CHILE FUND INC
Form N-2
May 22, 2006

As filed with the Securities and Exchange Commission on May 22, 2006

1933 Act File No.
1940 Act File No. 811-05770

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form N-2

ý REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

o PRE-EFFECTIVE AMENDMENT NO.

o POST-EFFECTIVE AMENDMENT NO.

and

ý REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

ý AMENDMENT NO. 9

The Chile Fund, Inc.

(Exact Name of Registrant as Specified in Charter)

466 Lexington Avenue, New York, New York 10017-3140
(Address of Principal Executive Offices)

Registrant s Telephone Number, including Area Code: (212)875-3500

Brooke A. Brown, Esq.

The Chile Fund, Inc.

466 Lexington Avenue

New York, New York 10017-3140

(Name and Address of Agent for Service)

Copies of Communications to:

Daniel Schloendorn, Esq. **Willkie Farr & Gallagher LLP** **787 Seventh Avenue** **New York, New York 10019-6099**	**[Underwriters Counsel]**

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. o

It is proposed that this filing will become effective (check appropriate box):

o when declared effective pursuant to section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)

Common Stock, US$0.001 par value per share	58,000 shares	US$	17.20	US$	997,600	US$	106.75

(1) Estimated solely for the purpose of calculating the registration fee.

(2) Transmitted prior to filing.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. The Fund may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 22, 2006

PROSPECTUS

Shares

The Chile Fund, Inc.

Common Stock

US per share

The Chile Fund, Inc. (the Fund) 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 equity and debt securities. It is the policy of the Fund normally to invest at least 80% of the Fund s net assets in Chilean equity and debt 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. See Investment Objective and Policies. Credit Suisse Asset Management, LLC (Credit Suisse, LLC) serves as the Fund s investment adviser and Celfin Capital Servicios Financieros S.A. (Celfin) serves as the Fund s Chilean sub-adviser. The address of the Fund is 466 Lexington Avenue, New York, New York 10017, and the Fund s telephone number is (212) 875-3500.

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. Before buying any shares, you should read the discussion of the material risks of investing in the Fund s common stock in Risk Factors beginning on page 18 of this Prospectus.

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

	Per Share	Total (1)

Public offering price	US$	US$
Sales load	US$	US$
Estimated offering expenses	US$	US$
Proceeds, after expenses, to the Fund	US$	US$

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(1) The Fund has granted the underwriters an option to purchase up to an additional shares of Common Stock at the public offering price less the sales load within 45 days from the date of this Prospectus, solely to cover over-allotments, if any. If such option is exercised in full, the total public offering price, sales load, estimated offering expenses and proceeds, after expenses, to the Fund will be US$, US$, US$ and US$, respectively. See Underwriting.

The underwriters expect to deliver the shares to purchasers on or about , 2006.

[MANAGING UNDERWRITER]

, 2006

The Fund s outstanding shares of Common Stock and the shares offered by this Prospectus (together with the Fund s currently outstanding shares, the Common Stock) are listed on the American Stock Exchange (Amex) under the symbol CH. Prior to May 11, 2006, the Common Stock was listed on the New York Stock Exchange (NYSE). For the year ended December 31, 2005, the Fund made two dividend payments to stockholders out of all of its net investment income and net realized capital gains. On September 16, 2005, the Fund paid a dividend of US$1.26 per share to stockholders, and on January 6, 2006, the Fund paid a dividend of US$3.08 per share. This dividend went ex-dividend on December 19, 2005. This means that over the course of 2005, the Fund paid dividends totaling approximately 28% of the total size of the Fund at the start of the period. The net asset value (NAV) of the Common Stock at the close of business on March 31, 2006 was US$15.13 per share and the last sale price of the Common Stock on the NYSE on such date was US$17.90. See Net Asset Value. The market price of the Fund s shares rose 57.74% (assuming reinvestment of dividends) during the year ended December 31, 2005, closing at US$17.65. As a result, the Fund s shares trading on the NYSE went from a 10.8% discount to NAV to a 24.6% premium to NAV.

Shares of closed-end investment companies frequently trade at a discount to their NAV. If the Fund s Common Stock trades at a discount to its NAV, the risk of loss may increase for purchasers in this offering. This risk may be greater for investors who expect to sell their Common Stock in a relatively short period after completion of the public offering.

This Prospectus sets forth concisely the information about the Fund that a prospective investor ought to know before investing. You should read this Prospectus, which contains important information about the Fund, before deciding whether to invest in the Fund s Common Stock and retain it for future reference. A statement of additional information, dated May 22, 2006 (SAI), containing additional information about the Fund, has been filed with the SEC and is incorporated by reference in its entirety into this Prospectus. You may request a free copy of the Fund s stockholder reports and SAI, the table of contents of which is on page 37 of this Prospectus, by calling (800) 293-1232 or by visiting the Fund s website on the Internet: http://www.credit-suisse.com/us, or by writing to the Fund at the address on the cover of this Prospectus. You may also obtain copies of these documents (and other information regarding the Fund) from the SEC s web site (http://www.sec.gov) or by visiting the SEC s Public Reference Room in Washington, D.C. Information about the Public Reference Room is available by calling (202) 551-8090.

You should rely only on the information contained or incorporated by reference in this Prospectus. The Fund has not, and the underwriters have not, authorized any other 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, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this Prospectus is accurate only as of the date on the front cover of this Prospectus. The business, financial condition, results of operations and prospects of the Fund may have changed since that date.

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SUMMARY

This summary highlights information contained elsewhere in this Prospectus. This summary does not contain all of the information that you should consider before investing in the Fund s Common Stock offered by this Prospectus and is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus. You should carefully read the entire Prospectus, particularly the section titled Risk Factors and the SAI.

The Fund The Fund is a closed-end, non-diversified management investment company organized as a corporation under the laws of the State of Maryland that commenced operations in September 1989. As of March 31, 2006, the net assets of the Fund were approximately US$153 million. See The Fund for more information about the Fund.

The Offering The Fund is offering shares of Common Stock at a public offering price of US$ per share. The shares of Common Stock are being offered by a group of underwriters led by [Managing Underwriter]. You must purchase at least 100 shares of Common Stock in order to participate in this offering. The Fund has granted the underwriters the right to purchase up to an additional shares of Common Stock at the public offering price, less the sales load, within 45 days from the date of this Prospectus to cover over-allotments. See Underwriting. The provisions of the Investment Company Act of 1940, as amended (the 1940 Act), require 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).

Listing The outstanding shares of the Fund s Common Stock and the shares of Common Stock offered by this Prospectus are listed on the Amex under the symbol CH. Prior to May 11, 2006 the Common Stock was listed on the NYSE.

Investment Objective The Fund s investment objective is to seek total return, consisting of capital appreciation and income, by investing primarily in Chilean equity and debt securities. There can be no assurance that the Fund s investment objective will be achieved. See Investment Objective and Policies.

Investment Policies Under normal market conditions, substantially all, but not less than 80%, of the Fund s net assets will be invested in Chilean equity and debt securities. The Fund s portfolio of Chilean securities (the Chilean Portfolio), under normal conditions, will 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 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 Credit Suisse, LLC believes that it is appropriate to do so in order to achieve the Fund s investment objective. Credit Suisse, LLC expects to do so, for example, when interest rates on Chilean debt securities are high in comparison with anticipated returns on equity securities. The Fund may not invest more than 5% of the Chilean Portfolio in Chilean debt securities rated C or below by Chilean rating services or unrated securities which Credit Suisse, LLC 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 Credit Suisse, LLC, 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, Credit Suisse, LLC 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 Objective and 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, or have more than 500 shareholders, or have at least 10% of the subscribed capital belonging to a minimum of 100 shareholders; (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.

The Fund s Investment Advisers and Portfolio Manager

Credit Suisse, LLC, the Fund s investment adviser, is part of the asset management business of Credit Suisse, a leading global financial services organization headquartered in Zurich, with offices focused on asset management in 18 countries. Credit Suisse, LLC serves as the Fund s investment adviser with respect to all investments and is responsible for making all investment decisions. Credit Suisse, LLC receives from the Fund, as compensation for its advisory services, an annual fee, calculated weekly and paid quarterly, equal to 1.20% of the first US$50 million of the Fund s average weekly market value or net assets (whichever is lower), 1.15% of the next US$50 million and 1.10% of amounts in excess of US$100 million. Credit Suisse, LLC also provides certain administrative services to the Fund and is reimbursed by the Fund for costs incurred on behalf of the Fund (up to US$20,000 per annum). See Management of the Fund Investment Adviser.

Celfin serves as the Fund s Chilean sub-adviser and provides advice and recommendations regarding the purchase and sale of Chilean securities. Celfin receives, as compensation for its sub-advisory services, an annual fee out of the advisory fee payable to Credit Suisse, LLC, calculated weekly and paid quarterly, equal to 0.20% of the Fund s average weekly market value or net assets (whichever is lower). See Management of the Fund Investment Sub-adviser.

Matthew J.K. Hickman is the Portfolio Manager for the Fund. Mr. Hickman specializes in Latin American equities and is primarily responsible for management of the Fund s assets. He has served as the Fund s Chief Investment Officer since 2004. From July 2003 to November 2003, he was Financial Advisor of Global Advisors. From February 2002 to July 2003, he was general manager of the private wealth management division of Compass Group Investment Advisors, and was based in Santiago, Chile. From August 2000 to February 2002, he was a financial advisor in Credit Suisse First Boston s Private Client Services channel. Mr. Hickman holds a B.A. in modern languages from Cambridge University and a diploma in corporate finance from London Business School. He is also the Chief Investment Officer of The Latin America Equity Fund, Inc. and serves as an investment officer of other Credit Suisse Funds.

The Fund s Administrators

Bear Stearns Funds Management Inc. (the Administrator) serves as the Fund s U.S. administrator. The Fund pays the Administrator a monthly fee that is calculated weekly at an annual rate of 0.07% on the first US$100 million of the Fund s average weekly net assets, 0.06% on the next US$50 million of the Fund s average weekly net assets and 0.04% on amounts in excess of US$150 million.

Celfin Capital S.A. Administradora de Fondos de Capital Extranjero (the Chilean Administrator) serves as the Fund s Chilean administrator. For its services, the Chilean Administrator is paid a fee, out of the advisory fee payable to Credit Suisse, LLC, 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, the Chilean Administrator receives a supplemental administration fee paid by Credit Suisse, LLC and an annual reimbursement of out-of-pocket expenses and an accounting fee that are paid by the Fund.

Custodian Transfer Agent and Dividend-Paying Agent

Brown Brothers Harriman & Co. (the Custodian) serves as the Fund s custodian. Computershare Trust Company, N.A. (the Transfer Agent) acts as the Fund s transfer agent and dividend-paying agent.

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.

The Fund s Transfer Agent sponsors and administers The InvestLink[SM] Program (the Program), which is intended to provide existing stockholders with a simple and convenient way to reinvest dividends in shares of the Fund s Common Stock with reduced brokerage commissions and fees (the Transfer Agent, in its capacity discussed herein, is referred to as the Program Administrator).

