MONEDA CHILE FUND LIMITED

Investment Fund

MONEDA ASSET MANAGEMENT | ANNUAL REPORT 2011

MONEDA
ASSET MANAGEMENT

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ANNUAL REPORT
FOR THE YEAR ENDING DECEMBER 31, 2011

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CHAIRMAN'S STATEMENT

Dear Shareholders:

The year 2011 was a difficult one for Moneda Chile Fund ("the Company"), as we faced a diminution of 20.5% in total shareholder value due to the weakness in Chilean share prices. However, the Company, once again, outperformed its investable universe (Chilean small and mid caps) represented by the Moneda 500 Index, which fell 26.5%. This is only the second time in the last 17 years that Chile ends with an inferior return (-23.6% represented by the IPSA Index) than the average of the region (-19.1% represented by the MSCIO Latin America). However, we are optimistic that 2011 was indeed only a temporary setback, as the net asset value per share of the Company has already increased by 15% in the first four months of 2012.

The poor results in the Chilean share prices was due to an excess of primary and secondary offerings that represented more than US$ 6 billion in 2011, creating an overhang of supply in the market which caused a downward pressure in the prices of listed companies. It was also due to the suspension of the trading of shares of la Polar, a significant company on the Chilean Stock Exchange and in the Company's portfolio, due to major errors in the accounting of its customer credit accounts which led to a write off aggregating US$850 millon.

Since its launch in August 2005, the Company has delivered to its shareholders a compounded annual return of 14.2%, far exceeding the compounded performance of the broad Chilean IPSA index of 7.4% and the 8.5% compounded return of the Moneda 500 Index. Chile has been therefore an excellent place to invest and the Company has been even better.

The Company paid its shareholders a record dividend of US$3.00 per share in 2011, and will pay another US$2.5 dividend in June, 2012 maintaining its record of providing stable returns.

At the Annual General Meeting of the shareholders of the Company held in June of 2011, an extension of its life for an additional period of two years was approved by 66.38% of its outstanding shares. The 16.4% of the shares voting agains the continuation of the Company had the right to redeem their shares from the Company at US$ 76.10 per share.

I wish to offer my personal thanks to my fellow directors and 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 you. My thanks also go to all shareholders for placing their trust in the Company for more than 17 years. Finally, I wish to reiterate the commitment of all of those mentioned above to continue managing Moneda Chile Fund in accordance with the highest standards of professionalism.

Jorge Carey T.
Chairman
Moneda Chile Fund Ltd.

MONEDA CHILE FUND LIMITED

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 August 31, 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 June 23, 2011 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 US$ 10,000 per annum and US$ 500 per day of additional time spent on Company business. In addition, each of the three Directors that form the Audit Committee receives a US$ 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, 2011, Mr. Donald Campbell, Director of the Company, personally or beneficially owned 335,000 shares of the Company. Mr. Campbell is also the Chief Executive Officer of Guaranty Finance Investors LLC, which owns 240,000 shares in the Company. Together these two holdings amount to 45.27% of the Company's outstanding shares, most of which are registered under the name of Citivic Nominees Limited.

As of December 31, 2011, 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., 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, 2011, the partners of Moneda were the following individuals, through their corresponding legal entities: Pablo Echeverría (Chairman), Juan Luis Rivera, Fernando Tisné, Raimundo Valenzuela, Alfonso Duval, Alfredo Reyes, Alejandro Olea, and Consorcio Financiero as Moneda's financial institutional partner.

As of December 31, 2011 Moneda manages assets above US$ 3,983 million, distributed in the following asset classes:

Chilean Equities Investment Funds:	US$ 1,516 million
Latin American HY Corporates:	US$ 1,024 million
Latin American Corporate Local Currency Debt:	US$ 149 million
Latin American Absolute Return:	US$ 364 million
Latin American Small Caps:	US$ 302 million
Others:	US$ 628 million

SIGNIFICANT SHAREHOLDERS

As of December 31, 2011, the following members held in excess of 10% of the issued share capital.

Citivic Nominees Limited	38.32%
Guaranty Finance Investors LLC	18.90%
Campbell, Donald M.	15.75%
The Bank of New York FBO Donald M. Campbell Money Purchase Plan	10.23%

CHANGES IN BYLAWS

There have been no changes in the bylaws of the Company during 2011, other than the extension of the duration of the Company as indicated below.

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 (2013) 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 23th, 2011 and during both, the Company's Annual general Meeting, celebrated on June 9th, 2011, and the adjourned Annual General Meeting, celebrated on June 23rd, 2011, an extension of the life of the Company for an additional period of two years was approved. The Company's Administrator received 1,007,863 votes (equivalent to 66.38% of the outstanding shares by that date) favoring the continuation of the Company, and 248,681 votes (equivalent to 16.4% of the outstanding shares by that date) 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 76.1 per share. Dissenting Shareholders enforcing their right to redeem had to manifest it in writing to the Company's Administrator prior to July 8th, 2011. 100% of Dissenting Shareholders enforced their right to redeem.

The Company may at its own discretion, with shareholder agreement, redeem or repurchase shares of such holders, on terms and conditions determined at the Board's discretion. Shares will be redeemed at the NAV per share on the applicable redemption date less a redemption charge to be determined by the Board, provided that such charge may not exceed 10% of such NAV and less any withholding taxes or other uncovered costs or liabilities attributable to the shares being redeemed. Upon the Board's decision, the 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, 2007, 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, 2011 amounted to US$1,169,325 (2010 US$2,043,240), composed by US$1,016,906 of fixed fees (US$916,964 in 2010) and US$152,419 of incentive fees (US$1,126,000 in 2010).

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

The amount paid to the administrator for the period ended December 31, 2011 was US$ 21,840 (2010- US$ 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, 2011, the Fund paid US$ 25,383 for these services (US$ 25,742 in 2010).

ADMINISTRATION

DIRECTORS	JORGE M. CAREY (CHAIRMAN) (Chile)
	DONALD M. CAMPBELL (United States of America)
	W. SCOTT PERRY (Uruguay, Ireland)

All the Directors mentioned above are non-executive directors.

REGISTERED OFFICE	3rd Floor, 31 Reid Street, Hamilton HM12 Bermuda
SECRETARY	MS. SHARON WARD 3rd Floor, 31 Reid Street, Hamilton HM12 Bermuda
RESIDENT REPRESENTATIVE IN BERMUDA	MR. PETER HUGHES 3rd Floor, 31 Reid Street, Hamilton HM12 Bermuda
MANAGER	MONEDA S.A. ADMINISTRADORA DE FONDOS DE INVERSIÓN Isidora Goyenechea 3621 8th floor, Santiago, Chile.
INVESTMENT ADVISOR	MONEDA ASSET MANAGEMENT S.A. Isidora Goyenechea 3621 8th floor, Santiago, Chile.
CUSTODIAN	NON-CHILEAN ASSETS Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399 United States of America.
	CHILEAN ASSETS Banco de Chile Alameda 251 Santiago, Chile.

AUDITORS	KPMG AUDITORES CONSULTORES LTDA. Monjitas 527, Piso 15 Santiago, Chile.
ADMINISTRATOR	APEX FUND SERVICES LTD. 3 Burnaby Street T.J. Pearman Building Hamilton HM12 Bermuda

INVESTMENT PERFORMANCE

World stock markets as measured by the MSCI ACWI index fell by -6.9%. Emerging economy markets were down by -18.2%, according to the MSCI Emerging Markets index, considerably worse than developed markets, according to the MSCI Developed Markets index, which indicated a loss of -5.0%. The only region which reported a positive performance for the year was the United States, which gained 2% as measured by the MSCI USA index.

The main factor impacting world markets was the escalation of the European debt crisis. Uncertainty grew as Italy and Spain joined the group of countries with perceived solvency difficulties and in view of the possible knock-on effect that a default or debt restructuring would have on the world banking system.

