Short Term Investment Fund for Puerto Rico Residents, Inc.

2023
ANNUAL REPORT
LETTER TO SHAREHOLDERS

Dear Shareholders:

The Short Term Investment Fund for Puerto Rico Residents, Inc. (the “Fund”) is pleased to present this Letter to Shareholders for the fiscal year ended June 30, 2023.

During the first eight months of the fiscal year, the Federal Reserve Board (the “Fed”) raised the Fed Funds rate at every meeting. The initial 0.25% increase in March 2022 was followed by larger increases of 0.50% in May and 0.75% in June, July, September, and November. Inflation reports in December showed a moderation in the pace of price increases. At its December meeting, the Fed reduced the pace of tightening to 0.50%.

Financial conditions changed during March 2023. In the U.S., three regional banks failed and in Europe, the Swiss National Bank oversaw the takeover of Credit Suisse by UBS. In response, the Fed created a Bank Term Funding Program to allow banks to meet their funding needs and strengthen confidence in the banking sector. In a statement following its March 2023 meeting, the Fed indicated these developments would likely result in tighter credit conditions. At the March meeting the Fed Funds rate was increased 0.25% to a range of 4.75% to 5.00%.

The Fed increased the Fed Funds rate by another 0.25% in May 2023, however, it decided to pause the rate hikes at its June meeting leaving the Fed Funds rate at 5.00% to 5.25%. Nevertheless, it signaled a continued monitoring of inflation and the need for further tightening during the remainder of the year. Although the debate as to the pace of further interest rate hikes, if any, continues, the consensus among market participants is two more hikes during the remainder of the year.

After weeks of tense negotiations, the White House and Congress agreed to legislation to increase the debt ceiling through December 2024.

The Russia-Ukraine war remains at a standstill. Vladimir Putin survived a rebellion by the Wagner Group, Ukraine launched a counter offensive but there has been very little movement on the battlefield. Risks remain elevated.

The combination of persistent higher inflation and elevated geopolitical risks continue to present a challenging environment for the management of the Fund. Notwithstanding, the Investment Adviser remains committed to seeking investment opportunities within the allowed parameters while providing professional management services to the Fund for the benefit of its shareholders.

Sincerely,

Leslie Highley, Jr.
Managing Director
UBS Asset Managers of Puerto Rico,
a division of UBS Trust Company of Puerto Rico, as Investment Adviser
MANAGEMENT DISCUSSION OF FUND PERFORMANCE

REGISTRATION UNDER THE INVESTMENT COMPANY ACT OF 1940

The Fund is a corporation organized under the laws of the Commonwealth of Puerto Rico (the “Commonwealth” or “Puerto Rico”) and is registered as an open-end investment company under the Investment Company Act of 1940, as amended (the “1940 Act”), as of May 14, 2021. The Fund’s offering of securities are registered under the Securities Act of 1933, as amended (the “33 Act”).

FUND PERFORMANCE

The Fund’s total investment return for the fiscal year ended June 30, 2023, was 2.67%, based on the net asset value of $1.00 per share. As short-term rates began to increase in March 2022, the investment adviser remained cautious selecting assets to maximize risk/return relationships, while adhering to the Fund’s strict credit quality and asset class constraints. Past performance is not predictive of future results. This compares to a return of 3.59% of the Intercontinental Exchange Bank of America U.S. 3-Month Treasury Bill Index. Performance calculations do not reflect any deduction of taxes that a shareholder may have to pay on Fund distributions.

During the reporting period, the Fund’s net investment income amounted to 2.43% of average net assets. The Fund’s average net assets decreased during the year to $134,099,422 from $232,896,435 on June 30, 2022. The Fund distributed all of its net investment income during the year. Dividends were declared daily and paid once a month. Refer to Note 2 of the Financial Statements for more details on reimbursable expenses.

The Fund’s portfolio consists 100% of high-quality liquid short-term U.S. Agency discount notes. Short-term rates at year-end were at a range between 5.00% and 5.25%. Recent Fed minutes signal additional Fed Fund increases for the remainder of 2023.

