UBS

UBS Asset Managers of Puerto Rico
Funds Quarterly Review
Fourth Quarter 2012

UBS Financial Services Incorporated of Puerto Rico

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UBS

Puerto Rico Investors Tax-Free Fund, Inc.

Investment Objectives and Policies

Seeks high level of current income that, for Puerto Rico residents, is exempt from both U.S. Federal and Puerto Rico income taxes, consistent with the preservation of capital, by investing:

- up to 30% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 70% of its total assets in Puerto Rico obligations (as described in the Prospectus)
- at least 95% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

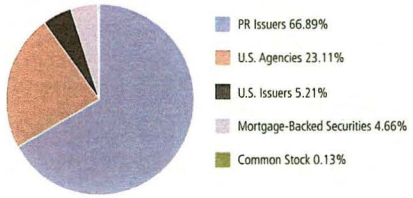
Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$8.70/$9.44
YTD NAV Change	-$0.01
YTD Bid Price Change	-$0.39
IPO Yield[5]	6.35%
Current Yield[5]	7.30%
Last Dividend Paid	$0.0529
Last 12 Month Dividend	$0.6350

Portfolio Statistics and Characteristics[2]

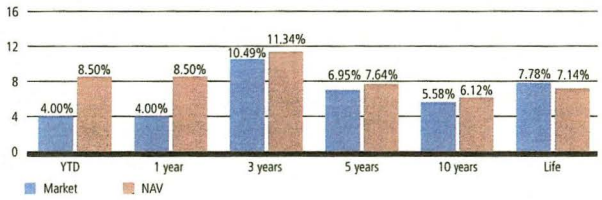
Commencement	Jan-95	Fiscal year	31-Aug
Shares Outstanding (mm)	13.06	Weighted Avg. coupon	5.05%
Bid Price	$8.70	Average Maturity (yrs)	21.01
Net Asset Value (NAV) (mm)	$7.48	Average Duration (yrs)	7.58
Bid Price to NAV Ratio	116.31%	Effective Duration (yrs)	9.12
Net Assets (mm)	$97.68	Leverage %	49.13%
Leverage (mm)	$95.29	Leverage cost	0.66%
Undistributed income (mm)	$0.99	Hedge Notional (mm)	32.61
Expense ratio	0.73%	Hedge ratio	34%

See Portfolio Holdings, Portfolio Managers, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

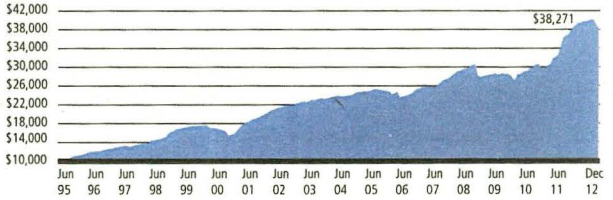
Portfolio Summary[2]



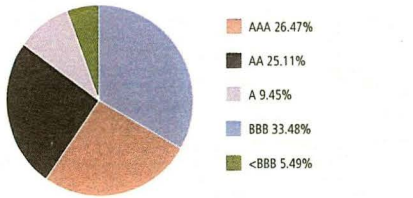
Average Annual Total Return[3]



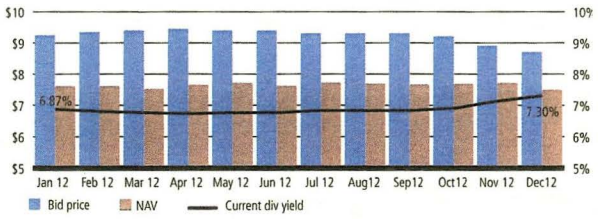
Growth of a $10,000 Investment as of December 31, 2012[4]



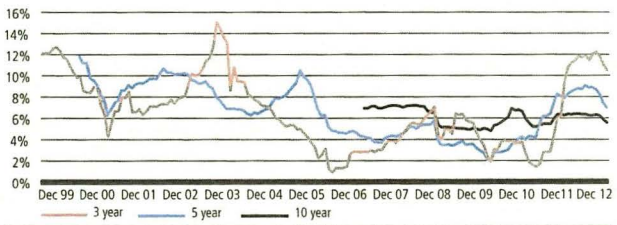
Credit Quality[2]



Share Price, NAV and Current Dividend Yield – Prior 12 months



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

- On August 25, 2010, in accordance with the terms and conditions of a ruling issued by the Puerto Rico Office of the Commissioner of Financial Institutions (the "PR OCFI") and an approval issued by the Board of Governors of the Federal Reserve System, the Fund exchanged 72,841 preferred securities of First Bancorp for 56,585 shares of its common stock. Subsequently, First Bancorp effected a 1 for 15 reverse stock split. As of December 31, 2012, the Fund had sold 2,703 of such common shares. It is the Fund's intent to exercise its best efforts to sell or otherwise dispose of the holdings of common stock of First Bancorp by April 30, 2013, unless the PR OCFI consents to an extension of such deadline.

Portfolio Holdings[2]

PR Obligations	
Common Stock	
FBP Common Stock	0.13%
Mortgage-Backed Securities	
GNMA, FNMA, FGLMC, CMO	4.66%
AFICA	
FSE Carolina	0.08%
Torre Chardon	0.59%
Doral Financial	0.90%
Cogenerator AES	0.72%
Palmas del Mar	0.35%
PR Conservation	
Barclays	0.45%
Deutsche Bank	0.26%
Doral	1.50%
Santander	1.03%
PRGOs	5.64%
PREPA	0.49%
PRASA	0.51%
PR Sales Tax Financing	29.30%
Employees Retirement System	14.18%
PR Highway & Transportation	3.54%
PRIDCO	0.64%
PRPBA	4.22%
GDB Note	2.30%
Convention Center	0.19%
PR Obligations	**71.68%**
US Obligations	
Federal Home Loan Bank	14.70%
Federal Farm Credit	4.56%
Fannie Mae	3.85%
Build America Bonds	2.49%
US Munis	2.72%
US Obligations	**28.32%**

Portfolio Managers

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

Javier Rubio
Portfolio Manager since 1996
Popular Asset Management

*** Special Considerations**

The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer

Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Securities issued by the Fund are subject to market risk, including the loss of principal amounts invested. This document is not an offer to sell, or the solicitation of an offer to buy, any investment in the Fund and is for informational purposes only. Fund investments are designed primarily and suitable for long-term investors and not viewed as a vehicle for trading purposes. They may not be suitable to all investors. Fund investments are not equivalent to investments in its underlying securities. The Fund's utilization of leverage poses certain risks to investors, and in some cases, interest rate fluctuations may increase the volatility of its return and affect the Fund to a significantly greater extent than a non-leveraged investment company. **More detailed information about the Fund, including applicable fees, costs, penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the Share's prospectus, which you should read carefully prior to making an investment.** To obtain additional information related to the Fund (including investment returns calculated in accordance with Regulation 5766 of March 11, 1998, as amended) or a copy of the Shares' prospectus or Fund's annual report, please contact the Puerto Rico Investors Family of Funds at 787-751-5452. To obtain the Fund's month-end performance or more up-to-date information, please contact your UBS Financial Advisor or see "press releases" at *http://www.ubs.com/prfunds*.

Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference / principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 5.49% of the Fund's total portfolio, which exceeds the Fund's maximum investment threshold of 5% of its total assets invested in securities rated below investment-grade or which are unrated.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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130201-0121-001

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UBS

Puerto Rico Investors Tax-Free Fund Inc. II

Investment Objectives and Policies

Seeks high level of current income that, for Puerto Rico residents, exempt from both U.S. Federal and Puerto Rico income taxes, consistent with the preservation of capital, by investing:

- up to 30% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 70% of its total assets in Puerto Rico obligations (as described in the Prospectus)
- at least 95% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$8.75/$9.45
YTD NAV Change	-$0.10
YTD Bid Price Change	-$0.50
IPO Yield[5]	6.35%
Current Yield[5]	7.26%
Last Dividend Paid	$0.0529
Last 12 Month Dividend	$0.6350

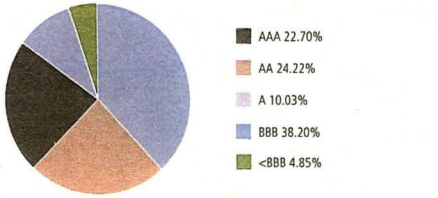
Portfolio Statistics and Characteristics[2]

Commencement	May-95	Fiscal year	31-Aug
Shares Outstanding (mm)	14.15	Weighted Avg. coupon	5.05%
Bid Price	$8.75	Average Maturity (yrs)	21.67
Net Asset Value (NAV)	$7.40	Average Duration (yrs)	7.83
Bid Price to NAV Ratio	118.24%	Effective Duration (yrs)	9.41
Net Assets (mm)	$104.68	Leverage %	47.80%
Leverage (mm)	$96.79	Leverage cost	0.53%
Undistributed income (mm)	$1.29	Hedge Notional (mm)	38.99
Expense ratio	0.60%	Hedge ratio	40%

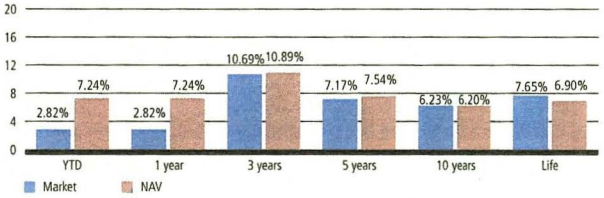
See Portfolio Holdings, Portfolio Managers, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

Portfolio Summary[2]

Credit Quality[2]



Average Annual Total Return[3]



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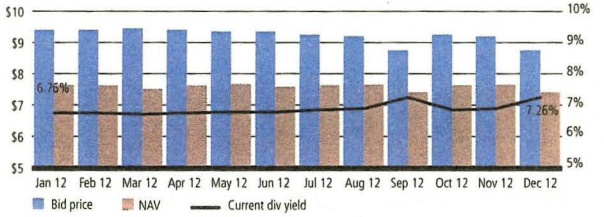
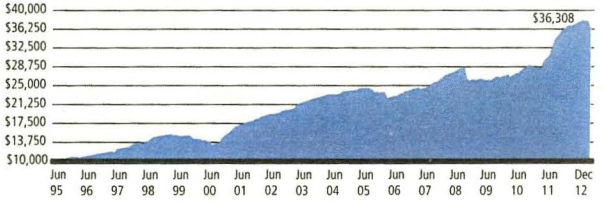
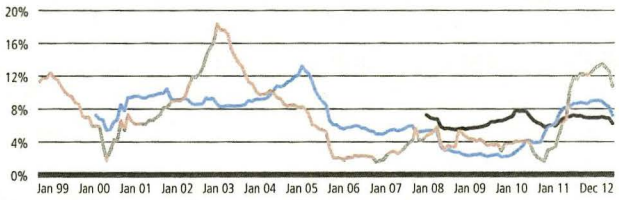


Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



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Portfolio Holdings[2]

PR Obligations	
Common Stock	
FBP Common Stock	0.13%
Mortgage-Backed Securities	
GNMA, FNMA, FGLMC, CMO	3.06%
AFICA	
FSE Carolina	0.07%
American International Plaza	0.55%
Torre Chardon	0.41%
Doral Financial	0.72%
Cogenerator AES	0.16%
Palmas del Mar	2.77%
PR Conservation	
Barclays	0.46%
Deutsche Bank	0.27%
Doral	1.59%
Santander	0.97%
PRGOs	7.02%
PR Sales Tax Financing	30.24%
Employees Retirement System	15.56%
PR Highway & Transportation	2.24%
PRIDCO	0.57%
PRPBA	4.57%
PRASA	1.75%
GDB Note	1.16%
Convention Center	0.49%
PR Infrastructure Financing	0.26%
PR Obligations	**75.02%**
US Obligations	
Federal Home Loan Bank	11.19%
Fannie Mae	4.96%
Federal Farm Credit	4.86%
Build America Bonds	1.48%
US Munis	2.49%
US Obligations	**24.98%**

Portfolio Managers

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

Javier Rubio
Portfolio Manager since 1996
Popular Asset Management

***Special Considerations**

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Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer

Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Securities issued by the Fund are subject to market risk, including the loss of principal amounts invested. This document is not an offer to sell, or the solicitation of an offer to buy, any investment in the Fund and is for informational purposes only. Fund investments are designed primarily and suitable for long-term investors and not viewed as a vehicle for trading purposes. They may not be suitable to all investors. Fund investments are not equivalent to investments in its underlying securities. The Fund's utilization of leverage poses certain risks to investors, and in some cases, interest rate fluctuations may increase the volatility of its return and affect the Fund to a significantly greater extent than a non-leveraged investment company. **More detailed information about the Fund, including applicable fees, costs, penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the Share's prospectus, which you should read carefully prior to making an investment.** To obtain additional information related to the Fund (including investment returns calculated in accordance with Regulation 5766 of March 11, 1998, as amended) or a copy of the Shares' prospectus or Fund's annual report, please contact the Puerto Rico Investors Family of Funds at 787-751-5452. To obtain the Fund's month-end performance or more up-to-date information, please contact your UBS Financial Advisor or see "press releases" at *http://www.ubs.com/prfunds.*

Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference / principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 4.85% of the Fund's total portfolio, which is below the Fund's maximum investment threshold of 5% of its total assets invested in securities rated below investment-grade or which are unrated.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Puerto Rico Investors Tax-Free Fund III, Inc.

Investment Objectives and Policies

Seeks high level of current income that, for Puerto Rico residents, is exempt from both U.S. Federal and Puerto Rico income taxes, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in Puerto Rico obligations (as described in the Prospectus)
- at least 95% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$8.80/$9.50
YTD NAV Change	$0.07
YTD Bid Price Change	-$0.45
IPO Yield[5]	6.45%
Current Yield[5]	7.33%
Last Dividend Paid	$0.0538
Last 12 Month Dividend	$0.6450

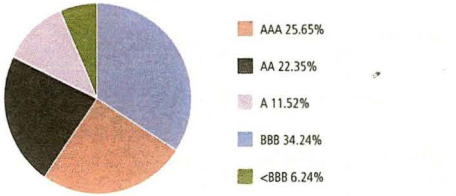
Portfolio Statistics and Characteristics[2]

Commencement	Sep-95	Fiscal year	31-Aug
Shares Outstanding (mm)	16.36	Weighted Avg. Coupon	5.33%
Bid Price	$8.80	Average Maturity (yrs)	21.09
Net Asset Value (NAV)	$7.73	Average Duration (yrs)	8.59
Bid Price to NAV Ratio	113.84%	Effective Duration (yrs)	9.88
Net Assets (mm)	$126.56	Leverage %	46.72%
Leverage (mm)	$112.04	Leverage cost	0.56%
Undistributed income (mm)	$2.02	Hedge Notional (mm)	44.08
Expense ratio	0.68%	Hedge ratio	39%

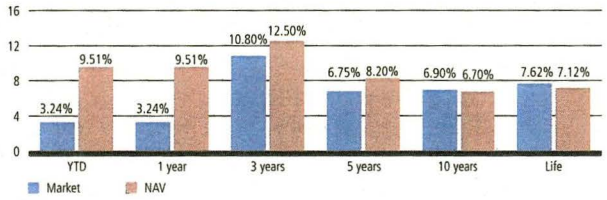
See Portfolio Holdings, Portfolio Managers, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

Portfolio Summary[2]

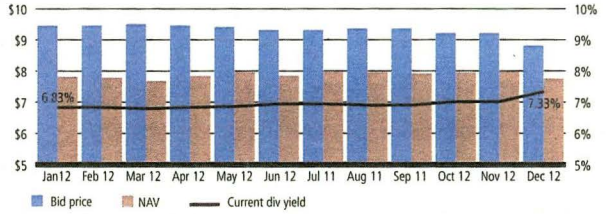
Credit Quality[2]



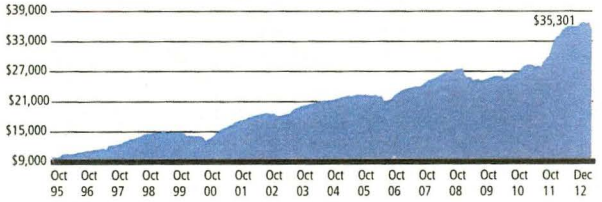
Average Annual Total Return[3]



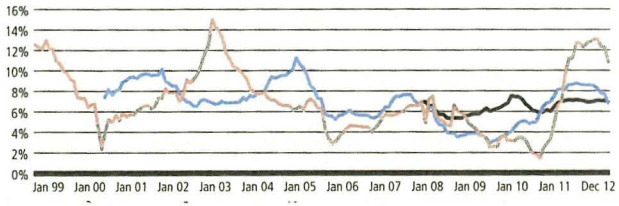
Share Price, NAV and Current Dividend Yield – Prior 12 months[5]



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

- On August 25, 2010, in accordance with the terms and conditions of a ruling issued by the Puerto Rico Office of the Commissioner of Financial Institutions (the "PR OCFI") and an approval issued by the Board of Governors of the Federal Reserve System, the Fund exchanged 89,419 preferred securities of First Bancorp for 69,464 shares of its common stock. Subsequently, First Bancorp effected a 1 for 15 reverse stock split. As of December 31, 2012, the Fund had sold 3,319 of such common shares. It is the Fund's intent to exercise its best efforts to sell or otherwise dispose of the holdings of common stock of First Bancorp by April 30, 2013, unless the PR OCFI consents to an extension of such deadline.

Portfolio Holdings[2]

PR Obligations

Common Stock	
FBP Common Stock	0.13%
Mortgage-Backed Securities	
GNMA, FNMA, FGLMC, CMO	3.93%
AFICA	
American International Plaza	0.42%
Torre Chardon	0.28%
Doral Financial	1.05%
Cogenerator AES	0.54%
Palmas del Mar	1.83%
PR Conservation	
Barclays	0.46%
Deutsche Bank	0.27%
Doral	1.74%
Santander	1.33%
PRGOs	1.87%
PREPA	1.42%
PR Sales Tax Financing	27.55%
Employees Retirement System	15.18%
PR Highway & Transportation	2.17%
PRIDCO	2.22%
GDB Note	1.84%
PRPBA	5.99%
University of PR	0.25%
PR Obligations	**70.47%**

US Obligations

Federal Home Loan Bank	14.69%
Federal Farm Credit	5.91%
Fannie Mae	2.65%
Build America Bonds	3.74%
US Munis	2.54%
US Obligations	**29.53%**

Portfolio Managers

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

Javier Rubio
Portfolio Manager since 1996
Popular Asset Management

***Special Considerations**

The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

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Footnotes:

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[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 6.24% of the Fund's total portfolio, which exceeds the Fund's maximum investment threshold of 5% of its total assets invested in securities rated below investment-grade or which are unrated.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Puerto Rico Investors Tax-Free Fund IV, Inc.

