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Report of Independent Auditors

To the Board of Directors of Moneda Chile Fund Limited

We have audited the accompanying statements of assets and liabilities of Moneda Chile Fund Limited, including the schedule of investments as of December 31, 2007 and 2006, and the related statements of operations, the statements of changes in net assets and the financial highlights for the years then ended. These financial statements and financial highlights are the responsibility of Moneda Chile Fund Limited's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Moneda Chile Fund Limited as of December 31, 2007 and 2006, and the results of its operations, the changes in its net assets and the financial highlights for the years then ended in conformity with generally accepted accounting principles in the United States of America.



PP
Cristián Bastián E.

KPMG Ltda.

Santiago, March 14, 2008

STATEMENTS OF ASSETS AND LIABILITIES

(expressed in United States dollars)

	DECEMBER 31, 2007	DECEMBER 31, 2006
ASSETS		
Common stocks at fair value(cost : \$54,978,780 ; 2006 \$47,087,657)	\$76,949,456	\$79,237,566
Receivable for investments sold	1,841,175	392,857
Cash and cash equivalents (Note 3 i)	2,481,806	46,877
Dividends and interest receivable	358	7,188
Sundry debtors	19,064	5,373
TOTAL ASSETS	81,291,859	79,689,861
LIABILITIES		
Loan payable to bank (Note 4)	6,505,440	6,749,121
Payable for investments purchased (Note 6)	1,658,121	362,933
Other liabilities (Note 7)	733,802	510,830
TOTAL LIABILITIES	8,897,363	7,622,884
NET ASSETS APPLICABLE TO OUTSTANDING SHARES	\$72,394,496	\$72,066,977
CAPITAL SHARES OF COMMON STOCK US\$ 0.01 PAR VALUE		
Authorized	5,000,000	5,000,000
Outstanding	1,596,000	2,064,519
NET ASSETS PER SHARE	\$45.36	\$34.91
NET ASSETS CONSIST OF:		
Share capital	\$15,960	\$20,645
Paid -in capital	15,704,641	19,418,468
Accumulated net investment income	405,815	5,910,580
Accumulated net realized gains from investments and foreign currency transactions	34,355,454	14,625,425
Net unrealized appreciation on investments and foreign currencies	21,912,626	32,091,859
NET ASSETS APPLICABLE TO OUTSTANDING SHARES	\$72,394,496	\$72,066,977

See Notes 1 to 10 to the Financial Statements.

SCHEDULE OF INVESTMENTS IN COMMON STOCKS

(expressed in United States dollars)

SCHEDULE BY INDUSTRY (NOTE 3 (d))

	December 31, 2007				
	Percentage of Value	Percentage of Total Assets	SHARES #	VALUE \$	COST \$
Investment Companies	12.21	11.56		9,401,181	4,718,550
Almendral S.A.	5.68	5.38	40,625,645	4,374,151	2,245,785
Sociedad de Inversiones Pampa Calichera S.A.- A Shares	4.53	4.29	6,194,000	3,489,103	1,766,751
Grupo Security S.A.	1.75	1.66	3,450,000	1,346,978	634,922
Inversiones Frimetal S.A.	0.25	0.23	12,650,739	190,949	71,092
Metals-Diversified	9.85	9.32		7,580,430	8,251,682
Sociedad Punta del Cobre S.A. - A Shares	9.85	9.32	1,085,487	7,580,430	8,251,682
Beverages	9.30	8.79		7,150,303	3,688,857
Embotelladora Coca Cola Polar S.A.	3.65	3.45	1,938,640	2,805,213	1,293,555
Watt's S.A. - A Shares	2.06	1.95	2,124,915	1,582,279	736,729
Coca Cola Embonor S.A.- B Shares	1.26	1.19	801,689	968,048	508,950
Coca Cola Embonor S.A.- A Shares	1.18	1.11	749,927	905,545	574,990
Watt's S.A. - B Shares	0.79	0.75	769,115	611,406	347,491
Sociedad Anónima Viña Santa Rita	0.36	0.34	812,012	277,812	227,142
Retail	7.48	7.08		5,759,770	4,787,080
Cencosud S.A.	2.08	1.97	397,500	1,603,152	1,601,856
Comercial Siglo XXI S.A.	1.42	1.34	166,000	1,092,435	457,629
Farmacías Ahumada S.A.	1.36	1.29	281,160	1,047,991	963,277
Distribución y Servicios D&S S.A. -ADR	1.18	1.12	30,000	909,300	1,108,133
Distribución y Servicios D&S S.A.	0.84	0.80	1,237,000	648,511	506,104
Detroit Diesel MTU Allison S.A.	0.60	0.56	267,959	458,381	150,081
Health Care	6.41	6.07		4,935,405	1,461,636
Banmédica S.A.	6.41	6.07	3,606,455	4,935,405	1,461,636
Diversified Operations	6.30	5.96		4,844,767	3,814,931
Quiñenco S.A.	3.91	3.70	1,464,970	3,007,539	2,083,183
Sigdo Koppers S.A.	2.39	2.26	2,148,000	1,837,228	1,731,748
Banks	5.83	5.52		4,484,269	3,657,433
Corpbanca	3.76	3.56	421,360,000	2,891,661	2,385,586
Banco de Chile	1.15	1.09	10,918,759	885,560	876,647
Banco de Crédito e Inversiones S.A.	0.92	0.87	23,500	707,048	395,200
Electric	5.80	5.48		4,460,800	3,576,589
Colbún S.A.	4.56	4.31	16,994,479	3,506,016	2,622,946
Empresa Eléctrica Pehuenche S.A.	1.24	1.17	197,676	954,784	953,643
Building and Construction	4.97	4.70		3,822,695	2,287,124
Salfacorp S.A.	4.14	3.92	1,450,397	3,184,574	1,489,721
Socovesa S.A.	0.83	0.78	1,474,772	638,121	797,403
Containers	4.27	4.05		3,286,494	2,540,518
Cristalerías de Chile S.A.	3.04	2.88	193,694	2,338,876	2,008,210
Envases del Pacífico S.A.	1.23	1.17	636,300	947,618	532,308

