

MONEDA

CHILE FUND LIMITED



ANNUAL REPORT

2008

ANNUAL REPORT FOR THE YEAR ENDING DECEMBER 31 2008

MONEDA CHILE FUND LIMITED

Contents

CHAIRMAN'S STATEMENT

| MANAGER'S REPORT | 4 |
|-----------------------------------|----|
| DESCRIPION OF THE FUND | 4 |
| THE MANAGER | 5 |
| SIGNIFICANT SHAREHOLDERS | 5 |
| CHANGES IN BYE-LAWS | 5 |
| MATERIAL CONTRACTS | 6 |
| ADMINISTRATION | 8 |
| Investment performance | 9 |
| OPERATING EXPENSES | 9 |
| TURNOVER | 10 |
| THE STOCK MARKET | 11 |
| THE CHILEAN ECONOMY | 21 |
| report of independent auditors | 26 |
| FINANCIAL STATEMENTS | 27 |
| notes to the financial statements | 34 |
| | |
| NOTICE OF ANNUAL GENERAL MEETING | 41 |

1



3



Chairman's Statement

2008 will be remembered as one of the most difficult of the past 100 years for the financial sector and markets around the world. What started in mid 2007 as an isolated bubble burst in the U.S. subprime mortgage sector contaminated the complete world financial sector, resulting in the disappearance of some emblematic investment banks, together with the acquisition or nationalization of others and of life insurance companies.

Although 2008 was more challenging and less positive for the Chilean economy than 2007, its overall performance was still favorable. GDP growth reached 3.2%, affected by specific problems in sectors like mining and public services and the drop in domestic demand during the last quarter. However, GDP remained significantly above the population growth.

During 2008, the Moneda Chile Fund had a negative return of -38.2%, outperforming, however, the MSCI SMALL CAP CHILE index (-47.9%), the IPSA index (-39.2%) and the MONEDA 500 index (-42.1%). Since its inception in August 1995, the fund accumulates a compounded annual return of 9.7%, outperforming all Chilean equity market indexes. Despite the fund's negative performance during 2008, the Board is pleased to announce the payment a dividend of 2.00 per share, on June 30, 2009.

Our Articles of Association require a vote of the shareholders at the end of every two years to decide if Moneda Chile Fund is to continue. The next renewal date will be taken at the Annual General Meeting to be held on June 8, 2009. Continuance of the Fund depends on a simple majority of shares voted. In view of the performance of the Fund, your Directors recommend all shareholders to vote for its continuance. Shareholders who wish to redeem their holdings should vote against continuance and they will be paid fair value (i.e. net asset value at the date of the vote less 4.98%, being an allowance for the costs of liquidating investments to fund redemptions, so as to be fair to those shareholders who remain in the Fund and will be liable for taxes and the costs for trading and administration resulting from the redemptions. Shares which are redeemed will not receive the above mentioned dividend, since their asset value will be calculated before such dividend is deducted. Shareholders who wish to redeem only part of their holdings should vote "no" for those shares and "yes" for the remainder to help achieve the continuation of the Fund.





Manager's Report

DESCRIPTION OF THE FUND

Objective of the Fund

The objective of the Moneda Chile Fund Limited (the "Fund") is to achieve long-term capital appreciation by investing primarily in shares issued by Chilean small and medium sized companies. The Fund will seek to achieve its objective by investing primarily in companies that have a market capitalization less than that of the companies in the top quartile of stocks listed in Chile, and that are listed on a Chilean stock exchange or are expected to be listed through initial public offerings.

Description of the Company

The Fund is an exempted company that was incorporated in Bermuda on June 20, 1995. The shares of the Fund are currently listed on the Bermuda Stock Exchange. The Fund makes investments in Chile under the provisions of two Chilean laws and a contract with the Chilean Government that grants investment funds based outside of Chile a privileged withholding tax rate of 10% on the remittance of profits.

On May 12, 2005, the Fund amalgamated with a related Bermuda exempted company, Moneda Chile Fund II in order to renew the Funds duration for another two years, allowing it to be re-extended each time for two more years. The amalgamated company continued with the name Moneda Chile Fund Limited.

Directors

There are no existing or proposed Directors' service contracts between any of the Directors and the Fund.

Each Director receives a fee of USD 10,000 per annum and USD 500 per day of time spent on Fund business. In addition, each of the three Directors that form the Audit Committee receives a USD 500 fee for every meeting attended.

On October 10th, 2007 the Board of Directors had occasion to hold their meeting in London where Sir Kenneth Berrill announced his intention to retire as a non-executive Director and Chairman of the Fund, a position he has held since the founding of the Company in 1995. Mr. Jorge Carey, who has also served as a non-executive director of the Moneda Chile Fund since its founding, succeeded Sir Kenneth Berrill as Chairman to the Company. Upon the retirement of Sir Kenneth Berrill, the board appointed W. Scott Perry to fill the vacancy as a non-executive director. Mr. Perry is a citizen of Uruguay and Ireland, holds a Master of Business Administration from Stanford University, has had a distinguished career in banking and as an entrepreneur, and has extensive business interests in Chile and elsewhere in Latin America, as well as in Europe and North America.

As of December 31, 2008, Mr. Donald Campbell, Director of the Fund, personally or otherwise owned 434,900 shares of the Fund. Mr. Campbell is also the Chief Executive Officer of Guaranty Finance Investors LLC, which owns 371,700 shares in the Fund. Together these two holdings amount to 51.54% of the Fund's outstanding shares, including shares that are registered under the name of Citivic Nominees Limited.

As of December 31, 2008, Mr. Jorge Carey, and Mr Scott Perry, both Directors of the Fund, personally or beneficially did not own shares of the Fund.



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THE MANAGER

The Fund is managed by Moneda S.A. Administradora de Fondos de Inversion (the Manager), a Chilean Fund management company. The Manager is a wholly owned subsidiary of Moneda Asset Management S.A. (Moneda), which also provides investment advisory services to the Manager.

The Manager and Moneda comprise a team of professional investment managers specialized in Chilean small and medium sized companies, as well as having extensive knowledge in Latin American markets.

Moneda was organized in 1993 by three executives (Mr. Sergio Undurraga, Mr. Antonio Cruz and Mr. Pablo Echeverria), International Finance Corporation (IFC), and Larrain Vial S.A. In June 1998, the management team acquired the 40% interest Larrain Vial S.A. held in Moneda. In May 2006, the management team acquired the 20% interest held by the IFC. In November 2007, part of the management team, along with Consorcio Financiero, the largest non-banking financial services conglomerate (USD 5,000 million AUM) and Estrella del Sur Ltda., acquired the stake of five partners deciding to leave Moneda, including Mr. Undurraga and Mr. Cruz. On May 2008, Alfredo Reyes joined Moneda as a partner and head of Moneda's wealth management division. As of December 31, 2008 the partners of Moneda were Pablo Echeverria (Chairman), Juan Luis Rivera, Fernando Tisne, Alvaro Alliende, Alfredo Reyes and Consorcio Financiero as Moneda's financial institutional partner.

As of December 31, 2008 Moneda managed assets above USD 1,280 million, distributed in the following asset classes:

| Chilean Equities Investment Funds: | USD 537million |
|------------------------------------|-----------------|
| Latin American Debt Funds: | USD 231 million |
| Absolute Return Funds: | USD 194 million |
| Private Equity Funds: | USD 27 million |
| Latam Small & Mid Cap Funds: | USD 34 million |
| Real Estate Funds: | USD 103 million |
| Wealth Management: | USD 158 million |

SIGNIFICANT SHAREHOLDERS

As at December 31, 2008, the following shareholders are registered with more than 10% of the issued share capital.

| Citivic Nominees Limited | 33.44% |
|---|--------|
| Guaranty Finance Investors LLC | 23.29% |
| Donald M. Campbell | 16.82% |
| The Bank of New York fbo Donald Miller Campbell Money Purchase Plan | 10.03% |

CHANGES IN BY-LAWS

There have been no significant changes in the bylaws of the Fund during 2008. Significant changes were made in the bylaws due to the amalgamation of the Fund and Moneda Chile Fund II, during 2005. The most important changes are listed below.

The Fund shall be discontinued on the next expiration date (December 31, 2009) unless extended. At every
other annual general meeting, commencing in 2007, a proposal to extend the Fund for a two year period



is submitted to the Fund's shareholders. A resolution approving the extension requires a simple majority of the shares present at the meeting voting in person or by proxy. Shares voted against the extension shall be considered dissenting shares and their holders shall have the right to receive from the Fund the payment of the fair value of the dissenting shares. On May 30th, 2007 and during the Fund's annual general meeting, an extension of the life of the Fund for an additional period of two years was approved. The Fund's Administrator received 1,310,430 votes (equivalent to 63.5% of the outstanding shares by that date) voting in favor of the continuation of the Fund, and 569,519 votes (equivalent to 27.6% of the outstanding shares by that date) voting against the continuation of the Fund (Dissenting Shareholders). By voting against the continuation of the Fund, Dissenting Shareholders received the right to effectively redeem their shares to the Fund at USD 43,2716 per share. Dissenting Shareholders enforcing their right to redeem had to manifest it in written to the Fund Administrator prior to June 6th, 2007. Dissenting Shares that finally enforced their right to redeem reached 468,519.

- The Fund may at its own discretion, with shareholder agreement, redeem or repurchase shares of such holders, on terms and conditions determined at the Board's discretion. Shares will be redeemed at the NAV per share on the applicable redemption date less a redemption charge to be determined by the Board, provided that such charge may not exceed 10% of such NAV and less any withholding taxes or other uncovered costs or liabilities attributable to the shares being redeemed. Upon the Board's decision, the Fund may limit redemptions to a given aggregate percentage of issued shares. If redemption notices in excess of such limit are received, all redemptions may be reduced pro—rata.
- The Fund's Board can issue any unissued shares on terms and conditions, including subscription price, which it may determine from time to time.
- The Directors' maximum aggregate remuneration shall be USD 50,000 per annum, distributed at the Board's discretion.
- The abolition, alteration or amendment of the Fund's bylaws share require a resolution of the Directors, confirmed by a simple majority of the shares present at a annual general meeting voting in person or by proxy.

MATERIAL CONTRACTS

As of December 31, 2008, the most relevant contracts signed by the Fund were the following:

a) Management and Advisory Agreement:

Effective January 1, 2000, the Board of Directors agreed with the Manager on a new remuneration scheme, aimed at reducing the fixed burden and adding an incentive fee based on the return of the Fund. The Fund pays the Manager each calendar year, a management fee consisting of:

- a. fixed annual fee of 1% of the Fund's Net Asset Value, paid monthly in arrears; plus
- **b.** an incentive fee equal to 4% of any dividends paid in that same calendar year; plus
- **c.** an incentive fee equal to 2% of any increase in the Net Asset Value of the Fund, if any in that same calendar year, not paid out as a dividend. This last fee will be paid after the Board of Directors approves the Fund's annual financial statements.

The Manager is not liable to the Fund or its shareholders, except in the case of willful negligence.





The management agreement may be terminated by giving six months notice, and also contains immediate termination clauses in qualified cases.

In the same agreement, the Fund appointed Moneda Asset Management S.A., the parent company of the Investment Manager, as its Investment Advisor. The Investment Manager pays the fee of the Investment Advisor.

On September 16, 2003, the Board of Directors agreed to change the base over which the Management Fee is calculated, adding to the Total Net Assets the amount of the debt and accrued interest starting as of January 1, 2003. This was done to recognize that assets under management increased as a result of gearing.

b) Administration Agreement:

In October 2006, Apex Fund Services Ltd ("Apex") was appointed Administrator of the Fund, replacing Management International (Bermuda) Limited (MIL). The Administrator receives the following fees and remuneration:

- Registrar and transfer agency fees of USD 500 per month plus USD 50 per transaction.
- Corporate secretarial services al a fee of USD 7,500 per annum.
- Listing sponsor fees of USD 2,000 per annum.

The amount paid to the Administrator for the period ended December 31, 2008 was USD 16,980

Either party giving six months notice can terminate the agreement.

c) Custodian Agreement:

Banco de Chile is the Fund's custodian and charges an annual fee of 0.08% of the assets under custody, with a minimum of U.F. 50 per month. Through Banco de Chile, the Fund's securities are kept at the Depósito Central de Valores, which is a central deposit and the custodian of most financial assets of institutional investors (mainly pension funds) in Chile.

Pershing LLC, a Bank of New York Securities Group company, is the custodian for Chilean ADRs held by the Company, providing custodial and securities clearing services.

7



ADMINISTRATION

DIRECTORS

Jorge M. Carey (Chairman) (Chile)

Donald M. Campbell

(United States of America)

W. Scott Perry

(Uruguay, Ireland)

All the Directors mentioned above are non-executive directors.

