

# MONEDA CHILE FUND LIMITED

INVESTMENT FUND



ANNUAL  
REPORT 2010

# MONEDA CHILE FUND LIMITED

ANNUAL REPORT  
For the year ending December 31, 2010



MONEDA  
ASSET MANAGEMENT



CHAIRMAN'S STATEMENT	5
MANAGER'S REPORT	6
INVESTMENT PERFORMANCE	11
OPERATING EXPENSES	14
PORTFOLIO INVESTMENTS	14
THE CHILEAN ECONOMY	25
FINANCIAL STATEMENTS	33



---

## CHAIRMAN'S STATEMENT

---

Dear Shareholders:

Moneda Chile Fund (the Company) provided shareholders a return of 74.1% in USD terms in 2010, outperforming its investable universe (Chilean small & mid caps) represented by the Moneda 500 Index, which returned 64.7%. Since it was launched in August 1995, Moneda Chile Fund has delivered to its shareholders a compounded annual return of 16.9%, largely exceeding the compounded performance of the IPSA (9.8%), IGPA (7.9%) and Moneda 500 (11.1%) indices in the same period. Moneda Chile Fund paid in June, 2010 an annual dividend of USD 2.5 per share. We are pleased to announce that Moneda Chile Fund will pay a dividend of USD 3.0 per share in June, 2011.

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 9<sup>th</sup>, 2011. Continuance of the Company 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 all or part of their holdings should vote the shares they wish to redeem against continuance and they will be paid fair value (i.e. net asset value at the date of the vote less a percentage which represents the estimated cost of liquidating investments and remitting the funds from Chile), so as to be fair to those shareholders who remain in the Fund and will be liable for all 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.

Finally, I wish to offer my personal thanks to each and every member of Moneda's staff and in particular, to the investment team for their consistent dedication to the pursuit of added value for our clients. My thanks also go to all shareholders for placing their trust in the Company for more than 16 years and I wish to reiterate our commitment to continue managing Moneda Chile Fund in accordance with the highest standards of professionalism.

**Jorge M. Carey**  
*Chairman*  
Moneda Chile Fund Ltd.



---

## MANAGER'S REPORT

---

### DESCRIPTION OF THE COMPANY

#### *OBJECTIVE*

The objective of the Moneda Chile Fund Limited (the "Company") is to achieve long-term capital appreciation by investing primarily in shares issued by Chilean small and medium sized companies. The Company will seek to achieve its objective by investing primarily in companies that have a market capitalization less than 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*

Moneda Chile Fund Limited is an exempted company that was incorporated in Bermuda on June 20, 1995. The shares of the Company are currently listed on the Bermuda Stock Exchange. The Company 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 December 31, 2010 Moneda Chile Fund was renewed for an additional period of two years.

#### *DIRECTORS*

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

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

The Directors' maximum aggregate remuneration shall be USD 50,000 per annum, distributed at the Board's discretion.

All the directors mentioned above are non-executive directors.

As of December 31, 2010, Mr. Donald Campbell, Director of the Company, personally or beneficially owned 433,400 shares of the Company. Mr. Campbell is also the Chief Executive Officer of Guaranty Finance Management, LLC, which manages Guaranty Finance Investors LLC, which in turn owns 350,000 shares in the Company. Together these two holdings amount to 51.10% of the Company's outstanding shares, most of which are registered under the name of Citivic Nominees Limited.

As of December 31, 2010, Mr. Jorge Carey and Mr. Scott Perry, both Directors of the Company, personally or beneficially did not own shares of the Company.

The Company's Board can issue any un-issued shares on terms and conditions, including subscription price, which it may determine from time to time.

## THE MANAGER

The Company is managed by Moneda S.A. Administradora de Fondos de Inversión (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 Echeverría), International Finance Corporation (IFC), and Larraín Vial S.A. In June 1998, the management team acquired the 40% interest Larraín 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 and Estrella del Sur Ltda., investment company of Mr. Raimundo Valenzuela, a Chilean entrepreneur acquired the stake of five partners deciding to leave Moneda, including Mr. Undurraga and Mr. Cruz. On May 2008, Alfredo Reyes joined Moneda as partner and head of Moneda's wealth management division. As of December 31, 2010 the partners of Moneda were Pablo Echeverría (Chairman), Juan Luis Rivera, Fernando Tisné, Alvaro Alliende, Alfredo Reyes, and Consorcio Financiero and Estrella del Sur Ltda. as Moneda's financial institutional partner.

As of December 31, 2010 Moneda manages assets above USD 4,500 million, distributed in the following asset classes:

Chilean Equities Investment Funds	USD 1,656 million
Latin American Debt Funds	USD 979 million
Absolute Return Funds	USD 316 million
Latam Small & Mid Cap Funds	USD 370 million
Private Equity Funds	USD 30 million
Real Estate Funds	USD 103 million
Wealth Management & Global Mandates	USD 1,112 million

## SIGNIFICANT SHAREHOLDERS

As of December 31, 2010, the following members held in excess of 10% of the issued share capital.

Citiciv Nominees Limited	32,22%
Guaranty Finance Investors LLC	22,83%
Campbell, Donald M.	17,51%
The Bank of New York fbo Donald M. Campbell Money Purchase Plan	10,44%





## CHANGES IN BYLAWS

There have been no changes in the bylaws of the Company during 2010.

The abolition, alteration or amendment of the Company'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.

## RENEWAL OF THE COMPANY

The Company shall be discontinued on the next expiration date (December 31, 2011) unless extended. At the annual general meeting every two years, commencing in 2007, a proposal to extend the Company for a two year period is submitted to the Company'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 Company the payment of the fair value of the dissenting shares.

On June 8th, 2009 and during the Company's annual general meeting, an extension of the life of the Company for an additional period of two years was approved. The Company's Administrator received 1,147,930 votes (equivalent to 71.93% of the outstanding shares by that date) voting in favor of the continuation of the Company, and 48,200 votes (equivalent to 3.02% of the outstanding shares by that date) voting against the continuation of the Company (Dissenting Shareholders). By voting against the continuation of the Company, Dissenting Shareholders received the right to effectively redeem their shares to the Company at USD 38.6247 per share. Dissenting Shareholders enforcing their right to redeem had to manifest it in written to the Company Administrator prior to June 8th, 2009. Dissenting Shares that finally enforced their right to redeem reached 41,080.

The Company may at its own discretion, subject to the approval of the Board redeem or repurchase shares of shareholders who request a redemption at other times, 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 Company 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.

## MATERIAL CONTRACTS

### *A): MANAGEMENT AND ADVISORY AGREEMENT*

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

- a. fixed annual fee of 1% of the Company'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 Company, if any, in the same calendar year, not paid out as a dividend. This last fee will be paid after the Board of Directors approves the Company's annual financial statements.

The Manager is not liable to the Company or its shareholders, except in certain specified cases such as wilful 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 Company 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 interests starting as of January 1, 2003. This was done to recognize that assets under management increased as a result of gearing.

Management fees paid and accrued for the period ended December 31, 2010 amounted to USD 2,043,240 (2009 USD 1,382,397), composed by USD 916,964 of fixed fees (USD 606,074 in 2009) and USD 1,126,276 of incentive management fees (USD 776,323 in 2009).

#### ***B) ADMINISTRATION AGREEMENT:***

In October 2006, Apex Fund Services Ltd (“Apex”) was appointed Administrator of the Company, 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 at 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, 2010 was USD 16,980 (2009 USD 16,980).

Either party giving sixty days notice can terminate the agreement.

#### ***C) CUSTODIAN AGREEMENT:***

On June 17, 2002, Banco de Chile was appointed custodian of the Company’s assets in Chile. Through Banco de Chile, the Company’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.

On October 1, 2008 a new custodian agreement was signed with the Banco de Chile which included all of the funds Moneda S.A. Administradora de Fondos de Inversión and its related management companies have under management. The new economic terms consider charging a fee based on monthly portfolio valuations and monthly portfolio transactions of all Funds under Banco de Chile’s custody according to a fee scale. Once the total amount of custodian fee is determined, it is prorated according to the proportion that each Fund represents of the total assets under custody.

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.

During the period ended December 31, 2010, the Company paid USD 25,742 for these services (USD 21,867 in 2009).

---

## 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*

3<sup>rd</sup> Floor, 31 Reid Street,  
Hamilton HM12  
Bermuda

### *SECRETARY*

**Ms. Sharon Ward**  
3<sup>rd</sup> Floor, 31 Reid Street,  
Hamilton HM12  
Bermuda

### *RESIDENT REPRESENTATIVE IN BERMUDA*

**Mr. Peter Hughes**  
3<sup>rd</sup> Floor, 31 Reid Street,  
Hamilton HM12  
Bermuda

### *MANAGER*

**Moneda S.A. Administradora de Fondos de Inversión**  
Isidora Goyenechea 3621 8<sup>th</sup> floor,  
Santiago, Chile.

### *INVESTMENT ADVISOR*

**Moneda Asset Management S.A.**  
Isidora Goyenechea 3621 8<sup>th</sup> 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  
Alameda 251  
Santiago, Chile.



**AUDITORS**

**KPMG Auditores Consultores Ltda.**

Monjitas 527, Piso 15  
Santiago, Chile.

**ADMINISTRATOR**

**Apex Fund Services Ltd.**

3<sup>rd</sup> Floor, 31 Reid Street,  
Hamilton HM12  
Bermuda

---

## INVESTMENT PERFORMANCE

---

After a remarkable 2009 when global stock markets –measured by the MSCI ACWI– returned 35.4% in dollars, 2010 also had a good performance of 13.1%. However, it was a year with high volatility in the financial markets.

The first quarter of the year had a good performance, thanks to expectations that the world economy was recovering from the 2009 recession. In April, the fiscal problems of the periphery of the Euro Zone increased volatility in the markets. During May, the MSCI ACWI dropped 9.4% in dollars: emerging markets fell 8.8%, developed markets 9.5%, and emerging European markets 12.3%. At the end of May, the European Union and the IMF provided a support package for Greece, the country with the worst fiscal position, which temporarily reduced volatility. However, the economic situation of these countries remained very weak during the rest of the year. At mid-year, expectations that the US economy would fall into a second recession (double-dip) negatively affected markets.

In the second half of the year, good results of stress test of the European banks, better-than-expected economic data, and stimulus programs by central banks around the world (e.g., QE2), helped recover investor confidence. In the remainder of the year, most asset classes had a very good performance.

In 2010, emerging markets returned 19.2%, 6.0% more than developed markets. The best performing region (measured in dollars) was Asia Pacific ex-Japan, which closed 2010 with a 19.9% rise, followed by Emerging Asia and Emerging Europe with 19.4% and 17.1%, respectively. Latin America yielded 14.9%, lower because of the 6.1% return of Brazil (which represents approximately 66% of the MSCI Latam) and from over 40% return throughout most other countries.

During 2010, global trade –driven primarily by emerging economies– resumed strong growth, which helped inventory reconstruction and rose demand for raw materials. Therefore, commodity prices increased significantly, while emerging currencies appreciated. For example, the price of copper, wood pulp and oil went skyward, closing the year at USD 4.42/lb, USD 948.90/ton and USD 91.40/barrel.

In Chile, the year began with the election of a new president, Sebastián Piñera, who represented the center-right Coalición por el Cambio. This ended a 20-year succession of government administrations led by the center-left Concertación. The markets reacted positively to expectations that the new, pro-market government would deliver higher GDP growth. On February 27<sup>th</sup>, the country was affected by a strong earthquake. According to estimates by the Banco Central de Chile, costs of the earthquake would be some USD 29,662 million, of which 70% corresponds to infrastructure damages and the rest to the expected impact on the GDP (1.5%).



