FINANCIAL STATEMENTS

Moneda Chile Fund Limited
December 31st, 2017 and 2016

Moneda Chile Fund Limited

Annual Report 2017 and 2016

Independent Auditor´s Report

To the Board of Directors of
Moneda Chile Fund Limited:

We have audited the accompanying financial statements of Moneda Chile Fund Limited ("The Fund"), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of comprehensive income, changes in net assets applicable to outstanding shares and cash flows for the years then ended, and the related notes to the financial statements.

Management´s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor´s Responsibility

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 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors´ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In Making those risk assessments, the auditor considers internal control relevant to the entity´s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity´s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Moneda Chile Fund Limited as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Juan Pablo Belderrain P.

KPMG Ltda.

Santiago, May 17, 2018

Moneda Chile Fund Limited
Annual Report 2017 and 2016

STATEMENTS OF FINANCIAL POSITION

(expressed in US Dollars)

	Note	December 31, 2017	December 31, 2016
ASSETS			
Cash and cash equivalents	4(b)iv	22,760	49,175
Financial instruments at fair value through profit or loss	10	53,212,249	37,638,732
Receivable for investments sold	3(h)vi	22,407	3,869
Dividends and interest receivable		-	601
Total assets		**53,257,416**	**37,692,377**
LIABILITIES			
Payable for investments purchased	3(h)vi	25,144	9,781
Management fees payable	11	41,667	41,667
Performance Fee payable	11	1,829,240	202,473
Other liabilities	12	73,654	74,874
Total liabilities		**1,969,705**	**328,795**
Net assets applicable to outstanding shares	13	**51,287,711**	**37,363,582**

Moneda Chile Fund Limited
Annual Report 2017 and 2016

STATEMENTS OF COMPREHENSIVE INCOME

(expressed in US Dollars)

	Note	December 31, 2017	December 31, 2016
Income and loss			
Dividend Income		1,223,246	1,084,962
Net realized gains from financial instruments at fair value through profit or loss and foreign currency transactions	7	2,471,806	(416,577)
Change in net unrealized appreciation (depreciation) from financial instruments at fair value through profit or loss and foreign currency transactions	7	15,985,714	8,589,091
Total net income (loss)		**19,680,766**	**9,257,476**
Expenses			
Management fees	8(a)	(500,000)	(500,000)
Performance Fee Expense	8(a)	(1,908,896)	(202,473)
Custodian fees	8(b)	(18,113)	(13,768)
Audit and legal fees		(143,284)	(88,753)
Administrator's fees	8(c)	(23,827)	(41,802)
Directors' fees		(32,000)	(32,000)
Cost of Board Meetings		(42,539)	(45,218)
Other		(34,367)	(30,812)
Total expenses		**(2,703,026)**	**(954,826)**
Net profit/(loss) before tax		**16,977,740**	**8,302,650**
Withholding tax expense	9	-	-
Increase / (Decrease) in net assets applicable to outstanding shares		**16,977,740**	**8,302,650**
Total comprehensive income		**16,977,740**	**8,302,650**

STATEMENTS OF CHANGES IN NET ASSETS APPLICABLE TO OUTSTANDING SHARES

(expressed in US Dollars)

	December 31, 2017	December 31, 2016
Net asset applicable to outstanding shares , beginning of the period	**37,363,582**	**31,145,220**
Total comprehensive income (loss)	16,977,740	8,302,650
Distributions to shareholders from financial assets at fair value and foreign currency transactions	-	-
Payments for shares redeemed	(3,053,611)	(2,084,288)
Net assets applicable to outstanding shares, end of the period	**51,287,711**	**37,363,582**

STATEMENTS OF CASH FLOWS

(expressed in US Dollars)

	Note	December 31, 2017	December 31, 2016
Cash flows from operating activities			
Dividend received		1,222,077	1,084,354
Sales of investments		13,033,235	9,740,243
Purchase of investments		(10,194,526)	(7,975,945)
Operating expenses paid		(1,050,107)	(800,081)
Others		18,938	-
Net cash inflows from operating activities		**3,029,617**	**2,048,571**
Cash flows from financing activities			
Payment for redemption of shares		(3,053,611)	(2,084,288)
Payment for dividends		-	-
Net Cash outflows from financing activities		**(3,053,611)**	**(2,084,288)**
Net increase (decrease) in cash and cash equivalents		**(23,994)**	**(35,717)**
Cash and cash equivalents beginning of the period		49,175	78,205
Effect of exchange rate fluctuations on cash and cash equivalents		(2,421)	6,687
Cash and cash equivalents at end of the period		**22,760**	**49,175**

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 General de Fondos, 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.

