ABERDEEN CHILE FUND, INC.
Form 497
May 05, 2011

PROSPECTUS SUPPLEMENT

(To Prospectus dated April 27, 2011)

Aberdeen Chile Fund, Inc.

Up to 1,600,000 Shares of Common Stock

Aberdeen Chile Fund, Inc. (the Fund) has entered into a sales agreement (the sales agreement) with JonesTrading Institutional Services LLC (JonesTrading) relating to the shares of its common stock (Shares) offered by this Prospectus Supplement and the accompanying Prospectus. In accordance with the terms of the sales agreement, the Fund may offer and sell up to 1,600,000 of its Shares, par value $0.001 per share, from time to time through JonesTrading as its agent for the offer and sale of the Shares. Under the Investment Company Act of 1940, as amended (the 1940 Act), the Fund may not sell any Shares at a price below the current net asset value of such Shares, exclusive of any distributing commission or discount. The Fund is a non-diversified, closed-end management investment company. The Fund s investment objective is to seek total return, consisting of capital appreciation and income, by investing primarily in Chilean securities. There can be no assurance that the Fund will achieve its investment objective.

The Fund s currently outstanding Shares are, and the Shares offered by this Prospectus Supplement and the accompanying Prospectus will be, subject to notice of issuance, listed on the NYSE Amex (Amex) under the symbol CH. The last reported sale price for the Shares on the Amex on April 25, 2011 was $21.80 per share. The net asset value of the Shares at the close of business on April 25, 2011 was $20.44 per Share.

Sales of the Shares, if any, under this Prospectus Supplement and the accompanying Prospectus may be made in negotiated transactions or transactions that are deemed to be at the market as defined in Rule 415 under the Securities Act of 1933, as amended (the 1933 Act), including sales made directly on the Amex or sales made to or through a market maker other than on an exchange.

JonesTrading will be entitled to compensation of 100 to 300 basis points of the gross sales price per share for any Shares sold under the sales agreement, with the exact amount of such compensation to be mutually agreed upon by the Fund and JonesTrading from time to time. In connection with the sale of the Shares on the Fund s behalf, JonesTrading may be deemed to be an underwriter within the meaning of the 1933 Act and the compensation of JonesTrading may be deemed to be underwriting commissions or discounts.

You should review the information set forth under Risks and Special Considerations on page 21 of the accompanying Prospectus before investing in the Shares.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this Prospectus

Supplement or the accompanying Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement is May 4, 2011.

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Prospectus Supplement

Prospectus

You should rely only on the information contained in or incorporated by reference into this Prospectus Supplement and the accompanying Prospectus. This Prospectus Supplement and the accompanying Prospectus set forth certain information about the Fund that a prospective investor should carefully consider before deciding whether to invest in the Shares. This Prospectus Supplement, which describes the specific terms of this offering including the method of distribution, also adds to and updates information contained in the accompanying Prospectus and the documents incorporated by reference into the accompanying Prospectus. The accompanying Prospectus gives more general information, some of which may not apply to this offering. If the description of this offering varies between this Prospectus Supplement and the accompanying Prospectus, you should rely on the information contained in this Prospectus Supplement; provided that if any statement in one of these documents is inconsistent with a statement in another document having a later date and incorporated by reference into the accompanying Prospectus or Prospectus Supplement, the statement in the incorporated document having a later date modifies or supersedes the earlier statement. Neither the Fund nor JonesTrading have authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in or incorporated by reference into this Prospectus Supplement and the accompanying Prospectus is accurate only as of the respective dates on their front covers, regardless of the time of delivery of this Prospectus Supplement, the accompanying Prospectus, or the sale of the Shares. The Fund s business, financial condition, results of operations and prospects may have changed since those dates.

You should read this Prospectus Supplement and the accompanying Prospectus before deciding whether to invest and retain them for future reference. A Statement of Additional Information, dated April 27, 2011 (SAI), as supplemented from time to time, containing additional information about the Fund, has been filed with the Securities and Exchange Commission (SEC) and is incorporated by reference in its entirety into this Prospectus Supplement. You may request a free copy of the SAI or request other information about the Fund (including the Fund s annual and semi-annual reports to shareholders) or make shareholder inquiries by calling 1-866-839-5205, emailing InvestorRelations@aberdeen-asset.com or by writing to the Fund at 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103. The Fund s SAI, as well as the annual and semi-annual reports to shareholders, are also available at the Fund s website at www.aberdeench.com. You may also obtain copies of these documents (and other information regarding the Fund) from the SEC s website (http://www.sec.gov).

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, the accompanying Prospectus and the SAI contain forward-looking statements. Forward-looking statements can be identified by the words may, will, intend, expect, estimate, continue, plan, anticipate, and similar terms and the negative of such ter nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Fund s actual results are the performance of the portfolio of securities the Fund holds, the price at which the Shares will trade in the public markets and other factors discussed in the Fund s periodic filings with the SEC.

Although the Fund believes that the expectations expressed in the forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in such forward-looking statements. The Fund s future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the Risks and Special Considerations section of the accompanying Prospectus. All forward-looking statements contained in or incorporated by reference into this Prospectus Supplement or the accompanying Prospectus are made as of the date of this Prospectus Supplement or the accompanying Prospectus, as the case may be. Except for the Fund s ongoing obligations under the federal securities laws, it does not intend, and it undertakes no obligation, to update any forward-looking statements. The forward-looking statements contained in this Prospectus Supplement, the accompanying Prospectus and the SAI are excluded form the safe harbor protection provided by Section 27A of the 1933 Act.

PROSPECTUS SUPPLEMENT SUMMARY

The following information is only a summary. You should consider the more detailed information contained in this Prospectus Supplement, the accompanying Prospectus, dated April 27, 2011, and the SAI, dated April 27, 2011, especially the information under Risks and Special Considerations on page 21 of the accompanying Prospectus.

The Fund	The Fund is a non-diversified, closed-end management investment company organized as a Maryland corporation.
	The Shares are listed for trading on the Amex under the symbol CH. As of April 25, 2011, the net assets of the Fund were $167,184,845.32 and the Fund had outstanding 8,178,159 Shares. The last reported sale price of the Shares, as reported by the Amex on April 25, 2011 was $21.80 per Share. The net asset value of the Shares at the close of business on April 25, 2011 was $20.44 per Share. See Description of Shares in the accompanying Prospectus.
	The Fund s investment objective is to seek total return, consisting of capital appreciation and income, by investing primarily in Chilean securities. There can be no assurance that the Fund s investment objective will be achieved.
	Under normal market conditions, substantially all, but not less than 80%, of the Fund s net assets will be invested in Chilean securities. The Fund s portfolio of Chilean securities (the Chilean Portfolio), under normal conditions, will consist principally of Chilean equity securities; however, it may also include Chilean debt securities. A substantial portion of the equity securities acquired by the Fund are expected to be dividend-paying securities. Chilean companies listed on the stock exchanges are required by law to pay out as dividends at least 30% of annual audited net income.
	The Fund defines Chilean securities as (a) securities of companies, the principal trading market for which is in Chile, (b) securities issued or guaranteed by the Republic of Chile or the Central Bank of Chile, (c) peso-denominated securities issued by companies to finance operations in Chile or (d) securities of companies that derive more than 50% of their revenues or profits from goods or services produced in Chile or sales made in Chile or have more than 50% of their assets in Chile.
	Chilean equity securities in which the Fund invests consist predominantly of common stocks, although the Fund may also invest to a limited extent in preferred stocks, convertible

securities and, to the extent a market exists for them and investing in them is permitted under Chilean law, warrants.

Although the Fund invests principally in Chilean equity securities, it may invest a substantial portion of its assets in Chilean debt securities when Aberdeen Asset Management Investment Services Limited (AAMISL or the Investment Adviser) believes that it is appropriate to do so in order to achieve the Fund s investment objective. AAMISL expects to do so, for example, when interest rates on Chilean debt securities are high in comparison with anticipated returns on equity securities. AAMISL may invest in securities of companies that it determines to be suitable investments for the Fund regardless of their rating. The Fund may invest up to 35% of the Chilean Portfolio in high-yield securities. The Fund may not, however, invest more than 5% of the Chilean Portfolio in Chilean debt securities rated C or below by Chilean rating services or unrated securities which AAMISL determines to be of comparable quality. Because interest on most Chilean debt securities is inflation-adjusted, the variation in the value of Chilean debt securities in relation to fluctuations in the value of the Chilean peso tends to be less than would otherwise be the case.

The Fund may invest up to 20% of the Chilean Portfolio in unlisted Chilean securities, including investments in new and early-stage companies, provided that not more than 3% of the Chilean Portfolio may be invested in unlisted securities of Chilean companies that, at the time of investment, had less than one year of operations, including operations of predecessor companies. The Fund invests only in unlisted equity securities that, in the opinion of AAMISL, present opportunities for substantial growth over a period of two to five years, notwithstanding that such investments may be illiquid and may present risks not normally existing in publicly owned, more established companies with possibly higher market capitalizations.

The Fund will not invest 25% or more of its total assets in the securities of companies in the same industry (although the Fund may invest in securities issued by the government of the United States without regard to this limitation). In selecting industries and companies for investment by the Fund, AAMISL will consider factors such as overall growth prospects, competitive position in domestic and export markets, technology, research and development, productivity, labor costs, raw material costs and sources, profit margins, return on investment, capital resources, government regulation and management.

The Fund purchases and holds securities with a view toward maximizing the total return to the Fund and does not expect to trade in securities for short-term gain. The Fund may, for cash management purposes, invest up to 25% of its net assets in certain short-term investments and may, for temporary defensive purposes, invest up to 100% of its assets in certain short-term instruments. For more information, including a description of the types of short-term instruments in which the Fund may invest, see Investment Policies in the accompanying Prospectus.

In addition to the foregoing restrictions, the Fund is subject to Chilean Law No. 18,657 (Law No. 18,657), which limits the Chilean Portfolio to: (a) shares of Chilean open corporations, i.e., corporations that publicly offer their shares; (b) securities issued or guaranteed by the Chilean government; (c) securities issued by the Central Bank of Chile; (d) securities issued or guaranteed by Chilean banks or financial institutions; (e) letters of credit issued by Chilean banks, financial institutions or other authorized entities; (f) bonds and negotiable instruments registered in the Chilean Securities Register; (g) quotas of investment funds; and (h) other securities duly authorized by the Chilean Superintendency of Securities and Insurance (SVS).

Diversification rules under Law No. 18,657 provide that the Fund may not hold more than 5% of any Chilean issuer s voting stock (subject to an increase to up to 10% for newly-issued shares, including through the exercise of preemptive rights) and not more than 10% of the Chilean Portfolio may be invested in securities issued or guaranteed by any single Chilean issuer (other than securities issued or guaranteed by the Chilean government or by the Central Bank of Chile). Further, at least 80% of the Chilean Portfolio must be invested in shares or in debt obligations of Chilean companies or the Chilean government the maturity to which at the date of purchase exceeds four years, with not less than 60% of the Chilean Portfolio invested in shares of open corporations.

Investment Adviser and Sub-Adviser

The Fund s investment adviser is Aberdeen Asset Management Investment Services Limited. The Investment Adviser is a United Kingdom corporation that was acquired by Aberdeen Asset Management PLC (Aberdeen PLC) in December 2005. AAMISL is a U.S. registered investment adviser under the Investment Advisers Act of 1940, as amended (the Advisers Act), and is also regulated in the United Kingdom by the Financial Services Authority. AAMISL provides equity and fixed income advisory services to U.S. clients. The Investment Adviser is located at Bow Bells House, 1 Bread Street, London, U.K., EC4M 9HH.

The Investment Adviser is a wholly-owned subsidiary of Aberdeen PLC, which is the parent company of an asset management group managing approximately $287 billion in assets as of December 31, 2010 for a range of pension funds, financial institutions, investment trusts, unit trusts, offshore funds, charities and private clients, in addition to U.S. registered investment companies. The registered offices of Aberdeen PLC are located at 10 Queen s Terrace, Aberdeen, Scotland AB 10 1 YG. Aberdeen PLC, its affiliates and subsidiaries are referred to collectively herein as Aberdeen. Aberdeen PLC was formed in 1983 and was first listed on the London Stock Exchange in 1991.

The Fund s sub-adviser is Celfin Capital Servicios Financieros S.A. (Sub-Adviser). The Sub-Adviser is a closed corporation organized under the laws of Chile and is an investment adviser registered with the SEC under the Advisers Act. The Sub-Adviser is a 98% owned direct subsidiary of Celfin Capital S.A., located at Avenida Apoquindo 3721, 19th floor, Las Condes, Santiago, Chile. Inversiones Casablanca Ltda., located at Peumo 187, Vitacura, Santiago, Chile, and Patmos Finance SA, located at Avenida Apoquindo 3721, 19th floor, Santiago, Chile, each own 32.8% of Celfin Capital S.A., and Inversiones y Renta Montemar Ltda., located at Dieciocho 229, 2nd floor, Santiago, Chile, owns 16.8% of Celfin Capital S.A. The two controlling managing directors of Celfin Capital S.A. are Juan Andrés Camus and Jorge Diego Errázuriz.

The Offering

The Fund, the Investment Adviser and the Sub-Adviser entered into a sales agreement with JonesTrading relating to the Shares offered by this Prospectus Supplement and the accompanying Prospectus. In accordance with the terms of the sales agreement, the Fund may offer and sell up to 1,600,000 of its Shares, par value $0.001 per share, from time to time through JonesTrading as its agent for the offer and sale of the Shares.