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 or from bonds issued by certain entities or companies, 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 (Fonde de Utilidades Tributables) has retained 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.

Certain Risk Factors

Risk is inherent in all investing. The following discussion summarizes some of the risks that a potential holder of the Fund s Common Stock should consider before deciding whether to invest in the Fund s Common Stock. For additional information about the risks associated with investing in the Fund s Common Stock, see Risk Factors.

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 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 of America (the United States or the U.S.), 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.

The Fund intends to file an application with the Chilean Foreign Investment Committee (the Foreign Investment Committee) to enter into an investment contract pursuant to which the proceeds of this offering will be invested in Chile. While the Fund expects to receive approval from the Foreign Investment Committee to enter into such contract, 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.

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 public offering price represents a % premium over the per share NAV on , 2006; 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 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 March 31, 2006, two stockholders owned approximately 45% 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. See Principal Holders of Securities. 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.

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. 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. Investments in futures and options, if any, are subject to additional volatility and potential losses.

*Non-Diversified Statu*s. The Fund is classified as a non-diversified investment company under the 1940 Act, which means that the Fund is not limited by the 1940 Act in the proportion of its total assets that may be invested in the securities of a single issuer. 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. As a non-diversified investment company, the Fund may invest a greater portion of its total assets in the obligations of a smaller number of issuers and, as a result, may be subject to greater risk with respect to portfolio securities.

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

Dependence of Fund on Key Personnel. Substantially all of the Fund s investment decisions are dependent on the expertise of the Portfolio Manager. If the Fund were to lose the services of the Portfolio Manager, it could have an adverse impact on the performance of the Fund. There can be no assurance that a suitable replacement could be found for the Portfolio Manager in the event of his death, resignation or ability to act on behalf of the Fund.

Conflicts of Interest Risk. Credit Suisse, LLC and Celfin s advisory fees are based on the lower of the Fund s market value or NAV. Consequently, Credit Suisse, LLC 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.

High-Yield 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 Credit Suisse, LLC 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 Credit Suisse, LLC, 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.

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 NYSE, 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.

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.

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.

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.

THE FUND

The Fund was incorporated in the State of Maryland on January 30, 1989 and is registered under the 1940 Act. The Fund has been engaged in business as a closed-end, non-diversified management investment company since September 26, 1989. The Fund s outstanding shares of Common Stock are listed and traded on the Amex under the symbol CH. For more information on the Fund s Common Stock, see Description of Capital Stock. As of March 31, 2006, the net assets of the Fund were approximately US$153 million. The Fund s principal office is located at 466 Lexington Avenue, New York, New York 10017 and its telephone number is 1-800-293-1232.

CAPITALIZATION

The following table sets forth the capitalization of the Fund as of , 2006, and as adjusted to give effect to the issuance of the shares of Common Stock offered hereby. As indicated below, common stockholders will bear the offering costs associated with this offering.

	ACTUAL (UNAUDITED)	AS ADJUSTED	
COMMON STOCKHOLDERS EQUITY:			
Common stock, US$0.001 par value per share; shares authorized; shares outstanding and shares outstanding as adjusted, respectively*	US$	US$	
Paid-in capital	US$	US$	**
Undistributed net investment income	US$	US$	
Accumulated net realized gain on investments and foreign currency-related transactions	US$	US$	
Net unrealized appreciation in value of investments and translation of other assets and liabilities denominated in foreign currencies	US$	US$	
Net assets applicable to Common Stock outstanding	US$	US$	
Net asset value per share (US$ /)	US$	US$	

* None of these outstanding shares are held by or for the account of the Fund.

** As adjusted, paid-in capital reflects the proceeds of the issuance of shares of Common Stock in this offering (US$) less the sales load (US$) and less the estimated offering costs borne by the Fund (US$) related to the issuance of shares of Common Stock in the amount of US$( ) per share.

MARKET AND NET ASSET VALUE INFORMATION

The currently outstanding shares of Common Stock and the shares of Common Stock offered by this Prospectus subject to notice of issuance are listed on the Amex under the symbol CH. Prior to May 10, 2006, shares of the Fund s Common Stock were listed on the NYSE. Shares of the Fund s Common Stock have typically traded at a discount in relation to NAV. Although shares of the Fund s Common Stock have been trading recently at a premium over NAV, there can be no assurance that this 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. Shares of closed-end investment companies, including the Fund, frequently trade at a discount from NAV. 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. See Risk Factors Market Discount Risk. The following table sets forth for each of the quarters indicated the high and low closing market prices for shares of Common Stock of the Fund. During the periods shown in the table, the Fund s Common Stock traded on the NYSE. The following table also shows the NAV and the premium or discount from NAV at which the shares of Common Stock were trading, expressed as a percentage of NAV, at each of the high and low sales price provided. See Net Asset Value for information as to the determination of the Fund s NAV.

QUARTER ENDED	MARKET PRICE(1) HIGH	MARKET PRICE(1) LOW	NET ASSET VALUE HIGH	NET ASSET VALUE LOW	PREMIUM/(DISCOUNT) TO NET ASSET VALUE(2) HIGH	PREMIUM/(DISCOUNT) TO NET ASSET VALUE(2) LOW
March 31, 2004	US$ 16.000	US$ 12.230	US$ 15.060	US$ 13.730	6.24%	(10.92)%
June 30, 2004	13.240	10.650	14.470	12.850	(8.50)%	(17.12)%
September 30, 2004	13.900	12.020	14.980	13.860	(7.21)%	(13.28)%
December 31, 2004	15.560	13.160	16.930	15.160	(8.09)%	(13.19)%
March 31, 2005	15.110	13.310	15.940	14.630	(5.21)%	(9.02)%
June 30, 2005	15.180	13.620	17.320	15.650	(12.36)%	(12.97)%
September 30, 2005	17.956	14.728	18.980	17.040	(5.40)%	(13.57)%
December 31, 2005	18.810	16.500	17.320	18.020	8.60%	(8.44)%
March 31, 2006	18.690	15.310	14.360	14.600	30.15%	4.86%

Source of Market Prices: Bloomberg Financial.

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(1) Based on high and low closing market price during the respective quarter.

(2) Based on the Fund s computations.

The last reported sale price, NAV per Common Share and percentage premium to NAV per share of the Common Stock on , 2006 were US$, US$ and %, respectively. As of , 2006, the Fund had shares of Common Stock outstanding and the net assets of the Fund were US$.

The following chart shows how shares of the Fund s Common Stock have traded at both a premium and a discount to its NAV from September 29, 1989 through March 31, 2006.

FUND PREMIUM/DISCOUNT

source: Bloomberg Financial

PORTFOLIO COMPOSITION

At December 31, 2005, investments in Chilean equity securities totaled US$146,909,683 (or 102.30% of the Fund s net assets) and short-term investments totaled US$24,652,907 (17.17% of the Fund s net assets). Liabilities in excess of cash and other assets totaling US$27,959,749 (19.47%)

accounted for the balance. The Fund s 10 largest holdings at December 31, 2005, representing 78.59% of the Fund s net assets, are shown in the following table:

Ranking	Portfolio Security	Percentage of the Fund s Net Assets
1	Empresa Nacional de Electricidad S.A.	17.49%
2	Empresas Copec S.A.	14.47%
3	Empresas CMPC S.A.	13.30%
4	Banco Santander Chile S.A.	6.32%
5	Vina Concha y Toro S.A.	5.23%
6	Cencosud S.A.	4.93%
7	S.A.C.I. Falabella, S.A.	4.47%
8	Compania Cervecerias Unidas S.A.	4.46%
9	Enersis S.A.	4.25%
10	Embotelladora Andina S.A.	3.67%

At December 31, 2005, US$3,732,146 (calculated in good faith using fair valuation procedures established by the Fund s Board of Directors), or 2.60% of the Fund s net assets, was invested in Infraestructura 2000, an unlisted equity security. See Net Asset Value for more information about the Fund s fair valuation procedures.

The 10 industry segments in which the Fund was invested most heavily at December 31, 2005 were:

Ranking	Industry	Percentage of the Fund s Net Assets
1	Electric Integrated	18.90%
2	Food & Beverages	12.88%
3	Diversified Operations	12.11%
4	Paper & Related Products	11.13%
5	Banking	5.64%
6	Food Retail	5.37%
7	Retail Major Department Stores	3.74%
8	Chemicals Diversified	3.34%
9	Telephone Integrated	3.32%
10	Infrastructure	2.18%
Others	Others*	21.39%

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* Others includes: Cement, Ceramic Products, Containers Metal/Glass, Cosmetics & Toiletries, Retail Diversified, Mining, Steel, Textiles, Airlines, Water, Forestry and Short-Term Investments.

FINANCIAL HIGHLIGHTS

The information contained in the table below shows the audited operating performance of the Fund for the past ten fiscal years.

PER SHARE OPERATING PERFORMANCE	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Net asset value, beginning of year	$ 26.45	$ 22.59	$ 21.61	$ 12.59	$ 15.22	$ 11.43	$ 9.93	$ 8.39	$ 14.48	$ 15.68
Net investment income/(loss)	0.47	0.10	0.38	0.09	(0.06)	0.21	0.09*	0.07	0.16	0.11
Net realized and unrealized gain/(loss) on investments and foreign currency related transactions	(3.44)	2.32	(6.88)	3.19	(3.36)	(0.70)	(1.70)	6.47	3.27	2.71
Net increase/(decrease) in net assets resulting from operations	(2.97)	2.42	(6.50)	3.28	(3.42)	(0.49)	(1.61)	6.54	3.43	2.82
Dividends and distributions to shareholders:										
Net investment income	(0.47)		(0.32)	(0.07)	(0.01)	(0.15)	(0.09)	(0.08)	(0.47)	(0.07)
Net realized gain on investments and foreign currency related transactions	(0.26)	(3.40)	(2.20)	(0.58)	(0.58)	(0.86)		(0.37)	(1.76)	(4.27)
In excess of net investment income	(0.16)									
Total dividends and distributions to shareholders	(0.89)	(3.40)	(2.52)	(0.65)	(0.59)	(1.01)	(0.09)	(0.45)	(2.23)	(4.34)
Anti-dilutive impact due to capital shares tendered or repurchased					0.22		0.16			
Net asset value, end of year	$ 22.59	$ 21.61	$ 12.59	$ 15.22	$ 11.43	$ 9.93	$ 8.39	$ 14.48	$ 15.68	$ 14.16
Market value, end of year	$ 20.875	$ 17.813	$ 9.063	$ 11.250	$ 8.438	$ 8.43	$ 7.25	$ 14.10	$ 13.99	$ 17.65
Total investment return (a)	(16.43)%	3.56%	(33.00)%	31.45%	(20.04)%	13.18%	(12.93)%	100.72%	14.93%	57.74%
RATIOS/ SUPPLEMENTAL DATA										
Net assets, end of period (000 omitted)	$ 317,012	$ 303,944	$ 180,357	$ 218,027	$ 154,473	$ 134,289	$ 85,082	$ 146,839	$ 158,983	$ 143,603
Ratio of expenses to average net assets (b)	1.96%	3.34%		2.16%	2.98%	2.71%	1.11%	1.74%	1.85%	1.82%
Ratio of expenses to average net assets, excluding taxes	1.48%	1.50%	1.62%	1.64%	1.73%	1.54%	2.01%	1.74%	1.62%	1.57%
Ratio of net investment income/(loss) to average net assets	1.79%	0.38%	2.29%	0.61%	(0.45)%	1.91%	1.28%(c)	0.65%	1.12%	0.69%
	4.82%	35.59%	5.39%	12.01%	24.25%	29.81%	31.94%	31.94%	35.54%	37.48%

Portfolio turnover rate

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

Based on average shares outstanding.

