

ABERDEEN CHILE FUND, INC.  
Form N-CSRS  
September 06, 2017

**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<br>Philadelphia, PA 19103  |
| Name and address of agent for service:              | Ms. Andrea Melia<br>Aberdeen Asset Management Inc.<br>1735 Market Street 32nd Floor<br>Philadelphia, PA 19103 |
| Registrant's telephone number, including area code: | 800-522-5465  |
| Date of fiscal year end:                            | December 31   |
| Date of reporting period:                           | June 30, 2017   |

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**Item 1 - Reports to Stockholders.**

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## Letter to Shareholders (unaudited)



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Dear Shareholder,

We present this Semi-Annual Report which covers the activities of Aberdeen Chile Fund, Inc. (the Fund) for the six-month period ended June 30, 2017. The Fund's principal investment objective is to seek total return, consisting of capital appreciation and income, by investing primarily in Chilean securities.

### NAV Total Return Performance

For the six-month period ended June 30, 2017, the total return to shareholders of the Fund, based on the net asset value (NAV), net of fees, of the Fund, was 11.5%, assuming reinvestment of dividends and distributions, versus a return of 14.4% for the Fund's benchmark, the Morgan Stanley Capital International (MSCI) Chile Index (MSCI Chile Index)<sup>1</sup>. The Fund's total return for the six-month period ended June 30, 2017 is based on the reported NAV at the financial reporting period end.

### Share Price Total Return Performance & Discount

For the six-month period ended June 30, 2017, based on market price, the Fund's total return was 18.8%, assuming reinvestment of dividends and distributions. The market price of the Fund's shares increased 18.8% over the six-month period from \$5.96 on December 31, 2016 to \$7.08 on June 30, 2017. The Fund's share price on June 30, 2017 represented a discount of 11.8% to the NAV per share of \$8.03 on that date, compared with a discount of 17.2% to the NAV per share of \$7.20 on December 31, 2016.

### Investments in Chile Change in Chilean Law

The Fund was operating as a foreign investment capital fund under Chilean Law No. 18,657, which has recently been repealed. Chilean Law No. 18,657 imposed certain requirements on the Fund's Chilean holdings (the Chilean Portfolio). Under Chilean Law No. 18,657, the Fund could not hold more than 5% of any Chilean issuer's voting stock (subject to an increase up to 10% for newly-issued shares, including through the exercise of pre-emptive rights) and not more than 10% of the Chilean Portfolio could 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). With the repeal of Chilean Law No. 18,657, as of March 16, 2017, the Fund was no longer operating within these limitations.

### Open Market Repurchase Program

The Fund's policy is to consider buying back Fund shares on the open market when the Fund trades at a discount to the NAV that is above an established threshold and management believes such repurchases

may enhance shareholder value. During the six-month period ended June 30, 2017, the Fund did not repurchase any shares. During the fiscal year ended December 31, 2016, the Fund repurchased 28,807 shares.

### Merger of Aberdeen Asset Management PLC with Standard Life plc

The Fund's investment adviser and administrator are each a subsidiary of Aberdeen Asset Management PLC (Aberdeen PLC). The merger of Standard Life plc and Aberdeen PLC, announced on March 6, 2017 (Merger), closed on August 14, 2017. Aberdeen PLC became a direct subsidiary of Standard Life plc as a result of the Merger and the combined company changed its name to Standard Life Aberdeen plc. Shareholders of the Fund are not required to take any action as a result of the Merger. Following the Merger, the Fund's investment adviser and administrator are each an indirect subsidiary of Standard Life Aberdeen plc, but otherwise did not change. The investment advisory and administration agreements for the Fund, the services provided under the agreements, and the fees charged for services did not change as a result of the Merger. The portfolio management team for the Fund did not change as a result of the Merger.

### Unclaimed Share Accounts

Please be advised that abandoned or unclaimed property laws for certain states require financial organizations to transfer (escheat) unclaimed property (including Fund shares) to the state. Each state has its own definition of unclaimed property, and Fund shares could be considered unclaimed property due to account inactivity (e.g., no owner-generated activity for a certain period), returned mail (e.g., when mail sent to a shareholder is returned to the Fund's transfer agent as undeliverable), or a combination of both. If your Fund shares are categorized as unclaimed, your financial advisor or the Fund's transfer agent will follow the applicable state's statutory requirements to contact you, but if unsuccessful, laws may require that the shares be escheated to the appropriate state. If this happens, you will have to contact the state to recover your property, which may involve time and expense. For more information on unclaimed property and how to maintain an active account, please contact your financial adviser or the Fund's transfer agent.

### Portfolio Holdings Disclosure

The Fund's complete schedule of portfolio holdings for the second and fourth quarters of each fiscal year are included in the Fund's semi-annual and annual reports to shareholders. The Fund files its complete schedule of portfolio holdings with the Securities and Exchange

**All amounts are U.S. Dollars unless otherwise stated.**

1. The MSCI Chile Index is designed to measure the performance of the large and mid cap segments of the Chilean market. With 19 constituents, the index covers approximately 85% of the Chile equity universe. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index. Index performance is not an indication of the performance of the Fund itself. For complete fund performance, please visit <http://www.aberdeench.com>.

Aberdeen Chile Fund, Inc. 1

## Letter to Shareholders (unaudited) (concluded)

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Commission (the SEC) for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q filings 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 Fund makes the information on Form N-Q available to shareholders on the Fund's website or upon request and without charge by calling Investor Relations toll-free at 1-800-522-5465.

### Proxy Voting

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 31 of the relevant year: (i) upon request and without charge by calling Investor Relations toll-free at 1-800-522-5465; and (ii) on the SEC's website at <http://www.sec.gov>.

### Investor Relations Information

As part of Aberdeen's commitment to shareholders, we invite you to visit the Fund on the web at [www.aberdeench.com](http://www.aberdeench.com). Here, you can

view monthly fact sheets, quarterly commentary, distribution and performance information, updated daily fact sheets courtesy of Morningstar®, portfolio charting and other Fund literature.

Enroll in our email services and be among the first to receive the latest closed-end fund news, announcements, videos and other information. In addition, you can receive electronic versions of important Fund documents including annual reports, semi-annual reports, prospectuses, and proxy statements. Sign-up today at [cef.aberdeen-asset.us/en/cefinvestorcenter/contact-us/email](http://cef.aberdeen-asset.us/en/cefinvestorcenter/contact-us/email).

### Contact Us:

- Visit: [cef.aberdeen-asset.us](http://cef.aberdeen-asset.us);
- Watch: [www.aberdeen-asset.us/aam.nsf/usclosed/aberdeentv](http://www.aberdeen-asset.us/aam.nsf/usclosed/aberdeentv);
- Email: [InvestorRelations@aberdeen-asset.com](mailto:InvestorRelations@aberdeen-asset.com); or
- Call: 1-800-522-5465 (toll-free in the U.S.).

Yours sincerely,

/s/ Christian Pittard

**Christian Pittard**

President

## Dividend Reinvestment and Direct Stock Purchase Plan (unaudited)

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Computershare Trust Company, N.A. ( Computershare ), 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 purchase 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](http://www.computershare.com/buyaberdeen).



