The Scott Letter: *Closed-End Fund Report©*

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Latin America Equity Fund & Brazilian Equity Fund
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George Cole Scott, Editor

The Scott Letter Online is intended to educate closed-end fund investors. What are closed-end funds? Closed-end funds are a valuable and profitable tool for many of our clients and colleagues. Please feel free to forward this newsletter to anyone who you believe could benefit from information on closed-end funds or go to our website (www.CEFAdvisors.com) Please call (800) 356-3508 or email: cefa@CEFAdvisors.com to learn about or get started with one of our managed portfolios. For more information on closed-end funds, please visit the Investor Resources section on our website or the Closed-End Fund Association's website (closed-endfunds.com). As always, we encourage feedback from our readers so we can continue to serve you better. Please make a note of our new website: www.CEFAdvisors.com. We are currently revamping our website to better serve our clients.

Back issues of ***The Scott Letter Online*** are available on our website. They include interviews with Adams Express (2), General American Investors, Ellsworth & Bancroft Convertible Funds (2), The Royce Funds, The Templeton Funds(3), Renaissance Capital, Tri-Continental Corp, Allied Capital, Pan Pacific Realty, Central European Equity Fund, The Asia Pacific Fund and H & Q Healthcare Investors.

Credit Suisse Asset Management, LLC ("CSAM") is the manager of **The Latin America Equity Fund, The Brazilian Equity Fund** and a number of closed-end and open-end funds. The management company was formed in 1997 as the result of the merger of 17 boutique asset managers of the then CS holding, now Credit Suisse Group. Since that date, it has grown organically and by acquisition.

CSAM is a member of Credit Suisse Asset Management, the institutional and mutual fund asset management arm of Credit Suisse First Boston, which is part of Credit Suisse Group, one of the world's largest financial organizations. As of March 31, 2004, Credit Suisse Asset Management managed approximately USD 324 billion for institutions and individuals worldwide. Credit Suisse Asset Management operates in three key regions: the Americas, Europe, and Asia Pacific. CSAM says it has the culture and flexibility of a young company and the wisdom, experience and depth of a 150 year-old institution.

The firm manages four other emerging market closed-end funds listed on U.S. stock exchanges: **The Chile Fund** (NYSE: CH), **The First Israel Fund** (NYSE: ISL), **The Indonesia Fund** (AMEX: IF) and **The Emerging Markets Telecommunications Fund** (NYSE: ETF). It also manages two closed-end fixed income funds, **Credit Suisse Asset Management Income Fund (**NYSE: CIK) and **Credit Suisse High Yield Bond Fund** (NYSE: DHY), as well as numerous mutual funds.

Emily Alejos

Matthew Hickman

Emily Alejos is Head of Latin American Equities, as well as Co-Chief Investment Officer for The Latin America Equity Fund and Chief Investment Officer for The Brazilian Equity Fund and The Emerging Markets Telecommunications Fund. She also covers the telecommunication services sector as part of the International Equities team at CSAM. Emily joined the firm in 1997 from Bankers Trust, where she was an emerging markets portfolio manager. Previously, she focused on Latin American equities at G.T. Capital Management in San Francisco. Ms. Alejos holds a B.A. in economics and development studies from Brown University and a MBA from Stanford University. She also studied economics and development at L'Institut d' Etudes Politiques in Paris and was a Rotary Scholar at Instituto di Tella in Buenos Aires. She is fluent in Spanish, conversant in French and is a Chartered Financial Analyst.

Matthew J.K. Hickman is a portfolio manager specializing in Latin American equity markets and is a member of the Global Emerging Market Equity team at CSAM. Matthew shares responsibility for management of The Latin American Equity Fund and is Chief Investment Officer for The Chile Fund. Mr. Hickman joined CSAM in 2003 from Compass Group Investment Advisors, where he was general manager of the private management division based in Santiago, Chile. Previously, he was financial advisor in Credit Suisse First Boston's Private Client Services channel; an equity analyst focusing on Latin American Telecommunications companies at ABN AMBRO, Lehman Brothers, Bear Stearns & Co. Inc. and James Capel; and an equity analyst and member of the management team for Five Arrows Chile Fund at Rothschild Asset Management. Mr. Hickman holds a B.A. in modern languages from Cambridge University and a diploma in corporate finance from London Business School. He is fluent in Spanish, Portuguese and French.