Includes a $0.08 per share decrease to the Fund s NAV per share resulting from the dilutive impact of shares issued pursuant to the Fund s automatic Dividend Reinvestment Plan.

(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%.

FEES AND EXPENSES

Fee Table

The following table contains information about the costs and expenses that holders of the Fund s Common Stock will bear directly or indirectly, after giving effect to the issuance of Common Stock pursuant to this Prospectus.

Stockholder Transaction Expenses:	
Sales Load (as a percentage of offering price)	%
Dividend Reinvestment Program* and Cash Purchase Plan Fees	%
Annual Expenses (as a percentage of net assets attributable to shares of Common Stock):	
Management Fees	%
Other Expenses	%
Total Annual Expenses	%

Participation in the Program is optional. If you decide not to participate in the Program, this fee will not be deducted from your investment. For more information, see Dividend Reinvestment Program.

The purpose of the table above and the example below is to help you understand all fees and expenses that you would bear directly or indirectly as a holder of the Fund s Common Stock. The expenses shown in the table under Other Expenses are based on estimated expenses for the current fiscal year assuming no exercise of the over-allotment option granted to the underwriters. See Underwriting. Other Expenses and Total Annual Expenses assume that the Fund will issue US$ in Common Stock in this offer. If the Fund issues fewer shares of Common Stock in this offering, all other things being equal, these expenses would increase on a per-share basis. For additional information with respect to the Fund s expenses, see Management of the Fund. Other expenses include custodian and transfer agency fees, legal and accounting expenses and listing fees.

Example

The following example illustrates the expenses (including the sales load of US$ and estimated offering expenses of US$) that you would pay on a US$1,000 investment in the Fund s Common Stock for the time period indicated and then sold your investment. The example assumes a hypothetical 5% annual return, that the estimated Other Expenses set forth in the Annual Expenses section of the Fee Table above are accurate and applicable to your investment, and that all dividends and distributions are reinvested at NAV. ACTUAL EXPENSES MAY BE GREATER 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. The example also assumes that the total annual expenses of % of net assets attributable to the Fund s Common Stock remain constant throughout the time period shown. THE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF FUTURE EXPENSES.

1 Year	3 Years	5 Years	10 Years
US$	US$	US$	US$

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USE OF PROCEEDS

The net proceeds of this offering will be approximately US$ (or approximately US$ if the underwriters exercise the over-allotment option in full) after the Fund pays the underwriting discounts and commissions and offering costs, estimated to be approximately US$.

Credit Suisse, LLC anticipates that it will be able to invest substantially all of the net proceeds of this offering in accordance with the Fund s investment objective and policies within six months after completion of this offering. Pending such investment, Credit Suisse, LLC 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. A delay in the anticipated use of proceeds could lower returns. See Investment Objective and Policies.

INVESTMENT OBJECTIVE AND POLICIES

Investment Objective

The Fund s investment objective is to seek total return, consisting of capital appreciation and income, by investing primarily in Chilean equity and debt 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.

Pursuant to Rule 35d-1 under the 1940 Act, registered investment companies are required to invest at least 80% of their net assets (plus any borrowings for investment purposes) in investments that are tied economically to the particular country suggested by their name. The Fund s Board of Directors has adopted an 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 Credit Suisse, LLC believes that it is appropriate to do so in order to achieve the Fund s investment objective of total return. Credit Suisse, LLC 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 Credit Suisse, LLC, 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 Credit Suisse, LLC 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, Credit Suisse, LLC considers the ratings of securities by the public and private credit rating services in Chile, although Credit Suisse, LLC may invest in securities of companies that it determines to be suitable investments for the Fund regardless of their rating. 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 Credit Suisse, LLC 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. See Risk Factors High Yield Securities Risks.

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, Credit Suisse, LLC 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

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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 Credit Suisse, LLC 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 Division 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 Credit Suisse, LLC; and (e) shares of money market funds that may invest in (a) through (d). For more information on the short-term investments in which the Fund may invest, see Investment Policies Temporary Investments in the SAI.

The value of securities denominated or quoted in foreign currencies may be adversely affected by fluctuations in the relative currency exchange rates. Credit Suisse, LLC 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 Policies Investment Restrictions in the SAI. Unless otherwise indicated, the investment policies described above are not fundamental and may be changed by the Fund at any time.

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 Chapter XIV of the *Compendio de Normas de Cambios Internacionales* of the Central Bank of Chile (Chapter XIV), 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 Chapter XIV, 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) or can be registered with the Central Bank of Chile under the Central Bank Act. 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. 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.

As an alternative to Decree Law 600, investments may be made in Chile under the provisions of the Central Bank Act, pursuant to the rules of Chapter XIV and subject to the limitations on repatriation of capital contained in Law No. 18,657. For more information on these and other policies and restrictions of the Central Bank of Chile, see Investment Policies Foreign Investments and Exchange Controls in Chile in the SAI.

The Fund, as an approved foreign capital fund, 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 between the Fund and the Republic of Chile, and expects that a similar investment contract for which it will apply in connection with this offering will include such authorization. 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. For more information on restrictions imposed by, and requirements of, Law No. 18,657, see Investment Policies Additional Chilean Restrictions in the SAI.

Credit Suisse, LLC 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. For more information about these diversification limitations and investment restrictions, see Investment Policies Additional Chilean Restrictions in the SAI.

RISK FACTORS

Risk is inherent in all investing. The following discussion summarizes some of the risks that a potential buyer of the Fund s Common Stock should consider before deciding whether to invest in the Fund s Common Stock. For additional information about the risks associated with investing in the Fund s Common Stock, see the discussion of risks associated with the Fund s investments found in Investment Policies in the SAI.

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

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.

The Fund intends to file an application with the Foreign Investment Committee to enter into an investment contract, pursuant to which the proceeds of this offering will be invested in Chile. While the Fund expects to receive approval from the Foreign Investment Committee to enter into such contract, there can be no assurance that such approval will be granted. See Investment Policies Investment and Repatriation Controls in the SAI 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.

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 public offering price represents a % premium over the per share NAV on , 2006; however, there can be no assurance that this premium will continue after this 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 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. 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 March 31, 2006, two stockholders owned approximately 45% 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.

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. 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.

Non-Diversification Risk

The Fund is classified as a non-diversified investment company under the 1940 Act, which means that the Fund is not limited by the 1940 Act in the proportion of its total assets that may be invested in the securities of a single issuer. As a non-diversified investment company, the Fund may invest a greater portion of its total assets in the obligations of a smaller number of issuers and, as a result, may be subject to greater risk with respect to portfolio securities. 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.

Management Risk

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

Dependence of Fund on Key Personnel

Substantially all of the Fund s investment decisions are dependent on the expertise of its Portfolio Manager. If the Fund were to lose the services of the Portfolio Manager, it could have an adverse impact on the performance of the Fund. There can be no assurance that a suitable replacement could be found for the Portfolio Manager in the event of his death, resignation or inability to act on behalf of the Fund.

Conflicts of Interest Risk

Credit Suisse, LLC and Celfin s advisory fees are based on the lower of the Fund s market value or NAV. Conseqently, Credit Suisse, LLC 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.

High-Yield 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 Credit Suisse, LLC 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 Credit Suisse, LLC, 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.

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.

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 Articles of Incorporation and By-Laws.

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.

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.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the Fund s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, those listed under Risk Factors in this Prospectus and those discussed in Investment Policies in the SAI. In this Prospectus, the Fund uses words such as anticipates, believes, expects, intends similar expressions to identify forward-looking statements.

The forward-looking statements contained in this Prospectus include statements as to:

- the Fund s operating results;
- the Fund s business prospects;
- the impact of investments that the Fund expects to make;
- the Fund s contractual arrangements and relationships with third parties;
- the dependence of the Fund s future success on the general economy and its impact on the industries in which the Fund invests; and
- the Fund s tax status.

The Fund has based the forward-looking statements included in this Prospectus on information available to it as of the date of this Prospectus, and the Fund assumes no obligation to update any such forward-looking statements. Although the Fund undertakes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that the Fund may make directly to you or through reports that the Fund in the future may file with the SEC, including the Fund s annual and semi-annual reports. The Fund acknowledges that, notwithstanding the foregoing statement, the safe harbor for forward-looking statements under the Private Securities Litigation Reform Act of 1995 does not apply to the Fund.

MANAGEMENT OF THE FUND

Directors and Officers

The business and affairs of the Fund are managed under the direction of the Fund s Board of Directors, and the day-to-day operations of the Fund are conducted through or under the direction of officers of the Fund.

The Board of Directors is divided into three classes, each having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class will serve for a three-year term. There are six Directors of the Fund, one of whom is an interested person of the Fund (as defined in the 1940 Act) and five of whom are not interested persons. The names and business addresses of the Directors and officers of the Fund and their principal occupations and other affiliations during the past five years are set forth under Management of the Fund in the SAI. The Fund has one Director, Martin Torino, who is a resident of Argentina, and substantially all of his assets are located outside of the United States. Although Mr. Torino is subject to service of process in the United States, it may be difficult for investors to enforce, in United States courts, judgments against Mr. Torino obtained in such courts predicated on the civil liability provisions of the United States securities laws. In addition, there is doubt as to the enforceability in Argentinean courts of liabilities predicated solely upon the United States securities laws, whether or not such liabilities are based upon judgments of courts in the United States.

Investment Adviser

Credit Suisse, LLC, the Fund s investment adviser, is part of the asset management business of Credit Suisse, a leading global financial services organization headquartered in Zurich, with offices focused on asset management in 18 countries. Credit Suisse, LLC is ultimately a wholly owned subsidiary of Credit Suisse, a major Swiss bank, which is 99.9% owned by CS Holding, a Swiss corporation. No one person or any entity possesses a controlling interest in Credit Suisse. Credit Suisse, LLC is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the Advisers Act). Credit Suisse, LLC s address is 466 Lexington Avenue, New York, NY 10017. As of December 31, 2005, Credit Suisse, LLC managed over US$52 billion in the U.S and, together with its global affiliates, managed assets of over US$369 billion in 12 countries.