Investment Objectives and Policies

Seeks high level of current income that, for Puerto Rico residents, is exempt from both U.S. Federal and Puerto Rico income taxes, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in Puerto Rico obligations (as described in the Prospectus)
- at least 95% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

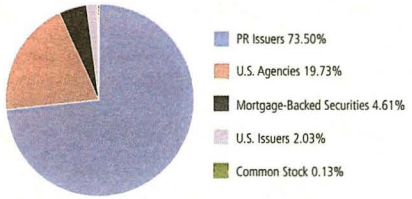
Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$8.90/$9.84
YTD NAV Change	-$0.06
YTD Bid Price Change	-$0.50
IPO Yield[5]	6.45%
Current Yield[5]	7.25%
Last Dividend Paid	$0.0538
Last 12 Month Dividend	$0.6450

Portfolio Statistics and Characteristics[2]

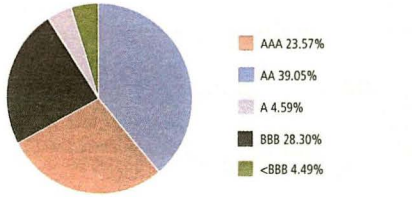
Commencement	Feb-96	Fiscal year	31-Aug
Shares Outstanding (mm)	13.49	Weighted avg. coupon	4.92%
Bid Price	$8.90	Average Maturity (yrs)	21.29
Net Asset Value (NAV)	$7.35	Average Duration (yrs)	6.71
Bid Price to NAV Ratio	121.09%	Effective Duration (yrs)	9.11
Net Assets (mm)	$99.10	Leverage %	49.47%
Leverage (mm)	$98.02	Leverage cost	0.63%
Undistributed income (mm)	$0.92	Hedge Notional (mm)	37.78
Expense ratio	0.78%	Hedge ratio	39%

See Portfolio Holdings, Portfolio Managers, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

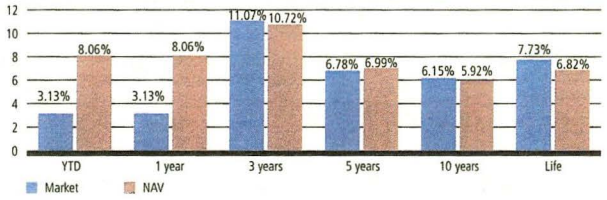
Portfolio Summary[2]



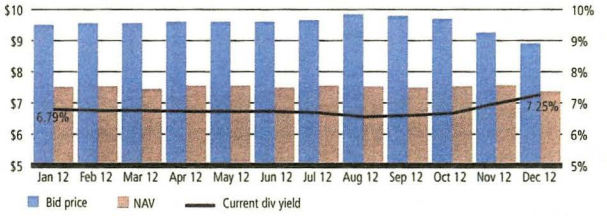
Credit Quality[2]



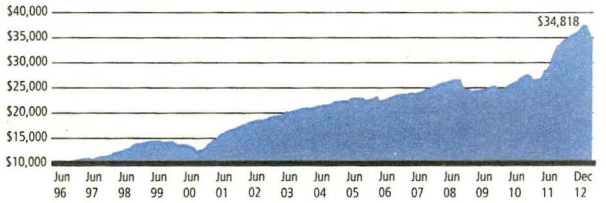
Average Annual Total Return[3]



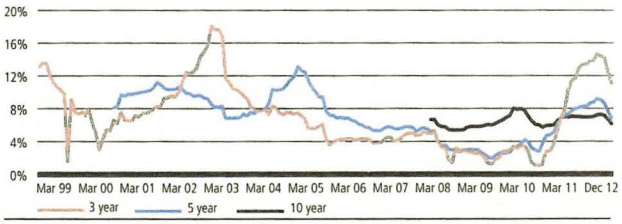
Share Price, NAV and Current Dividend Yield – Prior 12 months



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

- On August 25, 2010, in accordance with the terms and conditions of a ruling issued by the Puerto Rico Office of the Commissioner of Financial Institutions (the "PR OCFI") and an approval issued by the Board of Governors of the Federal Reserve System, the Fund exchanged 74,812 preferred securities of First Bancorp for 58,116 shares of its common stock. Subsequently, First Bancorp effected a 1 for 15 reverse stock split. As of December 31, 2012, the Fund had sold 2,776 of such common shares. It is the Fund's intent to exercise its best efforts to sell or otherwise dispose of the holdings of common stock of First Bancorp by April 30, 2013, unless the PR OCFI consents to an extension of such deadline.

Portfolio Holdings[2]

PR Obligations	
Common Stock	
FBP Common Stock	0.13%
Mortgage-Backed Securities	
GNMA, FNMA, FGLMC, CMO	4.61%
AFICA	
FSE Carolina	0.08%
American International Plaza	0.12%
Torre Chardon	0.30%
Doral Financial	0.63%
Costa Caribe	0.22%
Cogenerator AES	0.17%
Palmas del Mar	0.50%
PR Conservation	
Barclays	0.47%
Deutsche Bank	0.27%
Doral	1.76%
Santander	1.12%
PRGOs	4.42%
PR Sales Tax Financing	41.55%
PREPA	0.33%
Employees Retirement System	14.15%
GDB Note	0.26%
PR Highway & Transportation	0.78%
PRPBA	6.37%
PR Obligations	**78.24%**
US Obligations	
Federal Home Loan Bank	11.53%
Federal Farm Credit	7.43%
Fannie Mae	0.77%
Build America Bonds	0.94%
US Munis	1.09%
US Obligations	**21.76%**

Portfolio Managers

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

Javier Rubio
Portfolio Manager since inception
Popular Asset Management

***Special Considerations**
The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer
Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Securities issued by the Fund are subject to market risk, including the loss of principal amounts invested. This document is not an offer to sell, or the solicitation of an offer to buy, any investment in the Fund and is for informational purposes only. Fund investments are designed primarily and suitable for long-term investors and not viewed as a vehicle for trading purposes. They may not be suitable to all investors. Fund investments are not equivalent to investments in its underlying securities. The Fund's utilization of leverage poses certain risks to investors, and in some cases, interest rate fluctuations may increase the volatility of its return and affect the Fund to a significantly greater extent than a non-leveraged investment company. **More detailed information about the Fund, including applicable fees, costs, penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the Share's prospectus, which you should read carefully prior to making an investment.** To obtain additional information related to the Fund (including investment returns calculated in accordance with Regulation 5766 of March 11, 1998, as amended) or a copy of the Shares' prospectus or Fund's annual report, please contact the Puerto Rico Investors Family of Funds at 787-751-5452. To obtain the Fund's month-end performance or more up-to-date information, please contact your UBS Financial Advisor or see "press releases" at *http://www.ubs.com/prfunds.*

Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference / principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 4.49% of the Fund's total portfolio, which is below the Fund's maximum investment threshold of 5% of its total assets invested in securities rated below investment-grade or which are unrated.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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UBS

Puerto Rico Investors Tax-Free Fund V, Inc.

Investment Objectives and Policies

Seeks high level of current income that, for Puerto Rico residents, is exempt from both U.S. Federal and Puerto Rico income taxes, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in Puerto Rico obligations (as described in the Prospectus)
- at least 95% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

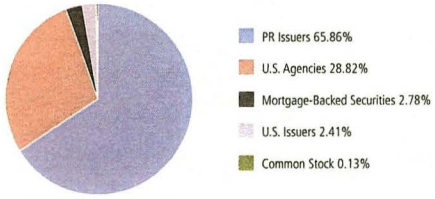
Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$8.87/$9.50
YTD NAV Change	$0.02
YTD Bid Price Change	-$0.48
IPO Yield[5]	6.45%
Current Yield[5]	7.27%
Last Dividend Paid	$0.0538
Last 12 Month Dividend	$0.6450

Portfolio Statistics and Characteristics[2]

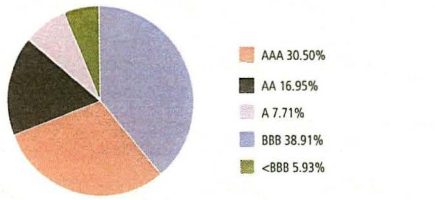
Commencement	Feb-97	Fiscal year	31-Jan
Shares Outstanding (mm)	20.43	Weighted Avg. Coupon	5.39%
Bid Price	$8.87	Average Maturity (yrs)	20.11
Net Asset Value (NAV)	$7.65	Average Duration (yrs)	8.40
Bid Price to NAV Ratio	115.95%	Effective Duration (yrs)	9.58
Net Assets (mm)	$156.24	Leverage %	49.12%
Leverage (mm)	$152.25	Leverage cost	0.62%
Undistributed income (mm)	$2.07	Hedge Notional (mm)	54.40
Expense ratio	0.71%	Hedge ratio	36%

See Portfolio Holdings, Portfolio Managers, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

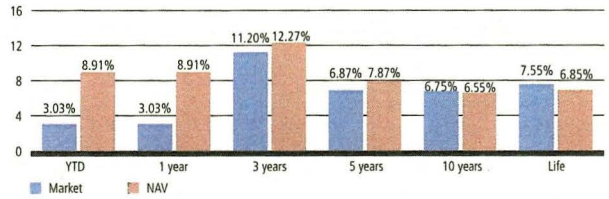
Portfolio Summary[2]



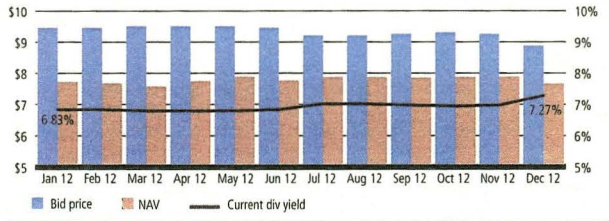
Credit Quality at Purchase[2]



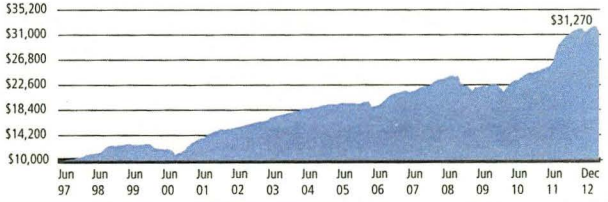
Average Annual Total Return[3]



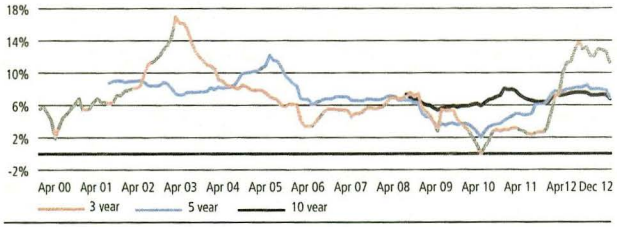
Share Price, NAV and Current Dividend Yield – Prior 12 months



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

- On August 25, 2010, in accordance with the terms and conditions of a ruling issued by the Puerto Rico Office of the Commissioner of Financial Institutions (the "PR OCFI") and an approval issued by the Board of Governors of the Federal Reserve System, the Fund exchanged 116,434 preferred securities of First Bancorp for 90,450 shares of its common stock. Subsequently, First Bancorp effected a 1 for 15 reverse stock split. As of December 31, 2012, the Fund had sold 4,321 of such common shares. It is the Fund's intent to exercise its best efforts to sell or otherwise dispose of the holdings of common stock of First Bancorp by April 30, 2013, unless the PR OCFI consents to an extension of such deadline.

Portfolio Holdings[2]

PR Obligations	
Common Stock	
FBP Common Stock	0.13%
Mortgage-Backed Securities	
GNMA, FNMA, FGLMC, CMO	2.78%
AFICA	
Torre Chardon	0.38%
Doral Financial	2.47%
San Patricio	0.63%
Costa Caribe	1.35%
Palmas del Mar	0.26%
PR Conservation	
Barclays	0.45%
Deutsche Bank	0.26%
Doral	1.12%
Santander	1.20%
PRGOs	4.19%
PREPA	2.46%
PR Sales Tax Financing	22.22%
Employees Retirement System	13.91%
PR Highway & Transportation	1.89%
GDB Note	3.63%
PRIDCO	6.08%
PRPBA	3.36%
PR Obligations	**68.77%**
US Obligations	
Federal Home Loan Bank	16.44%
Federal Farm Credit	8.45%
Fannie Mae	3.93%
Build America Bonds	1.32%
US Munis	1.09%
US Obligations	**31.23%**

Portfolio Managers

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

Javier Rubio
Portfolio Manager since inception
Popular Asset Management

***Special Considerations**
The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

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Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

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Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference / principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 5.93% of the Fund's total portfolio, which exceeds within the Fund's maximum investment threshold of 5% of its total assets invested in securities rated below investment-grade or which are unrated.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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UBS

Puerto Rico Investors Tax-Free Fund VI, Inc.

Investment Objectives and Policies

Seeks high level of current income that, for Puerto Rico residents, is exempt from both U.S. Federal and Puerto Rico income taxes, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in securities issued by Puerto Rico issuers (as described in the Prospectus)
- at least 95% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

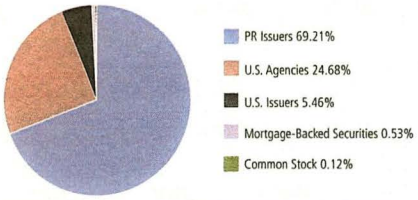
Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$9.55/$9.89
YTD NAV Change	$0.06
YTD Bid Price Change	$0.25
IPO Yield[5]	7.15%
Current Yield[5]	7.26%
Last Dividend Paid	$0.0596
Last 12 Month Dividend	$0.7150

Portfolio Statistics and Characteristics[2]

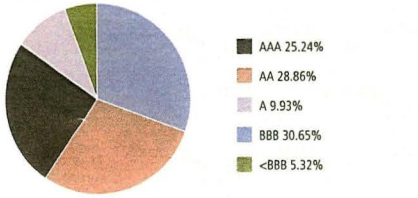
Commencement	July-99	Fiscal year	30-Jun
Shares Outstanding (mm)	25.74	Weighted Avg. Coupon	5.38%
Bid Price	$9.85	Average Maturity (yrs)	21.96
Net Asset Value (NAV)	$8.74	Average Duration (yrs)	8.09
Bid Price to NAV Ratio	112.70%	Effective Duration (yrs)	10.01
Net Assets (mm)	$224.99	Leverage %	48.44%
Leverage (mm)	$213.29	Leverage cost	0.59%
Undistributed income (mm)	$3.85	Hedge Notional (mm)	77.64
Expense ratio	0.67%	Hedge ratio	36%

See Portfolio Holdings, Portfolio Managers, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

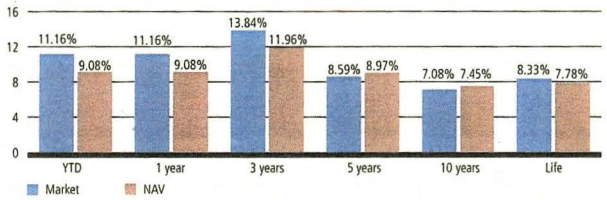
Portfolio Summary[2]



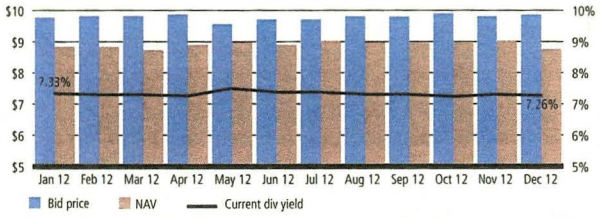
Credit Quality [2]



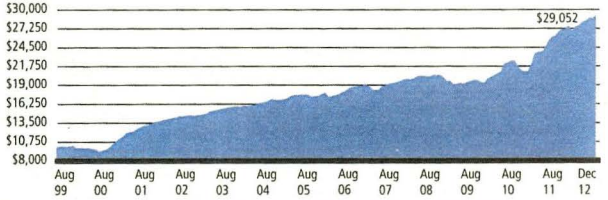
Average Annual Total Return[3]



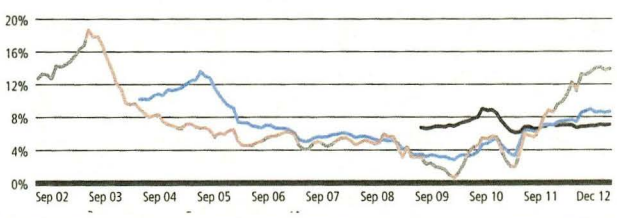
Share Price, NAV and Current Dividend Yield – Prior 12 months



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

- On August 25, 2010, in accordance with the terms and conditions of a ruling issued by the Puerto Rico Office of the Commissioner of Financial Institutions (the "PR OCFI") and an approval issued by the Board of Governors of the Federal Reserve System, the Fund exchanged 152,600 preferred securities of First Bancorp for 118,545 shares of its common stock. Subsequently, First Bancorp effected a 1 for 15 reverse stock split. As of December 31, 2012, the Fund had sold 5,663 of such common shares. It is the Fund's intent to exercise its best efforts to sell or otherwise dispose of the holdings of common stock of First Bancorp by April 30, 2013, unless the PR OCFI consents to an extension of such deadline.

Portfolio Holdings[2]

PR Obligations	
Common Stock	
FBP Common Stock	0.12%
Mortgage-Backed Securities	
GNMA, FNMA, FGLMC, CMO	0.53%
AFICA	
FSE Carolina	1.22%
Plaza Las Americas	0.18%
Torre Chardon	0.18%
Cogenerator AES	3.68%
PR Conservation	
Barclays	0.45%
Deutsche Bank	0.26%
Santander	1.62%
Dorado TDF	1.27%
PRGOs	4.81%
PR Sales Tax Financing	33.10%
GDB Note	1.63%
Employees Retirement System	11.92%
PR Highway & Transportation	0.24%
PRIDCO	1.12%
PREPA	0.71%
PRASA	3.81%
PRPBA	2.08%
Convention Center	0.56%
PR Infrastructure Financing	0.12%
University of PR	0.25%
PR Obligations	**69.86%**
US Obligations	
Federal Home Loan Bank	18.53%
Federal Farm Credit	6.15%
Build America Bonds	4.46%
US Munis	1.00%
US Obligations	**30.14%**

Portfolio Managers

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

Javier Rubio
Portfolio Manager since inception
Popular Asset Management

***Special Considerations**

The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer

Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Securities issued by the Fund are subject to market risk, including the loss of principal amounts invested. This document is not an offer to sell, or the solicitation of an offer to buy, any investment in the Fund and is for informational purposes only. Fund investments are designed primarily and suitable for long-term investors and not viewed as a vehicle for trading purposes. They may not be suitable to all investors. Fund investments are not equivalent to investments in its underlying securities. The Fund's utilization of leverage poses certain risks to investors, and in some cases, interest rate fluctuations may increase the volatility of its return and affect the Fund to a significantly greater extent than a non-leveraged investment company. **More detailed information about the Fund, including applicable fees, costs, penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the Share's prospectus, which you should read carefully prior to making an investment.** To obtain additional information related to the Fund (including investment returns calculated in accordance with Regulation 5766 of March 11, 1998, as amended) or a copy of the Shares' prospectus or Fund's annual report, please contact the Puerto Rico Investors Family of Funds at 787-751-5452. To obtain the Fund's month-end performance or more up-to-date information, please contact your UBS Financial Advisor or see "press releases" at *http://www.ubs.com/prfunds*.

Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference / principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 5.32% of the Fund's total portfolio, which exceeds within the Fund's maximum investment threshold of 5% of its total assets invested in securities rated below investment-grade or which are unrated.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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UBS

Puerto Rico Tax-Free Target Maturity Fund, Inc.

Investment Objectives and Policies

Seeks high level of current income that, for Puerto Rico residents, is exempt from both U.S. Federal and Puerto Rico income taxes, consistent with the preservation of capital, and the distribution to shareholders of common stock of an amount at least equal to $10 per share.