SCHEDULE OF INVESTMENTS IN COMMON STOCKS

(expressed in United States dollars)

SCHEDULE BY INDUSTRY (NOTE 3 (d))

	December 31, 2007				
	Percentage of Value	Percentage of Total Assets	SHARES #	VALUE \$	COST \$
Pharmaceuticals	3.38	3.20		2,598,563	993,275
Laboratorios Andr�maco S.A.	3.38	3.20	8,608,000	2,598,563	993,275
Building Products / Cement	3.11	2.94		2,394,340	2,210,999
Masisa S.A.	1.62	1.53	6,196,340	1,247,024	1,271,106
Cementos Polpaico S.A.	0.71	0.67	22,120	545,332	301,959
Lafarge Chile S.A.	0.71	0.67	4,693,319	547,833	583,838
Cementos Bio-Bio S.A.	0.07	0.07	24,461	54,151	54,096
Explosives	2.80	2.65		2,151,003	1,385,527
Enaex S.A.	2.80	2.65	392,960	2,151,003	1,385,527
Information Technology	2.72	2.57		2,090,402	1,968,190
Sonda S.A.	2.72	2.57	1,598,000	2,090,402	1,968,190
Water	2.45	2.32		1,888,547	1,874,909
Inversiones Aguas Metropolitanas S.A.	2.45	2.32	1,564,000	1,888,547	1,874,909
Food	2.45	2.32		1,886,593	733,950
Pesquera Itata S.A.	2.45	2.32	3,471,960	1,886,593	733,950
Electric-Integrated	1.83	1.73		1,407,771	1,588,241
AES Gener S.A.	1.83	1.73	3,331,147	1,407,771	1,588,241
Home Furnishing	1.55	1.47		1,194,479	738,500
C.T.I.Compa�a Tecno Industrial S.A.	1.55	1.47	25,783,003	1,194,479	738,500
Paper & Related Products	1.37	1.30		1,053,461	826,276
Industrias Forestales S.A.	1.37	1.30	3,950,599	1,053,461	826,276
Real Estate	1.27	1.20		977,714	496,514
Parque Arauco S.A.	1.27	1.20	830,455	977,714	496,514
Transport - Rail	1.13	1.07		868,039	857,322
Ferrocarril del Pac�fico S.A.	1.13	1.07	74,237,495	868,039	857,322
Iron / Steel	1.03	0.98		793,062	582,261
Cintac S.A.	1.03	0.98	1,676,870	793,062	582,261
Telephone	0.98	0.93		757,352	855,551
Compa�a de Telecomunicaciones de Chile S.A. -B Shares	0.98	0.93	427,632	757,352	855,551
Fisheries	0.82	0.77		628,634	791,137
Multiexport Foods S.A.	0.82	0.77	1,400,727	628,634	791,137
Electrical Components & Equipment	0.69	0.66		533,382	291,728
Somela S.A.	0.69	0.66	981,600	533,382	291,728
Total Common Stocks	100.00	94.64		76,949,456	54,978,780

See Notes 1 to 10 to the Financial Statements.

