



PENSION RESERVE FUND

Monthly Executive Report as of October, 2020

I. Market Value as of October, 2020

The market value of the Pension Reserve Fund (PRF) totaled US\$9,614.03 million at the end of the month. It changed due to: (i) accrued interests of US\$10.67 million, (ii) capital losses on investments of US\$58.43 million and (iii) administrative, custody and other costs of US\$0.96 million.

Changes in Market Value (US\$ million)											2020			Since Inception
	2012	2013	2014	2015	2016	2017	2018	2019	Q1	Q2	Q3	October		
Starting Market Value ⁽¹⁾	4,405.60	5,883.25	7,335.11	7,943.70	8,112.21	8,862.07	10,010.95	9,663.25	10,812.08	9,922.52	10,786.57	11,239.22	0.00	
Contributions	1,197.37	1,376.75	498.93	463.88	462.29	505.15	541.58	563.89	0.00	0.00	0.00	0.00	9,477.13	
Withdrawals	0.00	0.00	0.00	0.00	0.00	-313.95	-525.05	-576.51	0.00	0.00	0.00	-1,576.48	-2,991.98	
Accrued Interest	130.65	174.06	190.18	194.29	197.38	207.71	221.70	265.13	62.59	61.95	59.36	10.67	2,109.84	
Capital Gains (Losses)	150.87	-94.60	-75.90	-485.19	94.45	754.81	-581.19	903.79	-950.55	804.20	395.16	-58.43	1,063.10	
Admin., Custody and Other Costs ⁽²⁾	-1.23	-4.35	-4.63	-4.47	-4.24	-4.85	-4.74	-7.46	-1.60	-2.09	-1.86	-0.96	-44.05	
Final Market Value	5,883.25	7,335.11	7,943.70	8,112.21	8,862.07	10,010.95	9,663.25	10,812.08	9,922.52	10,786.57	11,239.22	9,614.03	9,614.03	

(1) The PRF was established with an initial contribution of US\$604.5 million on December 28, 2006. Also, there is a contribution of US\$0.09 million originated from accrued interest in 2006

(2) It includes costs associated with consultants, accounting adjustment and others.

Changes in Market Value Since Inception
(US\$ million)



By Asset Class (US\$ million)										2020		
	2012 ⁽¹⁾	2013	2014	2015	2016	2017	2018	2019 ⁽²⁾	Q1	Q2	Q3	October
Money Market ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	2,805.45
Sovereign and Government Related Bonds ⁽⁴⁾	2,703.67	3,431.55	3,766.56	3,975.33	4,099.88	4,695.10	4,404.18	3,653.35	3,692.27	3,850.83	4,368.15	2,356.66
Inflation Indexed Sov. Bonds	1,029.31	1,233.25	1,356.21	1,344.03	1,529.29	1,729.17	1,649.91	1,148.62	928.69	916.81	551.18	551.78
US Agencies MBS	-	-	-	-	-	-	-	619.96	636.44	641.45	643.04	415.36
Corporate Bonds	1,198.96	1,453.66	1,609.61	1,628.69	1,788.70	1,993.53	1,918.37	1,415.47	1,332.13	1,454.41	1,497.94	887.65
High Yield Bonds	-	-	-	-	-	-	-	845.68	720.71	803.98	841.48	536.91
Equities	951.31	1,216.65	1,211.32	1,164.15	1,444.20	1,593.15	1,690.79	3,128.99	2,612.30	3,119.09	3,337.42	2,060.23
Market Value	5,883.25	7,335.11	7,943.70	8,112.21	8,862.07	10,010.95	9,663.25	10,812.08	9,922.52	10,786.57	11,239.22	9,614.03

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

(2) Investments in US Agencies MBS and High Yield Bonds started on January 22nd 2019 as part of the new investment policy defined at the end of 2017.

(3) Investments in Sovereign Bills and Bonds started on October 1st 2020.