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## Report of the Investment Adviser (unaudited)

## Market/Economic Review

Chilean equities, as measured by the benchmark Morgan Stanley Capital International (MSCI) Chile Index,\* rose by 14.38% over the six-month reporting period ended June 30, 2017, outperforming the Latin American region but underperforming the broader emerging markets. The Chilean market saw record foreign inflows in March 2017 amid improving consumer confidence. Investors welcomed greater clarity over the upcoming presidential election in November 2017, as conservative Sebastián Piñera officially launched his bid to lead the nation again. Piñera previously served one term as president, from 2010 to 2014, and is the market favorite. Meanwhile, Beatriz Sanchez vies with Alejandro Guillier to be the preferred leftist candidate. Stocks succumbed to a degree of profit-taking in the second quarter of 2017, as investors treaded with caution ahead of the election. On the economic front, first-quarter gross domestic product (GDP) growth was relatively weak, coming in at just 0.2% on the back of a prolonged strike at the world's biggest copper mine. The nation's inflation rate fell by more than expected over the reporting period, prompting the central bank to cut its benchmark interest rate in January and May 2017—the first reductions since 2014.

## Fund Performance Review

The Fund recorded a positive return for the reporting period, but slightly underperformed its benchmark, the MSCI Chile Index, on a net asset value basis. Both stock selection and asset allocation had a negative impact on Fund performance for the period.

At the sector level, the Fund's exposure to the information technology (IT) sector, which is not represented in the MSCI Chile Index, was a key detractor from performance for the period, as new business volumes in Brazil slowed for Fund holding Sonda, an IT services provider. The underweight allocation to the industrials sector, particularly the transportation segment, also weighed on Fund performance. At the stock level, the absence of a position in Latam Airlines was a detractor from Fund performance, as the regional airline was boosted by solid results for the fourth quarter of its 2016 fiscal year, with improved load factors. However, shares of the company subsequently sold off sharply late in the reporting period during the market turmoil in Brazil. We remain comfortable with the Fund's lack of exposure to this stock, as we have ongoing concerns about industry overcapacity and the airline's debt levels. Elsewhere, stock selection

in the consumer staples sector had a negative impact for the reporting period. Winemaker Concha y Toro's margins were squeezed as the poor harvest in 2016 resulted in higher costs during the first quarter of this year. Furthermore, the company's share price fell amid investors' concerns about the potential impact of the country's widespread forest fires on its earnings for the second quarter of 2017.

Conversely, the underweight position in Cencosud bolstered the Fund's relative performance for the reporting period, as the retailer's quarterly earnings suffered from a weak consumption environment in Argentina and Brazil, as well as higher logistics costs in Chile. The exposure to healthcare services provider Banmedica, which is not a constituent of the benchmark MSCI Chile Index, also enhanced Fund performance. The company's Isapres insurance division benefited from higher average premium charges and effective cost controls. Stock selection in the utilities sector, particularly the Fund's non-benchmark holding in water utility Inversiones Aguas Metropolitanas (IAM), was another key contributor to performance for the reporting period. IAM benefited from reduced regulatory fears as the Chilean government sought to stimulate investment in the sector following a series of recent water outages in the Santiago metropolitan area.

## Outlook

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In our opinion, domestic politics will likely remain the key driver of market sentiment in Chile. Nevertheless, we believe that Chilean equities should be supported by expectations for a more pro-market government beginning in the fourth quarter of 2017, as well as a continuation of the global recovery. Tightening monetary policy trends in developed markets could yet pose a risk, but a moderating U.S. dollar and signs of stabilization in China may provide much-needed boosts. As the world's largest copper producer, volatility in commodity markets will also have an impact on Chile. In our view, despite the short-term risks, favorable population demographics and opportunities for growth over the longer term continue to make Chile a compelling investment destination. We remain confident in our bottom-up investment process, seeking and holding what we believe are good-quality companies that can tap into the domestic growth story to reap rewards in the long term.

*Aberdeen Asset Managers Limited*

\* Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

## Total Investment Return (unaudited)

The following table summarizes the six-month and average annual Fund performance compared to the MSCI Chile Index, the Fund's benchmark, for the 6-month, 1-year, 3-year, 5-year and 10-year periods as of June 30, 2017.

|                       | 6 Months | 1 Year | 3 Years | 5 Years | 10 Years |
|-----------------------|----------|--------|---------|---------|----------|
| Net Asset Value (NAV) | 11.5%    | 14.8%  | 0.9%    | -3.8%   | 0.8%     |
| Market Value          | 18.8%    | 15.8%  | -4.2%   | -6.3%   | -1.0%    |
| MSCI Chile Index      | 14.4%    | 15.1%  | -1.0%   | -5.0%   | 1.1%     |

Aberdeen Asset Managers Limited, the Fund's adviser, has entered into a written contract with the Fund to waive certain fees without which total return performance would be lower. See Note 3 in the Notes to Financial Statements. This contract aligns with the term of the advisory agreement and may not be terminated prior to the end of the current term of the advisory agreement. Aberdeen Asset Management Inc. (AAMI), the Fund's administrator, has entered into an agreement with the Fund to limit investor relations services fees, without which performance would be lower. See Note 3 in the Notes to Financial Statements. Returns represent past performance. Total investment return at NAV is based on changes in the NAV of Fund shares and assumes reinvestment of dividends and distributions, if any, at market prices pursuant to the dividend reinvestment program sponsored by the Fund's transfer agent. All return data at NAV includes fees charged to the Fund, which are listed in the Fund's Statement of Operations under Expenses. 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 market prices pursuant to the dividend reinvestment program sponsored by the Fund's transfer agent. The Fund's total investment return is based on the reported NAV on the financial reporting period ended June 30, 2017. 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.** 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 at [www.aberdeench.com](http://www.aberdeench.com) or by calling 800-522-5465.

The total annualized operating expense ratio, excluding fee waivers, based on the six-month period ended June 30, 2017 was 2.41%. The total annualized operating expense ratio, net of fee waivers, based on the six-month period ended June 30, 2017 was 2.21%.



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## Portfolio Summary (unaudited)

The following table summarizes the sector composition of the Fund's portfolio, in Standard & Poor's Global Industry Classification Standard (GICS) Sectors, expressed as a percentage of net assets as of June 30, 2017. The GICS structure consists of 11 sectors, 24 industry groups, 68 industries and 157 subindustries. As of June 30, 2017, the Fund did not have more than 25% of its assets invested in any industry. The sectors, as classified by GICS, are comprised of several industries.

| Sectors                               | As a Percentage of Net Assets |
|---------------------------------------|-------------------------------|
| Consumer Staples                      | 22.5%                         |
| Financials                            | 17.9%                         |
| Utilities                             | 12.6%                         |
| Consumer Discretionary                | 12.4%                         |
| Real Estate                           | 7.1%                          |
| Industrials                           | 6.1%                          |
| Materials                             | 4.9%                          |
| Energy                                | 4.4%                          |
| Health Care                           | 4.3%                          |
| Information Technology                | 3.7%                          |
| Telecommunication Services            | 2.6%                          |
| Short-Term Investment                 | 0.4%                          |
| Other Assets in Excess of Liabilities | 1.1%                          |
|                                       | 100.0%                        |

## Top Ten Equity Holdings (unaudited)

The following were the Fund's top ten holdings as of June 30, 2017:

| Name of Security      | As a Percentage of Net Assets |
|-----------------------|-------------------------------|
| S.A.C.I. Falabella    | 9.8%                          |
| Banco Santander Chile | 9.8%                          |
| Parque Arauco SA      | 7.1%                          |
| Enel Americas SA      | 6.3%                          |