FUND HOLDINGS SUMMARIES

The following tables show the allocation of the Fund’s portfolio using various metrics as of the end of the fiscal year. It should not be construed as a measure of performance for the Fund itself. The portfolio is actively managed, and holdings are subject to change.

<table>
<thead>
<tr>
<th>Portfolio Composition</th>
<th>Geographic Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(% of Total Portfolio)</td>
<td>(% of Total Portfolio)</td>
</tr>
<tr>
<td>U.S. Agencies</td>
<td>U.S.</td>
</tr>
<tr>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

The following table shows the ratings of the Fund’s portfolio as of June 30, 2023. The ratings used are the highest rating given by one of the three nationally recognized rating agencies, Fitch Ratings (“Fitch”), Moody’s Investors Service (“Moody’s”), and S&P Global Ratings (“S&P”). Ratings are subject to change.

<table>
<thead>
<tr>
<th>(%) of Total Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating</td>
</tr>
<tr>
<td>AAA</td>
</tr>
</tbody>
</table>
This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy, sell or hold a security or an investment strategy and is not provided in a fiduciary capacity. The information provided does not consider the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor’s objectives and circumstances and in consultation with his or her financial advisors. The views expressed herein are those of the Investment Adviser as of the date of this report. The Fund disclaims any obligations to update publicly the views expressed herein.
LIQUIDITY PROGRAM

LIQUIDITY RISK MANAGEMENT PROGRAM

The U.S. Securities and Exchange Commission ("SEC") has adopted Rule 22e-4 under the 1940 Act (the "Liquidity Rule") in order to promote effective liquidity risk management throughout the open-end investment company industry, thereby reducing the risk that the Fund will be unable to meet its redemption obligations and mitigating dilution of the interests of Fund shareholders. The Fund has adopted and implemented a liquidity risk management program in accordance with the Liquidity Rule (the "Program"). The Program is reasonably designed to assess and manage the Fund’s liquidity risk, which is the risk that the Fund could not meet redemption requests without significant dilution of remaining investors' interest in the Fund.

As required by the Liquidity Rule, the Program includes policies and procedures providing for an assessment, no less frequently than annually, of the Fund’s liquidity risk that takes into account as relevant to the Fund’s liquidity risk: 1) the Fund’s investment strategy and liquidity of portfolio investments during both normal and reasonably foreseeable stressed conditions; and 2) short-term and long-term cash flow projections for the Fund during both normal and reasonably foreseeable stressed conditions. The Liquidity Rule also requires the classification of the Fund’s investments into categories that reflect the assessment of their relative liquidity under current market conditions. The Fund classifies its investments into one of four categories defined in the Liquidity Rule: "Highly Liquid", "Moderately Liquid", "Less Liquid", and "Illiquid." Funds that are not invested primarily in "Highly Liquid Investments" (cash or investments that are reasonably expected to be convertible into cash within three business days without significantly changing the market value of the investment) are required to establish a "Highly Liquid Investment Minimum" ("HLIM"), which is the minimum percentage of net assets that must be invested in Highly Liquid Investments. Funds with HLIMs have procedures for addressing HLIM shortfalls, including reporting to the Board of Directors (the "Board") and the SEC (on a non-public basis) as required by the Program and Liquidity Rule. In addition, the Fund may not acquire an investment if, immediately after the acquisition, over 15% of the Fund’s net assets would consist of "Illiquid Investments" (an investment that cannot reasonably be expected to be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment). The Liquidity Rule and consequently the Program, also require reporting to the Board and the SEC (on a non-public basis) if a Fund’s holdings of Illiquid Investments exceed 15% of the Fund’s assets.