On May 1, 2015, Law N. 20.712 regarding funds and investments administration was enacted, and in its article 4, letter c), revokes Law N. 18.657. Transitory article 5 of the new law states that, regardless of the revocation, those investment funds created under Law N. 18.657 could continue operating in Chile, maintaining the invariability principles included in the revoked law, in conformity with a foreign investment contract under DL N. 600. These funds will remain under the tax regime established by article 106 of the Income Tax Law, and could neither transform into, nor merge with, funds created under the new law.

Pursuant to its bylaws, the Company had a settlement date on December 31th, 2007. However, at each Company's annual general meetings, extensions of the life were approved for an additional period of two years on the following dates: June 8th, 2009; June 26th, 2011; October 29th 2013, November 16th, 2015 and August 14th, 2017.

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 17, 2018.

(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).

(e) CHANGES IN ACCOUNTING POLICIES

There were no changes in the accounting policies of the company during the year.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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 differences arising on translation 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 realized gain (loss) from financial assets at fair value through profit or loss or change in net unrealized (depreciation) appreciation from financial assets at fair value through profit or loss respectively.

(b) INTEREST

Interest income and expense are recognized in the statement of comprehensive income using the effective interest method. 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 a separate line item.

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(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, other than the Withholding tax.

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

(e) NET REALIZED GAIN FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net realized gain from financial instruments at fair value through profit or loss 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 for 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.

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(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 amortized cost – payable for investments purchased and management fees payable.

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

iii. Fair value measurement

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) FINANCIAL ASSETS AND FINANCIAL LIABILITIES, continued

iv. Impairment

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or group of financial assets is impaired if there is objective evidence of impairment as a result of one or more event that occurred after the initial recognition of the asset(s), and that the loss events 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 asset expires, or 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 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 funds.

Financial assets at fair value through profit and loss

The Company invests only in common stocks.

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) FINANCIAL ASSETS AND FINANCIAL LIABILITIES, continued

vi. Specific Instruments, continued

Receivables for investments sold and payables for investment purchased

Receivables for investments sold relate to sales of shares 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, 2018, 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.

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. Meetings with suppliers and clients are also sustained in order to get a comprehensive understanding of the company’s competitive advantage and its sustainability over the long term. 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 Investment Manager 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.

4. FINANCIAL RISK MANAGEMENT, continued

(a) INTRODUCTION AND OVERVIEW, continued

i. Risk management framework

Risk control is a core element of the Company´s investment strategy. Companies are chosen considering downside risk, prudent leverage 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 12.31.2017 amount to USD45,167, representing only 0.08% of the total assets (the data as to 12.31.2016 amounted to USD53,645 which represented 0.14 % 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 12.31.2017 accounts receivables for unsettled sales amount to USD 22,407, which represent 0.04% of the total assets (the data as to 12.31.2016 amounted to USD 3,869 which represented 0.01% of total assets).

iv. Cash and cash equivalents

Cash is primarily held at Banco Chile which has a credit rating AAA granted by Fitch Ratings, Northern Trust wich has a credit rating A granted by Standard & Poor’s.

At 12.31.2017 Moneda Chile Fund Limited does not present cash equivalents and at 12.31.2016 cash equivalents were invested in three local mutual funds managers by top investment managers (Santander Asset Management S.A.).

4. FINANCIAL RISK MANAGEMENT, continued
(b) CREDIT RISK, continued

v. Portfolio concentration risk

As at 12.31.2017 the investment portfolio was distributed as follows:

Schedule of Investment (*)	MMUSD	% FUND
Consumer Staples	10.3416	19.43
Materials	9.2538	17.39
Industrials	9.0162	16.94
Financials	6.1077	11.48
Health Care	5.7182	10.75
Consumer Discretionary	5.0185	9.43
Telecommunication Services	2.5018	4.70
Energy	2.4676	4.64
Utilities	2.1751	4.09
Information Technology	0.6118	1.15
Total	**53.2123**	**100.00**

(*) Classification according to standard GICS

As at 12.31.2016 the investment portfolio was distributed as follows:

Schedule of Investment (*)	MMUSD	% FUND
Consumer Staples	8.4971	22.58
Materials	6.0163	15.98
Industrials	4.7223	12.55
Financials	6.1633	16.38
Health Care	3.8300	10.18
Consumer Discretionary	2.4603	6.54
Telecommunication Services	1.3968	3.71
Energy	1.8554	4.93
Utilities	0.8956	2.38
Information Technology	1.8016	4.77
Total	**37.6387**	**100.00**

(*) Classification according to standard GICS

4. FINANCIAL RISK MANAGEMENT, continued

(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.