REGISTERED OFFICE

3rd Floor, 31 Reid Street, Hamilton HM12 Bermuda

SECRETARY

Apex Fund Services Ltd. (Assistant Secretary) 3rd Floor, 31 Reid Street, Hamilton HM12 Bermuda

RESIDENT REPRESENTATIVE IN BERMUDA

Mr. Peter Hughes 3rd Floor, 31 Reid Street, Hamilton HM12 Bermuda

MANAGER

Moneda S.A. Administradora de Fondos de Inversion Isidora Goyenechea 3621 8th floor, Santiago, Chile

INVESTMENT ADVISOR

Moneda Asset Management S.A. Isidora Goyenechea 3621 8th floor, Santiago, Chile

CUSTODIAN

Non-Chilean Assets

Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399 United States of America

Chilean Assets

Banco de Chile Ahumada 251 Santiago, Chile

AUDITORS

KPMG Auditores Consultores Ltda. Monjitas 527, Piso 15 Santiago, Chile

ADMINISTRATOR

Apex Fund Services Ltd 3rd Floor, 31 Reid Street, Hamilton HM12 Bermuda



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INVESTMENT PERFORMANCE

The Fund's Net Investment Income after tax for 2008 was +US\$ 1,723,424 or +US\$ 1.08 per share, much higher than last year's -US\$737,624 or -US\$0.46 per share. This can be explained by: a much lower amount paid as management fees; a lower amount paid in taxes, vis-à-vis 2007, when the Fund transferred remittances related to redemptions in the Fund; a lower amount paid in bank interest, as the credit facility that was outstanding on December 2007 was paid during the beginning of 2008.

The net realized capital gain from investments and foreign currency transactions for 2008 was + US\$ 6,684,501 or + US\$ 4.19 per share.

The Fund's continuing positive results allowed a dividend of US\$ 2.00 per share paid in June 2008, a 14.3% increase over the dividend paid in 2007.

During 2008 the Moneda Chile Fund posted a -38.2% return (in U.S. dollar terms). The Fund outperformed the MSCI Chile Small Caps Index (-47.9%), the Chilean small/mid cap Moneda 500 Index (-42.1%) and even the Chilean blue chip index (IPSA), posting a -39.2% return. These returns, measured in U.S. dollars, are lower than the local currency results, as the Chilean peso posted a depreciation of 28.1% during the year. By separating the effects of the FX and performance, Moneda Chile Fund had a negative return of -20.9% in Chilean peso, with the peso depreciating -28.1%. This ended up in the Fund posting a negative return of -38.2%

As of December 31, 2008, the net asset value of the Fund reached USD 42,895,520 (USD 26.88 per share).

The following table shows the evolution of the indices and the performance of the Moneda Chile Fund in different time periods ending on December 31, 2008.

MONEDA CHILE FUND RELATIVE TO INDICES (IN USD TERMS) Total accumulated return for the period ended on December 31, 2008

| | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception |
|-----------------------|--------|---------|---------|----------|-----------------|
| | | | | | (Aug, 1995) |
| Moneda Chile Fund | -38.2% | 6.6% | 71.6% | 441.4% | 242.3% |
| IPSA | -39.2% | -2.6% | 49.3% | 124.2% | 48.7% |
| Moneda 500 | -42.1% | -8.5% | 46.5% | 250.6% | 69.4% |
| S&P/IFCG | -39.7% | 0.2% | 50.4% | 205.4% | 93.6% |
| MSCI Chile Small Caps | -47.9% | -17.1% | 49.0% | 256.0% | 62.7% |

- IPSA: Index compiled by the Santiago Stock Exchange, which includes the 40 most traded stocks (the index does include dividend reinvestment).
- Moneda 500 is an index compiled by Moneda Asset Management. It includes companies that have a market capitalization of less than that of the companies in the top quartile of stocks listed in Chile, assuming a 3.0% dividend yield.
- S&P/IFCG: Index compiled by Standard & Poor's and the International Finance Corporation, providing the total return for
 the general Chilean equity market, without taking into account foreign investor restrictions (the index does include dividend
 reinvestment).
- MSCI Chile Small Cap Index was developed by Morgan Stanley Capital International Barra and officially launched on May 2008

OPERATING EXPENSES

Operating expenses for the Fund decreased in 2008, as management fees and other costs are based upon the Fund's assets, which were lower than last year. Tax payments were lower in 2008, because taxes in 2007 were increased by taxes on funds sent from Chile to redeem shares. The annualized operating expense ratio was 1.78%, compared to 2.44% last year.



TURNOVER

The annualized turnover of the equity portion of the portfolio reached 31.46% in the period, lower than the 67.3% of the same period of 2007. Last period's higher than normal turnover was in great part attributed to actions required to create liquidity to redeem dissenting shareholders, returning this year to normal levels.

As of December 31st 2008, 99.2% of the assets of the Fund were invested in Chilean equities (including American Depositary Receipts).

Since the Fund's amalgamation and renewal in 2005, it has changed its primary investment scope, recognizing the significant increase in the absolute levels of market capitalization of Chilean companies. Previously the Fund mainly invested in companies with a market capitalization of less than US\$ 500 million. Today, the Fund looks to invest primarily in companies situated in the second, third and fourth quartiles of companies, according to their market capitalization.

As of December 31st 2008, 19.5% of the Fund's total assets were invested in companies with market capitalizations within the first quartile

The Fund has neither issued any new shares during this period nor since its inception. The total number of subscribed shares was 1,596,000 as of December 31st 2008.

As of December 31, 2008, the net asset value of the Fund was USD 42,895,520, representing a net asset value per share of USD 26.88. Due to the depreciation of the Fund's investments, as well as the depreciation of the Chilean peso during 2008, and after adjusting for the dividend payment, the Fund's per share NAV decreased by 38.2%, during 2008.

DESCRIPTION OF THE TEN LARGEST INVESTMENTS

TEN LARGEST HOLDINGS OF THE FUND AS OF DECEMBER 31ST, 2008

| Stock | Industry | Market | MCF (1) | % of Total | P/E 08 |
|--------------|-------------------------|---------|---------|------------|--------|
| | | Cap | Holding | Assets | |
| | | (USD m) | (USD m) | (12/31/08) | |
| PUCOBRE-A | Metal Mining | 374.8 | 2.7 | 6.3% | 4.7 |
| BANMEDICA | Health Care & Insurance | 543.7 | 2.7 | 6.2% | 11.6 |
| ALMENDRAL | Investment Company | 999.9 | 2.5 | 5.7% | 8.9 |
| COLBUN | Electric Generation | 2.751.7 | 1.9 | 4.4% | 60.7 |
| CORPBANCA | Banking | 935.1 | 1.9 | 4.4% | 10.6 |
| KOPOLAR | Beverages | 282.0 | 1.8 | 4.3% | 7.5 |
| CRISTALES | Conglomerates | 533.0 | 1.6 | 3.8% | 13.9 |
| D&S | Retail | 2.624.7 | 1.6 | 3.7% | 79.6 |
| WATTS | Food | 145.5 | 1.6 | 3.7% | 18.3 |
| QUINENCO | Investment Company | 1.520.0 | 1.5 | 3.5% | 4.2 |
| Total Top 10 | | | 19.8 | 46% | 20.2 |
| MCF | | | 42.8 | 100% | 11.7 |



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THE STOCK MARKET

During the year 2008, the MSCI ALL Country Index, representative of global equities, showed an annual 41.8% decrease, representing the index's worst performance since its creation 20 years ago. The slump suffered by international stock markets is explained by the dramatic crisis experienced by the global economy, and by the uncertainty over its resolution.

What started as a problem of the "sub-prime" mortgage segment in the United States in mid 2007, in 2008 became a catastrophe for the main financial institutions, evolving into one of the most complex economic crisis in recent history. As a consequence of this scenario, some of the largest investment banks in the United States disappeared; banks and insurance companies all over the world merged, were acquired or directly intervened by their fiscal authority. The peak of the uncertainty generated by the crisis arrived in September with the fall of Lehman Brothers, which triggered the paralysis of credit flow due to the recognition of counterparty risk. It also had a negative impact on global trade, and on economic growth during the last quarter. Immersed in this scenario, the main economic authorities and central banks took joint action, including the announcement of bank capitalizations, reactivation plans with fiscal resources, and generalized interest rates reduction. In the case of United States, the rate was set practically to zero.

In this context, the negative global scenario affected more strongly the stock markets of emerging economies than the markets of developed economies, both ending the year with decreases in dollars of 53.2% and 40.3%, respectively. The region most affected by the crisis was Emerging Europe, which ended up with a 68.0% drop, mostly driven by the -77.8% collapse of the Russian stock market. In Latin America, stock markets followed the emerging markets trends, posting a -51.3% return, where approximately 26% of the drop is explained by the strong depreciation of their currencies over the US dollar. Despite being the country where the crisis started, the United States ended the year with a drop of 37.1%, the smallest of all regions. It is worth mentioning that an annual drop of this magnitude was seen only twice during the last 90 years: in 1937 and in 1931, with respective returns of -39% and -47%.

The Chilean economy posted a real growth of 3.2% in 2008, a lower figure than 2007's 5.1%, becoming one of the most challenging years for Chilean companies. During the first half of the year, the Chilean peso experienced a strong appreciation over the dollar, reaching \$430. The price of copper was around 4.0 US\$/lb, and oil hit US\$ 140/barrel, which on top of the inflationary pressures started in 2007, continued to have an effect on prices, reaching a twelve months price level increase of 9.9% during August, and forcing the Central Bank to maintain a restrictive Monetary Policy. All the above factors suffered a dramatic change in September with the fall of Lehman Brothers Investment Bank and the crisis worsening: copper and oil's prices finished the year with respective drops of 64.1% and 65.6%; the Chilean peso ended the year with an annual 28.1% depreciation (and 48.6% compared to the annual maximum), and with negative CPI's for the last two months of the year, coming to a twelve-months inflation of 7.1%.

During 2008, Chilean companies listed on the stock market achieved nominal sales growths of 35.6%, operational cash flow growth of 28.7%, and profit growth of 12.6% in peso terms. Although these are positive results for the year, the fourth quarter results showed a strong deterioration caused by the global crisis, closing with a profit drop of 9% compared to the same quarter of 2007.

Among the sectors posting the best results we state:

ENERGY, which registered an operational cash generation and profit increase of 42.7%, and 164.2% in peso terms respectively. This strong increase is mainly explained by better conditions of the Interconnected Central (Electrical) System (ICS) due to the rising of the node price of 35.4% and spot prices of 21.3%, and to better hydrology conditions than the previous year.

NON-METALIC MINING, where Soquimich benefited from the strong rise in the sale price of Potassium Chloride of 163% and Specialty Fertilizers of 116%, which caused an operational cash flow growth of 166%, and a profit growth of 257%.



IRON, explained by a strong increase of the CAP iron division, by a price and sales volume increase, as well as by iron's high price for most of the year.

Among the sectors most strongly affected we find:

PULP AND PAPER, with a 66% drop in profits explained by lower sale prices for both pulp types, and price and volume drops in lumber.

FOOD, explained by the serious crisis experienced by the Chilean Salmon Industry as a result of the ISA virus, which brought higher mortality and anticipated harvests.

The local stock market, measured through the IPSA index, finished the year with an annual drop of 22.1% in peso terms, with only five of the forty stocks that compose the index posting positive results. Shares coming from the Construction, Commerce, and Salmon sectors showed the worst performances: the first two due to the upwards trajectory of interest rates throughout the year, credit restrictions and an unemployment increase; while shares related to the salmon sector saw their results strongly affected by the ISA virus. On the other hand, among the shares with positive results we find Soquimich, Endesa and CTC-A with returns of 76%, 19% and 23% respectively, which are explained by an important profit increase in the first two, and by the tender offer performed in CTC-A by Telefónica España. It is worth mentioning that a tender offer was carried out by Wal-Mart over D&S (which represents 3% of the fund's assets) in December with a premium of 35% above the market price.

Large and mid-cap companies represented by the Moneda 500 Index, and where the fund maintains over 80% of the invested assets, ended 2008 with a 26.7% drop in peso terms. The worse performance of the asset class in comparison to the IPSA Index, is mainly due to a lower relative exposure of the index to the Electric Sector (1.6% in Moneda 500 vs. 25.6% weight in IPSA), which acted as a defensive play through the year.

SOCIEDAD PUNTA DEL COBRE S.A. (PUCOBRE-A)

| Mkt Cap | Net Earnings | Return on | | EPS Growth | |
|---------|--------------|-------------|----------|------------|-----------|
| (USD m) | (USD m) | Equity 2008 | P/E 2008 | 08/07 | P/BV 2008 |
| 374.8 | 80.4 | 78.7% | 4.7 | -42.5% | 3.4 |

Pucobre is a company that produces and sells both cathodes and copper concentrates. The minerals are mainly obtained from the mining deposit Punta del Cobre in Tierra Amarilla, located near Copiapó (900 kilometers north of Santiago), and from other minor deposits like Venado Sur and Manto Negro, located in the same district. Concentrates are produced in the San José Plant, and copper cathodes are produced in the Biocobre Plant. The geographic location and high copper content of the mine help the company to keep low and competitive operational costs compared to larger copper mines operating in the country.

Since its inception in 1989, the company has experienced a 16% annual growth rate in mineral treatment, reaching 330,000 tons per month in 2006 (up from 23,000 in 1989), after the San José plant enlargement.

In 2008 the company results were affected by the global crisis that caused a drop in copper price during the last quarter, when it reached 126¢/Lb, the lowest since 2004. However, the markets positive performance during the first quarter allowed an average price in 2008 of 315 ¢/Lb, only 2.7% less than in 2007.

Sales reached US\$241 million, 17.6% less than the previous year. This was driven by both a strong drop in prices during the last quarter, and a production decrease of 8%. Operational results fell 42.5% due to a 33% increase in cash cost compared to 2007, explained by higher energy and mineral extraction costs.



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In January 2009 Pucobre announced the acquisition of 51% of the El Espino project from the Canadian company Explorator Resources, whom maintains the remaining 49%. This deposit is located in the IV region of Chile and has proven reserves of 123 million tons at an average ore grade of 0.66%. The mine is expected to start production in 2011, and represents great growth potential for Pucobre.