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|                           |      |
|---------------------------|------|
| Embotelladora Andina SA   | 5.5% |
| Banco de Chile            | 5.4% |
| Cia Cervecerias Unidas SA | 4.8% |
| Cencosud SA               | 4.5% |
| Empresas COPEC SA         | 4.4% |
| Banmedica SA              | 4.3% |

## Portfolio of Investments (unaudited)

As of June 30, 2017

| Shares                             | Description  | Industry and Percentage of Net Assets     | Value (US\$)      |
|------------------------------------|--|---|-------------------|
| <b>LONG-TERM INVESTMENTS 98.5%</b> |  |   |                   |
| <b>COMMON STOCKS 93.6%</b>         |  |   |                   |
| <b>CHILE 93.6%</b>                 |  |   |                   |
| 202,000                            | Antarchile SA  | Industrial Conglomerates 3.4%             | \$ 2,525,666      |
| 31,213,901                         | Banco de Chile   | Banks 5.4%                                | 4,090,851         |
| 36,084                             | Banco de Credito e Inversiones                                   | Banks 2.7%                                | 2,019,389         |
| 115,855,987                        | Banco Santander Chile  | Banks 9.8%                                | 7,377,295         |
| 1,326,977                          | Banmedica SA   | Health Care Providers & Services 4.3%     | 3,256,348         |
| 1,260,750                          | Cencosud SA  | Food & Staples Retailing 4.5%             | 3,355,922         |
| 271,283                            | Cia Cervecerias Unidas SA  | Beverages 4.8%                            | 3,568,639         |
| 1,576,732                          | Coca-Cola Embonor SA, Class A(a)(b)                              | Beverages 3.9%                            | 2,926,274         |
| 1,165,161                          | Embotelladora Andina SA(b)                                       | Beverages 5.5%                            | 4,132,673         |
| 181,784                            | Empresa Nacional de Telecomunicaciones SA                        | Wireless Telecommunication Services 2.6%  | 1,976,327         |
| 299,639                            | Empresas COPEC SA  | Oil, Gas & Consumable Fuels 4.4%          | 3,279,294         |
| 24,975,400                         | Enel Americas SA   | Electric Utilities 6.3%                   | 4,740,181         |
| 20,726,000                         | Enel Chile SA  | Electric Utilities 3.0%                   | 2,276,714         |
| 559,034                            | Forus SA   | Textiles, Apparel & Luxury Goods 2.6%     | 1,962,188         |
| 1,471,500                          | Inversiones Aguas Metropolitanas SA                              | Water Utilities 3.3%                      | 2,467,186         |
| 2,105,000                          | Parque Arauco SA   | Real Estate Management & Development 7.1% | 5,301,940         |
| 281,000                            | Quinenco SA  | Industrial Conglomerates 1.0%             | 778,880           |
| 898,583                            | S.A.C.I. Falabella   | Multiline Retail 9.8%                     | 7,383,859         |
| 14,102,700                         | Sociedad Matriz SAAM SA  | Transportation Infrastructure 1.7%        | 1,295,921         |
| 1,681,000                          | Sonda SA   | Information Technology Services 3.7%      | 2,760,200         |
| 1,854,000                          | Vina Concha y Toro SA  | Beverages 3.8%                            | 2,868,313         |
|                                    | <b>Total Common Stocks</b>                                       |   | <b>70,344,060</b> |
| <b>PREFERRED STOCKS 4.9%</b>       |  |   |                   |
| <b>CHILE 4.9%</b>                  |  |   |                   |
| 83,650                             | Sociedad Quimica y Minera de Chile SA, ADR, Preferred Shares     | Chemicals 3.7%                            | 2,762,123         |
| 26,500                             | Sociedad Quimica y Minera de Chile SA, Class B, Preferred Shares | Chemicals 1.2%                            | 878,203           |
|                                    | <b>Total Preferred Stocks</b>                                    |   | <b>3,640,326</b>  |
|                                    |  |   | <b>3,640,326</b>  |

**Total Long-Term Investments 98.5% (cost \$57,407,059)**

**73,984,386**

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## Portfolio of Investments (unaudited) (concluded)

As of June 30, 2017

| Shares                            | Description   | Value<br>(US\$)      |
|-----------------------------------|---|----------------------|
| <b>SHORT-TERM INVESTMENT 0.4%</b> |   |                      |
| <b>UNITED STATES 0.4%</b>         |   |                      |
| 335,522                           | State Street Institutional U.S. Government Money Market Fund(c) | \$ 335,522           |
|                                   | <b>Total Short-Term Investment 0.4% (cost \$335,522)</b>        | <b>335,522</b>       |
|                                   | <b>Total Investments 98.9% (cost \$57,742,581)(d)</b>           | <b>74,319,908</b>    |
|                                   | Other Assets in Excess of Liabilities 1.1%                      | 809,783              |
|                                   | <b>Net Assets 100.0%</b>  | <b>\$ 75,129,691</b> |

(a) Illiquid security.

(b) This share class contains full voting rights and no preference on dividends. The two share classes of this company are formally labeled as preferred.

(c) Registered investment company advised by State Street Global Advisors.

(d) See accompanying Notes to Financial Statements for tax unrealized appreciation/(depreciation) of securities.

ADR American Depositary Receipt

See Notes to Financial Statements.





## Statement of Assets and Liabilities (unaudited)

As of June 30, 2017

### Assets

|   |                   |
|---|-------------------|
| Investments, at value (cost \$57,407,059)         | \$ 73,984,386     |
| Short-term investments, at value (cost \$335,522) | 335,522           |
| Foreign currency, at value (cost \$1,332,229)     | 1,347,973         |
| Interest and dividends receivable                 | 213               |
| Prepaid expenses                                  | 54                |
| <b>Total assets</b>                               | <b>75,668,148</b> |

### Liabilities

|   |                |
|---|----------------|
| Chilean repatriation taxes (Note 2)       | 259,563        |
| Investment advisory fees payable (Note 3) | 162,596        |
| Administration fees payable (Note 3)      | 44,634         |
| Director fees payable                     | 15,000         |
| Investor relations fees payable (Note 3)  | 9,786          |
| Other accrued expenses                    | 46,878         |
| <b>Total liabilities</b>                  | <b>538,457</b> |

### Net Assets

**\$ 75,129,691**

#### Composition of Net Assets:

|   |                      |
|---|----------------------|
| Common stock (par value \$.001 per share) (Note 5)  | \$ 9,358             |
| Paid-in capital in excess of par  | 57,396,007           |
| Accumulated net investment income   | 912,052              |
| Accumulated net realized gain from investment and foreign currency transactions                               | 317,368              |
| Net unrealized appreciation on investments and other assets and liabilities denominated in foreign currencies | 16,494,906           |
| <b>Net Assets</b>   | <b>\$ 75,129,691</b> |
| Net asset value per share based on 9,357,690 shares issued and outstanding                                    | \$ 8.03              |

See Notes to Financial Statements.