Despite the latter, GDP grew 5.2%, driven by internal demand, where consumption grew 10.4%, positively affected by the employment growth and relaxing credit restrictions. Investment finished 18.8% up, primarily driven by equipment and machinery, and encouraged by lower interest rates and local currency appreciation.

In the first three quarters of 2010, Chilean companies listed on the local stock exchange showed solid growth of sales, EBITDA and earnings, of 8.4%, 13.9% and 24.6%, respectively. Although this growth seems moderate, if the electricity sector were excluded, figures for sales, EBITDA and earnings growth would have been 10.3%, 32.7% and 54.1%, respectively.

The sectors that showed the highest EBITDA growth were Steel and Iron (383%), explained by the increase in the price of iron (101%) and the consolidation of CAP's mining business; forestry (49%), due to an 18.8% increase in the price of pulp (NBSK); and domestic goods (44%), in response to the consumer pent-up demand as a result of the 2009 crisis. The sectors that showed the lowest growth were electricity generation (-18.1%); electricity distribution (-8.2%); and construction (-6.6%). The slump in the electricity sector was due to low water reservoirs, expensive fuels, and lower regulated tariffs.

The local stock market, as measured by the IPSA, closed 2010 with a rise of 49.1% in USD, reaching 4,928 points after an historic high in November (5,026 points). Shares of cyclical companies, such as construction, raw materials, and retail were the most profitable in the year. Besalco, SM-Chile A, Hites and Campos stood out with returns of 230%, 225%, 204% and 182% respectively. On the other hand, shares of the electricity sector showed the worst relative performance. The deepest slumps came from Schwager (-13.3%), Quintec (-13.3%), CGE (-3.6%) and Fósforos (-1.4%).

The small and mid cap companies, represented by the Moneda 500 index (where the Company has 96.3% of its portfolio) closed the year with a 64.7% increase. Despite the asset class performing better than the IPSA during 2010, it is still trading at a larger discount on valuation multiples than the historical average of 10%.

Moneda Chile Fund finished 2010 with a 74.1% return in USD, better than the Moneda 500 and IPSA indices. This superior performance can be explained by higher selectivity. Among the Company's largest transactions during the year are the Calichera share swap by Oro Blanco, the sale of all FASA positions, the considerable increase of Sonda's and CTI's positions, and the purchase of 18.3% of Interoceánica property by the Pionero, Colono and Moneda Chile funds. This transaction represented an investment of USD 36 million.

The following graph shows the compound nominal annual return of the value for different periods, all ended December 31, 2010, compared to changes from other stock indices.

## MONEDA CHILE FUND RELATIVE TO INDICES (IN USD)

Annually compounded return for the period ended on December 31, 2010

	2010	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
Moneda Chile Fund	74.1%	25.5%	27.8%	29.4%	16.9%
IGPA	49.7%	20.1%	22.3%	19.2%	7.9%
IPSA	49.1%	19.7%	22.4%	18.7%	9.8%
Moneda 500 Index	64.7%	19.9%	22.2%	23.3%	11.1%
MSCI Chile Small Caps	71.9%	21.7%	23.5%	25.3%	11.9%

- **IPSA:** Index compiled by the Santiago Stock Exchange, which includes the 40 most traded stocks (the index does include dividend reinvestment).
- **IGPA:** Index compiled by the Santiago Stock Exchange that includes all the companies listed on this Stock Exchange (the index does not 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.
- **MSCI Chile Small Cap** Index was developed by Morgan Stanley Capital International – Barra and officially launched on May 2008

On 31st December 2010, the Chilean stock market<sup>1</sup> was worth USD 241.468 million. The top-quartile companies represent 78.5% of this total.

QUARTILE	N° OF COMPANIES AT 31 DECEMBER 2010	% OF MARKET CAPITAL	USD MILLION		
			MIN.	MAX.	AVGE.
1	21	77.7%	2,535	26,984	10,745
2	21	14.7%	1,109	4,218	2,627
3	21	5.5%	245	1,450	944
4	22	2.0%	18	589	327
<b>Market Cap</b>					<b>286,012</b>

\* Quartiles defined according to market values on 31st December 2010.

As of December 31, 2010, 97.6% of the Company's portfolio was invested in shares of national companies. 92.9% of total investments in shares were in companies situated in the three lower market quartiles. This strategy has been maintained consistently since Moneda Chile Fund was launched in 1995 and the Company has become a unique opportunity to complete and complement a portfolio in this sector of national equities.

1. Chilean stock market: represented by the Moneda General Index, constructed from the Chilean equity market adjusted by stock market presence and minimum liquidity criteria.



PORTFOLIO	IPSA	AFP	MONEDA CHILE FUND	
			2010	2009
Large Caps (Q1)	84.06%	79.97%	7.10%	10.26%
Small y Mid Caps (Q2+Q3+Q4)	15.94%	20.03%	92.90%	89.74%
Quartile 2 (Q2)	12.31%	13.69%	51.06%	44.19%
Quartile 3 (Q3)	3.41%	4.29%	18.64%	24.45%
Quartile 4 (Q4)	0.23%	1.03%	14.51%	10.00%
Other Shares	0.00%	1.01%	8.69%	11.10%
<b>IPSA</b>	<b>100.00%</b>	<b>86.37%</b>	<b>36.59%</b>	<b>47.65%</b>

\* Table based on Moneda General Index, 2010.

The Company's Net assets applicable to outstanding shares after tax for year 2010 was USD 51,494,254 higher than last year's USD 35,054,391. This can be explained by (a) a higher Dividend Income of 4,687,344 (1,939,220 in 2009) (b) a substantial increase in the net realized gains from financial assets of 10,478,597 (4,009,763 in 2009) and (c) an increase in the net unrealized appreciation from financial assets of 38,994,921 (30,887,422 in 2009).

The Company's Directors resolved to pay a dividend of USD 3.00 per share in June 2011.

## OPERATING EXPENSES

Operating expenses for the Company decreased to 2.36% in 2010 of the NAV of the Company, compared to 2.73% in 2009, primarily as a result of a higher base of assets in the Company (this ratio is calculated as operational expenses over average assets).

Excluding performance based fees to the Manager, operating expenses decreased even further, to 0.xx% in 2010 from 1.xx% in 2009.

## PORTFOLIO INVESTMENTS

As of December 31, 2010, 97.6% of the assets of the Company were invested in Chilean equities (including American Depository Receipts).

Since the Company'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 Company mainly invested in companies with a market capitalization of less than USD 500 million. Today, the Company looks to invest primarily in companies situated in the second, third and fourth quartiles of companies, according to their market capitalization.

As of December 2010, 7.1% of the Company's total assets were invested in companies with market capitalizations within the first quartile.

The Company has neither issued any new shares during this period nor since its inception. The total number of subscribed shares was 1,533,110 as of December 31st 2010, after 21,810 shares were voluntarily redeemed pursuant to one shareholder's decision to redeem shares, which was agreed to by the Directors.

As of December 31<sup>st</sup>, 2010, the net asset value of the Company was USD 121,001,168.-, representing a net asset value per share of USD 78.2258. Due to the appreciation of the Company's investments, as well as the appreciation of the Chilean peso during the 2010, and after adjusting for the dividend payment, the Company's per share NAV increased by 74.1%, during 2010.

## DESCRIPTION OF THE TEN LARGEST INVESTMENTS

Ten largest holdings of the Company as of December 31, 2010

STOCK	INDUSTRY	MARKET CAP (USD MILLION)	MCF (1) HOLDING (USD MILLION)	% OF TOTAL ASSETS (12/31/10)	P/E LTM 10
PUCOBRE-A	Metal Mining	1.431,6	10,1	8,5%	15,9
CORPBANCA	Banking	4.213,2	8,1	6,8%	16,6
BANMÉDICA	Health Care & Insurance	1.504,4	7,9	6,6%	15,9
SALFACORP	Construction	1.444,0	6,6	5,5%	30,5
SONDA	Technology	1.902,4	6,6	5,5%	26,5
ANDRÓMACO	Pharmaceutical	323,4	5,2	4,4%	16,7
SK	Conglomerates	1.824,4	5,2	4,4%	16,2
ALMENDRAL	Investment Company	1.756,1	5,1	4,3%	9,3
ORO BLANCO	Investment Company	2.334,0	4,3	3,6%	5,7
WATTS	Food	335,6	4,2	3,5%	9,7
<b>Total Top 10</b>			<b>63,1</b>	<b>53,1%</b>	<b>17,1</b>
<b>MCF</b>			<b>118,9</b>	<b>100%</b>	

## MOST SIGNIFICANT INVESTMENTS

The Company's ten largest holdings on December 31, 2010 are: Pucobre, CorpBanca, Banmédica, Salfacorp, Sonda, Andrómaco, SK, Almendral, Oro Blanco, and Watts, of which the first five alone each represent more than 5 % of the Company's total Assets.

### PUCOBRE

Pucobre produces and markets copper concentrates and cathodes. The company obtains copper ore primarily from the Punta de Cobre deposit in Tierra Amarilla, located near the city of Copiapó, some 900 km north of Santiago, and from other smaller deposits such as Venado Sur and Manto Negro, in the same region. Its concentrates are treated at the company's San José plant and it produces copper cathodes at the Biocobre plant. Its geographical location and high concentration copper deposits help the company maintain low operational costs that can compete with large deposits operating in the country.





Since it was formed in 1989, the company's mineral treatment capacity has shown 16% annual growth, moving from 23,000 tonnes per month in 1989 to 330,000 tonnes in 2007 after expansion at the San José plant.

In January 2009, Pucobre announced that it had purchased 51% of the El Espino project, plus 18% of Explorator Resources - the company that owns the remaining 49% of the project. Located in Chile's Region IV, this deposit holds proven reserves of 123 million tonnes grading an average 0.66 copper. This mine presents considerable growth potential for the company as it would complement the current operation at Pucobre.

During 2010, the price of copper moved from USD 3.31/lb to USD 4.42/lb at a yearly average of USD 3.42/lb. Sales to September reached USD 176 million (+30.5%), mainly due to the average price increase during those months (USD 3.26 in 2010 vs. USD 2.12 in 2009). The company's results to September show that the operational result improved USD 14.2 million, or 26.1%.

Financial records to September 30, 2010, obtained from the financial statements available from the local securities regulator, Superintendencia de Valores y Seguros, are as follows:

#### *PUCOBRE*

<b>MKT CAP (USD MILLION)</b>	<b>NET EARNINGS (USD MILLION)</b>	<b>RETURN ON EQUITY 2010</b>	<b>P/E 2010</b>	<b>EPS GROWTH 10/09</b>	<b>P/BV 2010</b>
1,431.6	90.1	51.9%	15.9	7.2%	6.4

## **CORPBANCA**

CorpBanca is the fifth largest bank in Chile, measured by its placements as of November 2010. Controlled by the Saieh group, it has a market share of 7.28% (measured by the same parameters). It had net loans <sup>2</sup> of USD 11,458 million and a market capitalization of USD 3,943 million at end of 2010.

CorpBanca was founded in 1871 under the name Banco de Concepción. In 1986, the bank was acquired by Sonami (national mining society), which sold it again to Álvaro Saieh in 1995. The bank changed its name to CorpBanca in 1997, and opened on the stock exchange in 2002.