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

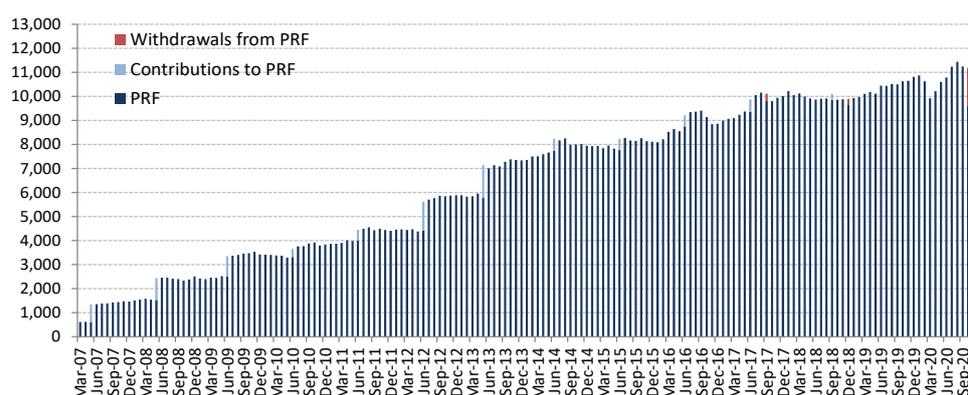
By Risk Exposure ⁽¹⁾ (US\$ million)										2020		
	2012	2013	2014	2015	2016	2017	2018	2019	Q1	Q2	Q3	October
Sovereign and Government Related ⁽²⁾	3,713.54	3,643.15	5,122.40	5,295.10	5,624.09	6,422.43	6,035.00	5,613.99	5,386.68	5,597.54	5,470.25	6,454.51
Banks ⁽³⁾	37.11	16.74	13.90	39.97	22.16	24.96	37.34	-19.60	6.90	-33.99	2,329.71	-224.18
Corporate Bonds	1,186.74	1,177.51	1,600.48	1,616.86	1,777.89	1,978.33	1,906.92	2,101.75	1,926.02	2,114.50	1,338.09	1,331.44
Equities	945.87	1,007.52	1,206.92	1,160.27	1,437.93	1,585.22	1,683.99	3,115.94	2,602.92	3,108.52	2,101.17	2,052.26
Market Value	5,883.25	5,844.92	7,943.70	8,112.21	8,862.07	10,010.95	9,663.25	10,812.08	9,922.52	10,786.57	11,239.22	9,614.03

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

(2) It includes forwards and TBAs.

(3) It represents cash, cash equivalents and unliquidated transactions since 2012.

Historical Market Value
(US\$ million)



II. Return as of October

The net return in US dollars was -0,52% in the month. This is broken down into -0,78% for the Long Term Investment portfolio (LTIP) and 0,01% for the Short Term Investment Portfolio (STIP). At the same time, the LTIP return is broken down into the return of the Sovereign and Government Related Bonds, 0.14%, Inflation Indexed Sovereign Bonds, 0.04%, US Agencies MBS, 0.01%, Corporate Bonds, -0.06%, High Yield Bonds, -0.17%, and Equities, -2.62%. The STIP return corresponds to a Bills and Bonds portfolio whose return was 0,01%. The monthly return of the fund in pesos was -2.30%. Year to date return was 3.42% in US dollars and 7.01% in pesos, while the annualized return since inception was 3.90% in US dollars and 6.66% in pesos.