The Latin America Equity Fund (NYSE: LAQ) is a non-diversified closed-end investment management company, which seeks long-term capital appreciation. The Fund invests at least 80% of its net assets in Latin American equity securities and invests primarily in Argentina, Brazil, Chile and Mexico. It may invest up to 10% of its net assets in unlisted Latin American equity securities (private equity). The largest portion of the assets of the fund, at year-end, was invested in Brazil and Mexico. Up to 20% of net assets can be in corporate debt of Latin American issuers. LAQ is one of two Latin American closed-end funds; the other, The Latin America Discovery Fund (NYSE: LDF), is managed by Morgan Stanley. Both funds were trading at a discount of more than 16% on May 21.

In November 2002, The Latin America Equity Fund completed a tender offer for 15% of its outstanding shares (1,115,689 shares) at a price of $10.81 per share. The program was suspended in 2003 to make the Fund's shares eligible for sale to Chilean pension plans.

The Brazil Equity Fund (BZL: NYSE) is a non-diversified closed-end fund that seeks long-term capital appreciation by investing primarily in Brazilian equity securities. BZL has announced that shareholders have approved a plan of liquidation subject to approval by the Securities and Exchange Commission. (See the end of this report for more information on the BZL liquidation.)

BZL is one of only two publicly traded closed-end funds focusing solely on Brazil. The other is Brazil Fund (BZF: NYSE), managed by Deutsche Bank.

The regional breakdown of LAQ($112M in assets) at year-end 2003 was 49.09% in Brazil, 36.14% in Mexico, 9.58% in Chile, 1.12% in Venezuela, 0.88% in Peru, and 2.36% in venture capital investments. The largest holdings, at year-end, were in oil and natural gas, integrated telephone and mining issues.

BZL's largest holdings were in oil, natural gas and mining stocks.

Performance Record

Compound Annual Returns to December 31, 2003

	One Year	Three Years	Five Years
Based on NAV			
Latin America Equity Fund	59.90 %	4.84 %	11.90 %
Brazilian Equity Fund	102.15 %	1.75 %	9.04 %
Based on Market Price			
Latin America Equity Fund	59.15 %	8.52 %	16.13 %
Brazilian Equity Fund	123.70 %	12.10 %	15.47 %
MSCI EM Latin America Index	73.52 %	10.15 %	12.11 %
MSCI Brazil Index	115.01 %	7.37 %	12.89 %

We interviewed Emily Alejos and Matthew Hickman on May 17 by telephone at their offices in New York:

SL: Matthew, I see that you have just joined LAQ. Were you replacing someone?

Hickman: Yes, I replaced Yarek Aranowicz, who was both a member of the emerging markets team here and the Chief Investment Officer of the Chile Fund.

SL: Emily, how did CSAM acquire the closed-end funds?
Alejos: CSAM acquired the closed-end fund business through its acquisition of BEA Associates in the mid-1990's.

SL: What is your investment philosophy, strategy and investment style?

Alejos: We are growth-at-a-reasonable price (GARP) investors with a large-cap bias. We focus on companies that are liquid and have quality management teams. We believe the most important contributor to performance is the country allocation decision. Our style blends top-down country analysis with bottom-up (fundamental) analysis.

SL: How do you evaluate your individual stock picks?

Alejos: The MSCI Latin America Index is our benchmark; we start with a universe of over 100 names. We use a few screening techniques, both quantitative and qualitative, to narrow our universe further. The quantitative screens focus mostly on liquidity; the qualitative screens look at the quality of management, corporate governance and balance sheet issues.

SL: How does CSAM research back up your investments?

Alejos: Our greatest strength is the depth of our resources. Matthew and I focus mostly on Latin American equities. Annabel Betz, who is part of our emerging markets equity team, focuses on economics and strategy at the emerging markets level. We also liaise with our emerging markets debt team in London. Beyond that, we have a global research platform focused on sectors for specific regions some including companies in the emerging markets or those with significant exposure to emerging markets. Our research platform is composed of career analysts who look at companies and sectors in detail and provide research and opinion to CSAM portfolio managers. The research effort is separate and distinct from Credit Suisse First Boston.