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## Statement of Operations (unaudited)

For the Six-Month Period Ended June 30, 2017

### Net Investment Income

#### Income

|   |             |
|---|-------------|
| Dividends and other income (net of foreign withholding taxes of \$22,077) | \$1,736,090 |
| Total Investment Income   | 1,736,090   |

#### Expenses

|  |          |
|--|----------|
| Investment advisory fee (Note 3)               | 373,456  |
| Chilean repatriation taxes (Note 2)            | 176,975  |
| Administration fee (Note 3)                    | 82,206   |
| Directors' fees and expenses                   | 58,000   |
| Custodian's fees and expenses                  | 44,975   |
| Independent auditors' fees and expenses        | 34,780   |
| Reports to shareholders and proxy solicitation | 28,096   |
| Legal fees and expenses                        | 28,011   |
| Investor relations fees and expenses (Note 3)  | 25,937   |
| Transfer agent's fees and expenses             | 14,069   |
| Insurance expense                              | 9,883    |
| Miscellaneous                                  | 6,318    |
| Total expenses                                 | 882,706  |
| Less: Investor relations fee waiver (Note 3)   | (7,367)  |
| Less: Investment advisory fee waiver (Note 3)  | (65,932) |
| Net expenses                                   | 809,407  |

|                       |         |
|-----------------------|---------|
| Net Investment Income | 926,683 |
|-----------------------|---------|

### Net Realized/Unrealized Gain/(Loss) from Investments and Foreign Currency Related Transactions:

#### Net realized gain/(loss) from:

|                               |          |
|-------------------------------|----------|
| Investment transactions       | 927,357  |
| Foreign currency transactions | (32,862) |
|                               | 894,495  |

#### Net change in unrealized appreciation/(depreciation) on:

|  |           |
|--|-----------|
| Investments (including \$7,957 change in Chilean taxes on unrealized gains) (Note 2) | 5,910,757 |
| Foreign currency translation   | 13,067    |

|   |              |
|---|--------------|
|   | 5,923,824    |
| Net realized and unrealized gain from investments and foreign currency translations | 6,818,319    |
| Net Increase in Net Assets Resulting from Operations                                | \$ 7,745,002 |

See Notes to Financial Statements.



## Statements of Changes in Net Assets

|  | <b>For the<br/>Six-Month<br/>Period Ended<br/>June 30, 2017<br/>(unaudited)</b> | <b>For the<br/>Year Ended<br/>December 31, 2016</b> |
|--|---|---|
| <b>Increase/(Decrease) in Net Assets</b>   |   |   |
| <b>Operations:</b>   |   |   |
| Net investment income  | \$ 926,683  | \$ 433,464  |
| Net realized gain from investment and foreign currency related transactions  | 894,495   | 2,395,232   |
| Net change in unrealized appreciation on investments and foreign currency translation  | 5,923,824   | 8,124,866   |
| Net increase in net assets resulting from operations   | 7,745,002   | 10,953,562  |
| <b>Distributions to Shareholders from:</b>   |   |   |
| Net investment income  |   | (437,726)   |
| Net realized gains   |   | (2,931,727)   |
| Tax return of capital  |   | (572,876)   |
| Net decrease in net assets from distributions  |   | (3,942,329)   |
| <b>Common Stock Transactions:</b>  |   |   |
| Repurchase of common stock resulting in the reduction of 0 and 28,807 shares of common stock, respectively (Note 6)                                      |   | (182,648)   |
| Change in net assets from capital transactions   |   | (182,648)   |
| Change in net assets resulting from operations   | 7,745,002   | 6,828,585   |
| <b>Net Assets:</b>   |   |   |
| Beginning of period  | 67,384,689  | 60,556,104  |
| End of period (including accumulated net investment income/(distributions in excess of net investment income) of \$912,052 and (\$14,631), respectively) | \$ 75,129,691   | \$ 67,384,689                                       |

Amounts listed as are \$0 or round to \$0.

See Notes to Financial Statements.

10 Aberdeen Chile Fund, Inc.

## Financial Highlights

|   | For the<br>Six-Month<br>Period Ended<br>June 30, 2017<br>(unaudited) | For the Fiscal Years Ended December 31, |             |             |             |           |
|---|--|---|-------------|-------------|-------------|-----------|
|   |  | 2016                                    | 2015        | 2014        | 2013        | 2012      |
| <b>PER SHARE OPERATING PERFORMANCE(a):</b>  |  |   |             |             |             |           |
| Net asset value per common share, beginning of period                                       | \$7.20   | \$6.45                                  | \$8.25      | \$10.40     | \$15.05     | \$14.49   |
| Net investment income   | 0.10   | 0.05                                    | 0.06        | 0.03        | 0.06        | 0.13      |
| Net realized and unrealized gains/(losses) on investments and foreign currency transactions | 0.73   | 1.12                                    | (1.18)      | (1.13)      | (3.24)      | 2.02      |
| Total from investment operations applicable to common shareholders                          | 0.83   | 1.17                                    | (1.12)      | (1.10)      | (3.18)      | 2.15      |
| Dividends and distributions to common shareholders from:                                    |  |   |             |             |             |           |
| Net investment income   |  | (0.05)                                  | (0.04)      | (0.03)      | (0.18)      | (0.13)    |
| Net realized gains  |  | (0.31)                                  | (0.16)      | (0.86)      | (1.23)      | (1.47)    |
| Tax return of capital   |  | (0.06)                                  | (0.48)      | (0.16)      | (0.06)      |           |
| Total distributions   |  | (0.42)                                  | (0.68)      | (1.05)      | (1.47)      | (1.60)    |
| Capital Share Transactions:   |  |   |             |             |             |           |
| Impact of shelf offering  |  |   |             |             |             | 0.01      |
| Net asset value per common share, end of period   | \$8.03   | \$7.20                                  | \$6.45      | \$8.25      | \$10.40     | \$15.05   |
| Market value, end of period   | \$7.08   | \$5.96                                  | \$5.58      | \$7.44      | \$10.55     | \$15.09   |
| <b>Total Investment Return Based on(b):</b>   |  |   |             |             |             |           |
| Market value  | 18.79%   | 14.30%                                  | (16.68%)    | (21.25%)    | (21.99%)    | 10.74%    |
| Net asset value   | 11.53%   | 19.45%                                  | (13.14%)(c) | (11.42%)(c) | (22.89%)(c) | 14.64%(c) |
| <b>Ratio to Average Net Assets/Supplementary Data:</b>                                      |  |   |             |             |             |           |
| Net assets, end of period (000 omitted)   | \$75,130   | \$67,385                                | \$60,556    | \$77,470    | \$97,629    | \$141,305 |
| Average net assets (000 omitted)  | \$73,880   | \$65,918                                | \$71,342    | \$89,231    | \$125,669   | \$145,864 |
| Total expenses, net of fee waivers(d)   | 2.21%(e)   | 2.40%                                   | 2.13%       | 2.58%(f)    | 1.91%       | 1.75%     |
| Total expenses, excluding fee waivers(d)  | 2.41%(e)   | 2.62%                                   | 2.36%       | 2.78%(f)    | 2.09%       | 1.97%     |
| Total expenses, excluding taxes net of fee waivers  | 1.73%(e)   | 1.88%                                   | 1.86%       | 2.29%(f)    | 1.67%       | 1.50%     |
| Net investment income(d)  | 2.53%(e)   | 0.66%                                   | 0.73%       | 0.31%(f)    | 0.43%       | 0.82%     |
| Portfolio turnover  | 4.93%  | 6.67%                                   | 1.08%       | 5.71%       | 3.79%       | 7.68%     |

(a) Based on average shares outstanding.