The Shares are listed for trading on the Amex under the symbol CH. The last reported sale price of the Shares, as

	reported on the Amex on April 25, 2011, was $21.80 per share.
	Sales of the Shares, if any, under this Prospectus Supplement and the accompanying Prospectus may be made in negotiated transactions or transactions that are deemed to be at the market as defined in Rule 415 under the 1933 Act, including sales made directly on the Amex or sales made to or through a market maker other than on an exchange. See Plan of Distribution in this Prospectus Supplement. The Shares may not be sold through agents, underwriters or dealers without delivery or deemed delivery of a prospectus and a prospectus supplement describing the method and terms of the offering of the Fund s securities. Under the 1940 Act, the Fund may not sell any Shares at a price below the current net asset value of such Shares, exclusive of any distributing commission or discount.
Use of Proceeds	The Fund intends to invest substantially all of the net proceeds of this offering in accordance with its investment objective and policies. Proceeds will be invested within approximately 60 days of receipt by the Fund. See Use of Proceeds in this Prospectus Supplement.
Risks and Special Considerations	See Risks and Special Considerations beginning on page 21 of the accompanying Prospectus for a discussion of factors you should consider carefully before deciding to invest in the Shares.

DISTRIBUTIONS

The Board of Directors of the Fund has implemented a managed distribution policy of paying quarterly distributions at an annual rate, set once a year, that is a percentage of the rolling average of the Fund s prior four quarter-end net asset values. The current rolling distribution rate is 10%. This policy is subject to regular review by the Fund s Board of Directors. The distributions are made from current income, supplemented by realized capital gains and, to the extent necessary, paid-in capital. Persons who purchase Shares in this offering will be entitled to any regular quarterly distributions the record date for which occurs after such Shares are purchased. On March 10, 2011, the Board of Directors of the Fund announced a quarterly distribution of $0.51 per share, payable on April 15, 2011 to all shareholders of record as of March 31, 2011.

The amounts of the last four distributions paid by the Fund are as set out below:

Payment Date		**Distribution per Common Share**
April 15, 2011	$	0.51
January 28, 2011(1)	$	1.6591
January 14, 2011	$	0.49
October 8, 2010	$	0.46

See Dividends and Distributions in the accompanying Prospectus.

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(1) Special stock distribution. Predominately paid in common stock of the Fund. Approximately 17% of distribution was paid in cash, if requested.

SUMMARY OF FUND EXPENSES

The following table and example are intended to assist you in understanding the various costs and expenses directly or indirectly associated with investing in Shares of the Fund. Some of the percentages indicated in the table below are estimates and may vary.

Shareholder Transaction Expenses	
Sales Load (as a percentage of offering price)	1.50%(1)
Offering Expenses (as a percentage of offering price)	0.53%
Dividend Reinvestment and Cash Purchase Plan Fees(2)	None
Annual Operating Expenses (as a percentage of average net assets attributable to the Fund s common stock)	
Management Fee(3)	1.14%
Other Expenses(4)(5)	0.63%
Total Annual Operating Expenses(6)	1.77%

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(1) Represents the estimated commission with respect to the Shares being sold in this offering, which the Fund will pay to JonesTrading in connection with the sales of Shares effected by JonesTrading in this offering. While JonesTrading is entitled to a commission of 1% to 3% of the gross sales price for Shares sold, with the exact amount to be agreed upon by the parties, the Fund has assumed, for purposes of this offering, that JonesTrading will receive a commission of 1.50% of such gross sales price. This is the only sales load to be paid in connection with this offering. There is no guarantee that there will be any sales of the Shares pursuant to this Prospectus Supplement and the accompanying Prospectus. Actual sales of the Shares under this Prospectus Supplement and the accompanying Prospectus, if any, may be less than as set forth under Capitalization below. In addition, the price per share of any such sale may be greater or less than the price set forth under Capitalization below, depending on market price of the Shares at the time of any such sale.

(2) If you participate in the Dividend Reinvestment and Direct Stock Purchase Plan sponsored and administered by Computershare Trust Company, N.A., you will be subject to any fees imposed by Computershare Trust Company, N.A.

(3) See Management of the Fund The Investment Adviser and the Sub-Adviser in the Prospectus for additional information. The management fee excludes taxes paid by the Fund.

(4) Other Expenses have been estimated for the current fiscal year.

(5) Includes an administration fee of 0.13% of average net assets attributable to the Fund s common stock. See Management of the Fund - Administrator in the Prospectus for additional information.

(6) The Investment Adviser has entered into an agreement with the Fund to voluntarily waive advisory fees so that the net advisory fee after waivers is 1.00%. The net total annual operating expenses after applying the advisory fee waiver is 1.63%. The Investment Adviser may terminate this waiver at any time.

Example

An investor would pay the following expenses on a $1,000 investment in the Fund, assuming a 5% annual return:

One Year	Three Years	Five Years	Ten Years
$ 38	**$ 75**	**$ 114**	**$ 224**

The Example assumes that all dividends and other distributions are reinvested at net asset value and that the percentage amounts listed in the table above under Total Annual Operating Expenses remain the same in the years shown. The above table and example and the assumption in the example of a 5% annual return are required by regulations of the SEC that are applicable to all investment companies; the assumed 5% annual return is not a prediction of, and does not represent, the projected or actual performance of the Shares.

The example should not be considered a representation of past or future expenses, and the Fund s actual expenses may be greater than or less than those shown. Moreover, the Fund s actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

USE OF PROCEEDS

Sales of the Shares, if any, under this Prospectus Supplement and the accompanying Prospectus may be made in negotiated transactions or transactions that are deemed to be at the market as defined in Rule 415 under the 1933 Act, including sales made directly on the Amex or sales made to or through a market maker other than on an exchange. There is no guarantee that there will be any sales of the Shares pursuant to this Prospectus Supplement and the accompanying Prospectus. Actual sales, if any, of the Shares under this Prospectus Supplement and the accompanying Prospectus may be less than as set forth in this paragraph. In addition, the price per share of any such sale may be greater or less than the price set forth in this paragraph, depending on the market price of the Shares at the time of any such sale. As a result, the actual net proceeds the Fund receives may be more or less than the amount of net proceeds estimated in this Prospectus Supplement. Assuming the sale of all of the Shares offered under this Prospectus Supplement and the accompanying Prospectus, at the last reported sale price of $21.80 per share for the Shares on the Amex as of April 25, 2011, the Fund estimates that the net proceeds of this offering will be approximately $34,171,800 after deducting the estimated sales load and the estimated offering expenses payable by the Fund.

The Fund intends to invest substantially all of the net proceeds of this offering in accordance with its investment objective and policies within approximately 60 days after completion of the offering. Pending such investment, the Fund anticipates investing the proceeds in short-term securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations or money market instruments.

CAPITALIZATION

The Fund may offer and sell up to 1,600,000 of its Shares, par value $0.001 per share, from time to time through JonesTrading as its agent for the offer and sale of the Shares under this Prospectus Supplement and the accompanying Prospectus. There is no guarantee that there will be any sales of the Shares pursuant to this Prospectus Supplement and the accompanying Prospectus. The table below assumes that the Fund will sell 1,600,000 Shares, at a price of $21.80 per share (the last reported sale price per share of the Shares on the Amex on April 25, 2011). Actual sales, if any, of the Shares under this Prospectus Supplement and the accompanying Prospectus may be less than as set forth in the table below. In addition, the price per share of any such sale may be greater or less than $21.80, depending on the market price of the Shares at the time of any such sale. To the extent that the market price per share of the Shares, less applicable commissions, on any given day is less than the net asset value per share on such day, the Fund will instruct JonesTrading not to make any sales on such day.

The following table sets forth the unaudited capitalization of the Fund as of December 31, 2010 (i) on an actual basis, (ii) on an as adjusted basis to reflect the issuance of 552,080 Shares at a price of $20.61 per share in connection with an elective cash distribution paid to shareholders on January 28, 2011, and (iii) and on a pro forma basis as further adjusted to reflect the assumed sale of 1,600,000 Shares at $21.80 per share (the last reported sale price per share of the Shares on the Amex on April 25, 2010), in an offering under this Prospectus Supplement and the accompanying Prospectus.

	As of December 31, 2010 (unaudited)					
	Actual		As Adjusted		As Further Adjusted	
Composition of Net Assets:						
Common stock, par value $.001 per share, 100,000,000 shares authorized (7,626,079 shares issued and outstanding as of December 31, 2010, 8,178,159 shares issued and outstanding as adjusted, and 9,778,159 shares issued and outstanding as further adjusted)(1)(2)	$	7,626	$	8,178	$	9,778
Paid-in capital in excess of par(2)		36,200,555		47,578,372		81,748,572
Accumulated net realized gain on investment transactions and foreign currency related transactions		19,368,297		19,368,297		19,368,297
Net unrealized appreciation on investments and foreign currency translation		112,576,174		112,576,174		112,576,174
Net Assets	**$**	168,152,652	**$**	179,531,021	**$**	213,702,821

(1) The Fund does not hold any of these outstanding shares for its account.

(2) As further adjusted, additional paid-in capital reflects the issuance of Shares offered hereby ($34,880,000), less $0.001 par value per Share ($1,600), less the estimated offering expenses borne by the Fund ($708,200) related to the issuance of shares.

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PLAN OF DISTRIBUTION

Under the sales agreement among the Fund, the Investment Adviser, the Sub-Adviser and JonesTrading, upon written instructions from the Fund, JonesTrading will use its commercially reasonable efforts consistent with its normal trading and sales practices to sell, as the Fund s agent, the Shares under the terms and subject to the conditions set forth in the sales agreement. JonesTrading s sales efforts will continue until the Fund instructs JonesTrading to suspend sales. The Fund will instruct JonesTrading as to the amount of Shares to be sold by JonesTrading. The Fund may instruct JonesTrading not to sell Shares if the sales cannot be effected at or above the price designated by the Fund in any instruction. The Fund or JonesTrading may suspend the offering of Shares upon proper notice and subject to other conditions.

JonesTrading will provide written confirmation to the Fund no later than the opening of the trading day on the Amex immediately following the trading day on which Shares are sold under the sales agreement. Each confirmation will include the number of shares sold on the preceding day, the net proceeds to the Fund and the compensation payable by the Fund to JonesTrading in connection with the sales.

The Fund will pay JonesTrading commissions for its services in acting as agent in the sale of Shares. JonesTrading will be entitled to compensation of 100 to 300 basis points of the gross sales price per share of any Shares sold under the sales agreement, with the exact amount of such compensation to be mutually agreed upon by the Fund and JonesTrading from time to time. There is no guarantee that there will be any sales of the Shares pursuant to this Prospectus Supplement and the accompanying Prospectus. Actual sales, if any, of the Shares under this Prospectus Supplement and the accompanying Prospectus may be less than as set forth in this paragraph. In addition, the price per share of any such sale may be greater or less than the price set forth in this paragraph, depending on the market price of the Shares at the time of any such sale. Assuming 1,600,000 of the Shares offered hereby are sold at a market price of $21.80 per share (the last reported sale price for the Shares on the Amex on April 25, 2011), the Fund estimates that the total expenses for the offering, excluding compensation payable to JonesTrading under the terms of the sales agreement, would be approximately $185,000.

Settlement for sales of Shares will occur on the third business day (or such earlier day as is industry practice for regular-way trading) following the date on which such sales are made, or on some other date that is agreed upon by the Fund and JonesTrading in connection with a particular transaction, in return for payment of the net proceeds to the Fund. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

In connection with the sale of the Shares on the Fund s behalf, JonesTrading may, and will with respect to sales effected in an at the market offering, be deemed to be an underwriter within the meaning of the 1933 Act, and the compensation of JonesTrading may be deemed to be underwriting commissions or discounts. The Fund has agreed to provide indemnification and contribution to JonesTrading against certain civil liabilities, including liabilities under the 1933 Act. The Fund has also agreed to reimburse JonesTrading for other specified expenses.

The offering of the Shares pursuant to the sales agreement will terminate upon the earlier of (1) the sale of all Shares subject to the sales agreement or (2) termination of the sales agreement. The sales agreement may be terminated by the Fund in its sole discretion at any time by giving notice to JonesTrading. In addition, JonesTrading may terminate the sales agreement under the circumstances specified in the sales agreement and in its sole discretion at any time following a period of 12 months from the date of the sales agreement by giving notice to the Fund.

The principal business address of JonesTrading is 780 Third Avenue, 3rd Floor, New York, New York 10017.

LEGAL MATTERS

Certain legal matters will be passed on by Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, counsel to the Fund, in connection with the offering of the Shares. Willkie Farr & Gallagher LLP will rely as to matters of Maryland law on the opinion of Venable LLP, 750 E. Pratt Street, Suite 900, Baltimore, Maryland 21202.

ADDITIONAL INFORMATION

This Prospectus Supplement and the accompanying Prospectus constitute part of a Registration Statement filed by the Fund with the SEC under the 1933 Act and the 1940 Act. This Prospectus Supplement and the accompanying Prospectus omit certain of the information contained in the Registration Statement, and reference is hereby made to the Registration Statement and related exhibits for further information with respect to the Fund and the Shares offered hereby. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference. The complete Registration Statement may be obtained from the SEC upon payment of the fee prescribed by its rules and regulations or free of charge through the SEC s web site (http://www.sec.gov).

Base Prospectus

$75,000,000

ABERDEEN CHILE FUND, INC.

Shares of Common Stock

Aberdeen Chile Fund, Inc. (Fund, we, us or our) is a closed-end, non-diversified management investment company that commenced operations on September 26, 1989. The Fund seeks total return, consisting of capital appreciation and income, by investing primarily in Chilean securities. It is the policy of the Fund normally to invest at least 80% of the Fund s net assets (plus any borrowings for investment purposes) in Chilean securities. The Fund s portfolio of Chilean securities, under normal market conditions, will consist principally of Chilean equity securities. There can be no assurance that the Fund s investment objective will be achieved. Aberdeen Asset Management Investment Services Limited (AAMISL or the Investment Adviser) serves as the Fund s investment adviser and Celfin Capital Servicios Financieros S.A. (Celfin or the (Sub-Adviser) serves as the Fund s Chilean sub-adviser. The address of the Fund is 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103, and the Fund s telephone number is (866) 839-5205.

We may offer, from time to time, in one or more offerings, our shares of common stock, par value $0.001 per share (Shares). Shares may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each, a Prospectus Supplement). You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in our Shares.

Our Shares may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents or underwriters involved in the sale of our Shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. We may not sell any of our Shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of our Shares.