BANMÉDICA S.A. (BANMEDICA)

| Mkt Cap | Net Earnings | Return on | | EPS Growth | |
|---------|--------------|-------------|----------|-------------------|-----------|
| (USD m) | (USD m) | Equity 2008 | P/E 2008 | 08/07 | P/BV 2008 |
| 543.7 | 46.8 | 22.5% | 11.6 | -20.0% | 2.6 |

Empresas Banmédica, the largest private health care organization in Chile, has over twenty years of experience and leadership in the domestic health industry. Banmédica's business structure has three main areas: Hospitals and Health Services, Health Insurance and International Business.

The company is controlled by the Fernández-León and Penta groups, whose merger brought great benefits for the business in which both participated, i.e. health insurance (Isapres) and emergency medical services.

Today, Banmédica's largest business is health services of high complexity. In this area Santa María and Dávila clinics represent 44% of its earnings. For years, these clinics have maintained occupancy levels above 80%, the highest levels in the industry. In 2009 the capacity increasing projects will end for both clinics: Santa Maria will increase beds from 208 to 350, and Dávila will add 100 additional beds to reach 500. The company has focused its growth in this area, with an approximate investment of US\$60 million during the 2005-2008 period, increasing capacity by 59%. This will increase the earnings coming from this business as well as its contribution to the EBITDA, which is currently 43%.

Also in the health services business, Banmédica owns health centers of medium complexity: Clínica Ciudad del Mar, in Viña del Mar; Clínica Bio Bio, in Concepción, and Clínica Vespucio, in Santiago. The company also owns Vidaintegra, a dental and ambulatory health service provider in the Metropolitan region that in 2008 contributed with \$798 million to net income (27% less than 2007). The company also owns 100% of Home Medical Clinic, specializing in home hospitalization and providing service to over 1,000 patients per year. Finally, it is worth mentioning the company's participation of 11.3% in Clínica Las Condes and 13% in Clínica Iquique.

In the health insurance area, Banmédica owns two companies: Isapre Banmédica and Isapre Vida Tres. During this year both companies registered a slight drop in their market share, due to an average real price increase of 15%. Nevertheless, up to December 2008 they had a total of 365 thousand paid-up members and 715 thousand beneficiaries, reaching a joint market share of 27.3% in terms of affiliates, and maintaining their first place in the industry. In 2008, the health insurance business represented 47% of the company's earnings.

Another of its main businesses is an emergency medical service called Help, a leading company in Chile with over 200,000 customers, and which in the last few years has expanded to other regions: it operates in Santiago, Viña del Mar and Concepción. In 2008 this company accounted for 4.2% of the holding's earnings, 38% less than the previous year.

The main growth focus of the company in the last five years has been its expansion to international business. Banmédica currently holds investments in the health insurance market in Colombia under the name of Colmédica. This company has over 575,000 beneficiaries, a market share close to 18%. In 2008 it registered accrued profits of US\$6.6 million, which represent an increase of 63%. As for international businesses, 2008, as the previous years, was a year of expansion. Banmédica invested US\$ 18 million to buy 18% of Clínica San Felipe in Lima, with a capacity of 55 beds and 8,500 square meters. This adds up to the pre-existing investment in the Roe Laboratories



in Perú, and to the acquisition of 50% of Clínica del Country in Colombia in 2007 (190 beds in Bogotá). We should also mention the sale of the shares in Clínica Olivos and CLIO in Argentina registered in March.

During 2008 Banmédica profits reached US\$46.8 million, 2.5% more than 2007 in pesos, but 20% less in nominal dollars due to the depreciation of the Chilean peso. The growth in international business profits was leveled by lower profits in the health insurance sector, due to Vida Tres poor results, and weaker figures from Help and Vidaintegra. On the other hand, the health provider sector continues to show good occupancy rates and a high growth potential given the important development plans for this year and the next one.

ALMENDRAL S.A. (ALMENDRAL)

| Mkt Cap | Net Earnings | Return on | | EPS Growth | |
|---------|--------------|-------------|----------|-------------------|-----------|
| (USD m) | (USD m) | Equity 2008 | P/E 2008 | 08/07 | P/BV 2008 |
| 999.9 | 112.3 | 11.8% | 8.9 | -7.4% | 1.2 |

Almendral is a holding company controlled by the Hurtado Vicuña, Fernández León, Matte, Izquierdo and Gianoli Groups, whose main investment is Entel (54.76% stake).

Entel is the second largest wireless telecommunications company in terms of number of subscribers. The company also provides long distance, fixed wire-line services, data transmission, IT, private corporate network, NGN and internet services. Through Americatel, the company has presence in Perú, mainly in data and long distance services.

During 2008 the Chilean mobile phone sector continued to be strongly competitive. The growth drivers were the ongoing expansion of the subscriber base, the migration of prepaid customers to postpaid, and the expansion of VAS revenues, principally in mobile broadband and traditional SMS. In fact, the number of mobile subscribers of Entel grew 6.4%, reaching more than 6 million, and thanks to the launching of its 3G net, it could gain 126,000 subscribers from mobile broadband and expects double this figure in 2009. By the end of January 2009, Subtel announced new access charges for the 2009-2013 periods. The new charges are 45% lower than the previous ones.

In 2008, Entel reported consolidated revenues by US\$1,676 million, where mobile phone services accounted for 76%, long distance services for 4.6%, data services for 6.8%, local telephony for 4%, and Americatel Perú for 2%.

The operating income went down to US\$341, 12% below the previous year. EBITDA reached US\$665 million and Net Income, US\$241.2 million. During 2008, Entel paid US\$165 million in dividends, which represent an increase of 2.4% compared to 2007.

COLBÚN S.A. (COLBUN)

| Mkt Cap | Net Earnings | Return on | EPS Growth | | |
|---------|--------------|-------------|------------|-------|-----------|
| (USD m) | (USD m) | Equity 2008 | P/E 2008 | 08/07 | P/BV 2008 |
| 2,751.7 | 45.3 | 1.8% | 60.7 | NM | 1.1 |

Colbún is the second largest electricity generator on the Central Interconnected System of Chile (SIC). The company currently has 2,521 MW of installed capacity (49% thermal and 51% hydro). Colbún is controlled by the Matte Group (49%).

During the first five months of the year, the company had to face an adverse scenario. Between January and March hydroelectric generation was below average due to low hydrology. Problems at Nehuenco thermo power plant





caused by a fire in December 2007 put it out of service for 8 months. The lack of natural gas from Argentina and the high oil prices deteriorated Colbún's situation further. In order to fulfill its commercial contracts, the company was forced to generate with diesel and increase energy purchases in the spot market at prices that reflected the imminent electric shortage. In the light of all these events, the company announced a capital increase of US\$390 M and the issue of new bonds to finance the capital expenditure program, working capital and credit refinancing with international banks. These measures aimed at assuring the financing of long term the investment plan, and to meet the working capital needs in the short term.

By mid May, strong rainfall in Chile's Central Region allowed the reservoirs a fast recovery and an increase in hydroelectric generation, bringing relief to Colbún. The marginal costs started to decrease and the company had positive cash flow. In September, Nehuenco Plant went back on-line, increasing the system's reliability. As of October, a drop in oil prices started impacting marginal costs downwards, decreasing Colbún's energy purchase costs even more.

Operational results went from US\$ -106 million to US\$ 106 million profits. EBITDA went up to US\$218 million from US\$19.8 million. Colbún's Net Income amounted to US\$ 45.3 million from US\$ -94.1 million of 2007.

As to ongoing projects, a 100 MW back-up thermo power plant named Los Pinos is at its start-up stage. The coal-fired thermal unit Santa María in Coronel (350 MW) is under construction. The hydroelectric project San Pedro (144 MW) was approved by the Corema (regional environmental authority), and hydroelectric plant Angostura (316 MW) entered environmental proceedings in September.

CORPBANCA S.A. (CORPBANCA)

| Mkt Cap | Net Earnings | Return on | | EPS Growth | |
|---------|--------------|-------------|----------|-------------------|-----------|
| (USD m) | (USD m) | Equity 2008 | P/E 2008 | 08/07 | P/BV 2008 |
| 935.1 | 88.6 | 10.1% | 10.6 | -13.9% | 1.2 |

Corpbanca is the sixth largest bank in Chile with a 6.9% share of total loans. The bank is controlled by the Saieh Group. It has net loans for \$7,655 million and a market capitalization of \$935 million.

Corpbanca was founded in 1871 under the name of Banco de Concepción. In 1971, under Corfo's control, it acquired Banco Francés and Banco Italiano. In 1972 it acquired Banco de Chillán and in 1975, Banco de Valdivia. It returned to private hands in 1976 and ten years later the bank was bought by the Sonami (Sociedad Nacional de Minería, National Mining Society), which would sell it in 1995 to Álvaro Saieh. In 1997 it changed its name to Corpbanca, and in 2002 it was listed in the Santiago Stock Exchange.

During the last four years Corpbanca has shown a sustained growth in home loans (CAGR of 40% in Chilean pesos). Regarding total loans in Chilean pesos, between December 1997 and the present time Corpbanca registers a 15.4% CAGR (7.2% above the Chilean Banking System during the same time).

During 2008, Corpbanca started a new brand improving marketing campaign named the "Ten Commitments", in order to increase the number of products that each customer has and improve commission income.

As of January 2008, most of the accounting changes proposed by the SBIF (Superintendence of Banks and Financial Institutions) came into effect in order to report financial statements in IFRS¹ format. The migration process will end in 2009, and among other changes, will eliminate price-level restatement.



¹ IFRS: International Financial Reporting Standards,

Corbanca's profit during 2008 reached US\$88.6 million, 10.3% higher than the previous year in Chilean pesos, but in nominal dollars it decreased 13.9%. Between January and December 2008, loans grew by 22.7%.

EMBOTELLADORAS COCA-COLA POLAR S.A. (KOPOLAR)

| Mkt Cap | Net Earnings | Return on | | EPS Growth | |
|---------|--------------|-------------|----------|-------------------|-----------|
| (USD m) | (USD m) | Equity 2008 | P/E 2008 | 08/07 | P/BV 2008 |
| 282.0 | 37.6 | 21.4% | 7.5 | 17.6% | 1.53 |

Embotelladoras Coca-Cola Polar S.A., Kopolar, is a Chilean beverage company that produces and distributes carbonated drinks in Chile, Argentina and Paraguay.

Its main products are sodas, juices, and mineral water, emphasizing partner brands to The Coca-Cola Company franchises, including Coca-Cola, Fanta, Sprite, its "light" versions, Quatro, Agua Mineral Vital, juices Andifrut, Néctar Andina and Kapo soft drinks.

In Chile, the company operates the franchise for five out of thirteen regions (II, III, IV in the north and XI and XII in the south), which account for approximately 1.6 million consumers, with an average annual per capita consumption of 121 liters. In Argentina, the company has the franchise for the Santa Cruz, Neuquén, Rio Negro, Chubut, Tierra del Fuego and La Pampa provinces, in addition to the Western zone of Buenos Aires, which represents a population of 3.6 million, with an average per capita consumption of 57 liters per year. Its Paraguay franchise Refrescos S.A. (PARESA) acquired in 2004, distributes Coca-Cola products for the entire country, targeting 6 million consumers, with annual per capita consumption of 32 liters.

Finally, the company also participates in bottling and canning activities through the Envases Central plant in Chile, jointly owned by The Coca-Cola Company and Chilean bottling companies. In Argentina the company participates in these activities through the Cican plant, jointly owned by bottling companies from Argentina, Paraguay and Uruguay.

This year Kopolar faced some cost pressures, since The Coca-Cola Company changed the agreement over the concentrate for all the brand operators in Chile. Such agreement implied a price increase for the additional units sold in 2008 compared to 2007. This explains the drop in the EBITDA margin in the Chilean operation.

The company unsuccessfully attempted to enter Ecuador's market. In February it was announced that they had reached an agreement to buy 34.5% of Ecuador Bottling Company Corp, which owns the franchise to trade the Coca-Cola brands in 100% of the Ecuadorian territory, for US\$64 million; the deal didn't go through. Currently the company is going through a controversial resolution process in order to compensate for damages rising from breach of agreement, which is taking place in Florida under the American Arbitration Association rules. On the other hand, in June 2008, Kopolar together with two other Coca-Cola franchise operators in Chile purchased Embotelladora del Sur and subscribed a shareholders' agreement to regulate its management (Kopolar owns 25% of the society).

In 2008, the company's volume sales showed a positive trend, reflecting the positive performance of consumption in the markets it operates, posting a 7.7% growth despite the deceleration caused by the financial crisis. Total sales reached \$384.5 million, an 18.5% increase over 2007 in dollar terms mainly because of the depreciation of the Chilean peso compared to the currencies of Argentina and Paraguay.

Kopolar's geographical breakdown of sales according to the company's performance in 2008, is the following: Chile generated 32% of the total consolidated sales, reaching US\$123 million and 36.7 million unit cases (it represents 12.5 % of total Coca-Cola sales in Chile and a market share of 73% in sodas in the areas it operates).





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Until 2007, Chile generated over 50% of the company's EBITDA; this year, however, it went down to 36% after Argentina and Paraguay increased their EBITDA considerably.