In addition, volatility was exacerbated by the ongoing discussion of the need to reduce the United States federal government's budget deficit. A critical point was reached at the beginning of August when negotiations took place in Congress over an increase in the debt ceiling, culminating in a reduction by Standard and Poors of the country's sovereign debt rating from AAA to AA+.

With regard to emerging economies, while discussions at the beginning of the year centered on possible inflation problems caused by overheating of some economies, by the end of the year the main preoccupation was over much slower economic growth than anticipated.

Turning to oil, the price of WTI oil ended the year at 99 USD /barrel, 8.2% above its closing price in 2010. Its average price for the year was 95 USD/barrel, 19.7% higher than in the previous year. The main factor affecting oil prices in 2011 was the geopolitical conflicts in the Middle East and North Africa. The suspension of oil production in Libya and Egypt (representing 2.6% of world production) pushed the WTI price to its yearly maximum of 113.9 USD/barrel at the end of April. In September, fears over the slowing-down of activity worldwide, especially in emerging economies, drove oil prices down again to reach the yearly low of 75.7 USD/barrel at the beginning of October. The price rose again in response to tensions between Iran - which produces 6.1% of the world's total - and the international community.

The price of copper ended 2011 at 3.43 USD /lb, down by 22.4% from its closing price in 2010. The average price of copper in 2011 was 4.0 USD/lb, up from 3.42 USD/lb in the previous year and its highest point in real terms since 1966. From an international point of view, copper prices were primarily affected by the global economic situation. In September, led by fears of a global economic slowdown, the price of copper suffered its highest fall of the year, reaching a low point of 3.08 USD/lb at the beginning of October. Nevertheless, the copper mining industry was affected by different factors in 2011 leading to a shortfall in offer; these included technical failures, project delays, strikes and lower ore grades. At the end of the year, stronger growth perspectives in China and more favorable signals from the USA and Europe drove prices up again to recover partially from previous losses.

The Chilean economy grew by a healthy 6.3% in 2011, reflecting a continuation of its dynamism since mid 2009, only temporarily interrupted after the earthquake which occurred in February 2010. This was achieved in the context of slow growth in the global economy, driven largely by the developed countries' growth of just 1.6% for the year, impacted particularly by mounting fiscal problems in the Euro zone.

In spite of the economy's fundamental health, the Chilean Peso depreciated by 9.86% against the US Dollar, which ended the year at CLP 519.2. Movements in the exchange markets reflected uncertainty stemming from the external economy.

Like most others in the region, the local equities market (measured by the IPSA) ended the year 15.2% down, closing at 4,177 points, La Polar and Vapores were the worst-performing shares, ending the year down 91.4% and 82.1% respectively. From 9th June 2011 onwards, grave irregularities emerged in the management of the credit portfolio of Empresas La Polar S.A., involving the automatic renegotiation of a significant number of defaulting clients' debts, thus distorting the making of provisions. This led to material falsification of the company's financial statements. In subsequent days, the Company itself acknowledged the gravity of the situation through the publication of a series of essential facts, with the deficit in provisions of nearly USD 1,072 million threatening its financial stability and forcing it to restructure its obligations and effect a capital increase. Construction companies Socovesa and Paz also experienced a significant loss of value, 60.9% and 50.3% respectively, due to uncertainty over economic prospects. Finally, owing to regulatory concerns and the impact of the La Polar case, Hites was among the five biggest losses on the market, with a negative performance of 52.2%. The top performers of the year were Entel (+26.0%), CCU (+22.5), Gener (+13.5%) and SM Chile B (+12.3%). Medium and small cap companies, represented by the Moneda 500 index, in which around 85% of the Fund's assets are invested, ended the year down by -20.8%.

During the first nine months of the year, the market quoted Chilean companies listed on the Moneda general index recorded a 32.3% increase in Sales, while their Ebitda and Profits fell by 1.7% and 19.8%, respectively. These reductions are explained by the significant losses generated by Vapores and La Polar. Excluding these extraordinary losses, these companies registered growth in Sales (33.6%), Ebitda (13.4%) and Profits (7.3%).

The sectors which demonstrated the highest growth in Ebitda in the first nine months of the year in Chilean Pesos included the steel sector (92.5%), due to the high increase in iron ore prices (47.3%), mergers in the mining industry and the recovery of the steel industry after the earthquake; salmon (57.8%) owing to an increase in production, and non-metals mining (48.5%), represented by Soquimich, which saw a significant increase in the price of Iodine (15.7%) and Potassium (18.2%). The sectors showing the lowest growth were transport (-123%), due to the drop in shipping tariffs which impacted on Vapores and Interoceanica, as well as steep rises in oil prices; Pharmaceuticals (-47%) due to poor results in the foreign subsidiaries of Andromaco; and Retail (-38%) as a result of the CLP 557,239 million losses Incurred by La Polar.

Pionero ended the year with a loss of -13.0%, ahead of the Moneda 500 index and the IPSA. The Fund's positive performance compared to the index is fundamentally due to better selectivity.

On 31st December 2011, capitalization of the Chilean market stood at USD 221,107 million. First market quartile shares represented 77.8% of this total, while 75% of the remaining companies represented just 22.2% of the market's total capitalization.

MONEDA CHILE FUND RELATIVE TO INDICES (IN USD)

Total annualized return for the period ended on December 31, 2011

	2011	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
Moneda Chile Fund	-20.5%	36.5%	16.2%	24.2%	14.2%
IGPA	-21.0%	29.6%	10.8%	16.7%	5.8%
IPSA	-23.6%	29.2%	9.7%	16.1%	7.4%
Moneda 500 Index	-26.5%	30.3%	190.7%	18.1%	8.6%
MSCI Chile Small Caps	-46.5%	22.8%	4.5%	16.5%	7.0%

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 2011, the Chilean stock market[1] was worth US$ 213,966 million. The top-quartile companies represent 78.5% of this total.

TABLE N°3*

QuartileN° of companies at 31 December 2010% of market capitalUS$ MM

			MIN.	MAX.	AVGE.
1	21	78.5%	3,016	18,713	8,402
2	21	14.2%	828	3,424	1,524
3	20	5.3%	396	1,052	568
4	20	2.0%	72	351	232
Market Cap US$ MM	213,966				

* Quartiles defined according to market values on 31st December 2011.

On 31st December 2011, 98.8% of the Fund's portfolio was invested in shares of national companies. 84.3% 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 Fund has become a unique opportunity to complete and complement a portfolio in this sector of national equities.

1. The share universe comprising the Moneda General index; stocks meeting certain criteria relating to turnover and market presence.

TABLE N°4

PORTFOLIO	IPSA	AFP	MONEDA CHILE FUND 2011	MONEDA CHILE FUND 2010
Large Caps (Q1)	**84.06%**	**79.97%**	**15.69%**	**7.10%**
Small y Mid Caps (Q2+Q3+Q4)	**15.94%**	**20.03%**	**84.31%**	**92.90%**
Quartile 2 (Q2)	12.31%	13.69%	47.81%	51.06%
Quartile 3 (Q3)	3.41%	4.29%	13.27%	18.64%
Quartile 4 (Q4)	0.23%	1.03%	11.96%	14.51%
Other Shares	0.00%	1.01%	11.26%	8.69%
IPSA	**100.00%**	**86.37%**	**35.21%**	**36.59%**

* Table based on Moneda General Index, 2011.

OPERATING EXPENSES

Operating expenses for the Company decreased to 1.82% in 2011, compared to 1.90% in 2010, primarily as a result of lower management fee paid to the Investment Manager (this ratio is calculated as operational expenses over net assets)

PORTFOLIO INVESTMENTS

As of December 31, 2011, 98.7% of the assets of the Company were invested in Chilean equities (including American Depositary 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 US$ 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 2011, 15.7% 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 1,270,159 as of December 31st 2011, after 248,681 shares redeemed during the renewal of the Company.

As of December 31st, 2011, the net asset value of the Company was USD 75,850,085.-, representing a net asset value per share of US$ 59.717. Due to the depreciation of the Company's investments, as well as the depreciation of the Chilean peso during the 2011, and after adjusting for the dividend payment, the Company's per share NAV decreased by -20.5%, during 2011.