In 2010, CorpBanca increased its market share by 5.7 bp. In the last 12 months to November 2010, CorpBanca's total loans rose 9.1% with the largest leap in housing loans (27.9%) and commercial loans (6.4%). Consumer loans, however, dropped 3.7%. Based on these variations, the current portfolio can be broken down into 73.8% commercial, 19.1% housing and 7.1% consumer loans.

The provision for expenses in 2010 came to USD 105.1 million, equivalent to 0.95% of loans. This indicator declined during the year, as the bank spent USD 147 million (1.40% of loans) in 2009.

Revenues from interest and commissions increased in 2010, although the latter was offset by a decline in profit from financial transactions. Accumulated revenue, excluding minority interest, reached USD 119,043 million, 39.9% higher than 2009.

2. Considering commercial, housing and consumer loans, net of allowances.

Most of the accounting changes proposed by banking regulator Superintendencia de Bancos e Instituciones Financieras went into effect in January 2008 to converge with IFRS accounting standards. The migration process ended in 2009 and price level restatement was eliminated.

#### CORPBANCA

<b>MKT CAP (USD MILLION)</b>	<b>NET EARNINGS (USD MILLION)</b>	<b>RETURN ON EQUITY 2010</b>	<b>P/E 2010</b>	<b>EPS GROWTH 10/09</b>	<b>P/BV 2010</b>
4,213.2	254.4	23.6%	16.6	36.7%	3.7

#### BANMÉDICA

Banmédica is the most important health corporation of Chile and one of the largest in South America, operating in Chile, Colombia and Perú. It has a network of integrated services and more than 25 years of experience in the area. Its main business areas are: Health insurance, Health Providers and International Investor. In health insurance are companies Isapre Banmédica and Vida Tres. Under Health providers operates the assets of Clínica Santa María, Clínica Dávila, Clínica Vespucio, Clínica Bio-Bio, Clínica Ciudad del Mar, Vidaintegra and Help. Finally, regarding International Investments are Colmédica (Colombia), Clínica del Country (Colombia), Clínica San Felipe (Perú) and Laboratorios ROE (Perú). The company is controlled by the groups Penta and Fernández-León whose merger in 2000 brought great benefits to the business in which both participated, as Isapres and Ambulance Service. At the end of September 2010 the company showed a profit in the last 12 months of USD 39,429 million.

Today, the main business area is Health Providers, which represents approximately 45% of the profits. The investments in Clínica Santa María and Clínica Dávila are important, as they are two of the largest and most prestigious in Chile, with a market share of 16% and 22% respectively, and the highest occupancy rate of the industry, close to 80%. Overall, the market share of the clinics of Banmédica reaches 42%. The profits of this business have experienced sustained growth overtime showing a CAGR of 20% in the last five years. It is important to indicate the growing involvement and importance in the EBITDA that the high and medium complexity clinics have showed.

The health insurance business is the second in order of importance in regard to the generation of operating cash flow, contributing 33% of the profits. In this category the company has two enterprises in Chile: Isapre Banmédica and Isapre Vida Tres and owns 110 branches, 728,679 beneficiaries and 2,140 employees. During the year 2010 both companies maintained a leadership position in the market with a participation of 29%. 2010 should show a strong recovery due to a very low comparison basis, also due to a very bad year because of swine flu.

In regard to the International Business area, this includes the investments in Colombia (since year 1994) where it participates in the health insurance business, through Colmédica with over 526,000 members and a market share over 18% in pre-paid medicine and over USD 2.4 in P.O.S. (mandatory health program). In the International Health Provider area the company performs through Clínica del Country. This clinic has more than 210 beds, 14 operating rooms, 3 delivery rooms and 24 exam rooms. The international area represents the 8% of the profits of the company, showing a CAGR of 32% in the last 5 years.



In Perú the company owns Clínica San Felipe and Laboratorio ROE. Clínica San Felipe is a prestigious clinic orientated to high-income individuals, has 55 beds and 4 operating rooms. Laboratories ROE, also very prestigious in Peru, has 11 medical centers in Lima and Arequipa.

During 2010, the company finished the enlargements of Clínica Santa María and Clínica Davila, Clínica del Mar experienced great results, the new Medical Center Santa María in La Dehesa was opened, a center of oncology was opened in Clínica del Country, the project of enlargement of Clínica San Felipe has started and the shares in Clínica Las Condes (10.26%) were sold.

As of September 2010, Banmédica registered a profit of USD 35,177 million, an increase of over 18% over the same period last year. It is important to mention that the results of last year were highly influenced by the A(H1N1) virus. In relation to the projections, the company holds investments of USD 250 million, of which USD 148 million will be allocated to projects in Chile, specifically the expansion of medium complexity clinics, and the growth in the network of Vidaintegra Medical Centers. The remaining amount, USD 102 million, will be allocated in the expansion of the clinics in Perú and Colombia.

The financial background as of September 30, 2010, obtained from the Financial Statements available in the SVS are:

#### BANMÉDICA

MKT CAP (USD MILLION)	NET EARNINGS (USD MILLION)	RETURN ON EQUITY 2010	P/E 2010	EPS GROWTH 10/09	P/BV 2010
1,504.4	94.6	35.7%	15.9	30.1%	4.8

#### SALFACORP

Salfacorp is one of the largest engineering and construction companies in Chile with 81 years of experience. The company was listed in October 2004. In September 2007 the company announced a merger with Aconcagua construction, a company with projects in Santiago and the regions of Chile; months earlier, the construction company had purchased the Fourcade Real Estate operations. On January 7, 2011, Salfacorp announced a 100% takeover of Tecsa, a Chilean engineering and construction firm with underground mining, earthmoving operations, real estate and a presence across Latin America. The company announced a capital increase of USD 248 million on January 20.

As of September 2010, sales of the company's Engineering and Construction Division of USD 812 million, represented 84% of consolidated sales. This division participates in large engineering projects, including power projects, malls, casinos, hotels and several mining projects.

The Real Estate Division - which includes Salfa Inmobiliaria, Aconcagua, and Fourcade, represented 16% of sales to September 2010, at roughly USD 155 million. On the second half of 2010, a recovery of the sector was evident in the Imacon index which registered a growth of 6.6% YoY in November. This was the ninth consecutive month of positive change. For 2011, the CChC expects that investments in construction will grow 10.8% to UF 652.8 million, which can be broken down into 11.2% investments toward housing and 10.7% toward infrastructure with a record level of investments - USD 100,784 million - in works scheduled for the areas of mining and power.

To September 2010, Salfacorp registered sales of USD 470,082 million, a 16.6% improvement over 2009. These figures are due to higher revenues in the field of engineering and construction because of larger civil works, reactivation of the international market (Perú) and a new infrastructure segment. The E&C margins were disadvantaged by high administrative costs, more activity and the formation of new segments. Operating margins dropped from 5.9% to 5.1% and net margin increased from -0.2% to 2.1% in 2010. Because of this, profits came to USD 10,102 million.

Financial figures as of September 30, 2010, obtained from the financial statements available through local securities regulator, SVS, are as follows:

#### **SALFACORP**

<b>MKT CAP (USD MILLION)</b>	<b>NET EARNINGS (USD MILLION)</b>	<b>RETURN ON EQUITY 2010</b>	<b>P/E 2010</b>	<b>EPS GROWTH 10/09</b>	<b>P/BV 2010</b>
1,444.0	47.3	12.6%	30.5	202.2%	3.5

#### **SONDA**

Sonda is an integrated information technology services provider with a presence in the leading countries of Latin America. It enjoys broad geographical coverage and direct presence in the principal countries of the region such as Brazil, México, Chile, Colombia, and Argentina.

The company's strategy is to expand international operations in Latin American countries with high growth potential for IT services and to become a relevant player in each of its markets. Its target market is focused on large corporations with a regional presence. Its revenues stem from three areas of business: information technology services, platforms and software applications.

In 2010, the company resumed its international expansion strategy by purchasing five mid-sized companies with an investment equal to USD 91.5 million (Softeam, Telsinc and Kaisen in Brazil, NextiraOne in México and Ceitech in Argentina). It's worth mentioning that the company's acquisitions were complementary to current operations, in the sense that they allow for expansion of the current services in those countries, and include the benefits that come with integrating the areas of back office, delivery and cross-selling.

During 2010, revenues were USD 1,038 million, a 55.3% growth over year-end 2009. 53.8% of the figure stems from new business in Brazil, 29.8% from Chile, 6.6% from México and the remaining 9.8% from other countries across the region.

Regarding results to September 30, 2010, operating revenues climbed 13% from CLP 275,156 million to CLP 312,028 million. The increase is due to the integration of recently-acquired companies (Softeam, Telsinc, Kaisen and NextiraOne) and the recovery of economic activity in various countries around the region, particularly Brazil, Chile and México. EBITDA grew 8.8%, moving from CLP 48,102 million to CLP 52,338 million. Earnings in the period jumped 28.7% from CLP 21,542 million to CLP 27,733 million, as a result of better operating results from the new acquisitions and improved dynamics in the IT industry during the year.

In December 2010, the Sonda board of directors agreed to instruct its subsidiary Sonda Brasil to avail itself of an existing



moratorium on payment of taxes under contest by the municipality of Sao Paulo, which the company claims to have paid to a different municipality. The process had advanced from an administrative phase to a judiciary hearing. By making use of the moratorium, the company paid the disputed amount with a 75% discount on the fines and 100% discount on interest. The result was an extraordinary charge on the 2010 results equivalent to CLP 5,286 million.

### SONDA

MKT CAP (USD MILLION)	NET EARNINGS (USD MILLION)	RETURN ON EQUITY 2010	P/E 2010	EPS GROWTH 10/09	P/BV 2010
1,902.4	71.7	11.8%	26.5	6.4%	2.1

### ANDRÓMACO

With over 60 years of experience, Andrómaco is the third largest pharmaceutical company in Chile in terms of sales with a market share of 6.4% according to IMS Health. Andrómaco has presence in the Latin American pharmaceutical market and in the Caribbean. Some countries where Andrómaco is present are Perú, Bolivia, Ecuador, Colombia, Panamá, Costa Rica, El Salvador, Guatemala and República Dominicana. Approximately 80% of its income comes from the national branches, and the remaining 20% comes from the international affiliates.

In Chile the company is present through Andrómaco, Silesia, MasterCard and Diagnostec with an integrated offering specialized in ethical and medical prescription meeting the requirements of different medical specialties. It also has a wide range of generics, OTC and mass consumption products, which are distributed through two channels, private and institutional. The company is also an important representative of foreign pharmaceutical enterprises, with a licensing portfolio of highly recognized and prestigious products.

As of September 2010, sales from the Chilean operation remained flat, explained by Laboratorio Andrómaco's fall of 6.1%, which was offset by a 43% growth in Silesia. The fall of Laboratorio Andrómaco was partially explained by a voluntary reduction of stock of pharmacy clients. In regard to Silesia, its growth is largely explained by a 209.5% increase in sales in the institutional market. During this period 25 launchings were carried out, 11 of them in Chile and 14 in subsidiaries abroad. Another important fact during this period was the acquisition of Gamalate and the registration of the product Hipoglós in the United States, authorized by the FDA. International operations showed an increase of 13% in sales.

On a consolidated basis, the revenue from Andrómaco as of September 2010 showed an increase of 2.8%, from CLP64,728 million to CLP66,543 million. The EBITDA grew 5.4% reaching a total of CLP12,466 million, explained by the improvement in the EBITDA margin of 0.5%, reaching 18.7%.

Consolidated net profit as of September reached an amount of CLP6,469 million, registering a fall of 10% due to the negative result in price level restatement of CLP1,194 million, reaching a non-operating loss of CLP2,516 million.