- return initial investment of $10 per share by or before December 31, 2022; distributions of principal commenced as of January 1, 2007[A]
- may issue leverage representing up to 50% of total assets[1]
- The Fund had cumulative distributions of $8.70 per share of common stock, since the commencement of its principal distribution period

Pricing and Distribution History[2, A]

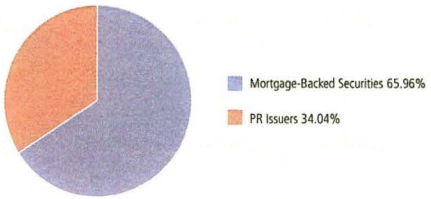
Initial Public Offering (IPO)	$10.00
Distribution to date	$8.70
Remaining Capital	$1.30
IPO Yield[5]	2.77%
Current Yield[5]	2.98%
Last Dividend Paid	$0.0030
Last 12-month dividend	$0.0433

Portfolio Statistics and Characteristics[2]

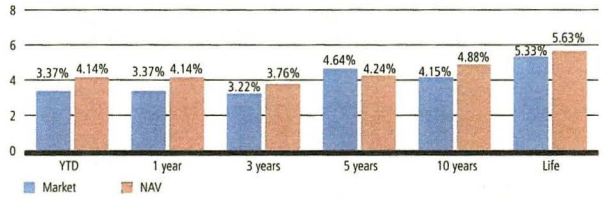
Commencement	Aug-96	Average Maturity (yrs)	3.25
Shares Outstanding (mm)	9.61	Average Duration (yrs)	2.95
Bid Price	$1.21	Fiscal Year	31-May
Net Asset Value (NAV)	$1.15	Leverage %	47.46%
Net Assets (mm)	$11.05		
Leverage (mm)	$10.06		
Expense Ratio	6.30%		

See Portfolio Holdings, Portfolio Managers, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

Portfolio Summary[2]

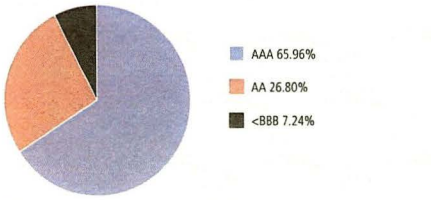


Average Annual Total Return[3]

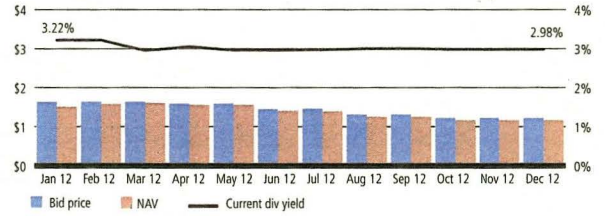


Pro-Forma[B]	Actual	Capital	Pro-forma
Bid Price	$1.21	$8.70	$9.91
NAV	$1.15	$8.70	$9.85

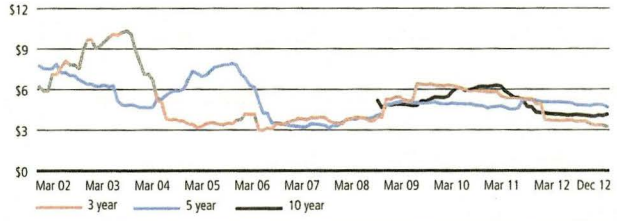
Credit Quality[2]



Share Price, NAV and Current Dividend Yield – Prior 12 months[5]



Rolling Period Annual Returns[3]



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[A] During the principal distribution period, the Fund will distribute pro-rata to holders of common stock the principal payments received by the Fund on its portfolio securities, in addition to the regular monthly distributions of net investment income and annual distributions of net capital gains. Provided the Fund adheres to certain requirements imposed by the Office of the Commission of Financial Institutions during the principal distribution period, the 67% investment requirement in Puerto Rico securities will not be applicable to the Fund.

[B] The pro-forma prices and NAV include the actual bid price and NAV of the Fund plus capital distributed to convert to the original $10.00 Initial Public Offering (IPO) price. An investor purchasing the Fund at the current bid price should receive the amount labelled "Remaining Capital." For comparison purposes, the bid price and NAV includes the capital distributed per share of common stock since the commencement of the principal distribution period on January 1, 2007. These figures are used for performance computations.

Portfolio Holdings[2]

PR Obligations	
Mortgage-Backed Securities	
GNMA, FNMA, FGLMC, CMO	65.96%
PR Conservation	
Doral	7.24%
PR Housing Finance	26.80%
PR Obligations	**100.00%**

Portfolio Managers

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

Javier Rubio
Portfolio Manager since inception
Popular Asset Management

***Special Considerations**
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Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference / principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. This Fund has commenced pro-rata distributions to its holders of common stock of the principal payments received on its portfolio securities.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the remaining capital. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Puerto Rico Tax-Free Target Maturity Fund II, Inc.

Investment Objectives and Policies

Seeks high level of current income that, for Puerto Rico residents, is exempt from both U.S. Federal and Puerto Rico income taxes, consistent with the preservation of capital, and the distribution to shareholders of common stock of an amount at least equal to $10 per share.

- return initial investment of $10 per share by or before December 31, 2028; distributions of principal commenced as of January 1, 2008[A]
- may issue leverage representing up to 50% of total assets[1]
- the Fund had cumulative distributions of $8.10 per share of common stock, since the commencement of its principal distribution period

Pricing and Distribution History[2, A]

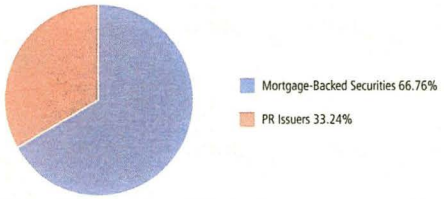
Initial Public Offering (IPO)	$10.00
Distribution to date	$8.10
Remaining Capital	$1.90
IPO Yield[5]	2.74%
Current Yield[5]	2.99%
Last Dividend Paid	$0.0043
Last 12-month dividend	$0.0605

Portfolio Statistics and Characteristics[2]

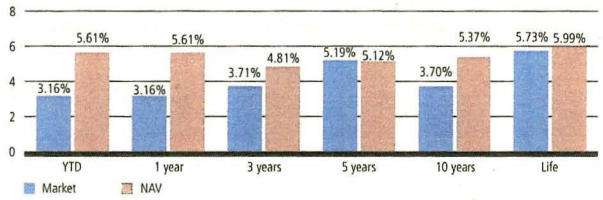
Commencement	July-97	Average Maturity (yrs)	5.27
Shares Outstanding	7.54	Average Duration (yrs)	4.52
Bid Price	$1.74	Fiscal Year	31-May
Net Asset Value (NAV)	$1.68	Leverage %	46.31%
Net Assets (mm)	$12.65		
Leverage (mm)	$10.98		
Expense Ratio	5.84%		

See Portfolio Holdings, Portfolio Managers, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

Portfolio Summary[2]

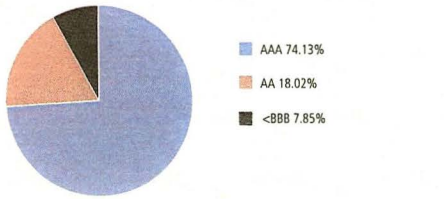


Average Annual Total Return[3]

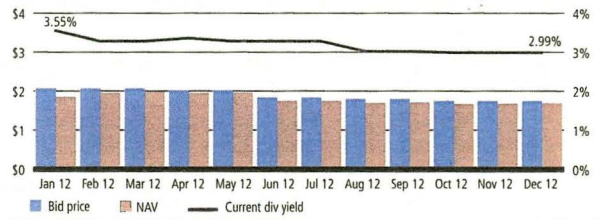


Pro-Forma[B]	Actual	Capital	Pro-forma
Bid Price	$1.74	$8.10	$9.84
NAV	$1.68	$8.10	$9.78

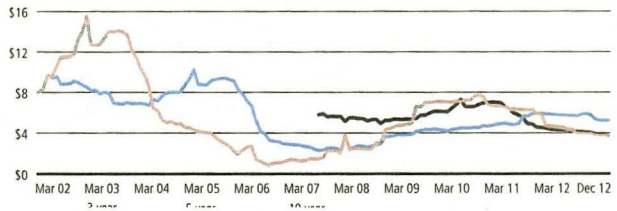
Credit Quality[2]



Share Price, NAV and Current Dividend Yield – Prior 12 months



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

[A] During the principal distribution period, the Fund will distribute pro-rata to holders of common stock the principal payments received by the Fund on its portfolio securities, in addition to the regular monthly distributions of net investment income and annual distributions of net capital gains. Provided the Fund adheres to certain requirements imposed by the Office of the Commission of Financial Institutions during the principal distribution period, the 67% investment requirement in Puerto Rico securities will not be applicable to the Fund.

[B] The pro-forma prices and NAV include the actual bid price and NAV of the Fund plus capital distributed to convert to the original $10.00 Initial Public Offering (IPO) price. An investor purchasing the Fund at the current bid price should receive the amount labelled "Remaining Capital." For comparison purposes, the bid price and NAV includes the capital distributed per share of common stock since the commencement of the principal distribution period on January 1, 2008. These figures are used for performance computations.

Portfolio Holdings[2]

PR Obligations	
Mortgage-Backed Securities	
GNMA, FNMA, FGLMC, CMO	66.76%
PR Conservation	
Doral	7.85%
PR Housing Finance	25.39%
PR Obligations	**100.00%**

Portfolio Managers

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

Javier Rubio
Portfolio Manager since inception
Popular Asset Management

***Special Considerations**
The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer
Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Securities issued by the Fund are subject to market risk, including the loss of principal amounts invested. This document is not an offer to sell, or the solicitation of an offer to buy, any investment in the Fund and is for informational purposes only. Fund investments are designed primarily and suitable for long-term investors and not viewed as a vehicle for trading purposes. They may not be suitable to all investors. Fund investments are not equivalent to investments in its underlying securities. The Fund's utilization of leverage poses certain risks to investors, and in some cases, interest rate fluctuations may increase the volatility of its return and affect the Fund to a significantly greater extent than a non-leveraged investment company. **More detailed information about the Fund, including applicable fees, costs, penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the Share's prospectus, which you should read carefully prior to making an investment.** To obtain additional information related to the Fund (including investment returns calculated in accordance with Regulation 5766 of March 11, 1998, as amended) or a copy of the Shares' prospectus or Fund's annual report, please contact the Puerto Rico Investors Family of Funds at 787-751-5452. To obtain the Fund's month-end performance or more up-to-date information, please contact your UBS Financial Advisor or see "press releases" at *http://www.ubs.com/prfunds.*

Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference / principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. This Fund has commenced pro-rata distributions to its holders of common stock of the principal payments received on its portfolio securities.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the remaining capital. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Puerto Rico Investors Bond Fund I

Investment Objectives and Policies

Seeks high level of tax- advantaged current income, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in Puerto Rico obligations (as described in the Prospectus)
- at least 95% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

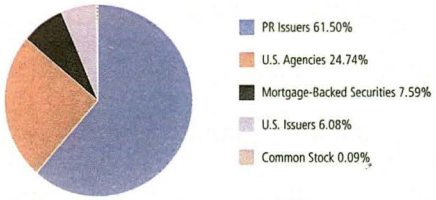
Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$8.52/$9.15
YTD NAV Change	$0.13
YTD Bid Price Change	-$0.48
IPO Yield[5]	6.25%
Current Yield[5]	7.34%
Last Dividend Paid	$0.0521
Last 12 Month Dividend	$0.6250

Portfolio Statistics and Characteristics[2]

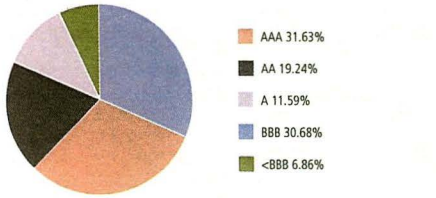
Commencement	Jan-99	Fiscal year	30-Sep
Shares Outstanding (mm)	26.23	Weighted Avg. Coupon	4.78%
Bid Price	$8.52	Average Maturity (yrs)	19.44
Net Asset Value (NAV)	$7.73	Average Duration (yrs)	8.42
Bid Price to NAV Ratio	110.22%	Effective Duration (yrs)	9.96
Net Assets (mm)	$202.78	Leverage %	46.95%
Leverage (mm)	$181.06	Leverage cost	0.77%
Undistributed income (mm)	$2.86	Hedge Notional (mm)	67.83
Expense ratio	0.85%	Hedge ratio	37%

See Portfolio Holdings, Portfolio Managers, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

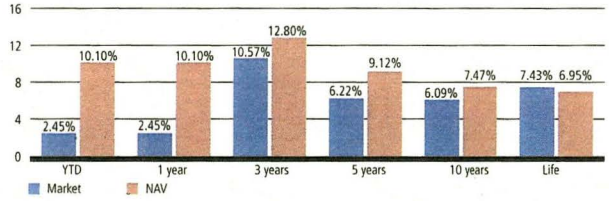
Portfolio Summary[2]



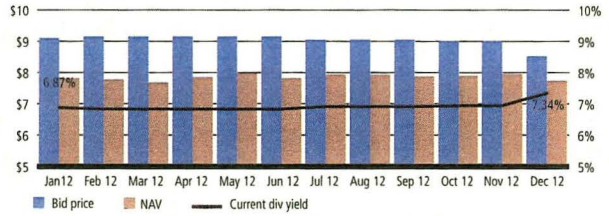
Credit Quality[2]



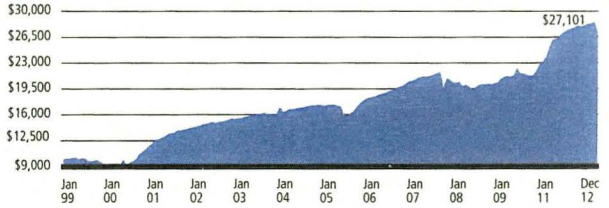
Average Annual Total Return[3]



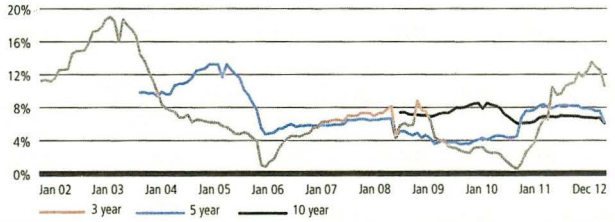
Share Price, NAV and Current Dividend Yield – Prior 12 months



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



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- On August 25, 2010, in accordance with the terms and conditions of a ruling issued by the Puerto Rico Office of the Commissioner of Financial Institutions (the "PR OCFI") and an approval issued by the Board of Governors of the Federal Reserve System, the Fund exchanged 107,900 preferred securities of First Bancorp for 83,820 shares of its common stock. Subsequently, First Bancorp effected a 1 for 15 reverse stock split. As of December 31, 2012, the Fund had sold 4,004 of such common shares. It is the Fund's intent to exercise its best efforts to sell or otherwise dispose of the holdings of common stock of First Bancorp by April 30, 2013, unless the PR OCFI consents to an extension of such deadline.

Portfolio Holdings[2]

PR Obligations	
Common Stock	
FBP Common Stock	0.09%
Preferred Stocks	
Doral Financial.	0.28%
Mortgage-Backed Securities	
GNMA, FNMA, FGLMC, CMO	7.59%
AFICA	
American International Plaza	0.05%
Torre Chardon	0.02%
Cogenerator AES	4.19%
Palmas del Mar	0.71%
PR Conservation	
Barclays	0.41%
Deutsche Bank	0.24%
Santander	2.38%
Participation Certificate - Doral	0.40%
Dorado TDF	1.13%
PRGOs	5.02%
PREPA	1.01%
PR Sales Tax Financing	24.71%
GDB Note	1.63%
Employees Retirement System	13.82%
PR Highway & Transportation	0.15%
PRASA	0.72%
PRIDCO	0.03%
PRPBA	3.72%
Convention Center	0.88%
PR Obligations	**69.18%**

US Obligations	
Federal Home Loan Bank	18.36%
Federal Farm Credit	6.38%
Build America Bonds	5.05%
US Munis	1.03%
US Obligations	**30.82%**

Portfolio Managers

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

Javier Rubio
Portfolio Manager since inception
Popular Asset Management

***Special Considerations**
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Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

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Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference / principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 6.86% of the Fund's total portfolio, which exceeds the Fund's maximum investment threshold of 5% of its total assets invested in securities rated below investment-grade or which are unrated.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Tax-Free Puerto Rico Fund, Inc.

Investment Objectives and Policies

Seeks high level of current income that, for Puerto Rico residents, is exempt from both U.S. Federal and Puerto Rico income taxes, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in securities issued by Puerto Rico issuers (as described in the Prospectus)
- at least 95% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

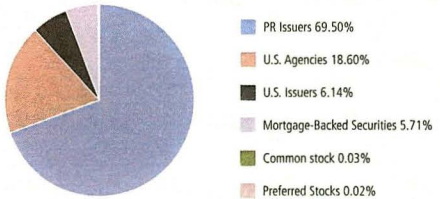
Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$9.80/$10.23
YTD NAV Change	-$0.07
YTD Bid Price Change	$0.10
IPO Yield[5]	7.20%
Current Yield[5]	7.31%
Last Dividend Paid	$0.0600
Last 12 Month Dividend	$0.7200

Portfolio Statistics and Characteristics[2]

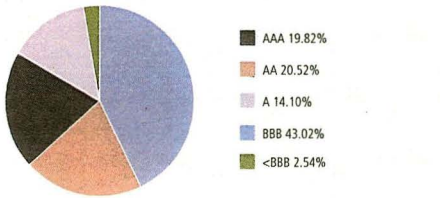
Commencement	Feb-01	Fiscal Year	31-Jan
Shares Outstanding (mm)	18.20	Weighted avg. coupon	5.12%
Bid Price	$9.85	Average Maturity (yrs)	21.63
Net Asset Value (NAV)	$9.16	Average Duration (yrs)	8.12
Bid Price to NAV Ratio	107.53%	Effective Duration (yrs)	9.83
Net Assets (mm)	$166.69	Leverage %	48.65%
Leverage (mm)	$159.40	Leverage cost	0.77%
Undistributed income (mm)	$4.35	Hedge Notional (mm)	$80.07
Expense ratio	1.86%	Hedge ratio	50%

See Portfolio Holdings, Portfolio Manager, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

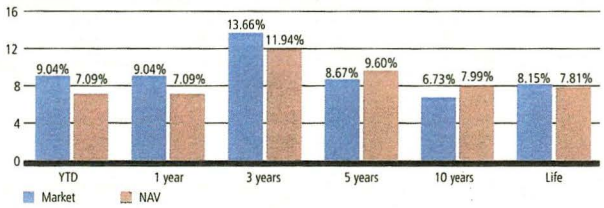
Portfolio Summary[2]



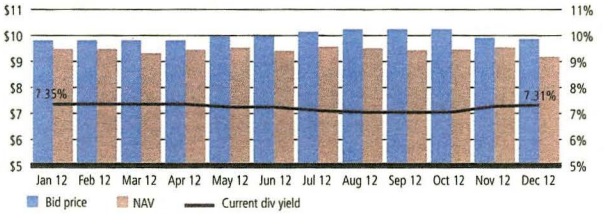
Credit Quality[2]



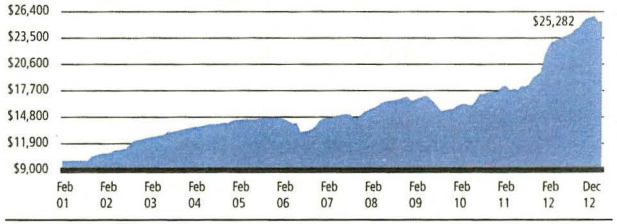
Average Annual Total Return[3]



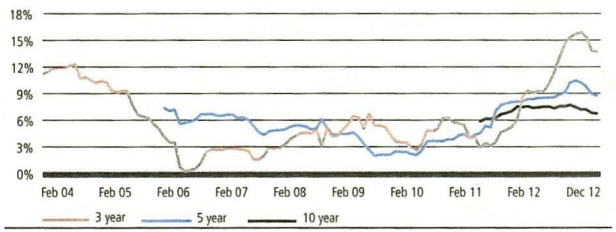
Share Price, NAV and Current Dividend Yield – Prior 12 months



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds and is on a leave of absence as Chairman of the UBS Puerto Rico Family of Funds in order to contest the SEC's claims. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

- On August 25, 2010, in accordance with the terms and conditions of a ruling issued by the Puerto Rico Office of the Commissioner of Financial Institutions (the "PR OCFI") and an approval issued by the Board of Governors of the Federal Reserve System, the Fund exchanged 23,800 preferred securities of First Bancorp for 18,489 shares of its common stock. Subsequently, First Bancorp effected a 1 for 15 reverse stock split. As of December 31, 2012, the Fund had sold 259 of such common shares. It is the Fund's intent to exercise its best efforts to sell or otherwise dispose of the holdings of common stock of First Bancorp by April 30, 2013, unless the PR OCFI consents to an extension of such deadline.