At a meeting held on August 25, 2023, the Liquidity Risk Committee presented a report to the Board that addressed the operation of the Program and assessed the Program’s adequacy and effectiveness of implementation (the "Report"). The Report covered the period from April 1, 2023, through June 30, 2023, and stated the following:

- The Program, as adopted and implemented, remained reasonably designed to assess and manage the Fund’s liquidity risk and was operated effectively to achieve that goal;
- The Fund’s investment strategy remained appropriate for an open-end fund;
- The Fund was able to meet requests for redemption without significant dilution of remaining investor’s interests in the Fund;
- The Fund did not breach the 15% limit on Illiquid Investments; and
- The Fund primarily held Highly Liquid Investments and therefore has not adopted an HLIM.
Short Term Investment Fund for Puerto Rico Residents, Inc.

The following table includes selected data for a share outstanding throughout the periods and other performance information derived from the financial statements. It should be read in conjunction with the Fund’s financial statements and notes thereto.

**FINANCIAL HIGHLIGHTS**

<table>
<thead>
<tr>
<th>Per Share Operating Performance:</th>
<th>For the fiscal year ended June 30, 2023</th>
<th>For the fiscal year ended June 30, 2022</th>
<th>For the fiscal year ended June 30, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net asset value, beginning of period</td>
<td>$ 1.00</td>
<td>$ 1.00</td>
<td>$ 1.00</td>
</tr>
<tr>
<td>Net investment income (a)</td>
<td>0.02</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total from investment operations</td>
<td>0.02</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Less: Distributions from net investment income</td>
<td>(0.02)</td>
<td>(0.00)</td>
<td>(0.00)</td>
</tr>
<tr>
<td>Net asset value, end of period</td>
<td>$ 1.00</td>
<td>$ 1.00</td>
<td>$ 1.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Investment Return:</th>
<th>(b) Based on net asset value per share</th>
<th>2.67%</th>
<th>0.03%</th>
<th>0.02%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios:</td>
<td>(c) (d) Net expenses to average net assets - net of waived and/or reimbursed expenses</td>
<td>1.00%</td>
<td>0.12%</td>
<td>0.06%</td>
</tr>
<tr>
<td></td>
<td>(c) Gross expenses to average net assets</td>
<td>1.00%</td>
<td>0.89%</td>
<td>0.81%</td>
</tr>
<tr>
<td></td>
<td>(c) (d) Net investment income to average net assets - net of waived and/or reimbursed expenses</td>
<td>2.45%</td>
<td>0.02%</td>
<td>0.01%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supplemental Data:</th>
<th>Net assets, end of period (in thousands)</th>
<th>$ 103,981</th>
<th>$ 175,439</th>
<th>$ 304,412</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio turnover</td>
<td><strong>0.00%</strong></td>
<td><strong>0.00%</strong></td>
<td><strong>0.00%</strong></td>
<td></td>
</tr>
</tbody>
</table>

** Net investment income and distributions from net investment income for the fiscal years ended June 30, 2022, and June 30, 2021, were $0.0002 and $0.0001 per share, respectively.

(a) Based on average outstanding common shares of 132,803,693, 232,612,490, and 339,608,192 for the fiscal years ended June 30, 2023, June 30, 2022, and June 30, 2021, respectively.

(b) Dividends are assumed to be reinvested at the per share net asset value on the date dividends are paid.

(c) Based on average net assets applicable to common shareholders of $133,104,972, $232,896,435, and 339,608,192 for the fiscal years ended June 30, 2023, June 30, 2022, and June 30, 2021, respectively.

(d) For the fiscal year ended June 30, 2023, there were no waived/reimbursement of fees. For the fiscal years ended June 30, 2022, and June 30, 2021, the effect of the expenses waived/reimbursed was to decrease the expense ratios, thus increasing the net investment income ratio by 0.77% and 0.75%, respectively.

