

CHILE FUND INC  
Form N-CSRS  
September 04, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number:	811-5770
Exact name of registrant as specified in charter:	The Chile Fund, Inc.
Address of principal executive offices:	c/o 1735 Market Street, 32nd Floor Philadelphia, PA 19103
Name and address of agent for service:	Ms. Megan Kennedy Aberdeen Asset Management Inc. c/o 1735 Market Street, 32nd Floor Philadelphia, PA 19103
Registrant's telephone number, including area code:	866-839-5205
Date of fiscal year end:	December 31

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Date of reporting period:

6/30/09

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Item 1. Reports to Stockholders

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THE CHILE FUND, INC.

SEMI-ANNUAL REPORT  
JUNE 30, 2009  
(unaudited)

CH-SAR-0609

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LETTER TO SHAREHOLDERS (UNAUDITED)

August 27, 2009

Dear Valued Shareholder,

On behalf of our global associates, I would like to introduce you to Aberdeen. On December 31, 2008, Aberdeen Asset Management PLC signed an agreement to purchase parts of the asset management business of Credit Suisse. The closing of this transaction occurred on June 30, 2009.

Aberdeen PLC is the parent company of an asset management group managing assets for both institutional and retail clients from offices throughout the world. Over the past 25 years, Aberdeen has grown to become a global asset manager managing over \$213 billion in assets principally on behalf of leading national and corporate pension funds, central banks and other financial institutions from 27 offices located around the world. Aberdeen has been managing North American registered closed-end funds since 2000 and with the closing of the Credit Suisse transaction now manages or serves as the sub-adviser to 11 North American registered closed-end funds aggregating \$3.9 billion total assets as of June 30, 2009, coupled with 17 U.K. registered closed-end funds aggregating \$3.1 billion total assets as of June 30, 2009. As part of our ongoing commitment to provide additional, timely information to investors, including Fund performance and investment strategy I would like to highlight the new monthly factsheets which are posted on the Fund website ([www.aberdeen-asset.us/usmutualfunds/closedhome](http://www.aberdeen-asset.us/usmutualfunds/closedhome)). If you have any questions in relation to this information or suggestions on how to improve it further please either call us at 1-866-839-5205 or email [InvestorRelations@aberdeen-asset.com](mailto:InvestorRelations@aberdeen-asset.com). We would be delighted to hear from you.

This Semi-Annual Report for The Chile Fund, Inc. covers the activities for the six-month period ended June 30, 2009. This period has encompassed particularly difficult times in world stock markets, with many of the world's financial institutions demonstrating significant weaknesses in both processes and products. There was a consequent weakening in financial confidence around the world and unprecedented levels of government intervention in support of the financial markets.

Clarity And Consistency Remain Key

Aberdeen is committed to its established clear and consistent investment process across the globe. The commitment to completing thorough research for each investment is considered particularly important by us in this environment.

Share Price Performance

The Fund's share price increased 55.7% over the six months, from \$9.82 on December 31, 2008 to \$15.29 on June 30, 2009. The Fund's share price on June 30, 2009 represented a discount of 8.61% to the NAV per share of \$16.73 on that date, compared with a discount of 11.13% to the NAV per share of \$11.05 on December 31, 2008. At the date of this letter, the share price was \$15.68, representing a discount of 4.51% to the NAV per share of \$16.42.

Market Commentary

During the second quarter of 2009, the Fund's benchmark, Morgan Stanley Capital International Chile Index returned 34.2% in part due to positive commodity-led economic data. While portfolio restructuring has begun, it will modestly continue bringing the Fund inline with the

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Aberdeen investment process. The portfolio will maintain around 25 securities and aim to provide diversified exposure to the Chilean market.

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### LETTER TO SHAREHOLDERS (UNAUDITED) (CONTINUED)

#### Looking Ahead

Although the past six-months have represented a period of stock market volatility, the global economy has benefited from extensive fiscal stimulus from developed countries. There remain concerns over the short-term economic outlook and, although many of the appropriate actions have been taken, recovery will need time to take proper affect.