Our Shares are listed on the NYSE Amex (Amex) under the symbol CH. The last reported sale price of our Shares, as reported by the Amex on March 21, 2011, was $21.19 per Share. The net asset value of our Shares at the close of business on March 21, 2011, was $19.00 per Share.

Investment in the Shares involves certain risks and special considerations, including risks associated with currency fluctuations. Investing in the Fund s common stock may be speculative and involve a high degree of risk and should not constitute a complete investment program. Investment in Chile involves certain special considerations not typically associated with investments in the United States. Both practices entail risks. For a discussion of these and other risks, see Risks and Special Considerations.

Shares of closed-end investment companies frequently trade at a discount to their net asset value. If the Fund s Shares trade at a discount to its net asset value, the risk of loss may increase for purchasers in a public offering. See Risks and Special Considerations-Net Asset Value Discount.

Neither the Securities and Exchange Commission (SEC) nor any state securities commission has approved or disapproved these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

This Prospectus, together with any Prospectus Supplement, sets forth concisely the information about the Fund that a prospective investor should know before investing. You should read this Prospectus and applicable Prospectus Supplement, which contain important information, before deciding whether to invest in the Shares. You should retain the Prospectus and Prospectus Supplement for future reference. A Statement of Additional Information (SAI), dated May 2, 2011, containing additional information about the Fund, has been filed with the SEC and is incorporated by reference in its entirety into this Prospectus. The Table of Contents for the SAI is on page 36 of this Prospectus. You may call 1-866-839-5205, email InvestorRelations@aberdeen-asset.com or write to the Fund at 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103 to obtain, free of charge, copies of the SAI and the Fund s annual and semi-annual reports to shareholders, as well as to obtain other information about the Fund and to make shareholder inquiries. The Fund s SAI, as well as the annual and semi-annual reports to shareholders, are also available on the Fund s website at www.aberdeench.com. The SEC maintains a website at http://www.sec.gov that contains the SAI, other material incorporated by reference into the Fund s registration statement and additional information about the Fund.

Our Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

Prospectus dated April 27, 2011

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You should rely only on the information contained in, or incorporated by reference into, this Prospectus and any related Prospectus Supplement in making your investment decisions. The Fund has not authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not making an offer to sell the shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this Prospectus and any Prospectus Supplement is accurate only as of the dates on their covers. The Fund s business, financial condition and prospects may have changed since the date of its description in this Prospectus or the date of its description in any Prospectus Supplement.

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PROSPECTUS SUMMARY

The following information is only a summary. You should consider the more detailed information contained in the Prospectus and in any related Prospectus Supplement and in the SAI before purchasing Shares, especially the information under Risks and Special Considerations on page21 of the Prospectus.

The Fund	The Fund is a non-diversified, closed-end management investment company organized as a Maryland corporation. See The Fund.
The Offering	The Fund s Shares are listed for trading on the Amex under the symbol CH. As of March 21, 2011, the net assets of the Fund were $155,410,766.55 and the Fund had outstanding 8,178,159 Shares. The last reported sale price of the Fund s Shares, as reported by the Amex on March 21, 2011 was $21.19 per Share. The net asset value of the Fund s Shares at the close of business on March 21, 2011 was $19.00 per Share. See Description of Shares.
	We may offer, from time to time, in one or more offerings, up to $75,000,000 of our Shares on terms to be determined at the time of the offering. The Shares may be offered at prices and on terms to be set forth in one or more Prospectus Supplements. The offering price of our Shares will not be less than the net asset value of our Shares at the time we make the offering, exclusive of any underwriting commissions or discounts. You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in our Shares. Our Shares may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents, underwriters or dealers involved in the sale of our Shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. See Plan of Distribution. We may not sell any of our Shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of our Shares.
Use of Proceeds	We intend to use the net proceeds from the sale of our Shares primarily to invest in accordance with our investment objectives and policies. Proceeds will be invested within approximately 60 days of receipt by the Fund. See Use of Proceeds.
Investment Objectives	The Fund s investment objective is to seek total return, consisting of capital appreciation and income, by investing primarily in Chilean securities. There can be no assurance that the Fund s investment objective will be achieved. See Investment Objective.
Investment Policies	Under normal market conditions, substantially all, but not less than 80%, of the Fund s net assets will be invested in Chilean securities. The Fund s portfolio of Chilean securities (the Chilean Portfolio), under normal conditions, will consist principally of Chilean equity securities; however, it may also include Chilean debt securities. A substantial portion of the equity securities acquired by the Fund are expected to be dividend-paying securities. Chilean companies listed on the stock exchanges are required by law to pay out as dividends at least 30% of annual audited net income.
	The Fund defines Chilean securities as (a) securities of companies, the principal trading market for which is in Chile, (b) securities issued or guaranteed by the Republic of Chile or the Central Bank of Chile, (c) peso-denominated securities issued by companies to finance operations in Chile or (d) securities of companies that derive more than 50% of their revenues or profits from goods or services produced in Chile or sales made in Chile or

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have more than 50% of their assets in Chile.

Chilean equity securities in which the Fund invests consist predominantly of common stocks, although the Fund may also invest to a limited extent in preferred stocks, convertible securities and, to the extent a market exists for them and investing in them is permitted under Chilean law, warrants.

Although the Fund invests principally in Chilean equity securities, it may invest a substantial portion of its assets in Chilean debt securities when AAMISL believes that it is appropriate to do so in order to achieve the Fund s investment objective. AAMISL expects to do so, for example, when interest rates on Chilean debt securities are high in comparison with anticipated returns on equity securities. AAMISL may invest in securities of companies that it determines to be suitable investments for the Fund regardless of their rating. The Fund may invest up to 35% of the Chilean Portfolio in high-yield securities. The Fund may not, however, invest more than 5% of the Chilean Portfolio in Chilean debt securities rated C or below by Chilean rating services or unrated securities which AAMISL determines to be of comparable quality. Because interest on most Chilean debt securities is inflation-adjusted, the variation in the value of Chilean debt securities in relation to fluctuations in the value of the Chilean peso tends to be less than would otherwise be the case.

The Fund may invest up to 20% of the Chilean Portfolio in unlisted Chilean securities, including investments in new and early-stage companies, provided that not more than 3% of the Chilean Portfolio may be invested in unlisted securities of Chilean companies that, at the time of investment, had less than one year of operations, including operations of predecessor companies. The Fund invests only in unlisted equity securities that, in the opinion of AAMISL, present opportunities for substantial growth over a period of two to five years, notwithstanding that such investments may be illiquid and may present risks not normally existing in publicly owned, more established companies with possibly higher market capitalizations.

The Fund will not invest 25% or more of its total assets in the securities of companies in the same industry (although the Fund may invest in securities issued by the government of the United States without regard to this limitation). In selecting industries and companies for investment by the Fund, AAMISL will consider factors such as overall growth prospects, competitive position in domestic and export markets, technology, research and development, productivity, labor costs, raw material costs and sources, profit margins, return on investment, capital resources, government regulation and management.

The Fund purchases and holds securities with a view toward maximizing the total return to the Fund and does not expect to trade in securities for short-term gain. The Fund may, for cash management purposes, invest up to 25% of its net assets in certain short-term investments and may, for temporary defensive purposes, invest up to 100% of its assets in certain short-term instruments. For more information, including a description of the types of short-term instruments in which the Fund may invest, see Investment Policies.

In addition to the foregoing restrictions, the Fund is subject to Chilean Law No. 18,657 (Law No. 18,657), which limits the Chilean Portfolio to: (a) shares of Chilean open corporations, i.e., corporations that publicly offer their shares; (b) securities issued or guaranteed by the Chilean government; (c) securities issued by the Central Bank of Chile; (d) securities issued or guaranteed by Chilean banks or financial institutions; (e) letters of credit issued by Chilean banks, financial institutions or other authorized entities; (f) bonds and negotiable instruments registered in the Chilean Securities

Register; (g) quotas of investment funds; and (h) other securities duly authorized by the Chilean Superintendency of Securities and Insurance (SVS).

Diversification rules under Law No. 18,657 provide that the Fund may not hold more than 5% of any Chilean issuer s voting stock (subject to an increase to up to 10% for newly-issued shares, including through the exercise of preemptive rights) and not more than 10% of the Chilean Portfolio may be invested in securities issued or guaranteed by any single Chilean issuer (other than securities issued or guaranteed by the Chilean government or by the Central Bank of Chile). Further, at least 80% of the Chilean Portfolio must be invested in shares or in debt obligations of Chilean companies or the Chilean government the maturity to which at the date of purchase exceeds four years, with not less than 60% of the Chilean Portfolio invested in shares of open corporations.

Investment Restrictions

The Fund has certain investment restrictions that may not be changed without approval by a majority of the Fund s outstanding voting securities. These restrictions concern issuance of senior securities, borrowing, lending, concentration, diversification and other matters. See Investment Restrictions.

Risks (See generally Risks and Special Considerations for more information on these and other risks)

The value of the Fund s assets, as well as the market price of its shares, will fluctuate. You can lose money on your investment. Investing in the Fund involves other risks, including the following:

- *General*. The Fund is a non-diversified, closed-end investment company designed primarily as a long-term investment and not as a trading tool. The Fund invests generally in Chilean securities. An investment in the Fund s Common Stock may be speculative and involves a high degree of risk. The Fund should not constitute a complete investment program. Due to the uncertainty in all investments, there can be no assurance that the Fund will achieve its investment objective.

- *Chilean Securities Risk*. Like other investors in the Chilean securities markets, the Fund is subject to general economic and political conditions in Chile. The Fund s investing in Chilean securities involves certain considerations not typically associated with investing in the United States, including generally (a) controls on foreign investment and limitations on repatriation of capital invested in Chile; (b) greater price volatility, substantially less liquidity and significantly smaller market capitalization of the Chilean securities markets; (c) currency devaluation and other currency exchange rate fluctuations; (d) more substantial governmental involvement in the economy; and (e) political uncertainty and other considerations. More specifically, (1) the Fund may not repatriate capital for five years after investment in Chile except under limited circumstances to pay expenses; (2) there can be no assurance that Chilean inflation might not adversely affect the performance of the Chilean economy or its securities market; (3) governmental and political events in Chile could affect future economic policies; (4) because of the limited forward market for the purchase of dollars in Chile and the limited circumstances under which the Fund hedges against declines in the value of the Chilean peso generally, the Fund will be adversely affected by peso devaluations against the U.S. dollar; (5) the Fund s ability to make defensive investments may be limited by the application of repatriation restrictions and requirements to maintain minimum percentages of assets in shares of Chilean companies; and (6) due to differences between U.S. and Chilean accounting, auditing and financial reporting standards, certain material disclosures may not be made by issuers of, and less information may be available to, the Fund and other investors investing in Chilean securities.

On March 25, 2011, the Fund filed an application with the Chilean Foreign Investment Committee (the Foreign Investment Committee) to enter into a foreign investment contract pursuant to which the proceeds of this offering will be invested in Chile. On April 21, 2011, the Executive Vice President of the Foreign Investment Committee granted the authorization to invest in Chile under this application, in advance of the Foreign Investment Committee formal approval. Pursuant to the authorization of the Executive Vice President of the Foreign Investment Committee, the Fund has the right to invest the proceeds of this offering in Chile at any time. The Fund expects to receive formal approval from the Foreign Investment Committee in its next meeting, however, there can be no assurance that such approval will be granted.

The Fund is subject to supervision and regulation by the SVS. Failure by the Fund to comply with diversification or other SVS requirements applicable to the Fund could, in addition to causing the loss of certain favorable Chilean tax treatment for the Fund, result in the assessment of fines by the SVS or other disciplinary actions.

- *Foreign Securities Risk.* Investments in foreign securities that are traded on foreign markets, including Chilean securities, are subject to risks of loss that are different from the risks of investing in U.S. securities. These include the possibility of losses due to currency fluctuations (see Currency Exchange Rate Fluctuations), or to adverse political, economic or diplomatic developments in Chile, including possible increases in taxes. Additionally, accounting, auditing, financial reporting standards and other regulatory practices and requirements for securities in which the Fund may invest vary from those applicable to entities subject to regulation in the United States. The Chilean securities market for both listed and unlisted securities may be more volatile and less liquid than the major U.S. markets. In addition, the cost to the Fund of buying, selling and holding securities in the Chilean market may be higher than in the United States. Any higher expenses of non-U.S. investing may reduce the amount the Fund can earn on its investments and typically results in a higher operating expense ratio than for investment companies that invest only in the United States. Regulatory oversight of the Chilean securities market may differ from that of U.S. markets. There also may be difficulty in invoking legal protections across borders.

- *Equity Securities Risk*. Consistent with its objective, the Fund will invest a substantial portion of its assets in Chilean equity securities. Equity securities, such as common stock, generally represent an ownership interest in a company. Although equity securities have historically generated higher average returns than fixed income securities, equity securities have also experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of a particular equity security held by the Fund. Also, the prices of equity securities, particularly common stocks, are sensitive to general movements in the stock market. The Fund s share price can fall because of weakness in the Chilean market, a particular industry or specific holdings. The Chilean market as a whole can decline for many reasons, including adverse political or economic developments in Chile or elsewhere, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. Investments in futures and options, if any, are subject to additional volatility and potential losses.

- *High-Yield/Junk Bond Securities Risk*. Although the Fund invests principally in Chilean equity securities, it may invest a substantial portion of its assets in Chilean debt securities when AAMISL believes that it is appropriate to do so in order to achieve the Fund s investment objective of total return. The Fund may invest in Chilean debt securities

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of any rating, including high-yield securities. Investment in high-yield securities involves substantial risk of loss. Below investment grade non-convertible debt securities or comparable unrated securities, as determined by AAMISL, are commonly referred to as junk bonds and are considered predominantly speculative with respect to the issuer s ability to pay interest and principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for high yield securities tend to be very volatile, and these securities are less liquid than investment grade debt securities. If the Fund invests in such securities, your investment in the Fund is subject to the following specific risks:

- increased price sensitivity to changing interest rates and to a deteriorating economic environment;

- greater risk of loss due to default or declining credit quality;

- adverse company specific events are more likely to render the issuer unable to make interest and/or principal payments; and

- if a negative perception of the high yield market develops, the price and liquidity of high yield securities may be depressed. This negative perception could last for a significant period of time.