Portfolio Holdings[2]

PR Obligations

Preferred Stocks	
Doral Financial	0.02%
Common Stocks	
First Bancorp	0.03%
Mortgage-Backed Securities	
CMO, COMM END, FNMA, GNMA, FGLMC	0.87%
Participation Certificate - Doral	2.12%
Dorado	2.72%
AFICA	
Ashford	0.03%
Doral Financial	0.14%
Fondo del Seguro	1.33%
Galería Caparra	0.39%
Palmas del Mar	1.37%
PR Conservation Trust	
Barclays	0.25%
Deutsche	0.17%
Doral	0.50%
Santander	0.62%
Convention Center	3.27%
EDB - Popular, Inc.	1.27%
Employee Retirement System	10.90%
Infrastructure	0.75%
PR GOs	7.09%
PR Highway	1.15%
PR Sales Tax Financing	28.78%
PREPA	2.45%
PRIDCO	0.08%
PRPBA	6.93%
GDB	2.03%
PR Obligations	**75.26%**

US Obligations

Federal Home Loan Bank	14.52%
Federal Farm Credit Bank	4.08%
Build America Bonds	4.05%
US Municipals	2.09%
US Obligations	**24.74%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

*** Special Considerations**

The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer

Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Securities issued by the Fund are subject to market risk, including the loss of principal amounts invested. This document is not an offer to sell, or the solicitation of an offer to buy, any investment in the Fund and is for informational purposes only. Fund investments are designed primarily and suitable for long-term investors and not viewed as a vehicle for trading purposes. They may not be suitable to all investors. Fund investments are not equivalent to investments in its underlying securities. The Fund's utilization of leverage poses certain risks to investors, and in some cases, interest rate fluctuations may increase the volatility of its return and affect the Fund to a significantly greater extent than a non-leveraged investment company. **More detailed information about the Fund, including applicable fees, costs, penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the Share's prospectus, which you should read carefully prior to making an investment.** To obtain additional information related to the Fund (including investment returns calculated in accordance with Regulation 5766 of March 11, 1998, as amended) or a copy of the Shares' prospectus or Fund's annual report, please contact the UBS Puerto Rico Family of Funds at 787-773-3888. To obtain the Fund's month-end performance or more up-to-date information, please contact your UBS Financial Advisor or see "press releases" at *http://www.ubs.com/prfunds*.

Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference / principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 2.54% of the Fund's total portfolio, which is below the Fund's maximum investment threshold of 5% of its total assets invested in securities rated below investment-grade or which are unrated.
On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund had repurchased 149 shares of Common Stock in the open market with an NAV of $1,406 at a cost of $1,402. Since the program inception, the Fund has repurchased 362,000 shares of common stock in then open market with an NAV of $3,072,792, at a cost of $3,055,070.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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130201-0121-010

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Tax-Free Puerto Rico Fund II, Inc.

Investment Objectives and Policies

Seeks current income that, for Puerto Rico residents, is exempt from both U.S. Federal and Puerto Rico income taxes, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in securities issued by Puerto Rico issuers (as described in the Prospectus)
- at least 95% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$9.45/$9.80
YTD NAV Change	$0.03
YTD Bid Price Change	$0.10
IPO Yield[5]	7.05%
Current Yield[5]	7.27%
Last Dividend Paid	$0.0588
Last 12 Month Dividend	$0.7050

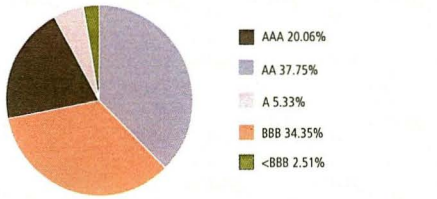
Portfolio Statistics and Characteristics[2]

Commencement	January-02	Fiscal Year	30-Nov
Shares Outstanding (mm)	26.54	Weighted avg. coupon	4.25%
Bid Price	$9.70	Average Maturity (yrs)	19.85
Net Asset Value (NAV)	$8.49	Average Duration (yrs)	6.72
Bid Price to NAV Ratio	114.25%	Effective Duration (yrs)	8.74
Net Assets (mm)	$225.33	Leverage %	47.50%
Leverage (mm)	$205.82	Leverage cost	0.93%
Undistributed income (mm)	$4.29	Hedge Notional (mm)	$106.95
Expense ratio	1.94%	Hedge ratio	52%

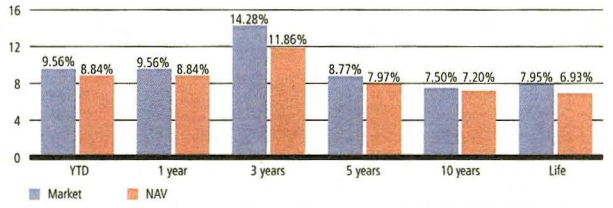
See Portfolio Holdings, Portfolio Manager, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

Portfolio Summary[2]

Credit Quality[2]



Average Annual Total Return[3]



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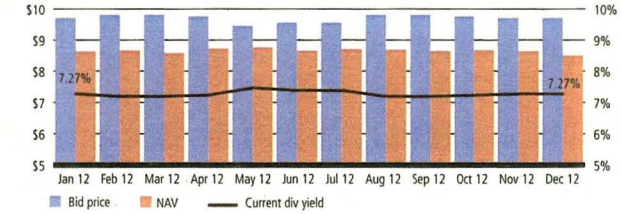
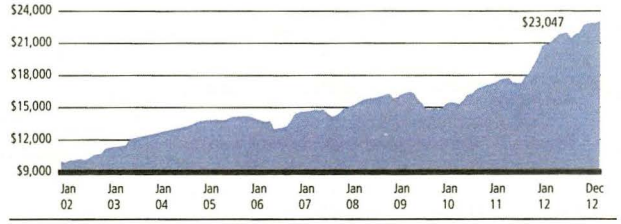
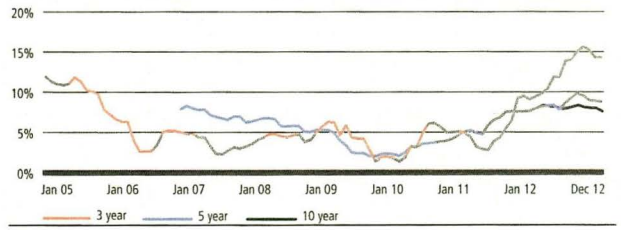


Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



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Portfolio Holdings[2]

PR Obligations	
Preferred Stocks	
Doral Financial	0.08%
Mortgage-Backed Securities	
Participation Certificate - Doral	2.05%
Dorado	2.68%
AFICA	
Ashford	0.60%
Doral	0.33%
Galería Caparra	0.38%
Palmas del Mar	0.23%
Torre Chardón	0.64%
PR Conservation Trust	
Barclays	0.27%
Deutsche	0.18%
Doral	1.15%
Santander	0.73%
EDB - Popular, Inc.	0.95%
Employee Retirement System	13.34%
PR GOs	4.73%
PR Sales Tax Financing	38.67%
PRIDCO	1.36%
PRPBA	3.16%
GDB	3.99%
PR Obligations	**75.52%**
US Obligations	
Federal Home Loan Bank	12.03%
Federal Farm Credit Bank	6.05%
Build America Bonds	5.44%
US Municipals	0.96%
US Obligations	**24.48%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

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[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference / principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 2.51% of the Fund's total portfolio, which is below the Fund's maximum investment threshold of 5% of its total assets invested in securities rated below investment-grade or which are unrated. On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund had repurchased 205 shares of Common Stock in the open market with an NAV of $1,770 at a cost of $1,765. Since the program inception, the Fund has repurchased 363,953 shares of common stock in the open market with an NAV of $2,795,910, at a cost of $2,787,088.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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UBS

Tax-Free Puerto Rico Target Maturity Fund, Inc.

Investment Objectives and Policies

Seeks current income that for Puerto Rico residents is exempt from both U.S. Federal and Puerto Rico income taxes, consistent with the preservation of capital, and the distribution to shareholders of common stock, of an amount equal to $10 per share, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in Puerto Rico obligations (as described in the Prospectus)
- at least 95% of total assets in investment-grade securities[2]
- Return initial investment of $10, per share by or before December 31, 2031; distributions of principal commenced as of on January 1, 2012[A]
- may issue leverage representing up to 50% of total assets[1]
- the Fund had cumulative distributions of $2.20 per share of common stock, since the commencement of its principal distribution period

Pricing and Distribution History[2, A]

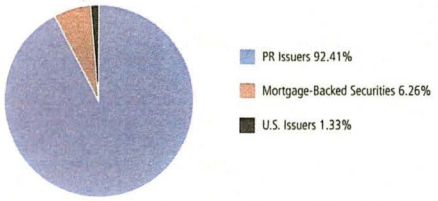
Initial Public Offering (IPO)	$10.00
Distribution to date	$2.20
Remaining Capital	$7.80
IPO Yield[5]	6.85%
Current Yield[5]	6.71%
Last Dividend Paid	$0.0445
Last 12-month dividend	$0.6093

Portfolio Statistics and Characteristics[2]

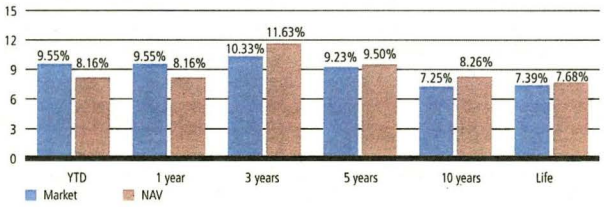
Commencement	Aug-01	Average Maturity (yrs)	14.30
Shares Outstanding (mm)	31.06	Average Duration (yrs)	5.50
Bid Price	$7.96	Fiscal Year	31-Jul
Net Asset Value (NAV)	$7.88	Leverage %	49.52%
Net Assets (mm)	$244.70	Leverage Cost	1.85%
Leverage (mm)	$242.15	Hedge Notional (mm)	172.60
Expense Ratio	1.48%	Hedge Ratio	71%

See Portfolio Holdings, Portfolio Manager, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

Portfolio Summary[2]

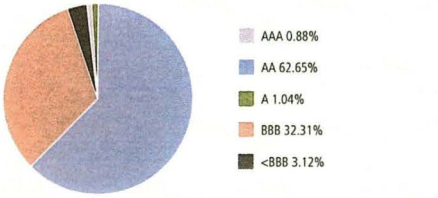


Average Annual Total Return[3]

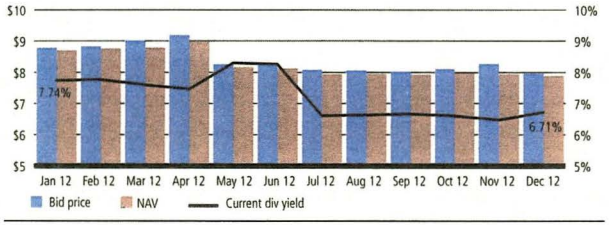


Pro-Forma[B]	Actual	Capital	Pro-forma
Bid Price	$7.96	$2.20	$10.16
NAV	$7.88	$2.20	$10.08

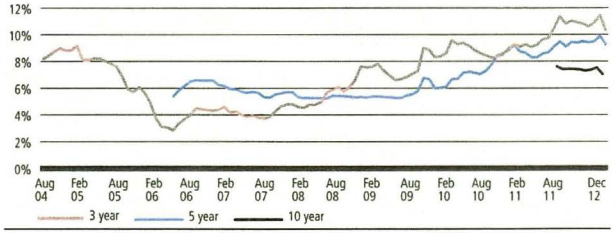
Credit Quality[2]



Share Price, NAV and Current Dividend Yield – Prior 12 months[5]



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds and is on a leave of absence as Chairman of the UBS Puerto Rico Family of Funds in order to contest the SEC's claims. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

[A] During the principal distribution period, the Fund will distribute pro-rata to holders of common stock the principal payments received by the Fund on its portfolio securities, in addition to the regular monthly distributions of net investment income and annual distributions of net capital gains. Provided the Fund adheres to certain requirements imposed by the Office of the Commission of Financial Institutions during the principal distribution period, the 67% investment requirement in Puerto Rico securities will not be applicable to the Fund.

[B] The pro-forma prices and NAV include the actual bid price and NAV of the Fund plus capital distributed to convert to the original $10.00 Initial Public Offering (IPO) price. An investor purchasing the Fund at the current bid price should receive the amount labelled "Remaining Capital." For comparison purposes, the bid price and NAV includes the capital distributed per share of common stock since the commencement of the principal distribution period on January 1, 2012. These figures are used for performance computations.

Portfolio Holdings[2]

PR Obligations	
Mortgage-Backed Securities	
CMO, COMM END, FNMA, GNMA, FGLMC	0.49%
Participation Certificate - Doral	2.31%
Dorado	3.46%
AFICA	
Fondo del Seguro	0.11%
Palmas del Mar	0.02%
Plaza Las Americas	1.04%
PR Conservation Trust	
Doral	0.73%
EDB - Popular, Inc.	2.39%
Employee Retirement System	11.48%
PR GOs	2.05%
PR Highway	1.37%
PR Sales Tax Financing	61.71%
PRPBA	3.50%
GDB	8.01%
PR Obligations	**98.67%**
US Obligations	
Build America Bonds	0.39%
US Municipals	0.94%
US Obligations	**1.33%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

***Special Considerations**

The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer

Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Securities issued by the Fund are subject to market risk, including the loss of principal amounts invested. This document is not an offer to sell, or the solicitation of an offer to buy, any investment in the Fund and is for informational purposes only. Fund investments are designed primarily and suitable for long-term investors and not viewed as a vehicle for trading purposes. They may not be suitable to all investors. Fund investments are not equivalent to investments in its underlying securities. The Fund's utilization of leverage poses certain risks to investors, and in some cases, interest rate fluctuations may increase the volatility of its return and affect the Fund to a significantly greater extent than a non-leveraged investment company. **More detailed information about the Fund, including applicable fees, costs, penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the Share's prospectus, which you should read carefully prior to making an investment.** To obtain additional information related to the Fund (including investment returns calculated in accordance with Regulation 5766 of March 11, 1998, as amended) or a copy of the Shares' prospectus or Fund's annual report, please contact the UBS Puerto Rico Family of Funds at 787-773-3888. To obtain the Fund's month-end performance or more up-to-date information, please contact your UBS Financial Advisor or see "press releases" at *http://www.ubs.com/prfunds*.

Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference/principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 3.12% of the Fund's total portfolio, which is below the Fund's maximum investment threshold of 5% of its total assets invested in securities rated below investment-grade or which are unrated. This Fund has commenced pro-rata distributions to its holders of common stock of the principal payments received on its portfolio securities.
On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund has not repurchased shares of Common Stock in the open market. Since the program inception, the Fund has repurchased 567,135 shares of common stock in then open market with an NAV of $5,151,065, at a cost of $5,118,036.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the remaining capital. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Puerto Rico AAA Portfolio Target Maturity Fund, Inc.

Investment Objectives and Policies

Seeks current income, consistent with the preservation of capital, and the distribution to shareholders of common stock of an amount equal to $10 per share, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in securities issued by Puerto Rico issuers (as described in the Prospectus)
- at least 95% of total assets in AAA-rated securities[2]
- return initial investment of $10 per share by or before December 31, 2032; distributions of principal may commence on July 31, 2013
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2, B]

Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$10.00/$10.95
YTD NAV Change	$0.19
YTD Bid Price Change	$0.60
IPO Yield[5]	5.85%
Current Yield[5]	5.52%
Last Dividend Paid	$0.0488
Last 12 Month Dividend	$0.6058

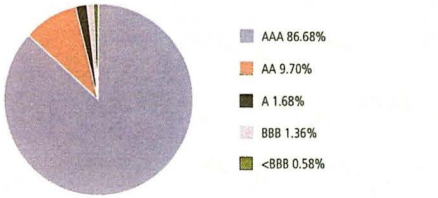
Portfolio Statistics and Characteristics[2]

Commencement	July-02	Fiscal Year	30-Jun
Shares Outstanding (mm)	54.28	Weighted avg. coupon	3.96%
Bid Price	$10.60	Average Maturity (yrs)	15.16
Net Asset Value (NAV)	$9.90	Average Duration (yrs)	6.79
Bid Price to NAV Ratio	107.07%	Effective Duration (yrs)	6.59
Net Assets (mm)	$537.24	Leverage %	49.05%
Leverage (mm)	$521.13	Leverage cost	0.12%
Undistributed income (mm)	$23.02	Hedge Notional (mm)	$304.26
Expense ratio	1.87%	Hedge ratio	58%

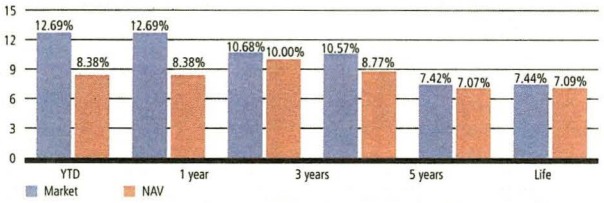
See Portfolio Holdings, Portfolio Manager, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

Portfolio Summary[2]

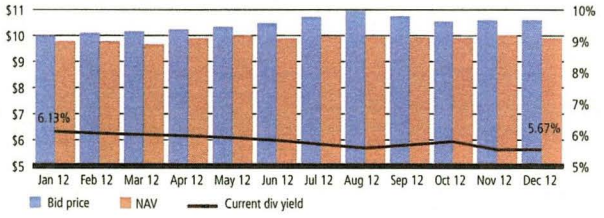
Credit Quality[2]



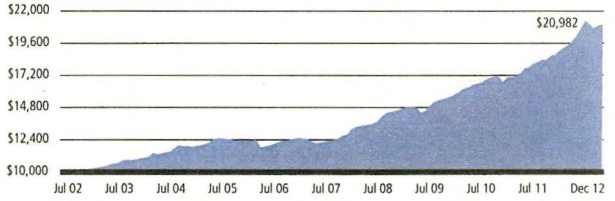
Average Annual Total Return[3]



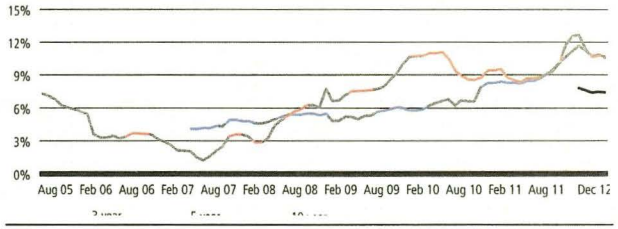
Share Price, NAV and Current Dividend Yield – Prior 12 months[5]



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



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Portfolio Holdings[2]

PR Obligations	
Mortgage-Backed Securities	
CMO, COMM END, FNMA, GNMA, FGLMC	5.48%
EDB - BAB	10.05%
EDB - MBS	12.05%
EDB - US Municipals	5.38%
Employee Retirement System	1.36%
FIDEVI - Triple S	0.39%
Other PR	15.17%
PR GOs	0.69%
PR Highway	1.52%
PR Housing Finance	9.36%
PR Sales Tax Financing	0.48%
PREPA	0.82%
PRASA	0.47%
PRPBA	0.96%
PR Obligations	**64.18%**
US Obligations	
Federal Home Loan Bank	17.40%
Federal Farm Credit Bank	9.60%
Build America Bonds	6.86%
US Municipals	1.96%
US Obligations	**35.82%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

***Special Considerations**

The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer

Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Securities issued by the Fund are subject to market risk, including the loss of principal amounts invested. This document is not an offer to sell, or the solicitation of an offer to buy, any investment in the Fund and is for informational purposes only. Fund investments are designed primarily and suitable for long-term investors and not viewed as a vehicle for trading purposes. They may not be suitable to all investors. Fund investments are not equivalent to investments in its underlying securities. The Fund's utilization of leverage poses certain risks to investors, and in some cases, interest rate fluctuations may increase the volatility of its return and affect the Fund to a significantly greater extent than a non-leveraged investment company. **More detailed information about the Fund, including applicable fees, costs, penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the Share's prospectus, which you should read carefully prior to making an investment.** To obtain additional information related to the Fund (including investment returns calculated in accordance with Regulation 5766 of March 11, 1998, as amended) or a copy of the Shares' prospectus or Fund's annual report, please contact the UBS Puerto Rico Family of Funds at 787-773-3888. To obtain the Fund's month-end performance or more up-to-date information, please contact your UBS Financial Advisor or see "press releases" at *http://www.ubs.com/prfunds*.

Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference/principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in securities rated below "AAA" is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below "AAA" or which are unrated, amounted to 13.32% of the Fund's total portfolio, which exceeds the Fund's maximum investment threshold of 5 % of its total assets invested in securities rated below "AAA" or which are unrated.
On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund has not repurchased shares of Common Stock in the open market. Since the program inception, the Fund has repurchased 917,435 shares of common stock in then open market with an NAV of $8,115,584 at a cost of $8,053,112.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Puerto Rico AAA Portfolio Bond Fund, Inc.

Investment Objectives and Policies

Seeks current income, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in securities issued by Puerto Rico obligations (as described in the Prospectus)
- at least 95% of total assets in AAA-rated securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$9.80/$10.90
YTD NAV Change	$0.22
YTD Bid Price Change	$1.20
IPO Yield[5]	6.25%
Current Yield[5]	5.73%
Last Dividend Paid	$0.0521
Last 12 Month Dividend	$0.6250

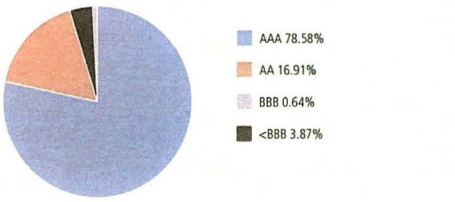
Portfolio Statistics and Characteristics[2]

Commencement	Jan-03	Fiscal Year	30-Nov
Shares Outstanding (mm)	55.94	Weighted avg. coupon	4.37%
Bid Price	$10.90	Average Maturity (yrs)	17.38
Net Asset Value (NAV)	$9.48	Average Duration (yrs)	9.52
Bid Price to NAV Ratio	114.98%	Effective Duration (yrs)	8.22
Net Assets (mm)	$530.55	Leverage %	48.59%
Leverage (mm)	$505.19	Leverage cost	0.46%
Undistributed income (mm)	$9.62	Hedge Notional (mm)	$252.88
Expense ratio	1.89%	Hedge ratio	50%

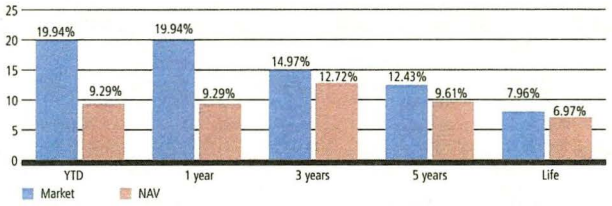
See Portfolio Holdings, Portfolio Manager, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

Portfolio Summary[2]

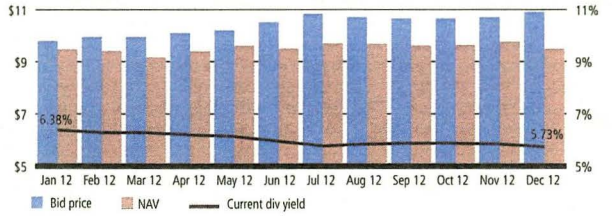
Credit Quality[2]



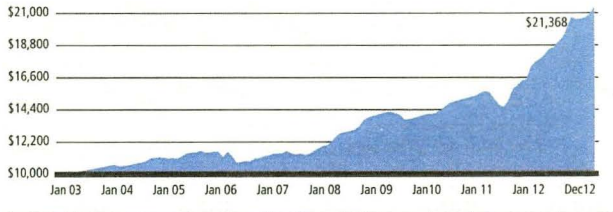
Average Annual Total Return[3]



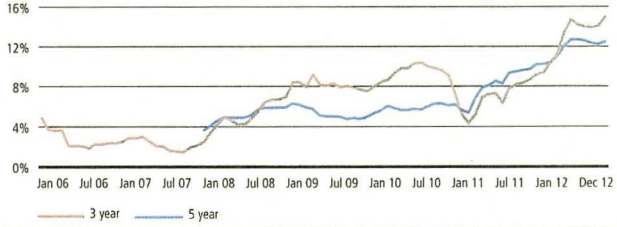
Share Price, NAV and Current Dividend Yield – Prior 12 months[5]



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds and is on a leave of absence as Chairman of the UBS Puerto Rico Family of Funds in order to contest the SEC's claims. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

- On August 25, 2010, in accordance with the terms and conditions of a ruling issued by the Puerto Rico Office of the Commissioner of Financial Institutions (the "PR OCFI") and an approval issued by the Board of Governors of the Federal Reserve System, the Fund exchanged 431,100 preferred securities of First Bancorp for 334,893 shares of its common stock. Subsequently, First Bancorp effected a 1 for 15 reverse stock split. As of December 31, 2012, the Fund had sold 4,677 of such common shares. It is the Fund's intent to exercise its best efforts to sell or otherwise dispose of the holdings of common stock of First Bancorp by April 30, 2013, unless the PR OCFI consents to an extension of such deadline.

Portfolio Holdings[2]

PR Obligations	
Preferred Stocks	
Doral Financial	0.01%
Common Stocks	
First Bancorp	0.14%
Mortgage-Backed Securities CMO, COMM END, FNMA, GNMA, FGLMC	17.45%
EDB - BAB	14.12%
EDB - MBS	2.21%
Employee Retirement System	0.64%
Other PR	19.08%
PR Highway	4.94%
PR Sales Tax Financing	4.44%
PRASA	1.85%
PR Obligations	**64.88%**
US Obligations	
Federal Home Loan Bank	24.69%
Federal Farm Credit Bank	4.52%
Build America Bonds	2.05%
US MBS	3.86%
US Obligations	**35.12%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

***Special Considerations**

The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer

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Footnotes:

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[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in securities rated below "AAA" is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below "AAA" or which are unrated, amounted to 21.42% of the Fund's total portfolio, which exceeds the Fund's maximum investment threshold of 5% of its total assets invested in securities rated below "AAA" or which are unrated.
On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund has not repurchased shares of Common Stock in the open market. Since the program inception, the Fund has repurchased 2,520,260 shares of common stock in the open market with an NAV of $21,098,707 at a cost of $20,993,159.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Puerto Rico AAA Portfolio Bond Fund II, Inc.

Investment Objectives and Policies

Seeks current income, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in securities issued by Puerto Rico issuers (as described in the Prospectus)
- at least 95% of total assets in AAA-rated securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$10.20/$11.69
YTD NAV Change	-$0.21
YTD Bid Price Change	$1.54
IPO Yield[5]	6.50%
Current Yield[5]	5.56%
Last Dividend Paid	$0.0542
Last 12 Month Dividend	$0.6500

Portfolio Statistics and Characteristics[2]

Commencement	Aug-05	Fiscal Year	30-Jun
Shares Outstanding (mm)	7.10	Weighted avg. coupon	4.71%
Bid Price	$11.69	Average Maturity (yrs)	15.24
Net Asset Value (NAV)	$10.37	Average Duration (yrs)	7.09
Bid Price to NAV Ratio	112.73%	Effective Duration (yrs)	7.85
Net Assets (mm)	$73.61	Leverage %	41.12%
Leverage (mm)	$51.80	Leverage cost	0.19%
Undistributed income (mm)	$0.39	Hedge Notional (mm)	$38.42
Expense ratio	1.96%	Hedge ratio	74%

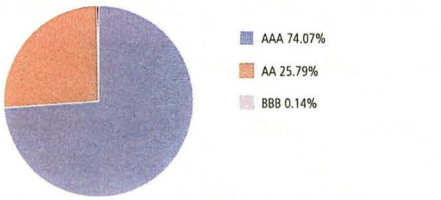
See Portfolio Holdings, Portfolio Managers, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

Additional Distributions (per share)

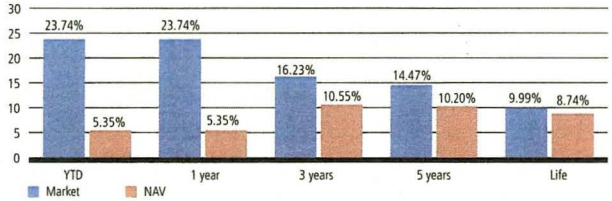
	Current Quarter	YTD	Since Inception
Special Dividend	$-	$0.1200	$0.5717
Capital Gain Distribution	$-	$-	$0.4825

Portfolio Summary[2]

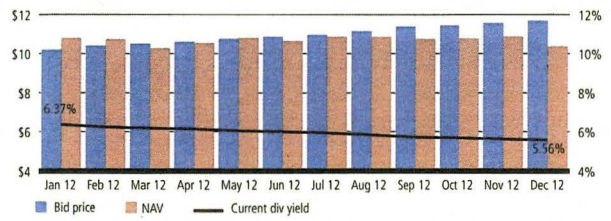
Credit Quality[2]



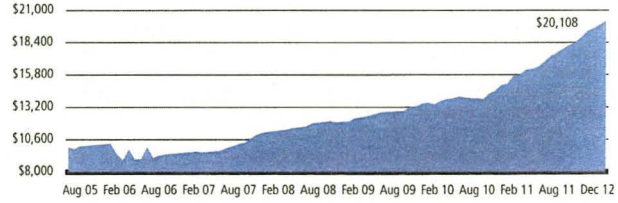
Average Annual Total Return[3]



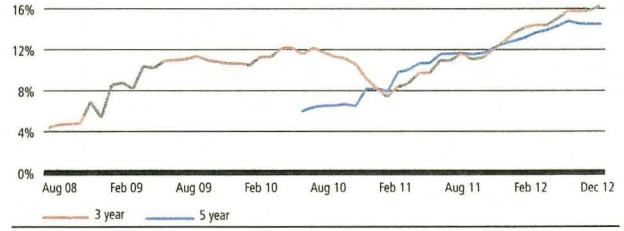
Share Price, NAV and Current Dividend Yield – Prior 12 months[5]



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



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Portfolio Holdings[2]

PR Obligations	
Mortgage-Backed Securities CMO, COMM END, FNMA, GNMA, FGLMC	8.00%
EDB - BAB	4.52%
EDB - MBS	11.91%
Employee Retirement System	0.35%
Municipal Finance	0.69%
Other PR	10.22%
PR Highway	21.78%
PR Housing Finance	8.55%
PR Sales Tax Financing	0.40%
PRASA	3.84%
PR Obligations	**70.26%**

US Obligations	
Federal Home Loan Bank	13.26%
Federal Farm Credit Bank	6.24%
Build America Bonds	1.70%
US Municipals	8.54%
US Obligations	**29.74%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

***Special Considerations**

The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer

Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Securities issued by the Fund are subject to market risk, including the loss of principal amounts invested. This document is not an offer to sell, or the solicitation of an offer to buy, any investment in the Fund and is for informational purposes only. Fund investments are designed primarily and suitable for long-term investors and not viewed as a vehicle for trading purposes. They may not be suitable to all investors. Fund investments are not equivalent to investments in its underlying securities. The Fund's utilization of leverage poses certain risks to investors, and in some cases, interest rate fluctuations may increase the volatility of its return and affect the Fund to a significantly greater extent than a non-leveraged investment company. **More detailed information about the Fund, including applicable fees, costs, penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the Share's prospectus, which you should read carefully prior to making an investment.** To obtain additional information related to the Fund (including investment returns calculated in accordance with Regulation 5766 of March 11, 1998, as amended) or a copy of the Shares' prospectus or Fund's annual report, please contact the UBS Puerto Rico Family of Funds at 787-773-3888. To obtain the Fund's month-end performance or more up-to-date information, please contact your UBS Financial Advisor or see "press releases" at *http://www.ubs.com/prfunds*.

Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference/principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in securities rated below "AAA" is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below "AAA" or which are unrated, amounted to 25.93% of the Fund's total portfolio, which exceeds the Fund's maximum investment threshold of 5% of its total assets invested in securities rated below "AAA" or which are unrated.
On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund has not repurchased shares of Common Stock in the open market. Since the program inception, the Fund had repurchased 1,352,657 shares of Common Stock in the open market with an NAV of $13,178,428 at a cost of $12,917,209.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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UBS

Puerto Rico GNMA & U.S. Government Target Maturity Fund, Inc.

Investment Objectives and Policies

Seeks current income, consistent with the preservation of capital, and the distribution to shareholders of common stock of an amount equal to $10 per share, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in securities issued by Puerto Rico issuers (as described in the Prospectus)
- at least 80% of total assets in securities issued or guaranteed by U.S. Government or its instrumentalities (at least 60% of total assets issued or guaranteed by GNMA)
- return initial investment of $10 per share by or before December 31, 2043
- at least 90% of total assets in AAA-rated securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2, 8]

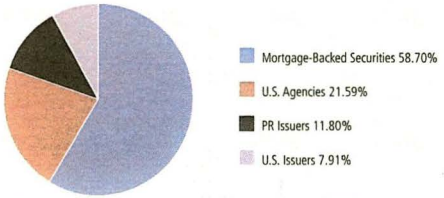
Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$10.20/$11.10
YTD NAV Change	$0.17
YTD Bid Price Change	$0.85
IPO Yield[5]	5.70%
Current Yield[5]	5.25%
Last Dividend Paid	$0.0475
Last 12 Month Dividend	$0.5693

Portfolio Statistics and Characteristics[2]

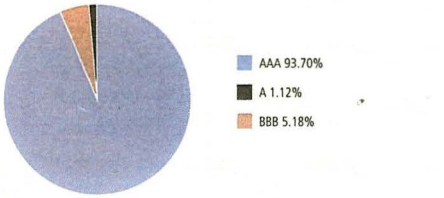
Commencement	May-03	Fiscal Year	31-Mar
Shares Outstanding (mm)	19.75	Weighted avg. coupon	4.99%
Bid Price	$10.85	Average Maturity (yrs)	9.80
Net Asset Value (NAV)	$10.43	Average Duration (yrs)	7.43
Bid Price to NAV Ratio	104.03%	Effective Duration (yrs)	6.60
Net Assets (mm)	$205.87	Leverage %	44.53%
Leverage (mm)	$165.22	Leverage cost	0.89%
Undistributed income (mm)	$14.78	Hedge Notional (mm)	$110.59
Expense ratio	1.83%	Hedge ratio	67%

See Portfolio Holdings, Portfolio Manager, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

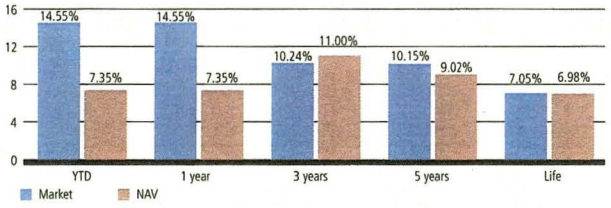
Portfolio Summary[2]



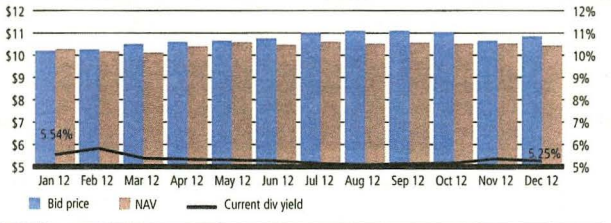
Credit Quality[2]



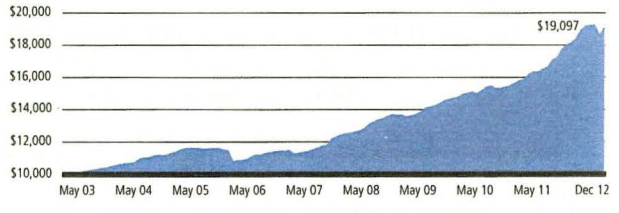
Average Annual Total Return[3]



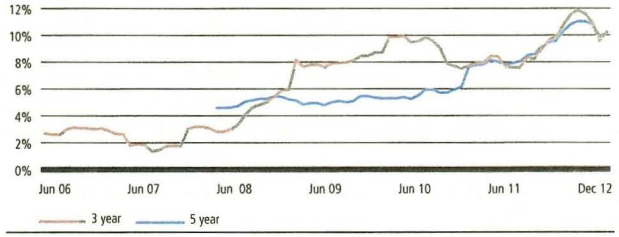
Share Price, NAV and Current Dividend Yield – Prior 12 months[5]



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds and is on a leave of absence as Chairman of the UBS Puerto Rico Family of Funds in order to contest the SEC's claims. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

Portfolio Holdings[2]

PR Obligations	
Mortgage -Backed Securites CMO, COMM END, FNMA, GNMA, FGLMC	58.70%
PR Conservation Trust Menonita	2.67%
EDB - MBS	3.95%
Employee Retirement System	2.36%
PRPBA	2.17%
GDB	0.65%
PR Obligations	**70.50%**
US Obligations	
Federal Home Loan Bank	13.75%
Federal Farm Credit Bank	7.84%
Build America Bonds	6.78%
US Municipals	1.13%
US Obligations	**29.50%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

***Special Considerations**

The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer

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Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference/principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in securities rated below "AAA" is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below "AAA" or which are unrated, amounted to 6.30% of the Fund's total portfolio, which falls within the Fund's maximum investment threshold of 10% of its total assets invested in securities rated below "AAA" or which are unrated.
On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund has not repurchased shares of Common Stock in the open market. Since the program inception, the Fund has repurchased 1,254,476 shares of common stock in then open market with an NAV of $11,329,562 at a cost of $11,258,636.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Puerto Rico Fixed Income Fund, Inc.