The accompanying notes are an integral part of these financial statements.
## SCHEDULE OF INVESTMENTS

### US Government, Agency and Instrumentalities - 100.09% of net assets

<table>
<thead>
<tr>
<th>Face Amount</th>
<th>Issuer</th>
<th>Coupon</th>
<th>Yield to Maturity</th>
<th>Maturity Date</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,150,000</td>
<td>Federal Farm Credit Discount Note</td>
<td>0.00%</td>
<td>4.90%</td>
<td>07/05/23</td>
<td>$1,149,374</td>
</tr>
<tr>
<td>3,000,000</td>
<td>Federal Farm Credit Discount Note</td>
<td>0.00%</td>
<td>5.02%</td>
<td>07/18/23</td>
<td>2,992,888</td>
</tr>
<tr>
<td>3,000,000</td>
<td>Federal Farm Credit Discount Note</td>
<td>0.00%</td>
<td>5.01%</td>
<td>07/19/23</td>
<td>2,992,485</td>
</tr>
<tr>
<td>3,000,000</td>
<td>Federal Farm Credit Discount Note</td>
<td>0.00%</td>
<td>4.98%</td>
<td>07/07/23</td>
<td>2,997,510</td>
</tr>
<tr>
<td>2,000,000</td>
<td>Federal Farm Credit Discount Note</td>
<td>0.00%</td>
<td>5.11%</td>
<td>08/11/23</td>
<td>1,988,361</td>
</tr>
<tr>
<td>2,000,000</td>
<td>Federal Home Loan Bank Discount Note</td>
<td>0.00%</td>
<td>4.82%</td>
<td>07/06/23</td>
<td>1,998,663</td>
</tr>
<tr>
<td>3,000,000</td>
<td>Federal Home Loan Bank Discount Note</td>
<td>0.00%</td>
<td>5.00%</td>
<td>07/25/23</td>
<td>2,990,000</td>
</tr>
<tr>
<td>2,000,000</td>
<td>Federal Home Loan Bank Discount Note</td>
<td>0.00%</td>
<td>4.85%</td>
<td>07/11/23</td>
<td>1,997,306</td>
</tr>
<tr>
<td>10,000,000</td>
<td>Federal Home Loan Bank Discount Note</td>
<td>0.00%</td>
<td>4.98%</td>
<td>07/03/23</td>
<td>9,997,233</td>
</tr>
<tr>
<td>7,000,000</td>
<td>Federal Home Loan Bank Discount Note</td>
<td>0.00%</td>
<td>4.90%</td>
<td>07/03/23</td>
<td>6,998,094</td>
</tr>
<tr>
<td>3,000,000</td>
<td>Federal Home Loan Bank Discount Note</td>
<td>0.00%</td>
<td>4.80%</td>
<td>07/06/23</td>
<td>2,998,000</td>
</tr>
<tr>
<td>10,000,000</td>
<td>Federal Home Loan Bank Discount Note</td>
<td>0.00%</td>
<td>4.80%</td>
<td>07/05/23</td>
<td>9,994,667</td>
</tr>
<tr>
<td>6,000,000</td>
<td>Federal Home Loan Bank Discount Note</td>
<td>0.00%</td>
<td>4.80%</td>
<td>07/06/23</td>
<td>5,996,000</td>
</tr>
<tr>
<td>44,000,000</td>
<td>Federal Home Loan Bank Discount Note</td>
<td>0.00%</td>
<td>4.80%</td>
<td>07/03/23</td>
<td>43,988,266</td>
</tr>
<tr>
<td>3,000,000</td>
<td>Federal Home Loan Bank Discount Note</td>
<td>0.00%</td>
<td>4.60%</td>
<td>07/03/23</td>
<td>2,999,233</td>
</tr>
<tr>
<td>2,000,000</td>
<td>Federal Home Loan Bank Discount Note</td>
<td>0.00%</td>
<td>4.90%</td>
<td>07/06/23</td>
<td>1,998,639</td>
</tr>
</tbody>
</table>

| Total investments (100.09% of net assets) | $104,076,719 |
| Other Assets and Liabilities (-0.09% of net assets) | $(95,716) |
| Net assets - 100% | $103,981,003 |

The accompanying notes are an integral part of these financial statements.
## Statement of Assets and Liabilities

**June 30, 2023**

### Assets:
Investment securities, at amortized cost with:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-affiliates</td>
<td>$104,076,719</td>
</tr>
<tr>
<td>Cash</td>
<td>$183,192</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>$58,026</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$104,317,937</strong></td>
</tr>
</tbody>
</table>