DESCRIPTION OF THE TEN LARGEST INVESTMENTS

Ten largest holdings of the Company as of December 31, 2011

STOCK	INDUSTRY	MARKET CAP (USD M) (12/31/11)	% OF PORTFOLIO (12/31/11)	% OF TOTAL ASSETS (12/31/11)	P/E LTM
Pucobre-A	Metal Mining	1,053	7.9%	7.6%	12.3
Corpbanca	Banking	3,213	7.7%	7.5%	13.6
Banmedica	Health Care & Insurance	1,346	7.7%	7.4%	16.1
Sonda	Technology	1,852	6.3%	6.1%	30.4
Almendral	Holdings	1,772	5.7%	5.5%	9.0
SK	Conglomerates	1,330	5.1%	4.9%	5.7
Watts	Food	326	4.3%	4.2%	12.1
Andromaco	Pharmaceuticals	247	4.0%	3.9%	26.9
Kopolar	Beverages	523	3.8%	3.7%	13.7
Embonor-b	Beverages	823	3.7%	3.6%	13.7
Total Top 10			**56.1%**	**54.4%**	**13.6**
MCF			**100%**	**97%**	

MOST SIGNIFICANT INVESTMENTS

In fulfillment of General regulation no. 30 of the Securities and Insurance Supervisor creating the obligation to report on investments representing more than 5% of the Fund's assets, this report includes a description of the largest investments in the portfolio.

SOCIEDAD PUNTA DEL COBRE

Pucobre is a mining company focused on the production and sale of copper concentrate and cathodes. It mines a deposit known as Punta del Cobre in Tierra Amarilla, in the region of Copiapó, and other smaller deposits in the same region, including Venado Sur and Manto Negro. Concentrates are produced in its San José plant and cathodes in the Biocobre plant. The company's operational costs are competitive in the global mining industry due to its geographic location and the high ore grade of its deposits.

Since its foundation, the company has achieved annual growth of 12.38% in its mineral processing capacity, going from 23,000 tons per month to +/- 330,000 tons, following the extension of its San José plant.

Pucobre has ambitious expansion plans. The company owns the El Espino project, which was acquired in two stages for a total of USD 75 million. The deposit is located in Chile's 4th Region and has proven reserves of 123 million tons with an average ore grade of 0.66%. Together with the Puntilla Galenosa deposit, to which the company has access via a joint venture with Codelco, Pucobre hopes to increase significantly its output in the next few years.

The price of copper ended 2011 at 3.43 USD /lb, down by 22.4% from its closing price in 2010. The average price of copper in 2011 was 4.0 USD/lb, up from 3.42 USD/lb in the previous year and its highest point in real terms since

1966. Accumulated sales as of September were USD 206 million, representing a 17.0% increase over the same period in 2010, mainly due to the increase in average copper prices. Lower ore grade, among other factors, translated into a 27.9% increase in production costs. In consequence, the company's operating result at September showed a drop of 1.3% and profits were down by 7.8%.

Financial information at 30th September 2011, extracted from the financial statements available through the SVS, is as follows:

ASSETS	(USD MM)
Current Assets	87
PP&E	215
Other non-current assets	98
Total Assets	**400**

LIABILITIES	(USD MM)
Current liabilities	132
Non-current liabilities	47
Minority shareholdings	0
Attributable equity	221

INCOME STATEMENT	SEP-2010 (USD MM)	SEP-2011 (USD MM)	NOMINAL VAR. 2011-2010
Sales	175.9	205.8	17.0%
Cost of goods sold	-96.5	-123.4	27.9%
General and administrative expenses	-10.4	-14.0	34.5%
Other net income	0.5	0.2	-68.1%
Operating result	69.5	68.6	-1.4%
Shareholding in related companies	0.0	0.0	NS
Net interest expense	-0.2	1.2	-704.0%
Exchange rate variation	-1.3	-3.2	144.6%
Other income	0.0	0.0	NS
Non-operating result	-1.5	-2.0	33.1%
Earnings before tax	68.0	66.6	-2.1%
Taxes	-12.8	-15.7	22.8%
Earnings attributable to non-controlling interests	0.1	0.0	-100.0%
Earnings attributable to owners	55.1	50.9	-7.8%

SHARE INFORMATION	
Share Price at 31-12-2011	4,100
Earnings per share (LTM 2011)	332.2
Price / Earnings (2011)	12.3
Price / Book value (2011)	4.8
Enterprise value / Ebitda	7.9
Share price / Cash earnings	9.4

CORPBANCA

CorpBanca is the fifth largest bank in Chile with a market share of 7.8%. It had net loans [2] of CLP 6,709 million and a market capitalization as of December 31st, 2011 of USD 3,228 million.

CorpBanca was founded in 1871 under the name Banco de Concepción. In 1986 the bank was acquired by Sonami (Sociedad Nacional de Minería), which sold it in 1995 to Álvaro Saieh. In 1997 the bank's name was changed to CorpBanca and in 2002 it was taken public.

CorpBanca increased its market share by 48 basis points in 2011. Gross loans increased by 25%, mainly driven by commercial loans (29.4%) and housing loans (13.9%). Consumer loans grew significantly less, at a rate of 3.9%. In accordance with these variations, the portfolio now comprises 76.5% in commercial loans, 17.3% in housing loans and 6.2% in consumer loans.

Loan loss provision expenses were CLP 53,778 million, equivalent to 0.79% of loans. This indicator demonstrated a downward trend throughout the year, down from CLP 65,896 million in 2010 (1.2% of loans). Administrative expenses rose by 0.7%, consequently, profits reached CLP 122,849 million, 3.2% higher than in the same period in the previous year.

CorpBanca carried out a three-stage capital increase, raising a total of CLP 187,425 by August 31st. Later, on December 6th it was announced that an agreement had been reached with Banco Santander S.A. for the acquisition of a 95% stake in Banco Santander Colombia, which allows CorpBanca to access one of the most solid banking systems in Latin America. The price was USD 1,225 million, which accrues an interest rate of Libor 180 + 1% until the closure of the operation, which is pending approval from Chilean and Colombian regulatory authorities. In order to carry out this operation, the bank announced a new capital increase of around USD 600 million.

2. Including commercial loans, housing loans and consumer loans, net of provisions.

ASSETS	(CLP MM)
Cash and deposits	265,747
Loans	6,814,445
Provisions	-105,231
Other credits	304,442
Investments	1,031,251
Other assets	519,825
Fixed Assets	57,225
Total Assets	**8,887,704**

LIABILITIES	(CLP MM)
Deposits and other liabilities	5,507,098
Debt instruments	1,522,773
Borrowings from financial institutions	663,626
Other liabilities	464,995
Capital	729,212

INCOME STATEMENT	SEP-2010 (CLP MM)	SEP-2011 (CLP MM)	NOMINAL VAR. 2011-2010
Gross Operating Income	326,664	337,760	3.4%
Provisions	-51,187	-53,778	5.1%
Net Operating Income	275,477	283,982	3.1%
Support Expenses	-138,072	-139,063	0.7%
Net Operating Result	137,405	144,919	5.5%
Non-operating Income	2,250	250	-88.9%
Income before Taxes	139,655	145,169	3.9%
Taxes	-19,635	-24,144	23.0%
Earnings attributable to non-controlling interests	977	-1,824	NS
Earnings attributable to owners	119,043	122,849	3.2%

SHARE INFORMATION	
Share Price at 31-12-2011	$ 6.70
Earnings per share (2011)	$ 0.49
Price / Earnings (2011)	13.6
Price / Book value (2011)	2.3

BANMÉDICA

Banmédica is the country's largest health holding company, with operations in Chile, Colombia and Peru. It provides a network of integrated services and has over 25 years of experience in the industry. Its main business areas are: Health Insurance, hospitals and outpatient care centers and International. The company is controlled by the Penta and Fernández-León groups.