(b) Total investment return based on market value is calculated assuming that shares of the Fund's common stock were purchased at the closing market price as of the beginning of the period, dividends, capital gains, and other distributions were reinvested as provided for in the Fund's dividend reinvestment plan and then sold at the closing market price per share on

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the last day of the period. The computation does not reflect any sales commission investors may incur in purchasing or selling shares of the Fund. The total investment return based on the net asset value is similarly computed except that the Fund's net asset value is substituted for the closing market value.

- (c) Includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns based upon net asset value as reported.
- (d) Ratios include the effect of Chilean taxes.
- (e) Annualized.
- (f) In May 2014, upon the expiration of the 2011 shelf registration, the remaining prepaid offering costs associated with the shelf registration statement were expensed as a one-time expense.

Amounts listed as      are \$0 or round to \$0.

See Notes to Financial Statements.

## Notes to Financial Statements (unaudited)

June 30, 2017



## 1. Organization

Aberdeen Chile Fund, Inc. (the Fund) was incorporated in Maryland on January 30, 1989 and commenced investment operations on September 27, 1989. The Fund is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a non-diversified closed-end, management investment company. The Fund trades on the NYSE MKT under the ticker symbol CH.

The Fund seeks total return, consisting of capital appreciation and income, by investing primarily in Chilean securities.

## 2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements. The policies conform to generally accepted accounting principles in the United States of America (GAAP). The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses for the period. Actual results could differ from those estimates. The accounting records of the Fund are maintained in U.S. Dollars.

### a. Security Valuation:

The Fund values its securities at current market value or fair value, consistent with regulatory requirements. Fair value is defined in the Fund's Valuation and Liquidity Procedures as the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants without a compulsion to transact at the measurement date.

Equity securities that are traded on an exchange are valued at the last quoted sale price on the principal exchange on which the security is traded at the Valuation Time subject to application, when appropriate, of the valuation factors described in the paragraph below. The Valuation Time is as of the close of regular trading on the New York Stock Exchange (usually 4:00 p.m. Eastern Time). In the absence of a sale price, the security is valued at the mean of the bid/ask price quoted at the close on the principal exchange on which the security is traded. Securities traded on NASDAQ are valued at the NASDAQ official closing price. Closed-end funds and exchange-traded funds (ETFs) are valued at the market price of the security at the Valuation Time. A security using any of these pricing methodologies is determined to be a Level 1 investment.

Foreign equity securities that are traded on foreign exchanges that close prior to Valuation Time are valued by applying valuation factors to the last sale price or the mean price as noted above. Valuation factors

are provided by an independent pricing service provider approved by the Fund's Board of Directors (the Board). These valuation factors are used when pricing the Fund's portfolio holdings to estimate market movements between the time foreign markets close and the time the Fund values such foreign securities. These valuation factors are based on inputs such as depositary receipts, indices, futures, sector indices/ETFs, exchange rates, and local exchange opening and closing prices of each security. When prices with the application of valuation factors are utilized, the value assigned to the foreign securities may not be the same as

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quoted or published prices of the securities on their primary markets. A security that applies a valuation factor is determined to be a Level 2 investment because the exchange-traded price has been adjusted. Valuation factors are not utilized if the independent pricing service provider is unable to provide a valuation factor or if the valuation factor falls below a predetermined threshold; in such case, the security is determined to be a Level 1 investment.

Short-term investments are comprised of cash and cash equivalents invested in short-term investment funds which are redeemable daily. The Fund sweeps available cash into the State Street Institutional U.S. Government Money Market Fund, which has elected to qualify as a government money market fund pursuant to Rule 2a-7 under the Investment Company Act as of 1940, as amended, and has an objective, which is not guaranteed, to maintain a \$1.00 per share NAV. Generally, these investment types are categorized as Level 1 investments.

In the event that a security's market quotations are not readily available or are deemed unreliable (for reasons other than because the foreign exchange on which it trades closes before the Valuation Time), the security is valued at fair value as determined by the Fund's Pricing Committee, taking into account the relevant factors and surrounding circumstances using valuation policies and procedures approved and established by the Board. A security that has been fair valued by the Fund's Pricing Committee may be classified as Level 2 or Level 3 depending on the nature of the inputs.

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the Fund discloses the fair value of its investments using a three-level hierarchy that classifies the inputs to valuation techniques used to measure the fair value. The hierarchy assigns Level 1 measurements to valuations based upon unadjusted quoted prices in active markets for identical assets, Level 2 measurements to valuations based upon other significant observable inputs, including adjusted quoted prices in active markets for similar assets, and Level 3 measurements to valuations based upon unobservable inputs that are significant to the valuation. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability, which are based on market

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## Notes to Financial Statements (unaudited) (continued)

June 30, 2017

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data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. The three-level hierarchy of inputs is summarized below:

Level 1 quoted prices in active markets for identical investments;

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, and credit risk); or

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

For the six-month period ended June 30, 2017, all the investments of the Fund were Level 1. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Please refer to the Portfolio of Investments for a detailed breakout of the security types.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing transfers at the end of each period. The utilization of valuation factors may result in transfers between Level 1 and Level 2. During the period ended June 30, 2017, securities issued by Coca-Cola Embonor SA and Embotelladora Andina SA, at the values of \$2,926,274 and \$4,132,673, respectively, transferred from Level 2 to Level 1 because the securities were fair valued by the Fund's Pricing Committee on December 31, 2016 but market prices were available on June 30, 2017. For the six-month period ended June 30, 2017, there were no significant changes to the fair valuation methodologies.

### b. Foreign Currency Translation:

Foreign securities, currencies, and other assets and liabilities denominated in foreign currencies are translated into U.S. Dollars at the exchange rate of said currencies against the U.S. Dollar, as of the Valuation Time, as provided by an independent pricing service approved by the Board.

Foreign currency amounts are translated into U.S. Dollars on the following basis:

- (i) market value of investment securities, other assets and liabilities at the current daily rates of exchange; and
- (ii) purchases and sales of investment securities, income and expenses at the rate of exchange prevailing on the respective dates of such transactions.

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The Fund does not isolate that portion of gains and losses on investments in equity securities which is due to changes in the foreign exchange rates from that which is due to changes in market prices of equity securities. Accordingly, realized and unrealized foreign currency gains and losses with respect to such securities are included in the reported net realized and unrealized gains and losses on investment transactions balances.

The Fund reports certain foreign currency related transactions and foreign taxes withheld on security transactions as components of realized gains for financial reporting purposes, whereas such foreign currency related transactions are treated as ordinary income for U.S. federal income tax purposes.

Net unrealized currency gains or losses from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of net unrealized appreciation/depreciation in value of investments, and translation of other assets and liabilities denominated in foreign currencies.

Net realized foreign exchange gains or losses represent foreign exchange gains and losses from transactions in foreign currencies and forward foreign currency contracts, exchange gains or losses realized between the trade date and settlement date on security transactions, and the difference between the amounts of interest and dividends recorded on the Fund's books and the U.S. Dollar equivalent of the amounts actually received.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the U.S. Dollar. Generally, when the U.S. Dollar rises in value against foreign currency, the Fund's investments denominated in that foreign currency will lose value because the foreign currency is worth fewer U.S. Dollars; the opposite effect occurs if the U.S. Dollar falls in relative value.