In addition, the Chile Fund has a local advisor, Celfin, in Santiago, Chile who acts as a sub-advisor to the Fund. Aside from this relationship, we do the primary research ourselves and travel to the region at least once a quarter to visit companies and talk to independent experts or government officials.

SL: Each of you has backgrounds in telecommunications. The telecommunications sector was about 25% of the portfolio of LAQ at year-end. Is this because this sector has the most reliable growth? How have you been able to use this expertise?

Hickman: Our backgrounds do not influence our stock selection unduly, although I believe that the telecommunications sector has always been a core high growth sector for most emerging markets. Once you add the explosive growth of wireless communications and the Internet, telecommunications are a really high growth sector in the region. The weightings we have are close to our benchmark weightings. In the past, we have had exposure in excess of the benchmark.

(The Latin America Equity annual report for 2003 shows the Telephone-Integrated sector at approximately 22% versus 17% in 2002 and cellular stocks at 10% versus 7% in 2002. The Brazilian Equity Fund held just over 15% in Telephone-Integrated stocks versus 12% in 2002).

SL: The net asset value of LAQ rose 54.5% in 2003, after an even stronger rise by your benchmark.

In your annual report, you stated that "a confluence of positive factors" contributed to this rise. What were those factors?

Alejos: In 2003, Latin America was perfectly positioned. Monetary policy was easy. Liquidity was abundant. Investors were looking for risky assets. Global commodity prices were staging a strong comeback, and the US dollar was starting a weakening trend. Local factors played an important role, but the global backdrop couldn't have been better for our asset class.

SL: Emily, you held many private holdings last year which were partly responsible for LAQ trailing your benchmark. Do you plan to use them as much in the future?

Alejos: In 2003, we had approximately 6% of our portfolio in private placements, but they have been reduced to about 2% of the portfolio. We sold one of our larger holdings in the middle of the year and we are finding more interesting opportunities in public securities especially since the markets have corrected.

SL: What can you tell us about the relationship of the currencies in your region to the U.S. dollar and how this correlates to the stock markets there?

Alejos: We incorporate currency risk into our expected returns for each individual company we examine. In general, Latin America is more of a dollar-block region where views of the U.S. dollar are important for how the individual currencies will trade. It is not a perfect relationship. For example, in 2002, when the markets sold off, the Latin American currencies were extremely weak. You did not see a strong correlation with the appreciating dollar as more important local factors were taken into account. We saw very strong currency movements on the downside in 2002. In 2003, Latin American currencies snapped back as the global economic recovery began to unfold and fundamentals for each individual country improved.

I think we will see more normalized currency movements over the long-term as a result of the floating exchange rate policies being pursued across the region. In 2004, we are seeing more currency weakness because of global market volatility, the sharp swings in commodity prices and general risk aversion. The Brazilian currency is weaker now, for example, as Brazilian assets have experienced a significant correction this year.

SL: What about the Mexican peso?

Hickman: The peso has recently been stronger, and we expect far less volatility in it than the real in Brazil versus the dollar. Post NAFTA, the Mexican economy is increasingly integrated with the US economy, which gives it greater stability and reinforces the link to the dollar. The Mexican government has also made progress in improving public finances and the debt profile. This helps reduce sensitivity to changes in external financing conditions.

SL: We see foreign direct investments moving from Brazil and Argentina into Mexico. Is this because its stock market, the Bolsa, hasn't participated in the previous gains of Brazil and Argentina?

Alejos: Mexico lagged Brazil and Argentina in 2003, partly because it was a rotation from the better performing markets in 2002 into the laggards. In 2003, when the risk appetite was high, Brazil was a very attractive asset. When the risk appetite was lower in early 2004, Mexico was seen as a better bet. Because of the size and composition of its debt, the perception of risk for Brazil is much higher than for Mexico. In the current environment, Brazil is being tested and Mexico is seen as more of a safe haven.