Credit Suisse, LLC serves as the Fund s investment adviser with respect to all investments and makes the investment decisions for the Fund with assistance from, and based on recommendations of, Celfin. Credit Suisse, LLC receives, from the Fund, as compensation for its advisory services, an annual fee, calculated weekly and paid quarterly, equal to 1.20% of the first US$50 million of the Fund s average weekly market value or net assets (whichever is lower), 1.15% of the next US$50 million and 1.10% of amounts in excess of US$100 million. Credit Suisse, LLC also provides certain administrative services to the Fund and is reimbursed by the Fund for costs incurred on behalf of the Fund (up to US$20,000 per annum).

A discussion regarding the basis for the Board of Directors approval of the investment advisory contract with Credit Suisse, LLC is available in the Fund s annual report to stockholders for the Fund s fiscal year ended December 31, 2005.

Investment Sub-adviser

Celfin serves as the Fund s Chilean sub-adviser. Celfin s address is Apoquindo 3721, Piso 19, Santiago, Chile. Celfin is ultimately controlled by its two managing directors, Juan Andres Camus and Jorge Diego Errazuriz. Under the supervision of the Fund s Board of Directors and Credit Suisse, LLC, Celfin provides a variety of services, including furnishing advice and making recommendations regarding the sale and purchase of Chilean securities; providing statistical research and other data for use in connection with the Fund s investment program; identifying regulatory and other governmental requirements in connection with the Fund s activities in Chile; monitoring the execution of transactions and the settlement and clearance of the Fund s securities transactions; and providing information regarding corporate actions, repatriation restrictions, currency restrictions, and other matters that the Fund or Credit Suisse, LLC may request from time to time. Celfin receives, as compensation for its sub-advisory services, an annual fee, out of the advisory fee payable to Credit Suisse, LLC, calculated weekly and paid quarterly, equal to 0.20% of the Fund s average weekly market value or net assets (whichever is lower). Celfin also receives certain other fees paid by the Fund. See Administrator, Custodian and Independent Registered Public Accounting Firm.

Celfin has represented to the Fund that it seeks to keep itself informed of the regulatory requirements of the U.S. securities laws insofar as they relate to the services to be provided by Celfin to the Fund. Celfin is domiciled outside of the United States and substantially all of its assets are located outside of the United States. Although Celfin is subject to service of process in the United States, it may be difficult for investors to enforce, in United States courts, judgments against Celfin obtained in such courts predicated on the civil liability provisions of the United States securities laws. In addition, there is doubt as to the enforceability in Chilean courts of liabilities predicated solely upon the United States securities laws, whether or not such liabilities are based upon judgments of courts in the United States.

A discussion regarding the basis for the Board of Directors approving the sub-advisory contract with Celfin is available in the Fund s annual report to stockholders for the Fund s fiscal year ended December 31, 2005.

Portfolio Management

Matthew J.K. Hickman is the Portfolio Manager for the Fund. Mr. Hickman specializes in Latin American equities and is primarily responsible for management of the Fund s assets. He has served as the Fund s Chief Investment Officer since 2004. From July 2003 to November 2003, he was Financial Advisor of Global Advisors. From February 2002 to July 2003, he was general manager of the private wealth management division of Compass Group Investment Advisors, and was based in Santiago, Chile. From August 2000 to February 2002, he was a financial advisor in Credit Suisse First Boston s Private Client

Services channel. Mr. Hickman holds a B.A. in modern languages from Cambridge University and a diploma in corporate finance from London Business School. He is also the Chief Investment Officer of The Latin America Equity Fund, Inc. and serves as an investment officer of other Credit Suisse Funds.

The SAI provides additional information about the Portfolio Manager s compensation, other accounts managed by the Portfolio Manager, and the Portfolio Manager s ownership of shares of the Fund s Common Stock.

Expenses

Credit Suisse, LLC, Celfin, the Administrator and the Chilean Administrator are each obligated to pay expenses associated with providing the services contemplated by the agreements to which they are parties, including compensation of and office space for their respective officers and employees connected with investment and economic research, trading and investment management and administration of the Fund, as well as the fees of all Directors of the Fund who are affiliated with those companies or any of their affiliates. The Fund pays all other expenses incurred in the operation of the Fund including, among other things, expenses for legal and independent registered public accounting firms services, costs of printing proxies, stock certificates and stockholder reports, charges of the custodians, any sub-custodians and the transfer and dividend paying agent, expenses in connection with the Program (see Dividend Reinvestment Program), SEC fees, fees and expenses of independent directors, accounting and pricing costs, membership fees in trade associations, fidelity bond coverage for the Fund s officers and employees, directors and officers errors and omissions insurance coverage, interest, brokerage costs and stock exchange fees and the related Chilean value added tax, stock exchange listing fees and expenses, expenses of qualifying the Fund s shares for sale in various states, litigation and other extraordinary or non-recurring expenses, and other expenses properly payable by the Fund.

DIVIDENDS AND DISTRIBUTIONS

The Fund distributes at least annually to stockholders substantially all of its net investment income (*i.e.*, dividends, interest and other investment income) and net realized short-term capital gains, if any. 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 carryovers, if any. Currently, the Fund expects to distribute any such excess to its stockholders annually. An additional distribution may be made to the extent necessary to avoid the payment of a 4% U.S. federal excise tax. For the year ended December 31, 2005, the Fund made two dividend payments to stockholders. On September 16, 2005, the Fund paid a dividend of US$1.26 per share to stockholders, and on January 6, 2006, the Fund paid a dividend of US$3.08 per share. This dividend went ex-dividend on December 19, 2005. This means that over the course of 2005, the Fund paid dividends totaling approximately 28% of the total size of the Fund at the start of the period.

Dividends and distributions to stockholders are recorded by the Fund on the ex-dividend date. The character of distributions made during the year from net investment income or net realized gains may differ from their ultimate characterization for U.S. income tax purposes due to U.S. generally accepted accounting principles and tax differences in the character of income and expense recognition. Dividends, interest and net realized capital gains may be remitted out of Chile at any time, subject to a 10% Chilean tax. The 10% Chilean tax is not applicable to capital gains from the sale of shares of open corporations having a stock exchange presence or from bonds issued by certain entities or companies, provided certain requirements are met. No tax is applied against remittances of capital after the five-year investment period required by Chilean law provided retained net profits have been previously absorbed. See Taxation Chilean Taxes.

DIVIDEND REINVESTMENT PROGRAM

The Program is sponsored and administered by the Transfer Agent as the Program Administrator. The purpose of the Program is to provide existing stockholders with a simple and convenient way to invest additional funds and reinvest dividends in shares of the Fund s Common Stock at prevailing prices, with reduced brokerage commissions and fees.

In order to participate in the Program, you must be a registered holder of at least one share of Common Stock of the Fund. Purchases of shares with funds from a participant s cash payment or automatic account deduction will begin on the next day on which funds are invested. All cash payments must be drawn on a U.S. bank and payable in U.S. dollars. Checks must be made payable to Computershare. If a participant elects to participate in the Program, automatic investment of dividends generally will begin with the next dividend payable after the Program Administrator receives his enrollment form. Once in the Program, a person will remain a participant until he terminates his participation or sells all shares held in his Program account, or his account is terminated by the Program Administrator. A participant may change his investment options at any time by requesting a new enrollment form and returning it to the Program Administrator.

A participant will be assessed certain charges in connection with his participation in the Program. All optional cash deposit investments will be subject to a service charge. Sales processed through the Program will have a service fee deducted from the net proceeds, after brokerage commissions. In addition to the transaction charges outlined above, participants will be assessed per share processing fees (which include brokerage commissions). Although there will be no brokerage charges with respect to shares issued directly as a result of dividends or capital gains distributions, each participant will be assessed per share processing fees (which include brokerage commissions) with respect to the Program Administrator s open-market purchases in connection with the reinvestment of dividends or cash deposit investments.

The number of shares of Common Stock to be purchased for a participant depends on the amount of the participant s dividends, cash payments or bank account or payroll deductions, less applicable fees and commissions, and the purchase price of the shares. The investment date for cash payments is the 25th day of each month (or the next trading day if the 25th is not a trading day). The investment date for dividend reinvestment is the dividend payment date. The Program Administrator uses dividends and funds of participants to purchase shares of the Common Stock in the open market. Such purchases will be made by participating brokers as agent for the participants using normal cash settlement practices.

Whenever the Fund declares an income dividend or a capital gain distribution (collectively referred to as dividends) payable either in shares or in cash, non-participants in the Program will receive cash and participants in the Program will receive the equivalent in shares. The shares will be acquired by the Program Administrator for the participants accounts, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized shares from the Fund (newly issued shares) or (ii) by purchase of outstanding shares on the open market (open-market purchases) on the principal national securities exchange upon which the Fund s shares trade or elsewhere. If on the record date for the dividend, the NAV per share is equal to or less than the market price per share plus estimated brokerage commissions (such condition being referred to herein as market premium), the Program Administrator will invest the dividend amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant s account will be determined by dividing the dollar amount of the dividend by the net asset value per share on the payment date; provided that, if the net asset value is less than or equal to 95% of the closing market value on the payment date, the dollar amount of the dividend will be divided by 95% of the closing market price per share on the payment date. If, on the payment date for any dividend, the net asset value per share is greater than the closing market value plus estimated brokerage commissions (such condition being referred to herein as market-discount), the Program Administrator will invest the dividend amount in shares acquired on behalf of the participants in open-market purchases.

Common Stock purchased with cash deposit investments will be acquired by the Program Administrator for participants accounts by purchases of outstanding shares on the open-market on the principal national securities exchange upon which such Fund s shares trade or elsewhere, irrespective of whether the shares are trading at a market premium or at a market discount.

Shareholders participating in the Program may receive benefits not available to shareholders not participating in the Program. If the market price (plus commissions) of the shares is above their NAV, participants in the Program will receive shares of the Fund at less than they could otherwise purchase them and will have shares with a market value greater than the value of any cash distribution they would have received on their shares. If the market price plus commissions is below the NAV, participants will receive distributions in shares with a NAV greater than the value of any cash distribution they would have received on their shares. However, there may be insufficient shares available in the market to make distributions in shares at prices below the NAV. Also, since the Fund does not redeem shares, the price on resale may be more or less than the NAV.

All shares of Common Stock purchased through the Program will be allocated to participants as of the settlement date, which is usually three business days from the purchase date. In all cases, transaction processing will occur within 30 days of the receipt of funds, except where temporary curtailment or suspension of purchases is necessary to comply with applicable provisions of the federal securities laws or when unusual market conditions make prudent investment impracticable. In the event the Program Administrator is unable to purchase shares within 30 days of the receipt of funds, such funds will be returned to the participants.

The average price of all shares of Common Stock purchased by the Program Administrator with all funds received during the time period from two business days preceding any investment date up to the second business day preceding the next investment date shall be the price per share allocable to a participant in connection with the shares purchased for his account with his funds or dividends received by the Program Administrator during such time period. The average price of all shares sold by the Program Administrator pursuant to sell orders received during such time period shall be the price per share allocable to a participant in connection with the shares sold for his account pursuant to his sell orders received by the Program Administrator during such time period. All sale requests having an anticipated market value of US$100,000 or more are expected to be submitted in written form. In addition, all sale requests received by the Program Administrator within 30 days of an address change are expected to be submitted in written form.

