

ABERDEEN CHILE FUND, INC.
Form N-CSR
March 08, 2013

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

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES**

Investment Company Act file number:	811-05770
Exact name of registrant as specified in charter:	Aberdeen Chile Fund, Inc.
Address of principal executive offices:	1735 Market Street, 32nd Floor Philadelphia, PA 19103
Name and address of agent for service:	Ms. Andrea Melia Aberdeen Asset Management Inc. 1735 Market Street 32nd Floor Philadelphia, PA 19103
Registrant's telephone number, including area code:	866-839-5205
Date of fiscal year end:	December 31
Date of reporting period:	December 31, 2012

Item 1 Reports to Stockholders

Managed Distribution Policy (unaudited)

The Board of Directors of the Fund has authorized a managed distribution policy (MDP) of paying quarterly distributions at an annual rate, set once a year, that is a percentage of the rolling average of the Fund 's prior four quarter-end net asset values. With each distribution, the Fund will issue a notice to shareholders and an accompanying press release which will provide detailed information regarding the amount and composition of the distribution and other information required by the Fund 's MDP exemptive order. The Fund 's Board of Directors may amend or terminate the MDP at any time without prior notice to shareholders; however, at this time, there are no reasonably foreseeable circumstances that might cause the termination of the MDP. You should not draw any conclusions about the Fund 's investment performance from the amount of distributions or from the terms of the Fund 's MDP.

Distribution Disclosure Classification (unaudited)

The Fund 's policy is to provide investors with a stable distribution rate. Each quarterly distribution will be paid out of current income, supplemented by realized capital gains and, to the extent necessary, paid-in capital.

The Fund is subject to U.S. corporate, tax and securities laws. Under U.S. tax accounting rules, the amount of distributable income for each fiscal period depends on the actual exchange rates during the entire year between the U.S. Dollar and the currencies in which Fund assets are denominated and on the aggregate gains and losses realized by the Fund during the entire year.

Therefore, the exact amount of distributable income for each fiscal year can only be determined as of the end of the Fund 's fiscal year on December 31. However, under the Investment Company Act of 1940 (the 1940 Act), the Fund is required to indicate the sources of certain distributions to shareholders. The Fund estimates that distributions for the fiscal year ended December 31, 2012 consisted of 8% net investment income and 92% net realized long-term capital gains.

This estimated distribution composition may vary from quarter to quarter because it may be materially impacted by future realized gains and losses on securities and fluctuations in the value of the currencies in which Fund assets are denominated.

In January 2013, a Form 1099-DIV was sent to shareholders, which states the amount and composition of distributions and provide information with respect to their appropriate tax treatment for the 2012 calendar year.

Dividend Reinvestment and Direct Stock Purchase Plan (unaudited)

Computershare Trust Company, N.A., the Fund's transfer agent, sponsors and administers a Dividend Reinvestment and Direct Stock Purchase Plan (the Plan), which is available to shareholders.

The Plan allows registered shareholders and first time investors to buy and sell shares and automatically reinvest dividends and capital gains through the transfer agent. This is a cost-effective way to invest in the Fund.

Please note that for both purchases and reinvestment purposes, shares will be purchased in the open market at the current share price and cannot be issued directly by the Fund.

For more information about the Plan and a brochure that includes the terms and conditions of the Plan, please call Computershare at 1-800-647-0584 or visit www.computershare.com/buyaberdeen.

Closed-end funds have a one-time initial public offering and then are subsequently traded on the secondary market through one of the stock exchanges. The investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed-end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the fund's portfolio. Past performance does not guarantee future results. Foreign securities are more volatile, harder to price and less liquid than U.S. securities. These risks may be enhanced in emerging market countries. Concentrating investments in a single country, region or industry may subject a fund to greater price volatility and risk of loss than more diverse funds. **Investors should consider a fund's investment objectives, risks, charges and expenses carefully before investing. A copy of the prospectus for Aberdeen Asia-Pacific Income, Aberdeen Global Income Fund, Inc. and Aberdeen Chile Fund, Inc. that contains this and other information about the fund may be obtained by calling 866-839-5205. Please read the prospectus carefully before investing. Investing in funds involves risk, including possible loss of principal.** Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor, Philadelphia, PA 19103. NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

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Letter to Shareholders (unaudited)

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Dear Shareholder,

We present this Annual Report which covers the activities of Aberdeen Chile Fund, Inc. (the Fund) for the twelve-month period ended December 31, 2012. The Fund's principal investment objective is to seek total return, consisting of capital appreciation and income, by investing primarily in Chilean securities.