Investment Objectives and Policies

Seeks current income, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in securities issued by Puerto Rico issuers (as described in the Prospectus)
- at least 80% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$9.30/$9.91
YTD NAV Change	-$0.21
YTD Bid Price Change	-$0.41
IPO Yield[5]	7.25%
Current Yield[5]	7.80%
Last Dividend Paid	$0.0604
Last 12 Month Dividend	$0.7250

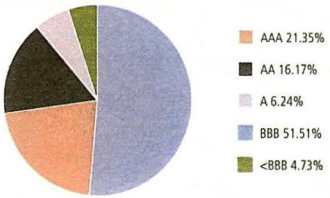
Portfolio Statistics and Characteristics[2]

Commencement	July-03	Fiscal Year	30-Jun
Shares Outstanding (mm)	52.38	Weighted avg. coupon	4.85%
Bid Price	$9.30	Average Maturity (yrs)	24.05
Net Asset Value (NAV)	$7.44	Average Duration (yrs)	10.28
Bid Price to NAV Ratio	125.00%	Effective Duration (yrs)	9.74
Net Assets (mm)	$389.74	Leverage %	49.37%
Leverage (mm)	$384.13	Leverage cost	0.49%
Undistributed income (mm)	$4.56	Hedge Notional (mm)	$170.15
Expense ratio	1.97%	Hedge ratio	44%

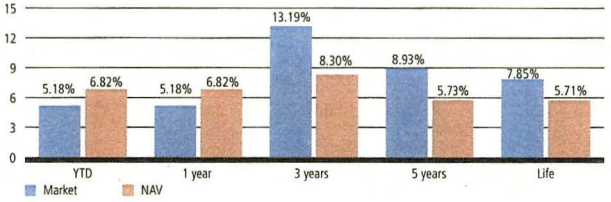
See Portfolio Holdings, Portfolio Manager, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

Portfolio Summary[2]

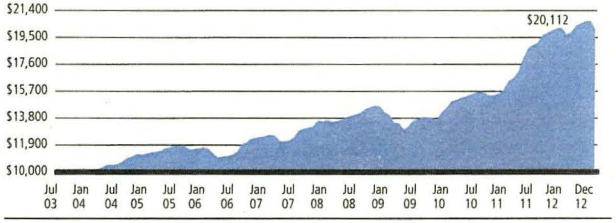
Credit Quality[2]



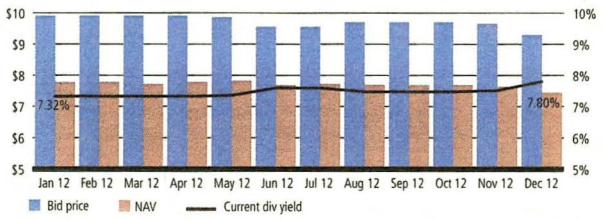
Average Annual Total Return[3]



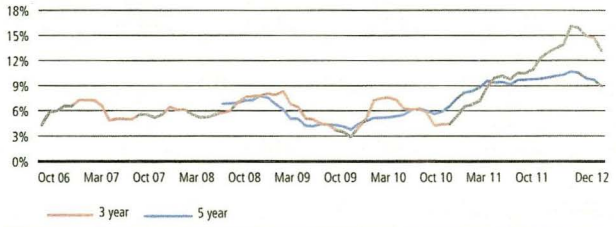
Growth of a $10,000 Investment as of December 31, 2012[4]



Share Price, NAV and Current Dividend Yield – Prior 12 months[5]



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds and is on a leave of absence as Chairman of the UBS Puerto Rico Family of Funds in order to contest the SEC's claims. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

- On August 25, 2010, in accordance with the terms and conditions of a ruling issued by the Puerto Rico Office of the Commissioner of Financial Institutions (the "PR OCFI") and an approval issued by the Board of Governors of the Federal Reserve System, the Fund exchanged 1,559,000 preferred securities of First Bancorp for 1,211,083 shares of its common stock. Subsequently, First Bancorp effected a 1 for 15 reverse stock split. As of December 31, 2012, the Fund had sold 16,913 of such common shares. It is the Fund's intent to exercise its best efforts to sell or otherwise dispose of the holdings of common stock of First Bancorp by April 30, 2013, unless the PR OCFI consents to an extension of such deadline.

Portfolio Holdings[2]

PR Obligations	
Preferred Stocks	
Doral Financial	0.02%
Common Stocks	
First Bancorp	0.69%
Mortgage-Backed Securities	
CMO, COMM END, FNMA, GNMA, FGLMC	0.79%
Dorado	2.83%
AFICA	
Costa Caribe	1.36%
Doral Financial	0.03%
PR Conservation Trust	
Barclays	1.22%
Deutsche	0.19%
Santander	1.66%
EDB - Popular, Inc.	1.89%
Employee Retirement System	28.38%
FIDEVI - Universal	0.99%
Other PR	0.03%
PR GOs	6.01%
PR Highway	4.05%
PR Housing Finance	0.49%
PR Sales Tax Financing	15.76%
PREPA	1.42%
PRASA	0.37%
PRPBA	3.06%
Condado Palm	1.26%
PR Obligations	**72.50%**
US Obligations	
Federal Home Loan Bank	18.57%
Federal Farm Credit Bank	1.27%
Build America Bonds	6.14%
US Municipals	1.52%
US Obligations	**27.50%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

***Special Considerations**

The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer

Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Securities issued by the Fund are subject to market risk, including the loss of principal amounts invested. This document is not an offer to sell, or the solicitation of an offer to buy, any investment in the Fund and is for informational purposes only. Fund investments are designed primarily and suitable for long-term investors and not viewed as a vehicle for trading purposes. They may not be suitable to all investors. Fund investments are not equivalent to investments in its underlying securities. The Fund's utilization of leverage poses certain risks to investors, and in some cases, interest rate fluctuations may increase the volatility of its return and affect the Fund to a significantly greater extent than a non-leveraged investment company. **More detailed information about the Fund, including applicable fees, costs, penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the Share's prospectus, which you should read carefully prior to making an investment.** To obtain additional information related to the Fund (including investment returns calculated in accordance with Regulation 5766 of March 11, 1998, as amended) or a copy of the Shares' prospectus or Fund's annual report, please contact the UBS Puerto Rico Family of Funds at 787-773-3888. To obtain the Fund's month-end performance or more up-to-date information, please contact your UBS Financial Advisor or see "press releases" at *http://www.ubs.com/prfunds*.

Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference/principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 4.73% of the Fund's total portfolio, which falls within the Fund's maximum investment threshold of 20% of its total assets invested in securities rated below investment-grade or which are unrated. Moreover, the Fund's percentage investment in debt securities rated below investment-grade (below "BBB" rating) or which are not of investment-grade credit quality, amounted to 4.73% of the Fund's total assets, which exceeds the Fund's maximum investment threshold of 0% of its total assets.
On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund had repurchased 336 shares of Common Stock in the open market with an NAV of $2,579 at a cost of $2,579. Since the program inception, the Fund has repurchased 604,570 shares of common stock in then open market with an NAV of $4,820,739, at a cost of $4,798,090.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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130201-0121-017

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Puerto Rico Fixed Income Fund II, Inc.

Investment Objectives and Policies

Seeks current income, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in securities issued by Puerto Rico issuers (as described in the Prospectus)
- at least 80% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

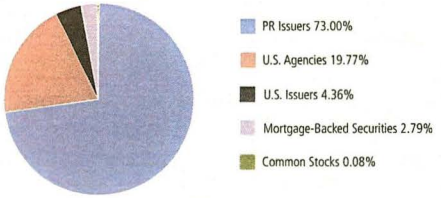
Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$9.15/$9.85
YTD NAV Change	-$0.26
YTD Bid Price Change	-$0.50
IPO Yield[5]	7.25%
Current Yield[5]	7.92%
Last Dividend Paid	$0.0604
Last 12 Month Dividend	$0.7250

Portfolio Statistics and Characteristics[2]

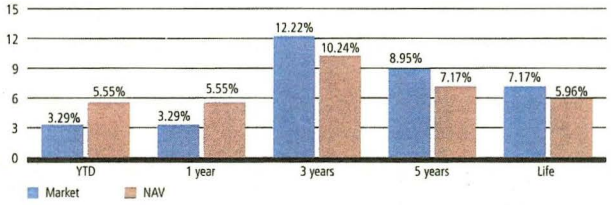
Commencement	Jan-04	Fiscal Year	30-Nov
Shares Outstanding (mm)	53.29	Weighted avg. coupon	4.69%
Bid Price	$9.15	Average Maturity (yrs)	21.93
Net Asset Value (NAV)	$8.12	Average Duration (yrs)	8.29
Bid Price to NAV Ratio	112.68%	Effective Duration (yrs)	9.27
Net Assets (mm)	$432.71	Leverage %	49.23%
Leverage (mm)	$423.87	Leverage cost	1.13%
Undistributed income (mm)	$7.89	Hedge Notional (mm)	$223.79
Expense ratio	1.96%	Hedge ratio	53%

See Portfolio Holdings, Portfolio Manager, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

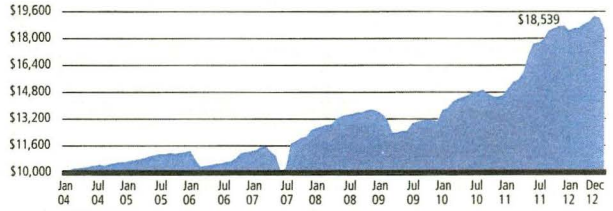
Portfolio Summary[2]



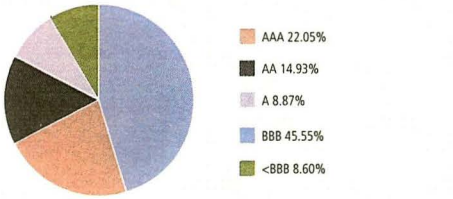
Average Annual Total Return[3]



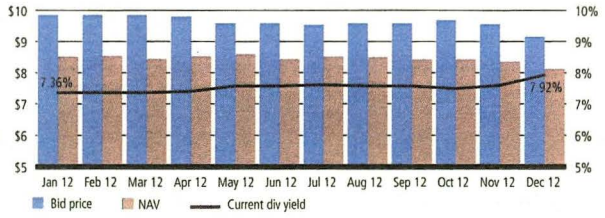
Growth of a $10,000 Investment as of December 31, 2012[4]



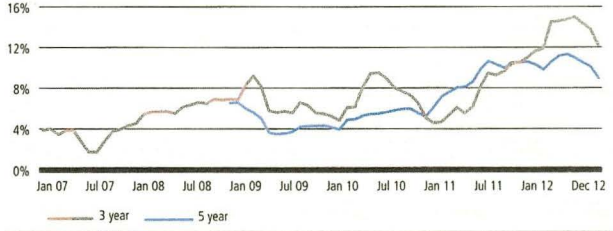
Credit Quality[2]



Share Price, NAV and Current Dividend Yield – Prior 12 months[5]



Rolling Period Annual Returns[3]



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- On August 25, 2010, in accordance with the terms and conditions of a ruling issued by the Puerto Rico Office of the Commissioner of Financial Institutions (the "PR OCFI") and an approval issued by the Board of Governors of the Federal Reserve System, the Fund exchanged 208,200 preferred securities of First Bancorp for 161,737 shares of its common stock. Subsequently, First Bancorp effected a 1 for 15 reverse stock split. As of December 31, 2012, the Fund had sold 2,259 of such common shares. It is the Fund's intent to exercise its best efforts to sell or otherwise dispose of the holdings of common stock of First Bancorp by April 30, 2013, unless the PR OCFI consents to an extension of such deadline.

Portfolio Holdings[2]

PR Obligations	
Common Stock	
Firstbank	0.08%
Mortgage -Backed Securites	
COMM END, FNMA, GNMA, FGLMC	0.01%
Dorado	2.78%
AFICA	
Costa Caribe	0.25%
PR Conservation Trust	
Barclays	1.18%
Deutsche	0.18%
Santander	1.29%
EDB - Popular, Inc.	6.57%
Employee Retirement System	27.51%
FIDEVI - Universal	1.78%
Other PR	0.06%
PR GOs	4.92%
PR Highway	1.54%
PR Housing Finance	0.22%
PR Sales Tax Financing	21.39%
PREPA	0.52%
PRASA	1.02%
PRPBA	2.33%
University of Puerto Rico	0.25%
GDB	1.99%
PR Obligations	**75.87%**
US Obligations	
Federal Home Loan Bank	14.46%
Federal Farm Credit Bank	5.31%
Build America Bonds	4.25%
US Municipals	0.11%
US Obligations	**24.13%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

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Footnotes:

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[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 8.60% of the Fund's total portfolio, which falls within the Fund's maximum investment threshold of 20% of its total assets invested in securities rated below investment-grade or which are unrated. Moreover, the Fund's percentage investment in debt securities rated below investment-grade (below "BBB" rating) or which are not of investment-grade credit quality, amounted to 8.60% of the Fund's total assets, which exceeds the Fund's maximum investment threshold of 5% of its total assets.
On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund had repurchased 25 shares of Common Stock in the open market with an NAV of $211 at a cost of $210. Since the program inception, the Fund has repurchased 1,493,578 shares of common stock in then open market with an NAV of $12,688,078 at a cost of $12,598,527.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Puerto Rico Fixed Income Fund III, Inc.

Investment Objectives and Policies

Seeks current income, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in securities issued by Puerto Rico issuers (as described in the Prospectus)
- at least 80% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

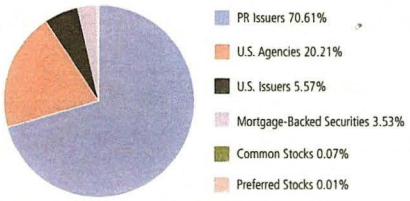
Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$9.20/$9.85
YTD NAV Change	-$0.25
YTD Bid Price Change	-$0.45
IPO Yield[5]	7.25%
Current Yield[5]	7.88%
Last Dividend Paid	$0.0604
Last 12 Month Dividend	$0.7250

Portfolio Statistics and Characteristics[2]

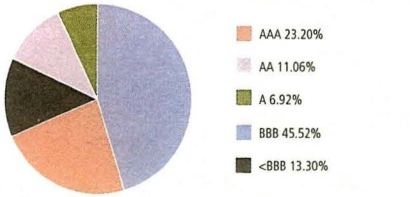
Commencement	August-04	Fiscal Year	30-Jun
Shares Outstanding (mm)	57.31	Weighted avg. coupon	4.81%
Bid Price	$9.20	Average Maturity (yrs)	22.42
Net Asset Value (NAV)	$7.54	Average Duration (yrs)	10.24
Bid Price to NAV Ratio	122.02%	Effective Duration (yrs)	9.56
Net Assets (mm)	$432.05	Leverage %	49.20%
Leverage (mm)	$422.83	Leverage cost	0.75%
Undistributed income (mm)	$3.50	Hedge Notional (mm)	$183.10
Expense ratio	1.96%	Hedge ratio	43%

See Portfolio Holdings, Portfolio Manager, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

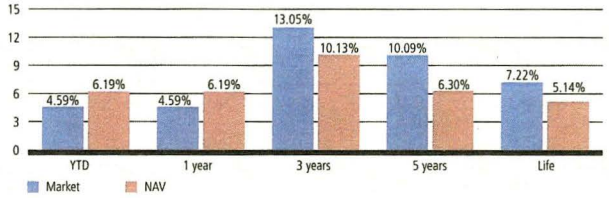
Portfolio Summary[2]



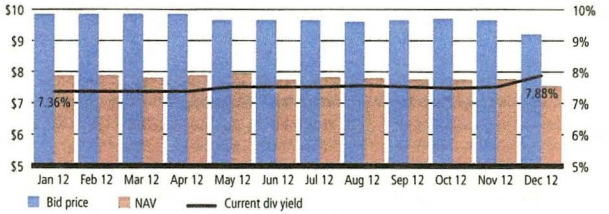
Credit Quality at Purchase[2]



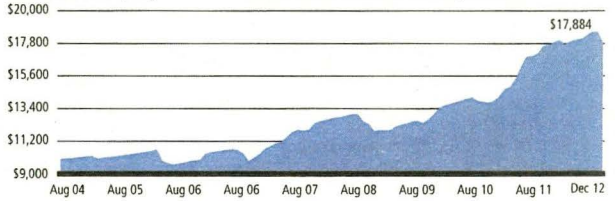
Average Annual Total Return[3]



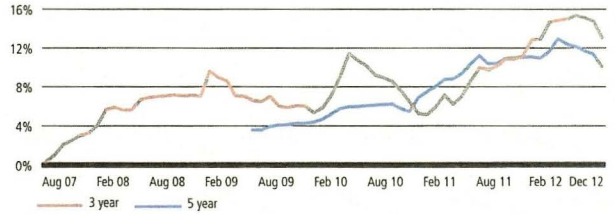
Share Price, NAV and Current Dividend Yield – Prior 12 months[5]



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds and is on a leave of absence as Chairman of the UBS Puerto Rico Family of Funds in order to contest the SEC's claims. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

- On August 25, 2010, in accordance with the terms and conditions of a ruling issued by the Puerto Rico Office of the Commissioner of Financial Institutions (the "PR OCFI") and an approval issued by the Board of Governors of the Federal Reserve System, the Fund exchanged 176,600 preferred securities of First Bancorp for 137,189 shares of its common stock. Subsequently, First Bancorp effected a 1 for 15 reverse stock split. As of December 31, 2012, the Fund had sold 1,917 of such common shares. It is the Fund's intent to exercise its best efforts to sell or otherwise dispose of the holdings of common stock of First Bancorp by April 30, 2013, unless the PR OCFI consents to an extension of such deadline.