The Program Administrator administers the Program for participants, keeps records, sends statements of account to participants and performs other duties relating to the Program. Each participant in the Program will receive a statement of his account following each purchase of shares of Common Stock. The statements will also show the amount of dividends credited to such participant s account (if applicable), as well as the fees paid by the participant. In addition, each participant will receive copies of the Fund s annual and semi-annual reports to stockholders, proxy statements and, if applicable, dividend income information for tax reporting purposes.

If the Fund is paying dividends on the shares of Common Stock, a participant will receive dividends through the Program for all shares held on the dividend record date on the basis of full and fractional shares held in his account, and for all other shares of the Fund registered in his name. At no cost to the participants, the Program Administrator will send checks to the participants for the amounts of their dividends that are not to be automatically reinvested.

Shares of Common Stock purchased under the Program will be registered in the name of the accounts of the respective participants. Unless requested, the Fund will not issue to participants certificates for shares of Common Stock purchased under the Program. The Program Administrator will hold the shares of Common Stock in book-entry form until a Program participant chooses to withdraw his shares or terminate his participation in the Program. The number of shares of Common Stock purchased for a participant s account under the Program will be shown on his statement of account. This feature protects against loss, theft or destruction of stock certificates.

A participant may withdraw all or a portion of the shares of Common Stock from his Program account by notifying the Program Administrator. After receipt of a participant s request, the Program Administrator will issue to such participant certificates for the whole shares of Common Stock so withdrawn or, if requested by the participant, sell the shares for him and send him the proceeds, less applicable brokerage commissions, fees, and transfer taxes, if any. If a participant withdraws all full and fractional shares of Common Stock in his Program account, his participation in the Program will be terminated by the Program Administrator. In no case will certificates for fractional shares be issued. The Program Administrator will convert any fractional shares held by a participant at the time of his withdrawal to cash.

Participation in any rights offering, dividend distribution or stock split will be based upon both the shares of Common Stock of the Fund registered in participants names and the shares (including fractional shares) credited to participants Program accounts. Any stock dividend or shares resulting from stock splits with respect to shares of Common Stock, both full and fractional, which participants hold in their Program accounts and with respect to all shares of Common Stock registered in their names will be automatically credited to their accounts.

All shares of Common Stock of the Fund (including any fractional share) credited to a participant s account under the Program will be voted as the participant directs. The participants will be sent the proxy materials for the annual meetings of stockholders. When a participant returns an executed proxy, all of such shares will be voted as indicated. A participant may also elect to vote his shares in person at a stockholders meeting.

A participant will receive tax information annually for the participant s personal records and to help the participant prepare any required U.S. federal income tax return. The automatic reinvestment of dividends does not relieve him of any income tax which may be payable on dividends. For further information as to tax consequences of participation in the Program, participants should consult with their own tax advisors.

In administering the Program, the Program Administrator will not be liable for any act done in good faith or for any good faith omission to act. However, the Program Administrator will be liable for loss or damage due to error caused by its negligence, bad faith or willful misconduct. Shares held in custody by the Program Administrator are not subject to protection under the Securities Investors Protection Act of 1970.

The participant should recognize that neither the Fund nor the Program Administrator can provide any assurance of a profit or protection against loss on any shares of Common Stock purchased under the Program. In this regard, a participant s investment in shares of Common Stock held in his Program account is no different than his investment in directly held shares. The participant bears the risk of loss and the benefits of gain from market price changes with respect to all of his shares of Common Stock. Neither the Fund nor the Program Administrator can guarantee that shares purchased under the Program will, at any particular time, be worth more or less than their purchase price. Each participant must make an independent investment decision based on his own judgment and research.

While the Program Administrator hopes to continue the Program indefinitely, the Program Administrator reserves the right to suspend or terminate the Program at any time. It also reserves the right to make modifications to the Program. Participants will be notified of any such suspension, termination or modification in accordance with the terms and conditions of the Program. The Program Administrator also reserves the right to terminate any participant s participation in the Program at any time. Any question of interpretation arising under the Program will be determined in good faith by the Program Administrator, and any such good faith determination will be final.

Any interested stockholder may participate in the Program. All cash payments or bank account deductions must be at least US$100, up to a maximum of US$100,000 annually. An interested stockholder may join the Program by reading the Program description, completing and signing the enrollment form and returning it to the Program Administrator. The enrollment form and information relating to the Program (including the terms and conditions) may be obtained by calling the Program Administrator at one of the following telephone numbers: (800) 730-6001 (U.S. and Canada) or (781) 575-3100 (outside U.S. and Canada). (Customer Service Associates are available from 9:00 a.m. to 5:00 p.m. Eastern time, Monday to Friday.) All correspondence regarding the Program should be directed to: Computershare Trust Company, N.A., InvestLink^{SM} Program, P.O. Box 43010, Providence, RI 02940-3010.

CLOSED-END FUND STRUCTURE

Closed-end funds differ from open-end management investment companies (which are generally referred to as mutual funds) in that closed-end funds generally list their shares for trading on a stock exchange and do not redeem their shares at the request of the stockholder. This means that if you wish to sell your shares of a closed-end fund, you must trade them on the market like other shares of stock at the prevailing market price at that time. In a mutual fund, if the stockholder wishes to sell shares of the fund, the mutual fund will redeem or buy back the shares at NAV. Also, mutual funds generally offer new shares on a continuous basis to new investors, and closed-end funds generally do not. The continuous inflows and outflows of assets in a mutual fund can make it difficult to manage the fund s investments. By comparison, closed-end funds are generally able to stay more fully invested in securities that are consistent with their investment objectives and also have greater flexibility to make certain types of investments and to use certain investment strategies, such as financial leverage and investments in illiquid or less liquid securities.

Shares of closed-end investment companies frequently trade at a discount from NAV. If the Fund s Common Stock trades at a significant discount from NAV for an extended period of time, the Fund s Board of Directors may from time to time consider engaging, but is not required to engage, in open-market repurchases, tender offers for shares or other actions intended to ameliorate the situation that the Board considers appropriate under the circumstances. The Board of Directors believes that any such actions may result in the temporary narrowing of the discount but historical trends indicate that such actions are unlikely to have any long-term effect on the discount level. No assurance is made that the Fund s Board of Directors will decide to take any of these actions, or that if any such action is taken, the shares of Common Stock would subsequently trade at a price equal or close to NAV per share. If the Fund s Common Stock trades at a discount from NAV for an extended period, the Fund s Board of Directors might, but is not required to, consider converting the Fund to an open-end investment company. This action would require the favorable vote of the holders of at least 66 2/3% of the Fund s outstanding shares entitled to be voted on the matter. See Certain Provisions of the Articles of Incorporation and By-laws. The Board currently believes, however, that the Fund s closed-end structure, in the context of an investment vehicle that is designed to invest primarily in Chile, continues to provide substantial benefits not provided by an open-end structure, including: (i) the ability to manage the Fund s portfolio without the need to maintain cash balances to fund redemption requests; (ii) the flexibility to invest a greater percentage of the Fund s assets in illiquid or less liquid securities, if that were determined to be desirable; (iii) the possibility of lower operating expenses associated with managing a closed-end fund; and (iv) avoiding the need to preserve the viability of the Fund financing the distribution of the Fund s shares in a continuous offering.

TAXATION

The following is a summary of the principal U.S. federal and Chilean income tax considerations regarding the purchase, ownership and disposition of shares in the Fund by U.S. stockholders. Each prospective stockholder is urged to consult his own tax adviser with respect to the specific federal, state, local and foreign tax consequences of investing in the Fund. The summary is based on the laws in effect on the date of this Prospectus, which are subject to change. The SAI contains additional tax information that you should read, including additional information about Chilean taxes and tax information for non-U.S. stockholders. You should also consult your own tax advisor before investing in the Fund.

The Fund and its Investments

The Fund has qualified and expects to continue to qualify and elect to be treated as a regulated investment company for each taxable year under the Code. The Fund expects that all of its foreign currency gains will be directly related to its principal business of investing in stocks and securities. As a regulated investment company, the Fund will not be subject to United States federal income tax on its net investment income (*i.e.*, income other than its net realized long- and short-term capital gains) and net realized capital gains, if any, that it distributes to its stockholders, provided that an amount equal to at least 90% of its investment company taxable income (*i.e.*, 90% of the sum of its net investment income and net realized short-term capital gains, after taking into account certain required adjustments) for the taxable year is distributed, but the Fund will be subject to tax at regular corporate rates on any income or gains that it does not distribute. Furthermore, the Fund will be subject to a U.S. corporate income tax with respect to such distributed amounts in any year that it fails to qualify as a regulated investment company or fails to satisfy this distribution requirement.

The Fund intends to distribute annually to its stockholders all of its net investment income and net realized short-term capital gains. The Board of Directors of the Fund will determine annually whether to distribute any net realized long-term capital gains in excess of net realized short-term capital losses (including any capital loss carryovers from prior years). The Fund currently expects to distribute any such excess annually to its stockholders.

The Fund maintains and will continue to maintain accounts and calculate income in U.S. dollars. In general, gains or losses on the disposition of debt securities denominated in a foreign currency that are attributable to fluctuations in exchange rates between the date the debt security is acquired and the date of disposition, gains and losses attributable to fluctuations in exchange rates that occur between the time the Fund accrues interest or other receivables or accrues expenses or other liabilities denominated in a foreign currency and the time the Fund actually collects such receivables or pays such liabilities, and gains and losses from the disposition of foreign currencies and certain hedging instruments will be treated as ordinary income or loss.

The Fund s transactions in foreign currencies, forward contracts, options and futures contracts (including options and futures contracts on foreign currencies) are subject to straddle and other special provisions of the Code that, among other things, may affect the character of gains and losses realized by the Fund (*i.e.*, may affect whether gains or losses are ordinary or capital), accelerate recognition of income to the Fund and defer Fund losses.

Dividends and Distributions

Distributions to stockholders of investment company taxable income will, except in the case of distributions attributable to qualified dividend income described below, be taxable as ordinary income to the extent of the Fund s earnings and profits, whether such distributions are paid in cash or reinvested in additional shares. Distributions of net long-term capital gains, if any, that the Fund designates as capital gains dividends are taxable as long-term capital gains, whether paid in cash or in shares, regardless of how long the stockholder has held the Fund s shares. Dividends and distributions paid by the Fund will not qualify for the deduction for dividends received by corporations. For taxable years beginning on or before December 31, 2010, distributions of investment company taxable income designated by the Fund as derived from qualified dividend income will be taxable to individuals at the rates applicable to long-term capital gain, provided holding period and other requirements are met by both the individual and the Fund. Qualified dividend income generally includes dividends from domestic corporations and dividends from qualified foreign corporations. The determination of whether a particular foreign corporation is a qualified foreign corporation for U.S. federal income tax purposes depends on various factors. Because of the fact-specific nature of the inquiry, the Fund cannot predict at this time what portion of the dividends, if any, that it will receive from foreign corporations will be treated as qualified dividend income.