Total Return Performance

For the year ended December 31, 2012, the total return to shareholders of the Fund, based on the net asset value (NAV) of the Fund, was 14.7%, assuming reinvestment of dividends and distributions, versus a return of 7.8% for the Fund's benchmark, the MSCI Chile Index (MSCI Chile Index). The Fund's annual total return is based on the reported NAV on December 31, 2012.

Share Price and NAV

For the year ended December 31, 2012, based on market price, the Fund's total return was 10.7%, assuming reinvestment of dividends and distributions. The Fund's share price increased 0.3% over the twelve months, from \$15.04 on December 31, 2011 to \$15.09 on December 31, 2012. The Fund's share price on December 31, 2012 represented a premium of 0.3% to the NAV per share of \$15.05 on that date, compared with a premium of 3.8% to the NAV per share of \$14.49 on December 31, 2011.

Open Market Repurchase Program

The Fund's policy is generally to buy back Fund shares on the open market when the Fund trades at certain discounts to NAV. During the fiscal year ended December 31, 2012 and fiscal year ended December 31, 2011, the Fund did not repurchase any shares through the program.

Portfolio Holdings Disclosure

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commissions (SEC) for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information about the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The information on Form N-Q is also available to shareholders on the Fund's website or upon request and without charge by calling Investor Relations toll-free at 1-866-839-5205.

Proxy Voting

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A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent twelve months ended June 30 is

available by August 30 of the relevant year: (i) upon request and without charge by calling Investor Relations toll-free at 1-866-839-5205; and (ii) on the SEC's website at <http://www.sec.gov>.

Investor Relations Information

As part of our ongoing commitment to provide information to our shareholders, I invite you to visit the Fund on the web at www.aberdeench.com. From this page, you can view monthly fact sheets, portfolio manager commentary, distribution and performance information, updated daily fact sheets courtesy of Morningstar®, conduct portfolio charting and other timely data.

Please take a look at Aberdeen's Closed-End Fund Talk Channel, where you can watch fund manager web casts and view our latest short films. For replays of recent broadcasts or to register for upcoming events, please visit Aberdeen's Closed-End Fund Talk Channel at www.aberdeen-asset.us/aam.nsf/usClosed/aberdeentv.

Please ensure that you are enrolled in our email services, which feature timely news from our portfolio managers around the world. Enroll today at www.aberdeen-asset.us/aam.nsf/usclosed/email and be among the first to receive the latest closed-end fund news, announcements of upcoming fund manager web casts, films and other information. Please note that Aberdeen does not share our shareholder information with any other organizations.

Included within this report is a reply card with postage paid envelope. Please complete and mail the card if you would like to be added to our enhanced email service and receive future communications from Aberdeen.

Please contact Aberdeen Asset Management Inc. by:

- Calling toll free at 1-866-839-5205 in the United States;
- Emailing InvestorRelations@aberdeen-asset.com;
- Visiting Aberdeen Closed-End Fund Center at <http://www.aberdeen-asset.us/aam.nsf/usClosed/home>;

- Visiting www.aberdeench.com.

Yours sincerely,

Christian Pittard
President

Aberdeen Chile Fund, Inc. **1**

Report of the Investment Adviser (unaudited)

February xx, 2013

Market Review

Chilean equities rose in line with the broader region in 2012. Throughout the year, local sentiment remained upbeat despite concerns over the slowdown in China and the U.S., as well as the European debt crisis. Towards the year-end, optimism that U.S. budget negotiations could be resolved and better economic data from the U.S. and China further bolstered equities.

Despite weaker external demand from the developed world, Chile's economic expansion continued to exceed expectations, driven by domestic demand and fixed capital investment. Inflation remained benign, while unemployment continued to improve. The central bank cut rates once to 5% and held them steady thereafter.

Portfolio Review and Performance

As a small and open economy, Chile is vulnerable to the deceleration of global growth. Chile's main export is copper, and the price of copper

has a significant impact on the government's fiscal account. Considerable uncertainty in the external environment persists. In Europe, longer-term structural flaws in key economies remain, while the US faces political impasse over budget negotiations. Yet, the domestic Chilean economy is buoyed by strong employment and domestic investment from the corporate sector. Export volumes are expected to improve, with higher demand for industrial products arising from China and Brazil, as well as the initiation of mining projects. Subdued price pressures also enable more flexible policymaking to address current needs. At the corporate level, we believe companies' long-term prospects remain attractive, supported by favourable demographics and the rising consumption of goods and services. We believe that a stock-picking approach focused on solid finances, proven management and market leadership is expected to pay dividends over the long run.