### Liabilities:
Payables:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends to shareholders</td>
<td>$56,776</td>
</tr>
<tr>
<td>Investment advisory fees</td>
<td>$57,611</td>
</tr>
<tr>
<td>Administration fees</td>
<td>$13,511</td>
</tr>
<tr>
<td>Transfer agent fees</td>
<td>$6,600</td>
</tr>
<tr>
<td>Professional fees</td>
<td>$115,818</td>
</tr>
<tr>
<td>Miscellaneous fees</td>
<td>$12,719</td>
</tr>
<tr>
<td>Printing fees</td>
<td>$60,410</td>
</tr>
<tr>
<td>Directors fees</td>
<td>$7,500</td>
</tr>
<tr>
<td><strong>Accrued expenses and other liabilities</strong></td>
<td><strong>$5,989</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>$336,934</strong></td>
</tr>
</tbody>
</table>

### Net Assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Paid-in-Capital ($0.001 par value, 2,000,000,000 shares authorized, 103,679,724 issued and outstanding)</strong></td>
<td><strong>$103,679,724</strong></td>
</tr>
<tr>
<td><strong>Total Distributable Earnings (Accumulated Loss)</strong></td>
<td><strong>$301,279</strong></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td><strong>$103,981,003</strong></td>
</tr>
<tr>
<td><strong>Net asset value per share; 103,679,724 shares outstanding</strong></td>
<td><strong>$1.00</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### Statement of Operations

For the fiscal year ended June 30, 2023

<table>
<thead>
<tr>
<th>Investment income:</th>
<th>Interest from unaffiliated issuers</th>
<th>$ 4,593,839</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment advisory fees</td>
<td></td>
<td>665,525</td>
</tr>
<tr>
<td>Administration fees</td>
<td></td>
<td>66,553</td>
</tr>
<tr>
<td>Transfer Agent fees</td>
<td></td>
<td>39,942</td>
</tr>
<tr>
<td>Custodian fees</td>
<td></td>
<td>18,635</td>
</tr>
<tr>
<td>Professional fees</td>
<td></td>
<td>202,243</td>
</tr>
<tr>
<td>Directors' fees and expenses</td>
<td></td>
<td>33,357</td>
</tr>
<tr>
<td>Insurance expense</td>
<td></td>
<td>184,801</td>
</tr>
<tr>
<td>Printing fees</td>
<td></td>
<td>71,522</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>52,508</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td></td>
<td>1,335,086</td>
</tr>
<tr>
<td><strong>Net investment income:</strong></td>
<td></td>
<td>3,258,753</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in net assets resulting from operations:</strong></td>
<td>$ 3,258,753</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## Statement of Changes in Net Assets

For the fiscal year ended June 30, 2023

<table>
<thead>
<tr>
<th>Increase (Decrease) in Net Assets:</th>
<th>For the fiscal year ended June 30, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment income</td>
<td>$ 3,258,753</td>
</tr>
<tr>
<td>Net realized gain (loss) on investments</td>
<td>-</td>
</tr>
<tr>
<td>Net increase (decrease) in net assets resulting from operations</td>
<td>$ 3,258,753</td>
</tr>
</tbody>
</table>

Dividends to Shareholders from:

| Net investment income | (3,258,753) | (36,670) |

Capital Shares Transactions (at $1.00 per share):

| Increase (Decrease) in net assets derived from sale of shares | - | - |
| Increase (Decrease) in net assets derived from reinvestment of dividends | $3,190,400 | $32,687 |
| Increase (Decrease) in net assets derived from the redemption of shares | ($74,648,260) | ($129,306,926) |
| Increase (Decrease) in net assets | ($71,457,860) | ($129,274,239) |

Net Assets:

| Net increase (decrease) in net assets | (71,457,860) | (128,972,960) |
| Balance at the beginning of the year | $175,438,863 | $304,411,823 |
| Balance at the end of the year | $103,981,003 | $175,438,863 |

The accompanying notes are an integral part of these financial statements.
1. Reporting Entity and Significant Accounting Policies