SCHEDULE OF INVESTMENTS IN COMMON STOCKS

(expressed in United States dollars)

SCHEDULE BY COMMON OWNERSHIP (NOTE 3 (d))	Percentage of Value	Percentage of Total Assets	December 31 2007 Value
Group 23	9.85	9.32	7,580,430
Sociedad Punta del Cobre S.A. - A Shares	9.85	9.32	7,580,430
Group 19	8.81	8.34	6,775,080
C.T.I.Compañía Tecno Industrial S.A.	1.55	1.47	1,194,479
Enaex S.A.	2.80	2.65	2,151,003
Ferrocarril del Pacifico S.A.	1.13	1.07	868,039
Inversiones Frimetal S.A.	0.25	0.23	190,949
Sigdo Koppers S.A.	2.39	2.26	1,837,228
Somela S.A.	0.69	0.66	533,382
Group 2	5.93	5.61	4,559,477
Colbún S.A.	4.56	4.31	3,506,016
Industrias Forestales S.A.	1.37	1.30	1,053,461
Group 27	5.68	5.38	4,374,151
Almendral S.A.	5.68	5.38	4,374,151
Group 3	5.06	4.79	3,893,099
Banco de Chile	1.15	1.09	885,560
Quiñenco S.A.	3.91	3.70	3,007,539
All other groups and individual companies	81.09	76.75	62,408,620
Total common stocks	100.00	94.64	76,949,456

See Notes 1 to 10 to the Financial Statements.

STATEMENTS OF OPERATIONS
(expressed in United States dollars)

	YEAR ENDED DECEMBER 31, 2007	YEAR ENDED DECEMBER 31, 2006
INVESTMENT INCOME		
Income		
Dividends	\$3,099,842	\$3,080,511
Interest	56,351	4,644
Total income	3,156,193	3,085,155
Expenses		
Management fees (Note 8 a)	(1,431,565)	(1,067,480)
Custodian fees (Note 8 b)	(84,663)	(65,667)
Audit fees	(29,897)	(26,348)
Legal fees	(66,381)	(53,910)
Administrator's fees (Note 8 c)	(16,100)	(22,276)
Directors' fees	(33,000)	(41,500)
Taxes (Note 3 h)	(1,643,338)	-
Cost of Board Meetings	(73,193)	(35,707)
Other	(26,654)	(37,359)
Total expenses	(3,404,791)	(1,350,247)
Net operating (loss) income	(248,598)	1,734,908
Interest (Note 4)	(489,026)	(319,311)
Net investment (loss) income	(737,624)	1,415,597
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS AND FOREIGN CURRENCY		
Net realized gains from investments and foreign currency transactions:	34,310,941	5,101,603
Change in net unrealized appreciation (depreciation) on investments and foreign currency transactions:	(10,179,233)	9,159,986
Net realized and unrealized gains from investments and foreign currency transactions	24,131,708	14,261,589
Net increase in net assets resulting from operations	\$23,394,084	\$15,677,186

See Notes 1 to 10 to the Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

(expressed in United States dollars)

	YEAR ENDED DECEMBER 31, 2007	YEAR ENDED DECEMBER 31, 2006
Net asset, beginning of the period	\$72,066,977	\$59,280,118
From operations:		
Net investment (loss) income	(737,624)	1,415,597
Net realized gains from investments and foreign currency transactions	34,310,941	5,101,603
Change in net unrealized appreciation (depreciation) on investments and foreign currency transactions:	(10,179,233)	9,159,986
Net increase in net assets resulting from operations	23,394,084	15,677,186
Distributions to shareholders from net realized gain on investments and foreign currency transactions:	(2,793,000)	(2,890,327)
Payments for shares redeemed	(20,273,565)	-
Net assets, end of the period	72,394,496	72,066,977

See Notes 1 to 10 to the Financial Statements.

FINANCIAL HIGHLIGHTS

(expressed in United States dollars)

	YEAR ENDED DECEMBER 31, 2007	YEAR ENDED DECEMBER 31, 2006
PER SHARE DATA		
Investment operations		
Net investment (loss) income	(\$0.46)	\$0.69
Net realized and unrealized gains from investments and foreign currencies	15.12	6.91
Total from investments operations	14.66	7.60
Distributions from net realized gain on investments and foreign currency transactions:	(1.75)	(1.40)
Total distributions to shareholders	(1.75)	(1.40)
Payments for shares redeemed	(12.70)	0.00
Total capital share transactions	(12.70)	0.00
Net increase in net asset value for the period	0.21	6.20
Net asset value, beginning of the period	45.15	28.71
Net asset value, end of the period	45.36	34.91

RATIOS FOR THE PERIOD (annualized)

Ratios to average net assets		
Investment income	4.37%	4.70%
Expenses (Excluding Income Taxes)	2.44%	2.06%
Legal expenses	0.09%	0.08%
Net investment income (Excluding Income Taxes)	1.25%	2.16%
Portfolio turnover	67.30%	52.69%

See Notes 1 to 10 to the Financial Statements.