Hospitals and outpatient care centers is the company's main business area and accounts for about 50% of its EBITDA. Significant investments include those in Clínica Santa María and Clínica Dávila, which together total 880 hospital beds and market shares [3] of 16% and 23% respectively. In addition, these hospitals have the highest occupation rate in the industry, at around 80%. Together, the market share of Banmédica hospitals is 43%. The EBITDA has showed sustained growth over time, registering a 19% annual increase in the last 5 years.

The health insurance business is the second most important, representing 23% of the company's EBITDA. Banmédica operates two health insurance companies in Chile: Isapre Banmédica and Isapre Vida Tres, which together total 110 branch offices, 779,703 policy holders and 2,140 employees. Both health insurance companies maintained their leading market positions in 2011, with a consolidated market share of 28%. The industry as a whole is showing strong signs of recovery due to the introduction of new illnesses to the AUGE program.

The international area represents 18% of the company's EBITDA, with a CAGR of 26% for the last 5 years. In Colombia, it has been present in the health insurance sector since 1994 via Colmédica, which has more than 508,000 insured clients and a market share of over 20% in prepaid health insurances and more than 2.4% in the Obligatory Health Program (P.O.S.). In the hospital business, the company owns the Clínica del Country, which has over 220 beds, 14 operating rooms, 3 maternity suites and 24 emergency cubicles. It is currently under construction to add an additional 44 beds and expand the Emergency and Radiology departments.

In Peru, the company owns the Clínica San Felipe and ROE Laboratories. Clínica San Felipe serves the high income segments and has 51 beds and 4 operating rooms. It is currently being expanded to add an additional 125 beds. ROE Laboratories owns 13 health centers In Lima and Arequipa.

In September 2011, Banmédica reported a profit of CLP 34,600 million, a drop of 2% compared with the same period in 2010. Nevertheless, in 2010 it obtained extraordinary earnings of CLP 11,133 million through the sale of its stake in Clínica Las Condes. In the next few years, the company plans to invest USD 170 million; USD 108 million for projects in Chile and the remainder in Peru and Colombia.

Financial information at 30th September 2001, extracted from the Financial Statements available through the SVS, is as follows:

3. Measured in real occupied bed days.

ASSETS	(CLP MM)
Current Assets	174,792
PP&E	280,751
Other non-current assets	113,141
Total Assets	**568,684**

LIABILITIES	(CLP MM)
Current liabilities	244,603
Non-current liabilities	147,741
Minority shareholdings	18,709
Attributable capital	157,631

INCOME STATEMENT	SEP-11 (CLP MM)	SEP-10 (CLP MM)	NOMINAL VAR 2011-2010
Sales	575,677	524,384	9.8%
Cost of goods sold	-435,917	-402,329	8.3%
General and administrative expenses	-93,530	-84,644	10.5%
Other net income	6,859	14,534	-52.8%
Operating result	53,089	51,945	2.2%
Net earnings from shareholding in related companies	932	743	25.5%
Net interest expense	-3,279	-2,181	50.4%
Other income and expenses	-2,206	-2,398	-8.0%
Non-operating result	-4,553	-3,836	18.7%
Earnings before tax	48,536	48,109	0.9%
Taxes	-11,049	-10,451	5.7%
Earnings attributable to non-controlling interests	2,887	2,481	16.4%
Earnings attributable to owners	34,600	35,177	-1.6%

SHARE INFORMATION	
Share Price at 31-12-2011	$ 856
Earnings per share (LTM Sept. 2010)	$ 54
Price / Earnings (LTM Sept. 2010)	17.9
Price / Book value (LTM Sept. 2010)	4.4
Enterprise value / Ebitda	9.7
Share price / Cash earnings	10.7

SONDA

Sonda is an integrated provider of information technology services. It has extensive geographical coverage and presence in all the main countries in the region, including Brazil, Mexico, Chile, Colombia and Argentina.

Over the last 5 years, the company has expanded its international operations in countries with a strong growth potential in the IT services area. Its aim is to become a significant player in each market where it operates. Its income stems from three business lines: information technology services, platform sales and software applications.

In 2011 the company focused on the integration of the five companies it bought in 2010 (Softeam, Telsinc y Kaisen in Brazil, NextiraOne in Mexico and Ceitech in Argentina). In September 2011, Sonda acquired a 99.22% stake in Quintec through a takeover bid, at a cost of CLP 32,127 million. Quintec is an IT services company with operations in Chile, Colombia, Brazil, Argentina and Peru, and also represents Apple in Chile.

In September 2011, new contracts closed amounted to USD 1,383 million, a 33% increase compared to the first nine months of 2010.

Operating income increased by 27%, up from CLP 312,029 million in 2010 to CLP 396,911 million, due to the integration of the companies newly acquired in 2010. EBITDA increased by 19%, from CLP 52,338 million to CLP 62,301 million. The year's earnings were down, however, by 6.3%, dropping from CLP 27,733 million to CLP 25,973 million, due to increased interest payments and an extraordinary tax payment in Brazil.

ASSETS	(CLP MM)
Current Assets	265,104
PP&E	73,123
Other non-current assets	224,169
Total Assets	**562,396**

LIABILITIES	(CLP MM)
Current liabilities	150,987
Non-current liabilities	106,607
Minority shareholdings	4,330
Owners capital	300,472

INCOME STATEMENT	SEP-10 (CLP MM)	SEP-11 (CLP MM)	NOMINAL VAR. 2011-2010
Ordinary operating income	312,029	396,911	27.2%
Cost of goods sold	-241,003	-312,203	29.5%
General and administrative expenses	-32,691	-37,884	15.9%
Operating result	38,335	46,824	22.1%
Net interest expense	-1,592	-3,124	96.2%
Other income and expenses	-4,102	-8,217	100.3%
Non-operating result	-2,852	-10,606	271.9%
Earnings before tax	35,483	36,218	2.1%
Taxes	-6,476	-8,634	33.3%
Earnings attributable to non-controlling interests	-1,273	-1,607	26.2%
Earnings attributable to owners	27,734	25,977	-6.3%

SHARE INFORMATION	
Share Price at 31-12-2011	$ 1.253
Earnings per share (LTM Sept. 2011)	$ 41.2
Price / Earnings (LTM Sept. 2011)	30.4
Price / Book value (LTM Sept. 2011)	3.2
Enterprise value / Ebitda	12.0
Share price / Cash earnings	18.3

ALMENDRAL

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

Entel is the second most important telecommunications company in Chile, with assets of USD 2,849 million and revenues as of September 2011 of CLP 904,196. The company provides mobile services, long-distance, data transmission and internet services, network services for large companies, data-centers and IT services. Its Peruvian subsidiary Americatel provides long-distance and communications services to small and medium-sized companies.

The mobile business demonstrated strong growth in 2011, due to growth in high added value services. In September, the total mobile phone subscriber base was 22 million, 15% up over the previous period in 2010, from which Entel has a 37% market share. In the mobile broadband sector, Entel has 890,000 subscribers, a year-on year increase of 113% with an estimated 48% market share.

Number portability was introduced throughout the country in January 2012. From now on, each client owns the right to use their telephone number and is able to change provider without losing it. The current operators, Claro, Entel y Movistar, will be joined by Nextel and VTR and three mobile virtual network operators (MVNOs), Virgin Mobile, Telsur and Falabella Móvil.

In regulatory terms, in December 2011 the Supervisor of Telecommunications published the tender specifications for the implementation of 4G technology. Additionally, the Supervisor is working on a law which aims to eliminate the access charges applied by both mobile companies and fixed network companies for the use of their networks.

In January 2012, the Senate approved the Antenna Law. This new law regulates aspects such as their localization, design improvements, collective or community-serving location, and their height and separation distance in sensitive environments.

Entel reported consolidated revenues of CLP 904,196 million in September 2011, of which 78% was generated by mobile telephone services, 3% by local telecommunications, 2% long distance, 8% corporate data services and 9% by other business areas.