Portfolio Holdings[2]

PR Obligations	
Preferred Stocks	
Doral Financial	0.01%
Common Stock	
Firstbank	0.07%
Mortgage -Backed Securites	
CMO, COMM END, FNMA, GNMA, FGLMC	0.74%
Dorado	2.79%
AFICA	
Costa Caribe	0.82%
Galeria Caparra	0.76%
PR Conservation Trust	
Barclays	1.19%
Deutsche	0.18%
Santander	5.11%
Convention Center	0.22%
EDB - Popular, Inc.	7.28%
Employee Retirement System	27.82%
FIDEVI - Universal	1.80%
PR GOs	5.40%
PR Highway	0.27%
PR Housing Finance	0.22%
PR Sales Tax Financing	14.75%
PREPA	0.89%
PRASA	0.42%
PRPBA	3.06%
GDB	0.42%
PR Obligations	**74.22%**
US Obligations	
Federal Home Loan Bank	19.02%
Federal Farm Credit Bank	1.19%
Build America Bonds	4.72%
US Municipals	0.85%
US Obligations	**25.78%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

***Special Considerations**

The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer

Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Securities issued by the Fund are subject to market risk, including the loss of principal amounts invested. This document is not an offer to sell, or the solicitation of an offer to buy, any investment in the Fund and is for informational purposes only. Fund investments are designed primarily and suitable for long-term investors and not viewed as a vehicle for trading purposes. They may not be suitable to all investors. Fund investments are not equivalent to investments in its underlying securities. The Fund's utilization of leverage poses certain risks to investors, and in some cases, interest rate fluctuations may increase the volatility of its return and affect the Fund to a significantly greater extent than a non-leveraged investment company. **More detailed information about the Fund, including applicable fees, costs, penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the Share's prospectus, which you should read carefully prior to making an investment.** To obtain additional information related to the Fund (including investment returns calculated in accordance with Regulation 5766 of March 11, 1998, as amended) or a copy of the Shares' prospectus or Fund's annual report, please contact the UBS Puerto Rico Family of Funds at 787-773-3888. To obtain the Fund's month-end performance or more up-to-date information, please contact your UBS Financial Advisor or see "press releases" at *http://www.ubs.com/prfunds*.

Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference/principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 13.30% of the Fund's total portfolio, which falls within the Fund's maximum investment threshold of 20% of its total assets invested in securities rated below investment-grade or which are unrated. Moreover, the Fund's percentage investment in debt securities rated below investment-grade (below "BBB" rating) or which are not of investment-grade credit quality, amounted to 13.30% of the Fund's total assets, which exceeds the Fund's maximum investment threshold of 5% of its total assets.
On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund has repurchased 195 shares of common stock in the open market with an NAV of $1,513 at a cost of $1,507. Since the program inception, the Fund has repurchased 1,274,526 shares of common stock in the open market with an NAV of $10,537,980 at a cost of $10,491,169.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Puerto Rico Fixed Income Fund IV, Inc.

Investment Objectives and Policies

Seeks current income, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in securities issued by Puerto Rico issuers (as described in the Prospectus)
- at least 80% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$9.75/$10.22
YTD NAV Change	-$0.29
YTD Bid Price Change	-$0.15
IPO Yield[5]	8.00%
Current Yield[5]	8.21%
Last Dividend Paid	$0.0667
Last 12 Month Dividend	$0.7938

Portfolio Statistics and Characteristics[2]

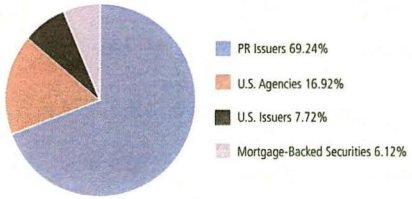
Commencement	Mar-05	Fiscal Year	31-Mar
Shares Outstanding (mm)	49.27	Weighted avg. coupon	5.23%
Bid Price	$9.75	Average Maturity (yrs)	22.80
Net Asset Value (NAV)	$9.04	Average Duration (yrs)	7.92
Bid Price to NAV Ratio	107.85%	Effective Duration (yrs)	9.06
Net Assets (mm)	$445.33	Leverage %	48.90%
Leverage (mm)	$430.57	Leverage cost	1.06%
Undistributed income (mm)	$15.90	Hedge Notional (mm)	$242.05
Expense ratio	1.90%	Hedge ratio	56%

See Portfolio Holdings, Portfolio Managers, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

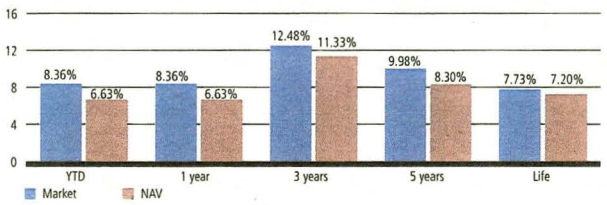
Additional Distributions (per share)

	Current Quarter	YTD	Since Inception
Special Dividend	$-	$0.1000	$0.1000
Capital Gain Distribution	$-	$-	$-

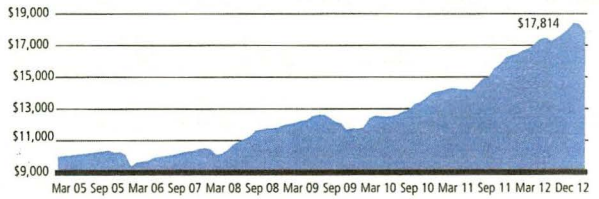
Portfolio Summary[2]



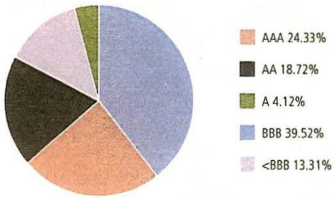
Average Annual Total Return[3]



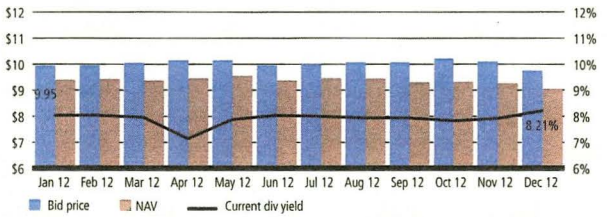
Growth of a $10,000 Investment as of December 31, 2012[4]



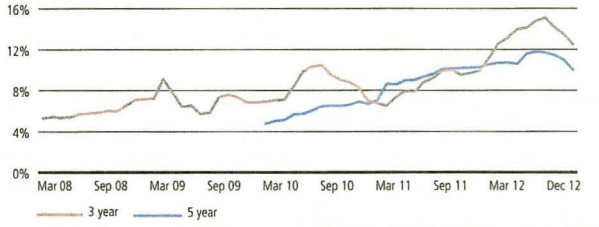
Credit Quality[2]



Share Price, NAV and Current Dividend Yield – Prior 12 months



Rolling Period Annual Returns[3]



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Portfolio Holdings[2]

PR Obligations	
Mortgage -Backed Securites	
CMO, COMM END, FNMA, GNMA, FGLMC	3.31%
Dorado	2.81%
PR Conservation Trust	
Barclays	1.21%
Deutsche	0.19%
Santander	3.34%
EDB - Popular, Inc.	7.15%
Employee Retirement System	26.47%
FIDEVI - Universal	2.17%
FIDEVI - Triple S	0.64%
PR GOs	3.80%
PR Highway	0.16%
PR Sales Tax Financing	19.23%
PREPA	0.17%
PRASA	0.50%
PRPBA	2.18%
GDB	2.03%
PR Obligations	**75.36%**
US Obligations	
Federal Home Loan Bank	12.61%
Federal Farm Credit Bank	4.31%
Build America Bonds	7.72%
US Obligations	**24.64%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

***Special Considerations**

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The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer

Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Securities issued by the Fund are subject to market risk, including the loss of principal amounts invested. This document is not an offer to sell, or the solicitation of an offer to buy, any investment in the Fund and is for informational purposes only. Fund investments are designed primarily and suitable for long-term investors and not viewed as a vehicle for trading purposes. They may not be suitable to all investors. Fund investments are not equivalent to investments in its underlying securities. The Fund's utilization of leverage poses certain risks to investors, and in some cases, interest rate fluctuations may increase the volatility of its return and affect the Fund to a significantly greater extent than a non-leveraged investment company. **More detailed information about the Fund, including applicable fees, costs, penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the Share's prospectus, which you should read carefully prior to making an investment.** To obtain additional information related to the Fund (including investment returns calculated in accordance with Regulation 5766 of March 11, 1998, as amended) or a copy of the Shares' prospectus or Fund's annual report, please contact the UBS Puerto Rico Family of Funds at 787-773-3888. To obtain the Fund's month-end performance or more up-to-date information, please contact your UBS Financial Advisor or see "press releases" at *http://www.ubs.com/prfunds*.

Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference/principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 13.31% of the Fund's total portfolio, which falls within the Fund's maximum investment threshold of 20% of its total assets invested in securities rated below investment-grade or which are unrated. Moreover, the Fund's percentage investment in debt securities rated below investment-grade (below "BBB" rating) or which are not of investment-grade credit quality, amounted to 13.31% of the Fund's total assets, which exceeds the Fund's maximum investment threshold of 5% of its total assets.
On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund has not repurchased shares of Common Stock in the open market. Since the program inception, the Fund has repurchased 5,412,695 shares of common stock in then open market with an NAV of $49,057,781 at a cost of $48,790,106.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Puerto Rico Fixed Income Fund V, Inc.

Investment Objectives and Policies

Seeks current income, consistent with the preservation of capital, by investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in securities issued by Puerto Rico issuers (as described in the Prospectus)
- at least 80% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$10.00/$10.52
YTD NAV Change	-$0.66
YTD Bid Price Change	-$0.15
IPO Yield[5]	8.15%
Current Yield[5]	8.15%
Last Dividend Paid	$0.0679
Last 12 Month Dividend	$0.8146

Portfolio Statistics and Characteristics[2]

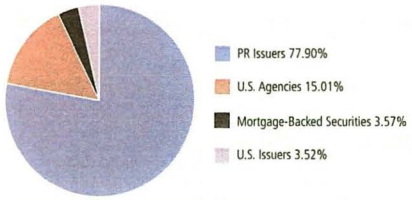
Commencement	May-07	Fiscal Year	31-Mar
Shares Outstanding (mm)	33.19	Weighted avg. coupon	5.23%
Bid Price	$10.00	Average Maturity (yrs)	25.20
Net Asset Value (NAV)	$9.49	Average Duration (yrs)	10.66
Bid Price to NAV Ratio	105.37%	Effective Duration (yrs)	11.27
Net Assets (mm)	$315.11	Leverage %	49.01%
Leverage (mm)	$305.73	Leverage cost	0.54%
Undistributed income (mm)	$1.56	Hedge Notional (mm)	$193.40
Expense ratio	1.91%	Hedge ratio	63%

See Portfolio Holdings, Portfolio Managers, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

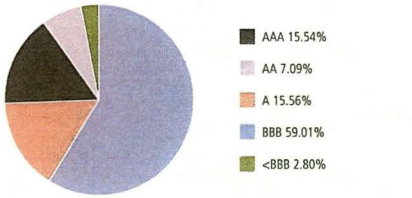
Additional Distributions (per share)

	Current Quarter	YTD	Since Inception
Special Dividend	$-	$0.1300	$0.6025
Capital Gain Distribution	$-	$0.0800	$0.1945

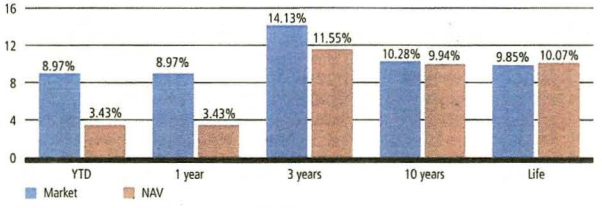
Portfolio Summary[2]



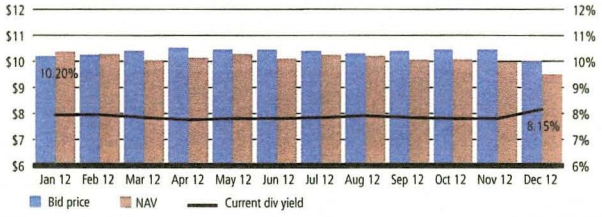
Credit Quality[2]



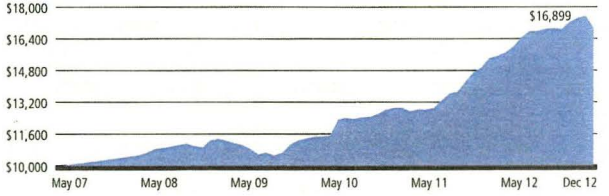
Average Annual Total Return[3]



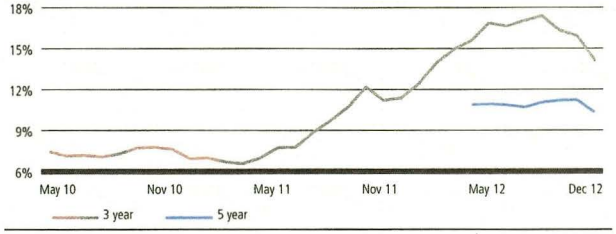
Share Price, NAV and Current Dividend Yield – Prior 12 months[5]



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds and is on a leave of absence as Chairman of the UBS Puerto Rico Family of Funds in order to contest the SEC's claims. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

Portfolio Holdings[2]

PR Obligations	
Mortgage -Backed Securites	
CMO, COMM END, FNMA, GNMA, FGLMC	0.54%
Dorado	3.03%
AFICA	
Costa Caribe	0.79%
Galeria Caparra	0.41%
Torre Chardon	0.31%
PR Conservation Trust	
Barclays	1.28%
Deutsche	0.20%
Doral	0.59%
EDB - Popular, Inc.	2.21%
Employee Retirement System	31.13%
PR GOs	7.72%
PR Highway	3.29%
PR Sales Tax Financing	19.13%
PREPA	0.19%
PRASA	2.87%
PRIDCO	2.80%
PRPBA	3.58%
GDB	1.40%
PR Obligations	**81.47%**
US Obligations	
Federal Home Loan Bank	11.00%
Federal Farm Credit Bank	4.01%
Build America Bonds	3.52%
US Obligations	**18.53%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

***Special Considerations**
The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer
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Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference/principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 2.80% of the Fund's total portfolio, which falls within the Fund's maximum investment threshold of 20% of its total assets invested in securities rated below investment-grade or which are unrated. Moreover, the Fund's percentage investment in debt securities rated below investment-grade (below "BBB" rating) or which are not of investment-grade credit quality, amounted to 2.80% of the Fund's total assets, which is below the Fund's maximum investment threshold of 5% of its total assets.
On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund has not repurchased shares of Common Stock in the open market. Since the program inception, the Fund has repurchased 5,168,361 shares of Common Stock in the open market with an NAV of $50,064,917 at a cost of $48,461,249.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Puerto Rico Fixed Income Fund VI, Inc.

Investment Objectives and Policies

Seeks current income, consistent with the preservation of capital, investing:

- up to 33% of its total assets in, among other things, securities issued or guaranteed by the U.S. Government, its agencies, and instrumentalities
- at least 67% of its total assets in securities issued by Puerto Rico issuers (as described in the Prospectus)
- at least 80% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$10.66/$11.52
YTD NAV Change	-$0.50
YTD Bid Price Change	$0.87
IPO Yield[5]	8.15%
Current Yield[5]	7.08%
Last Dividend Paid	$0.0679
Last 12 Month Dividend	$0.8157

Portfolio Statistics and Characteristics[2]

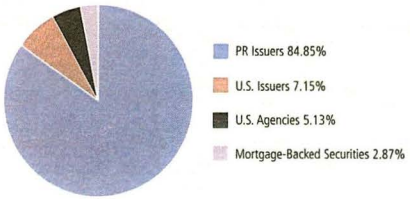
Commencement	Sep-08	Fiscal Year	31-Mar
Shares Outstanding (mm)	2.68	Weighted avg. coupon	4.87%
Bid Price	$11.52	Average Maturity (yrs)	21.50
Net Asset Value (NAV)	$10.53	Average Duration (yrs)	8.03
Bid Price to NAV Ratio	109.40%	Effective Duration (yrs)	10.94
Net Assets (mm)	$28.20	Leverage %	47.65%
Leverage (mm)	$25.95	Leverage cost	0.62%
Undistributed income (mm)	$0.13	Hedge Notional (mm)	$16.10
Expense ratio	2.47%	Hedge ratio	62%

See Portfolio Holdings, Portfolio Managers, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse.

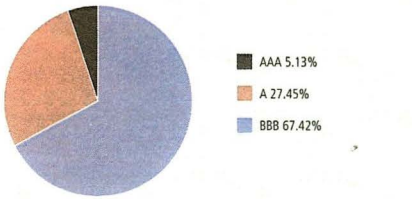
Additional Distributions (per share)

	Current Quarter	YTD	Since Inception
Special Dividend	$-	$0.1700	$0.6958
Capital Gain Distribution	$-	$-	$1.2596

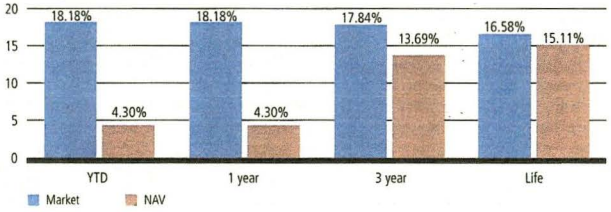
Portfolio Summary[2]



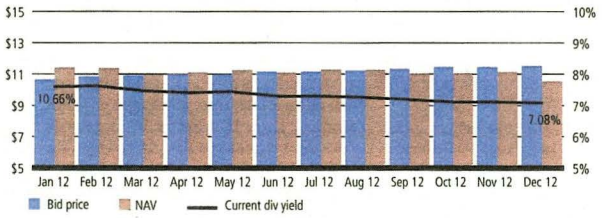
Credit Quality[2]



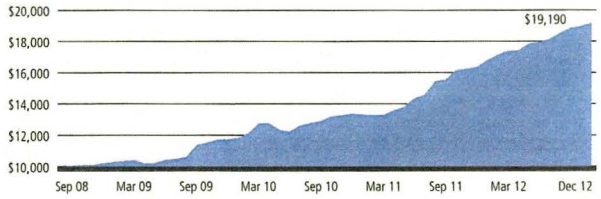
Average Annual Total Return[3]



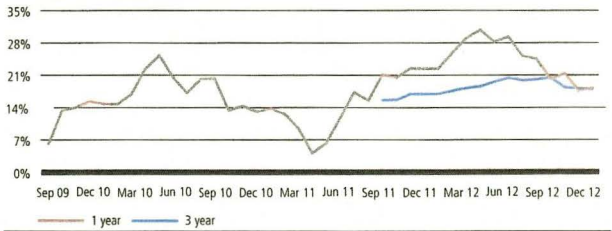
Share Price, NAV and Current Dividend Yield – Prior 12 months[5]



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



On April 26, 2012, UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") settled an administrative proceeding with the U.S. Securities and Exchange Commission (the "SEC") related to disclosures and secondary market trading involving shares of closed-end funds, including the Fund, managed by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the "Funds"), and sold by UBSFSPR during 2008 and 2009. The order implementing the settlement was issued by the SEC on May 1, 2012. Under the terms of the settlement, and without admitting or denying the findings, UBSFSPR has paid a penalty, disgorgement and prejudgment interest totaling USD 26.6 million. UBSFSPR also consented to a censure and an order to cease and desist from future violations of various provisions of the federal securities laws, and will hire an independent consultant to review UBSFSPR's closed-end fund disclosures and trading policies and procedures. Neither the Funds nor UBS Asset Managers of Puerto Rico is a party to the settlement and there is no allegation of any wrongdoing by the Funds or UBS Asset Managers of Puerto Rico. In a related matter, on May 1, 2012, the SEC filed an administrative proceeding against two senior employees of UBSFSPR, who will contest the SEC's claims. One of the employees, Miguel A. Ferrer, is also a Director of the Funds and is on a leave of absence as Chairman of the UBS Puerto Rico Family of Funds in order to contest the SEC's claims. The SEC proceeding, however, does not relate to his role(s) with the Funds, nor does it relate to the management of the Funds themselves.