Price Risk

Below is a sensitivity analysis that shows the individual effect on the Fund's assets to a variation of share price equivalent to the standard deviation experienced in the years 2017 and 2016 for each of the top 5 equity shares in the Fund as of December 31, 2017 and December 31, 2016. It should be noted that the effect on equity of each of equity shares should not be directly added due to the current portfolio diversification in the Fund.

12/31/2017					
Share	Amount MUS$	% Portfolio	% Equity	Standard deviation	Effect on equity
BANMEDICA	5,718,232	10.75%	11.15%	23.00%	2.56%
WATTS	3,029,785	5.69%	5.91%	26.70%	1.58%
ENAEX	2,890,256	5.43%	5.64%	14.40%	0.81%
PUCOBRE	2,690,541	5.06%	5.25%	22.70%	1.19%
ALMENDRAL	2,501,821	4.70%	4.88%	19.40%	0.95%

12/31/2016					
Share	Amount MUS$	% Portfolio	% Equity	Standard deviation	Effect on equity
BANMEDICA	5,720,972	15.20%	15.31%	18.80%	2.02%
WATTS	4,843,835	12.87%	12.96%	16.10%	1.47%
ALMENDRAL	3,675,047	9.76%	9.84%	17.60%	1.22%
ENAEX	3,527,011	9.37%	9.44%	10.50%	0.70%
CRISTALES	2,901,425	7.71%	7.77%	12.00%	0.66%

Interest Rate Risk

Because the Fund invests primarily in equity securities, interest rate risk does not apply to this Fund.

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.

4. FINANCIAL RISK MANAGEMENT, continued
(c) MARKET RISK, continued

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 12 months
- The exchange rate is at its highest daily closing price of the last 12 months

	12/31/2017	Exchange rate	Corresponding date
Performance Moneda Chile Fund (USD)	46.60%	614.8	12/31/2017
Exchange rate ended at the lowest point	46.50%	615.2	12/29/2017
Exchange rate ended at the highest point	32.70%	679.1	5/10/2017

	12/31/2016	Exchange rate	Corresponding date
Performance Moneda Chile Fund (USD)	-18.00%	708.5	12/30/2016
Exchange rate ended at the lowest point	-2.50%	596	1/11/2016
Exchange rate ended at the highest point	-18.80%	715.1	8/11/2016

(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(h)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 are traded in active markets and are based on quoted prices or dealer price quotations therefore in 2017 this financial assets are classified as Level 1 except MUS$371 classified as Level 2. In 2016 all financial assets were classified as Level 1.

5. USE OF ESTIMATES AND JUDGEMENTS, continued

(b) CRITICAL ACCOUNTING JUDGMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICY, continued

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 (see note 2.(c)).

6. CLASSIFICATIONS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

	Designated at fair value through profit and loss	**Banks, Loans and receivables**	**Other liabilities**	**Total carrying amount**
	USD	USD	USD	USD
December 31, 2017				
Cash and cash equivalents	-	22,760	-	22,760
Financial instruments at fair value through profit and loss	53,212,249	-	-	53,212,249
Receivable for investment sold	-	22,407	-	22,407
	53,212,248	**45,167**	**-**	**53,257,416**
Payable for investment purchased	-	-	25,144	25,144
Management fees payable	-	-	41,667	41,667
Performance Fee payable	-	-	1,829,240	1,829,240
Other liabilities	-	-	73,654	73,654
Net assets applicable to outstanding shares	-	-	51,287,711	51,287,711
	-	**-**	**53,257,416**	**53,257,416**

6. CLASSIFICATIONS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES, continued

	Designated at fair value through profit and loss	Banks, Loans and receivables	Other liabilities	Total carrying amount
	USD	USD	USD	USD
December 31, 2016				
Cash and cash equivalents	-	49,175	-	49,175
Financial instruments at fair value through profit and loss	37,638,732	-	-	37,638,732
Receivable for investment sold	-	4,470	-	4,470
	37,638,732	**53,645**	**-**	**37,692,377**
Payable for investment purchased	-	-	9,781	9,781
Manager fees payable	-	-	41,667	41,667
Performance Fee payable	-	-	202,473	202,473
Other liabilities	-	-	74,874	74,874
Net assets applicable to outstanding shares	-	-	37,363,582	37,363,582
	-	**-**	**37,692,377**	**37,692,377**

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 sales settlement price.