Mexico benefits from higher oil prices; Brazil does not. Mexico benefits from the acceleration of manufacturing activity in the U.S.**;** Brazil does not. Mexico is a stronger fundamental investment story. Investors pay less attention to valuations in times of turbulence. If you don't have to be there and there is a lot of volatility, portfolio managers sell. We have seen hedge funds and global investors reducing exposure to Brazil. Given how much the Brazil market has sold off since March, 2004, I wouldn't be surprised to see outside hedge funds and other global investors tempted to come back in.

SL: Isn't the "risk appetite" lower in Mexico because of high oil prices?

Hickman: High oil prices will have a positive effect on the external accounts for Mexico. This will make it more likely that Mexico will continue to be able to access sources of capital to finance growth. This improves investor perception of investment risks for Mexico. However, there are many more aspects to risk appetite than oil prices alone, including the prospect the Federal Reserve may raise its interest rates and the political instability in the Middle East.

SL: What about Brazil which has apparently increased the level of its oil reserves and production in recent years?

Hickman: Brazil has traditionally been a net importer of oil, but, as you say, has growing reserves and production in recent years, particularly since the partial privatization of Petrobras, the State controlled oil monopoly (Petrobras comprised 24.36% of The Brazilian Equity Fund and 12.73% of The Latin America Equity Fund as of 12/31/03). Petrobras now has proven reserves of around 12 billion barrels of oil equivalents, much of it is heavy oil so Petrobras has traditionally had to import lighter oils to mix the two before being able to refine it. However, the company recently made a major discovery of one billion barrels of light oil in Espirito Santo. Petrobras has just released its strategic plan through 2010, which should sustain annual volume growth of 5.9%. Brazil should be self sufficient in oil by 2006.

SL.: Really! That is something new with all the world focus on oil supplies. In our emerging markets research, we look for elements of free market practices, such as double entry book-keeping in accounting, fair taxation, private property rights and a fair and efficient trading system. Do you see improvements in any of these practices in your region?

Alejos: Many Latin American stocks are traded in ADR form (American Depository Receipts) on the New York Stock Exchange or other U.S. exchanges. If these issues are registered with the SEC they have to meet stock exchange listing and registration requirements. A full NYSE listing, for example, will also mean the company will have to report to shareholders under U.S. GAAP accounting rules and make periodic filings to the SEC. They must also employ international attorneys and accounting firms to prepare their filings. As a result, many Latin American companies are trying to embrace "best practices". As a result, our jobs as portfolio managers and analysts are a lot easier which gives us a higher level of comfort than we have had previously. However, in a post-Enron world, this does not guarantee anything and will never replace our own due diligence efforts and analysis. We continue to take all these issues very seriously, especially given the high profile regulatory actions and lawsuits in the court system today.

Hickman: A number of individual countries have made significant improvements to legislation relating to corporate governance**:** Mexico has recently made significant improvements in tightening the regulations for minority shareholder rights. Other developments include the creation of a new market in Brazil, the "Novo Mercado," which has higher standards of corporate governance and doesn't use preference shares. Chile also has new legislation that provides greater protection for minority shareholders.

Alejos: This is definitely a work in progress. Unfortunately, there are few companies trading on the "Novo Mercado" now. We definitely have to watch this development. Not all (public) companies have ADRs, and, even if they do, we have still seen certain practices pursued that have not been favorable to minority investors.

In Brazil and Mexico, for example, we witnessed several transactions in the last few months that make us very nervous about specific companies. For instance, there was an acquisition by one of our holdings in Brazil, a core holding, which was very detrimental to minority shareholders. Unfortunately, it was a high profile company followed or owned by many global investors. This transaction caused a tremendous negative reaction, which will have a long-lasting effect on how portfolio managers invest in Brazil.

In Mexico, we also saw a high profile company engage in an extremely questionable financial transaction. We attempt to invest in companies not associated with this kind of behavior. If we do invest, the expected return for the investment must compensate us for the additional risk we are taking.

SL: We commend you for being so careful about minority shareholder rights and other corporate governance issues. Now, even though you are not heavily invested in Argentina, would you comment relevant to these issues there?

Alejos: There are bigger issues other than corporate governance in Argentina such as the rupture between the government and the private sector. They also need to address re-negotiation of the public debt with bondholders. The Argentine government has to work harder to mend many relationships (between it and the private sector). Private contracts have not been respected, and many anti-market policies are in place. Many things such as this have to be worked out before Argentine equities can be considered core holdings.