Returns ^(a)		Month	Last 3 Months	YTD	Last 12 Months	Last 3 years (annualized) ^(b)	Since Inception ^(c)
Long Term	Sovereign and Government Related Bonds	0.14%	-0.20%	6.84%	6.12%	4.58%	1.59%
	Inflation Indexed Sov. Bonds	0.04%	-1.28%	7.43%	7.24%	4.56%	3.15%
	US Agencies MBS	0.01%	0.01%	3.73%	4.01%	-	5.40%
	Corporate Bonds	-0.06%	-1.35%	5.76%	6.40%	4.82%	3.91%
	High Yield Bonds	-0.17%	-0.35%	-0.67%	2.05%	-	4.27%
	Equities	-2.62%	-0.97%	-2.08%	3.91%	5.36%	9.21%
	Total	-0.78%	-0.72%	3.15%	4.96%	4.40%	3.88%
Short Term ^(d)	Sovereign Bills and Bonds	0.01%	-	-	-	-	0.01%
	Total	0.01%	-	-	-	-	0.01%
Composite	Total USD	-0.52%	-0.46%	3.42%	5.23%	4.49%	3.90%
	Exchange rate (CLP)	-1.79%	2.12%	3.47%	6.07%	6.57%	2.66%
	Total in CLP ^(e)	-2.30%	1.65%	7.01%	11.63%	11.36%	6.66%

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

(b) US Agencies MBS and High Yield Bonds returns are calculated since January 22, 2019.

(c) Performance since inception for: Sovereign and Government Related Bonds, Inflation Indexed Sovereign Bonds, and Equities is calculated since December 31, 2011. Performance since inception for US Agencies MBS and High Yield Bonds is calculated since January 22, 2019. Performance since inception for the Short Term Portfolio is calculated since October 1, 2020. Performance since inception for the total portfolio, exchange rate and return in CLP is calculated since March 31, 2007.

(d) Short Term returns are calculated since October 1, 2020.

(e) 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 October

Portfolio by Asset Class	US\$ million	% of Total
Sovereign and Government Related Bonds ⁽¹⁾	2,356.66	24.5%
Inflation Indexed Sov. Bonds	551.78	5.7%
US Agencies MBS	415.36	4.3%
Corporate Bonds ⁽²⁾	887.65	9.2%
High Yield Bonds	536.91	5.6%
Equities	2,060.23	21.4%
Total Long Term	6,808.58	70.8%
Sovereign Bills and Bonds	2,805.45	29.2%
Total Short Term	2,805.45	29.2%
Total Composite	9,614.03	100.0%

(1) It includes Sovereign and Government Related Bonds with investment grade.

(2) It includes Corporate Bonds with investment grade.

Duration	Years
Sovereign and Government Related Bonds	8.0
Inflation Indexed Sov. Bonds	12.8
US Agencies MBS	1.7
Corporate Bonds	7.1
High Yield Bonds	4.4
Total Long Term	7.5
Sovereign Bills and Bonds	0.4
Total Short Term	0.4
Total Composite	4.8

Portfolio by Currency as percentage of Asset Class		USD	EUR	JPY	GBP	CAD	AUD	CHF	CNY	Others	Total
Long Term	Sovereign and Government Related Bonds	26.9%	26.2%	20.7%	5.8%	3.1%	2.0%	0.3%	9.4%	5.5%	100.0%
	Inflation Indexed Sov. Bonds	38.9%	20.3%	3.3%	32.5%	2.1%	1.1%	0.0%	0.0%	1.8%	100.0%
	US Agencies MBS	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Corporate Bonds	66.6%	23.4%	0.9%	4.8%	3.4%	0.4%	0.4%	0.0%	0.0%	100.0%
	High Yield Bonds	81.4%	17.1%	0.0%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Equities	63.6%	8.4%	7.0%	3.5%	2.7%	1.8%	2.7%	0.6%	9.7%	100.0%
	Total	52.9%	17.6%	9.7%	6.5%	2.5%	1.4%	1.0%	3.4%	5.0%	100.0%
Short Term	Sovereign Bills and Bonds	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Total	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Composite	Portfolio Total	66.7%	12.5%	6.9%	4.6%	1.8%	1.0%	0.7%	2.4%	3.5%	100.0%