The company's consolidated EBITDA was CLP 395,779 million, a 21% increase over the same period in 2010. Earnings reached CLP 150,000 million, a 20% year-on-year rise. In 2011, Entel distributed CLP 140,806 million in dividends, of which Almendral received CLP 77,105 million.

ALMENDRAL ASSETS	(CLP MM)
Current Assets	355,746
PP&E	991,764
Other Non-current Assets	384,336
Total Assets	**1,731,846**

LIABILITIES	(CLP MM)
Current Liabilities	458,455
Non-current Liabilities	377,361
Minority shareholdings	339,469
Owners capital	556,561

INCOME STATEMENT (ENTEL)	SEP-2010 (CLP MM)	SEP-2011 (CLP MM)	NOMINAL VAR. 2011-2010
Ordinary operating income	785,565	906,625	15.4%
Cost of goods sold	-551,513	-617,074	11.9%
General and administrative expenses	-79,329	-92,884	17.1%
Operating result	154,723	196,667	27.1%
Net interest expense	-9,458	-7,199	-23.9%
Other income and expenses	-1,595	-12,221	666.3%
Non-operating result	-11,053	-19,420	75.7%
Earnings before tax	143,670	177,247	23.4%
Taxes	-23,281	-31,412	34.9%
Earnings attributable to non-controlling interests	-56,452	-67,854	20.2%
Earnings attributable to owners	63,937	77,981	22.0%

SHARE INFORMATION (ALMENDRAL)	
Share Price at 31-12-2011	$ 68.3
Earnings per share (LTM Sept. 2011)	$ 7.6
Price / Earnings (LTM Sept. 2011)	9.0
Price / Book value (LTM Sept. 2011)	1.7

THE CHILEAN ECONOMY

INTRODUCTION

The Chilean economy grew by a healthy 6.0% in 2011, reflecting a continuation of its strong dynamism since mid 2009, only temporarily interrupted after the earthquake which occurred in February 2010. The high 2011 growth rate was achieved in a context of slow growth in the global economy, largely because of the developed countries' growth of just 1.6% for the year, impacted particularly by the aggravation of the fiscal and banking crisis in the Euro Zone.

Inflation was slightly higher than the upper band of the Central Bank's target range. However, price increases were mainly due to factors external to the Chilean economy. Commodity prices were driven up by sustained demand from emerging economies –which grew 6.4% in 2011-, and climatic and geopolitical factors affecting supply.

Monetary policy in 2011 was tight, although marked by two distinct phases. In the first half of the year, the Central Bank continued the progressive reduction of the monetary stimulus which began in June 2010, consistent with the strength of economic activity and price developments. However, in the second half of 2011 the Board decided to maintain the monetary policy rate because of the deteriorating international scenario and the resulting uncertainty over the potential impact on the Chilean economy.

In spite of the economy's fundamental health, the Chilean Peso depreciated against the US dollar in 2011. The movements in the exchange rate markets reflected the uncertainty over external events, notably the escalation of the European sovereign debt crisis and its potential contagion to the rest of the world, and the dysfunctional political negotiations over an increase in the USA's government debt ceiling, which culminated in a reduction of the country's AAA sovereign debt rating by Standard and Poor's.

In the external sector, imports rose in line with the increase in internal demand, while export grew driven mainly by commodity price increases, especially copper.

Public finances marginally improved in 2011 compared with 2010, owing to a significant rise in revenues – partially resulting from tax adjustments approved in 2010 but effective in 2011 – and a lower increase in public spending compared with the increase in revenues.

The following sections summarize the most significant economic issues in Chile in 2011.

ECONOMIC ACTIVITY

The Chilean economy grew by a healthy 6.0% in 2011, reflecting a continuation of its strong dynamism since mid 2009, only temporarily interrupted after the earthquake which occurred in February 2010.

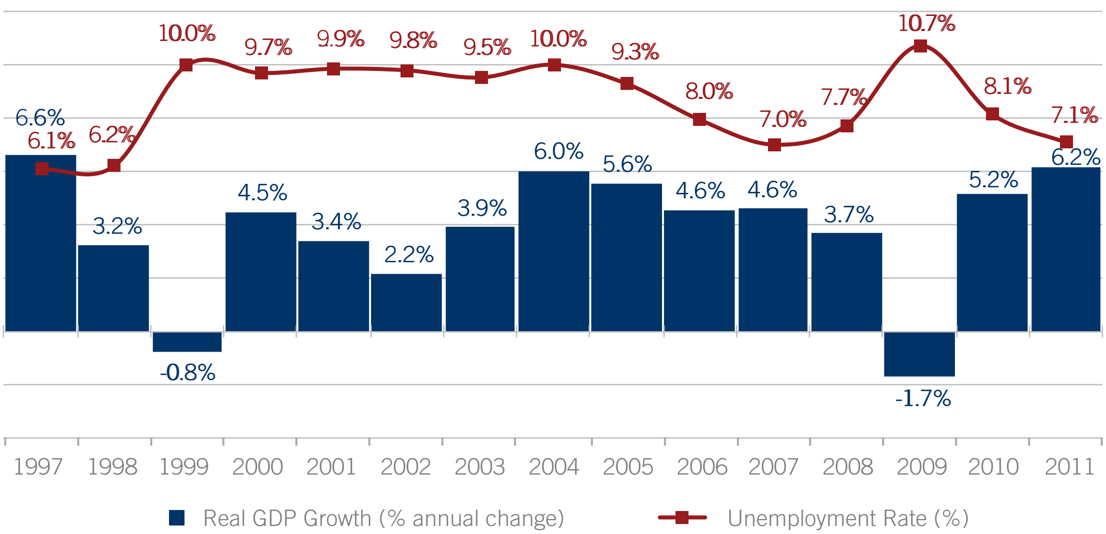
Quarterly growth slowed as the year progressed, from a year-on-year increase of 9.9% in the first quarter to 4.5% in the final quarter. The very high annual growth rates seen in early 2011 were also due to the low economic activity in the first half of 2010 because of the earthquake damage. Modest growth in the latter part of the year can be attributed in part to the global slowdown.

Internal demand continued as the main driver of growth in 2011, although its increase was down from 14.8% in 2010 to 9.4% in 2011. The expansion was driven by investment as well as consumer spending. Gross fixed capital formation rose 17.6%, reflecting high growth in investments in machinery and equipment (mainly in the mining industry) and increasing recovery in the construction sector. Total consumer spending rose 7.9%, mainly due to private spending on durable goods reflected in increased imports.

Although gross exports rose, net exports contributed negatively to GDP growth, due to a significantly faster growth in imports. Exports increased 4.6% in 2011, driven by Industrial and Agro-Fisheries-Forestry exports that grew 13.5% and 11.9% year-on-year, respectively. The increase in the fisheries sector was mainly due to a significant recovery of salmon production, as the negative impact of the ISA virus that affected the sector last year receded. Imports grew 14.4% year-on-year, mainly due to increased internal demand, particularly for consumer durable goods and investments in machinery.

Moving on to an analysis of economic sectors, with the exception of Mining, economic growth was broad-based. Among those reliant on internal demand, the most dynamic sectors were Retail, Restaurant & Hotel, and Construction, which grew 12.1%, 9.7% y 11.1%, respectively, in line with increased consumer spending and investment. On the supply side, the best-performing sectors were Fisheries and Energy, Gas & Water, due to the recovery of the salmon industry and increased electrical energy generation. The Industrial sector grew 6.6%, attributable to a recovery in capacity after the damage caused by the February 2010 earthquake as well as the positive effect of a low comparison base. The exception was the Mining sector, which contracted 4.8% due to technical problems, employee strikes, the temporary closure of certain mining operations in the north of the country owing to climatic factors, and lower ore grades.

REAL GDP GROWTH AND UNEMPLOYMENT RATE



Source: Chilean Central Bank, Moneda

INFLATION, MONETARY POLICY AND FOREIGN EXCHANGE RATE

INFLATION

Annual inflation reached 4.4% in December 2011, higher than the Central Bank target of 3.0% with a +/- 1% tolerance range.