Distributions in excess of the Fund s current and accumulated earnings and profits will first reduce a stockholder s basis in his shares and, after the stockholder s basis is reduced to zero, will constitute capital gains to a stockholder who holds his shares as capital assets.

With respect to income dividends or capital gains distributions payable either in shares of the Fund s Common Stock or in cash, stockholders receiving dividends or distributions in the form of additional shares should be treated for United States federal income tax purposes as receiving a distribution in the amount equal to the amount of money that the stockholders receiving cash dividends will receive, and should have a cost basis in the shares received equal to such amount. With respect to income dividends or capital gains distributions payable only in cash, stockholders receiving a distribution in the form of shares of Common Stock purchased in the open market will be treated for U.S. federal income tax purposes as receiving a distribution on the cash distribution that such stockholder would have received had it not elected to have such distribution reinvested and will have a cost basis in such shares equal to the amount of such distribution.

Sales of Shares

Upon the sale or exchange of shares held as a capital asset, a stockholder will realize a taxable capital gain or loss depending upon the amount realized and his basis in his shares. Such gain or loss will be treated as long-term or short-term capital gain or loss depending upon the stockholder s holding period for the shares. Any loss realized on a sale or through the reinvestment of dividends and capital gains distributions in the Fund under the Plan, within a period (of 61 days) beginning 30 days before and ending 30 days after the disposition of the shares, will be disallowed. In such a case, the basis of the shares acquired will be increased to reflect the disallowed loss. Any loss realized by a stockholder on the sale of a Fund share held by the stockholder for six months or less will be treated for tax purposes as long-term capital loss to the extent of any distributions of long-term capital gains received by the stockholder with respect to such share.

Notices

Stockholders will be notified annually by the Fund as to the United States federal income tax status of the dividends, distributions and deemed distributions made by the Fund to its stockholders. Furthermore, stockholders will also receive, if appropriate, various written notices after the close of the Fund s taxable year regarding the U.S. federal income tax status of certain dividends, distributions and deemed distributions that were paid (or that are treated as having been paid) by the Fund to its stockholders during the preceding taxable year.

Chilean Taxes

The following discussion is based upon the advice of Guerrero, Olivos, Novoa y Errázuriz Ltda., Chilean counsel to the Fund.

All amounts earned by the Fund, including interest, dividends or net realized capital gains on amounts currently invested in Chile pursuant to its two investment contracts with the Republic of Chile, one entered into in 1989 upon the Fund s inception and a second in 1993 in connection with the issuance of additional shares of Common Stock by the Fund in a rights offering (the Investment Contracts), that exceed original capital are subject to a 10% income tax at the time they are remitted outside Chile. The 10% Chilean tax is not applicable to capital gains obtained by foreign institutional investors (including the Fund) on the sale of (i) shares of open corporations having a stock exchange presence, meaning an adjusted presence (as a percentage of days within the last 180 days where daily transactions were higher than 200 UF, approximately US$7,000) equal to or higher than 25%, or (ii) bonds or publicly traded debt securities issued by the Central Bank of Chile, the Republic of Chile or companies incorporated in Chile, provided the sale is made in a stock exchange, in a public offering or through any other system authorized by the SVS. For these purposes, the Fund must not participate, directly or indirectly, in the control of the issuers of the securities in which it invests nor have, directly or indirectly, 10% or more of the capital or profits of such entities. To be eligible for this tax exemption, the Fund is required to register with the Chilean IRS, which registration has duly been made. The 10% Chilean tax is applied only against remittances of dividends, interest and net realized gains, regardless of the purpose for which the remittances are used. Thus, the tax applies to remittances used to pay the Fund s expenses outside of Chile, as well as amounts distributed to the Fund s stockholders. Such tax is paid by the Fund on a current basis and is thus indirectly borne by all stockholders, whether or not a particular stockholder participates in the Program or elects to receive distributions in cash. Amounts remitted abroad in excess of interest, dividends and net realized capital gains, which remittance should only be made to cover expenses of the Fund, will normally be subject to a tax of up to 35%. Net realized capital gains for these purposes means realized gains net of realized losses (without regard to the length of time the securities were held), including any capital loss carry-over but excluding any gains from hedging transactions. These taxes are retained by the Chilean Administrator at the time a remittance is effected and are deposited in the Chilean Treasury. The original amounts of portfolio investments as well as interest and dividends and gains thereon, if any, that have not been remitted abroad may be reinvested by the Fund in Chile and will not be subject to tax until actually remitted. No other Chilean income taxes will be payable by the Fund or by a stockholder of the Fund that is not a Chilean resident. This special tax regime is included in the Investment Contracts and will be included in a new investment contract, if and when executed by the Fund under Decree Law 600 and, under current Chilean law, will remain in effect for the duration of the Fund s investment in Chile. Nevertheless, increases in taxes on corporations in which the Fund holds stock may affect the Fund s return. As indicated below, the First Category Tax on corporate income is 17%. Since this tax is not creditable against the 10% tax on remittances, the return on dividend income received by the Fund will be affected. In addition, the protection granted by the Investment Contracts applies to income taxes, which can reasonably be deemed to include capital gains taxes, but does not refer to other taxes, such as VAT, sales and stamp taxes, that may be imposed on the Fund or its operations in Chile as a consequence of changes in general legislation. However, no taxation may affect in a discriminatory way the Fund or other foreign investors that have entered into an investment contract pursuant to the provisions of Decree Law 600. Under current law, the Fund is not subject to any Chilean inheritance, wealth or estate taxes.

The Fund would become subject to Chilean tax at rates applicable to foreign investors, in accordance with tax laws then in effect, should the Fund fail to sell investments held in violation of the diversification requirements contained in Law No. 18,657 within the time prescribed by SVS. Under the general tax regime, the Fund would be subject to a 17% First Category Tax on income (other than dividend income distributed to the Fund by a company that is subject to the First Category Tax on such income). In addition, distributions received by stockholders of the Fund would be subject to a 35% withholding Additional Tax against which the First Category Tax could be credited. In order to assess the taxable basis of the Additional Tax, the credit for the First Category Tax must be added to it. Therefore, the aggregate tax burden for both taxes, calculated as a percentage of pre-tax income, would be no greater than 35%. Investors should be aware that, under the general tax regime applicable to foreign investors, tax rates, taxable basis and the manner in which taxes would be applied may be amended by law at any time. The Fund would be subject to the above-described taxation for the duration of its operation in Chile and would continue to be unable to repatriate capital out of Chile during the five years after the capital is brought into Chile. 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 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 tax exempt. In other words, while capital may be repatriated after the five-year term has elapsed, under a Chilean IRS interpretation, when there is a capital repatriation and retained taxable profits that have not been taxed, the capital repatriation is characterized for tax purposes as a distribution of taxable profits as to the part that was not taxed, and therefore, it is subject to the 10% tax.

Other Taxation

Distributions also may be subject to additional state, local and foreign taxes depending on each stockholder s particular situation.

THE FOREGOING IS ONLY A SUMMARY OF CERTAIN MATERIAL TAX CONSEQUENCES AFFECTING THE FUND AND ITS SHAREHOLDERS. SHAREHOLDERS ARE ADVISED TO

CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF AN INVESTMENT IN THE FUND.

NET ASSET VALUE

The NAV of the Fund is determined daily as of the close of regular trading on the NYSE on each day the NYSE is open for business. The NAV per share is calculated by dividing the value of all of the securities and other assets of the Fund, less its liabilities, by the total number of outstanding shares of Common Stock. The Fund s equity investments are valued at market value, which generally is determined using the closing price on the exchange or market on which the security is primarily traded at the time of valuation (the Valuation Time). If no sales are reported, equity investments are generally valued at the most recent bid quotation as of the Valuation Time or at the lowest ask quotation in the case of a short sale of securities. Debt securities with a remaining maturity greater than 60 days are valued in accordance with the price supplied by a pricing service, which may use a matrix, formula or other objective method that takes into consideration market indices, yield curves and other specific adjustments. Debt obligations that will mature in 60 days or less are valued on the basis of amortized cost, which approximates market value, unless it is determined that this method would not represent fair value. Investments in mutual funds are valued at the mutual fund s closing NAV per share on the day of valuation. Trading in securities on foreign markets takes place on some days (including weekends and holidays) when the NYSE is not open, and does not take place on some days when the NYSE is open, so the value of the Fund s portfolio may be affected on days when the Fund does not calculate its NAV.

Securities and other assets for which market quotations are not readily available, or whose values have been materially affected by events occurring before the Fund s Valuation Time, but after the close of the securities primary market, are valued at fair value as determined in good faith by, or under the direction of, the Board of Directors under procedures established by the Board of Directors. The Fund may utilize a service provided by an independent third party which has been approved by the Board of Directors to fair value certain securities. At December 31, 2005, the Fund held 2.60% of its net assets in a security valued at fair value as determined in good faith under procedures established by the Board of Directors with an aggregate cost of US$4,296,118 and fair value of US$3,732,146. The Fund s estimate of fair value assumes a willing buyer and a willing seller, neither acting under a compulsion to buy or sell. Although this security may be resold in privately negotiated transactions, the prices realized on such sales could differ from the price originally paid by the Fund or the current carrying value, and the difference could be material.

For purposes of determining compliance with certain Chilean investment restrictions (see Investment Policies Additional Chilean Restrictions in the SAI) and calculating the amount of capital that can be remitted out of Chile to cover U.S. expenses during the first five years after capital is invested in Chile (see Investment Policies Investment and Repatriation Controls in the SAI), the value of the Fund s assets are determined at least monthly as follows: securities for which market quotations are available are valued at the closing price on the last day of the month or, if no sale has taken place on that day, at the closing price on the last day on which a sale has taken place. Securities that are considered to be infrequently traded by the SVS are valued in accordance with SVS regulations. Investments in unlisted shares are valued at inflation-adjusted book value unless financial statements are not filed with the SVS for the subject corporation by May 30th of each year, in which case such corporation must be valued at US$1 until the financial statements are filed. The Fund s assets in Chile are valued in U.S. dollars using the observed exchange rate that effectively corresponds to the date of valuation.

DESCRIPTION OF CAPITAL STOCK

The following description is based on relevant portions of the Maryland General Corporation Law and on the Fund s Articles of Incorporation and By-laws. This summary is not necessarily complete, and the Fund refers you to the Maryland General Corporation Law and the Fund s Articles of Incorporation and By-laws for a more detailed description of the provisions summarized below.

The Fund has been engaged in business as a closed-end, non-diversified management investment company since September 26, 1989. The authorized capital stock of the Fund is 100,000,000 shares of

Common Stock, US$0.001 par value. Of the 10,139,926 shares of Common Stock issued and outstanding at December 31, 2005, Credit Suisse, LLC owned 14,615 shares of Common Stock. There are no outstanding options or warrants to purchase the Fund s stock. Under Maryland law, the Fund s stockholders generally are not personally liable for the Fund s debts or obligations.