We worry about things other than private company management, in the changes that have taken place since the devaluation of the currency in 2002.

SL.: How long before you think Argentine stocks will again be a significant part of the LAQ portfolio?

Alejos: Even if we wanted to, we couldn't invest that much more in Argentina for liquidity reasons. If the fundamentals improved, liquidity would improve because international investors would want to be there, but this is unlikely to be any time soon because the list of things for the Argentine government to do is pretty long.

SL: What can you tell us about how trade agreements apply to your investment selections?

Alejos: It is part of our overall assessment of the growth outlook for each country. Mexico has made a lot of progress in developing free trade agreements with the U.S., Europe and Israel. I believe it is also pursuing an agreement with Japan.

Chile has also made great progress, signing agreements with the US, the European Union and Korea. Developments like these are part of our outlook for sustainable growth for the country. Chile has pursued fast track agreements with the U.S., Colombia, Peru and Ecuador; it is now using the Chilean model to pursue fast track trade agreements to obtain free trade and lower tariffs.

SL: I notice that you didn't mention the largest country in your region, Brazil, making any trade agreements. Is this possible?

Hickman: In its foreign policy initiatives, the former government of Fernando Henrique Cardoso and the current administration of Luis Inacio Lula da Silva, have placed greater emphasis on regional trade blocks, such as one known as "Mercosur". This is a multilateral approach to trade negotiations as opposed to pursuing bilateral trade agreements. Brazil is large enough so it can afford to rely on its domestic economy (for growth) unlike smaller countries such as Chile. Brazil has a well-developed industrial base, which includes trade barriers. This makes free trade agreements much more difficult to negotiate.

SL: I spent some time in Mexico City studying the NAFTA issue with the U.S. Embassy during the negotiations there in 1992. We definitely believe that free trade agreements are good for all countries and are important to stimulate economic growth. We are heartened that Brazil has sent a trade mission to China, recently. Hopefully, this is a step in the right direction. I am disappointed, however, when you say Brazil favors trade blocks, rather than fast track agreements with its neighbors.

Now, could one of you tell us how you were able to find bargain investments in your region during the downturn?

Alejos: In 2002, when the markets were significantly oversold, we had the choice of many interesting assets. Many currencies sold off; there was nervousness across the region. By year-end, we saw signs of improvement in Brazil. We didn't know how extensively the investment world would be a friendlier place. We very gradually increased the beta (volatility) of our portfolio. The best performing stocks in 2003 were the riskiest companies across the region, those with the most leveraged balance sheets. Our style is to avoid potential bankruptcy candidates and instead focus on quality companies trading at a discount. One of our valuation tools, discounted cash flow analysis, was pointing to much higher fair values for our companies under coverage as the country risk component was coming down dramatically. The Sovereign spreads, that is, the spread between the external debt that trades in the market and the fixed income market relative to the U.S. Treasury debt, came down.

SL: Now that the stock market in Brazil has dropped sharply, would you describe what you think is going on there? What are your predictions for the future?

Hickman: The main reason for relative weakness in Brazilian equities is due to internal and external factors, which have complicated the picture. The dynamics of Brazil's large external debt continue to overhang the economy in an environment with the (possibility) the U.S. Federal Reserve will raise its interest rate. Brazil is much more exposed to higher rates than Mexico or Chile as it has a trade surplus of US$25 billion and a consolidated primary surplus of 4.25% of GDP. This should not be difficult to finance in principle. However, if commodity prices weaken further without much evidence of a strong economic recovery, the market will start to worry about debt dynamics again.

The internal factors are political**:** expectations for Lula's administration were low after the election, so in 2003 the government's pro-market behavior was seen as a tremendous positive surprise by a relieved stock market. Now the honeymoon is coming to an end. Recent events have revealed the government's inexperience and lack of depth. With municipal elections in October, the pressure is building on Lula to show results at a time when the Government appears to have lost momentum. (On May 27, the Brazil census reported that Brazil's GDP grew by 2.7% in the first quarter of 2004, surpassing expectations-Ed)

SL.: What can you tell us about how high commodity prices have affected international trade in the region?