Price rises were driven principally by increases in fuel and transport costs, which rose 15.3% and 5.2%, respectively. The main determining factor in these increases was the rise in the international WTI oil price, which was on average 19.7% higher in 2011 than in the previous year. This was compounded by the depreciation of the Chilean Peso, which also drove up the price of imported crude oil in local currency. The Chilean Fuel Price Protection System (SIPCO) mitigated only partially the effect of higher international oil prices.

Increased food prices also contributed to inflation in 2011; as part of the Consumer Price Index (CPI) they rose 8.6% year-on-year, driven mainly by higher prices of meat and wheat derivatives such as bread. These increases broadly reflected the price rises in internationally traded foodstuffs, which according to the CRB Food Index gained on average 27.2% in 2011.

Underlying inflationary pressures were kept under control in 2011. The CPI excluding food, power and fuel showed an increase of 2.4%.

MONETARY POLICY

During 2011 the Central Bank of Chile (CBC) continued with the withdrawal of the monetary stimulus initiated in June of 2010, with two distinct phases.

In the first half of the year, the Board increased the Monetary Policy Rate (MPR) by 200 basis points from 3.25% to 5.25%. After a pause in January following its announcement of an exchange rate market intervention plan, in February the Board decided to resume the normalization process increasing the MPR by 25 basis points to 3.50%. In subsequent months, the CBC increased the speed of normalization raising the MPR by 50 basis points at each of the March, April and May meetings, and 25 basis points at its June meeting. These decisions were taken in a context where the Central Bank estimated that the MPR was still significantly below its neutral level and in which the data pointed to a fast narrowing of the output gap, inflationary expectations remained high, and international oil prices had further increased.

During the second half of 2011, the Board maintained the MPR at 5.25%. Although in July it indicated in its Monetary Policy meeting communiqué that the most likely scenario would require further increases, in August the Board dropped its upward bias given the deterioration in the international economic scenario, despite the fact that local economic activity showed a moderation lower than expected. In October, the CBC mentioned for the first time in 2011 the option of lowering the MPR on the basis that the worsening external situation would affect growth and inflation in Chile, as well as its monetary policy orientation. In November and December, the downward bias remained.

In addition, by year-end liquidity constraints observed in foreign financial markets began to affect the Chilean market. This increased tension in the monetary market prompted the CBC to announce on 22nd December a program to facilitate the management of the financial system's liquidity in Chilean Pesos. This provisional regime (effective until 7th February 2012) allowed REPO operations to be undertaken at a variable interest rate and for up to 91 days.

In December, Rodrigo Vergara, member of the CBC Board, was appointed as the new Governor of the CBC for the next five years, as José de Gregorio completed his term.

CONSUMER INFLATION AND FOREIGN EXCHANGE RATES

Source: Chilean Central Bank, INE, Moneda.

FOREIGN EXCHANGE RATE

In 2011 the Chilean Peso depreciated 10.2% against the US dollar. In spite of the high volatility on monthly fluctuations, in the first half of the year an appreciation trend was observed, which was reversed in the second semester.

Between January and July 2011, the Chilean Peso appreciated 2.7%, ending July at 465 CLP/USD. The Peso was supported by the widening of interest rates and growth differential between Chile and developed countries, and the high demand from emerging countries for commodities which contributed to maintain the price of copper at an average of 426.7 USD/pound in the first half of the year. These strengthening factors were partially offset by the increase in risk aversion and international asset price volatility caused by the disturbances in the Middle East and the critical fiscal situation of some European countries. The purchases of US dollars by the CBC as part of its program to intervene in the exchange rate market also weakened the Peso (see below).

The Chilean Peso depreciated 12.6% from August to the end of the year, when the deterioration in the international context was the over-riding factor. The greatest negative impact on markets came from the escalation of the European sovereign debt crisis and its potentially contagious effect on the banking system. Volatility intensified at mid-year with the dysfunctional political negotiations over an increase in the USA's government debt ceiling, which culminated at the end of August in a reduction by Standard and Poor's of the country's sovereign debt rating from AAA to AA+. Additionally, markets worried about the deceleration of economic growth in emerging economies.

On January 3rd, the CBC announced a program to intervene in the exchange market. This program consisted in the purchase of USD 12.0 billion during 2011, meaning USD 50 million per day. According to the monetary authority, this measure was aimed at increasing the amount of the Central Bank's foreign exchange reserves and to smooth the effects of international volatility on the Chilean peso. Additionally, the program established the sterilization of the US dollar purchases by the issuance of short-term liquidity instruments in the first two months of the year and afterwards with new issues of longer term bonds.

THE EXTERNAL SECTOR

The Current Account registered a deficit of USD 3.2 billion in 2011, equivalent to 1.3% of GDP. This represented a decline compared with 2010, when a Current Account surplus of USD 3.3 billion was achieved (1.5% of GDP), mainly due to a reduction in the surplus of the Trade Balance and the Current Transfers.

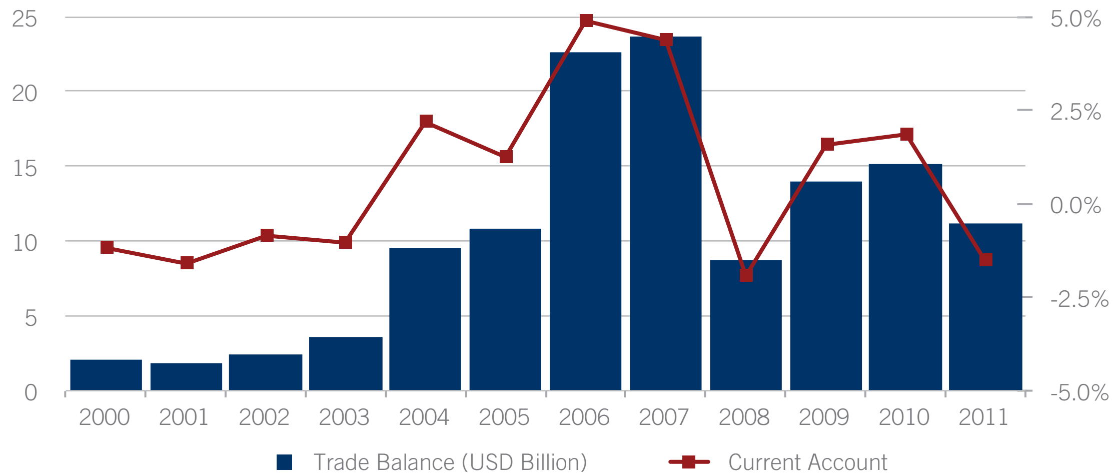
The reduction in the Current Transfers surplus was mainly attributable to a high base effect as a result of the reinsurance payments relating to the February 2010 earthquake accounted for in 2010. Nevertheless, this account registered a surplus due mainly to tax receipts for capital and profits transferred abroad. The Trade Balance result in 2011 was a surplus of USD 10.8 billion, equivalent to 4.9% of GDP. This was 28.6% lower than the result achieved in 2010, explained by a 27.1% year-on-year increase in imports against a 14.8% year-on-year rise in exports.

Imports reached USD 70.6 billion, reflecting price and volume rises in line with the dynamic internal demand. The principal subgroup, intermediate goods, grew 31.9% explained partially by the 19.7% year-on-year increase in the average WTI oil price. Imports of consumer goods continued to rise in 2011, although at a more moderate rate, registering an increase of 20.4% in 2011 compared to 54.5% in 2010. The 2010 growth rate was especially strong due to the recovery of individual consumer spending after the 2008-2009 financial crisis.

Exports stood at USD 81.4 billion in 2011, mainly due to commodity price increases, while moderate international demand left volumes practically unchanged. Copper represented 54.6% of total exports in 2011, an increase of 7.8% as a result of a 16.9% rise in average copper prices which offset the 4.4% drop in the mineral's production in Chile. In addition, industrial exports rose by 23.9%, with foodstuffs up 28.9% - led in part by 61.1% increase in salmon - and sales of pulp, paper and related products grew 19.0%. Agricultural exports were up 16.0%, driven mainly by fresh fruits.