Operations in Argentina posted revenues of US\$133.8 million, accounting for 35% of consolidated sales and a total volume of 41.6 million unit cases (this represents 8% of the total Coca-Cola volume in Argentina and a market share of 56.3% in the areas where it operates). EBITDA generated in this country accounted for 21% of consolidated EBITDA, going up 3 points from 2007.

At the same time, operations in Paraguay accounted for US\$130 million, 34% of the consolidated sales. In terms of volume, the company sold 46.9 million unit cases (this represented 100% of total Coca-Cola sales in Paraguay and a market share of 6% in carbonated drinks). EBITDA generated in Paraguay became the highest contributor, accounting for 43% of consolidated EBITDA.

CRISTALERÍAS DE CHILE S.A. (CRISTALES)

| Mkt Cap | Net Earnings | Return on | | EPS Growth | |
|---------|--------------|-------------|----------|-------------------|-----------|
| (USD m) | (USD m) | Equity 2008 | P/E 2008 | 08/07 | P/BV 2008 |
| 533.0 | 38.5 | 7.0% | 13.9 | -28.7% | 1.0 |

Cristales is a conglomerate of companies controlled by the Grupo Claro group, which directly and indirectly controls 52% of the company shares. The main business of Cristalerías is the production of glass containers and bottles (accounting for 67% of the company's EBITDA), with an 85% market share. The company main clients for glass containers are the vineyards, who use the bottles mainly for exports. It has two plants for the production of containers, achieving an annual production of 380,000 tons of glass, which should increase in the coming years given their business plan.

Regarding the containers production, in 2008 the company faced a complex scenario mainly due to higher energy and fuel costs, given oil and electricity price hikes. Moreover, the contraction of the wine industry and the exports deceleration in the last two quarters caused a contraction in the demand. Additionally, strongest domestic competition caused sales to decrease 9%. The EBITDA, given the higher production costs, registered a 21% drop, reaching US\$92.6 million. Profits were 16% lower than the previous year although the higher profits of related companies.

Cristales and Embotelladora Andina own CMF (50% each), the company in charge of production of PET containers for the bottling company products (soft drinks and juice). In 2008 CMF registered sales for US\$68.21 million and profits for US\$7.01 million, which represents a 14% increase over 2007.

Cristalerías Chile is also present in the wine industry through its 54% stake in Viña Santa Rita. Even though this business accounts for 41% of the consolidated income, its EBITDA participation is only 28% (US\$26.2 MM). Viña Santa Rita is Chile's second wine company in terms of domestic market share, and the third in terms of exports. This year the wine company exported 2.6 millions of wine cases (representing a 16% increase over 2007), at an average price of US\$38.4 per case, 3% above last year price.

In addition, Cristalerías has a diversified presence in the Telecom Sector. The main investment of Cristales in this sector is VTR, a company that provides services such as broadband, TV and phone. The company owns 20% of VTR and registered an income of US\$9.6 million for this investment this year, representing 14% of consolidated income.

Cristales also owns businesses in the Media Sector. Standing out is its participation in Mega with 99% of the property. Mega is in the first place in terms of audience and registered profits of US\$8.2 million. Moreover, the company owns a national circulation newspaper and a publishing house.



This year the company registered investments for US\$47 million, and in the coming years it expects to continue with the investment plan in order to reach 600,000 tons of production (in 2005 they built the Llay-Llay plant, allowing a production increase of 80,000 tons).

Projections for 2009 are more encouraging than the closing year, especially for the company's main business, glass containers, since energy and fuel costs should decrease considerably, increasing the company margins.

D&S (D&S)

| Mkt Cap | Net Earnings | Return on | | EPS Growth | |
|---------|--------------|-------------|----------|-------------------|-----------|
| (USD m) | (USD m) | Equity 2008 | P/E 2008 | 08/07 | P/BV 2008 |
| 2,624.7 | 33.0 | 2.9% | 79.6 | -68.9% | 2.7 |

Distribución y Servicios D&S is a Chilean company controlled by the Ibáñez family with 63.4% of shares outstanding. Its main business is food distribution to the final consumer. They manage several formats led by the Hiper LIDER hypermarkets and the Express LIDER supermarkets. They have recently started opening Ekono convenience stores (January 2007), and discount storages called Superbodega ACuenta (October 2007).

D&S participates in the Credit business through the Presto card, the nonbank credit card with the largest coverage in the country with more than 30,000 associated businesses. As of December 2008, this business accounted for 11% of D&S operational result.

Its supermarket market share in Chile (considering the three largest actors) was 44.1%, and its share in the retail market was 9% in national terms. They ended 2008 with sales for US\$3,358 million, and an operational result of US\$180 million. Profits reached US\$33 million, a 60% decrease compared to 2007. This drop is mainly explained by charges for price-level restatement and other non-operational expenses that together meant a US\$84.7 million loss.

On December 19th, a tender offer by Wal-Mart was announced for 100% of D&S, with a share price of US\$0.408, valid between December 24th and January 22nd. The offer initially caused a 27.71% increase in the share price and was declared successful, as Wal-Mart acquired a 58.3% stake on the company. As a consequence, the free float was reduced to 1.6%. Due to Chilean laws, a second offer was mandatory in the same conditions of the first. This new offer was valid from February 23 to March 25 of 2009.

Moneda Chile Fund had a position of 3.99 million shares in D&S (0.06% of the company) as of December 2008. The whole position was sold to Wal-Mart in January for US\$1.58 million, which represented a net gain of 35.5%, considering November closing price.

WATTS (WATTS-B)

| Mkt Cap | Net Earnings | Return on | | EPS Growth | |
|---------|--------------|-------------|----------|-------------------|-----------|
| (USD m) | (USD m) | Equity 2008 | P/E 2008 | 08/07 | P/BV 2008 |
| 145.5 | 7.9 | 20.7% | 18.3 | -29.4% | 0.8 |

Watts is one of the leading companies in the food and wine industry in Chile. It has a wide range of products traded in the international and domestic market, together with an efficient distribution net with national coverage. Currently the company includes brands with a strong position in the domestic market, e.g. Watt's, Loncoleche, Calo, Chef, Belmont, Sureña, Icefrut and Yogu-Yogu, among others.



Watts main business areas are dairies and oleaginous derivatives, which make up 66% of its income. The others businesses are fruit derivatives, wine, prepared food, and international sales through exports and operational subsidiaries.

The dairy business is the largest in volume and represents 37% of its income. In the liquid milks category, Watts stands in third place in the domestic market, with approximately 13% market share. Through the brand Calo, the company holds the second place in the powder milk business with approximately 29% market share.

The oleaginous business represents 30% of the company's total income. It specializes in the production of oil derivatives, such as edible oils, margarines and lard, for home consumption. To satisfy input for the food industry, the company produces fat and hydrogenated products. In this category, Watt's is the leading company, with a 25% market share.

Fruit derivatives account for 16% of their total income. Its main products are marmalade, jam, concentrates, and long and short life juice and nectar. Since 2006 the company holds an alliance with CCU. They created a new company called Promarca, were they share the ownership and control in equal parts. In this alliance, Promarca became owner of the brands Watt's for the drinking products and Shake a Shake and Yogu-Yogu. The company's juices and nectars together with Promarca hold the first place at a domestic market, with a 40% market share.

The Viña Santa Carolina subsidiary focuses on the production and trading of bottled wine and bulk wine, for both domestic market and exports. Its main brands are Santa Carolina, Casablanca, Planella and Ochagavía. Together they register sales for US\$53 million, for both international and domestic market.

The year 2008 was a good year for Watts in operational terms. Its yearly income grew 25% in Chilean peso, but in nominal dollars the revenues passed from US\$482.6 million to US\$ 470.2 million due to de strong depreciation of the Chilean peso. EBITDA grew 20% in Chilean peso, but it decreased from US\$39.8 to US\$37.2 in nominal dollars. The increase of the operational result measured in Chilean currency is explained by the good results of some subsidiaries and Viña Santa Carolina. However, the operational result in Chile was not good due to a strong fall of margins during the second half, mainly caused by a strong drop in food and commodities prices. Milk and oil's international prices had reached historically high levels, around 5,000 US\$/ton and 1,500 US\$/ton (depending on the type of oil), and ended the year under 2,000 US\$/ton and 750 US\$/ton respectively.

Profits reached US\$7.9 million, showing a decrease of -45% in nominal dollars, mainly explained by larger financial expenditures, monetary adjustment and the strong depreciation of the currency.

QUIÑENCO S.A. (QUINENCO)

| Mkt Cap | Net Earnings | Return on | | EPS Growth | |
|---------|--------------|-------------|----------|-------------------|-----------|
| (USD m) | (USD m) | Equity 2008 | P/E 2008 | 08/07 | P/BV 2008 |
| 1,520.0 | 364.6 | 18.2% | 4.2 | 72.0% | 1.0 |

Quiñenco is one of the largest Chilean business conglomerates with more than US\$2,483 million in assets under management. The holding is controlled by the Luksic Group. Through its subsidiaries, Quiñenco is diversified in four sectors: financial services, food and beverage, manufacturer and telecom services.

In the financial services industry, Quiñenco controls Banco de Chile through LQIF² (40.4% of the stocks, accounting for 67% of voting rights). Banco de Chile is the second largest bank in the country with a market capitalization



² LQIF: A subsidiary of Quiñenco that owns shares of Banco de Chile,

of US\$1,786 million, It is worth mentioning that in January 2008 the first stage of the merging agreement with Citibank was materialized, where Citigroup (controlling entity of Citibank) acquired a 32.96% interest in LQIF. Citigroup also has options to acquire up to 50% of LQIF. On the other hand, Citigroup acquired Banco de Chile's USA section for US\$130 million.

In the manufacturing sector Quiñenco controls Madeco, the largest Latin American manufacturer of copper and aluminum products. Madeco has assets of US\$867 million and sales for US\$1,089 million (about 151.050 tons). In September 2008 it reached an agreement with the French company Nexans, the world largest producer of cables. This agreement included selling its cable production plants in Latin America (Chile, Perú, Brasil, Argentina and Colombia) in exchange for US\$393 million and 8.9% of Nexans (equivalent to US\$218 million.) With this transaction Madeco became the largest shareholder of Nexans and part of the Board of Directors.

In the food and beverage sector, Quiñenco owns 33.1% of CCU, the largest beverage producer in Chile and the number one beer company in terms of sales, volume, and market share. CCU has assets of US\$1,686 million, sales for US\$1,228 million, and market capitalization of US\$1,898 million.

In telecommunications sector, Quiñenco owns 74.4% of Telsur, whose concession area is in the south of Chile, where it is the leading company with assets of US\$281 million, sales for US\$104 million, and US\$99 million in market capitalization.

In financial terms, Quiñenco's profit reached US\$364 million, a 121% increase in Chilean pesos, but only a 72.1% increase in nominal dollars over 2007.



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The Chilean Economy

INTRODUCTION

The general balance of the Chilean economy in 2008 was less positive than in 2007, but it continued to be favorable, Economic growth slowed down due to specific problems in some sectors like Mining and Utilities, and to an important drop in demand in the last quarter of the year, but stayed on average significantly above population growth. Inflation, although above the Central Bank's target, started to moderate by the end of the year. The fiscal balance showed once again an important surplus. The current account registered a moderate deficit, mainly financed by direct foreign investment, after four years of surplus.

As in 2007, inflation continued to be a key problem for most of the year. Commodity prices put pressure on domestic prices, which together with second round effects, and the high indexation of prices and salaries in Chile, maintained high inflation figures during 2008. This scenario caused the Central Bank to raise the monetary policy rate and/or maintain a restrictive bias during most of its monthly monetary policy meetings.

The scenario changed by mid September, after the collapse of Lehman Brothers worsened the financial crisis in developed countries, and spread also to emerging economies. In Chile, this situation initially elevated internal loan and deposit rates, especially those denominated in dollars. However, the authorities reacted promptly: the Chilean Central Bank halted a program designed to increase international reserves that it had started in April, discontinued the process of raising the monetary policy rate, and applied other successful measures in order to reestablish liquidity in domestic and foreign currencies in the local market. The deterioration of the international scenario led to an important depreciation of the Chilean peso compared to the US dollar, and depressed local production and employment through its adverse direct effect on exports, and indirect effect on domestic demand.

The deterioration of the international scenario since September highlighted the value of the strong fundamentals that the Chilean economy has accumulated during the years. In particular, Chile has built a solid and flexible macroeconomic policy framework, characterized by a flexible exchange rate, a Monetary Policy regime guided by a credible inflation target, a sustainable and countercyclical Fiscal Policy rule, a high level of public and private assets saved abroad, and a robust financial system. While a small and open economy such as the Chilean one can not isolate itself from a weaker global economy, the healthy position of its private and public sector make it well prepared to mitigate the effects of the global crisis

The following paragraphs summarize some of the most relevant macroeconomic developments in the Chilean economy during 2008.

ECONOMIC ACTIVITY

Chilean real GDP growth in 2008 ended at 3.2%, loosing traction after 2007's 4.7%. Among the factors that prevented it from achieving a better outcome were: (i) The cutback in copper production, in particular copper and molybdenum, due to lower ore grades, strikes in state-owned CODELCO, and operational problems in some important mining companies; (ii) lower added value in the utilities sector during the first half of the year, due to poor hydrology that increased energy costs, conditions that reverted during the third and fourth quarter; (iii) weak industrial production during the year, particularly during the fourth quarter because of lower domestic and international demand, and (iv) a fall in internal demand in the last quarter due to lower consumer and business confidence, tighter credit conditions, and the lagged effects of a more restrictive monetary policy.