#### Investor Relations Information

For information about the Fund, daily updates of share price, NAV and details of distributions, please contact Aberdeen Asset Management Inc. by:

- calling toll free at 1-866-839-5205 in the United States, or
- emailing [InvestorRelations@aberdeen-asset.com](mailto:InvestorRelations@aberdeen-asset.com).

For information about the Aberdeen Group, visit the Aberdeen website at [www.aberdeen-asset.com](http://www.aberdeen-asset.com).

Yours sincerely,

Christian Pittard  
President

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### THE CHILE FUND, INC.

#### PORTFOLIO SUMMARY JUNE 30, 2009 (UNAUDITED)

#### SECTOR ALLOCATION

#### TOP 10 HOLDINGS, BY ISSUER

	Holding	Sector	Percent of Net Assets
1.	Empresa Nacional de Electricidad S.A.	Independent Power Producers & Energy Traders	20.9
2.	Empresas Copec S.A.	Industrial Conglomerates	16.1
3.	Enersis S.A.	Electric Utilities	8.5
4.	Empresas CMPC S.A.	Paper & Forest Products	6.8
5.	Sociedad Química y Minera de Chile S.A.	Chemicals	6.6
6.	Banco Santander Chile	Commercial Banks	5.3

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7.	S.A.C.I. Falabella S.A.	Multiline Retail	4.7
8.	Colbun S.A.	Independent Power Producers & Energy Traders	4.2
9.	Empresa Nacional de Telecomunicaciones S.A.	Diversified Telecommunication Services	4.2
10.	Viña Concha y Toro S.A.	Beverages	3.9

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THE CHILE FUND, INC.

AVERAGE ANNUAL RETURNS  
JUNE 30, 2009 (UNAUDITED)

	1 Year	3 Years	5 Years	10 Years
Net Asset Value (NAV)	(1.82)%	15.66%	18.35%	10.96%
Market Value	0.12%	11.27%	19.40%	12.99%

Aberdeen may waive fees and/or reimburse expenses, without which performance would be lower. Waivers and/or reimbursements are subject to change and may be discontinued at any time. Returns represent past performance. Total investment return at net asset value is based on changes in the net asset value of fund shares and assumes reinvestment of dividends and distributions, if any. Total investment return at market value is based on changes in the market price at which the fund's shares traded on the stock exchange during the period and assumes reinvestment of dividends and distributions, if any, at actual prices pursuant to the fund's dividend reinvestment program. Because the fund's shares trade in the stock market based on investor demand, the fund may trade at a price higher or lower than its NAV. Therefore, returns are calculated based on share price and NAV. Past performance is no guarantee of future results. The current performance of the fund may be lower or higher than the figures shown. The fund's yield, return and market price and NAV will fluctuate. Performance information current to the most recent month-end is available by calling 866-839-5205.

The annualized gross and net expense ratios are 2.32%.

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THE CHILE FUND, INC.

SCHEDULE OF INVESTMENTS  
JUNE 30, 2009 (UNAUDITED)

Description	No. of Shares	Value
<b>EQUITY SECURITIES-96.42%</b>		
<b>AIRLINES-3.27%</b>		
Lan Airlines S.A.	462,500	\$ 5,554,353
<b>BEVERAGES-5.99%</b>		
Coca-Cola Embonor S.A., Class A	560,000	669,365
Compañía Cervecerías Unidas S.A.	410,000	2,928,847
Viña Concha y Toro S.A.	3,644,000	6,585,608