Hickman: Many countries in Latin America have significant natural resources which they export to the developed world. For example, Chile and Brazil export a lot of copper, Argentina many agricultural products such as soybeans. Brazil also has iron ore and wood pulp. Venezuela and Mexico are significant exporters of oil. These strong commodity prices lead to a strengthening of local currencies, all other things being equal, which can reduce a country's reliance on capital from outside the country.

SL: How closely historically do the stock markets in this region mirror those in the U.S. Is there a relationship affecting these markets because of a tie to the U.S. dollar?

Alejos: I am not sure if it is related to the dollar. There are periods of time when there is a very strong correlation among markets generally, usually related to major global events such as the Russian debt crisis, the Asian currency crisis or the onset of Fed tightening. Unfortunately, correlation between markets tends to increase precisely when you are hoping to benefit from diversification. This problem has increased in the past 15 years because of globalization of world economies and the free flow of information.

SL: On April 22, the Brazilian Central Bank said that the country is prepared for rising interest rates in the U.S, citing that they have a record trade surplus, a stronger fiscal position and reduced debt. They also said that their interest rates were trending downward, prices were stabilizing and there is increased confidence from investors. However, they held their interest rates at 16% on the last go-around. Why do you think they haven't dropped their rates?

Hickman: Obviously, it is much easier to cut interest rates with interest rates falling globally. The U.S. Federal Reserve is set to tighten so it will be harder for Brazil to cut rates against this backdrop. After cutting interest rates successively during 2003, we saw the Brazil Central Bank go on hold in January, 2004, halting the virtuous cycle of falling rates and higher optimism for the economic recovery. Since then, we have had a single further cut of 25 basis points (1/4 of 1 percent), and opinion is divided on whether the Central Bank will be able to continue cutting. There has also been a national debate in Brazil whether to increase the inflation target.

SL: How long before you think Brazil will be able to loosen their inflation targets, a key factor on interest rate reduction?

Alejos: The inflation target for Brazil this year is 5.5%; indications are that inflation will go a little higher. Brazil has an (inflation) band**:** if inflation is within 2% of the target, the Central Bank can still be within policy. We expect inflation to easily meet the target, range this year. Next year, however, the Ministry of Finance and the Central Bank are deciding on whether to increase the center of the target to allow for more flexibility. However, most economists think they will keep the target as is.

SL: Matthew, since you also run The Chile Fund, tell us about the investment climate in Chile. The economy of the country appears to be stable and in good shape. Why does LAQ have so few investments there?

Hickman: The macro-economic backdrop in Chile is strong because of the country's large natural resource base. Only recently has this export-led growth started to feed through to a pick-up in domestic demand. I think that generally the problem in Chile has always been one of valuation as it has been a relatively expensive market since the late eighties. In our view, the valuations are, therefore, not particularly compelling relative to the growth prospects.

There are also a few sector specific issues that concern us such as regulated industries, telecommunications and electric utilities in particular which are a large chunk of the stock market index. Problems in the telecommunications sector spill over into other regulated sectors, such as the electricity sector. Having said that, we see several good investment opportunities in Chile. For example, domestic demand has picked up so we believe that the retail sector is attractive. We have invested in a company that operates supermarkets, home improvement centers and shopping malls in Chile and Argentina.

SL: Are most of the companies you invest in located close to the capital, Santiago?

Hickman: Santiago represents a large chunk of the country in terms of domestic demand. However, there are definitely regional growth opportunities outside Santiago. In addition, there are local companies that have been active investors in neighboring countries such as Argentina. In many cases, the Chilean market represents an interesting way to play growth opportunities elsewhere in the region. (At year-end, 2003, LAQ investments in Chile were just over 10%). (Chile's economy grew faster than expected in the first quarter, posting its strongest numbers since 2000, amid rising global demand for its commodities. Gross domestic product grew 4.8% in January-March, the Central Bank said, fueled by higher prices for copper, wood pulp and other exports-ED).

SL: What about expansion of your portfolio into the smaller markets such as Argentina, Peru and Venezuela where you only have small positions?