Adverse changes in economic conditions are more likely to lead to a weakened capacity of a high yield issuer to make principal payments and interest payments than an investment grade issuer. An economic downturn could severely affect the ability of highly leveraged issuers to service their debt obligations or to repay their obligations upon maturity. The secondary market for high yield securities may not be as liquid as the secondary market for more highly rated securities, a factor which may have an adverse effect on the Fund s ability to dispose of a particular security.

There are fewer dealers in the market for high yield securities than for investment grade obligations. The prices quoted by different dealers may vary significantly and the spread between the bid and asked price is generally much larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for high yield securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating the Fund s NAV.

- *Inflation Risk*. Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Fund s Common Stock and dividends can decline. Chile historically has had a volatile inflation rate, and if Chile s inflation rate were to enter a period of extreme volatility, the value of the Fund s holdings in Chilean securities would fluctuate correspondingly.

- *Management Risk*. AAMISL or Celfin s judgment about the attractiveness, relative value or potential appreciation of a particular security or investment strategy may prove to be incorrect.

• *Conflicts of Interest Risk*. AAMISL s and Celfin s advisory fees are based on the lower of the Fund s market value or NAV. Consequently, AAMISL and Celfin will likely benefit from an increase in the Fund s net assets resulting from this offering. In addition, a Director who is an interested person (as such term is defined under the 1940 Act) of the Fund or the Portfolio Manager of the Fund could benefit indirectly from this offering because of such affiliations. Currently, the Fund has no directors in this category.

• *Currency Exchange Rate Fluctuations*. The Fund invests substantially in instruments denominated in foreign currencies-primarily the Chilean peso. The Fund does not currently intend to hedge against currency risk; consequently, the Fund s equity securities are subject to the risk that some holdings may lose value because of a decline in the value of the Chilean currency or adverse political or economic events in Chile or elsewhere. Fluctuations in the value of non-U.S. currencies relative to the U.S. dollar can adversely affect the U.S. dollar value of the Fund s assets. A decline in the value of such a foreign currency can require the Fund to liquidate portfolio securities to pay distributions previously calculated in U.S. dollars and can increase the relevant foreign currency cost of expenses incurred in U.S. dollars. Currency exchange losses can reduce or eliminate the Fund s ability to make ordinary income distributions.

• *Liquidity Risk*. It may be difficult for the Fund to buy and sell significant amounts of Chilean securities without an unfavorable impact on prevailing market prices. Trading on the Bolsa de Comercio de Santiago (the Santiago Exchange), Chile s principal stock exchange, is not as active as trading on the Amex or other major stock exchanges in the United States. Consequently, larger purchases or sales of these securities by the Fund in a short period of time may cause abnormal movements in the market price of these securities. As a result, these securities may be difficult to dispose of at a fair price at the times when the Fund believes it is desirable to do so. The Fund may also have difficulty purchasing securities in companies in which the Fund would otherwise invest. Investment of the Fund s capital in securities that are less actively traded or that over time experience decreased trading volume may restrict the Fund s ability to take advantage of other market opportunities.

• *Net Asset Value Discount*. Shares of the Fund, a closed-end investment company, may trade in the market at a discount from their net asset value.

• *Market Discount Risk*. The Fund s Common Stock has typically traded at a discount relative to net asset value (NAV). See Description of Shares for a chart that shows how the market value of the Fund s Common Stock has fluctuated compared to its NAV throughout the Fund s history. The last reported sale price represents a 11.53% premium over the per share NAV on March 21, 2011; however, there can be no assurance that this premium will continue after this offering or that the shares will not again trade at a discount, as they have for most of the Fund s history. Common shares of closed-end investment companies, including the Fund, frequently trade at prices lower than their NAV. The provisions of the Investment Company Act of 1940, as amended (the 1940 Act), require, as a condition to the completion of this offering, that the public offering price of the shares of Common Stock, less the sales load and discounts, must equal or exceed the NAV per share of the Fund s Common Stock (calculated within 48 hours of pricing). An investor who buys the Fund s Common Stock in the offering at a price that reflects a premium to NAV may experience a decline in the market value of these shares of Common Stock independent of any change in their NAV.

The market price of the Fund s Common Stock may be affected by such factors as the market supply and demand of the Common Stock. As of December 31, 2010, two stockholders owned approximately 26.5% of the Fund s outstanding Common Stock. Any substantial dispositions or acquisitions of Common Stock by these investors could affect the supply or demand for, and possibly the market price of, the Common Stock. The Fund s Common Stock is designed primarily for long-term investors, and you should not purchase shares of Common Stock if you intend to sell them shortly after purchase.

- *Distribution Rate*. There can be no assurance that the Board will maintain the Fund s distribution rate at a particular level, or that the Board will continue a managed distribution policy. Additionally, distributions may include return of capital as well as net investment income and capital gains. If the Fund s investments do not generate sufficient income, the Fund may be required to liquidate a portion of its portfolio to fund these distributions. See Dividends and Distributions.

- *Non-Diversification Risk*. As a non-diversified investment company, the Fund can invest more of its assets in fewer issuers than an investment company that is diversified, exposing the Fund to greater risk. The Fund, however, is subject to Chilean laws limiting investments in a single issuer and intends to comply with the diversification requirements imposed by the U.S. Internal Revenue Code of 1986, as amended (the Code), for qualification as a regulated investment company.

- *Unlisted Securities Risk*. The Fund may invest up to 20% of the Chilean Portfolio in unlisted Chilean securities. Because the market for unlisted securities is not liquid, it may be difficult for the Fund to sell these securities at a desirable price. Unlisted securities are not subject to the disclosure and other investor protection requirements of Chilean law applicable to listed securities.

- *Tax Risks*. The Fund may invest in securities of which the federal income tax treatment may not be clear or may be subject to recharacterization by the U.S. Internal Revenue Service (the IRS) or the Chilean Servicio de Impuestos Internos (the Chilean IRS). It could be more difficult for the Fund to comply with the United States tax requirements applicable to regulated investment companies, or with the Chilean tax requirements applicable to foreign investors, if the tax characterization of the Fund s investments or the tax treatment of the income from such investments were successfully challenged by the IRS or by the Chilean IRS.

- *Anti-takeover Charter Provisions*. The Fund s Articles of Incorporation and By-laws include provisions that could limit the ability of other entities or persons to acquire control of the Fund or to change the composition of its Board of Directors. Such provisions could limit the ability of stockholders to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. These provisions include staggered terms of office for the Directors, advance notice requirements for stockholder proposals, and super-majority voting requirements for conversion of the Fund to an open-end investment company or certain merger, asset sale or similar transactions. In certain circumstances, these provisions might also inhibit the ability of stockholders to sell their shares at a premium over prevailing market prices.

- *Market Disruption Risk*. Certain events have had a disruptive effect on the securities markets, such as terrorist attacks (including the terrorist attacks in the United States on September 11, 2001), war and other geopolitical events, earthquakes, storms and other disasters. The Fund cannot predict the effects of similar events in the future on the markets or economy of Chile or other countries.

- *Repurchase Agreements Risk*. These transactions involve risks in the event of counterparty default or insolvency.

- *Securities Lending Risk.* In connection with its loans of portfolio securities, the Fund may be exposed to the risk of delay in recovery of the loaned securities or possible loss of rights in the collateral should the borrower become insolvent. The Fund also bears the risk of loss on the investment of cash collateral. There is also the risk that, in the event of default by the borrower, the collateral might not be sufficient to cover any losses incurred by the Fund. There can be no assurance that the return to the Fund from a particular loan, or from its loans overall, will exceed the related costs and any related losses.

- *Foreign Custody.* The Fund s custodian generally holds the Fund s non-U.S. securities and cash in non-U.S. bank sub-custodians and securities depositories generally in Chile. Regulatory oversight of non-U.S. banks and securities depositories may differ from that in the U.S. Additionally, laws applicable to non-U.S. banks and securities depositories may limit the Fund s ability to recover its assets in the event the non-U.S. bank, securities depository or issuer of a security held by the Fund goes bankrupt.

Investment Adviser and Sub-Adviser

The Fund s investment adviser is Aberdeen Asset Management Investment Services Limited (AAMISL or Investment Adviser). The Investment Adviser is a United Kingdom corporation that was acquired by Aberdeen PLC in December 2005. AAMISL is a U.S. registered investment adviser under the Investment Advisers Act of 1940, as amended (the Advisers Act), and is also regulated in the United Kingdom by the Financial Services Authority. AAMISL provides equity and fixed income advisory services to U.S. clients. The Investment Adviser is located at Bow Bells House, 1 Bread Street, London, U.K., EC4M 9HH.

The Investment Adviser is a wholly-owned subsidiary of Aberdeen Asset Management PLC (Aberdeen PLC), which is the parent company of an asset management group managing approximately $287 billion in assets as of December 31, 2010 for a range of pension funds, financial institutions, investment trusts, unit trusts, offshore funds, charities and private clients, in addition to U.S. registered investment companies. The registered offices of Aberdeen PLC are located at 10 Queen s Terrace, Aberdeen, Scotland AB 10 1 YG. Aberdeen PLC, its affiliates and subsidiaries are referred to collectively herein as Aberdeen. Aberdeen PLC was formed in 1983 and was first listed on the London Stock Exchange in 1991.

The Fund s sub-adviser is Celfin Capital Servicios Financieros S.A. (Sub-Adviser). Celfin is a closed corporation organized under the laws of Chile and is an investment adviser registered with the SEC under the Advisers Act. Celfin is a 98% owned direct subsidiary of Celfin Capital S.A., located at Avenida Apoquindo 3721, 19th floor, Las Condes, Santiago, Chile. Inversiones Casablanca Ltda., located at Peumo 187, Vitacura, Santiago, Chile, and Patmos Finance SA, located at Avenida Apoquindo 3721, 19th floor, Santiago, Chile, each own 32.8% of Celfin Capital S.A., and Inversiones y Renta Montemar Ltda., located at Dieciocho 229, 2nd floor, Santiago, Chile, owns 16.8% of Celfin Capital S.A. The two controlling managing directors of Celfin Capital S.A. are Juan Andrés Camus and Jorge Diego Errázuriz.

The Fund pays a fee to the Investment Adviser computed at the annual rate of 1.20% of the first $50 million of the Fund s Average Weekly Base Amount, 1.15% of amounts from $50-100 million, 1.10% of amounts from $100-150 million, 1.05% of amounts from $150-200 million and 1.00% of amounts over $200 million, calculated weekly and paid quarterly. Average Weekly Base Amount is defined in the investment management agreement as the average of the lesser of the market value of the Fund s outstanding shares and the Fund s net assets, determined as of the last trading day of each week during a quarter. The Investment Adviser has agreed to waive a portion of its advisory fee so that the net Advisory Fee after Fee Waiver is 1.00% of the Fund s Average Weekly Base Amount. The waiver was effective on July 1, 2009 and continues for annual periods, unless terminated.

The Investment Adviser pays the fees of the Sub-Adviser. These fees are computed at the annual rate of 0.20% of the Fund s average monthly net assets invested less the Discount Adjustment Amount. The Discount Adjustment Amount is defined in the investment advisory agreement. The Sub-Adviser has agreed to waive a portion of its fee so that the net sub-advisory fee after fee waiver is 0.17% of the Fund s average monthly net assets less the Discount Adjustment Amount. The waiver was effective on July 1, 2009 and continues for annual periods, unless terminated.

Portfolio Managers

The Fund is managed by the Global Emerging Markets Team. The following persons have the most significant responsibility for the day-to-day management of the Fund s portfolio Devan Kaloo, Head of Emerging Markets; Fiona Manning, CFA, Investment Adviser; Andy Brown, CFA, Investment Adviser; Stephen Parr, Investment Adviser; and Nick Robinson, CFA, Investment Adviser. See Management of the Fund Portfolio Management.

Administrator

Brown Brothers Harriman & Co. (BBH & Co.), 40 Water Street, Boston, MA 02109, is U.S. administrator for the Fund and certain other U.S. registered closed end funds advised by AAMISL and its affiliates (the Funds). The Funds pay BBH & Co. monthly for administrative and fund accounting services, at an annual rate of .06% of the Funds aggregate assets up to $500 million, .0525% for the next $500 million, and .0425% in excess of $1 billion. Each Fund pays its pro rata portion of the fee based on its level of assets.

Celfin Capital S.A. Administradora de Fondos de Capital Extranjero (AFCE, and collectively with BBH & Co., the Administrator) serves as the Fund s Chilean administrator. For its services, AFCE is paid a fee, out of the advisory fee payable to AAMISL, that is calculated weekly and paid quarterly at an annual rate of 0.05% of the Fund s average weekly market value or net assets (whichever is lower). In addition, AFCE receives a supplemental administration fee, an annual reimbursement of out-of-pocket expenses and an accounting fee. See Management of the Fund Administrator.

Custodian

BBH & Co., 40 Water Street, Boston, MA 02109, acts as the Fund s custodian. See Management of the Fund Custodian.

Transfer Agent

	Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940, serves as the Fund s stock transfer agent and dividend paying agent. See Management of the Fund Transfer Agent.
Dividends and Distributions	The Board of Directors has implemented a managed distribution policy of paying quarterly distributions at an annual rate, set once a year, that is a percentage of the rolling average of the Fund s prior four quarter-end net

asset values. The current rolling distribution rate is 10%, but this rate may be changed by the Board in response to, among other things, market conditions. The distributions are made from current income, supplemented by realized capital gains and, to the extent necessary, paid-in capital. Any distributions made from paid-in-capital would represent a return of a stockholder s original investment in the Fund. A return of capital to stockholders would reduce the Fund s net asset value and, over time, potentially increase the Fund s expense ratio. A return of capital reduces the amount of a stockholder s tax basis in such stockholder s shares. When a stockholder sells shares in the Fund, the amount, if any, by which the sales price exceeds the stockholder s basis in the Fund s shares is gain subject to tax. There can be no assurance that the Board will continue a managed distribution policy. See Dividends and Distributions.