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		10,183,820
<b>BUILDING PRODUCTS-0.04%</b>		
Cerámicas Cordillera S.A.†	53,165	67,050
<b>CHEMICALS-6.56%</b>		
Sociedad Química y Minera de Chile S.A., Class B, ADR	134,650	4,872,984
Sociedad Química y Minera de Chile S.A., PNB	172,500	6,282,734
		11,155,718
<b>COMMERCIAL BANKS-6.44%</b>		
Banco de Crédito e		
Inversiones	79,997	2,017,656
Banco Santander Chile	198,886,987	8,943,831
		10,961,487
<b>DIVERSIFIED TELECOMMUNICATION SERVICES-4.20%</b>		
Empresa Nacional de Telecomunicaciones S.A.		
	530,611	7,141,400
<b>ELECTRIC UTILITIES-9.47%</b>		
Almendral S.A.	17,843,402	1,713,303
Enersis S.A.	34,000,000	12,671,360
Enersis S.A., ADR	93,200	1,721,404
		16,106,067
<b>FOOD &amp; STAPLES RETAILING-2.60%</b>		
Cencosud S.A.	1,687,000	4,429,864
Description	No. of Shares	Value
<b>INDEPENDENT POWER PRODUCERS &amp; ENERGY TRADERS-25.13%</b>		
Colbun S.A.	28,432,425	\$ 7,225,181
Empresa Nacional de Electricidad S.A.		
	21,068,000	34,898,522
Empresa Nacional de Electricidad S.A., ADR		
	12,500	622,375
		42,746,078
<b>INDUSTRIAL CONGLOMERATES-16.15%</b>		
Empresas Copec S.A.	2,297,185	27,462,441
<b>METALS &amp; MINING-2.54%</b>		
CAP S.A.	173,694	4,315,785
<b>MULTILINE RETAIL-4.66%</b>		
S.A.C.I. Falabella S.A.	2,004,083	7,922,022
<b>PAPER &amp; FOREST PRODUCTS-6.75%</b>		
Empresas CMPC S.A.	435,713	11,482,319
<b>WATER UTILITIES-2.62%</b>		
Inversiones Aguas		
Metropolitanas S.A.	3,850,500	4,457,520
<b>TOTAL EQUITY SECURITIES</b>		
(Cost \$81,705,186)		163,985,924
<b>SHORT-TERM INVESTMENTS-4.07%</b>		
<b>CHILEAN MUTUAL FUND-3.92%</b>		
Fondo Mutuo Security Plus		
(Cost \$6,242,499)	1,874,327	6,670,084

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See accompanying notes to the financial statements.

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THE CHILE FUND, INC.

SCHEDULE OF INVESTMENTS (CONTINUED)  
JUNE 30, 2009 (UNAUDITED)

Description	Principal Amount (000's)	Value
GRAND CAYMAN-0.15%		
Wells Fargo, overnight deposit, 0.03%, 07/01/09 (Cost \$245,000)	\$ 245	245,000
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>6,915,084</b>
(Cost \$6,487,499)		
<b>TOTAL INVESTMENTS-100.49%</b>		<b>170,901,008</b>
(Cost \$88,192,685)		
<b>LIABILITIES IN EXCESS OF CASH AND OTHER ASSETS-(0.49)%</b>		<b>(831,071)</b>
<b>NET ASSETS-100.00%</b>		<b>\$ 170,069,937</b>

† Non-income producing security.

ADR American Depositary Receipts.

PNB Preferred Shares, Class B.

See accompanying notes to the financial statements.

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THE CHILE FUND, INC.

STATEMENT OF ASSETS AND LIABILITIES  
JUNE 30, 2009 (UNAUDITED)

<b>ASSETS</b>	
Investments, at value (Cost \$88,192,685) (Notes B, E, G)	\$ 170,901,008
Cash (including \$299,932 of foreign currencies with a cost of \$297,980)	300,458
<b>Total Asset</b>	<b>171,201,466</b>
<b>LIABILITIES</b>	
Payables:	
Investment advisory fee (Note C)	377,471
Custodian fees	55,297
Administration fees (Note C)	52,091
Audit fees	45,014
Printing fees	33,435
Directors' fees	26,856

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Other accrued expenses	69,133
Chilean taxes (Note B)	472,232
<b>Total Liabilities</b>	<b>1,131,529</b>
NET ASSETS (applicable to 10,167,060 shares of common stock outstanding) (Note D)	\$ 170,069,937
<b>NET ASSETS CONSIST OF</b>	
Capital stock, \$0.001 par value; 10,167,060 shares issued and outstanding (100,000,000 shares authorized)	\$ 10,167
Paid-in capital	81,479,267
Undistributed net investment income	1,695,521
Accumulated net realized gain on investments and foreign currency related transactions	4,178,399
Net unrealized appreciation in value of investments and translation of other assets and liabilities denominated in foreign currencies	82,706,583
Net assets applicable to shares outstanding	\$ 170,069,937
NET ASSET VALUE PER SHARE (based on 10,167,060 shares issued and outstanding)	\$ 16.73
MARKET PRICE PER SHARE	\$ 15.29

See accompanying notes to the financial statements.