### c. Rights Issues and Warrants:

Rights issues give the right, normally to existing shareholders, to buy a proportional number of additional securities at a given price (generally at a discount) within a fixed period (generally a short-term period) and are offered at the company's discretion. Warrants are securities that give the holder the right to buy common stock at a specified price for a specified period of time. Rights issues and warrants are speculative and have no value if they are not exercised before the expiration date. Rights issues and warrants are valued at the last sale price on the exchange on which they are traded.



## Notes to Financial Statements (unaudited) (continued)

June 30, 2017



d. Security Transactions, Investment Income and Expenses:

Security transactions are recorded on the trade date. Realized and unrealized gains/(losses) from security and currency transactions are calculated on the identified cost basis. Dividend income is recorded on the ex-dividend date except for certain dividends on foreign securities, which are recorded as soon as the Fund is informed after the ex-dividend date. Interest income and expenses are recorded on an accrual basis.

e. Distributions:

The Fund records dividends and distributions payable to its shareholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from GAAP. These book basis/tax basis differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal tax basis treatment; temporary differences do not require reclassification. Dividends and distributions which exceed net investment income and net realized capital gains for tax purposes are reported as return of capital.

f. Federal Income Taxes:

The Fund intends to continue to qualify as a regulated investment company by complying with the provisions available to certain investment companies, as defined in Subchapter M of the Internal Revenue Code of 1986, as amended, and to make distributions of net investment income and net realized capital gains sufficient to relieve the Fund from all federal income taxes. Therefore, no federal income tax provision is required.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. Management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Since tax authorities can examine previously filed tax returns, the Fund's U.S. federal and state tax returns for each of the four fiscal years up to the most recent fiscal year ended December 31 are subject to such review.

g. Foreign Withholding Tax:

Income received by the Fund from sources within Chile and other foreign countries may be subject to withholding and other taxes imposed by Chile and such other countries. The Fund incurs foreign Chilean taxes on income as well as realized gains generated from Chilean securities where there is no Chilean market presence. In order

to have market presence, a Chilean security must have either: (i) transactions greater than or equal to 1,000 Chilean UF (Unidad de Fomentos, a unit of account used in Chile) in 25% or more of the last 180 days; or (ii) a market maker acting in accordance with General Regulation No. 327 of the Superintendencia de Valores y Seguros, the primary Chilean securities and insurance supervisor. For the six-month period ended June 30, 2017, the Fund incurred \$176,975 of such expense. The Fund also accrues

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foreign Chilean taxes on securities with little to no Chilean market presence in an amount equal to what the Fund would owe if the securities were sold and the proceeds repatriated on the valuation date as a liability and reduction of unrealized gains. For the six-month period ended June 30, 2017, the Fund accrued \$98,165 of such expense.

### h. Repurchase Agreements:

The Fund may enter into a repurchase agreement under the terms of a Master Repurchase Agreement. It is the Fund's policy that its custodian/counterparty segregate the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. The repurchase price generally equals the price paid by the Fund plus interest negotiated on the basis of current short-term rates. To the extent that any repurchase transaction exceeds one business day, the collateral is valued on a daily basis to determine its adequacy. If the counterparty to a repurchase agreement defaults and the value of the collateral declines, or if bankruptcy proceedings are commenced with respect to the counterparty of the security, realization of the collateral by the Fund may be delayed or limited. Repurchase agreements are subject to contractual netting arrangements with the Fund's repurchase agreement counterparty, Fixed Income Clearing Corp. To the extent the Fund enters into repurchase agreements, additional information on individual repurchase agreements is included in the Portfolio of Investments. During the six-month period ended June 30, 2017, the Fund did not hold a repurchase agreement.

## 3. Agreements and Transactions with Affiliates

### a. Investment Adviser:

Aberdeen Asset Managers Limited ( AAML or the Adviser ) serves as the Fund's investment adviser with respect to all investments. AAML is an indirect wholly-owned subsidiary of Standard Life Aberdeen plc. AAML receives, as compensation for its advisory services from the Fund, an annual fee, calculated weekly and paid quarterly, equal to 1.20% of the first \$50 million of the Fund's average weekly market value or net assets (whichever is lower), 1.15% of amounts from \$50-100 million, 1.10% of amounts from \$100-150 million, 1.05% of amounts from \$150-200 million and 1.00% of amounts over \$200 million. AAML has

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## Notes to Financial Statements (unaudited) (continued)

June 30, 2017

also agreed to contractually waive 0.21% of its annual advisory fee in an advisory fee waiver agreement ( Waiver Agreement ). The Waiver Agreement may not be terminated prior to the end of the current term of the advisory agreement without the prior approval of the Fund's Board of Directors, including a majority of the Directors of the Fund who are not interested persons, as such term is defined in the 1940 Act (the Independent Directors ). For the six-month period ended June 30, 2017, AAML earned \$373,456 for advisory services, of which it waived \$65,932 pursuant to the Waiver Agreement.

#### b. Fund Administration:

Aberdeen Asset Management Inc. ( AAMI ), an affiliate of the Adviser, is the Fund's Administrator, pursuant to an agreement under which AAMI receives a fee paid by the Fund, at an annual fee rate of 0.08% of the Fund's average monthly net assets. For the six-month period ended June 30, 2017, AAMI earned \$13,611 from the Fund for administration services. (This fee is the net amount paid to AAMI adjusted for the portion paid to BTG Pactual Chile as described below).

BTG Pactual Chile S.A. Administradora de Fondos de Inversion de Capital Extranjero (formerly, Celfin Capital S.A. Administradora de Fondos de Capital Extranjero) ( BTG Pactual Chile ) serves as the Fund's Chilean administrator. For its services, BTG Pactual Chile is paid a fee out of the administration fee payable to AAMI, 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, BTG Pactual Chile receives a supplemental administration fee, annual reimbursement of out of pocket expenses and an accounting fee from the Fund. For the six-month period ended June 30, 2017, the administration fees, supplemental administration fees and accounting fees earned by BTG Pactual Chile amounted to \$15,698, \$48,909 and \$3,988, respectively.

#### c. Investor Relations:

Under the terms of the Investor Relations Services Agreement, AAMI provides and/or engages third parties to provide investor relations services to the Fund and certain other funds advised by AAML or its affiliates as part of an Investor Relations Program. Under the Investor Relations Services Agreement, the Fund owes a portion of the fees related to the Investor Relations Program (the Fund's Portion ). However, investor relations services fees are limited by AAMI so that the Fund will only pay up to an annual rate of 0.05% of the Fund's average weekly net assets. Any difference between the capped rate of 0.05% of the Fund's average weekly net assets and the Fund's Portion is paid for by AAMI.

Pursuant to the terms of the Investor Relations Services Agreement, AAMI (or third parties hired by AAMI), among other things, provides

objective and timely information to shareholders based on publicly-available information; provides information efficiently through the use of technology while offering shareholders immediate access to knowledgeable investor relations representatives; develops and maintains effective communications with investment professionals from a wide variety of firms; creates and maintains investor relations communication materials such as fund manager interviews, films and webcasts, published white papers, magazine articles and other relevant materials discussing the Fund's investment results, portfolio positioning and outlook; develops and maintains effective communications with large institutional shareholders; responds to specific shareholder questions; and reports activities and results to the Board and management detailing insight into general shareholder sentiment.

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During the six-month period ended June 30, 2017, the Fund incurred investor relations fees of approximately \$23,008, of which AAMI waived \$7,367 for investor relations services. The investor relations fees incurred during the period will not tie to the Investor relations fees line item in the Statement of Operations because the figure in the Statement of Operations includes an adjustment for amounts accrued during the Fund's prior fiscal year.