Notes to the Financial Statements

For the years ended December 31, 2007 and 2006

1. Organization

Moneda Chile Fund Limited (the "Fund") was originally a closed-end, limited liability company that was incorporated in Bermuda on June 20, 1995. On May 12, 2005, Moneda Chile Fund Limited amalgamated with a related Bermuda exempted company, Moneda Chile Fund II Limited. Upon the amalgamation, all issued shares of Moneda Chile Fund II were repurchased and cancelled, and the amalgamated company continued with the name of Moneda Chile Fund Limited (the "Fund"), with the same shareholders maintaining the same share interest.

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

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

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

The Fund will, pursuant to its bylaws, be wound up on the expiration date (December 31, 2007) but at every other annual general meeting commencing in the year 2007, the Directors shall propose an extension of the life of the Fund for an additional period of two years thereafter. On May 30th, 2007 and during the Fund's annual general meeting, an extension of the life of the Fund for an additional period of two years was approved. The Fund's Administrator received 1,310,430 votes (equivalent to 63.5% of the outstanding shares by that date) voting in favor of the continuation of the Fund, and 569,519 votes (equivalent to 27.6% of the outstanding shares by that date) voting against the continuation of the Fund (Dissenting Shareholders). Ultimately, a total of 468,519 were redeemed. By voting against the continuation of the Fund, Dissenting Shareholders received the right to effectively redeem their shares to the Fund at US\$ 43.2715962 per share.

2. Risk factors

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

- (a) Chilean securities markets are smaller and less liquid than the world's leading securities markets.
- (b) The Fund's assets are invested primarily in securities denominated in Chilean Pesos or UF (Unidad de Fomento, a Chilean inflation-adjusted monetary unit). However, the Fund's accounting records, net asset value per share and dividends are denominated in US dollars. The Fund may hedge its exposure to this foreign currency exchange risk, but has not in the past.
- (c) In the past, equity investments in Chile by non-Chilean residents have been subject to various exchange control regulations. Under DL 600 and other Chilean laws, a foreign investment fund is granted access to Chile's formal foreign exchange market in order to obtain foreign exchange for remitting funds from Chile. Under an agreement between the Fund and the Republic of Chile, the Chilean government may not retroactively amend the tax and repatriation rules concerning the Fund.
- (d) There can be no assurance that the Chilean government will maintain current political and economic policies, and changes in such policies could affect the performance of the Fund.

- (e) The Fund may invest up to 20% of its assets in unlisted Chilean equity securities. Such investments are likely to be illiquid and present risks not normally existing in larger publicly owned companies. Often times, it may be difficult to determine the market value of such investments, and there can be no assurance that such investments can be realized in a timely manner. Nonetheless, as of December 31, 2007 and 2006, the Fund did not have any investment in unlisted Chilean equity securities.

3. Significant accounting policies

(a) Period of coverage

The statements of assets and liabilities including the schedule of investments are as of December 31, 2007 and 2006. The statements of operations, changes in net assets and financial highlights cover the years ended December 31, 2007 and 2006. The Fund commenced its investment activities on August 31, 1995.

(b) Accounting principles

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

(c) Investment valuations

Common stocks traded primarily on a principal securities exchange are valued at the last reported sales price on such stock exchange on the day of valuation.

Unlisted securities are valued at fair value, as determined in accordance with procedures established in good faith by the Board of Directors of the Fund.

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

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

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

(e) Security transactions

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

(f) Investment income

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

(g) Foreign currency translations and transactions

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

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

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

At December 31, 2007 the closing exchange rates were Ch\$ 496.89 (2006- Ch\$ 532.39) per US\$ 1 and Ch\$ 19,622.66 (2006- Ch\$ 18,336.38) per UF 1.

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

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

(h) Distributions to Shareholders and Income Tax Status

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

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

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

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

As of December 31, 2007 the Fund recognized a provision of US\$106,319 (US\$0 at December 31, 2006).

Distributions to shareholders are recorded on the ex-dividend date. In March 2007 a distribution of US\$1.75 per share aggregating US\$2,793,000 was declared from net realized gains on investments and foreign transactions. The Fund commenced the dividends payments on June 15th, 2007. In March 2006 a distribution of US\$1.40 per share aggregating US\$2,890,327 was declared from net realized gains on investments and foreign transactions. The dividend was paid in June 2006.