Alejos: This year, we have been adding more money into the smaller markets where we see better value. Theoretically, you can hide in the smaller markets in times of crises or extreme market volatility. In reality, I am not sure you will be protected because investors try to raise cash in any way possible and that includes some of the smaller, less liquid names. There are some interesting opportunities in the smaller markets, and we have been looking at them closely. Unfortunately, we can't put much money there so we have to force ourselves to look elsewhere.
SL: This has been very informative. How would each of you summarize your comments?

Alejos: We expect the headwinds in these markets to continue. However, we think that Latin America is in a better position today than it was in the 1990s. There are some interesting buying opportunities out there, and the markets feel oversold. In the short-term, however, we are cautious buyers as we have seen markets act irrationally before.

Hickman: This is the first time that I can remember where we have had a financial market crisis, which has not been prompted by any obvious economic crisis in emerging markets. Normally it is the other way around. This is telling us that the financial markets are anticipating what might happen when the Federal Reserve does actually get around to raising rates. The difference is, as Emily has said, that this time around most Latin American economies are in much better shape from just about any macroeconomic angle you care to mention than they were in 1994 and 1999. We think this makes for an interesting buying opportunity.

SL: One final question. The annual report for LAQ in its footnote gives a lot of information relevant to reducing the discount of the market price to net asset value of LAQ including some discussion of the self-tender offer completed in 2002. Over the years, we have seen other closed-end funds deal with the same issue.

Why has your Board suspended plans for further tender offers for LAQ shares and authorized management**:**

"To take the necessary actions to make the fund's shares eligible for sale to Chilean pension plans through a local market listing in the belief that such eligibility may provide long-term and sustained investment interest in the Fund and thus afford both additional liquidity to existing shareholders as well as a possible reduction in the discount from net asset value."

Can you tell us if the Chilean pension fund will be able to purchase a block of shares from one or more shareholders or buy them in the open market if the plan is approved?

Hickman: While I'm not conversant with the finer points of the Chilean regulations that govern this type of listing, the intent of the listing in large part is to provide a mechanism that facilitates additional purchases of the LAQ shares, in whatever form. Since the discount (of LAQ) can be viewed as essentially a question of supply versus demand, with greater supply of the Fund's shares relative to demand resulting in a greater discount, the hope is that the Chilean institutions are more long-term oriented investors and that if and when they purchase Fund shares, those shares are effectively taken off the market, thus having a favorable impact on the supply/demand imbalance.

Alejos: Since the Chilean listing has not yet received final approval, its effect on the discount can't yet be gauged. In any event, I'm not in a position to speculate on the actions the Board of Directors may take if the listing does not have a favorable impact on the discount, but I can assure you that the Board closely monitors the discount and is committed to acting in the best interest of the Fund and its shareholders.

SL: We have talked to many funds with similar concerns about the discount. The best way to reduce discounts is primarily through good performance and, secondly, is by continuous share repurchases or tender offers as LAQ has done.

What is the status of what your annual report calls "the anticipated effect" of the sale of shares to the Chilean pension plans concerning other actions the Board may take? This is something we have not seen. Many funds try to narrow their discount as a defense from the raiders as well as to try to improve market returns.

Shareholders of The Brazilian Equity Fund overwhelmingly approved liquidation of the Fund, but no action has been taken since the shareholder vote in 2003. What are the reasons why Credit Suisse decided to liquidate BZL and its progress?

Alejos: The Board of Directors of BZL decided to liquidate the Fund in order to enable the Fund's shareholders to receive the net asset value of their shares, whereas the Fund's market value has traded at a substantial discount from NAV for extended periods. The action was also to avoid the possible delisting of the Fund from the New York Stock Exchange and the consequent lack of liquidity that appeared likely when the liquidation was approved. Also, absent the Fund's liquidation, which was an integral part of the settlement of litigation to which the Fund and CSAM were parties, that litigation would likely have continued, which the Board did not believe was in the best interests of shareholders in light of the attendant litigation expenses. The liquidation will be subject to the issuance of an exemptive order by the SEC from certain provisions of the Investment Company Act of 1940. The Fund has received comments from the SEC staff on its application, but we can't predict at this time if or when the requested exemption will be granted.

Further information is available at www.CSAM.com or call (800) 293-1232, or (212)-878-9529, the Credit Suisse closed-end fund information line.

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