### d. Directors' Purchase Plan:

Fifty percent (50%) of the annual retainer of the Independent Directors is invested in Fund shares and, at the option of each Independent Director, up to 100% of the annual retainer can be invested in shares of the Fund. During the six-month period ended June 30, 2017, 2,739 shares were purchased pursuant to the Directors' compensation plan. As of June 30, 2017, the Directors as a group owned less than 1% of the Fund's outstanding shares.

### 4. Investment Transactions

Purchases and sales of investment securities (excluding short-term securities) for the six-month period ended June 30, 2017, were \$3,757,806 and \$3,540,840, respectively.

### 5. Capital

The authorized capital of the Fund is 100 million shares of \$0.001 par value per share of common stock. As of June 30, 2017, there were 9,357,690 shares of common stock issued and outstanding.

### 6. Open Market Repurchase Program

The Board has authorized, but does not require, Fund management to make open market purchases from time to time in an amount up to 10% of the Fund's outstanding shares, in accordance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended (the Exchange Act), and other applicable federal securities laws. Such purchases may



## Notes to Financial Statements (unaudited) (continued)

June 30, 2017



be made when, in the reasonable judgment of Fund management, such repurchases may enhance shareholder value. The Fund reports repurchase activity on the Fund's website on a monthly basis. For the six-month period ended June 30, 2017, the Fund did not repurchase any shares and for the fiscal year ended December 31, 2016, the Fund repurchased 28,807 shares through this program.

## 7. Portfolio Investment Risks

### a. Risks Associated with Foreign Securities and Currencies:

Investments in securities of foreign issuers carry certain risks not ordinarily associated with investments in securities of U.S. issuers. These risks include future political and economic developments, and the possible imposition of exchange controls or other foreign governmental laws and restrictions. In addition, with respect to certain countries, there is the possibility of expropriation of assets, confiscatory taxation, and political or social instability or diplomatic developments, which could adversely affect investments in those countries.

Certain countries also may impose substantial restrictions on investments in their capital markets by foreign entities, including restrictions on investments in issuers of industries deemed sensitive to relevant national interests. These factors may limit the investment opportunities available and result in a lack of liquidity and high price volatility with respect to securities of issuers from developing countries. Foreign securities may also be harder to price than U.S. securities.

The value of foreign currencies relative to the U.S. Dollar fluctuates in response to market, economic, political, regulatory, geopolitical or other conditions. A decline in the value of a foreign currency versus the U.S. Dollar reduces the value in U.S. Dollars of investments denominated in that foreign currency. This risk may impact the Fund more greatly to the extent the Fund does not hedge its currency risk, or hedging techniques used by the Adviser are unsuccessful.

### b. Risks Associated with Chilean Markets:

Investments in Chile may involve certain considerations and risks not typically associated with investments in the United States, including the possibility of future political and economic developments and the level of Chilean governmental supervision and regulation of its securities markets.

The Chilean securities markets are substantially smaller, less liquid and more volatile than the major securities markets in the United States. Consequently, acquisition and disposition of securities by the Fund may be inhibited. A significant proportion of the aggregate market value of equity securities listed on the Santiago Exchange are held by a small number of investors and are not publicly traded. This may limit

the number of shares available for acquisition or disposition by the Fund.

c. Sector Risk:

To the extent that the Fund has a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector, the Fund may be more vulnerable to unfavorable developments in that economic sector than funds that invest more broadly.

In particular, being invested heavily in the financial sector may make the Fund vulnerable to risks and pressures facing companies in that sector, such as regulatory, consolidation, interest rate changes and general economic conditions.

d. Consumer Staples Sector Risk:

To the extent the consumer staples sector represents a significant portion of the Fund, the Fund will be sensitive to changes in, and its performance may depend to a greater extent on, factors impacting this sector. The consumer staples sector may be affected by the regulation of various product components and production methods, marketing campaigns and other factors affecting consumer demand. Tobacco companies, in particular, may be adversely affected by new laws, regulations and litigation. The consumer staples sector may also be adversely affected by changes or trends in commodity prices, which may be influenced by unpredictable factors.

e. Valuation Risk:

The price that the Fund could receive upon the sale of any particular portfolio investment may differ from the Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair valuation methodology or a price provided by an independent pricing service. As a result, the price received upon the sale of an investment may be less than the value ascribed by the Fund, and the Fund could realize a greater than expected loss or lower than expected gain upon the sale of the investment. The Fund's ability to value its investments may also be impacted by technological issues and/or errors by pricing services or other third-party service providers.

8. Contingencies

In the normal course of business, the Fund may provide general indemnifications pursuant to certain contracts and organizational documents. The Fund's maximum exposure under these arrangements is dependent on future claims that may be made against the Fund, and therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote.

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## Notes to Financial Statements (unaudited) (concluded)

June 30, 2017

9. Tax Information

The U.S. federal income tax basis of the Fund's investments and the net unrealized appreciation as of June 30, 2017 were as follows:

| <b>Tax Basis of Investments</b> | <b>Appreciation</b> | <b>Depreciation</b> | <b>Net Unrealized Appreciation</b> |
|---------------------------------|---------------------|---------------------|------------------------------------|
| \$57,742,581                    | \$20,988,122        | \$(4,410,795)       | \$16,577,327                       |

10. Subsequent Events

Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the financial statements were issued. Based on this evaluation, no disclosures and/or adjustments were required to the financial statements as of June 30, 2017.





## Supplemental Information (unaudited)

### Results of Annual Meeting of Shareholders

The Annual Meeting of Shareholders was held on March 30, 2017 at 1735 Market Street, 32nd Floor, Philadelphia, PA. The description of the proposals and number of shares voted at the meeting are as follows:

#### 1. To elect two Class III Directors to the Board of Directors:

|                     | Votes For | Votes Against | Abstain |
|---------------------|-----------|---------------|---------|
| James J. Cattano    | 6,480,390 | 570,332       | 140,911 |
| Steven N. Rappaport | 6,486,198 | 574,984       | 130,451 |

Directors whose term of office continued beyond the meeting are as follows: Enrique R. Arzac and Lawrence J. Fox.

### Change in Independent Registered Public Accounting Firm

On June 13, 2017, the Board approved the dismissal of PricewaterhouseCoopers LLP ( PwC ) as the independent registered public accounting firm for the Fund, effective June 15, 2017. The Board's decision to approve the dismissal of PwC was recommended by the Audit Committee of the Board. The reports of PwC on the Fund's financial statements as of and for the two most recent fiscal years (ended December 31, 2016 and December 31, 2015) did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainties, audit scope or accounting principles. During the Fund's two most recent fiscal years (ended December 31, 2016 and December 31, 2015) and the subsequent interim period through June 15, 2017, there were no disagreements between the Fund and PwC on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PwC, would have caused it to make reference to the subject matter of the disagreements in its reports on the financial statements of the Fund for such years. During the Fund's two most recent fiscal years (ended December 31, 2016 and December 31, 2015) and the subsequent interim period through June 15, 2017, there were no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K under the Exchange Act).