The Fund s policy is to distribute at least annually to its stockholders substantially all of its net investment income. The Fund determines annually whether to distribute any net realized long-term capital gains in excess of net realized short-term capital losses (including capital loss carryover); however, it currently expects to distribute any excess annually to its stockholders.

Dividends, interest and net realized capital gains may be remitted out of Chile at any time, subject to a 10% Chilean tax. The 10% tax is not applicable to capital gains from the sale of shares of open corporations having a stock exchange presence, from bonds issued by certain entities or companies, or from investment funds quotas and mutual fund quotas, provided certain requirements are met. No tax is applied against remittances of capital after the five-year investment period required by Chilean law, provided that if the Fund s Taxable Profit Fund (Fondo de Utilidades Tributables) has retained taxable or financial earnings that have not been distributed, then a remittance of capital is applied first to such retained earnings subject to the 10% tax. Once the retained earnings have been remitted, then the repatriated capital is not subject to tax. See Taxation Chilean Taxes.

Dividend Reinvestment and Direct Stock Purchase Plan

Computershare Trust Company, N.A. sponsors and administers a Dividend Reinvestment and Direct Stock Purchase Plan (the Plan), which is available to shareholders. Additional information about the Plan and a brochure that includes the terms and conditions of the Plan may be obtained at www.computershare.com/buyaberdeen or by calling Computershare Trust Company, N.A. at 1-800-647-0584. For both purchases and reinvestment purposes, shares acquired through the Plan will be purchased in the open market at the current share price and cannot be issued directly by the Fund.

Taxation

Withholding and/or other taxes may apply in the countries in which the Fund invests, which will reduce the Fund s cash return in those countries. The Fund intends to elect, when eligible, to pass-through to the Fund s shareholders the ability to claim (subject to limitations) a deduction or credit for the amount of foreign income and similar taxes paid by the Fund. Tax considerations for an investor in the Fund are summarized under Taxation. See also Risks and Special Considerations.

SUMMARY OF FUND EXPENSES

Shareholder Transaction Expenses	
Maximum Sales Load (as a percentage of offering price(1)	%
Offering Expenses (as a percentage of offering price (1)	%
Dividend Reinvestment and Cash Purchase Plan Fees	None
Annual Operating Expenses (as a percentage of average net assets attributable to the fund s common stock)	
Management Fee(3)	1.14%
Other Expenses(4)(5)	0.63%
Total Annual Operating Expenses(6)	1.77%

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(1) If the Shares are sold or through underwriters, the Prospectus Supplement will set forth any applicable sales load and the estimated offering expenses.

(2) If you participate in the Dividend Reinvestment and Direct Stock Purchase Plan sponsored and administered by Computershare Trust Company, N.A., you will be subject to any fees imposed by Computershare Trust Company, N.A.

(3) See Management of the Fund The Investment Adviser and the Sub-Adviser for additional information. The management fee excludes taxes paid by the Fund.

(4) Other Expenses have been estimated for the current fiscal year.

(5) Includes an administration fee of 0.13% of average net assets attributable to the Fund s common stock. See Management of the Fund - Administrator for additional information.

(6) The Investment Adviser has entered into an agreement with the Fund to voluntarily waive advisory fees so that the net advisory fee after waivers is 1.00%. The net total annual operating expenses after applying the advisory fee waiver is 1.63%. The Investment Adviser may terminate this waiver at any time.

Example

An investor would pay the following expenses on a $1,000 investment in the Fund, assuming a 5% annual return:

One Year	Three Years	Five Years	Ten Years

$ 18	$ 56	$ 96	$ 208

The above table and example are intended to assist investors in understanding the various costs and expenses directly or indirectly associated with investing in Shares of the Fund. The Example assumes that all dividends and other distributions are reinvested at net asset value and that the percentage amounts listed in the table above under Total Annual Operating Expenses remain the same in the years shown. The above table and example and the assumption in the example of a 5% annual return are required by regulations of the SEC that are applicable to all investment companies; the assumed 5% annual return is not a prediction of, and does not represent, the projected or actual performance of the Fund s Shares. For more complete descriptions of certain of the Fund s costs and expenses, see Management of the Fund and Expenses.

The example should not be considered a representation of past or future expenses, and the Fund s actual expenses may be greater than or less than those shown. Moreover, the Fund s actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund s financial performance. Information is shown for the Fund s last ten fiscal years. Certain information reflects financial results for a single Fund Share. The following information has been audited by PricewaterhouseCoopers LLP (PwC), independent registered public accounting firm for the Fund, for the fiscal year ended December 31, 2010, whose report thereon was unqualified. The report of PwC, together with the financial statements of the Fund, are included in the Fund s December 31, 2010 Annual Report, and are incorporated by reference into the SAI, which is available upon request.

	For the Fiscal Years Ended December 31,				
	2010	**2009**	**2008**	**2007**	**2006**
PER SHARE OPERATING PERFORMANCE					
Net asset value, beginning of year	$ 18.77	$ 11.05	$ 18.78	$ 17.33	$ 14.16
Net investment income(a)	0.04	0.11	0.20	0.11	0.01
Net realized and unrealized gain/(loss) on investments and foreign currency related transactions	6.64	8.68	(7.01)	3.85	4.28
Net increase/(decrease) in net assets resulting from operations	6.68	8.79	(6.81)	3.96	4.29
Dividends and distributions to shareholders:					
Net investment income	(0.01)	(0.33)	(0.16)	(0.12)	(0.03)
Net realized gain	(3.45)	(0.74)	(0.76)	(2.39)	(1.09)
Total dividends and distributions to shareholders	(3.46)	(1.07)	(0.92)	(2.51)	(1.12)
Anti-dilutive impact due to capital shares tendered	0.06				
Net asset value, end of year	$ 22.05	$ 18.77	$ 11.05	$ 18.78	$ 17.33
Market value, end of year	$ 22.67	$ 17.90	$ 9.82	$ 22.00	$ 16.92
Total Investment Return Based on:					
Market value(b)	49.48%	93.78%	(51.78)%	49.56%	2.35%
Net asset value	38.65%	80.58%	(36.43)%	24.65%	30.66%
Ratio/Supplementary Data					
Net assets, end of year (000 omitted)	$ 168,153	$ 190,851	$ 112,362	$ 190,448	$ 175,680
Average net assets (000 omitted)	$ 176,275	$ 156,471	$ 175,102	$ 206,623	$ 153,963
Ratio of expenses to average net assets(c)	2.07%	1.94%	1.89%	1.79%	2.14%
Ratio of expenses to average net assets, excluding fee waivers(c)	2.20%	2.02%	1.89%	1.79%	2.14%
Ratio of expenses to average net assets, excluding taxes	1.84%	1.58%	1.50%	1.56%	1.91%
Ratio of net investment income to average net assets	0.21%	0.71%	1.13%	0.55%	0.05%
Portfolio turnover rate	41.45%	12.77%	27.33%	23.29%	19.95%

(a) Based on average shares outstanding.

(b) Total investment return is calculated assuming a purchase of common stock on the first day and a sale on the last day of each reporting period. Dividends and distributions, if any, are assumed, for purposes of this calculation to be reinvested at prices obtained under the Fund s dividend reinvestment plan. Total investment return does not reflect brokerage commissions.

(c) Ratios include the effect of Chilean taxes.

	For the Fiscal Years Ended December 31, 2005	2004	2003	2002	2001
PER SHARE OPERATING PERFORMANCE					
Net asset value, beginning of year	$ 15.68	$ 14.48	$ 8.39	$ 9.93	$ 11.43
Net investment income	0.11	0.16	0.07	0.09*	0.21
Net realized and unrealized gain/(loss) on investments and foreign currency related transactions	2.71	3.27	6.47	(1.70)	(0.70)
Net increase/(decrease) in net assets resulting from operations	2.82	3.43	6.54	(1.61)	(0.49)
Dividends and distributions to shareholders:					
Net investment income	(0.07)	(0.47)	(0.08)	(0.09)	(0.15)
Net realized gain on investments and foreign currency related transactions	(4.27)	(1.76)	(0.37)		(0.86)
Total dividends and distributions to shareholders	(4.34)	(2.23)	(0.45)	(0.09)	(1.01)
Anti-dilutive impact due to capital shares tendered or repurchased				0.16	
Net asset value, end of year	$ 14.16	$ 15.68	$ 14.48	$ 8.39	$ 9.93
Market value, end of year	$ 17.65	$ 13.99	$ 14.10	$ 7.25	$ 8.43
Total Investment Return (a)	57.74%	14.93%	100.72%	(12.93)%	13.18%
Ratios/Supplemental Data					
Net assets, end of year (000 omitted)	$ 143,603	$ 158,983	$ 146,839	$ 85,082	$ 134,289
Ratio of expenses to average net assets (b)	1.82%	1.85%	1.74%	1.11%	2.71%
Ratio of expenses to average net assets, excluding taxes	1.57%	1.62%	1.74%	2.01%	1.54%
Ratio of net investment income/(loss) to average net assets	0.69%	1.12%	0.65%	1.28%(c)	1.91%
Portfolio turnover rate	37.48%	35.54%	31.94%	31.94%	29.81%

* Based on actual shares outstanding on February4, 2002 (prior to the tender offer) and December 31, 2002.

(a) Total investment return at market value is based on the changes in market price of a share during the year and assumes reinvestment of dividends and distributions, if any, at actual prices pursuant to the Fund s dividend reinvestment program.

(b) Ratios include the effect of Chilean taxes.

(c) Ratio includes the effect of a reversal of Chilean tax accrual; excluding the reversal, the ratio would have been 0.18%.

USE OF PROCEEDS

The Fund anticipates that it will be able to invest substantially all of the net proceeds of the offering in accordance with its investment objectives and policies within approximately 60 days after completion of the offering. Pending such investment, the Fund anticipates investing the proceeds in short-term securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations or money market instruments.

THE FUND

The Fund is a non-diversified, closed-end management investment company registered under the 1940 Act. The Fund is designed for investors seeking experienced professional management of a portfolio of Chilean securities. An investment in the Fund may not be appropriate for all investors and should not be considered to be a complete investment program. An investment in the Fund involves risks that you should consider before purchasing Shares. See Risks and Special Considerations. The Fund s principal office is located at 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103.

DESCRIPTION OF SHARES

The Fund, which was incorporated under the laws of the State of Maryland on January 30, 1989, is authorized to issue 100,000,000 shares, $0.001 par value per share. As of the date of this Prospectus, the Fund has not issued any shares of preferred stock and the Board of Directors has no present intention to issue shares of preferred stock. All references to stock or shares herein refer to common stock, unless otherwise indicated. Each share of common stock has equal voting, dividend, distribution and liquidation rights. The Shares outstanding are, and, when issued, the Shares offered by this Prospectus will be, fully paid and non-assessable. Shares are not redeemable and have no preemptive, conversion or cumulative voting rights. The number of Shares outstanding as of December 31, 2010 was 7,626,079.

The Fund s outstanding Shares are, and, when issued, the Shares offered by this Prospectus will be, publicly held and listed and traded on the Amex. The Fund determines its net asset value on a daily basis. The following table sets forth, for the quarters indicated, the highest and lowest daily closing prices on the Amex per share of common stock, and the net asset value per share and the premium to or discount from net asset value, on the date of each of the high and low market prices. The table also sets forth the number of Shares traded on the Amex during the respective quarters.

	NAV per Share on Date of Market Price High and Low (1)		Amex Market Price per Share(2)		Premium/(Discount) on Date of Market Price High and Low(3)		
During Quarter Ended	**High**	**Low**	**High**	**Low**	**High**	**Low**	**Trading Volume(4)**
March 31, 2008	18.41	16.49	21.22	16.72	15.26%	1.39%	3,390,146
June 30, 2008	21.38	18.40	20.20	16.50	(5.52)%	(10.33)%	1,023,581
September 30, 2008	19.38	15.16	17.18	12.82	(11.35)%	(15.44)%	1,635,357
December 31, 2008	15.94	10.60	13.30	7.96	(16.56)%	(24.91)%	1,313,835
March 31, 2009	13.37	12.02	12.40	9.79	(7.26)%	(18.55)%	1,109,159
June 30, 2009	16.51	13.01	15.62	11.08	(5.39)%	(14.83)%	867,237

September 30, 2009	17.21	16.27	16.36	14.55	(4.94)%	(10.57)%	982,887
December 31, 2009	19.05	16.47	18.08	15.42	(5.09)%	(6.38)%	1,208,919
March 31, 2010	20.52	18.22	19.60	16.80	(4.48)%	(7.79)%	2,265,299
June 30, 2010	19.19	17.33	18.66	16.25	(2.76)%	(6.23)%	2,648,548
September 30, 2010	22.92	18.32	22.93	17.29	0.04%	(5.62)%	2,340,361
December 31, 2010	24.43	21.45	26.25	21.00	7.45%	(2.10)%	4,255,504

(1) Based on the Fund s computations.

(2) Source: The NYSE Amex Equities.

(3) Based on the Fund s computations.

(4) Source: Bloomberg.

On March 21, 2011, the per Share net asset value was 19.00 and the per Share market price was $21.19, representing an 11.53% premium over such net asset value.

The Fund s Shares have traded in the market below, at and above net asset value since the commencement of the Fund s operations. However, it has been the case that the Fund s Shares have traded at a discount from net asset value. The Fund cannot determine the reasons why the Fund s Shares trade at a premium to or discount from net asset value, nor can the Fund predict whether its Shares will trade in the future at a premium to or discount from net asset value, or the level of any premium or discount. Shares of closed-end investment companies frequently trade at a discount from net asset value.

The following information regarding the Fund s authorized shares is as of December 31, 2010.

