



# PENSION RESERVE FUND

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Monthly Executive Report as of August 2011

### I. Market Value as of August, 2011

The market value of the Pension Reserve Fund (PRF) totaled US\$4,546.26 million as of August, 2011. The market value changed during this month due to: (i) accrued interest of US\$6.97 million, (ii) capital gain on investments of US\$47.92 million, and (iii) administrative, custody, and other costs of US\$0.05 million.

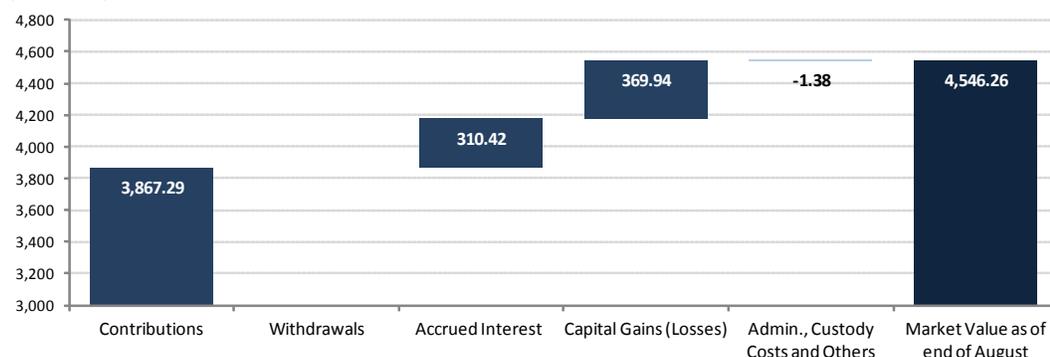
| Changes in Market Value<br>(US\$ million)      | 2007            | 2008            | 2009            | 2010            | 2011            |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  |                 |                 |                 |                 | 1Q              | 2Q              | July            | August          | Since Inception |
| Starting Market Value <sup>(1)</sup>           | 604.63          | 1,466.35        | 2,506.76        | 3,420.83        | 3,836.70        | 3,903.74        | 4,444.31        | 4,491.42        | -               |
| Contributions                                  | 736.35          | 909.07          | 836.71          | 337.30          | 0.00            | 443.32          | 0.00            | 0.00            | 3,867.29        |
| Withdrawals                                    | 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           | 18.53           | 19.00           | 6.95            | 6.97            | 310.42          |
| Capital Gains (Losses)                         | 79.79           | 60.42           | 5.85            | 8.74            | 48.60           | 78.36           | 40.17           | 47.92           | 369.94          |
| Admin., Custody and Other Costs <sup>(2)</sup> | -0.04           | -0.33           | -0.35           | -0.41           | -0.09           | -0.11           | -0.02           | -0.05           | -1.38           |
| <b>Final Market Value</b>                      | <b>1,466.35</b> | <b>2,506.76</b> | <b>3,420.83</b> | <b>3,836.70</b> | <b>3,903.74</b> | <b>4,444.31</b> | <b>4,491.42</b> | <b>4,546.26</b> | <b>4,546.26</b> |

(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

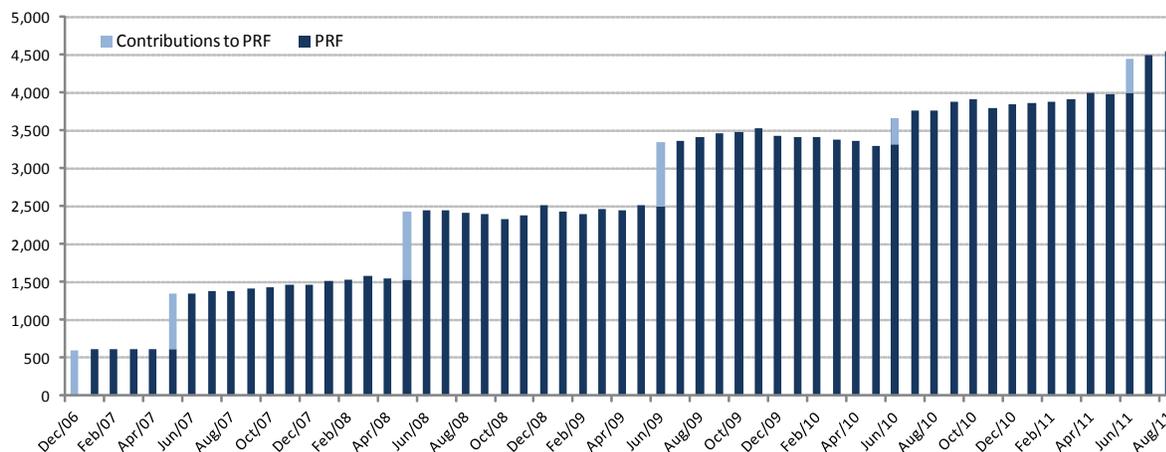
(US\$ million)