Financial figures as of September 30, 2010, obtained from the Financial Statements available in the SVS are:

### ANDRÓMACO

<b>MKT CAP (USD MILLION)</b>	<b>NET EARNINGS (USD MILLION)</b>	<b>RETURN ON EQUITY 2010</b>	<b>P/E 2010</b>	<b>EPS GROWTH 10/09</b>	<b>P/BV 2010</b>
323.4	19.4	22.9%	16.7	-7.4%	3,6

### SK

Sigdo Koppers is one of the largest business groups in Chile with over 47 years of history. It works in the services, industrial, commercial and auto sectors via subsidiaries and partnerships.

Sigdo Koppers' activities are organized in three areas of business. The services area gathers companies specializing in construction, industrial assembly, transport and logistics. Working in the industrial area are companies that work in rock fragmentation, domestic appliances, high-tech plastic film and a petrochemical plant. The commercial and auto area is made up of companies that represent, distribute and rent machinery and sell automobiles.

The services area comprises SK Ingeniería y Construcción, a company with over 47 years experience in construction and large scale industrial assembly; along with Puerto Ventanas, a port for bulk cargo and fuel, which controls rail transport company Fepasa.

In the industrial area, the company holds Enaex, an explosives services company with a 70% market share in Chile. Sigdopack specializes in producing plastic film for shipping food, used in Chile and Latin America. CTI and Frimetal are companies that manufacture domestic appliances, including the brands Fensa, Mademsa and Somela, and they hold a 50% market share. Last, CHBB is a company that produces high-grade hydrogen for ENAP.

The commercial and auto area comprises SK Comercial, which sells and rents machinery services; and SKBergé, Chile's largest automobile distributor with a 13% market share.

### SK

<b>MKT CAP (USD MILLION)</b>	<b>NET EARNINGS (USD MILLION)</b>	<b>RETURN ON EQUITY 2010</b>	<b>P/E 2010</b>	<b>EPS GROWTH 10/09</b>	<b>P/BV 2010</b>
1,824.4	113.0	20.4%	16.2	62.1%	1.7



## ALMENDRAL

Almendral is a holding whose principal investment is a 54.76% share in Entel. Almendral is controlled by the groups Hurtado Vicuña, Fernández-León, Matte, Izquierdo and Gianoli.

Entel is one of the largest telecommunications companies in Chile, with assets of USD 2,943 million and revenues measured as of September 2010 of CLP 785,441 million. The company provides mobile telephony, long distance, data transmission, internet, network services for large companies, NGN for mid- and small-sized companies and IT services. It offers long distance and NGN services to small- and mid-sized companies through its subsidiary, Americatel Perú.

In early 2010, the mobile telephony industry stood up to the effects of the earthquake and subsequent questioning by authorities. Afterward, the industry recovered the momentum that was lost during the international economic crisis of 2009. Entel's mobile telephony subscriber base grew 17.2%, reaching 7.6 million clients. Mobile broadband clients rose from 248,000 to 551,000.

Last November, Congress approved mobile number portability, which allows clients to own their telephone number and change companies without losing their number. Meanwhile, the two new operators, Nextel and VTR, are making progress building networks to begin retail operations in 2011. In terms of regulation, the government is considering eliminating access fees among telecommunications companies with the aim of increasing competition in the sector. In such an event, it would adopt a system called "sender keeps all" wherein the company that generates the call keeps all of the revenue. This approach might go into effect once the current rates decrees are finished in 2013-2014. At the same time, the government is looking at the option of prohibiting telecommunications companies from discriminating between calls on their network (on net) and calls that end up on other networks (off net).

Accumulated to September 2010, Entel reported consolidated revenues of CLP 785,441 million. Revenues from mobile telephony services represented 77.3%, local telephony 4%, long distance 3.1%, data services 7.8%, traffic business 2.3%, and Americatel Perú subsidiary 2.3%.

The company's EBITDA rose to CLP 320,706 million, 14.6% over the year-ago period. Earnings in the period reached CLP 124,794 million, 22.1% higher year-on-year. In 2010, Entel paid out CLP 106,435 million in dividends, which is nearly equivalent to the figure paid out in 2009.

### ALMENDRAL

<b>MKT CAP (USD MILLION)</b>	<b>NET EARNINGS (USD MILLION)</b>	<b>RETURN ON EQUITY 2010</b>	<b>P/E 2010</b>	<b>EPS GROWTH 10/09</b>	<b>P/BV 2010</b>
1,756.1	189.8	18.1%	9.3	17.0%	1.6

## ORO BLANCO S.A.

Oro Blanco is an investment company whose main asset is the shares of Calichera. In turn, Calichera's main assets are shares of SQM. During the first 9 months of 2010, Oro Blanco recorded net profit of USD 47,1 million, 19.2% less than the same period last year.

Oro Blanco is currently the controller of Pampa Calichera. As of December 2010, it possessed 87.5% of A-shares and 6.14% of B-shares, representing a total of 93.67% of Calichera's issued shares. A-shares choose the 7 members of the board and B shares are entitled to 10% more dividends. The purpose of Calisher is to maximize the return of its investment in shares of SQM, and has a shareholder agreement with Kowa Company Ltd., which allows maintaining the control of SQM.

SQM is a producer of specialty nutrients, potassium nitrate, iodine, lithium and industrial chemicals, made out of caliche, natural element present in the pampas of Chile's first and second regions and brines found in the Atacama Desert, second region. SQM holds more than 2 million hectares of exploitation and exploration rights for these resources. Mineral extraction is easy on both locations, which are also close to port facilities.

The direct controller of Oro Blanco is Norte Grande, with direct participation of 77.67% as of December 2010. Through a cascade structure, Oro Blanco is indirectly controlled by SQYA, which in turn is controlled by Inversiones SQ.

### ORO BLANCO

<b>MKT CAP (USD MILLION)</b>	<b>NET EARNINGS (USD MILLION)</b>	<b>RETURN ON EQUITY 2010</b>	<b>P/E 2010</b>	<b>EPS GROWTH 10/09</b>	<b>P/BV 2010</b>
2,334.0	412.9	51.1%	5.7	-31.5%	2.1

## WATTS

Watts is one of the country's leading food & wine companies, selling a wide range of products domestically and internationally and with an efficient distribution network covering the national market.

The company currently has a series of brands which enjoy a strong position in Chile, including Watt's, Loncoleche, Calo, Chef, Belmont, Sureña, Icefrut and Yogu-yogu.

The company's main business lines are dairy, oil-based products, and fruit-based products which together represent 79% of sales. The remainder comes from wines, processed foods and exports. In addition, the company owns a 38% share in the Peruvian food company Laive.

The dairy products business accounts for the highest sales volume and 37% of sales income. The company occupies the third place in the national liquid milk market, with a market share of approximately 15.8%. Its Calo brand is the second best selling powdered milk in Chile, with a market share of approximately 24%.





The oil products business consists of the manufacture of edible oils and oil products and accounts for 26% of sales. The main product lines are cooking oils, table margarines and lard. It also produces fats and hydrogenated fat products for supply to the food industry. In cooking oils business the company holds the first place in market share with 26.4%.

The fruit derivatives business represents 16% of sales and consists principally in jams, nectars and juices. The company has a strategic alliance with CCU through a jointly-owned and controlled affiliate, Promarca, which has taken over the Watt's brand in drinks as well as the Shake-A-Shake and Yogu-yogu brands. The juices and nectars produced by the company together with CCU are the top-sellers in Chile, with a 46% market share. In 2009, Promarca acquired the Frugo brand from the Yávar family. In 2010 the company began its canned fruit operation, through the acquisition of Frugo and Regimel.

Viña Santa Carolina, a subsidiary, produces and markets bottled and wholesale wines for the local and export markets. Its main brands are Santa Carolina, Casablanca, Planella and Ochagavía. Total sales reached USD 70 million in 2010.

In December 2010, the company reported sales of USD 624.6 million, an increase of 6.2% compared with the same period in the previous year. The EBITDA rose by 11.9% to USD 59.3 million, mainly due to improved operational margins. Profits increased by 17.7% to USD 34.3 million, attributable to a decrease of USD 4.9 million in taxes paid during 2010.

#### WATTS

<b>MKT CAP (USD MILLION)</b>	<b>NET EARNINGS (USD MILLION)</b>	<b>RETURN ON EQUITY 2010</b>	<b>P/E 2010</b>	<b>EPS GROWTH 10/09</b>	<b>P/BV 2010</b>
334.5	34.3	15.3%	9.7	17.7%	1.3

---

# THE CHILEAN ECONOMY

---

## INTRODUCTION

Economic activity expanded 5.2% in real terms in 2010, the year in which the global economy recovered from the recession caused by the financial crisis that began at the end of 2008. However, the recovery was uneven among countries, while developed markets grew 2.7%, emerging and developing countries grew 7.1%. Seasonally adjusted GDP showed a 5.1% annual increase in 2010, with a significant economic retrenchment in the first quarters, due to the effects of an earthquake (8.8 on the Richter scale) and tsunami on February 27<sup>th</sup>, which destroyed 3% of the Chilean capital stock according to the Central Bank's estimates. In the remaining three quarters economic activity recovered strongly reaching growth rates of about 6.0%.

In line with the reactivation of the economy, inflation reassumes an ascendant path. However, the major increase in prices was explained by a rise in internationally-traded foodstuffs and oil, and a rise in financial taxes. In this context inflation reached the Central Bank's long term target.

This scenario motivated the Monetary Policy Authorities' to adopt less expansionist policies, which started with the withdrawal of monetary stimulus by mid-year. As a consequence of the widening in growth and rates differential between developed countries and Chile, the Chilean peso appreciated significantly, mainly in the second half of the year.

In the external sector, imports grew driven by the dynamism of domestic demand, while export showed a significant increase led by the rise in commodities prices, principally copper.

Public Finances improved their situation in 2010 compared to 2009, as there was a reduction in the fiscal deficit and an increase of public assets. Despite the net creditor asset position of Chile, the government enforced tax increases and issued domestic and external debt to fund the Plan for the Reconstruction of earthquake damages and the Government Program for 2010.

There follows a breakdown of the most important economic facts which occurred in Chile in 2010.

## ECONOMIC ACTIVITY

In 2010 the Chilean economy expanded 5.2% in real terms. The strong recovery experienced by the economy in the first two months of the year was interrupted by an earthquake and tsunami on February 27<sup>th</sup>, causing a low growth in the first quarter (1.7% annual in real terms). However, the economy returned quickly to its recovery path, reaching an annual growth level around 6.0% in the last three quarters of 2010. The main driver behind the 2010 economic expansion was the rapid rebound of the domestic demand.

On February 27<sup>th</sup>, 2010, the southern central region of Chile was affected by an earthquake which measured 8.8 on the Richter scale – the 6<sup>th</sup> strongest seismic event since precise records began in 1900. The earthquake and subsequent tsunami killed 799 people and destroyed property valued at USD 13.2 billion - 3% of the total capital stock according to Central Bank figures. Nevertheless, the country's high degree of preparedness for such contingencies meant that the death toll was very low compared to the effects of similar events in other parts of the world. The loss of capital stock would imply that the trend growth rate of the economy would be 1.0% to 1.5% lower than before the disaster. The most affected regions were the southern regions of Maule and Bio Bio, while the hardest hit sectors were industry, housing, education and health.