Title of Class	Amount Authorized	Amount Held by Fund for its own Account	Amount Outstanding Exclusive of Amount held by Fund
Common Stock	100,000,000	0	7,626,079

INVESTMENT OBJECTIVE

The Fund s investment objective is to seek total return, consisting of capital appreciation and income, by investing primarily in Chilean securities. At the Fund s inception, the Fund adopted a fundamental investment policy that the Fund will invest primarily in Chilean equity and debt securities. That fundamental policy may only be changed upon the affirmative vote of the holders of a majority of the Fund s outstanding voting securities. A majority of the Fund s outstanding voting securities as used in this Prospectus means the lesser of (a) 67% or more of the shares of the Fund s Common Stock present at a meeting of stockholders, if the holders of 50% of the outstanding shares are present or represented by proxy at the meeting, or (b) more than 50% of the outstanding shares. The Chilean Portfolio, under normal conditions, will consist principally of Chilean equity securities.

The Fund s Board of Directors has adopted a non-fundamental investment policy for the Fund, pursuant to which the Fund will invest at least 80% of its net assets (plus any borrowings for investment purposes) in Chilean securities. If the Board of Directors elects to change this 80% policy, the Fund will provide shareholders with at least 60 days prior notice.

The Fund is designed for investors who want to participate in the Chilean securities markets. The Fund defines Chilean securities as (a) securities of companies, the principal trading market for which is in Chile, (b) securities issued or guaranteed by the Republic of Chile or the Central Bank of Chile, (c) peso-denominated securities issued by companies to finance operations in Chile or (d) securities of companies that derive more than 50% of their revenues or profits from goods or services produced in Chile or sales made in Chile or have more than 50% of their assets in Chile.

INVESTMENT POLICIES

The Fund intends its Chilean Portfolio, under normal market conditions, to consist principally of Chilean equity securities. A substantial portion of the equity securities acquired by the Fund are expected to be dividend-paying securities. Chilean companies listed on the stock exchanges are required by law to pay out as dividends at least 30% of annual audited net income. The Fund, however, may invest a substantial portion of its assets in Chilean debt securities when the Investment Adviser believes that it is appropriate to do so in order to achieve the Fund s investment objective of total return. The Investment Adviser expects to do so, for example, when interest rates on Chilean debt securities are high in comparison with anticipated returns on equity securities. Chilean equity securities in which the Fund invests consist predominantly of common stocks, although the Fund may also invest to a limited extent in preferred stocks, convertible securities and, to the extent a market exists for them and investing in them is permitted under Chilean law, warrants.

The Fund may invest up to 20% of the Chilean Portfolio in unlisted Chilean securities, including investments in new and early-stage companies, provided that not more than 3% of the Chilean Portfolio may be invested in unlisted securities of Chilean companies that, at the time of investment, had less than one year of operations, including operations of predecessor companies. The Fund invests only in unlisted equity securities that, in the opinion of the Investment Adviser, present opportunities for substantial growth over a period of two to five years, notwithstanding that such investments may be illiquid and present risks not normally existing in publicly owned, more established companies with possibly higher market capitalizations.

Although the Fund invests principally in Chilean equity securities, it may also invest a substantial portion of its assets in Chilean debt securities. Chilean debt securities that the Fund may acquire include bonds, notes and debentures of any maturity of the Chilean government, its agencies and instrumentalities, of the Central Bank of Chile and of banks and other companies determined by the Investment Adviser to be suitable investments for the Fund (including repurchase agreements with respect to obligations of the Chilean government or the Central Bank of Chile). In selecting securities, the Investment Adviser considers the ratings of securities by the public and private credit rating services in Chile, although the Investment Adviser may invest in securities of companies that it determines to be suitable investments for the Fund regardless of their rating. The Fund may invest up to 35% of the Chilean Portfolio in high-yield securities. The Fund may not, however, invest more than 5% of the Chilean Portfolio in Chilean debt securities rated C or below by Chilean rating agencies or unrated securities that the Investment Adviser believes to be of comparable quality. Chilean debt securities rated above C have at least a good capacity to pay principal and interest when due, although some of them may be susceptible to being adversely affected by changes in the issuer, the relevant industry or the economy generally. Because interest on most Chilean debt securities is inflation-adjusted, the variation in the value of Chilean debt securities in relation to fluctuations in the value of the Chilean peso tends to be less than would otherwise be the case. Chilean debt securities rated C or below are instruments with an inadequate capacity to pay capital and interest as a result of changes in the issuer, in the industry to which it belongs, or in the economy, and exhibit some probability of lateness in payments or loss of interest. The yields on lower-rated fixed-income securities generally are higher than the yield available on higher-rated securities. However, investments in lower-rated securities may be subject to greater market fluctuations and greater risks of loss of income or principal than higher-rated securities. Chilean securities are rated by a number of both public and private credit rating agencies.

Since investors generally perceive that there are greater risks associated with lower quality debt securities of the type in which the Fund may invest a portion of its assets, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. In the lower quality segments of the debt securities market, changes in perceptions of issuers creditworthiness tend to occur more frequently and in a more pronounced manner than do changes in higher quality segments of the debt securities market, resulting in greater yield and price volatility. If the Fund invests in high yield securities that are rated C or below, the Fund will incur significant risk. Distressed securities frequently do not produce income while they are outstanding.

To the extent consistent with provisions of the 1940 Act and any administrative exemptions granted by the SEC, the Fund may invest in the securities of other investment companies that invest in Chilean securities. Absent special relief from the SEC, the Fund may invest up to 10% of its total assets in shares of other investment companies and up to 5% of its total assets in any one investment company, as long as that investment does not represent more than 3% of the voting stock of the acquired investment company. As a stockholder in any investment company, the Fund will bear its ratable share of the company s expenses, and would remain subject to payment of the Fund s advisory and administrative fees with respect to assets so invested.

The Fund will not invest 25% or more of its total assets in the securities of companies in the same industry, although the Fund may invest in U.S. government securities without regard to this limitation. In selecting industries and companies for investment by the Fund, the Investment Adviser will consider factors such as overall growth prospects, competitive position in domestic and export markets, technology, research and development, productivity, labor costs, raw material costs and sources, profit margins, return on investment, capital resources, government regulation and management. This policy may only be changed upon the affirmative vote of the holders of a majority of the Fund s outstanding voting securities.

The Fund purchases and holds securities with a view toward maximizing the total return to the Fund and does not expect to trade in securities for short-term gain. For cash management purposes, the Fund may invest up to 25% of its net assets in certain short-term investments described below and, for temporary defensive purposes, may invest up to 100% of its assets in those short-term instruments. The prohibition on repatriating capital within five years after capital is brought into Chile may limit the Fund s ability to make defensive investments during a period in which the Investment Adviser believes that such investments are warranted.

The short-term instruments in which the Fund may invest include (a) obligations of the United States government, its agencies or instrumentalities (including repurchase agreements with respect to these securities); (b) bank obligations (including certificates of deposit, time deposits and bankers acceptances) of United States and foreign banks denominated in any currency; (c) floating rate securities and other instruments denominated in any currency issued by international development agencies, banks and other financial institutions, governments and their agencies and instrumentalities and corporations located in countries that are members of the Organization for Economic Cooperation and Development (the OECD); (d) obligations of United States corporations that are rated no lower than A-2 by the Standard & Poor s, a subsidiary of The McGraw-Hill Companies, Inc. or P-2 by Moody s Investors Service, Inc., or the equivalent from another rating service or, if unrated, deemed to be the equivalent by the Investment Adviser; and (e) shares of money market funds that may invest in (a) through (d).

The value of securities denominated or quoted in foreign currencies may be adversely affected by fluctuations in the relative currency exchange rates. the Investment Adviser generally does not seek to hedge against a decline in the value of the Fund s non-dollar denominated portfolio securities resulting from a currency devaluation or fluctuation. As a consequence, the Fund s investment performance may be negatively affected by a devaluation of the Chilean peso. Further, the Fund s investment performance may be significantly affected, either positively or negatively, by currency exchange rates because the U.S. dollar value of securities denominated or quoted in the Chilean peso will increase or decrease in response to changes in the value of such currency in relation to the U.S. dollar. Therefore, the risk of currency devaluations and fluctuations and the effect they may have on the Fund should be carefully considered by investors in determining whether to purchase shares of the Fund.

The Fund reserves the right to conduct currency exchange transactions through entering into forward contracts to purchase or sell currency or currency futures contracts should suitable hedging instruments become available on acceptable terms.

Certain investment policies that the Fund has adopted are fundamental policies; that is, these policies may only be changed upon the affirmative vote of the holders of a majority of the Fund s outstanding voting securities. These fundamental policies are described in the section captioned Investment Restrictions. Unless otherwise indicated, the investment policies described above are not fundamental and may be changed by the Fund at any time.

Repurchase Agreements

The Fund may enter into repurchase agreements with banks and broker-dealers when it deems it advisable. A repurchase agreement is a contract under which the Fund acquires a security for a relatively short period (usually no more than one week) subject to the obligations of the seller to repurchase and the Fund to resell such security at a fixed time and price (representing the Fund s cost plus interest). The Investment Adviser will monitor the value of such securities daily to determine that the value equals or exceeds the repurchase price. Under the 1940 Act, repurchase agreements are considered to be loans made by the Fund which are collateralized by the securities subject to repurchase. See also Risks and Special Considerations.

Loans of Portfolio Securities

The Fund s investment policies permit the Fund to enter into securities lending agreements. Under such agreements, the Fund may lend to borrowers (primarily banks and broker-dealers) portfolio securities with an aggregate market value of up to one-third of the Fund s total assets when it deems advisable. Any such loans must be secured by collateral (consisting of any combination of cash, U.S. government securities, irrevocable bank letters of credit or other high quality debt securities) in an amount at least equal, on a daily marked-to-market basis, to the current market value of the securities loaned. Cash collateral will be invested by the lending agent in short-term instruments, money market mutual funds or other collective investment funds, and income from these investments will be allocated among the Fund, the borrower and the lending agent. The Fund may terminate a loan after such notice period as is provided for the particular loan. The Fund will receive from the borrower amounts equivalent to any cash payments of interest, dividends and other distributions with respect to the loaned securities, although the tax treatment of such payments may differ from the treatment of distributions paid directly by the issuer to the Fund. The Fund also has the option to require non-cash distributions on the loaned securities to be credited to its account. The terms of the Fund s lending arrangement includes provisions to permit the Fund to vote the loaned securities. See also Risks and Special Considerations.

Foreign Investments in Chile

The Central Bank of Chile is responsible for, among other things, monetary policies and for exchange controls in Chile. According to its regulations, contained in the *Compendio de Normas de Cambios Internacionales* of the Central Bank of Chile, foreign investments must be carried out through Chile s *Mercado Cambiario Formal*, or the Formal Exchange Market, and reported to the Central Bank of Chile. The Formal Exchange Market includes all commercial banks and certain exchange houses and stock broker dealers authorized by the Central Bank pursuant to Chapter III of the *Compendio de Normas de Cambios Internacionales*. In accordance with the Central Bank of Chile regulations, foreign currency payments or remittances abroad (outside of Chile) or made with funds held abroad, that correspond to capital, interest, inflation adjustments, profits, dividends or other benefits, must be carried out through the Formal Exchange Market and reported to the Central Bank of Chile. No prior approval is currently required from the Central Bank of Chile to carry out foreign investments or to make remittances abroad, although such transactions must be reported to the Central Bank of Chile after they have been carried out by the Formal Exchange Market entity through which such transactions were made.

Foreign investments can be registered with the Foreign Investment Committee under Decree Law No. 600 of 1974 (as amended) (Decree Law 600). Decree Law 600 sets forth the general rules applicable to foreign investors and governs new foreign investment in freely convertible currency, which must be made through the Formal Exchange Market, as well as in assets, technology and investment-related credits and capitalized earnings with a right to transfer abroad. The Foreign Investment Committee, acting through its authorized representative on behalf of the Republic of Chile, enters into a contract with each foreign investor (the Foreign Investment Agreement), which stipulates, among other rights and obligations, the time period during which the investment or investments must be made. In the case of mining investments, the period is generally eight years; in all others, generally three years. A foreign closed-end fund can apply to the SVS for authorization to operate under Law No. 18,657 as a foreign capital investment fund. A fund so authorized is thus subject to all of the principles and rights established in Decree Law 600, as well as to the specific rules contained in Law No. 18,657. General rules concerning repatriation of capital and earnings are contained in Decree Law 600 and Law No. 18,657. Under either statute, foreign capital funds may remit out of Chile dividends, interest or net realized capital gains at any time. Capital, however, may only be repatriated five years after its entrance into Chile under Law No. 18,657.

The Fund, as an approved foreign investment capital fund under Law 18,657 and Decree Law 600, and as it is established in each foreign investment agreement, is authorized to purchase foreign currency in the Chilean foreign exchange markets for the purpose of remitting dividends, interest and net realized capital gains abroad pursuant to investment contracts entered between the Fund and the Republic of Chile. Although there is no undertaking by the Central Bank that there will be willing vendors of foreign exchange, the Fund will be treated the same as all other participants in the foreign exchange market.

Diversification rules under Law No. 18,657 provide that investors such as the Fund may not hold more than 5% of any Chilean issuer s voting stock (subject to an increase to up to 10% for newly-issued shares, including through the exercise of preemptive rights) and not more than 10% of assets invested in Chile may be invested in securities issued or guaranteed by any single Chilean issuer (other than securities issued or guaranteed by the Chilean government or by the Central Bank of Chile). Further, at least 80% of the Chilean Portfolio must be invested in shares of Chilean companies or the Chilean government or in debt obligations of Chilean companies or the Chilean government, the maturity of which at the date of purchase must exceed four years, with not less than 60% of the Chilean Portfolio invested in shares of open corporations.

Not more than 40% of the Chilean Portfolio may be invested in securities issued or guaranteed by entities belonging to the same entrepreneurial group. An entrepreneurial group is defined as any group of entities where links in respect to their ownership, administration or credit responsibility exist that make it reasonable to assume that the economic and financial performance of its members is guided by or subordinated to the group s common interest or that there are shared financial risks in credits granted to them or in the acquisition of securities issued by them.