The Finance and Capital Account showed an inflow of USD 4.9 billion, mainly due to strong capital portfolio investments – led by the pension funds – and foreign direct investment in Chile, mainly through net reinvestments. This effect was partially offset by the CBC's program to increase international reserves.

EXTERNAL ACCOUNTS (% OF GDP)



Source: Chilean Central Bank, INE, Moneda.

PUBLIC FINANCES

In 2011 the Consolidated Central Government account registered a surplus of USD 3.3 billion, equivalent to 1.4% of GDP. This is an improvement compared to the deficit of 0.4% of GDP in 2010, attributed to an 11.6% real annual increase in revenues in parallel with a 2.3% real annual increase in spending.

The increase in total revenues was due mainly to an increase in tax income. Taxes paid by private mining companies' rose 18.6% compared to 2010, while the increase in other taxpayers' contributions was 15.9%. Part of this growth was explained by the economy's increased dynamism, the provisional increase of three percentage points in the corporate tax rate (First Category tax), and the increase in the copper price. Revenues from gross copper production (from state owned Codelco) dropped 12.1% compared to 2010, partially due to the USD 375 million used to capitalize the company.

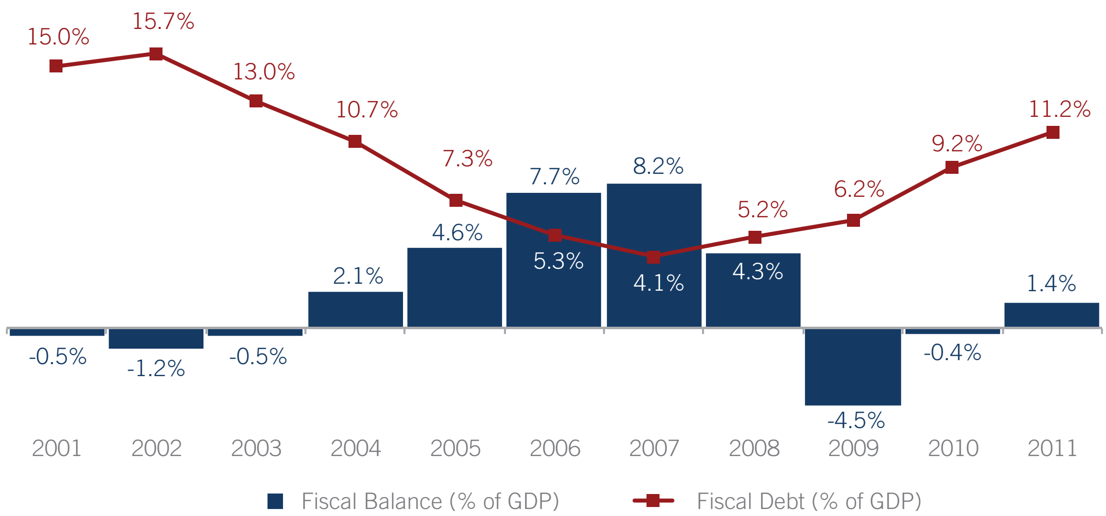
The increase in total spending comes as a result of a 1.2% increase in real current spending and a 9.7% increase in capital spending. The increase in current spending was due to a 2.7% increase in personnel costs, a 2.6% increase in spending on goods and services and a 50.1% increase in interest payments. These figures include the effects of a fiscal adjustment program announced in April, when the Government reduced spending by US$ 750 million, equivalent to 1.3% of total spending or 0.3% of GDP, whose purpose was to reduce the pressure on economic activity, prices, interest rates and exchange rates.

In structural terms, the Consolidated Central Government showed a deficit of 1.2% of GDP. This is an improvement on the structural deficit of 2.0% of GDP in 2010, explained partially by higher structural revenue as a result of the increase in long-term copper prices, adjusted from 213 US$c/lb to 259 US$c/lb in October 2010.

To finance the national budget and cover bond maturities, the government issued debt instruments in the national and international markets, increasing public debt from 8.6% of GDP in December 2010 to 11.2% of GDP in December 2011.

Fiscal financial assets stood at USD 28.1 billion in December 2011, showing an increase of 37.6% compared to December 2010. These assets comprise the Economic and Social Stabilization Fund (Fondo de Estabilización Económica y Social, FEES), which stands at USD 13.2 billion, the Pension Fund Reserve (Fondo de Reserva de Pensiones), which ended the year at USD 4.4 billion, and the Other Assets account which stand at USD 10.6 billion (The Other Assets account includes investments in US$ denominated instruments (64.3% of total) such as bank deposits and Treasury notes, and investment in Chilean Peso denominated instruments such as CBC bonds, bank deposits and mutual funds).

PUBLIC SECTOR ACCOUNTS (% OF GDP)



Source: Chilean Ministry of Finance, Moneda

MONEDA CHILE FUND
INVESTMENT FUND

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS TO DECEMBER 31, 2011

NAME OF EXTERNAL AUDITING FIRM	: KPMG AUDITORES CONSULTORES LIMITADA
EXTERNAL AUDITOR'S ID NO.	: 89.907.300-2

To the Board of Directors of
Moneda Chile Fund Limited:

We have audited the accompanying statements of financial position of Moneda Chile Fund Limited ("the Company") as of December 31, 2011 and 2010, and the related statements of comprehensive income, changes in equity and cash flows for the years ended as of December 31, 2011 and 2010. The preparation of these financial statements (including their notes) is 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 generally accepted auditing standards in Chile. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, these financial statements present fairly, in all material respects, the financial position of Moneda Chile Fund Limited as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years ended as of December 31, 2011 and 2010, in conformity with International Financial Reporting Standards.

Cristian Bastián E.
KPMG Ltda.
Santiago, March 30, 2012

STATEMENT OF FINANCIAL POSITION

(expressed in US Dollars)

	NOTE	DECEMBER 31, 2011	DECEMBER 31, 2010
ASSETS			
Cash and cash equivalents		2,143,529	2,146,807
Financial assets at fair value through profit or loss	10	73,900,171	118,730,539
Receivable for investments sold	3(h)vi	111,678	68,265
Dividends and interest receivable		-	9,411
Sundry debtors		-	-
Total assets		**76,155,378**	**120,955,022**
LIABILITIES			
Payable for investments purchased	3(h)vi	153,337	8,637
Management fees	11	63,655	1,072,475
Other liabilities	12	88,355	65,695
Total liabilities		**305,347**	**1,146,807**
Net assets applicable to outstanding shares	**13**	**75,850,031**	**119,808,215**

The accompanying Notes 1 to 14 are an integral part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

(expressed in US Dollars)

	NOTE	DECEMBER 31, 2011	DECEMBER 31, 2010
Income			
Dividend Income		4,907,319	4,687,344
Net realized gains from financial assets at fair value and foreign currency transactions	7	19,394,839	10,478,597
Change in net unrealized (depreciation) appreciation from financial assets at fair value and foreign currency transactions	7	(43,607,505)	38,888,290
Total net (loss)/profit		**(19,305,347)**	**54,054,231**
Expenses			
Management fees	8 (a)	(1,169,325)	(2,043,240)
Custodian fees	8 (b)	(25,383)	(25,742)
Audit and legal fees		(101,676)	(74,215)
Administrator's fees	8 (c)	(21,480)	(16,980)
Directors' fees		(45,000)	(39,500)
Cost of Board Meetings		(9,526)	(56,867)
Other		(9,442)	(18,537)
Total expenses		**(1,381,832)**	**(2,275,081)**
Net (loss) /profit before tax		**(20,687,179)**	**51,779,150**
Withholding tax expense	9	(674,149)	(391,527)
(Decrease) / Increase in net assets applicable to outstanding shares		**(21,361,328)**	**51,387,623**

The accompanying Notes 1 to 14 are an integral part of these financial statements

STATEMENTS OF CHANGES IN NET ASSETS APPLICABLE TO OUTSTANDING SHARES

(expressed in US Dollars)