Total realized gains/ losses from financial assets and foreign currency transactions for the years ended December 31, 2017 and 2016 amounted to USD 2,471,806 and USD -416,577, respectively.

The unrealized gain/ loss 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 for the years ended December 31, 2017 and 2016 amounted to USD 15,985,714 and USD 8,589,091, respectively.

8. MANAGEMENT, CUSTODIAN AND ADMINISTRATOR'S FEES

(a) MANAGEMENT FEES

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 Fund. The Fund pays to the Manager each calendar year, a management fee consisting of:

(i) the maximum between (a) a fixed annual fee of 1% of the Fund's NAV, paid monthly in arreas; and (b) a minimum annual payment of $500,000.

(ii) If in any calendar year: a) the NAV per share increases, the Manager shall be paid as an incentive fee (the "Incentive Fee") 10% of the amount of that increase, multiplied by the number of shares outstanding at yearend. If in any event the NAV per share decreases, that decrease must be made up (recovered) before any future incentive fees shall be due. The Incentive Fee will be accrued daily and is payable after the Board of Directors approves the Fund's annual financial statements; or b) a redemption event were to take place from the Fund within the year, the Incentive Fee provision related to the shares being redeemed will be crystallized, becoming payable to the Manager once the redemptions would have been paid to the dissenting shareholders.

Management fees paid and accrued for the year ended December 31, 2017 increased to USD 2,408,896 (USD 702,473 in 2016), these includes USD 500,000 of fixed fees (USD 500,000 in 2016) and USD 1,908,896 of incentive management fees (USD 202,473 in 2016).

(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 monthly minimum payment 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 General de Fondos de Inversión and its related manager companies. The fees included in the new custodian agreement are described as follows:

Monthly Custody Fees: Consider the proportion of the monthly valuation portfolio of the Company related to the monthly valuation portfolios of the Companies 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**

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

(b) CUSTODIAN FEES, continued

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

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

All fees are subject to value added tax in Chile.
The Company's custodian outside of Chile is Pershing LLC, part of the Bank of New York group. During the year ended December 31, 2017, the Company paid USD 18,113 for these services (USD 13,768 in 2016).

(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 remunerations:

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

The amount of administrator´s fees for the year ended December 31, 2017 was of USD 23,827 (2016-USD41,802).

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 year ended December 31, 2017, the Company remitted from Chile to Bermuda the net amount of USD 2.135.000 (in this period it wasn't subject to withholding tax).

During the year ended December 31, 2016, the Company remitted from Chile to Bermuda the net amount of USD 2.671.000 (in this period it wasn't subject to withholding tax).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include shares that are held for trading. At December 31, 2017 and 2016 total securities at fair value amounted to USD 53,212,249 and USD 37,638,732, 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:

	December 31, 2017	December 31, 2016
	USD	USD
Management fixed fee	41,667	41,667
Incentive Fee	1,829,240	202,473
	1,870,907	244,140

12. OTHER LIABILITIES

Other liabilities are summarized as follows:

	December 31, 2017	December 31, 2016
	USD	USD
Custodian fees	6,534	8,000
Audit fees	9,699	8,757
Legal fees	28,829	19,731
Administrator’s fees	-	1,794
Directors’ fees	-	8,000
Dividend unpaid	28,592	28,592
	73,654	**74,874**

13. NET ASSETS APPLICABLE TO OUTSTANDING SHARES

Net assets attributable to outstanding shares consist of the following:

	2017	2016
Numbers of shares		
Authorized	5,000,000	5,000,000
Outstanding	689,341	739,642

	2017	2016
	USD	USD
Share Capital (USD 0.01 par)	6,889	7,393
Additional paid in capital (USD 9.84)	6,779,029	7,275,213
Accumulated net investment income	5,766,142	7,905,055
Accumulated net realized gains from investments and foreign currency transactions	23,334,524	22,760,508
Net unrealized appreciation on investments and foreign currency	15,401,127	(584,587)
	51,287,711	37,363,582

14. SUBSEQUENT EVENTS

The Company´s management has evaluated subsequent events from the statement of financial position date through May 17, 2018, the date which the financial statements were available to be issued, and determined there are no others items to disclose.