If any of these percentage limitations is exceeded, the SVS will require that the excess be corrected during a specific period of between 60 and 180 days. The excess can be corrected by a sale of the amount of securities causing the limitations to be exceeded, by a purchase of securities of other issuers or by the fluctuation in value of one or more of the Fund s portfolio holdings. Failure to achieve compliance during the applicable time period would result in the Fund becoming subject to regular Chilean tax rates for foreign investors at the end of the period for correcting the excessive investment, as well as to other penalties. The Chilean diversification tests are applied at cost at the time of investment.

Law No. 18,657 provides that the Fund, together with all other foreign capital investment funds subject to that law, may not own in the aggregate, directly or indirectly, more than 25% of the shares issued by any corporation. Because other funds that are subject to Law No. 18,657 also make investments in Chile, available investment opportunities for the Fund may be reduced, which may adversely affect the Fund s ability to achieve its investment objective and its performance. In order to avoid the risk of having to sell shares at an inopportune time, the Fund will seek to ascertain the extent of holdings by any other foreign capital investment fund subject to Law No. 18,657 prior to making an investment, although this information may not be available or, if available, may not be obtainable on a timely basis.

Should any investment restriction imposed by Law No. 18,657 be removed or liberalized, the Fund reserves the right to invest accordingly, without stockholder approval, except to the extent that such investment conflicts with the Fund s investment objective or its fundamental investment restrictions.

Except for the diversification rules described above for entities such as the Fund operating under Law No. 18,657, there are generally no percentage limitations on foreign holdings or restrictions applicable to foreign ownership of local enterprises and joint ventures that are not also applicable to Chilean investors. Foreign investors are prohibited, however, from owning television stations and are limited in their ability to own newspaper publishers, other media entities and a limited number of other types of companies. Neither Chilean nor foreign investors may make certain types of investments near the country s borders or engage in uranium mining (except through contracts with the government), and certain other activities require the receipt of a government license. In addition, the Fund has agreed with the Chilean government not to acquire unlisted shares of corporations that are foreign capital investment funds, brokers, stock exchanges or companies that are related to Celfin Capital S.A. Administradora de Fondos de Capital Extranjero (the Chilean Administrator), the Chilean administrator for the Fund.

The Investment Adviser intends for the Fund to comply with the diversification limitations and other investment restrictions to which it is subject and believes that, under current market conditions, doing so will not significantly adversely affect the Fund s ability to achieve its investment objective. If the Fund fails to comply with these restrictions after the expiration of the period set forth in the notice of its noncompliance, the tax rate applicable to remittances of amounts exceeding original capital would be lost with respect to subsequent remittances and a tax at a current effective rate up to 35% (determined after taking into account Chilean withholding taxes and tax credits applicable to such withholding tax) on amounts distributed or remitted out of Chile would be imposed on such amounts. If the Fund s favorable tax treatment were forfeited, the Fund nonetheless would continue to be prohibited from repatriating capital out of Chile during the five years after the capital is brought into Chile.

INVESTMENT RESTRICTIONS

The following restrictions are fundamental policies, which cannot be changed without the approval of the holders of a majority of the Fund s outstanding voting securities. In the event that the Fund issues preferred shares, changes in investment restrictions would also require approval by a majority of the outstanding preferred shares, voting as a separate class. If a percentage restriction on investment or use of assets set forth below is adhered to at the time a transaction is effected, later changes in a percentage resulting from changing values will not be considered a violation.

The Fund may not:

1. Invest 25% or more of the total value of its assets in a particular industry. This restriction does not apply to investments in United States government securities.

2. Issue senior securities, borrow or pledge its assets, except that the Fund may borrow from a bank for temporary or emergency purposes in amounts not exceeding 5% (taken at the lower of cost or current value) of its total assets (not including the amount borrowed) and may also pledge its assets to secure such borrowings; provided that the Fund may borrow from a bank an amount not exceeding 33 1/3% of its total assets (not including the amount borrowed) for the purpose of (a) obtaining amounts necessary to make distributions for qualification as a registered investment company or to avoid imposition of an excise tax under United States tax laws and (b) to pay Fund expenses outside Chile, and not for the purpose of leveraging. Additional investments may not be made when borrowings exceed 5% of the Fund s total assets.

3. Lend money to other persons except through the purchase of debt obligations and the entering into of repurchase agreements in the United States or Chile consistent with the Fund s investment policies.

4. Make short sales of securities or maintain a short position in any security.

5. Purchase securities on margin, except such short-term credits as may be necessary or routine for the clearance or settlement of transactions and the maintenance of margin with respect to forward contracts or other hedging transactions.

6. Underwrite securities of other issuers, except insofar as the Fund may be deemed an underwriter under the Securities Act of 1933, as amended, in selling portfolio securities.

7. Purchase or sell commodities or real estate, except that the Fund may invest in securities secured by real estate or interests in real estate or in securities issued by companies, including real estate investment trusts, that invest in real estate or interests in real estate, and may purchase and sell forward contracts on foreign currencies to the extent permitted under applicable law.

Additional Chilean Restrictions

In addition to the foregoing restrictions, the Fund is subject to Law No. 18,657, which limits the Chilean Portfolio to:

1. Shares of Chilean open corporations, i.e., corporations that publicly offer their shares;

2. Securities issued or guaranteed by the Chilean government;

3. Securities issued by the Central Bank of Chile;

4. Securities issued or guaranteed by Chilean banks or financial institutions;

5. Letters of credit issued by Chilean banks, financial institutions or other authorized entities;

6. Bonds and negotiable instruments registered in the Chilean Securities Register;

7. Quotas of investment funds; and

8. Other securities duly authorized by the SVS.

As noted above, the SVS has authorized the Fund (and has authorized other entities operating under Law No. 18,657) to invest up to 20% of the Chilean Portfolio in equity securities of unlisted companies. The Fund has voluntarily adopted a policy of limiting, to not more than 3% of the Chilean Portfolio, its investments in unlisted securities of Chilean companies that, at the time of the investment, had less than one year of operations, including operations of predecessor companies.

The SVS has also authorized the Fund to purchase put and call options on shares, to enter into repurchase agreements and to engage in hedging transactions designed to protect the Chilean Portfolio against exchange risks.

Diversification rules under Law No. 18,657 provide that the Fund may not hold more than 5% of any Chilean issuer s voting stock (subject to an increase of up to 10% for newly-issued shares, including through the exercise of preemptive rights) and not more than 10% of the Chilean Portfolio may be invested in securities issued or guaranteed by any single Chilean issuer (other than securities issued or guaranteed by the Chilean government or by the Central Bank of Chile). Further, at least 80% of the Chilean Portfolio must be invested in shares or debt obligations of Chilean companies or the Chilean government, the maturity of such debt obligations at the date of purchase must not exceed four years, with not less than 60% of the Chilean Portfolio invested in shares of open corporations.

Law No. 18,657 provides that the Fund, together with all other foreign capital investment funds subject to that law, may not own in the aggregate, directly or indirectly, more than 25% of the shares issued by any corporation. If the 25% limitation is exceeded, the foreign capital investment fund that made the purchase causing the limit to be exceeded must divest the excess shares within a 60- to 180-day period prescribed by the SVS. As other funds subject to Law No. 18,657 make investments in Chile, available investment opportunities for the Fund may be reduced, which may adversely affect the Fund s ability to achieve its investment objective and its performance. In order to avoid the risk of having to sell shares at an inopportune time, the Fund will seek to ascertain the extent of holdings by any other foreign capital investment fund subject to Law No. 18,657 prior to making an investment, although this information may not be available or, if available, may not be obtainable on a timely basis.

Under Law No. 18,657, the Fund is prohibited from borrowing money in Chile.

Should any investment restriction imposed by Law No. 18,657 be removed or liberalized, the Fund reserves the right to invest accordingly, without stockholder approval, except to the extent that such investment conflicts with the Fund s investment objective or its fundamental investment restrictions.

RISKS AND SPECIAL CONSIDERATIONS

An investment in the Fund involves certain risks and considerations, including risks and considerations not typically associated with funds that invest only in U.S. securities. These risks and considerations are described below.

General

The Fund is a non-diversified, closed-end investment company designed primarily as a long-term investment and not as a trading tool. The Fund invests generally in a portfolio of Chilean securities. An investment in the Fund s Common Stock may be speculative and involves a high degree of risk. The Fund should not be considered a complete investment program. Due to the uncertainty in all investments, there can be no assurance that the Fund will achieve its investment objective.

Chilean Securities Risk

Because the Fund s investments are primarily in Chilean securities, the Fund is particularly vulnerable to loss in the event of adverse political, economic, financial and other developments that affect Chile, including fluctuations of Chilean currency versus the U.S. dollar. Like other investors in the Chilean securities markets, the Fund is subject to general economic and political conditions in Chile. The Fund s investing in Chilean securities involves certain considerations not typically associated with investing in the United States, including generally (a) controls on foreign investment and limitations on repatriation of capital invested in Chile; (b) greater price volatility, substantially less liquidity and significantly smaller market capitalization of the Chilean securities markets; (c) currency devaluation and other currency exchange rate fluctuations; (d) more substantial governmental involvement in the economy; and (e) political uncertainty and other considerations. More specifically, (1) the Fund may not repatriate capital for five years after investment in Chile except under limited circumstances to pay expenses; (2) there can be no assurance that Chilean inflation might not adversely affect the performance of the Chilean economy or its securities market; (3) governmental and political events in Chile could affect future economic policies; (4) because of the limited forward market for the purchase of dollars in Chile and the limited circumstances under which the Fund hedges against declines in the value of the Chilean peso generally, the Fund will be adversely affected by Chilean peso devaluations against the U.S. dollar; (5) the Fund s ability to make defensive investments may be limited by the application of repatriation restrictions and requirements to maintain minimum percentages of assets in shares of Chilean companies; and (6) due to differences between U.S. and Chilean accounting, auditing and financial reporting standards, certain material disclosures may not be made by issuers of, and less information may be available to the Fund and other investors investing in, Chilean securities.

On March 25, 2011, the Fund filed an application with the Foreign Investment Committee to enter into a foreign investment contract, pursuant to which the proceeds of this offering will be invested in Chile. On April 21, 2011, the Executive Vice President of the Foreign Investment Committee granted the authorization to invest in Chile under this application, in advance of the Foreign Investment Committee formal approval. Pursuant to the authorization of the Executive Vice President of the Foreign Investment Committee, the Fund has the right to invest the proceeds of this offering in Chile at any time. The Fund expects to receive formal approval from the Foreign Investment Committee in its next meeting, however, there can be no assurance that such approval will be granted. See Investment Policies Foreign Investments in Chile for more information about the Fund s investment contract arrangements with the Foreign Investment Committee.

The Fund is subject to supervision and regulation by the SVS. Failure by the Fund to comply with diversification or other SVS requirements applicable to the Fund could, in addition to causing the loss of certain favorable Chilean tax treatment for the Fund, result in the assessment of fines by the SVS or other disciplinary actions. Chilean accounting, auditing and financial reporting standards are not identical to United States standards and, therefore, certain material disclosures may not be made by issuers of, and less information may be available to investors investing in, Chilean securities in comparison to United States securities.

Foreign Securities Risk

Investments in foreign securities that are traded on foreign markets, including Chilean securities, are subject to risks of loss that are different from the risks of investing in U.S. securities. These include the possibility of losses due to currency fluctuations (see Currency Exchange Rate Fluctuations), or to adverse political, economic or diplomatic developments in Chile, including possible increases in taxes. Additionally, accounting, auditing, financial reporting standards and other regulatory practices and requirements for securities in which the Fund may invest vary from those applicable to entities subject to regulation in the United States. The Chilean securities market for both listed and unlisted securities may be more volatile and less liquid than the major U.S. markets. In addition, the cost to the Fund of buying, selling and holding securities in the Chilean market may be higher than in the United States. Any higher expenses of non-U.S. investing may reduce the amount the Fund can earn on its investments and typically results in a higher operating expense ratio than for investment companies that invest only in the United States. Regulatory oversight of the Chilean securities market may differ from that of U.S. markets. There also may be difficulty in invoking legal protections across borders.

Equity Securities Risk

The value of equity securities, including common stock, preferred stock and convertible stock, will fluctuate in response to factors affecting the particular company, as well as broader market and economic conditions. Moreover, in the event of the company s bankruptcy, claims of certain creditors, including bondholders, will have priority over claims of common stock holders and are likely to have varying types of priority over holders of preferred and convertible stock.

Consistent with its objective, the Fund will invest a substantial portion of its assets in Chilean equity securities. Although equity securities have historically generated higher average returns than fixed income securities, equity securities have also experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of a particular equity security held by the Fund. Also, the prices of equity securities, particularly common stocks, are sensitive to general movements in the stock market. The Fund s share price can fall because of weakness in the Chilean market, a particular industry or specific holdings. The Chilean market as a whole can decline for many reasons, including adverse political or economic developments in Chile or elsewhere, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. The Fund does not currently intend to hedge against currency risk; consequently, the Fund s equity securities are also subject to the risk that some holdings may lose value because of a decline in the value of the Chilean currency or adverse political or economic events in Chile or elsewhere. Investments in futures and options, if any, are subject to additional volatility and potential losses.

High-Yield/Junk Bond Securities Risk

Although the Fund invests principally in Chilean equity securities, it may invest a substantial portion of its assets in Chilean debt securities when AAMISL believes that it is appropriate to do so in order to achieve the Fund s investment objective of total return. The Fund may invest in Chilean debt securities of any rating. Investment in high yield securities involves substantial risk of loss. Below investment grade non-convertible debt securities or comparable unrated securities, as determined by AAMISL, are commonly referred to as junk bonds and are considered predominantly speculative with respect to the issuer s ability to pay interest and principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for high yield securities tend to be very volatile, and these securities are less liquid than investment grade debt securities. If the Fund invests in such securities, your investment in the Fund is subject to the following specific risks:

- increased price sensitivity to changing interest rates and to a deteriorating economic environment;

- greater risk of loss due to default or declining credit quality;

- adverse company-specific events are more likely to render the issuer unable to make interest and/or principal payments; and

- if a negative perception of the high yield market develops, the price and liquidity of high yield securities may be depressed. This negative perception could last for a significant period of time.