Domestic demand continued taking the lead in 2008. Private Consumption grew by 4.3%, with a 5.3% growth in durable goods consumption, despite its strong fall in the fourth quarter. For most of the year, consumption was

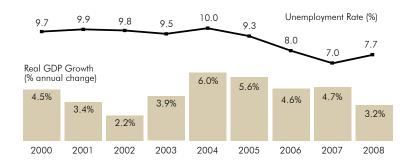


stimulated by credit growth and favorable labor and confidence indicators; however, fourth quarter consumption figures deteriorated quickly. Investment maintained high growth rates, reaching an annual average of 19.5%. Investment in Machinery and Equipment boomed, fostered by the appreciation of the peso observed during the first half of the year. Investment moderated its growth rate during the fourth quarter only gradually, due to the lagged effects of previous investment decisions.

Real exports registered a considerable deceleration in 2008, growing by 3.1% after 7.6% in 2007. This result is mainly explained by lower copper production, and lower international demand caused by global deceleration, especially during the fourth quarter. In real terms, imports grew an annual 12.9%, mainly fostered by an increase in imports of Capital Goods, in line with the boom in Machinery and Equipment investments.

On the supply side, the best performing sectors were related to domestic demand, i.e. Communications (10.4%), Construction (9.7%) and Financial Services (6.1%). Mining (-5.0%) and Utilities (-4.0%) had the weakest performance.

REAL GDP GROWTH AND UNEMPLOYMENT RATE



Source: Central Bank of Chile, National Institute of Statistics

INFLATION, MONETARY POLICY AND FOREIGN EXCHANGE RATE

INFLATION

Annual inflation (December to December) reached 7.1% in 2008, a lower figure than 2007's 7.8%.

The year started with high annual inflation due to food and energy price increases in 2007. These were mainly supply-side shocks, due to high international prices and poor hydrology, which affected both food and energy prices. Due to seasonal pricing patterns, the first quarter saw some transmissions of previous price rises to the prices of other goods and services, like Education.

Afterwards, new increases in the international price of oil further affected fuel prices at the domestic level. This, together with the high indexation of the Chilean economy (salaries went up above 8.0% yoy in 2008) and the peso's depreciation that accelerated in September, caused inflationary surprises in 6 of the last 8 months of the year, and did not allow the Central Bank to meet its target. As a whole, in 2008 the main increases were recorded in the following groups: (i) Others (annual 17.3%), corresponding mainly to services, (ii) Food (14.7%), and (iii) Housing (8.6%, affected by fuels). Underlying inflation, which excludes fuel and perishable goods, went up from an annual 6.3% in December 2007 to an annual 8.7% in December 2008. Only two groups in the CPI basket



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were under the Central Banks target rate of 3% plus or minus 1%, namely Transportation (annual -4.2% due to oil's drop by the end of the year) and Clothing (0.7%).

MONETARY POLICY

Throughout 2008, the sign of monetary policy decisions and announcements suffered important changes, directly related to the different scenarios for inflation and its determinants. In January, the Central Bank raised the Monetary Policy Rate (MPR) in 25 bps to 6.25%, continuing with a raising cycle that had started in July 2007. In February and March, the Central Bank maintained the MPR and an upwards bias regarding the likelihood of the direction for future adjustments. In April it again confirmed the rate, but changed its policy bias to neutral.

In June and during the third quarter, the Central Bank resumed a tightening policy stance, due to surprising monthly inflation readings, mostly due to second round effects. Between June and September, the Central Bank raised the MPR 200 bps, taking it up to 8.25% and strengthening the restrictive bias at each meeting. In September's Monetary Policy Report the Central Bank confirmed the bias, and hinted that the MPR could reach more that 9% by the end of the year.

In the fourth quarter, however, Monetary Policy took a new turn. The new international scenario led the Central Bank to maintain the MPR in October and November. Moreover, in November, in an unprecedented move, the Central Bank changed the projections made in September, lowering the growth and inflation estimates, and announcing a more neutral bias in monetary policy. Finally, in December, it confirmed the MPR but changed its policy stance to a downwards bias.

Besides the change in the direction of its monetary policy, the Central Bank took a number of other actions in order to reestablish the liquidity in the domestic market, especially in dollars: (i) it stopped the foreign exchange market intervention program it had started in April (which had accumulated USD 5.75 bn; (ii) it allowed financial institutions to keep the reserve ratio in yens and Euros, besides in US dollars; (iii) it started offering dollar swaps; and, (iv) it accepted deposits in third banks as collateral for monetary policy operations. Also, the Treasury made foreign currency deposits in local banks.

FOREIGN EXCHANGE RATE

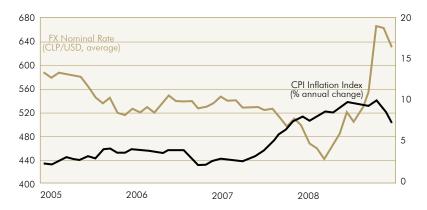
During 2008 the Chilean peso depreciated 28.1% against the American dollar (December to December). Throughout the year, the Chilean peso showed high volatility, affected by significant fluctuations in terms of trade, interest rates, foreign exchange intervention policy, risk perceptions, and international parities.

During the first months of 2008, the Chilean peso continued with the appreciation trend it showed during the second half of 2007. Key explanatory factors were a widening interest rate differential between Chile and the United States, the rise in copper prices, and a weakening of the U.S. dollar's in international markets. This continued until April, when the Chilean Central Bank announced a plan to buy USD 8 bn in the foreign exchange market between April 14th and December 12th 2008, justifying this intervention as a way to strengthen Chile's external position due to global financial uncertainty, and because the peso was judged to be overvalued relative to its long term fundamentals.

As of April, a depreciation trend began. In addition to the effects of the foreign exchange intervention program, the exchange rate was also influenced by lower terms of trade and the appreciation of the US dollar in international markets. The depreciation of the peso accelerated in September and October due to the financial crisis, and further drops in the price of copper and other export products. This process had a partial reversion in December, party because of a depreciation of the US dollar in international markets.



CONSUMER INFLATION AND FOREIGN EXCHANGE RATES



Source: Central Bank of Chile, National Institute of Statistics

THE EXTERNAL SECTOR

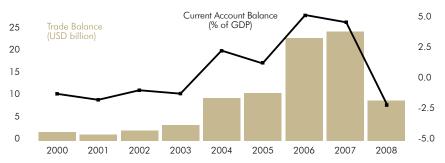
The Trade Balance in 2008 reached a surplus of USD 8.8 bn, completing a cycle of 10 consecutive years of surplus. The surplus, however, was a 62.6% lower than in 2007, as exports fell slightly, while imports continued growing rapidly.

The value of exports dropped to USD 66.4 bn, a fall of 1.8% yoy, with significant differences across product groups. Mining exports fell 11.4%, Agricultural products went up 23.4%, and Industrial products 12.9%. Within mining products, copper exports fell 12.7%, and molybdenum 12.2%, affected by lower production and weak global demand. Within Industrials products, chemical products grew by 26.1%, bleached cellulose by 14.0%, and wine by 9.6%.

As for Imports, the value of Capital Goods Imports grew by 31.2% yoy, driven by rapid investment growth and the strong peso observed during the first part of the year. Consumption goods' imports grew 19.2%, in line with the strong growth of Private Consumption during most of the year. Intermediate Goods imports went up 35.0%, mainly due to falling prices.

With this outcome for the Trade Balance, and with lower net payment of factors and stable current transfers, 2008 closed with a current account deficit of USD 3.4 bn, 2.0% of the GDP.

EXTERNAL ACCOUNTS (% OF GDP)



Source: Central Bank of Chile





MONEDA CHILE FUND LIMITED

PUBLIC FINANCES

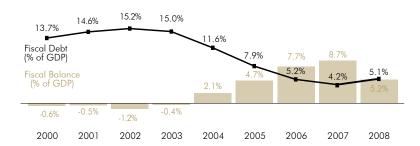
Although smaller than in 2006 and 2007, Fiscal accounts in 2008 closed again with a strong surplus. The surplus reached USD 9.0 bn, 5.2% of GDP. With this figure, the Central Government accumulated a surplus of 21.7% of GDP during the period 2006-2008.

The reduction in the surplus was due to lower copper-related revenues and income tax revenues, and a lower growth in VAT collection. These lower revenues were in part compensated by an increase in other tax revenues. Fiscal expenditure grew a real 7.8%, less than the budget's original target of 8.9%, and focused mainly on larger Public investment.

The Chilean government strengthened its net creditor position in 2008. While Fiscal Debt registered a slight increase in 2008, going from USD 7.1 bn to USD 7.3 bn, the government's assets reached USD 25.5 bn by the end of the year, up from USD 20.9 bn a year earlier. These assets were invested in the Pension Reserve Fund (USD 2.5 bn), the Economic and Social Stabilization Fund (USD 20.2 bn), and other investments managed directly by the Public Treasury (USD 2.8 bn).

The strong fiscal position that Chile continued to build during 2008 earned further recognition in recent months. In March 2009, Moody's upgraded Chile's foreign currency bond rating to A1 with positive outlook from A2. Moody's said that this decision "reflect a strong resilience to adverse external shocks related to both the government's robust foreign asset position and a solid balance sheet that reflects the Chilean government's status as a net creditor". Also, the World Economic Forum, in its "Global Competitiveness Report 2008 - 2009" released in October 2008, ranked Chile as number 14 in the index of Macroeconomic Stability, over countries such as USA (66), Japan (98) and near China (11). Within this Index, Chile stands out in the sub indexes "Government Surplus" and "Government Debt".

PUBLIC SECTOR ACCOUNTS (% OF GDP)



Source: Chilean Ministry of Finance.



Report of the Independent Auditors



KPMG Auditores Consultores Ltda.Av. Isidora Goyenechea 3520, Piso 2
Las Condes, Santiago Chile

Teléfono +56 (2) 798 1000 Fax +56 (2) 798 1001 www.kpmg.cl

To the Board of Directors of Moneda Chile Fund Limited

We have audited the accompanying statements of assets and liabilities of Moneda Chile Fund Limited, including the schedule of investments as of December 31, 2008 and 2007, and the related statements of operations, the statements of changes in net assets and the financial highlights for the years then ended. These financial statements and financial highlights are the responsibility of Moneda Chile Fund Limited's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Moneda Chile Fund Limited's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Moneda Chile Fund Limited as of December 31, 2008 and 2007, and the results of its operations, the changes in its net assets and the financial highlights for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Cristián Bastián E.

Santiago, April 14, 2009

KPMG Ltda.

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A N N U A L R F P O R T

Statements of Assets and Liabilities

(expressed in United States dollars, except share data)

| | December 31, 2008 | December 31, 2007 |
|---|----------------------|----------------------|
| ASSETS | | |
| Common stocks at fair value (cost: \$55,566,308; 2007 \$54,978,780) | \$42,822,083 | \$76,949,456 |
| Receivable for investments sold | 42,538 | 1,841,175 |
| Cash and cash equivalents (Note 3 (i)) | 296,052 | 2,481,806 |
| Dividends and interest receivable | 0 | 358 |
| Sundry debtors | 1,627 | 19,064 |
| TOTAL ASSETS | 43,162,300 | 81,291,859 |
| LIABILITIES | | |
| Loan payable to bank (Note 4) | 0 | 6,505,440 |
| Payable for investments purchased (Note 7) | 94,014 | 1,658,121 |
| Other liabilities (Note 8) | 172,766 | 733,802 |
| TOTAL LIABILITIES | 266,780 | 8,897,363 |
| NET ASSETS APPLICABLE TO OUTSTANDING SHARES | \$42,895,520 | \$72,394,496 |
| | | |
| CAPITAL SHARES OF COMMON STOCK US\$ 0.01 PAR VALUE | | |
| Authorized | 5,000,000 | 5,000,000 |
| Outstanding | 1,596,000 | 1,596,000 |
| NET ASSETS PER SHARE | \$26,88 | \$45,36 |
| | | |
| NET ASSETS CONSIST OF: | | |
| Share capital | \$15,960 | \$15,960 |
| Paid -in capital | 15,704,641 | 15,704,641 |
| Accumulated net investment income | 2,129,239 | 405,815 |
| Accumulated net realized gains from investments | 27.0.47.05.5 | 24.255.454 |
| and foreing currency transactions | 37,847,955 | 34,355,454 |
| Net unrealized (depreciation) appreciation on investments | (10 000 075) | 01 010 407 |
| and foreign currencies | (12,802,275) | 21,912,626 |
| NET ASSETS APPLICABLE TO OUTSTANDING SHARES | \$42,895,520 | \$72,394,496 |



Schedule of Investments in Common Stocks

(expressed in United States dollars)