Credit Risk Composition	Long Term					Short Term	Total Fixed Income
	Sovereign and Government Related Bonds	Inflation Indexed Sov. Bonds	US Agencies MBS	Corporate Bonds	High Yield Bonds	Sovereign Bills and Bonds	
AAA	9.7%	3.1%	5.6%	0.0%	0.0%	39.8%	58.3%
AA+ / AA-	5.4%	3.3%	0.0%	0.6%	0.0%	0.0%	9.4%
A+ / A-	12.6%	0.2%	0.0%	4.4%	0.0%	0.0%	17.3%
BBB+ / BBB-	3.1%	0.6%	0.0%	6.5%	0.0%	0.0%	10.2%
BB+ / BB-	0.0%	0.0%	0.0%	0.1%	3.6%	0.0%	3.7%
B+ / B-	0.0%	0.0%	0.0%	0.0%	2.5%	0.0%	2.5%
CCC+ or below	0.0%	0.0%	0.0%	0.0%	0.8%	0.0%	0.8%
Others ⁽¹⁾	0.3%	0.0%	-0.1%	0.1%	0.3%	-2.6%	-2.1%
Total	31.2%	7.3%	5.5%	11.8%	7.1%	37.1%	100.0%

(1) It includes cash, cash equivalents and unliquidated transactions. In the case of High Yield Bonds, it includes bonds with rating over BB+. Also, in the case of US agencies MBS, it includes TBA's.

Portfolio by Country (US\$ million)	Long Term						Short Term	Total
	Sovereign and Government Related Bonds	Inflation Indexed Sov. Bonds	US Agencies MBS	Corporate Bonds	High Yield Bonds	Equities	Sovereign Bills and Bonds	
Argentina	0.00	0.00	0.00	0.00	8.81	2.26	0.00	11.07
Australia	48.85	6.16	0.00	12.93	0.94	37.13	0.00	106.01
Belgium	33.03	0.00	0.00	4.43	0.00	4.60	0.00	42.06
Brazil	0.00	0.00	0.00	0.13	8.12	11.69	0.00	19.94
Canada	83.55	11.78	0.00	39.01	16.14	57.69	0.00	208.17
Denmark	21.74	2.29	0.00	1.71	0.19	14.07	0.00	40.01
France	161.61	49.80	0.00	49.09	8.71	52.87	0.00	322.08
Germany	93.59	15.04	0.00	14.44	10.41	48.73	0.00	182.22
Hong Kong	0.00	0.00	0.00	4.70	2.82	26.30	0.00	33.83
Ireland	10.40	0.00	0.00	6.45	4.47	24.83	0.00	46.15
Italy	111.94	33.72	0.00	11.09	11.80	10.50	0.00	179.05
Japan	501.94	18.38	0.00	21.90	2.13	142.62	0.00	686.96
Luxembourg	3.21	0.00	0.00	10.89	24.88	1.70	0.00	40.69
Mexico	11.26	0.00	0.00	8.00	14.67	3.96	0.00	37.89
Netherlands	43.05	0.00	0.00	55.96	26.03	32.04	0.00	157.08
Republic of Korea	57.68	0.00	0.00	0.78	0.26	31.75	0.00	90.48
Spain	83.12	13.36	0.00	13.52	4.30	12.07	0.00	126.37
Switzerland	7.67	0.00	0.00	7.23	0.02	62.71	0.00	77.62
Turkey	0.00	0.00	0.00	0.00	17.98	0.00	0.00	17.98
United Kingdom	123.09	179.09	0.00	72.28	20.74	75.82	0.00	471.03
United States	494.74	214.41	415.36	502.49	257.37	1,228.19	2,805.45	5,918.00
Others ⁽¹⁾	466.18	7.75	0.00	50.61	96.12	178.67	0.00	799.34
Total	2,356.66	551.78	415.36	887.65	536.91	2,060.23	2,805.45	9,614.03

(1) It includes cash, cash equivalents and unliquidated transactions.