Adverse changes in economic conditions are more likely to lead to a weakened capacity of a high yield issuer to make principal payments and interest payments than an investment grade issuer. An economic downturn could severely affect the ability of highly leveraged issuers to service their debt obligations or to repay their obligations upon maturity. The secondary market for high yield securities may not be as liquid as the secondary market for more highly rated securities, a factor which may have an adverse effect on the Fund s ability to dispose of a particular security.

There are fewer dealers in the market for high yield securities than for investment grade obligations. The prices quoted by different dealers may vary significantly and the spread between the bid and asked price is generally much larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for high yield securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating the Fund s NAV.

Inflation Risk

Inflation risk is the risk that the value of assets or income from investment will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Fund s Common Stock and dividends can decline. Chile historically has had a volatile inflation rate, and if Chile s inflation rate were to enter a period of extreme volatility, the value of the Fund s holdings in Chilean securities would fluctuate correspondingly.

Management Risk

AAMISL or Celfin s judgment about the attractiveness, relative value or potential appreciation of a particular security or investment strategy may prove to be incorrect.

Conflicts of Interest Risk

AAMISL and Celfin s advisory fees are based on the lower of the Fund s market value or NAV. Consequently, AAMISL and Celfin will likely benefit from an increase in the Fund s net assets resulting from an offering. In addition, a Director who is an interested person (as such term is defined under the 1940 Act) of the Fund or the Portfolio Manager of the Fund could benefit indirectly from this offering because of such affiliations. Currently, there are no Directors who are interested persons.

Currency Exchange Rate Fluctuations

Currency exchange rates can fluctuate significantly over short periods and can be subject to unpredictable changes based on a variety of factors, including political developments and currency controls by foreign governments. The Fund will normally hold almost all its assets in Chilean peso denominated securities. Accordingly, a change in the value of the Chilean peso against the U.S. dollar will generally result in a change in the U.S. dollar value of the Fund s assets. Such a change may thus decrease the Fund s net asset value.

In addition, although most of the Fund s income will be received or realized primarily in Chilean pesos, the Fund will be required to compute and distribute its income in U.S. dollars. Therefore, for example, if the exchange rate for the Chilean peso declines after the Fund s income has been accrued and translated in U.S. dollars, but before the income has been received or converted into U.S. dollars, the Fund could be required to liquidate portfolio securities to make distributions. Similarly, if the exchange rate declines between the time the Fund incurs expenses in U.S. dollars and the time such expenses are paid, the amount of Chilean pesos required to be converted into U.S. dollars in order to pay those expenses will be greater than the Chilean peso equivalent of those expenses at the time they were incurred.

Currency exchange rate fluctuations can decrease or eliminate income available for distribution or, conversely, increase income available for distribution. For example, in some situations, if certain currency exchange losses exceed net investment income for a taxable year, the Fund would not be able to make ordinary income distributions, and all or a portion of distributions made before the losses were realized but in the same taxable year would be recharacterized as a return of capital to shareholders for U.S. federal income tax purposes, thus reducing shareholders cost basis in their Fund shares, or as a capital gain distribution, rather than as an ordinary income dividend.

Liquidity Risk

It may be difficult for the Fund to buy and sell significant amounts of Chilean securities without an unfavorable impact on prevailing market prices. Trading on the Santiago Exchange, Chile s primary stock exchange, is not as active as trading on the NYSE or other major stock exchanges in the United States. Consequently, larger purchases or sales of these securities by the Fund in a short period of time may cause abnormal movements in the market prices of these securities. As a result, these securities may be difficult to dispose of at a fair price at the times when the Fund believes it is desirable to do so. The Fund may also have difficulty purchasing securities in companies in which the Fund would otherwise invest. Investment of the Fund s capital in securities that are less actively traded or that over time experience decreased trading volume may restrict the Fund s ability to take advantage of other market opportunities.

Net Asset Value Discount.

Shares of closed-end investment companies frequently trade at a discount from net asset value. This characteristic is a risk separate and distinct from the risk that net asset value will decrease. The Fund s shares have frequently traded in the market below net asset value since the commencement of the Fund s operations. In the 12-month period ended March 21, 2011, the Fund s Shares have traded in the market at an average discount to net asset value of -2.28%. However, in the period from January 25, 2011 to March 21, 2011, the Fund s Shares have traded in the market at an average premium over net asset value of 3.45%. The Fund cannot predict whether its Shares in the future will trade at, below or above net asset value. This risk that shares of a closed-end fund might trade at a discount is more significant for investors who wish to sell their shares in a relatively short period of time. For those investors, realization of gain or loss on their investment is likely to be more dependent upon the existence of a premium or discount than upon portfolio performance.

Market Discount Risk

The Fund s Common Stock has typically traded at a discount relative to NAV. See Market and Net Asset Value Information for a chart that shows how the market value of the Fund s Common Stock has fluctuated compared to its NAV throughout the Fund s history. The last reported sale price represents a 11.53% premium over the per share NAV on , March 21, 2011; however, there can be no assurance that this premium will continue after an offering or that the shares will not trade again at a discount, as they have for most of the Fund s history. Shares of closed-end investment companies frequently trade at prices lower than their NAV, but in some cases trade above NAV. The provisions of the 1940 Act require, as a condition to the completion of an offering, that the public offering price of the shares of Common Stock, less the sales load and discounts, must equal or exceed the NAV per share of the Fund s Common Stock (calculated within 48 hours of pricing). An investor who buys the Fund s Common Stock in an offering at a price that reflects a premium to NAV may experience a decline in the market value of the shares of Common Stock independent of any change in the NAV. Whether stockholders will realize a gain or loss upon the sale of the Fund s shares of Common Stock depends upon whether the market value of the shares at the time of sale is above or below the price the stockholder paid, taking into account transaction costs for the shares, and is not directly dependent upon the Fund s NAV. Because the market value of the Fund s shares of Common Stock will be determined by factors such as the relative demand for and supply of the shares in the market, general market conditions and other factors beyond the control of the Fund, the Fund cannot predict whether its shares of Common Stock will trade at, below or above NAV, or below or above the public offering price for the shares of Common Stock. As of December 31, 2010, two stockholders owned approximately 26.5% of the Fund s outstanding Common Stock (see Principal Holders of Securities). Any substantial dispositions or acquisitions of Common Stock by these investors could affect the supply or demand for, and possibly the market value of, the Common Stock. The Fund s Common Stock is designed primarily for long-term investors, and you should not purchase shares of Common Stock if you intend to sell them shortly after purchase.

Distribution Rate

The Fund has a managed distribution policy under which quarterly distributions, at a rate determined annually by the Board of Directors, are paid from current income, supplemented by realized capital gains and, to the extent necessary, paid-in capital. See Dividends and Distributions - Managed Distribution Policy. There can be no assurance that the distribution rate set at any time, or the policy itself, will be maintained. To the extent total distributions for a year exceed the Fund s net investment income, the difference will be deemed for income tax purposes to have been distributed from realized capital gains (potentially taxable as ordinary income or as long-term capital gain) and/or will be treated as return of capital, as applicable. The Fund s managed distribution policy may, in certain situations, cause the Fund to make taxable distributions to shareholders in excess of the minimum amounts of such taxable distributions required to avoid liability for federal income and excise taxes. Such excess taxable distributions may, in such situations, cause shareholders to be liable for taxes for which they would not otherwise be liable if the Fund only paid that amount required to avoid liability for federal income and excise taxes. The Fund s income distributions and its capital and currency gains distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States. These differences are primarily due to differing treatments for foreign currencies.

If the Fund s investments do not generate sufficient income, the Fund may be required to liquidate a portion of its portfolio to fund these distributions, and therefore a portion or all of such distributions may represent a reduction of the shareholders principal investment. Such liquidation might be at a time when independent investment judgment would not dictate such action, increasing the Fund s overall portfolio turnover (and related transaction costs) and making it more difficult for the Fund to achieve its investment objective.

Non-Diversification Risk

The Fund is classified as a non-diversified management investment company under the 1940 Act. This means that the Fund is not subject to limits under the 1940 Act as to the proportion of its assets that may be invested in the securities of a single issuer. As a non-diversified investment company, the Fund may therefore invest its assets in securities of a smaller number of issuers, and, as a result, would be subject to greater risk with respect to its portfolio securities. Although the Fund must comply with certain diversification requirements in order to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended (Code), the Fund may be more susceptible to any single economic, political or regulatory occurrence than would be the case if it had elected to diversify its holding sufficiently to be classified as a diversified management investment company under the 1940 Act. The Fund, however, is subject to Chilean laws limiting investments in a single issuer and intends to comply with the diversification requirements imposed by the Code for qualification as a regulated investment company.

Unlisted Securities Risk

The Fund may invest up to 20% of the Chilean Portfolio in unlisted Chilean securities. Because the market for unlisted securities is not liquid, it may be difficult for the Fund to sell these securities timely and at a desirable price. If not listed, such securities could nonetheless be resold in privately negotiated transactions, although the price may be lower and the time to dispose of the security may take considerably longer than for listed securities and the sale price may be lower than the price paid by the Fund. Unlisted securities are not subject to the disclosure and other investor protection requirements of Chilean law applicable to listed securities.

Anti-Takeover Charter Provisions

The Fund s Articles of Incorporation and By-laws include provisions that could limit the ability of other entities or persons to acquire control of the Fund or to change the composition of the Fund s Board of Directors. Such provisions could limit the ability of stockholders to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. These provisions include staggered terms of office for the Directors, advance notice requirements for stockholder proposals, and super-majority voting requirements for conversion of the Fund to an open-end investment company or certain merger, asset sale or similar transactions. In certain circumstances, these provisions might also inhibit the ability of stockholders to sell their shares at a premium over prevailing market prices. See Certain Provisions of the Maryland General Corporation Law and the Charter and Bylaws.

Market Disruption Risk

Certain events have had a disruptive effect on the securities markets, such as terrorist attacks (including the terrorist attacks in the United States on September 11, 2001), war and other geopolitical events, earthquakes, storms and other disasters. The Fund cannot predict the effects of similar events in the future on the markets or economy of Chile or other countries.

Tax Risk

The Fund may invest in securities of which the federal income tax treatment may not be clear or may be subject to recharacterization by the IRS or the Chilean IRS. It could be more difficult for the Fund to comply with the United States tax requirements applicable to regulated investment companies, or with the Chilean tax requirements applicable to foreign investors, if the tax characterization of the Fund s investments or the tax treatment of the income from such investments were successfully challenged by the IRS or by the Chilean IRS. See Taxation.

Repurchase Agreement Risk

Repurchase agreements may involve risks in the event of default or insolvency of the seller, including possible delays or restrictions with respect to the Fund s ability to dispose of the underlying securities, and the possibility that the collateral might not be sufficient to cover any losses incurred by the Fund.

Securities Lending Risk

In connection with its loans of portfolio securities, the Fund may be exposed to the risk of delay in recovery of the loaned securities or possible loss of rights in the collateral should the borrower become insolvent. The Fund also bears the risk of loss on the investment of cash collateral. There is also the risk that, in the event of default by the borrower, the collateral might not be sufficient to cover any losses incurred by the Fund. There can be no assurance that the return to the Fund from a particular loan, or from its loans overall, will exceed the related costs and any related losses.

Foreign Custody

The Fund s custodian generally holds the Fund s non-U.S. securities and cash in non-U.S. bank sub-custodians and securities depositories generally in Chile. (See Management of the Fund Custodian and Transfer Agent.) Regulatory oversight of non-U.S. banks and securities depositories may differ from that in the U.S. Additionally, laws applicable to non-U.S. banks and securities depositories may limit the Fund s ability to recover its assets in the event the non-U.S. bank, securities depository or issuer of a security held by the Fund goes bankrupt.

Tax Considerations

The Fund intends to qualify and to continue to qualify as a regulated investment company under the Code. If it so qualifies, it generally will be relieved of U.S. federal income tax on its investment company taxable income and net capital gains, if any, which it distributes to shareholders in accordance with requirements under the Code. In order to continue to meet the requirements of the Code applicable to regulated investment companies and to minimize its U.S. federal income tax liability, it is the Fund s policy to distribute substantially all of its net income and capital gains, if any, to shareholders. To the extent that the Fund has earnings available for distribution, its distributions in the hands of shareholders may be treated as ordinary dividend income, although certain distributions may be designated by the Fund as capital gain distributions, which would be treated as long-term capital gain, or qualified dividend income, which may be eligible for long-term capital gain tax rates if certain holding period rules apply. Dividends and capital gains distributions paid by the Fund are not expected to qualify for the corporate dividends-received deduction. Distributions in excess of the Fund s current and accumulated earnings and profits will first reduce a shareholder s basis in his shares and, after the shareholder s basis is reduced to zero, will constitute capital gains to the shareholder who holds his shares as capital assets.

Subject to certain limitations imposed by the Code, foreign taxes withheld from distributions or otherwise paid by the Fund may be creditable or deductible by U.S. shareholders for U.S. federal income tax purposes, if the Fund is eligible to and makes an election to treat the shareholders as having paid those taxes for U.S. federal income tax purposes. No assurance can be given that the Fund will be eligible to make this election each year, but it intends to do so if it is eligible. If the election is made, the foreign withholding taxes paid by the Fund will be includable in the U.S. federal taxable income of shareholders. Non-U.S. investors may not be able to credit or deduct the foreign taxes, but they may be deemed to have additional income from the Fund equal to their share of the foreign taxes paid by the Fund subject to U.S. withholding tax. Investors should review carefully the information discussed under the heading Taxation and should discuss with their tax advisers the specific tax consequences of investing in the Fund.

FORWARD-LOOKING STATEMENTS