On June 13, 2017, upon the recommendation of the Audit Committee, the Board approved the engagement of KPMG LLP ( KPMG ) as the independent registered public accounting firm for the Fund for the fiscal year ending December 31, 2017, effective June 15, 2017. During the Fund's two most recent fiscal years (ended December 31, 2016 and December 31, 2015) and the subsequent interim period through June 15, 2017, neither the Fund, nor anyone on its behalf consulted with KPMG, on behalf of the Fund, regarding the application of accounting principles to a specified transaction (either completed or proposed), the type of audit



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opinion that might be rendered on the Fund's financial statements, or any matter that was either the subject of a disagreement, as defined in Item 304(a)(1)(iv) of Regulation S-K under the Exchange Act and the instructions thereto, or a reportable event, as defined in Item 304(a)(1)(v) of Regulation S-K under the Exchange Act.

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## Corporate Information

### Directors

Enrique R. Arzac, *Chairman*

James J. Cattano

Lawrence J. Fox

Steven N. Rappaport

### Officers

Christian Pittard, *Chief Executive Officer and President*

Jeffrey Cotton, *Vice President and Chief Compliance Officer*

Andrea Melia, *Treasurer and Chief Financial Officer*

Megan Kennedy, *Vice President and Secretary*

Joseph Andolina, *Vice President-Compliance*

Alan Goodson, *Vice President*

Bev Hendry, *Vice President*

Joanne Irvine, *Vice President*

Devan Kaloo, *Vice President*

Jennifer Nichols, *Vice President*

Nick Robinson, *Vice President*

Lucia Sitar, *Vice President*

Hugh Young, *Vice President*

Sharon Ferrari, *Assistant Treasurer*

Heather Hasson, *Assistant Secretary*

### Investment Adviser

### U.S. Administrator

Aberdeen Asset Management Inc.  
1735 Market Street, 32nd Floor  
Philadelphia, PA 19103

### Chilean Administrator

BTG Pactual Chile S.A.  
Administradora de Fondos de Inversion de Capital Extranjero  
AV. Apoguindo 3721, Piso 19  
Las Condes  
Santiago, Chile

### Transfer Agent

Computershare Trust Company, N.A.  
P.O. Box 30170  
College Station, TX 77842-3170

### Independent Registered Public Accounting Firm

KPMG LLP  
1601 Market Street  
Philadelphia, PA 19103

### Legal Counsel

Willkie Farr & Gallagher LLP  
787 Seventh Avenue  
New York, NY 10019

### Investor Relations

Aberdeen Asset Management Inc.  
1735 Market Street, 32nd Floor  
Philadelphia, PA 19103  
1-800-522-5465  
InvestorRelations@aberdeen-asset.com

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Aberdeen Asset Managers Limited  
Bow Bells House  
1 Bread Street  
London, United Kingdom  
EC4M 9HH

Custodian

State Street Bank and Trust Co.  
1 Heritage Drive, 3rd Floor  
North Quincy, MA 02171

**Aberdeen Asset Managers Limited**

The accompanying Financial Statements as of June 30, 2017 were not audited and accordingly, no opinion is expressed therein.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may purchase, from time to time, shares of its common stock in the open market.



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Shares of Aberdeen Chile Fund, Inc. are traded on the NYSE MKT Exchange under the symbol CH . Information about the Fund's net asset value and market price is available at [www.aberdeench.com](http://www.aberdeench.com).

This report, including the financial information herein, is transmitted to the shareholders of Aberdeen Chile Fund, Inc. for their general information only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person. Past performance is no guarantee of future returns.





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Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund's 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. There is no assurance that the Fund will achieve its investment objective. Past performance does not guarantee future results. Foreign securities are more volatile, harder to price and less liquid than U.S. securities. They are subject to different accounting and regulatory standards, and political and economic risks. These risks may be enhanced in emerging market countries. Concentrating investments in the Asia-Pacific region subjects the fund to more volatility and greater risk of loss than geographically diverse funds.

Aberdeen Asset Management (AAM) is the marketing name in the U.S. for the following affiliated, registered investment advisers: Aberdeen Asset Management Inc., Aberdeen Asset Managers Ltd, Aberdeen Asset Management Ltd and Aberdeen Asset Management Asia Ltd, each of which is wholly owned by Aberdeen Asset Management PLC. Aberdeen is a U.S. registered service trademark of Aberdeen Asset Management PLC.

CH-SEMI-ANNUAL

**Item 2 - Code of Ethics.**

This item is inapplicable to semi-annual report on Form N-CSR.

**Item 3 - Audit Committee Financial Expert.**

This item is inapplicable to semi-annual report on Form N-CSR.

**Item 4 - Principal Accountant Fees and Services.**

This item is inapplicable to semi-annual report on Form N-CSR.

**Item 5 - Audit Committee of Listed Registrants.**

This item is inapplicable to semi-annual report on Form N-CSR.

**Item 6 - Schedule of Investments.**

(a) Included as part of the Report to Shareholders filed under Item 1 of this Form N-CSR.

(b) Not applicable.

**Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.**

This item is inapplicable to semi-annual report on Form N-CSR.

**Item 8 - Portfolio Managers of Closed-End Management Investment Companies.**

(a) Not applicable to semi-annual report on Form N-CSR.

(b) During the period ended June 30, 2017, there were no changes in the Portfolio Managers.

**Item 9 - Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.**

| <b>Period</b>                              | <b>(a) Total Number of Shares Purchased</b> | <b>(b) Average Price Paid per Share</b> | <b>(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)</b> | <b>(d) Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (1)</b> |
|--|---|---|---|---|
| January 1, 2017 through January 31, 2017   | None  | None                                    | None  | 899,302   |
| February 1, 2017 through February 28, 2017 | None  | None                                    | None  | 899,302   |
| March 1, 2017 through March 31, 2017       | None  | None                                    | None  | 899,302   |
| April 1, 2017 through April 30, 2017       | None  | None                                    | None  | 899,302   |
| May 1, 2017 through May 31, 2017           | None  | None                                    | None  | 899,302   |
| June 1, 2017 through June 30, 2017         | None  | None                                    | None  | 899,302   |
| <b>Total</b>                               | <b>0</b>                                    | <b>0</b>                                | <b>0</b>  |   |

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(1) The program was authorized on December 6, 2011. The program authorizes management to make open market purchases from time to time in an amount up to 10% of the Fund's outstanding shares. Such purchases may be made when, in the reasonable judgment of Fund management, such repurchases may enhance shareholder value.

**Item 10 - Submission of Matters to a Vote of Security Holders.**

During the period ended June 30, 2017, there were no material changes to the procedures by which shareholders may recommend nominees to the Registrant's Board of Directors.

**Item 11 - Controls and Procedures.**

(a) The Registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the Act) (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the Act (17 CFR 270.30a3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d15(b)).

(b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d))) that occurred during the Registrant's last fiscal half-year that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

**Item 12 - Exhibits.**

(a)(1) Not applicable

(a)(2) The certifications of the registrant as required by Rule 30a-2(a) under the Act are exhibits to this report.

(a)(3) Not applicable.

(b) The certifications pursuant to Rule 30a-2(b) under the Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Aberdeen Chile Fund, Inc.

By: */s/ Christian Pittard*  
Christian Pittard,  
Principal Executive Officer of  
Aberdeen Chile Fund, Inc.

Date: September 6, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: */s/ Christian Pittard*  
Christian Pittard,  
Principal Executive Officer of  
Aberdeen Chile Fund, Inc.

Date: September 6, 2017

By: */s/ Andrea Melia*  
Andrea Melia,  
Principal Financial Officer of  
Aberdeen Chile Fund, Inc.

Date: September 6, 2017

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