The Board of Directors of the Fund has the authority to classify and reclassify any authorized but unissued shares of Common Stock by setting or changing in any one or more respects the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of the shares of Common Stock. The Board may also authorize the issuance of additional shares of Common Stock or securities convertible into Common Stock. All shares of the Fund s Common Stock have equal rights as to dividends and voting privileges and, when issued, will be fully paid and nonassessable. There are no conversion, preemptive, or other subscription rights. In the event of liquidation, each share of Common Stock is entitled to its proportion of the Fund s assets after debts and expenses. Shareholders are entitled to one vote per share and do not have cumulative voting rights.

Information about the class of shares of the Fund as of December 31, 2005 is as follows:

Title of Class	Amount Authorized	Amount Held by the Fund or for its Account	Amount Outstanding Exclusive of the Amount Held by the Fund or for its Account
Common Stock	100,000,000	0	10,139,926

CERTAIN PROVISIONS OF THE ARTICLES OF INCORPORATION AND BY-LAWS

The Fund has provisions in its Articles of Incorporation and By-laws that could have the effect of limiting the ability of other entities or persons to acquire control of the Fund, to cause it to engage in certain transactions or to modify its structure. The Board of Directors is divided into three classes each having a term of three years. Each year, the term of one class expires and the successor or successors elected to such class will serve for a three-year term. This provision could delay for up to two years the replacement of a majority of the Board of Directors. A Director may be removed from office only by a vote of the holders of at least 66 2/3% of the shares of the Fund entitled to be voted on the matter.

In addition, the conversion of the Fund from a closed-end to an open-end investment company requires the affirmative vote of the holders of 66 2/3% of the outstanding shares of the Fund. If the Fund were to be converted into an open-end investment company, it could be restricted in its ability to redeem its shares (other than in kind) because of Chilean restrictions on repatriation of the Fund s capital within five years after investing. Making distributions only in kind might require that the Fund receive prior approval from the SEC.

In addition, the affirmative vote of the holders of 66 2/3% of the outstanding shares of the Fund is required to authorize the liquidation or dissolution of the Fund (unless a majority of the Continuing Directors, as defined below, approves the liquidation or dissolution, in which case an affirmative vote of a majority of the outstanding shares of the Fund is required) or any of the following transactions:

(i) merger, consolidation or share exchange of the Fund with or into any other corporation;

(ii) issuance of any securities of the Fund to any person or entity for cash (other than pursuant to the Program and Cash Purchase Plan);

(iii) sale, lease or exchange of all or a substantial part of the assets of the Fund to any entity or person (except sales having an aggregate fair market value of less than US$1,000,000); or

(iv) sale, lease or exchange to the Fund, in exchange for securities of the Fund, of any assets of any entity or person (except assets having an aggregate fair market value of less than US$1,000,000)

if such corporation, person or entity is directly, or indirectly through affiliates, the beneficial owner of more than 5% of the outstanding shares of the Fund. However, such vote will not be required with respect to the foregoing enumerated transactions where the Continuing Directors of the Fund (defined for this purpose as those Directors who either were members of the Board of Directors on the date of the closing of the initial public offering or subsequently become Directors and whose election is approved by the Continuing Directors then on the Board) under certain conditions approve the transaction. The Fund s By-laws also include advance notice requirements for shareholder proposals.

Provisions such as those described above and other provisions in the Articles of Incorporation and By-laws of the Fund could have the effect of depriving stockholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund in a tender offer of similar transaction. The Board of Directors has determined that the foregoing voting requirements, which are generally greater than the minimum requirements under Maryland law and the 1940 Act, are in the best interests of stockholders generally.

PRINCIPAL HOLDERS OF SECURITIES

To the knowledge of the Fund, as of March 31, 2006, the following persons own, of record or beneficially, 5% or more of the outstanding shares of Common Stock of the Fund:

Name and Address	Number of Shares Beneficially Owned	Percent of Shares
Administradora de Fondos de Pensiones de Provida, S.A. Avenida Pedro de Valdivia 100 Piso 9 Santiago, Chile	2,374,199	23.41%
A.F.P. Habitat S.A. Avenida Providencia 1909 Piso 9 - Providencia Santiago, Chile	2,181,300	21.51%

This information is based on portfolio information filed with La Superintendencia de Administradoras de Fondos de Pensiones by Chilean pension funds as of March 31, 2006.

UNDERWRITING

[Managing Underwriter] is acting as representative of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this Prospectus, each underwriter named below has agreed to purchase, and the Fund has agreed to sell to that underwriter, the number of shares of Common Stock set forth opposite the underwriter s name.

Underwriter	Number of Shares

The underwriting agreement provides that the obligations of the underwriters to purchase the shares of Common Stock included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares of Common Stock (other than those covered by the over-allotment option described below) if they purchase any of the shares of Common Stock.

The underwriters propose to offer some of the shares of Common Stock directly to the public at the public offering price set forth on the cover page of this Prospectus and some of the shares of Common Stock to dealers at the public offering price less a concession not to exceed US$ per share of

Common Stock. The sales load of US$ per common share of Common Stock is equal to % of the initial offering price. The underwriters may allow, and dealers may reallow, a concession not to exceed US$ per share of Common Stock on sales to other dealers. If all of the shares of Common Stock are not sold at the initial offering price, the representative may change the public offering price and other selling terms. Investors must pay for any shares of Common Stock purchased on or before , 2006. The representative has advised the Fund that the underwriters do not intend to confirm any sales to any accounts over which they exercise discretionary authority.

The Fund has granted to the underwriters an option, exercisable for 45 days from the date of this Prospectus, to purchase up to additional shares of Common Stock at the public offering price less the sales load. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent such option is exercised, each underwriter must purchase a number of additional shares of Common Stock approximately proportionate to that underwriter s initial purchase commitment.

The Fund and Credit Suisse, LLC have agreed that, for a period of 180 days from the date of this Prospectus, they will not, without the prior written consent of [Managing Underwriter], dispose of or hedge any shares of Common Stock or any securities convertible into or exchangeable for shares of Common Stock. [Managing Underwriter] in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

The Fund s outstanding shares of Common Stock and the shares of Common Stock offered by this Prospectus are listed on the Amex under the symbol CH.

The following table shows the sales load that the Fund will pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase additional shares of Common Stock.

	Paid by the Fund	
	No Exercise	**Full Exercise**
Total	US$	US$
Per share	US$	US$

The Fund and Credit Suisse, LLC have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Certain underwriters may make a market in the shares of Common Stock after trading in the shares of Common Stock has commenced on the Amex. No underwriter is, however, obligated to conduct market-making activities and any such activities may be discontinued at any time without notice, at the sole discretion of the underwriter. No assurance can be given as to the liquidity of, or the trading market for, the shares of Common Stock as a result of any market-making activities undertaken by any underwriter. This Prospectus is to be used by any underwriter in connection with this offering and, during the period in which a prospectus must be delivered, with offers and sales of the shares of Common Stock in market-making transactions in the over-the-counter market at negotiated prices related to prevailing market prices at the time of the sale.

In connection with this offering, [Managing Underwriter], on behalf of the underwriters, may purchase and sell shares of Common Stock in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of shares of Common Stock in excess of the number of shares of Common Stock to be purchased by the underwriters in this offering, which creates a syndicate short position. Covered short sales are sales of shares of Common Stock made in an amount up to the number of shares of Common Stock represented by the underwriters over-allotment option. In determining the source of shares of Common Stock to close out the covered syndicate short position, the underwriters will consider, among other things, the price of shares of

Common Stock available for purchase in the open market as compared to the price at which they may purchase shares of Common Stock through the over-allotment option. Transactions to close out the covered syndicate short position involve either purchases of shares of Common Stock in the open market after the distribution has been completed or the exercise of the over-allotment option. The underwriters may also make naked short sales of shares of Common Stock in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares of Common Stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of shares of Common Stock in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of bids for or purchases of shares of Common Stock in the open market while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when [Managing Underwriter] repurchases shares of Common Stock originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases.

Any of these activities may have the effect of preventing or retarding a decline in the market price of shares of Common Stock. They may also cause the price of shares of Common Stock to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the Amex or in the over-the-counter market, or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

The Fund estimates that its portion of the total expenses of this offering, excluding sales load, will be US$.

A Prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters. The representative may agree to allocate a number of shares of Common Stock to underwriters for sale to their online brokerage account holders. The representative will allocate shares of Common Stock to underwriters that may make Internet distributions on the same basis as other allocations. In addition, shares of Common Stock may be sold by the underwriters to securities dealers who resell shares of Common Stock to online brokerage account holders.

The Fund anticipates that, from time to time, certain underwriters may act as brokers or dealers in connection with the execution of the Fund s portfolio transactions after they have ceased to be underwriters and, subject to certain restrictions, may act as brokers while they are underwriters.

Certain underwriters have performed investment banking and advisory services for Credit Suisse, LLC and its affiliates from time to time, for which they have received customary fees and expenses. Certain underwriters may, from time to time, engage in transactions with or perform services for Credit Suisse, LLC and its affiliates in the ordinary course of business.

The principal business address of [Managing Underwriter] is .

TRANSFER AGENT AND DIVIDEND-PAYING AGENT

Computershare Trust Company, N.A., P.O. Box 43010, Providence, RI 02940, acts as the Fund s transfer agent and dividend-paying agent. The Transfer Agent can be contacted at one of the following telephone numbers: (800) 730-6001 (U.S. and Canada) or (781)575-3100 (outside U.S. and Canada).

ADMINISTRATOR, CUSTODIAN AND INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Administrator provides certain administrative services for the Fund, including but not limited to preparing and maintaining books, records, and tax and financial reports, and monitoring compliance with regulatory requirements. The Administrator is located at 383 Madison Avenue, 23rd Floor, New York, New York 10179. The Fund pays the Administrator a monthly fee that is calculated weekly at an annual rate of 0.07% on the first US$100 million of the Fund s average weekly net assets, 0.06% on the next

US$50 million of the Fund s average weekly net assets and 0.04% on amounts in excess of US$150 million.

Under Chilean law, the Fund is required to have an administrator in Chile. The Chilean Administrator serves as the Fund s Chilean administrator. For its services, the Chilean Administrator is paid a fee, out of the advisory fee payable to Credit Suisse, LLC, 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, the Chilean Administrator receives a supplemental administration fee paid by Credit Suisse, LLC, and an annual reimbursement of out-of-pocket expenses and an accounting fee paid by the Fund. The Chilean Administrator is a Chilean corporation located at Apoquindo 3721, Piso 19, Santiago, Chile. The Chilean Administrator performs various services for the Fund, including (1) maintaining the general ledger and preparing financial statements required from the Fund pursuant to Chilean law and regulations, (2) making applications to the Central Bank for remittances of dividends, interest, net realized capital gains and capital outside Chile, (3) withholding Chilean taxes due on amounts remitted abroad on account of dividends, interest and net realized capital gains or otherwise, (4) acting as the Fund s representative in Chile and (5) providing clerical assistance in connection with Chilean investments.