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THE CHILE FUND, INC.

STATEMENT OF OPERATIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2009 (UNAUDITED)

<b>INVESTMENT INCOME</b>	
Income (Note B) :	
Dividends	\$ 2,909,179
Interest	194
Less: Foreign taxes withheld	(43,073)
Total Investment Income	2,866,300
Expenses:	
Investment advisory fees (Note C)	679,192
Custodian fees	100,511
Administration fees (Note C)	83,321
Audit and tax fees	81,383
Directors' fees	53,474
Accounting fees (Note C)	44,819
Legal fees	24,515
Printing fees (Note C)	23,751
Shareholder servicing fees	10,571
Insurance fees	5,233
Stock exchange listing fees	1,404
Miscellaneous fees	2,634
Chilean taxes (Note B)	481,530
Total Expenses	1,592,338
Net Investment Income	1,273,962
<b>NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS AND FOREIGN CURRENCY RELATED TRANSACTIONS</b>	
Net realized gain/(loss) from:	

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Investments	4,357,766
Foreign currency related transactions	(544)
Net change in unrealized appreciation in value of investments and translation of other assets and liabilities denominated in foreign currencies (includes \$3,693 of Chilean repatriation taxes on unrealized gains) (Note B)	52,076,780
Net realized and unrealized gain on investments and foreign currency related transactions	56,434,002
<b>NET INCREASE IN NET ASSET RESULTING FROM OPERATIONS</b>	<b>\$ 57,707,964</b>

See accompanying notes to the financial statements.

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THE CHILE FUND, INC.

STATEMENTS OF CHANGES IN NET ASSETS

	For the Six Months Ended June 30, 2009 (unaudited)	For the Year Ended December 31, 2008
<b>INCREASE/(DECREASE) IN NET ASSETS</b>		
Operations:		
Net investment income	\$ 1,273,962	\$ 1,984,807
Net realized gain on investments and foreign currency related transactions	4,357,222	5,660,250
Net change in unrealized appreciation/(depreciation) in value of investments and translation of other assets and liabilities denominated in foreign currencies	52,076,780	(76,820,491)
Net increase/(decrease) in net assets resulting from operations	57,707,964	(69,175,434)
Dividends and distributions to shareholders:		
Net investment income	—	(1,626,475)
Net realized gain on investments	—	(7,725,756)
Total dividends and distributions to shareholders	—	(9,352,231)
Capital share transactions:		
Issuance of 0 and 24,625 shares respectively from reinvestments of dividends and distributions	—	406,067
Issuance of 0 and 2,509 shares through the directors compensation plan (Note C)	—	35,335
Total capital share transactions	—	441,402
Total increase/(decrease) in net assets	57,707,964	(78,086,263)
<b>NET ASSETS</b>		
Beginning of period	112,361,973	190,448,236
End of period*	\$ 170,069,937	\$ 112,361,973

\* Includes undistributed net investment income of \$1,695,521 and \$421,559, respectively.

See accompanying notes to the financial statements.

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THE CHILE FUND, INC.

FINANCIAL HIGHLIGHTS

Contained below is per share operating performance data for a share of common stock outstanding, total investment return, ratios to average net assets and other supplemental data for each period indicated. This information has been derived from information provided in the financial statements and market price data for the Fund's shares.