	DECEMBER 31, 2011	DECEMBER 31, 2010
Net asset applicable to outstanding shares, beginning of the period	119,808,215	73,253,368
(Decrease) / Increase in net assets applicable to outstanding shares	(21,361,328)	51,387,623
Distributions to shareholders from financial assets at fair value and foreign currency transaction	(3,810,477)	(3,832,776)
Payments for shares redeemed	(18,786,379)	(1,000,000)
Net assets applicable to outstanding shares, end of the period	75,850,031	119,808,215

The accompanying Notes 1 to 14 are an integral part of these financial statements

CASH FLOW

(expressed in US Dollars)

	NOTE	DECEMBER 31, 2011	DECEMBER 31, 2010
Cash flows from operating activities			
Dividend received		4,907,319	4,687,344
Sales of investments		50,972,331	26,408,653
Purchase of investments		(29,896,388)	(21,855,093)
Operating expenses paid		(2,719,150)	(1,985,726)
Income tax paid	9	(674,149)	(391,527)
Net cash inflow from operating activities		**22,589,963**	**6,863,651**
Cash flows from financing activities			
Payment for redemption of shares		(18,786,379)	(1,000,000)
Payment for dividends		(3,810,477)	(3,832,775)
Net Cash flows (outflow) from financing activities		**(22,596,856)**	**(4,832,775)**
Net increase in cash and cash equivalents		**(6,893)**	**2,030,876**
Cash and cash equivalents beginning of the period		2,146,807	115,495
Effect of exchange rate fluctuations on cash and cash equivalents		3,615	436
Cash and cash equivalents at end of the period		**2,143,529**	**2,146,807**

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 Santiago 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 Nº 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 Nº 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. As of June 26TH, 2011 another extension of the life of the Company 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 (IFRS).

The financial statements were authorized for issue by the Board of Directors on May 8th, 2012.

(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 IFRS 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 five years, and therefore may be remitted out of Chile at any time, and will not be subject to tax by Chile.

On an annual basis, the 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 18th, 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 or 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 date 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 Company invests its excess or idle cash in highly-liquid money-market mutual fund.

Financial assets at fair value through profit and loss

The Company 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) 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, 2012, 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, was earlier adopted by the Company.

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 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 12-31-2011 amount to USD 2,255,207, representing only 2.96% of the total assets.

i. Investment in debt securities

The Company does not invest in debt instruments.

ii. Derivative financial instruments

The Company 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 12.31.2011 accounts receivables for unsettled sales amount USD 111,678, which represent 0.15% 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. Portfolio concentration risk

As at 12-31-2011 the investment portfolio was distributed as follows:

MONEDA CHILE FUND	USD MILLION	% FUND
Beverages	10.25	13.9%
Investment Companies	8.76	11.9%
Metals-Diversified	5.81	7.9%
Retail	1.41	1.9%
Banks	6.96	9.4%
Diversified Operations	5.92	8.0%
Shipping Industry	1.15	1.6%
Health Care	5.66	7.7%
Information Technology	4.66	6.3%
Building and Construction	3.35	4.5%
Containers	2.89	3.9%
Pharmaceuticals	4.81	6.5%
Electric	2.75	3.7%
Explosives	2.53	3.4%
Food	1.77	2.4%
Harbor Transport Services	1.57	2.1%
Oil - Gas Exploration & Production	0.95	1.3%
Iron / Steel	0.97	1.3%
Transport - Rail	0.61	0.8%
Footwear & Related Apparel	1.86	1.2%
Building Products / Cement	0.25	0.3%
Total	**73.90**	**100.00%**

(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 lowest daily closing price of the last 24 months
- The exchange rate is at its highest daily closing price of the last 24 months

	12/31/2011	EXCHANGE RATE	CORRESPONDING DATE
Performance Moneda Chile Fund (USD)	-20.5%	519.2	
Exchange rate ended at the lowest point	-9.5%	455.9	07/30/2011
Exchange rate ended at the highest point	-24.8%	549.2	05/21/2010

(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 Company 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 COMPANY'S ACCOUNTING POLICY

i. Valuation of financial instruments
The Company's accounting policy on fair value measurements is discussed in note 3(h)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 2011 and 2010.

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 Company 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.

	DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS	LOANS AND RECEIVABLES	OTHER LIABILITIES	TOTAL CARRYING AMOUNT
DECEMBER 31, 2011				
Cash and cash equivalents	2,100,643	42,886	-	2,143,529
Financial assets at fair value through profit and loss	73,900,171	-	-	73,900,171
Receivable for investment sold	-	111,678	-	111,678
Dividends and interest receivable	-	-	-	-
	76,000,814	**154,564**	**-**	**76,155,378**
Payable for investment purchased	-	-	153,337	153,337
Manager fees	-	-	63,655	63,655
Other liabilities	-	-	88,355	88,355
Net assets applicable to outstanding shares	-	-	75,850,031	75,850,031
	-	**-**	**76,155,378**	**76,155,378**

	DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS	LOANS AND RECEIVABLES	OTHER LIABILITIES	TOTAL CARRYING AMOUNT
DECEMBER 31, 2010				
Cash and cash equivalents	2,106,784	40,023	-	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
	120,837,323	**117,699**	**-**	**120,955,022**
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
	-	**-**	**120,955,022**	**120,955,022**

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, 2011 and 2010 amounted to USD19,394,839 and USD10,478,597, 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, 2011 and 2010 amounted to USD43,607,505 depreciation and USD38,888,290 appreciation, 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 Company, 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 Company 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, 2011 amounted to USD1,169,325 (2010 - USD2,043,240), and include USD1,016,906 of fixed fees (USD916,964 in 2010) and USD152,419 of incentive management fees (USD1,126,276 in 2010).

(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	1TRX	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, 2011, the Company paid USD25,383 for these services (USD25,742 in 2010).

(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 USD2,500 per annum.

The amount of administrator´s fees for the periods ended December 31, 2011 was USD21,480(2010-USD16,980) .

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, 2011, the Company remitted from Chile to Bermuda the sum of USD 22,893,723 of which amount USD 6.741.490 was subject to a withholding tax rate of 10% (USD674,149).

During the period ended December 31, 2010, the Company remitted from Chile to Bermuda the sum of USD5,010,000 of which amount USD3,915,279 was subject to a withholding tax rate of 10% (USD391,527).

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, 2011 and 2010 total securities at fair value amounted to USD73,900,171 and USD118,730,539, 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

Management fees payables are summarized as follows:

	12.31.2011	12.31.2010
Management fixed fee	63,655	99,510
Management incentive fee (2%)	-	972,965
	63,655	**1,072,475**

12. OTHER LIABILITIES

Other liabilities are summarized as follows:

	DECEMBER 31, 2011	DECEMBER 31, 2010
Custodian fees	6,245	934
Audit fees	25,764	27,507
Legal fees	31,346	11,002
Administrator's fees	2,245	4,245
Directors' fees	16,500	16,500
Tax Payable	0	2,080
Dividend unpaid	6,255	0
Other	0	3,427
	88,355	**65,695**

13. NET ASSETS APPLICABLE TO OUTSTANDING SHARES

Net assets attributable to outstanding shares consist of the following:

		OUTSTANDING
	2011	2010
Numbers of shares		
Authorized	5,000,000	5,000,000
Outsanding	1,270,159	1,533,110

	2011	2010
Share Capital (USD 0.01 par)	12,697	15,331
Additional paid in capital (USD 9.84)	12,493,445	15,085,803
Accumulated net investment income	5,490,468	4,002,415
Accumulated net realized gains from investments and foreign currency transactions	44,289,489	43,533,229
Net unrealized appreciation (depreciation) on investments and foreign currency	13,563,932	57,171,437
	75,850,031	**119,808,215**

14. SUBSEQUENT EVENTS

The Company´s management has evaluated subsequent events from the statement of financial position date through March 30, 2012, the date which the financial statements were available to be issued, and determined there are no items to disclose.

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