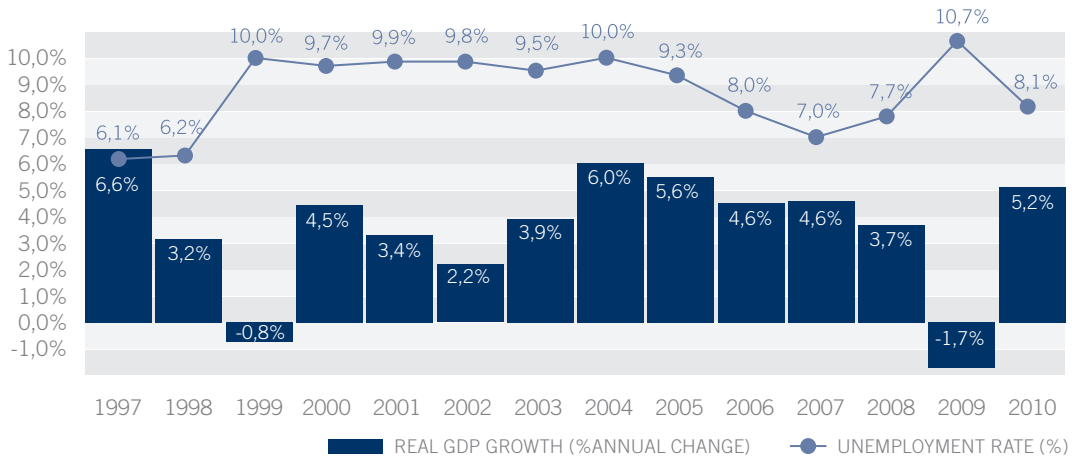


In 2010 the growth in economic activity was mainly due to the expansion in domestic demand, which expanded 16.4% in real terms. Gross fixed capital formation grew by 18.8%, where the component machinery and equipment accounted for most of the increase, which was largely driven by currency appreciation and improvement in business expectations. Additionally, inventories in 2010 amounted to 2.5% of GDP, driven mainly by the accumulation of inventories in the industry sector. Total consumption grew 9.3% driven by improving consumer expectations and a high dynamism in the labor market. Private consumption led the expansion with an annual growth of 10.4%, highlighting the expansion in durable goods such as vehicles and appliances. Meanwhile, public consumption expanded 3.3%.

The external sector contributed negatively to the 2010 economic growth, as imports of goods and services grew 29.5% in real term, in line with strong domestic demand. On the other hand, total exports showed real growth of 1.9%, due to lower international demand and the damages to the local industry as a result of the natural disaster suffered in February. The strong expansion in imports was mainly due to a rise in the durable goods component as a result of higher imports of industrial products, mainly in the Metal Product, Machinery & Equipment. Exports of goods were down by 0.4% in the year, due to fewer exports of industrial goods. Shipments of fishery also fell, while mining products expanded 4.0% partially counteracting the negative performance of other exports. Exports of services grew 10.3%, mainly driven by transport services among third countries.

On the supply side, activities related to commerce showed the highest contribution to growth. The component Commerce, restaurants and hotels grew 13.3%, which was mainly driven by strong retail sales and to a lesser extent by auto sales and wholesalers. Transport and Communication sectors grew 10.5% and 8.5%, respectively, mainly because of higher demand for cellular telephony and commercial transport. The sector of Electricity, Gas and Water (EGA) showed the highest growth rate (13.7%). This result reflected the good performance of the gas and electricity sub-activity, encouraged by the development of LNG regasification industry. The Industrial sector contracted 1.0% during 2010, as it fell in the first half of the year and had only a partial recovery in the second half. Within the industrial sectors, the worst performance was in Oil refinery, Pulp and Paper production and Fishing. Those sub-sectors were the most affected by the earthquake of the beginning of 2010.

**REAL GDP GROWTH AND UNEMPLOYMENT RATE**



Source: Chilean Central Bank, Moneda.

## INFLATION, MONETARY POLICY AND FOREIGN EXCHANGE RATE

### *INFLATION*

The year-over-year inflation rate ended 2010 at 3.0%. The monthly rate increased gradually over the year after a drop of 1.4% in 2009. This put the annual inflation in 2010 at the Central Bank long term target value. The resumption of the upward trend of the general price level was mainly because of the increase in the prices of transports, foods and financial services.

The cost of transport reached an annual increase of 6.1%, mainly due to rises in public transport tariffs and to increases in the fuel price driven by rising international oil prices. Within the food prices, bread and beef products showed the highest incidence, in line with the rise in the international prices of wheat and meat. Additionally, the increase in beef price was due to the shortage of cattle in Argentina. The rise in financial expenses was due to the increase of the stamp duty from 0% to 0.6%. This tax was temporarily eliminated in 2009 as part of the fiscal stimulus package to address the negative effects of international crisis of 2008.

On the other side, the appreciation of the Chilean Peso during 2010 helped to reduce inflationary pressures. This was evident in the difference between the increase in the prices of tradable and non-tradable goods. While the former rose by just 0.5% annually in 2010, the latter showed an increase of 6.4%. As a result of cheaper imports the price of clothing and electronics articles, such as computers, televisions and multimedia equipment fell.

### *MONETARY POLICY*

Throughout 2010, the Central Bank of Chile (CBC) started the withdrawal of the monetary stimulus implemented in 2009, raising the Monetary Policy Rate (MPR) by 275 basis points (bps) to 3.25%.

In January and February, the communiqués of the CBC's Board meetings stated their intention to keep the MPR at 0.5% until at least the second quarter of 2010. However, the CBC's Monetary Policy Report published in December 2009 it recognized that activity continued to pickup and that domestic demand was recovering faster than expected. Following the earthquake, in the March and April meetings, the Board decided to maintain the rate at 0.5%, recognizing the uncertainties about the impact of the natural disaster on the economy's development.

In May, the CBC's Board commented that the short-term effects of the earthquake on economic activity were worse than expected but that demand indicators showed a better performance than had been estimated in the March Monetary Policy Report.

In June, the Board decided to start reducing the monetary stimulus, raising the MPR by 50 bps to 1.0% in annual terms. According to the communiqué, domestic demand was showing a vigorous recovery supported by a continued decrease in the unemployment rate and by increases in real wages. Additionally, output levels were indicating that the short-term negative effects of the natural disaster had dissipated and that the economy was quickly returning to the recovery path. This solid internal scenario countered the still weak international outlook, providing the necessary reasons to increase the MPR.

In the July, August and September meetings the CBC increased the MPR by 50 bps at each meeting, in line with the steady recovery of the Chilean economy despite the volatility in the global financial markets and the uncertainty about the speed of the recovery in the developed countries.

In October, the Board decided to reduce the speed of the monetary adjustment increasing the MPR by 25 bps instead



of 50 bps as in previous months. The main reason for this change was the deterioration in the outlook of the developed economies and the negative effect this could have on the Chilean economy. Consistent with this new background, in November and December the Board increased the MPR by 25 bps at each meeting.

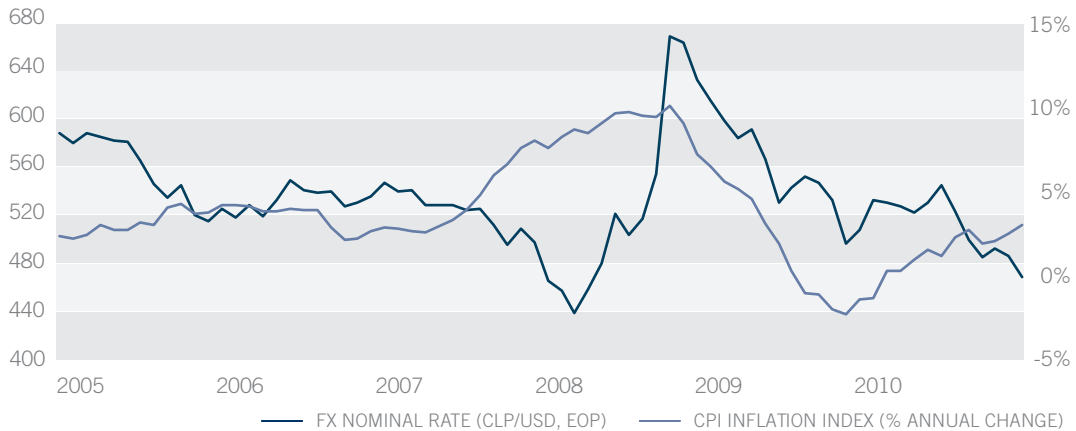
**FOREIGN EXCHANGE RATE**

In 2010 the Chilean peso appreciated 8.3% against the U.S. dollar. However, this dynamic was not consistent throughout the year.

During the first half of 2010 the peso depreciated 6.6% on average mainly due to the following two factors. First, in late January the Pension Funds Regulator changed the hedging regulation for these funds. The modification established that the regulator would recognize only those hedge contracts made in the same underlying currency. In consequence of this modification, pension funds changed their strategy to reduce hedging of US dollar exposure by more than USD 7.1 billion between January and May, which put pressure on the Chilean peso to depreciate against the US dollar. The second factor that affected the Chilean currency came from the external front. Concerns about the weak fiscal situation of some European countries –principally Greece, Portugal and Spain– contributed to an appreciation of the US dollar against most currencies in May. This situation got worse in June, as concerns expanded from purely sovereign issues to include the European banking system as well.

In the second half of the year, the peso appreciated 16.0% reversing the previous trend. Part of this strengthening was caused by the improvements in local growth prospects once monthly economic indicators showed a recovery and important reconstruction programs were announced. Another key factor was the widening interest rate differential between Chile and the United States. Lastly, there was an extraordinary inflow of capital because foreign insurance companies send money to local ones due to the earthquake's damages.

**CONSUMER INFLATION AND FOREIGN EXCHANGE RATES**



Source: Chilean Central Bank, INE, Moneda.

## THE EXTERNAL SECTOR

The Current Account reported a surplus of USD 3.8 billion in 2010, equivalent to 1.9% of GDP. This figure represents an improvement compared with the 2009 result (surplus of USD 2.5 billion). This result is mostly due to the increase in the surplus of the Trade Balance and Current Transfers, while the rise in the deficit of the Rent Balance pushed in the opposite direction. The major increase of Net Transfers was due to a better collection of taxes from profit remittances and compensation entitlements associated with the earthquake insurance.

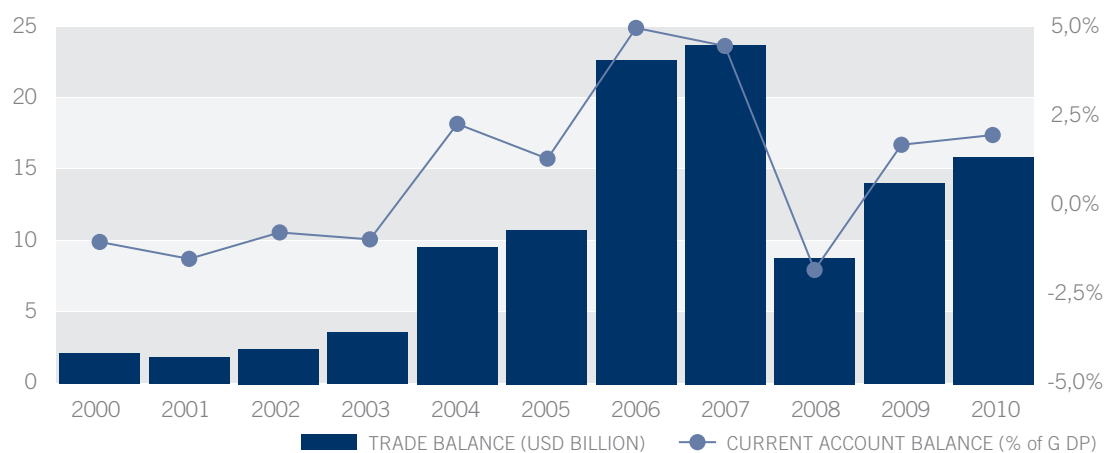
The Rent Balance deficit was mainly due to the improvement in profits from external companies in the mining sector, consistent with the 46.8% average rise in copper prices.