	For the Six Months Ended June 30, 2009 (unaudited)
<b>PER SHARE OPERATING PERFORMANCE</b>	
Net asset value, beginning of period	\$ 11.05
Net investment income/(loss)	0.13†
Net realized and unrealized gain/(loss) on investments and foreign currency related transactions	5.55
Net increase/(decrease) in net assets resulting from operations	5.68
Dividends and distributions to shareholders:	
Net investment income	—
Net realized gain on investments and foreign currency related transactions	—
Total dividends and distributions to shareholders	—
Anti-dilutive impact due to capital shares tendered or repurchased	—
Net asset value, end of period	\$ 16.73
Market value, end of period	\$ 15.29
Total investment return (a)	55.70%
<b>RATIOS/SUPPLEMENTAL DATA</b>	
Net assets, end of period (000 omitted)	\$ 170,070
Ratio of expenses to average net assets (b)	2.32%(c)
Ratio of expenses to average net assets, excluding taxes	1.62%(c)
Ratio of net investment income/(loss) to average net assets	1.86%(c)
Portfolio turnover rate	8.73%

\* Based on actual shares outstanding on February 4, 2002 (prior to the tender offer) and December 31, 2002.

† Based on average shares outstanding.

(a) Total investment return at market value is based on the changes in market price of a share during the period 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) Annualized.

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

See accompanying notes to the financial statements.

THE CHILE FUND, INC.

FINANCIAL HIGHLIGHTS

	For the Years Ended December 31,									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>PER SHARE OPERATING PERFORMANCE</b>										
Net asset value, beginning of period	\$ 18.78	\$ 17.33	\$ 14.16	\$ 15.68	\$ 14.48	\$ 8.39	\$ 9.93	\$ 11.43	\$ 15.22	\$ 12.59
Net investment income/(loss)	0.20†	0.11†	0.01	0.11	0.16	0.07	0.09*	0.21	(0.06)†	0.09
Net realized and unrealized gain/(loss) on investments and foreign currency related transactions	(7.01)	3.85	4.28	2.71	3.27	6.47	(1.70)	(0.70)	(3.36)	3.19
Net increase/(decrease) in net assets resulting from operations	(6.81)	3.96	4.29	2.82	3.43	6.54	(1.61)	(0.49)	(3.42)	3.28
Dividends and distributions to shareholders:										
Net investment income	(0.16)	(0.12)	(0.03)	(0.07)	(0.47)	(0.08)	(0.09)	(0.15)	(0.01)	(0.07)
Net realized gain on investments and foreign currency related transactions	(0.76)	(2.39)	(1.09)	(4.27)	(1.76)	(0.37)	—	(0.86)	(0.58)	(0.58)
Total dividends and distributions to shareholders	(0.92)	(2.51)	(1.12)	(4.34)	(2.23)	(0.45)	(0.09)	(1.01)	(0.59)	(0.65)
Anti-dilutive impact due to capital shares tendered or repurchased	—	—	—	—	—	—	0.16	—	0.22	—

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Net asset value, end of period	\$ 11.05	\$ 18.78	\$ 17.33	\$ 14.16	\$ 15.68	\$ 14.48	\$ 8.39	\$ 9.93	\$ 11.43	\$ 15.22
Market value, end of period	\$ 9.82	\$ 22.00	\$ 16.92	\$ 17.65	\$ 13.99	\$ 14.10	\$ 7.25	\$ 8.43	\$ 8.44	\$ 11.25
Total investment return (a)	(51.78)%	49.56%	2.35%	57.74%	14.93%	100.72%	(12.93)%	13.18%	(20.04)%	31.45%
RATIOS/SUPPLEMENTAL DATA										
Net assets, end of period (000 omitted)	\$ 112,362	\$ 190,448	\$ 175,680	\$ 143,603	\$ 158,983	\$ 146,839	\$ 85,082	\$ 134,289	\$ 154,473	\$ 218,027
Ratio of expenses to average net assets (b)	1.89%	1.79%	2.14%	1.82%	1.85%	1.74%	1.11%	2.71%	2.98%	2.16%
Ratio of expenses to average net assets, excluding taxes	1.50%	1.56%	1.91%	1.57%	1.62%	1.74%	2.01%	1.54%		