SCHEDULE BY INDUSTRY (NOTE 3 (D))

| | | Ded | ember 31, 20 | 800 | |
|--|-------|--------------|--------------|-----------|-----------|
| | % of | % of | SHARES | VALUE | COST |
| | Value | Total Assets | s # | \$ | \$ |
| Diversified Operations | 10.99 | 10.90 | | 4,705,190 | 6,072,233 |
| Corpbanca | 4.38 | 4.35 | 474,219,015 | 1,877,652 | 2,697,097 |
| Quiñenco S.A. | 3.58 | 3.55 | 1,107,785 | 1,531,701 | 1,618,713 |
| Sigdo Koppers S.A. | 3.03 | 3.00 | 2,199,294 | 1,295,837 | 1,756,423 |
| Beverages | 10.89 | 10.81 | | 4,665,620 | 4,087,100 |
| Embotelladora Coca Cola Polar S.A. | 4.29 | 4.26 | 1,825,000 | 1,838,047 | 1,271,461 |
| Watt's S.A A Shares | 2.86 | 2.84 | 2,690,000 | 1,225,705 | 1,135,621 |
| Coca Cola Embonor S.A B Shares | 1.30 | 1.29 | 789,869 | 557,233 | 521,646 |
| Coca Cola Embonor S.A A Shares | 1.13 | 1.12 | 707,481 | 483,548 | 552,795 |
| Watt's S.A B Shares | 0.83 | 0.82 | 781,529 | 354,755 | 354,804 |
| Sociedad Anónima Viña Santa Rita | 0.48 | 0.48 | 938,000 | 206,332 | 250,773 |
| Retail | 10.37 | 10.29 | | 4,440,126 | 7,492,328 |
| Distribución y Servicios D&S S.A. | 3.75 | 3.72 | 3,987,000 | 1,606,828 | 1,809,777 |
| Comercial Siglo XXI S.A. | 2.45 | 2.43 | 617,825 | 1,048,395 | 1,434,178 |
| Cencosud S.A. | 2.17 | 2.15 | 652,030 | 927,164 | 2,177,202 |
| Farmacias Ahumada S.A. | 2.00 | 1.99 | 708,969 | 857,736 | 2,071,167 |
| S.A.C.I. Falabella | 0.00 | 0.00 | 1 | 3 | 4 |
| Investment Companies | 10.19 | 10.12 | | 4,363,685 | 3,190,681 |
| Almendral S.A. | 5.75 | 5.71 | 33,359,336 | 2,463,491 | 1,960,527 |
| Sociedad de Inversiones Pampa Calichera S.A A Shares | | 3.01 | 1,461,250 | 1,297,205 | 531,867 |
| Grupo Security S.A. | 1.29 | 1.28 | 3,321,962 | 553,269 | 627,093 |
| Inversiones Frimetal S.A. | 0.12 | 0.12 | 12,657,807 | 49,720 | 71,194 |
| Electric | 6.55 | 6.49 | | 2,801,059 | 2,917,337 |
| Colbún S.A. | 4.45 | 4.41 | 12,178,521 | 1,903,749 | 1,880,140 |
| Empresa Eléctrica Pehuenche S.A. | 2.10 | 2.08 | 213,174 | 897,310 | 1,037,197 |
| Metals-Diversified | 6.37 | 6.31 | | 2,724,054 | 7,296,320 |
| Sociedad Punta del Cobre S.A A Shares | 6.37 | 6.31 | 974,000 | 2,724,054 | 7,296,320 |
| Health Care | 6.22 | 6.17 | | 2,664,822 | 2,024,205 |
| Banmédica S.A. | 6.22 | 6.17 | 3,944,155 | 2,664,822 | 2,024,205 |
| Containers | 4.86 | 4.82 | | 2,079,767 | 2,585,613 |
| Cristalerías de Chile S.A. | 3.81 | 3.78 | 195,877 | 1,631,154 | 2,019,710 |
| Envases del Pacífico S.A. | 1.05 | 1.04 | 688,000 | 448,613 | 565,903 |
| Building and Construction | 4.79 | 4.76 | | 2,054,464 | 3,771,809 |
| Salfacorp S.A. | 3.21 | 3.19 | 1,685,000 | 1,376,699 | 1,796,923 |
| Socovesa S.A. | 1.08 | 1.08 | 3,476,000 | 464,231 | 1,564,180 |
| Cementos Polpaico S.A. | 0.39 | 0.39 | 15,299 | 168,266 | 210,593 |
| Paz Corp, S.A. | 0.11 | 0.10 | 240,092 | 45,268 | 200,113 |
| Explosives | 3.32 | 3.30 | | 1,423,270 | 1,300,060 |
| Enaex S.A. | 3.32 | 3.30 | 348,400 | 1,423,270 | 1,300,060 |



| | | Dec | December 31, 2008 | | | |
|---------------------------------------|-------|--------------|-------------------|-----------|-----------|--|
| | % of | % of | SHARES | VALUE | COST | |
| | Value | Total Assets | # | \$ | \$ | |
| Information Technology | 3.28 | 3.25 | | 1,404,103 | 1,783,976 | |
| Sonda S.A. | 3.28 | 3.25 | 1,469,829 | 1,404,103 | 1,783,976 | |
| Water | 2.91 | 2.88 | | 1,244,403 | 1,865,518 | |
| Inversiones Aguas Metropolitanas S.A. | 2.91 | 2.88 | 1,584,000 | 1,244,403 | 1,865,518 | |
| Electric-Integrated | 2.63 | 2.60 | | 1,124,337 | 1,271,508 | |
| AES Gener S.A. | 2.63 | 2.60 | 3,727,000 | 1,124,337 | 1,271,508 | |
| Pharmaceuticals | 2.51 | 2.49 | | 1,074,996 | 1,099,043 | |
| Laboratorios Andrómaco S.A. | 2.51 | 2.49 | 8,552,265 | 1,074,996 | 1,099,043 | |
| Oil - Gas Exploration & Production | 2.31 | 2.30 | | 991,241 | 1,676,515 | |
| Industrias Forestales S.A. | 1.63 | 1.62 | 5,223,373 | 698,501 | 1,103,390 | |
| GeoPark Holdings Ltd | 0.68 | 0.68 | 73,500 | 292,740 | 573,125 | |
| Building Products / Cement | 2.24 | 2.22 | | 959,627 | 1,568,348 | |
| Lafarge Chile S.A. | 1.09 | 1.08 | 6,334,124 | 467,757 | 380,622 | |
| Masisa S.A. | 0.84 | 0.83 | 4,701,000 | 358,161 | 945,245 | |
| Cementos Bio-Bio S.A. | 0.31 | 0.31 | 103,779 | 133,709 | 242,481 | |
| Food | 2.11 | 2.10 | | 904,254 | 699,568 | |
| Pesquera Itata S.A. | 2.11 | 2.10 | 3,199,069 | 904,254 | 699,568 | |
| Transport - Rail | 1.48 | 1.47 | | 635,248 | 803,622 | |
| Ferrocarril del Pacífico S.A. | 1.48 | 1.47 | 69,587,495 | 635,248 | 803,622 | |
| Home Furnishing | 1.26 | 1.25 | | 537,538 | 780,614 | |
| C,T,I,Compañía Tecno Industrial S.A. | 1.26 | 1.25 | 26,520,638 | 537,538 | 780,614 | |
| Iron / Steel | 1.11 | 1.11 | | 477,383 | 886,907 | |
| Cintac S.A. | 1.11 | 1.11 | 2,430,644 | 477,383 | 886,907 | |
| Real Estate | 1.01 | 1.01 | | 434,470 | 568,141 | |
| Parque Arauco S.A. | 1.01 | 1.01 | 953,676 | 434,470 | 568,141 | |
| Banks | 0.91 | 0.91 | | 390,733 | 426,566 | |
| Banco de Crédito e Inversiones S.A. | 0.91 | 0.91 | 22,920 | 390,733 | 426,566 | |
| Footwear & Related Apparel | 0.79 | 0.78 | | 337,416 | 458,580 | |
| Forus S.A. | 0.79 | 0.78 | 629,760 | 337,416 | 458,580 | |
| Electrical Components & Equipment | 0.69 | 0.68 | | 294,997 | 206,663 | |
| Somela S.A. | 0.69 | 0.68 | 695,374 | 294,997 | 206,663 | |
| Fisheries | 0.21 | 0.21 | | 89,280 | 733,053 | |
| Multiexport Foods S.A. | 0.21 | 0.21 | 1,337,000 | 89,280 | 733,053 | |
| | | | | | | |



Schedule of Investments in Common Stocks

(expressed in United States dollars)

SHEDULE BY COMMON OWNERSHIP (NOTE 3 (D))

| | Percentage of | Percentage of | December 31 2008 |
|---|------------------|------------------|---------------------|
| | Value | Total Assets | Value |
| Group 19 | 9.90 | 9.82 | 4,236,610 |
| Enaex S.A. | 3.32 | 3.3 | 1,423,270 |
| Sigdo Koppers S.A. | 3.03 | 3.00 | 1,295,837 |
| Ferrocarril del Pacífico S.A. | 1.48 | 1.47 | 635,248 |
| C,T,I,Compañía Tecno Industrial S.A. | 1.26 | 1.25 | 537,538 |
| Somela S.A. | 0.69 | 0.68 | 294,997 |
| Inversiones Frimetal S.A. | 0.12 | 0.12 | 49,720 |
| Group 23 | 6.37 | 6.31 | 2,724,054 |
| Sociedad Punta del Cobre S.A A Shares | 6.37 | 6.31 | 2,724,054 |
| Group 2 | 6.08 | 6.03 | 2,602,250 |
| Colbún S.A. | 4.45 | 4.41 | 1,903,749 |
| Industrias Forestales S.A. | 1.63 | 1.62 | 698,501 |
| Group 27 | 5.75 | 5.71 | 2,463,491 |
| Almendral S.A. | 5.75 | 5.71 | 2,463,491 |
| All Other Groups and individual Companies | 71.90 | 71.36 | 30,795,678 |
| Total Common Stocks | 100.00 | 99.23 | 42,822,083 |



Statements of Operations (expressed in United States dollars)

| | PERIOD ENDED F December 31, 2008 | |
|--|--|----------------------|
| INVESTMENT INCOME | | |
| Income | | |
| Dividends | \$2,923,263 | \$3,099,842 |
| Interest | 1,052 | 56,351 |
| Total income | 2,924,315 | 3,156,193 |
| - | | |
| Expenses | (757 710) | (1 421 545) |
| Management fees (Note 9 (a)) | (757,713) | (1,431,565) |
| Custodian fees (Note 9 (b)) Audit fees | (54,312) (23,594) | (84,663) (29,897) |
| Legal fees | (38,750) | (66,381) |
| Administrator's fees (Note 9 (c)) | (16,980) | (16,100) |
| Directors' fees | (43,833) | (33,000) |
| Cost of Board Meetings | (57,575) | (73,193) |
| Other | (34,590) | (26,654) |
| | (81,878) | (20,001) |
| Total expenses | (1,027,347) | (1,761,453) |
| Net operating income | 1,896,968 | 1,394,740 |
| Interest expense (Note 4) | (8,736) | (489,026) |
| Net investment income before tax | 1,888,232 | 905,714 |
| Taxes (Note 3 (h)) | (164,808) | (1,643,338) |
| Net investment income (loss) after tax | 1,723,424 | (737,624) |
| REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS AND FOREIGN CURRENCY | | |
| Net realized gains from investments and foreign currency transactions: Change in net unrealized depreciation on investments and | 6,684,501 | 34,310,942 |
| foreign currency transactions: | (34,714,901) | (10,179,233) |
| Net realized and unrealized (losses) gains from investments | | |
| and foreign currency transactions | (28,030,400) | 24,131,709 |
| Net (decrease) increase in net assets resulting from operations | (\$26,306,976) | \$23,394,085 |

The accompanying notes 1 to 11 are an integral part of these financial statements.



Statements of Changes in Net Assets (expressed in United States dollars)

| PERIOD ENDED | PERIOD ENDED |
|--------------|--------------|
| December 31, | December 31, |
| 2008 | 2007 |
| | |
| | |
| \$72,394,496 | \$72,066,977 |
| | |
| | |

| Net asset , beginning of the period | \$72,394,496 | \$72,066,977 |
|---|--------------|--------------|
| | | |
| From operations: | | |
| Net investment income (loss) after tax | 1,723,424 | (737,624) |
| Net realized gains from investments and foreign currency transactions | 6,684,501 | 34,310,942 |
| Change in net unrealized depreciation on investments and | | |
| foreign currency transactions: | (34,714,901) | (10,179,233) |
| Start to the first of | (0/ 20/ 07/) | 02 204 005 |
| Net (decrease) increase in net assets resulting from operations | (26,306,976) | 23,394,085 |
| Distributions to shareholders from net realized gain on investments and | | |
| | (2.100.000) | (0.702.000) |
| toreign currency transactions: | (3,192,000) | (2,793,000) |
| | | |
| Payments for shares redeemed | - | (20,273,566) |
| Net assets , end of the period | 42,895,520 | 72,394,496 |



Financial Highlights (expressed in United States dollars, except ratios)

| | PERIOD ENDED PERIOD EN | | |
|---|------------------------|--------------|--|
| | December 31, | December 31, | |
| | 2008 | 2007 | |
| PER SHARE DATA | | | |
| Investment operations | 41.00 | (60.40) | |
| Net investement income (loss) after tax | \$1.08 | (\$0.46) | |
| Net realized and unrealized (losses) gains from | (17.5.4) | 15.10 | |
| investments and foreign currencies | (17.56) | 15.12 | |
| Total from investments operations | (16.48) | 14.66 | |
| Distributions from net realized gain on investments and | | | |
| foreign currency transactions: | (2.00) | (1.75) | |
| | (' ') | (/ | |
| Total distributions to shareholders | (2.00) | (1.75) | |
| | | | |
| Payments for shares redeemed | 0.00 | (12.70) | |
| Total capital share transactions | 0.00 | (12.70) | |
| Net (decrease) increase in net asset value for the period | (18.48) | 0.21 | |
| Nist most value beginning of the movied | 45.36 | 45.15 | |
| Net asset value , beginning of the period | 45.30 | 45.15 | |
| Net asset value , end of the period | 26.88 | 45.36 | |
| | | | |
| RATIOS FOR THE PERIOD (annualized) | | | |
| Ratios to average net assets: | | | |
| Investment income | 5.07% | 4.37% | |
| Expenses | 1.78% | 2.44% | |
| Legal expenses | 0.07% | 0.09% | |
| Net investment income | 3.28% | 1.25% | |
| Income Tax | 0.29% | 2.28% | |
| Net investment income after tax | 2.99% | 1.02% | |
| Portfolio turnover | 31.46% | 67.30% | |



Notes to the Financial Statements

December 31, 2008 and 2007

1. ORGANIZATION

Moneda Chile Fund Limited (the "Fund") is a closed-ended, limited liability company incorporated under the laws of Bermuda on June 20, 1995. On May 12, 2005, Moneda Chile Fund Limited merged with a related Bermudan company, Moneda Chile Fund II Limited, leaving the Fund as surviving entity with the same shareholders maintaining the same share interest.