The Trade Balance surplus reached USD 15.8 billion in 2010, 13.3% higher than in 2009. This improvement occurred despite a 38.5% increase in imports, ahead of the 31.5% growth in exports, as high commodity prices more than offset the trade-balance impact of a brisk domestic demand.

Exports reached USD 71.0 billion, mainly because of higher prices. The best performances were in copper (which represented 56.3% of total exports), chemicals and forestry products, with growth rates of 46.0%, 21.5% and 20.3%, respectively. Imports reached USD 58.9 billion, explained by higher an increase in quantities driven by the acceleration in domestic demand and the appreciation of the peso. These effects were evident on all product groups, highlighting the 86.2% growth in durable consumer goods, 39.9% in capital goods, and 34.1% in intermediate goods mainly for the industry.

The Capital and Financial Accounts recorded net outflows of USD 8.9 billion driven by an increase in Portfolio investment abroad and receivables associated with insurance claims following the earthquake. Direct foreign investments continued to show a positive balance in 2010, providing further evidence of the attractive Chilean fundamentals.

### EXTERNAL ACCOUNTS (% OF GDP)



Source: Chilean Central Bank, INE, Moneda.



## PUBLIC FINANCES

The fiscal accounts registered a USD 1.6 billion deficit in 2010, about 0.4% of GDP. The improvement compared to the 2009 deficit (4.4% of GDP) was a result of the 28.4% increase in income (in real terms), which offset a 7.0% increase in public spending (in real terms).

The rapid increase of revenues was due to several reasons. First, the reversal of tax cuts implemented in 2009 as part of the Fiscal Stimulation Plan. These included the temporary suspension of the stamp duty throughout 2009 and a temporary reduction in the oil-specific duty. Second, average copper prices rose by 46.8% in 2010 compared to 2009, which had a direct positive effect on the earnings of the state-owned copper mining company CODELCO, as well as on taxes contributed by private mining companies. Finally, the recovery of the economy boosted tax collection from sales and international trade.

Within Fiscal expenditures, the largest increase was in subsidies and grants (13.4% in real terms). This was mainly due to an accounting reclassification of expenses of Santiago's transport system (Transantiago), for expenses related to the earthquake emergency, and increased education grants. Additionally, public sector wages increased 9.1% in real terms, while capital investment stayed almost flat (0.2%).

These result implied a structural deficit of 2.1% of GDP, showing an improvement over the 3.1% of GDP deficit achieved in 2009. Both figures calculated under the new methodology implemented since 2010<sup>3</sup>.

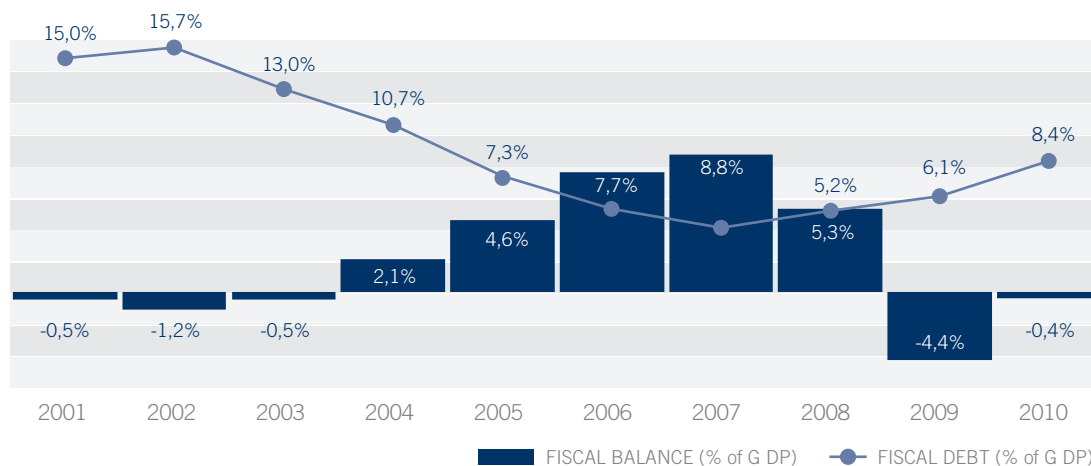
To finance the budget and maturing bonds, the government issued bonds for USD 6.0 billion in the domestic market. Additionally, the Chilean government made a bond issue in the foreign market, which had not been done since 2004. This issue, authorized by law to finance the reconstruction, consisted of one dollar-denominated bond for an amount of USD 1.0 billion, and a second bond issued in Chilean pesos for an amount equivalent to USD 520 million. The last constituted a milestone in global bond issues of Chile because the rate in Chilean pesos was 5.5% nominal, 58 basis points below the 10 years government bond rate traded in the domestic market. This resulted in an increase in Central Government Debt from 6.1% of GDP in December 2009 to 9.1% of GDP in December 2010.

On the assets side of the government's balance sheet, the increase in copper-related revenues helped the government's financial assets to reach USD 20.4 billion, USD 4.1 billion more than in December 2009. This amount was explained by an increase of USD 1.4 billion in the Company for Economic and Social Stabilization (which reached USD 12.7 billion), an increase of USD 0,4 billion in the Pension Reserve Fund, and an increase of USD 2.2 billion in other assets (temporary cash surplus).

---

3. The new methodology for calculating the structural deficit included adjustments to accounting principles (non-reimbursable loans to Transantiago and fuel subsidies paid by ENAP); reassessment of the income elasticity of tax revenue; adjustments for transitional, automatic reversal and with legal maturity tax measures; cyclical adjustments of "other income" and interest income from Government's financial assets. Considering this new methodology the structural deficit of 2009 was revised lower from -1.2% to -3.1%.

### PUBLIC SECTOR ACCOUNTS (% OF GDP)



Source: Chilean Ministry of Finance, Moneda.

In the middle of the year two laws were passed that partially sought to raise funds to finance the Reconstruction Plan and the Program of the new government <sup>4</sup>.

Also approved were a temporary increase in the companies' profits tax (impuesto de primera categoría), a tax increase to cigarettes sales, a rise in the royalty charged to the profits of copper mining companies (voluntary membership), and a placement of external debt by USD 1.5 billion. On that occasion a Grant Regulation that tied tax benefits to their authors was also legislated, and the authorization to maintain the stamp duty at 0.6% <sup>5</sup>.

Specifically, the modification in the companies' profit duty implies a tax rate increase from 17.0% to 20.0% in 2011 and to 18.5% in 2012. In 2013 the tax rate will return to 17%.

In the case of the new mining royalty, the law proposed an increase in taxes in exchange for extending the period of tax system invariability for 6 years. The new system provided that in the years 2010-2012 the tax would be between 4% and 9% depending on the operating margin ranging between 35% and 70%. Additionally, between the years 2013-2017 the rate will vary in the range of 4% to 5%, according to the regime agreed by the mine before the modification. Between the years 2018-2023, the rate will range from 5% to 14% depending on the operating margin ranging between 35% and 100%.

In the political context, Chile ended 2009 having completed the first round of presidential elections, which left candidates Sebastián Piñera (from the Coalición por el Cambio) and Eduardo Frei Ruiz-Tagle (from the Concertación de Partidos por la Democracia) for the second round. In January 2010, Sebastián Piñera was elected president with 51.6% of the votes. In March, the transfer of command was made, with President Michelle Bachelet leaving the post (from the Coalition of Parties for Democracy).

4. Ley de Financiamiento de la Reconstrucción (Law N° 20.455, July) and Ley de Impuesto Especifico a la Minería (Law N° 20.469, October).

5. The fiscal stimulus program included that the stamp duty would go back to its pre-crisis level of 1.2% in June 2010.



# INDEPENDENT AUDITORS' REPORT

FROM FINANCIAL STATEMENTS TO DECEMBER 31, 2010



**KPMG Auditores Consultores Ltda.**  
Av. Isidora Goyenechea 3520, Piso 2  
Las Condes, Santiago Chile  
Teléfono: 56 (2) 798 1000  
Fax: 56 (2) 798 1001  
ID No: 89.907.300-2  
[www.kpmg.cl](http://www.kpmg.cl)



To the Board of Directors of  
Moneda Chile Fund Limited:

We have audited the accompanying financial statements of Moneda Chile Fund Limited (the Company), including the statement of financial position as of December 31, 2010 and 2009, and the related statements of comprehensive income, changes in net assets applicable to outstanding shares and cash flows for the years then ended. These financial statements are the responsibility of the Company'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 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 the Company'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 statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Moneda Chile Fund Limited as at December 31, 2010 and 2009, and the results of its operations, the changes in its net assets and cash flows for the years then ended in conformity with International Financial Reporting Standards.

Joaquin Lira H.  
KPMG Ltda.  
Santiago, March 31, 2011

---

# FINANCIAL STATEMENTS

AT DECEMBER 31, 2010

---

## STATEMENT OF FINANCIAL POSITION

(expressed in USD)

	NOTE	DECEMBER 31, 2010	DECEMBER 31, 2009	JANUARY 1, 2009
<b>ASSETS</b>				
Cash and cash equivalents		2.146.807	115.495	296.052
Financial assets at fair value through profit or loss	10	118.730.539	73.924.856	42.822.083
Receivable for investments sold		68.265	70.469	42.538
Dividends and interest receivable		9.411	-	-
Sundry debtors		-	-	1.627
<b>Total assets</b>		<b>120.955.022</b>	<b>74.110.820</b>	<b>43.162.300</b>
<b>LIABILITIES</b>				
Payable for investments purchased		8.637	25.981	94.014
Manager fees	11	1.072.475	713.242	98.212
Other liabilities		65.695	118.229	74.554
<b>Total liabilities</b>		<b>1.146.807</b>	<b>857.452</b>	<b>266.780</b>
<b>Net assets attributable applicable to outstanding shares</b>	<b>12</b>	<b>119.808.215</b>	<b>73.253.368</b>	<b>42.895.520</b>

The accompanying Notes 1 to 15 are an integral part of these financial statements.



## STATEMENT OF COMPREHENSIVE INCOME

(expressed in USD)

	NOTE	DECEMBER 31, 2010	DECEMBER 31, 2009
Dividend income		4.687.344	1.939.220
Net realized gains from financial assets at fair value and foreign currency transactions	7	10.478.597	4.009.763
Change in net unrealized appreciation from financial assets at fair value and foreign currency transactions	7	38.888.290	30.887.422
<b>Total revenue</b>		<b>54.054.231</b>	<b>36.836.405</b>
Management fees	8(a)	(2.043.240)	(1.382.397)
Custodian fees	8(b)	(25.742)	(21.867)
Audit and legal fees		(74.215)	(63.897)
Administrator's fees	8(c)	(16.980)	(16.980)
Directors' fees		(39.500)	(43.500)
Cost of Board Meetings		(56.867)	(40.844)
Other		(18.538)	(15.419)
<b>Total expenses</b>		<b>(2.275.081)</b>	<b>(1.584.904)</b>
<b>Profit before tax</b>		<b>51.779.150</b>	<b>35.251.501</b>
Withholding tax expense	9	(391.527)	(197.110)
<b>Increase in net assets applicable to outstanding shares</b>		<b>51.387.623</b>	<b>35.054.391</b>

The accompanying Notes 1 to 15 are an integral part of these financial statements.