Portfolio Holdings[2]

PR Obligations	
Mortgage -Backed Securites	
Dorado	2.87%
Employee Retirement System	14.14%
PR GOs	20.11%
PR Highway	8.78%
PR Sales Tax Financing	20.30%
PREPA	1.87%
PRASA	3.70%
PRPBA	5.92%
GDB	10.03%
PR Obligations	**87.72%**
US Obligations	
Federal Home Loan Bank	5.13%
Build America Bonds	7.15%
US Obligations	**12.28%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

***Special Considerations**

The Fund is a non-diversified, closed-end management investment company registered under the Puerto Rico Investment Companies Act. Securities issued by the Fund may be only purchased or otherwise transferred only to individuals who are residents of Puerto Rico and to entities whose principal office and principal place of business are located in Puerto Rico. The Fund's yield and net asset value and the market price of the Fund's shares of Common Stock (the "Shares") may fluctuate and will be determined by such factors as relative demand for and supply of the Shares in the market, as well as general market, political, and economic conditions and other factors beyond the control of the Fund. The Shares trade at market price, which may be at a discount or premium to NAV, and no assurance can be given as to their liquidity or trading market. While it is the intention of UBS Financial Services Incorporated of Puerto Rico ("UBSFSPR") to continue to maintain a secondary market for the Shares, it is not obligated to continue to do so. Moreover, there may be no other source of price information for the Shares or other purchasers of the Shares other than UBSFSPR.

The Fund's investment concentration in Puerto Rico securities makes it more susceptible to risk factors affecting those securities than an investment company invested across a broader geographical range. Portfolio transactions between the Fund and UBSFSPR, Popular Securities, and other affiliates are conducted in accordance with procedures adopted by the Fund's Board of Directors in an effort to address potential conflicts of interest.

Secondary Market Disclosure: Given UBSFSPR is currently the dominant, and may be the sole, source of secondary market liquidity for the Shares, an investor may not be able to sell its Shares or may only be able to sell them at a loss, if UBSFSPR were to cease to maintain such secondary market for the Shares. Accordingly, an investor's ability to sell its Shares will depend on the interest of other investors buying Shares, or UBSFSPR's willingness to commit additional capital to holding Shares in inventory. UBSFSPR may, in its sole discretion, commit additional capital to hold Shares in inventory when it deems it appropriate to do so given market conditions or other considerations, and similarly may reduce the amount of capital committed to fund such inventory of Shares at other times. For example, when UBSFSPR purchases Shares and holds them in its inventory, quoted prices may remain at the previously quoted levels or increase. Conversely, when UBSFSPR sells Shares from its inventory, the quoted prices may decrease. In situations where UBSFSPR is selling Shares from its inventory, it may offer to sell its Shares at prices that are lower than pending sell orders that were placed by investors in the Shares. Decisions by UBSFSPR to increase or decrease inventory made at its sole discretion and are not generally disclosed.

Repurchase Agreement Tax Disclosure: While there is authority generally supporting the treatment of repurchase and reverse repurchase agreements as collateralized loans for Puerto Rico income tax purposes, that authority does not specifically address the tax treatment of the repurchase agreements that the Fund typically enters into, which contain provisions that grant the buyer the right to sell, transfer, pledge, or hypothecate the securities that are the object of such agreements. Although the Puerto Rico Treasury Department has never pronounced itself as to whether this type of arrangement should be viewed as a transfer of ownership of the underlying securities, it is possible that the PR Treasury could take that position in the future and that Puerto Rico courts would agree with that view. In such event, the tax exempt interest paid on such underlying securities could be deemed not to constitute tax exempt income for the seller of such securities; to the extent that the Fund was such seller, the dividends distributed on its Shares from such income could be treated either as taxable dividends or capital gain dividends. If such dividends were treated as taxable dividends, holders of the Shares who are individuals or Puerto Rico trusts could be subject to a 10% income tax on the dividend (or the applicable alternate basic tax), and those which are corporate investors would be subject to a maximum effective income tax rate of 4.5% (due to the 85% dividend received deduction of the Puerto Rico Internal Revenue Code, 15% of the dividend multiplied by a 30% maximum corporate income tax rate). On the other hand, if such dividends were treated as capital gains dividends, holders of the Shares would be subject to a 10% (or the applicable alternate basic tax) and 15% income tax, respectively.

Legal Disclaimer

Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Securities issued by the Fund are subject to market risk, including the loss of principal amounts invested. This document is not an offer to sell, or the solicitation of an offer to buy, any investment in the Fund and is for informational purposes only. Fund investments are designed primarily and suitable for long-term investors and not viewed as a vehicle for trading purposes. They may not be suitable to all investors. Fund investments are not equivalent to investments in its underlying securities. The Fund's utilization of leverage poses certain risks to investors, and in some cases, interest rate fluctuations may increase the volatility of its return and affect the Fund to a significantly greater extent than a non-leveraged investment company. **More detailed information about the Fund, including applicable fees, costs, penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the Share's prospectus, which you should read carefully prior to making an investment.** To obtain additional information related to the Fund (including investment returns calculated in accordance with Regulation 5766 of March 11, 1998, as amended) or a copy of the Shares' prospectus or Fund's annual report, please contact the UBS Puerto Rico Family of Funds at 787-773-3888. To obtain the Fund's month-end performance or more up-to-date information, please contact your UBS Financial Advisor or see "press releases" at *http://www.ubs.com/prfunds*.

Footnotes:

[1] The Fund may not issue preferred stock, debt securities, or other forms of leverage unless the value of its total assets less all its liabilities and indebtedness, other than the preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is at least equal to 200% of the total aggregate liquidation preference/principal amount of all its outstanding preferred stock (not including any accumulated dividends or other distributions), debt securities, and other forms of leverage.

[2] As of December 31, 2012, using an S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities (e.g., equity securities, such as First Bancorp common stock, are excluded) and vary over time, as new investment securities are acquired and the credit rating of any investment held by the Fund is reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements. Currently, the Fund's percentage investment in securities rated below investment-grade (below "BBB" rating) or which are unrated, amounted to 0% of the Fund's total portfolio, which falls within the Fund's maximum investment threshold of 20% of its total assets invested in securities rated below investment-grade or which are unrated. Moreover, the Fund's percentage investment in debt securities rated below investment-grade (below "BBB" rating) or which are not of investment-grade credit quality, amounted to 0% of the Fund's total assets, which is below the Fund's maximum investment threshold of 5% of its total assets. On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund has not repurchased shares of Common Stock in the open market. Since the program inception, the Fund has repurchased 365,494 shares of common stock in then open market with an NAV of $3,651,386 at a cost of $3,607,305.

[3] As of December 31, 2012. **Return figures were not calculated in accordance with Regulation 5766 of March 11, 1998, as amended, which requires investment returns for an individual retirement account ("IRA") be calculated in the manner provided therein.** To the extent that an individual invests in the Fund through an IRA, his or her investment return figures **will be less** than those reported herein, when computed in accordance with Regulation 5766 and inasmuch as actual sales charges applicable to such IRA investments are taken into consideration. "Average Annual Total Return" figures are calculated by Thomson Reuters, based on certain financial data provided by the Fund, and are annualized with the exception of year-to-date figures. The market total return reflects the percentage change in the market value determined by calculating the average between the bid price and ask price (computed as the bid price plus a markup which may vary from time to time, but will not be lower than 2%) with capital gains distribution and income dividends reinvested at NAV on the pay date. Since May 2008, capital gains distributions and income dividends are assumed to be reinvested at month-end NAV. In the case of "NAV Total Return," the Fund's NAV per Share is used, rather than the average between the bid and ask prices, to determine such total return. "Rolling Period Annual Returns" measure the monthly movement in the average of the Annualized Average Market Return over a one-year, three-year, five-year, and ten-year period (as applicable), as it moves over a consecutive time series that begins on the Fund's inception date. Additionally, in the case of the Average Annual Total Return and Rolling Period Annual Return figures, commissions or sales charges payable in connection with a purchase or sale of Shares may vary with each brokerage institution. Total return figures are not representative of the performance of any individual investment, and taxes on capital gains distributions or income dividends, if any, have not been deducted.

[4] A $10,000 investment is hypothetical and is shown for illustrative purposes only.

[5] "IPO Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the initial public offering price. "Current Dividend Yield" is calculated by multiplying the current month's distribution by twelve (12) and dividing by the month-end bid price.

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Puerto Rico Mortgage-Backed & U.S. Government Securities Fund, Inc.

Investment Objectives and Policies

Seeks current income, consistent with the preservation of capital, by investing:

- may invest up to 33% of its total assets in securities issued by the U.S. Government, its agencies and instrumentalities, non-Puerto Rico mortgage instruments, non-Puerto Rico mortgage-backed and asset-backed securities, corporate obligations or preferred stock of non-Puerto Rico issuers, and municipal securities of issuers within the U.S.
- at least 67% of its total assets in securities issued by Puerto Rico issuers (as described in the Prospectus)
- at least 80% of total assets invested in mortgage–instruments and securities issued or guaranteed by the U.S. Government, its agencies, and/or instrumentalities
- up to 45% of total assets in mortgages backed by R&G Financial Corporation timely payment of principal and interest guarantee*
- at least 95% of total assets in investment-grade securities[2]
- may issue leverage representing up to 50% of total assets[1]

Pricing and Distribution History[2]

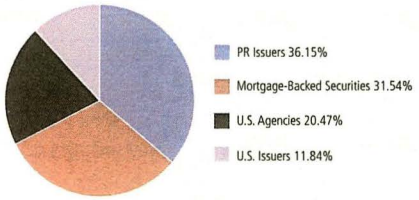
Initial Public Offering (IPO)	$10.00
52-week Bid Low/High	$9.70/$10.36
YTD NAV Change	-$0.07
YTD Bid Price Change	-$0.25
IPO Yield[5]	7.50%
Current Yield[5]	7.73%
Last Dividend Paid	$0.0625
Last 12 Month Dividend	$0.7558

Portfolio Statistics and Characteristics[2]

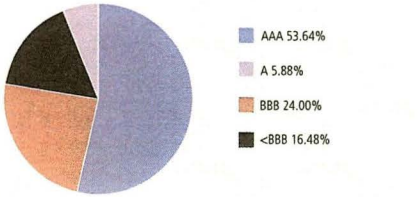
Commencement	Nov-04	Fiscal Year	30-Sep
Shares Outstanding (mm)	18.60	Weighted avg. coupon	5.10%
Bid Price	$9.70	Average Maturity (yrs)	14.32
Net Asset Value (NAV)	$7.66	Average Duration (yrs)	6.49
Bid Price to NAV Ratio	126.63%	Effective Duration (yrs)	5.58
Net Assets (mm)	$142.48	Leverage %	47.65%
Leverage (mm)	$131.18	Leverage cost	0.31%
Undistributed income (mm)	$1.90	Hedge Notional (mm)	$53.47
Expense ratio	2.01%	Hedge ratio	41%

See Portfolio Holdings, Portfolio Manager, Special Considerations, Disclaimers, Glossary of Fund Terms, and Footnotes on reverse side of the page.

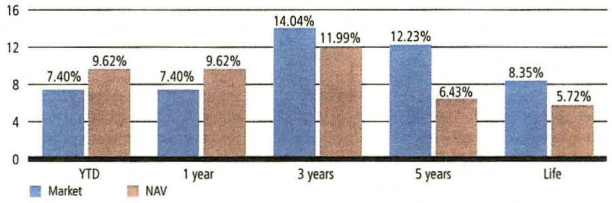
Portfolio Summary[2]



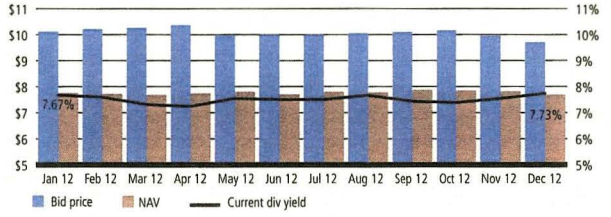
Credit Quality[2]



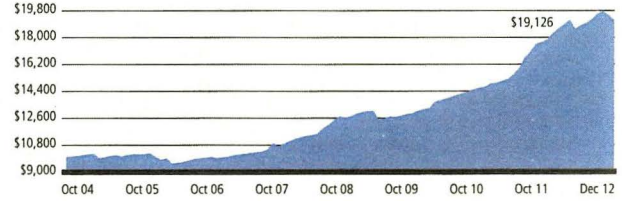
Average Annual Total Return[3]



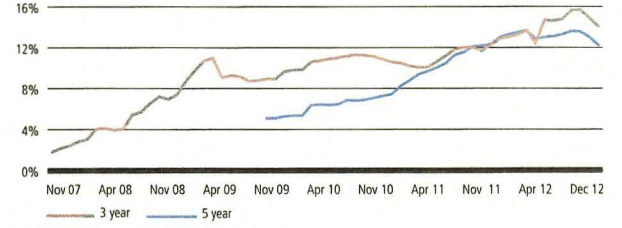
Share Price, NAV and Current Dividend Yield – Prior 12 months[5]



Growth of a $10,000 Investment as of December 31, 2012[4]



Rolling Period Annual Returns[3]



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* On May 14, 2010, R&G Financial Corporation filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code. The company commenced to operate its business as a "debtor-in-possession" under the jurisdiction of the U.S. Bankruptcy Court for the District of Puerto Rico.

Portfolio Holdings[2]

PR Obligations	
Mortgage -Backed Securites	
CMO, COMM END, FNMA, GNMA, FGLMC	26.91%
Participation Certificate Doral	3.32%
R&G Non Conforming Loan Trust	1.31%
AFICA	
Costa Caribe	0.36%
EDB - Popular, Inc.	3.00%
EDB - MBS	9.18%
Employee Retirement System	8.18%
PR Housing Finance	10.37%
PR Sales Tax Financing	3.29%
PRPBA	0.74%
Condado Palm	1.03%
PR Obligations	**67.69%**
US Obligations	
Federal Home Loan Bank	9.36%
Fedral Farm Credit Bank	11.11%
Build America Bonds	1.33%
US Municipals	1.27%
US MBS	9.24%
US Obligations	**32.31%**

Portfolio Manager

Leslie Highley, Jr.
Portfolio Manager since inception
UBS Asset Managers of Puerto Rico

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On May 2012, the Board of Directors approved an extension to the existing share repurchase program for the acquisition of up to 25% of the issued shares of the Fund's common stock, through May 2013. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. For the quarter ended December 31, 2012, the Fund had repurchased 300 shares of Common Stock in the open market with an NAV of $2,359 at a cost of $2,359. Since the program inception, the Fund has repurchased 2,009,492 shares of common stock in then open market with an NAV of $17,473,931 at a cost of $17,262,940.

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Glossary of fund terms

- **Ask Price:** generally refers to the lowest price at which a seller will sell a specified number of units of a given security at a particular time. The ask price may incorporate a markup, which may vary by transaction and may include commissions and other charges. The ask prices quoted by UBSFSPR represent its judgment of the market price for Shares. The price quotes take into account market factors, including, but not limited to, recent transactions, supply and demand, the yield of similar types of products, the size and age of UBSFSPR's inventory, and the size, price and age of pending customer orders.

- **Average Duration:** an estimate (in years) of how much a portfolio's aggregate value fluctuates with respect to changes in comparable interest rates. It measures the change in value of a portfolio that should result from a 1% change in interest rates. The shorter the duration, the less sensitive an investment company's portfolio is to changes in interest rates. For a portfolio of bonds, the weighted average of all such portfolio's individual securities is provided.

- **Bid Price:** generally refers to the highest price a buyer is willing to pay at a particular time for a unit of a given security. UBSFSPR publishes two types of bid prices for the Shares: firm or indicative. A firm bid is provided when UBSFSPR has the risk capacity and/or appetite at the particular time to purchase a specified number of Shares. An investor can sell to UBSFSPR at the firm bid price up to the specified number of Shares at a particular time. On the other hand, an indicative bid is provided for informational purposes only when UBSFSPR does not have the risk capacity and/or appetite at a particular time to purchase Shares. The prices quoted by UBSFSPR represent its judgment of the market price for the Shares. The price quotes take into account market factors, including, but not limited to, recent transactions, supply and demand, the yield of similar types of products, the size and age of UBSFSPR's inventory, and the size, price, and age of pending customer orders, and may be higher (in which case the price is at a premium) or lower (in which case the price is at a discount) than the NAV of the Fund. The prices quoted by UBSFSPR may also be affected by its willingness to hold additional inventory of the Shares or by its need to sell its inventory of Shares. Depending on market liquidity conditions, orders to buy or sell at the quoted price may not receive immediate execution, and an investor may not be able to sell its Shares at the price quoted by UBSFSPR. Moreover, the proceeds an investor receives on a sale of Shares may be lower than the bid price due to discounts, markdowns, and other charges. Since inception, the Shares have historically traded at prices which reflect a premium to their respective NAV per Share, though on certain limited instances, they have traded at prices which reflect a discount to their respective NAV per Share. However, there is no assurance that the Shares will continue to trade at prices which reflect such a premium.

- **Credit Quality:** a measure of the likelihood that a financial obligation will not be honored provided by one or more of the rating agencies. Rating agencies assign classifications to their ratings, with "AAA" being the highest and "D" being the lowest for Standard & Poor's Ratings Services ("S&P"). The Fund may use other ratings and adjust them for use in this scale.

- **Effective Duration:** a calculation of duration that takes into account the embedded options in the securities of a portfolio and their expected changes in the cash flow of a portfolio caused by those options.

- **Expense Ratio:** the percentage of the Fund's average net assets attributable to holders of the Shares and which is used to pay operating expenses and takes into account investment management fees, administration fees, and other operating expenses such as legal, audit, insurance, and shareholder communications.

- **Hedge Notional:** refers to the total dollar amount of derivative instruments employed in hedging strategies by the Fund.

- **Hedge Ratio:** ratio of the Fund's hedge notional amount to its total dollar amount of leverage as of the end of a calendar quarter, assuming the Fund is fully invested at quarter-end. The Fund's investment adviser may, at its discretion, use a variety of derivative instruments including securities options, financial futures contracts, options on futures contracts, and other interest rate protection transactions such as swap agreements, to attempt to hedge its portfolio of assets and seek to enhance its return. There can be no assurance that any particular hedging strategy used will succeed.

- **Leverage:** the Fund may issue preferred stock or debt, enter into repurchase agreements, or borrow money, in order to increase the amounts available for investment ("leverage"). This gives the Fund's investment adviser, in the fixed income area in particular, the opportunity to enhance yield. The use of leverage increases the likelihood of price volatility and market risk for the Shares. There is also the risk that the cost of funding leverage will exceed the earnings on the related investments, which will have the likely effect of reducing the Fund's yield and the value of its investments.

- **Maturity:** date on which the face value of a security/bond must be repaid. It measures the average length to maturity in years of all the bonds in the Fund's portfolio.

- **NAV:** Net Asset Value. On a per-Share basis, it is determined by calculating the Fund's total assets less its total liabilities and dividing such result by the Shares outstanding. On an aggregate, Fund basis, it is determined by calculating the Fund's total assets less its total liabilities.

- **Undistributed Income:** the Fund's net income that has not been distributed to holders of its Shares as of the latest available audited financial statements. In the case of a target maturity-type investment company (which is liquidated on or by a specific date), it also includes the amounts to be distributed on or by the liquidation date as the return of the initial investment. *For a definition of other terms, please see the Shares' prospectus.*

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