Brown Brothers Harriman & Co. serves as the Fund s custodian. The Custodian is located at 40 Water Street, Boston, Massachusetts, 02109.

, acts as the Fund s independent registered public accounting firm.

LEGAL OPINIONS

Certain legal matters in connection with the Common Stock will be passed upon for the Fund by Willkie Farr & Gallagher LLP, New York, NY, and Guerrero, Olivos, Novoa y Errázuriz Ltda., Santiago, Chile. Certain legal matters in connection with the Common Stock will be passed upon for the underwriters by . Willkie Farr & Gallagher LLP and may rely as to certain matters of Maryland law on the opinion of Venable LLP, Baltimore, Maryland.

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Shares

The Chile Fund, Inc.

Common Stock

PROSPECTUS

May , 2006

[MANAGING UNDERWRITER]

SEC File No: 811-05770

The information in this Statement of Additional Information is not complete and may be changed. The Fund may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Statement of Additional Information is not a prospectus and is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 22, 2006

THE CHILE FUND, INC.
STATEMENT OF ADDITIONAL INFORMATION

The Chile Fund, Inc. (the Fund), a Maryland corporation, is a non-diversified, closed-end management investment company which commenced operations in September, 1989. Credit Suisse Asset Management, LLC (Credit Suisse, LLC) is the Fund s investment adviser and Celfin Capital Servicios Financieros S.A. (Celfin) serves as the Fund s Chilean sub-adviser.

This statement of additional information (SAI) relating to the Fund s common stock is not a prospectus but should be read in conjunction with the Fund s prospectus dated May , 2006 (the Prospectus). This SAI does not include all information that a prospective investor should consider before purchasing the Fund s common stock. Investors should obtain and read the Prospectus prior to purchasing the Fund s common stock. A copy of the Prospectus may be obtained from the Fund without charge: by calling (800) 293-1232, by visiting the Fund s website on the Internet: http://www.credit-suisse.com/us, or by writing to the Fund at 466 Lexington Avenue, New York, New York 10017-3140. You may also obtain copies of these documents (and other information regarding the Fund) on the Securities and Exchange Commission s (the SEC s) web site (http://www.sec.gov) or by visiting the SEC s Public Reference Room in Washington, D.C. Information about the Public Reference Room is available by calling (202) 551-8090. Capitalized terms used but not defined in this SAI have the meanings ascribed to them in the Prospectus.

This SAI is dated May , 2006.

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GENERAL INFORMATION

The Chile Fund, Inc. (the Fund) has been engaged in business as a closed-end, non-diversified management investment company since September 26, 1989. The Fund s investment objective is to seek total return, consisting of capital appreciation and income, by investing primarily in Chilean equity and debt securities. Under normal market conditions, substantially all, but not less than 80%, of the Fund s net assets will be invested in Chilean equity and debt securities. The Fund s portfolio of Chilean securities, under normal conditions, will consist principally of Chilean equity securities. There can be no assurance that the Fund s investment objective will be achieved. The Fund s outstanding Common Stock, par value US$0.001 per share (the Common Stock), as of the date of this SAI, is listed and traded on the American Stock Exchange (Amex) under the symbol CH. As of March 31, 2006, the net assets of the Fund were approximately US$153 million.

Credit Suisse, LLC, the Fund s investment adviser, is part of the asset management business of Credit Suisse, a leading global financial services organization headquartered in Zurich, with offices focused on asset management in 18 countries. Credit Suisse, LLC serves as the Fund s investment adviser with respect to all investments. Celfin serves as the Fund s Chilean sub-adviser. Credit Suisse, LLC and an affiliate of Celfin also provide certain administrative services to the Fund.

INVESTMENT OBJECTIVE

The Fund s investment objective is to seek total return, consisting of capital appreciation and income, by investing primarily in Chilean equity and debt securities. This objective cannot be changed without the affirmative vote of the holders of a majority of the Fund s outstanding voting securities, as defined in the Investment Company Act of 1940, as amended (the 1940 Act). No assurance can be given that the Fund s investment objective will be achieved.

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 s policy is to seek to invest substantially all of its net assets in Chilean equity and debt securities and, under normal conditions, to invest at least 80% of its net assets in such securities (the Chilean Portfolio). 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 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 Credit Suisse, LLC believes that such investments are warranted. The Fund does not seek to achieve its investment objective in each portfolio security, but endeavors to manage its portfolio as a whole in such a way as to achieve its objective. 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 intends its portfolio of Chilean securities, under normal market conditions, to consist principally of Chilean equity securities. The Fund may, however, invest a portion of the Chilean Portfolio in Chilean debt securities when Credit Suisse, LLC believes that it is appropriate to do so in order to achieve the Fund s investment objective of total return. Credit Suisse, LLC 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.

Chilean debt securities that the Fund may acquire include bonds, notes and debentures of any maturity of the Chilean government, its agencies and instrumentalities, the Central Bank of Chile and banks and other companies determined by Credit Suisse, LLC 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, Credit Suisse, LLC considers the ratings of securities by the public and private credit rating services in Chile, although Credit Suisse, LLC may invest in securities of companies that it determines to be suitable investments for the Fund regardless of their rating. 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 Credit Suisse, LLC 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. 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 yields 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 will 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 in addition to the risks associated with investments in high yield securities and corporate loans. Distressed securities frequently do not produce income while they are outstanding. The Fund may purchase distressed securities that are in default or the issuers of which are in bankruptcy. In such event, the Fund may be required to bear certain extraordinary expenses in order to protect and recover its investment.

The Chilean Superintendency of Securities and Insurance (SVS) has authorized the Fund to invest up to 20% of the Chilean Portfolio in unlisted Chilean equity securities, including those issued by new and early stage companies whose securities are not publicly traded. The Fund has adopted a policy that it may so invest, 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 Credit Suisse, LLC, 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.

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 shareholder in any investment company, the Fund would 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 United States government securities without regard to this limitation. In selecting industries and companies for investment by the Fund, Credit Suisse, LLC 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.

In pursuing its investment objective, the Fund is subject to restrictions with respect to the Chilean Portfolio imposed by Chilean Law No. 18,657 (Law No. 18,657). While these restrictions may narrow the investment opportunities available to the Fund, Credit Suisse, LLC believes that they will not prevent the Fund from achieving its investment objective. See Additional Chilean Restrictions below for a summary of the restrictions relating to the composition of the Chilean Portfolio.

Portfolio Turnover

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 s annual portfolio turnover rate is not anticipated to exceed 50%. The portfolio turnover rate is calculated by dividing the lesser of sales or purchases of portfolio securities by the average monthly value of the Fund s portfolio securities. For purposes of this calculation, portfolio securities exclude all securities having a maturity when purchased of one year or less.

Temporary Investments

The Fund may, for cash management purposes, invest up to 25% of its assets in certain short-term investments and may, for temporary defensive purposes, invest up to 100% of its assets in certain 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 Credit Suisse, LLC believes that such investments are warranted. See Investment Restrictions and Foreign Investment and Exchange Controls in Chile.

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, as well as 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 Division 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 equivalent by Credit Suisse, LLC; and (e) shares of money market funds that may invest in (a) through (d).

Among the obligations of agencies and instrumentalities of the United States government in which the Fund may invest are securities that are supported by the full faith and credit of the United States government (such as securities of the Government National Mortgage Association), by the right of the issuer to borrow from the United States Treasury (such as those of the Export-Import Bank of the United States), by the discretionary authority of the United States government to purchase the agency s obligations (such as those of the Federal National Mortgage Association) or by the credit of the United States government instrumentality itself (such as those of the Student Loan Marketing Association).

Repurchase agreements on United States or Chilean government securities are contracts under which the buyer of a security simultaneously commits to resell the security to the seller at an agreed price and date. The Fund will enter into repurchase agreements on United States government securities with primary government securities dealers recognized by the Federal Reserve Bank of New York and member banks of the Federal Reserve System and on Chilean government securities with creditworthy parties in accordance with procedures established by the Fund s Board of Directors. The Fund will only enter into repurchase agreements pursuant to which the seller will be required to maintain the value of the securities subject to the repurchase agreement at not less than their repurchase price. Repurchase agreements may involve certain risks in the event of default or insolvency of the seller, including possible delays or restrictions upon the Fund s ability to dispose of the underlying securities.

Currency Transactions

Credit Suisse, LLC generally does not seek to hedge against a decline in the value of the Fund s non-U.S. dollar denominated portfolio securities resulting from a currency devaluation or fluctuation. As a consequence, the Fund will be subject to the risk of changes in the value of the Chilean peso (hereinafter referred to as pesos, Ch$ or Ps) affecting the value of its portfolio assets, as well as the value of the amounts of interest, dividends and net realized capital gains received or to be received in pesos that it intends to remit out of Chile. 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.

There is a risk that the U.S. dollar value of the dividends and interest received on the Fund s portfolio securities and net capital gains realized on the sale of portfolio securities that are denominated in pesos will decline to the extent of any devaluation of the peso during the interval between the time the Fund becomes entitled to receive dividends and interest and realized gains, and the time such amounts are converted into U.S. dollars for remittance outside of Chile.

Investment Restrictions

The Fund has adopted certain fundamental investment restrictions that may not be changed without the prior approval 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 SAI 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. For purposes of the restrictions listed below, all percentage limitations apply immediately after a purchase or initial investment, and any subsequent change in any applicable percentage resulting from market fluctuations does not require eliminations of any security from the Fund s portfolio. Under its fundamental investment restrictions, 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:

(a) shares of Chilean open corporations, *i.e.*, corporations that publicly offer their shares, or have more than 500 shareholders, or have at least 10% of the subscribed capital belonging to a minimum of 100 shareholders;

(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 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.

Foreign Investment and Exchange Controls in Chile

The Central Bank of Chile is responsible for, among other things, monetary policies and for exchange controls in Chile. On April 19, 2001 and January 23, 2002, the Central Bank of Chile substantially liberalized Chilean exchange controls by issuing new rules that virtually eliminated the restrictions and limitations previously in force. According to the new regulations, contained in Chapter XIV of the *Compendio de Normas de Cambios Internacionales* of the Central Bank of Chile (Chapter XIV), 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 Chapter XIV, 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) or can be registered with the Central Bank of Chile under the Central Bank Act.

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, which stipulates 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 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.

As an alternative to Decree Law 600, investments may be made in Chile under the provisions of the Central Bank Act, pursuant to the rules of Chapter XIV and subject to the limitations on repatriation of capital 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. All remittances and repatriations abroad must be made through the Formal Exchange Market. The Fund, as an approved foreign capital fund, 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 between the Fund and the Republic of Chile, and expects that a similar investment contract for which it intends to apply in connection with this offering will include such authorization. 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.

Except for the diversification rules described above in Investment Policies Additional Chilean Restrictions 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.