| By Asset Class<br>(US\$ million) | 2007            | 2008            | 2009            | 2010            | 2011            |                 |                 |                 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                  |                 |                 |                 |                 | 1Q              | 2Q              | July            | August          |
| Money Market                     | 439.54          | 736.05          | 1,018.55        | 1,142.37        | 1,183.84        | 1,334.63        | 1,344.03        | 1,368.07        |
| Sovereign Bonds                  | 974.69          | 1,686.93        | 2,280.42        | 2,559.90        | 2,582.61        | 2,954.93        | 2,989.34        | 3,020.50        |
| Inflation Indexed Sov. Bonds     | 52.13           | 83.79           | 121.86          | 134.42          | 137.28          | 154.74          | 158.05          | 157.69          |
| <b>Market Value</b>              | <b>1,466.35</b> | <b>2,506.76</b> | <b>3,420.83</b> | <b>3,836.70</b> | <b>3,903.74</b> | <b>4,444.31</b> | <b>4,491.42</b> | <b>4,546.26</b> |

| By Risk Exposure<br>(US\$ million) | 2007            | 2008            | 2009            | 2010            | 2011            |                 |                 |                 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                    |                 |                 |                 |                 | 1Q              | 2Q              | July            | August          |
| Sovereigns                         | 980.14          | 2,102.55        | 2,689.79        | 3,024.63        | 3,285.34        | 3,740.76        | 3,775.16        | 3,816.39        |
| Banks                              | 439.54          | 404.21          | 731.04          | 812.06          | 618.40          | 703.55          | 716.26          | 729.87          |
| Supranational                      | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            |
| Agencies                           | 46.67           | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            |
| <b>Market Value</b>                | <b>1,466.35</b> | <b>2,506.76</b> | <b>3,420.83</b> | <b>3,836.70</b> | <b>3,903.74</b> | <b>4,444.31</b> | <b>4,491.42</b> | <b>4,546.26</b> |

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



## II. Return as of August, 2011

Return in August was 1.22% in US dollars and 3.36% in Chilean pesos. Cumulative return in 2011 totaled 6.73% in US dollars and 6.15% in Chilean pesos. Annualized return since inception was 6.15% in US dollars and 2.88% in Chilean pesos.

| Returns <sup>(a)</sup>              | August       | Last 3 Months | Year to Date | Last 12 Months | Last 3 Years (Annualized) | Since Inception (Annualized) <sup>(b)</sup> |
|-------------------------------------|--------------|---------------|--------------|----------------|---------------------------|---|
| Local Currency                      | 1.03%        | 2.15%         | 3.13%        | 2.51%          | 3.73%                     | 4.21%                                       |
| Exchange Rate Return                | 0.19%        | 0.72%         | 3.60%        | 6.31%          | 1.15%                     | 1.94%                                       |
| <b>Return in USD</b>                | <b>1.22%</b> | <b>2.87%</b>  | <b>6.73%</b> | <b>8.82%</b>   | <b>4.88%</b>              | <b>6.15%</b>                                |
| Exchange Rate (CLP)                 | 2.14%        | -0.35%        | -0.58%       | -6.73%         | -3.39%                    | -3.27%                                      |
| <b>Return in CLP <sup>(c)</sup></b> | <b>3.36%</b> | <b>2.52%</b>  | <b>6.15%</b> | <b>2.09%</b>   | <b>1.49%</b>              | <b>2.88%</b>                                |