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

(i) Cash and cash equivalents

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

4. Loan payable to bank

On April 12th, 2004 the Fund signed a US\$5 millions Overdraft Agreement with the Banco de Chile – New York Branch with an original maturity date of March 20, 2005 and bearing interest at 1.80% over the one-month LIBOR Rate. Subsequently, this overdraft facility was increased to US\$7 million and its maturity date extended for 2 more years at a rate of 0.80% over one month LIBOR.

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

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

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

The Agreement established the following covenants:

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

As of December 31, 2007 the Fund was in compliance with all these covenants.

5. Capital Share Transactions

As of December 31, 2007, there were 5,000,000 shares of US\$0.01 par value capital stock authorized and paid-in capital US\$ 15,704,641.

Transactions in capital stock were as follows:

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

6. Payable for investments purchased

As of December 31, 2007, the amount payable for investments purchased of US\$1,658,121 related to purchases of shares traded on December 2007 and settled on January 2008. As of December 31, 2006, the amount shown in the caption Payable for investments purchased of US\$362,933 related to purchases of shares traded on December 2006 and settled on January 2007.

7. Other Liabilities

Other liabilities are summarized as follows:	December 31, 2007	December 31, 2006
Management fees		
- December Fee	66.906	65.366
- Old balance (November Fee)	866	0
- Incentive Fee (2% of Net Earnings)	478.570	321.122
- Incentive Fee (4% of Dividend Paid)	0	0
Custodian fees	6.237	6.139
Audit fees	20.571	17.737
Legal fees	31.593	32.945
Administrator's fees	18.244	28.725
Directors' fees	3.459	17.000
Tax Payable	106.319	0
Other	1.037	21.796
	733.802	510.830

8. Management, custodian and administrator's fees

(a) Management fees

On March 14, 2000, the Board of Directors of the Fund agreed that Moneda S.A. Administradora de Fondos de Inversión shall receive, starting from year 2000, a Management Fee consisting of:

- a fixed annual fee of 1% of the Fund's Asset Value, paid monthly in arrears;
- an incentive fee equal to 4% of any dividend paid; and
- an incentive fee equal to 2% of any net increase in net assets resulting from operations not paid out. This fee is paid after the Board of Directors' approval of the Fund's annual financial statements.

Starting on 2003, the Management Fee is calculated, by adding the amount of the debt and accrued interest to total net assets, to recognize that assets under management increase as a result of gearing.

Management fees paid and accrued for the year ended December 31, 2007 amounted to US\$1,431,565 (2006 - US\$1,067,480), composed by US\$897,135 of fixed fees (US\$688,551 in 2006) and US\$ 534,430 of incentive management fees (US\$378,929 in 2006).

(b) Custodian fees

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

During the year ended December 31, 2007, the Fund paid US\$ 84,663 for these services (US\$ 65,667 in 2006). Until September 2006 the custodian for the Fund's assets outside of Chile was The Bank of Bermuda Limited. Fees for these services were included in Administrator's fees (see below). Ever since September 25, 2006 the custodian for the Fund's assets outside of Chile is Pershing LLC, part of the Bank of New York group.

(c) Administrator's fees

Until September 2006, the administrator of the Fund was Management International (Bermuda) Limited which received a monthly fee of 0.10% of the Fund's Gross Asset value, subject to a minimum fee of US\$500 per month. In addition, it received an annual fee of US\$6,000 plus US\$50 per transaction for acting as registrar and transfer agent and an annual corporate secretarial fee of US\$7,500.

Starting on November 1st 2006, the Fund's Administrator is Apex Fund Services Ltd., a company incorporated in Bermuda. The Administrator receives the following fees and remuneration:

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

A one-time setup fee of US\$2,000 was paid for 2006.

The amount paid to the Administrator for the year ended December 31, 2007 was US\$ 16,100 (2006- US\$ 22,276).

9. Brokerage commissions, stock exchange fees and Value Added taxes

During the year ended December 31, 2007, the Fund paid brokerage commissions and Value Added taxes for purchases and sales of investments in common stocks of US\$ 84,163. This amount was US\$ 47,244 for the year ended December 31, 2006.

10. Investment Transactions

Purchases and sales of securities for the year ended December 31, 2007 (excluding short-term investments) aggregated to US\$48,611,598 (2006 - US\$35,350,341) and US\$76,814,955 (2006 - US\$34,601,795), respectively.