35	1,777.89
Equity	-	-	-	-	-	945.87	1,007.52	1,206.92	1,160.27	1,164.49	1,329.46	1,421.46	1,396.09	1,408.10	1,437.93
Market Value	1,466.35	2,506.76	3,420.83	3,836.70	4,405.60	5,883.25	5,844.92	7,943.70	8,112.21	8,529.41	9,214.15	9,403.44	9,135.29	8,843.36	8,862.07

(1) Only for the purposes of this table the term deposits and cash equivalents associated to each asset class are reported as Banks.

Historical Market Value
(US\$ million)



II. Return as of December, 2016

Return in US dollars was 0.21% in December. This result was due to the performance of Inflation Indexed Sovereign Bonds, 0.89%, Corporate Bonds, 0.49%, and Equities, 2.16%, which was partially compensated by the -0.82% return of Sovereign and Government Related Bonds. The negative return of the latter is explained mainly by the depreciation against the US dollar of most of the currencies in which the portfolio is invested, in particular by a 2.31% depreciation of the Yen, while the impact of sovereign interest rates was slightly positive. Returns in local currency of the Inflation Linked Bonds, Corporate Bonds, and Equities portfolios were all positive, compensating the negative effect of currencies movements. In Chilean pesos, the return of the total portfolio was -1.00% because of a depreciation of 1.21% of the US dollar against the peso. Year to date return was 3.76% in dollars and -1.90% in pesos, and annualized return since inception was 3.20% in US dollars and 5.41% in pesos.

Returns ^(a)	Month	Last 3 Months	YTD	Last 12 months	Last 3 years (annualized)	Since Inception ^(b)
Sovereign and Government Related Bonds	-0.82%	-8.79%	1.64%	1.64%	-0.78%	
Inflation Indexed Sov. Bonds	0.89%	-5.20%	4.16%	4.16%	0.62%	
Corporate Bonds	0.49%	-4.25%	4.31%	4.31%	1.21%	
Equities	2.16%	1.22%	8.29%	8.29%	3.48%	
Total Portfolio	0.21%	-5.75%	3.76%	3.76%	0.58%	3.20%
Exchange rate (CLP)	-1.21%	1.25%	-5.66%	-5.66%	8.41%	2.21%
Return in CLP ^(c)	-1.00%	-4.51%	-1.90%	-1.90%	8.99%	5.41%

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

(b) It is calculated from March 31, 2007, when the performance of Central Bank of Chile started to be measured.

(c) Return in CLP corresponds to the sum of the percentage change of the exchange rate CLP/USD and the return in USD.

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 longterm 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 December, 2016

Portfolio by Asset Class	US\$ million	% of Total
Sovereign and Government Related Bonds	4,099.88	46.3%
Inflation Indexed Sov. Bonds	1,529.29	17.3%
Corporate Bonds	1,788.70	20.2%
Equity	1,444.20	16.3%
Total	8,862.07	100.0%

Duration	Years
Sovereign and Government Related Bonds	7.1
Inflation Indexed Sov. Bonds	12.2
Corporate Bonds	6.4
Total	8.0

Portfolio by Currency as percentage of Asset Class	USD	EUR	JPY	GBP	CAD	AUD	CHF	OTHERS	Total
Sovereign and Government Related Bonds	31.4%	27.0%	26.5%	5.9%	3.1%	1.9%	0.5%	3.8%	100.0%
Inflation Indexed Sov. Bonds	42.9%	21.3%	0.5%	30.2%	2.2%	1.2%	0.0%	1.7%	100.0%
Corporate Bonds	67.3%	21.5%	1.9%	5.6%	2.6%	0.4%	0.6%	0.1%	100.0%
Equity	58.2%	10.0%	7.8%	6.0%	3.3%	2.4%	2.8%	9.5%	100.0%
Total	44.8%	22.1%	14.1%	10.1%	2.9%	1.6%	0.8%	3.6%	100.0%

Fixed Income Portfolio by Credit Rating				
	Sovereign and Government Related Bonds	Inflation Indexed Sov. Bonds	Corporate Bonds	Total Fixed Income
AAA	16.2%	10.5%	0.2%	26.9%
AA+	2.4%	5.5%	0.4%	8.2%
AA	5.4%	3.0%	0.3%	8.7%
AA-	2.6%	0.0%	1.4%	4.0%
A+	13.0%	0.0%	2.1%	15.1%
A	4.2%	0.1%	3.6%	7.9%
A-	1.6%	0.0%	4.8%	6.4%
BBB+	4.2%	0.2%	5.1%	9.5%
BBB	4.1%	1.4%	3.1%	8.5%
BBB-	1.5%	0.0%	3.0%	4.6%
Others ⁽¹⁾	0.1%	0.0%	0.2%	0.2%
Total	55.3%	20.6%	24.1%	100.0%

(1) Includes cash and cash equivalents

Portfolio by Country (US\$ million)	Sovereign and Government Related	Inflation Indexed Sov. Bonds	Corporate Bonds	Equity	Total
Australia	43.29	17.67	38.41	34.85	134.23
Belgium	69.54	0.00	4.29	5.68	79.52
Canada	188.17	34.06	76.91	46.83	345.98
Denmark	13.23	3.98	6.83	7.67	31.71
France	260.61	158.25	117.55	45.98	582.39
Germany	166.50	51.08	23.24	43.56	284.39
Hong Kong	0.00	0.00	2.94	20.59	23.54
Ireland	12.15	0.00	30.02	11.35	53.52
Italy	267.75	101.88	23.55	8.49	401.67
Japan	1,078.67	6.97	36.04	112.49	1,234.17
Mexico	122.83	0.00	19.61	5.45	147.90
Netherlands	56.86	0.00	106.47	21.26	184.59
S.Korea	118.47	0.00	1.79	21.62	141.88
Spain	183.33	14.95	10.39	14.56	223.23
Switzerland	0.00	0.00	7.06	47.14	54.20
United Kingdom	169.68	462.34	138.20	78.20	848.42
United States	872.81	655.91	1,044.56	802.03	3,375.31
Others ⁽¹⁾	475.97	22.20	100.81	116.45	715.43
Total	4,099.88	1,529.29	1,788.70	1,444.20	8,862.07

(1) Includes cash and cash equivalents