## STATEMENTS OF CHANGES IN NET ASSETS APPLICABLE TO OUTSTANDING SHARES

(Unaudited) (expressed in USD)

	DECEMBER 31, 2010	DECEMBER 31, 2009
<b>Net asset attributable applicable to outstanding shares, beginning of the period</b>	<b>73.253.368</b>	<b>42.895.520</b>
Increase in net assets applicable to outstanding shares	51.387.623	35.054.391
Distributions to shareholders from financial assets at fair value and foreign currency transaction	(3.832.776)	(3.109.840)
Payments for shares redeemed	(1.000.000)	(1.586.703)
<b>Net assets attributable applicable to outstanding shares, end of the period</b>	<b>119.808.215</b>	<b>73.253.368</b>

The accompanying Notes 1 to 15 are an integral part of these financial statements.



## CASH FLOW

(Unaudited) (expressed in USD)

	NOTE	DECEMBER 31, 2010	DECEMBER 31, 2009
<b>Cash flow from operating activities</b>			
Dividend received		4.687.344	1.939.220
Proceeds from sales of investments		26.408.653	42.807.999
Purchase of investments		(21.855.093)	(39.043.975)
Operating expenses paid		(1.985.726)	(994.232)
Income tax paid	9	(391.527)	(197.110)
<b>Net cash from operating activities</b>		<b>6.863.651</b>	<b>4.511.902</b>
<b>Net cash used in financing activities</b>			
Payment for redemption of shares		(1.000.000)	(1.586.703)
Payment for dividends		(3.832.775)	(3.109.840)
<b>Cashflows from financing activities</b>		<b>(4.832.775)</b>	<b>(4.696.543)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>2.030.876</b>	<b>(184.641)</b>
Cash and cash equivalents beginning of the period		115.495	296.051
Effect of exchange rate fluctuations on cash and cash equivalents		436	4.085
<b>Cash and cash equivalents at end of the period</b>		<b>2.146.807</b>	<b>115.495</b>

The accompanying Notes 1 to 15 are an integral part of these financial statements.

---

# NOTES TO THE FINANCIAL STATEMENTS

---

## 1. REPORTING ENTITY

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

The Company, 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 Company's investment objective is to achieve long-term capital appreciation by investing primarily in shares issued by small and medium-sized Chilean companies. The Company 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 Company 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. The Foreign Investment Committee, a Chilean governmental agency, had authorized the Company to invest up to USD 50 million in Chile. This authorization expired on 1998, thus the Company cannot bring additional capital into Chile to be invested without obtaining additional authorization from the Foreign Investment Committee. Following the merger (mentioned above), the Company 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 Company had an original liquidation date of December 31, 2007; however on May 30th, 2007 during the Company's annual general meeting, an extension of the life of the Company for an additional period of two years was approved. On June 8TH, 2009 during the Company's annual general meeting, another extension of the life of the Company for an additional period of two years was approved.

## 2. BASIS OF PREPARATION

### A. STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs). These are the Company's first financial statements prepared in accordance with IFRSs and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 14.

The financial statements were authorized for issue by the Board of Directors on March 31, 2011.



### ***B. BASIS OF MEASUREMENT***

The financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss, which are measured at fair value.

### ***C. FUNCTIONAL AND PRESENTATION CURRENCY***

These financial statements are presented in US dollars, which is the Company's functional currency.

### ***D. USE OF ESTIMATES AND JUDGMENTS***

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to the fair value of investments (note 4 and note 5).

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at January 1, 2009 for purposes of transition to IFRSs, unless otherwise indicated.

### ***A. FOREIGN CURRENCY***

Transactions in foreign currencies are translated into US dollars at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date into US dollars at the exchange rate of that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into US dollar at the exchange rate at the date that the fair value was determined.

Foreign currency transaction differences are recognized in the statement of comprehensive income as net foreign exchange gain (loss), except for those arising on financial assets at fair value through profit or loss, which are recognized as net gain (loss) from financial assets at fair value through profit or loss.

### ***B. INTEREST***

Interest income and expense are recognized in the statement of comprehensive income using the effective interest rate.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, when appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Interest received or receivable, and interest paid or payable are recognized in the statement of comprehensive income as interest income and interest expense, respectively.





### *C. DIVIDEND INCOME*

Dividend income is recognized in the statement of comprehensive income when the right to receive income is established. For quoted equity securities this is usually the ex-dividend date. For unquoted equity securities this is usually the date when the shareholders have approved the payment of dividend. Dividend income from equity securities designated at fair value through profit or loss is recognized in the statement of comprehensive income as dividend income.

### *D. DISTRIBUTIONS TO SHAREHOLDERS*

Distributions to shareholders of redeemable shares are recognized in the statement of changes in net assets applicable to outstanding shares when they are authorized and no longer at the discretion of the Company.

The capital invested in Chile by the Company has remained in Chile for more than six 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 Company 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 Company 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.

### *E. NET REALIZED GAIN FROM INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS*

Net realized gain from investments and foreign currency transactions includes all realized fair value changes and foreign exchange differences, but excludes interest and dividend income.

Net realized gain from investments and foreign currency transactions is calculated using the average cost method.

### *F. FEES AND COMMISSION EXPENSE*

Fees and commission expenses are recognized in the statement of comprehensive income as the related services are performed.

### *G. INCOME TAX*

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

## *H. FINANCIAL ASSETS AND FINANCIAL LIABILITIES*

### **i. Recognition and initial measurement**

Financial assets and liabilities at fair value through profit or loss are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognized at the date they are originated.

Financial assets and financial liabilities at fair value through profit and loss are measured initially at fair value, with transaction costs recognized in the statement of comprehensive income. Financial assets or financial liabilities not at fair value through profit or loss are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

### **ii. Classification**

The Company has classified financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit and loss – investments in common stock.
- Financial liabilities at fair value through profit and loss – payable for investments purchased.

The Company has designated certain financial assets at fair value through profit or loss when assets are managed, evaluated and reported internally on fair value.

### **iii. Fair value measurement**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Company measures the fair value of an instrument using quoted prices in an active market (Santiago Stock Exchange) for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The best evidence of fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variable include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

All changes in fair value, other than interest and dividend income and expense, are recognized in the statement of comprehensive income as change in net unrealized appreciation on investments and foreign currency transactions.

### **iv. Identification and measurement of impairment**

At each reporting date the Company assesses whether there is objective evidence that financial assets measured at amortized cost are impaired. A financial asset or group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.



Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower, default or delinquency by a borrower, indications that a borrower will enter bankruptcy or other observable data relating to a group of assets such as adverse change in payments status of borrowers in the group, or economic conditions that correlate with defaults in a group. When subsequent event causes the amount of impairment loss to decrease, the decrease in impairment is reversed through profit or loss.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on impaired assets continues to be recognized through the unwinding of the discount.

The Company writes off financial assets carried at amortized cost when they are determined to be uncollectible.

#### **v. Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial assets. Any interest in transferred financial assets that qualify for derecognition that is created by the Company is recognized as a separate asset or liability in the statement of financial position.

On derecognition of a financial asset, the difference between the carrying amount of the asset, and the consideration received is recognized in the statement of comprehensive income.

The Company enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

#### **vi. Specific instruments**

- *Cash and cash equivalents*
- The Fund invests its excess or idle cash in highly-liquid money-market mutual fund.
- *Financial assets at fair value through profit and loss*
- The Fund invests only in common stocks.
- *Receivables for investments sold and payables for investment purchased*
- Receivables for investments sold relate to sales of shares are traded at year end and settled at the beginning of the following year.
- Payables for investments purchased relate to purchases of shares that are traded at year end and settled at the beginning of the following year.

#### **I. CHANGES IN ACCOUNTING ESTIMATES**

The Company's management established a change in the source of information to obtain fair value measurements on their equity instruments, specifically common stock, effective January 1, 2010. The Company previously measured the fair value of its investments at the bid price at the close of year end. At January 1, 2010, the Company changed the source of valuation to the closing price of the Chilean Stock Exchange.

According to IAS 8 this change should be applicable on a prospective basis. The impact of this change is a reduction in financial assets at fair value through profit or loss of USD 106,631.

#### ***J. NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED***

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the measurement of the amounts recognized in the financial statements of the Company. However, IFRS 9 *Financial Instruments* issued in November 2009 (IFRS 9(2009)) will change the classification of financial statements.

## **4. FINANCIAL RISK MANAGEMENT**

### ***A. INTRODUCTION AND OVERVIEW***

The investment philosophy of the Company is based on a fundamental analysis of the issuers and their capacity to create shareholder value in the long term.

#### ***i. Risk management framework***

The investment process of the Company is based on an active, fundamental, bottom-up, long term analysis. It has four stages: company selection, portfolio construction, monitoring, and risk control. The investment team is composed of a portfolio manager, a co-portfolio manager and senior analyst and five dedicated investment analysts.

Companies are chosen from more than 100 actively covered companies. For each prospective company, the research team studies the industry and its main competitors, company operations are visited, and conversations are held with multi-level top executives of the company, including directors, first-line executives and investor relations managers. A proprietary financial model is built, incorporating specialized industry and company research.

The portfolio is constructed from companies which have an outstanding management team and have sustainable competitive advantages. The weekly investment committee analyzes the companies that are currently in the portfolio and the investment opportunities identified by the portfolio manager or the rest of the research team.

The Company participates in the board of eight of the largest ten positions. There is permanent contact with management of covered companies, including on-site visits and calls, and an ongoing performance review. At the market level, industry trends and fundamentals are constantly monitored by the analysts and the economics team, which also provides input on macroeconomic conditions of the region and the world.

Risk control is a core element of the Company's investment strategy. Companies are chosen considering downside risk, prudent leverage is required by the Company bylaws (up to 20% debt/equity), there is a dedicated compliance and risk management unit, and the portfolio manager is responsible for all investment decisions. There is a compliance department and risk management unit that oversees operations and ensures that the Company abides by local law and ethical standards.

### ***B. CREDIT RISK***

Credit risk is the risk that a counterparty to a financial assets will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company.

Since the Company only invests in equity, the credit risk is limited to cash balances held in Banks or invested in mutual funds and accounts receivables resulting from unsettled trades, which as at 12/31/ 2010 amount to USD 2,215,072, representing only 1.83% of the total assets.



#### i. Investment in debt securities

The Fund does not invest in debt instruments.

#### ii. Derivative financial instruments

The Fund does not invest in derivative instruments.

#### iii. Balances due from brokers

The credit risk associated to unsettled sales is deemed to be very low given the short settlement period and the fact that that all trades are settled through the settlement and clearing mechanisms defined by the Chilean Stock Exchange, where the majority of the trades take place. As at 31/12/2011 accounts receivables for unsettled sales amount USD 68,265, which represent 0,056% of the total assets.

#### iv. Cash and cash equivalents

Cash is primarily held at Banco Chile, which has a credit rating A granted by Fitch Ratings, and HSBC, which has a credit rating AA granted by Fitch Ratings. Cash equivalents are invested in three local mutual funds managed by top investment managers (Celfin, Cruz del Sur and Security).