The Fund, which is registered as a foreign capital investment fund in the Republic of Chile, and whose shares are listed on the Bermuda Stock Exchange, is managed by Moneda S.A. Administradora de Fondos de Inversión, a Chilean fund management company and wholly-owned subsidiary of Moneda Asset Management S.A.

The Fund's investment objective is to achieve long-term capital appreciation by investing primarily in shares issued by small and medium - sized Chilean companies. The Fund seeks to achieve its objective by investing primarily in companies that have a market capitalization of less than that of the top 25% of the companies on a Chilean stock exchange or that are expected to be listed through initial public offerings.

The Fund invests in Chile under the provisions of Chilean Decree Law 600 ("DL 600") and Chilean Law N°18,657 which gives certain tax advantages to investment funds organized outside of Chile (see Note 3(h)). The Foreign Investment Committee, a Chilean governmental agency, had authorized the Fund to invest up to US\$ 50 million in Chile. This authorization expired on 1998, thus the Fund cannot bring additional capital into Chile to be invested without obtaining additional authorization from the Foreign Investment Committee. Following the merger (mentioned above), the Fund maintained the investments that it made in Chile under the provisions of DL 600 and Law N° 18,657, as well as certain tax advantages.

Pursuant to its bylaws, the Fund has an original liquidation date of December 31, 2007; however on May 30th, 2007 during the Fund's annual general meeting, an extension of the life of the Fund for an additional period of two years was approved. The Fund's administrator received 1,310,430 votes (equivalent to 63.5% of the outstanding shares at that date) in favor of extending the Fund's life, and 568,519 votes (equivalent to 27.6% of the outstanding shares at that date) against the Fund's continuation (Dissenting Shareholders). By voting against the Fund's continuation, the Dissenting Shareholders received the right to effectively redeem put their shares at US\$ 43.2715962 per share. Ultimately, a total of 468,519 shares were redeemed.

2. RISK FACTORS

The risks involved with investing in securities of Chilean companies are of a nature and degree not typically encountered in securities of companies in more developed countries and they include among others, the following:

- (a) Chilean security markets are smaller and less liquid than the world's leading security markets.
- (b) The Fund's assets are invested primarily in securities denominated in Chilean Pesos or UF (Unidad de Fomento, a Chilean inflation-adjusted monetary unit). However, the Fund's accounting records, net asset value per share and dividends are denominated in US dollars. The Fund may opt to hedge its exposure to this foreign currency exchange risk, but it has not in the past.
- (c) In the past, equity investment in Chile by non-Chilean residents have been subject to various exchange control regulations. Under DL 600 and other Chilean laws, a foreign investment Fund is granted access



to Chile's formal foreign exchange market in order to obtain foreign exchange for remitting funds from Chile. Under an agreement between the Fund and the Republic of Chile, the Chilean government may not retroactively amend the tax and repatriation rules concerning the Fund.

- (d) There is no assurance that the Chilean government will maintain current political and economic policies, and changes in such policies could affect the performance of the Fund.
- (e) The Fund may invest up to 20% of its assets in unlisted Chilean equity securities. Such investments are likely to be illiquid and present risks not tipically found in larger publicly-owned companies. Often times, it may be difficult to determine the market value of such investments, and there can be no assurance that any gain or loss position in such investments can be realized in a timely manner. Nonetheless, as of December 31, 2008 and 2007, the Fund did not have any investments in unlisted Chilean equity securities.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Period of coverage

The statements of assets and liabilities including the schedule of investments, are presented as of December 31, 2008 and 2007. The statements of operations, changes in net assets and financial highlights covers the years ended December 31, 2008 and 2007. The Fund commenced its investment activities on August 31, 1995.

(b) Accounting principles

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. Significant items subject to such estimates include the valuations of investment securities and reserves for income tax uncertainties and other contingencies.

(c) Investment valuations

Common stocks traded primarily on a principal securities exchange are valued at the last reported sales price on such stock exchange on the day of valuation. Unlisted securities are valued at fair value, as determined in accordance with procedures established in good faith by the Fund's Board of Directors.

On January 1, 2008, the Fund adopted the provisions of FASB Statement No. 157, Fair Value Measurements, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Statement 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Statement 157 also establishes a framework for measuring fair value and expands disclosures about fair value measurements (Note 5).

FASB Staff Position FAS 157-2, "Effective Date of FASB Statement No. 157," delays the effective date of Statement 157 until fiscal years beginning after November 15, 2008 for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. This position would be applicable to the Fund on fiscal year 2009.

In October 2008, the FASB issued FASB Staff Position FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active," which was effective immediately. FSP FAS 157-3 clarifies the application of Statement 157 in cases where the market for a financial instrument is not active and provides an example to illustrate key considerations in determining fair value in those circumstances. The Fund has considered the guidance provided by FSP FAS 157-3 in its determination of estimated fair values during 2008.





Effective January 1, 2008, the Fund adopted the provisions of FASB Statement No.159, The Fair Value Option for Financial Assets and Financial Liabilities. Statement 159 gives the Fund the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. The adoption of Statement 159 did not have a significant impact on the Fund's financial statements.

(d) Classification of securities in the accompanying Schedule of Investments in Common Stocks

Common shares are classified by industry in the Schedule of Investments in Common Stocks according to criteria established by Bloomberg.

Several of the Fund's investments are in companies which are affiliated with each other. Classification of companies into affiliated groups is based upon criteria established by the Chilean Regulatory regulatory authorities, and each affiliated group is assigned a group number by such authorities. Investments in groups of affiliated companies aggregating greater than 5% of investments are disclosed in the accompanying Schedule of Investments in Common Stocks.

(e) Security transactions

Security transactions are accounted for on their trade date. Net realized gains and losses are determined on the average cost basis.

(f) Investment income

Dividend income is recorded as of the ex-dividend date. Interest income is recognized on the accrual basis.

(g) Foreign currency translations and transactions

The accounting records of the Fund are maintained in US dollars (US\$). Amounts denominated in or expected to settle in Chilean pesos (Ch\$) or UF are translated into US dollars at the observed exchange rates determined by the Central Bank of Chile on the following basis:

Market value of investment securities and other assets and liabilities: at the closing rate of exchange at the date of the Statement of Assets and Liabilities.

Purchases and sales of investment securities, income and expenses: at the rate of exchange prevailing on the respective dates of such transactions (or at an average rate if significant rate fluctuations have not occurred).

At December 31, 2008 the closing exchange rates were Ch\$636.45 (2007- Ch\$496.89) per US\$ 1 and Ch\$ 21,452.57 (2007- Ch\$19,622.66) per UF 1.

Reported net realized foreign exchange gains or losses relate to currency gains and losses arising from changes in exchange rates between the trade and settlement dates of investment transactions and the difference between the amounts of dividends and interest income recorded on the Fund's books and the US dollar equivalent of the amounts actually received or paid. Unrealized foreign exchange gains and losses arise from the changes in the value of assets and liabilities, including investments in securities, due to variations in exchange rates between the date first recorded in the accounting records and at fiscal year end.

The net accumulated unrealized depreciation (appreciation) on foreign currencies includes an unrealized loss of US\$ 58,050 incurred on the initial remittance of Funds into Chile corresponding to the difference between the exchange rate at which the US dollars were converted to Chilean pesos upon remittance and the observed exchange rate at which the Fund's initial investment in Chilean pesos was recorded in US dollars for accounting purposes. This item will be settled and realized upon the remittance of the funds out of Chile, the final amount of which will depend upon the prevailing exchange rates at that time.



(h) Distributions to shareholders and income tax status

The capital invested in Chile by the Fund has remained in Chile for more than five years, and therefore may be remitted out of Chile at any time, and will not be subject to tax by Chile.

On an annual basis, the Fund can expatriate from Chile, substantially all dividends and interest received plus net realized gains from securities transactions and transactions in foreign currency (after deducting all Chilean expenses). These remittances are subject to the approval of the Foreign Investment Committee and such approval may be withheld where the accumulated net investment income and net realized gains and losses on investments and foreign currencies as expressed in US dollar terms, are negative. Such remittances are used to pay the expenses of the Fund outside of Chile and for distributions to Shareholders. Until June 18, 2001 these remittances were subject to a uniform withholding tax rate of 10%, however after that date the net realized gains from some securities transactions such as listed shares, Chilean Central Bank and certain corporate bonds are not subject to a withholding tax. Only dividends and interest received plus net realized gains from transactions in foreign currency, less all-Chilean expenses, are subject to a withholding tax rate of 10% if they are remitted outside of Chile.

During the year 2008, the Fund remitted US\$ 1,648,080 which were subject to a withholding tax rate of 10% (US\$164,808).

During the year 2007, the Fund remitted US\$ 16,433,380 which were subject to a withholding tax rate of 10% (US\$1,643,338).

The Fund recognizes a provision for withholding taxes when remittances are paid or payable.

As of December 31, 2008 the Fund did not recognize a provision (US\$106,319 at December 31, 2007).

Distributions to shareholders are recorded on the ex-dividend date. In March 2008 a distribution of US\$2.00 per share aggregating US\$3,192,000 was declared from net realized gains on investments and foreign transactions. The dividend was paid in June 2008.

In March 2007 a distribution of US\$1.75 per share aggregating US\$2,793,000 was declared from net realized gains on investments and foreign transactions. The Fund commenced the dividends payments on June 15th, 2007.

Under current Bermuda law, the Fund is not required to pay taxes in Bermuda on income or capital gains. The Fund has received an undertaking from the Bermuda government that, in the event of income or capital gains taxes being imposed, the Fund will be exempted from such taxes until March 28, 2016.

The Fund adopted the provisions of the Financial Accounting Standars Board ("FASB") Interpretation No. 48 ("FIN 48") Accounting for Uncertainty in Income Taxes on December 31, 2007. FIN 48 sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The implementation of FIN 48 did not result in any unrecognized tax benefits in the accompanying financial statements. If applicable, the Fund recognizes interest accrued related to unrecognized tax benefits and penalties in expenses. The Fund files tax declarations with the Chilean Internal Revenue Service in regards the tax withholdings on liquidated dividends. Generally, each of the tax years in the three year period ended December 31, 2008, remains subject to examination by the taxing authorities.

(i) Cash and cash equivalents

The Fund invests its excess or idle cash in highly-liquid money-market mutual funds.



4. LOAN PAYABLE TO BANK

On December 19th, 2006 The Fund rescinded a former Overdraft Agreement and signed a US\$ 12,000,000 Overdraft Agreement with the Banco de Chile – Miami Branch with a maturity date of January 26, 2007 and bearing interest at 0.80% over the one-month LIBOR.

On June 20th, 2007 The Fund rescinded the former Overdraft Agreement and signed a US\$ 18,000,000 credit line facility with the Banco de Chile – Miami Branch with a maturity date of November 2, 2007 and bearing interest at 0.80% over the one-month LIBOR.

As a consequence of the sale of Banco de Chile Miami Branch to Citibank N.A. on the year 2007, the credit line facility was rescinded and the amount in debt at December, 31 2007 was paid during January, 2008.

The Agreement established the following covenants:

- The Fund could not change the established investment policy without Banco de Chile's authorization.
- The Fund should maintain short-term liabilities not higher than US\$ 18,000,000 excluding those balances
 corresponding to liabilities arising from buying financial instruments and accrued interests.
- The Fund should maintain a maximum leverage of 0.5 times, determined as the result of dividing the short-term liabilities by the net assets applicable to outstanding shares.

As of December 31, 2007 the Fund was in compliance with all these covenants, and at December 31, 2008 the company had no outstanding loans covenants applied.

5. FAIR VALUE HIERARCHY

The Fund adopted Statement 157 on January 1, 2008 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Statement 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset
 or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

As of December 31, 2008 and 2007, all of the Fund's assets and liabilities that are measured at fair value on a recurring basis are classified as Level 1.



MONEDA CHIIF FUND IIMITED

6. CAPITAL SHARE TRANSACTIONS

As of December 31, 2008, there were 5,000,000 shares of US\$0.01 par value capital stock authorized and paid-in capital US\$ 15,704,641.