Aberdeen Asset Managers Limited

Portfolio Summary (unaudited)

December 31, 2012

The following chart summarizes the composition of the Fund's portfolio, in industry classification standard sectors, expressed as a percentage of net assets. An industry classification standard sector can include more than one industry group. As of December 31, 2012, the Fund did not have more than 25% of its assets invested in any industry group. The sectors, as classified by S&P's Global Industry Classification Standard Sectors, are comprised of several industry groups.

The following chart summarizes the composition of the Fund's portfolio, in sector classification, expressed as a percentage of net assets.

Top 10 Holdings, by Issuer (unaudited)

December 31, 2012

1.	Holding	Sector	Percent of Net Assets
1.	Empresas COPEC S.A.	Oil, Gas & Consumable Fuels	10.9%
2.	S.A.C.I. Falabella	Multiline Retail	10.3%
3.	Banco Santander Chile	Commercial Banks	9.9%
4.	Sociedad Química y Minera de Chile S.A.	Chemicals	9.8%
5.	Empresas CMPC S.A.	Paper & Forest Products	9.6%
6.	Enersis S.A.	Electric Utilities	8.6%
7.	Cia Cervecerías Unidas S.A.	Beverages	5.0%
8.	Embotelladora Andina S.A., PNA	Beverages	5.0%
9.	Sonda S.A.	IT Services	4.7%
10.	Parque Arauco S.A.	Real Estate Management & Development	4.4%

Average Annual Returns (unaudited)

December 31, 2012

The following table summarizes Fund performance compared to the MSCI Chile Index, the Fund's benchmark, for the 1-year, 3-year, 5-year and 10-year periods ended December 31, 2012.

	1 Year	3 Years	5 Years	10 Years
Net Asset Value (NAV)	14.71%	6.85%	6.97%	19.11%
Market Value	10.74%	8.63%	3.68%	20.89%
MSCI Chile Index	7.77%	7.34%	8.06%	20.80%

*Aberdeen Asset Managers Limited (and its predecessor Aberdeen Asset Management Investment Services Limited) has voluntarily waived fees and/or reimbursed expenses, without which performance would be lower. Waivers and/or reimbursements are subject to change and may be discontinued at any time. Returns represent past performance. Total investment return at net asset value is based on changes in the net asset value of Fund shares and assumes reinvestment of dividends and distributions, if any, at prices pursuant to the Fund's dividend reinvestment program. Total investment return at market value is based on changes in the market price at which the Fund's shares traded on the NYSE MKT during the period and assumes reinvestment of dividends and distributions, if any, at prices pursuant to the dividend reinvestment program administered by Computershare Trust Company, N.A., the Fund's transfer agent. The Fund's annual total return is based on the reported NAV on December 31, 2012. Because the Fund's shares trade in the stock market based on investor demand, the Fund may trade at a price higher or lower than its NAV. Therefore, returns are calculated based on both market price and NAV. **Past performance is no guarantee of future results.***

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The performance information provided does not reflect the deduction of taxes that a shareholder would pay on distributions received from the Fund. The current performance of the Fund may be lower or higher than the figures shown. The Fund's yield, return, market price and NAV will fluctuate. Performance information current to the most recent month-end is available by calling 866-839-5205.

The annualized gross expense ratio is 1.97%. The annualized net expense ratio after fee waivers and/or expense reimbursements is 1.75%.

Portfolio of Investments

December 31, 2012

No. of Shares	Description	Value
EQUITY SECURITIES 101.3%		
LONG-TERM EQUITY SECURITIES 101.2%		
AIRLINES 3.2%		
189,500	Latam Airlines Group S.A.	\$ 4,456,961
BEVERAGES 16.0%		
451,283	Cia Cervecerías Unidas S.A.	7,115,896
1,263,524	Coca-Cola Embonor S.A., PNA(a)	2,969,116
1,396,000	Embotelladora Andina S.A., PNA	7,114,862
2,847,000	Viña Concha y Toro S.A.	5,542,358
		22,742,232
CHEMICALS 9.8%		
115,650	Sociedad Química y Minera de Chile S.A., Class B, ADR	6,666,066
125,500	Sociedad Química y Minera de Chile S.A., PNB	7,208,877
		13,874,943
COMMERCIAL BANKS 16.5%		
39,237,781	Banco de Chile	6,064,952
45,450	Banco de Crédito e Inversiones	3,170,820
198,886,987	Banco Santander Chile	14,020,754