#### v. Concentration credit risk

As at 12.31.2010 the investment portfolio was distributed as follows:

MONEDA CHILE FUND	USD MILLION	% FUND
Investment Companies	14.76	12.43%
Metals-Diversified	10.1	8.51%
Beverages	11.61	9.78%
Information Technology	6.46	5.44%
Diversified Operations	9.31	7.84%
Harbor Transport Services	5.22	4.40%
Health Care	7.9	6.65%
Building and Construction	8.15	6.86%
Containers	5.09	4.29%
Banks	9.65	8.13%
Home Furnishing	3.96	3.34%
Water	2.62	2.21%
Electric	2.52	2.12%
Pharmaceuticals	5.22	4.40%
Explosives	4.04	3.40%
Iron / Steel	2.3	1.94%
Paper & Related Products	1.35	1.14%
Transport - Rail	0.87	0.73%
Oil - Gas Exploration & Production	1.75	1.47%
Food	2.16	1.82%
Retail	1.24	1.04%
Footwear & Related Apparel	1.84	1.55%
Building Products / Cement	0.27	0.23%
Electrical Components & Equipment	0.34	0.29%
<b>Total</b>	<b>118.73</b>	<b>100.00%</b>

**C. MARKET RISK:**

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Company's income or the fair value of its holdings of financial assets.

The Company's assets are invested primarily in securities denominated in Chilean Pesos or UF (Unidad de Fomento, a Chilean inflation-adjustment monetary unit). However, the Company's accounting records, net asset value per share and dividends are denominated in US dollars. The Company may opt to hedge its exposure to this foreign currency exchange risk, but it has not in the past.

**Exposure to currency risk**

The chart below shows how the Company's profitability changes in the following scenarios where:

- The exchange rate is at its highest point during the year (both 2010 and 2009)
- The exchange rate is at its lowest point (both 2010 and 2009)

	12/31/2010	EXCHANGE RATE	CORRESPONDING DATE
Performance Moneda Chile Fund (USD for 2010)	74,1%		
Exchange rate ended at the lowest point	74,1%	467,95	12/30/2010
Exchange rate ended at the highest point	27,1%	641,14	01/02/2009

**D. LIQUIDITY RISK:**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company.

The Fund is a close-end fund and redemptions are only allowed every two years. The Company may offer to redeem or repurchase part or all of the shares of any member, if so determined by the Board at its discretion, on dates determined by the Board. The Board may require that any redeeming shareholder must give up to 30 days prior written notice to the Company for redemption of its shares to be effected on any specific redemption date, and may set other terms and conditions of redemption as the Board deems advisable. The latter gives the portfolio manager ample time to provide the necessary liquidity, should redemptions take place.

**E. CAPITAL MANAGEMENT:**

It is the manager's policy to invest the capital always taking into account the shareholders' best interest. In that process it uses as a benchmark the Moneda 500 index, which is a fair representation of the Chilean small cap market. The Company is not subject to externally imposed capital requirements.



## 5. USE OF ESTIMATES AND JUDGEMENTS

### A. KEY SOURCES OF ESTIMATION UNCERTAINTY

#### i. Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 3(e)iii. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

### B. CRITICAL ACCOUNTING JUDGMENTS IN APPLYING THE FUND'S ACCOUNTING POLICY

#### i. Valuation of financial instruments

The Company's accounting policy on fair value measurements is discussed in note 3(e)iii.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** Quoted price (unadjusted) in an active market for an identical instrument.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Valuation technique using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued base on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between instruments.

The level in 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.

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

All of the Company's financial assets and financial liabilities are traded in active markets and are based on quoted prices or dealer price quotations and are classified as Level 1, both in 2010 and 2009.

#### ii. Determination of functional currency

Functional currency is the currency of the primary economic environment in which the Company operates. When indicators of primary economic environment are mixed, management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Management has determined that the functional currency of the Fund is US Dollar.

## 6. CLASSIFICATIONS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The table below provides a reconciliation of the lien items in the Company's statement of financial position to the categories of financial instruments.

	<b>DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS</b>	<b>LOANS AND RECEIVABLES</b>	<b>OTHER LIABILITIES</b>	<b>TOTAL CARRYING AMOUNT</b>
<b>December 31, 2010</b>				
Cash and cash equivalents	USD 40,023	2,106,784	-	USD 2,146,807
Financial assets at fair value through profit and loss	118,730,539	-	-	118,730,539
Receivable for investment sold	-	68,265	-	68,265
Dividends and interest receivable	-	9,411	-	9,411
	<b>118,770,562</b>	<b>2,184,460</b>	<b>-</b>	<b>120,955,022</b>
Payable for investment purchased	-	-	8,637	8,637
Manager fees	-	-	1,072,475	1,072,475
Other liabilities	-	-	65,695	65,695
Net assets applicable to outstanding shares	-	-	119,808,215	119,808,215
	-	-	<b>120,955,022</b>	<b>120,955,022</b>
<b>December 31, 2009</b>				
Cash and cash equivalents	-	USD 115,495	-	USD 115,495
Financial assets at fair value through profit and loss	73,924,856	-	-	73,924,856
Receivable for investment sold	-	70,469	-	70,469
Dividends and interest receivable	-	-	-	-
	<b>73,924,856</b>	<b>185,964</b>	<b>-</b>	<b>74,110,820</b>
Payable for investment purchased	-	-	25,981	25,981
Manager fees	-	-	713,242	713,242
Other liabilities	-	-	118,229	118,229
Net assets applicable to outstanding shares	-	-	73,253,368	73,253,368
	-	-	<b>74,110,820</b>	<b>78,110,820</b>





## 7. NET GAINS FROM INVESTMENTS AND FOREIGN CURRENCY TRANSACTION

The realized gain from financial instruments at fair value through profit and loss represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or transaction price when purchased in the current reporting period and its carrying amount at the date the financial instrument was sold.

Total realized gains from financial assets and foreign currency transactions at December 31, 2010 and 2009 amounted to USD 10,478,597 and USD 4,009,763, respectively.

The unrealized gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or transaction price when purchased in the current reporting period and its carrying amount at the end of the period.

The change in net unrealized gain on investments and foreign currency transactions at December 31, 2010 and 2009 amounted to USD 38,888.290 and USD 30,887,422, respectively.

## 8. MANAGEMENT, CUSTODIAN AND ADMINISTRATOR'S FEES

### A. MANAGEMENT FEES

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

- i. a fixed annual fee of 1% of the Company's Net Asset Value, paid monthly in arrears; plus
- ii. an incentive fee equal to 4% of any dividends paid in that same calendar year; plus
- iii. 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 Company's annual financial statements.

For purposes of section 8(a)i. above, the Net Asset Value of the Fund shall be increased by the amount of any debt and accrued interest approved by the Board of Director, to recognize that assets under management increased as a result of gearing.

Management fees paid and accrued for the period ended December 31, 2010 amounted to USD 2,043,240 (2009 - USD 1,382,397), and include USD 916,964 of fixed fees (USD 606,074 in 2009) and USD 1,126,276 of incentive management fees (USD 776,323 in 2009).

### B. CUSTODIAN FEES

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

On October 1, 2008 a new custodian agreement was signed with Banco de Chile, which included all of the companies under the management of Moneda S.A. Administradora de Fondos de Inversión and its related manager companies. The fees included in the new custodian agreement are described as:

Monthly Portfolio Valuation Fees: Consider the proportion of the monthly valuation portfolio of the Company related to the monthly valuation portfolios of the Company under Banco Chile's Custodian according to the following scale of fees:

From	0 UF	To	5,000,000 UF	0.0009%	On value
Over	5,000,000 UF	To	10,000,000 UF	0.0006%	On value
Over	10,000,000 UF	To	20,000,000 UF	0.0004%	On value
Over	20,000,000 UF	To	40,000,000 UF	0.0002%	On value
		Over	40,000,000 UF	0.0001%	On value

Monthly Transactions Fees: Consider the proportion of the monthly transactions of the Company related to the monthly transactions of the Company under Banco Chile's Custodian according to the following scale of fees:

From	1 TRX	To	150 TRX	UF	0.30 per TRX
Over	150 TRX	To	300 TRX	UF	0.24 per TRX
Over	300 TRX	To	600 TRX	UF	0.20 per TRX
		Over	600 TRX	UF	0.16 per TRX

All fees are subject to value added tax in Chile.

The Company's custodian outside of Chile is Pershing LLC, part of the Bank of New York group.

During the period ended December 31, 2010, the Company paid USD 25,742 for these services (USD 21,867 in 2009).

### C. ADMINISTRATOR'S FEES

The Company's administrator is Apex Fund Services Ltd., a Fund incorporated in Bermuda. 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 at a fee of USD 7,500 per annum.
- Listing sponsor fees of USD 2,000 per annum.

The amount of administrator's fees for the periods ended December 31, 2010 and 2009 was and is detailed as follows:

Registrar and transfer agency fee	USD 6.000
Transaction fee	1.400
Corporate secretarial services	7.500
Sponsor fees	2.080
	<b>USD 16.980</b>



## 9. WITHHOLDING TAX EXPENSE

The Company is exempt from paying income taxes under the current system of taxation in Bermuda. Certain dividends and interest received from transactions in foreign currency, less all Chilean expenses, are subject to a withholding tax rate of 10% if remitted outside of Chile.

During the period ended December 31, 2010, the Company remitted from Chile to Bermuda the sum of USD 5,010,000 of which amount USD 3,915,279 was subject to a withholding tax rate of 10% (USD 391,527).

During the period ended December 31, 2009, the Company remitted from Chile to Bermuda the sum of USD 5,050,693 of which amount USD 1,971,100 was subject to a withholding tax rate of 10% (USD 197,110).

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include shares that are trading. At December 31, 2010 and 2009 total securities at fair value amounted to USD 118,730,539 and USD 73,924,856, respectively.

The Company designates all share investments at fair value through profit or loss upon initial recognition as it manages these securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities are on a fair value basis.

## 11. MANAGEMENT FEES PAYABLE

Management fees payables are summarized as follows:

	<b>12.31.2010</b>	<b>12.31.2009</b>
Management fixed fee for December 2010	99,510	61,312
Management incentive fee (2%)	972,965	651,930
	<b>1,072,475</b>	<b>713,242</b>

## 12. NET ASSETS APPLICABLE TO OUTSTANDING SHARES

Net assets attributable to outstanding shares consist of the following:

	2010	OUTSTANDING 2009
<i>Numbers of shares</i>		
Authorized	5,000,000	5,000,000
Outstanding	1,533,110	1,554,920
Share Capital (USD 0.01 par)	15,331	15,549
Additional paid in capital (USD 9.84)	15,085,803	15,300,414
Accumulated net investment income	4,002,415	2,223,487
Accumulated net realized gains from investments and foreign currency transactions	43,533,229	37,628,771
Net unrealized appreciation (depreciation) on investments and foreign currency	57,171,437	18,085,147
	<b>119,808,215</b>	<b>73,253,368</b>

## 13. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events from the statement of financial position date through March 31, 2011, the date which the financial statements were available to be issued, and determined there are no items to disclose.

## 14. EXPLANATION OF TRANSITION TO IFRS

As stated in note 2(a), these are the Company's first financial statements prepared in accordance with IFRSs.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended December 31, 2010, the comparative information presented in these financial statements for the year ended 31 December 2009 and in the preparation of an opening IFRS statement of financial position at January 1, 2009 (the date of transition).

The Company was previously prepared in accordance with US GAAP. In preparing its opening IFRS statement of financial position, statement of comprehensive income, statement of changes in net assets applicable to outstanding shares and the statement of cash flows, no IFRS transition adjustments have been identified.



MONEDA  
ASSET MANAGEMENT