Transactions in capital stock were as follows:

| Increase - Decrease | Shares | | | | Amount | | | |
|---------------------|--------|---------|-------|--------|--------|------------|-------|-----------|
| | 2008 | 2007 | 2006 | 2005 | 2008 | 2007 | 2006 | 2005 |
| Shares redeemed | 0,000 | 468,519 | 0,000 | 54,000 | 0,000 | 20,273,565 | 0,000 | 1,428,299 |
| Net decrease | 0,000 | 468,519 | 0,000 | 54,000 | 0,000 | 20,273,565 | 0,000 | 1,428,299 |

7. PAYABLE FOR INVESTMENTS PURCHASED

As of December 31, 2008, the amount payable for investments purchased of US\$94,014 related to purchases of shares traded on December 2008 and settled on January 2009. As of December 31, 2007, the amount shown in the caption Payable for investments purchased of US\$1,658,121 related to purchases of shares on December 2007 and settled on January 2008.

8. OTHER LIABILITIES

| Other liabilities are summarized as follows: | December 31, | December 31, |
|--|--------------|--------------|
| | 2008 | 2007 |
| Management fees | | |
| - December Fee | 34,372 | 66,906 |
| - Old balance | -650 | 866 |
| - Incentive Fee (2% of Net Earnings) | 0 | 478,570 |
| - Incentive Fee (4% of Dividend Paid) | 63,840 | 0 |
| Custodian fees | 1,640 | 6,237 |
| Audit fees | 23,595 | 20,571 |
| Legal fees | 13,482 | 31,593 |
| Administrator's fees | 4,245 | 18,244 |
| Directors' fees | 20,833 | 3,459 |
| Tax Payable | 0 | 106,319 |
| Travel expenses | 11,409 | 0 |
| Other | 0 | 1,037 |
| US\$ | 172,766 | 733,802 |

9. MANAGEMENT, CUSTODIAN AND ADMINISTRATOR'S FEES

(a) Management fees

Moneda S.A. Administradora de Fondos de Inversion shall receive in each calendar year, starting from 1 January 2007, a management fee consisting of:

- a) a fixed annual fee of 1% of the Fund's Net Asset Value, paid monthly in arrears; plus
- b) an incentive fee equal to 4% of any dividends paid in that same calendar year; plus
- c) an incentive fee equal to 2% of any increase in the Net Asset Value of the Fund, if any in that same calendar year, not paid out as a dividend. This last fee will be paid after the Board of Directors approves the Fund's annual financial statements.



2008

For purposes of the above, the Net Asset Value of the Fund shall be increased from that set forth in the approved financial statements by the amount of any debt and accrued interest approved by the Board of Directors, to recognize that assets under management increase as a result of gearing."

Management fees paid and accrued for the year ended December 31, 2008 amounted to US\$ 757,713 (2007 - US\$ 1,431,565), composed by US\$ 630,033 of fixed fees (US\$ 897,135 in 2007) and US\$ 127,680 of incentive management fees (US\$ 534,430 in 2007).

(b) Custodian fees

On June 17, 2002, Banco de Chile was appointed custodian of the Fund's assets in Chile. The custodian agreement provides for the Fund to pay to the Custodian an annual fee of 0.08% of the Fund's assets under custody with a minimum per month of UF 50. All fees are subject to value added tax.

Until September 2006, the custodian for the Fund's assets outside of Chile was The Bank of Bermuda Limited. Ever since September 25, 2006 the Fund's custodian for assets outside of Chile is Pershing LLC, part of the Bank of New York group.

During the year ended December 31, 2008, the Fund paid US\$ 54,312 for these services (US\$ 84,663 in 2007).

(c) Administrator's fees

The Fund's administrator is Apex Fund Services Ltd., a company incorporated in Bermuda. The administrator receives the following fees and remuneration:

- Registrar and transfer agency fees of US\$ 500 per month plus US\$ 50 per transaction.
- Corporate secretarial services at a fee of US\$ 7,500 per annum.
- Listing sponsor fees of US\$2,000 per annum.

The amount paid to the administrator for the year ended December 31, 2008 was US\$ 16,980 (2007-US\$ 16,100).

10. BROKERAGE COMMISSIONS, STOCK EXCHANGE FEES AND VAT TAXES

During the year ended December 31, 2008, the Fund paid brokerage commissions and VAT taxes for purchases and sales of investments in common stocks of US\$40,348, This amount was US\$ 84,163 for the year ended December 31, 2007.

11. INVESTMENT TRANSACTIONS

Purchases and sales of securities for the year ended December 31, 2008 (excluding short-term investments) aggregated US\$ 18,137,517 (2007 - US\$ 48,611,598) and US\$ 23,525,704 (2007 - US\$ 76,814,955), respectively.



FINANCIAL STATEMENTS

Moneda Chile Fund • Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2009 Annual General Meeting of Members of Moneda Chile Fund (the "Company") will be held at 3rd Floor, 31 Reid Street, Hamilton HM12, Bermuda, on Monday, June 8, 2009 at 3:00 p.m. (Bermuda Time).

- 1. To appoint a Chairman of the meeting.
- 2. To read and confirm the Minutes of the previous Annual General Meeting held on June 13, 2008.
- 3. To receive and adopt the Audited Financial Statements of the Company for the year ended December 31, 2008, together with the Auditor's Report thereon.

4. To determine the number of Directors.

It is proposed that the number of Directors be set at a maximum of five and a minimum of three, and that any vacancy on the Board may be filled at the discretion of the Directors.

5. To elect the Board of Directors.

It is proposed that the following persons, who have indicated their willingness to stand, and being eligible, be elected Directors.

Mr. Jorge M. Carey Mr. Donald M. Campbell Mr. Scott Perry

To appoint Auditors.

It is proposed that KPMG Auditores Consultores Ltda., from Santiago, Chile be reappointed Auditors of the Company for the year ending December 31, 2009 and the terms, conditions and fees be determined by the Directors.

- 7. To extend the life of the Company, pursuant to the Bye-Laws of the Company.
- To amend the Company's Bye-Laws.

Ratification of Acts.

It is proposed that all actions taken by the Directors and Officers of the Company up to the date of the last audit, be ratified and confirmed.

BY ORDER OF THE BOARD

Sharon Ward SECRETARY Dated: May 15, 2009

Note: Shareholders unable to attend are requested to complete the enclosed proxy and return it for the attention of Ms. Sharon Ward at the address stated on second page of the proxy or via facsimile number (441) 292-1884



MONEDA CHILE FUND LIMITED

31 Reid Street, Hamilton HM12, Bermuda

May 15, 2009

Dear Shareholder:

Moneda Chile Fund Limited ("MCF") was established in June 1995. On May 30, 2007 MCF was successfully renewed for an additional period of two years. As shareholders will be aware, the Company's Bye-Laws require a vote of the Shareholders at the end of every two years to decide if the Fund is to continue. The next such vote will be taken at the Annual General Meeting on June 8th, 2009.

For many shareholders, the ending of MCF would be unfortunate because:

- They see advantage in retaining investment in Chile, whose economic performance and prospects continue being positive.
- The management of MCF's investments has been outstanding, outperforming market indices and other Chilean funds.
- MCF has particularly advantageous tax arrangements with the Chilean authorities.

Therefore, your Directors recommend shareholders to vote "Yes" with all their shares on the vote to continue MCF for an additional period of two years.

Those shareholders wishing to redeem all or part of their shares will be required to vote the shares to be redeemed against continuation (while voting the remainder of their shares (if any) for continuation. Redemption price will be at a fair value considering, for calculation purposes, the Net Asset Value as of June 5th. After the shareholder meeting, if the Company is to continue, those shareholders voting against continuation will then be given the opportunity to redeem any part of the shares voted against continuation at the Redemption Price, which request for redemption must be received by June 15th, 2009. Redemptions will be paid on or before July 15th, 2009, which may be extended at the discretion of the Board to assure an orderly liquidation of assets and the necessary governmental approvals to transfer funds for redemption payments.

Accordingly, the Directors propose:

- Continuation of MCF for an additional period of two years. The continuation would be subject to the approval of Shareholders of MCF by simple majority, as stated in the Company Bye-laws.
- Shares voting against such further continuation would have the option to be redeemed at fair value.
- The Directors of MCF have determined that the fair value of the Shares is equivalent to Net Asset Value per Share on the date of repurchase minus 4.98% on account of applicable taxes, transaction costs and brokerage fees, other legal and administrative expenses and foreign exchange costs. For reference purposes, Net Asset Value per MCF Share as of May 8th 2009 minus 4.98% was equal to US\$ 34.38.
- Shares not redeemed in the above process can, at any time prior to the next shareholder continuation vote, be offered for redemption by the Company. However, any such redemptions before the next continuation vote are, pursuant to the bye-laws, subject to the discretion of the Board.

Shareholders should take into account that the Board has announced a dividend of \$2.00 for 2008. The shares will go ex-dividend on June 19th, 2009, and redeemed shares will not receive the dividend, even though payment for the shares may not have been received by June 19th. However, in determining the net asset value as of June 5th (and therefore the redemption price), the prospective dividend will not have been deducted

Accordingly, your Directors strongly urge shareholders to vote "Yes" with all their Shares on the vote to continue MCF for the following 2 years, being effective immediately following the Shareholders Annual General Meeting.

For that purpose, please complete, sign and send to the Company the enclosed Form Proxy as soon as possible.

The Directors of the Fund are expecting modest redemptions of shares following the Annual General Meeting this year. Shareholders who would like to purchase shares at the same price at which the Company is redeeming them, should contact Alfonso Duval or Hernan del Sante at phone number 562 337-7909 or at aduval@moneda.cl or hdelsante@moneda.cl respectively. Shareholders can make these purchases using any available funds, including funds received from this year's dividend of \$2.00 per share.

For and behalf of the Board of Directors

Apex Fund Services Ltd. ASSISTANT SECRETARY

MONEDA CHILE FUND • Form of Proxy

To be used for the 2009 Annual General Meeting of the above-named Company to be held at the offices 3rd Floor, 31 Reid Street, Hamilton HM12, Bermuda, on Monday 8 June, 2009 at 10:00 a.m. (Bermuda time).

| I/ We | | |
|--|-----------|----------------|
| of | | |
| being (a) Member(s) of Moneda Chile Fund (the "Company") hereby appoint the Chairman of the authority to him to appoint any such person to act in his stead whom he deems fit, failing whom | he Meeti | ng and grant |
| as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be he 2009 at 10:00 a.m and at any adjournment thereof. | ld on Mc | onday 8 June, |
| I/We direct my/our proxy to vote on the resolutions set out in the Notice convening the Annual Gener | al Meetir | ng as follows: |
| ORDINARY RESOLUTIONS | *FOR | AGAINST |
| THAT the Audited Financial Statements of the Company for the year ended 31st December, 2008 together with the Auditors' Reports thereon, be received and adopted. | | |
| THAT the number of Directors be set at a maximum of five and a minimum of three and that any vacancy on the Board may be filled at the discretion of the Directors. | | |
| That Mr. Jorge Carey be elected as a Director. | | |
| That Mr. Donald Campbell be elected as a Director. | | |
| That Mr. Scott Perry be elected as a Director. | | |
| THAT the maximum aggregate remuneration of the Directors shall be \$50,000 per annum distributed among the Directors at the discretion of the Board. | | |
| THAT KPMG Auditores Consultores Limitada. from Santiago, Chile, be reappointed Auditors of the Company for the year ending 31st December, 2009 and that the terms, conditions and fees be determined by the Directors. | | |
| THAT the Company extend its life for an additional period of two years, immediately following this AGM. | | |
| THAT the Company's bye-laws be amended by adding at the end of bye-law number 88 the words "Where a Member indicates his consent (in a form and manner satisfactory to the Board) to receive the aforesaid documents by accessing them on a website rather than by other means, the Board may deliver such documents by notifying the Member of their availability and including therein the address of the website, the place on the website where the documents may be found, and instructions as to how the documents may be accessed on the website. In such case, service shall be deemed to have occurred when (i) the Member is notified in accordance with this bye-law; and (ii) the documents are published on the website." | | |
| THAT all actions taken by the Directors and Officers of the Company up to the date of the last audit, are ratified and confirmed. | | |
| Dated this day of 2009 Signature | | |

^{*}Please indicate how you wish your proxy to vote by placing a tick in the appropriate box. If you do not do so, your proxy will abstain or vote for or against the resolution at his discretion.

NOTES:

- 1) If you wish to appoint as your proxy some person other than the Chairman of the Meeting, please insert in BLOCK CAPITALS the full name of the person of your choice, delete the words "the Chairman of the Meeting, failing whom" and initial the amendment.
- This proxy (and the Power of Attorney and other authority, if any, under which it is signed or a notarially certified office copy thereof) must be deposited with the Company's Registrar at APEX Fund Services Ltd., 3rd Floor, 31 Reid Street, Hamilton HM12, Bermuda, attention: Ms. Colleen Simmons, or via fax at (441) 292-1884 not less than 36 hours before the time appointed for the holding of the Meeting.
- 3) If the appointer is a Corporation, this proxy must be executed under its Common Seal or under the hand of some Officer or Attorney duly authorized on its behalf.
- 4) In the case of joint holders, any one such person may sign.

PLEASE RETURN TO:

APEX Fund Services Ltd. 3rd Floor, 31 Reid Street Hamilton HM12 BERMUDA

Attention: Ms. Sharon Ward

MONEDA ASSET MANAGEMENT

Av. Isidora Goyenechea 3621, Piso 8 • Santiago • Chile Tel: (56-2) 337 7900 • Fax: (56-2) 337 7999 www.moneda.cl • e-mail: info@moneda.cl