(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 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 August, 2011

| Portfolio by Credit Risk             | US\$ million    | % from Total   |
|--------------------------------------|-----------------|----------------|
| <i>Sovereign Exposure by Country</i> |                 |                |
| USA                                  | 1,891.92        | 41.61%         |
| Germany                              | 1,540.13        | 33.88%         |
| Japan                                | 384.34          | 8.45%          |
| <b>Total Sovereign Exposure</b>      | <b>3,816.39</b> | <b>83.95%</b>  |
| <i>Bank Exposure by Country</i>      |                 |                |
| Germany                              | 173.92          | 3.83%          |
| Switzerland                          | 117.02          | 2.57%          |
| Netherlands                          | 89.38           | 1.97%          |
| France                               | 67.84           | 1.49%          |
| Japan                                | 67.09           | 1.48%          |
| Australia                            | 55.79           | 1.23%          |
| Austria                              | 50.03           | 1.10%          |
| Sweden                               | 43.77           | 0.96%          |
| Denmark                              | 42.33           | 0.93%          |
| United Kingdom                       | 22.33           | 0.49%          |
| Others                               | 0.37            | 0.01%          |
| <b>Total Bank Exposure</b>           | <b>729.87</b>   | <b>16.05%</b>  |
| <b>Total</b>                         | <b>4,546.26</b> | <b>100.00%</b> |

| Portfolio by Currency | US\$ million    | % from Total    |                |
|-----------------------|-----------------|-----------------|----------------|
| Sovereign             | USD             | 1,891.92        | 41.61%         |
|                       | EUR             | 1,540.13        | 33.88%         |
|                       | JPY             | 384.34          | 8.45%          |
| <b>Total</b>          | <b>3,816.39</b> | <b>83.95%</b>   |                |
| Banks                 | USD             | 373.13          | 8.21%          |
|                       | EUR             | 284.20          | 6.25%          |
|                       | JPY             | 72.54           | 1.60%          |
| <b>Total</b>          | <b>729.87</b>   | <b>16.05%</b>   |                |
| Supranational         | USD             | 0.00            | 0.00%          |
|                       | EUR             | 0.00            | 0.00%          |
|                       | JPY             | 0.00            | 0.00%          |
| <b>Total</b>          | <b>0.00</b>     | <b>0.00%</b>    |                |
| Agencies              | USD             | 0.00            | 0.00%          |
|                       | EUR             | 0.00            | 0.00%          |
|                       | JPY             | 0.00            | 0.00%          |
| <b>Total</b>          | <b>0.00</b>     | <b>0.00%</b>    |                |
| <b>Total</b>          | <b>USD</b>      | <b>2,265.05</b> | <b>49.82%</b>  |
|                       | <b>EUR</b>      | <b>1,824.34</b> | <b>40.13%</b>  |
|                       | <b>JPY</b>      | <b>456.87</b>   | <b>10.05%</b>  |
| <b>Total</b>          | <b>Total</b>    | <b>4,546.26</b> | <b>100.00%</b> |

| Portfolio by Issuer Credit Rating |               |               |                |
|-----------------------------------|---------------|---------------|----------------|
| Credit Rating                     | Sovereigns    | Banks         | Total          |
| AAA                               | 75.49%        | 3.05%         | 78.54%         |
| AA+                               | 0.00%         | 0.00%         | 0.00%          |
| AA                                | 8.45%         | 2.58%         | 11.03%         |
| AA-                               | 0.00%         | 0.63%         | 0.63%          |
| A+                                | 0.00%         | 6.74%         | 6.74%          |
| A                                 | 0.00%         | 3.05%         | 3.05%          |
| A-                                | 0.00%         | 0.00%         | 0.00%          |
| Others                            | 0.00%         | 0.01%         | 0.01%          |
| <b>Total</b>                      | <b>83.95%</b> | <b>16.05%</b> | <b>100.00%</b> |

| Duration      |  | Years       |
|---------------|--|-------------|
| Sovereign     |  | 2.96        |
| Banks         |  | 0.14        |
| Supranational |  | 0.00        |
| Agencies      |  | 0.00        |
| <b>Total</b>  |  | <b>2.54</b> |