Short Term Investment Fund for Puerto Rico Residents, Inc. (the “Fund”) is a non-diversified, open-end management investment company. The Fund is a corporation organized under the laws of the Commonwealth of Puerto Rico and is registered as an investment company under the Investment Company Act of 1940, as amended (the “1940 Act”), as of May 14, 2021. Prior to such date and since inception, the Fund was registered and operated under the Puerto Rico Investment Companies Act of 1954, as amended. The Fund’s offerings of securities are registered under the Securities Act of 1933, as amended. The Fund was incorporated on July 26, 2002 and commenced operations on December 8, 2006. UBS Asset Managers of Puerto Rico (the “Investment Adviser”), a division of UBS Trust Company of Puerto Rico (“UBSTC”), is the Fund’s Investment Adviser. UBSTC is also the Fund Administrator (“Administrator”). UBSTC has engaged State Street Bank and Trust Company to provide certain information and services including price quotations and calculations of the Fund’s Net Asset Value (“NAV”) per share.

The Fund’s investment objective is to provide current income, consistent with liquidity and the conservation of capital.

Certain charter provisions of the Fund might be void and unenforceable under the 1940 Act including, without limitation, provisions (i) permitting indemnification of officers and directors to the fullest extent permitted by Puerto Rico law, (ii) setting forth the required vote for changes to fundamental policies of the Fund, and (iii) stating that, to the fullest extent permitted by Puerto Rico law, no officer or director will be liable to the Fund or shareholders.

The following is a summary of the Fund’s significant accounting policies:

Use of Estimates in Financial Statements Preparation
The Fund is an investment company that applies the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, Financial Services-Investment Companies (ASC 946). The financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

NAV Per Share
The NAV per share of the Fund is determined by the Administrator daily after the close of trading on the New York Stock Exchange (NYSE), or if such a day is not a business day in New York or Puerto Rico, on the next succeeding business day. The NAV per share is computed by dividing the total assets of the Fund less its liabilities by the total number of shares outstanding.

Valuation of Investments
The Fund’s assets will be valued by State Street Bank and Trust Company on the basis of valuations provided by pricing services approved by Fund management and the Board of Directors. In arriving at their valuation, pricing sources may use both a grid matrix of securities values as well as the evaluations of their staff. The valuation, in either case, is based on information concerning actual market transactions and quotations from dealers or a grid matrix performed by an outside vendor that reviews certain market and security factors to arrive at a bid price for a specific security. Certain Puerto Rico obligations have a limited number of market participants and thus, might not have a readily ascertainable market value and may have periods of illiquidity. If the Fund has securities for which quotations are not readily available from any source, they will be fair valued by or under the
direction of the Investment Adviser utilizing quotations and other information concerning similar securities obtained from recognized dealers. The Investment Adviser can override any price that it believes is not consistent with market conditions. Valuation adjustments are limited to those necessary to ensure that the financial instrument’s fair value is adequately representative of the price that would be received or paid in the marketplace. These adjustments include amounts that reflect counterparty credit quality, constraints on liquidity, and unobservable parameters that are applied consistently.

The Investment Adviser has established a Valuation Committee (the “Committee”) which is responsible for overseeing the pricing and valuation of all securities held in the Fund. The Committee operates under pricing and valuation policies and procedures established by the Investment Adviser and approved by the Board of Directors. These policies and procedures set forth the mechanisms and processes to be employed on a daily basis related to the valuation of portfolio securities for the purpose of determining the NAV of the Fund. The Committee reports to the Board of Directors on a regular basis. At June 30, 2023, no securities were fair valued by the Committee.

GAAP provides a framework for measuring fair value and expands disclosures about fair value measurements and requires disclosure surrounding the various inputs that are used in determining the fair value of the Fund’s investments. These inputs are summarized in three broad levels listed below.

- **Level 1** - Quoted prices in active markets for identical assets and liabilities at the measurement date. An active market is one in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- **Level 2** - Significant inputs other than quoted prices included in Level 1 that are observable (including quoted prices for similar securities, interest rates, prepayments speeds, credit risk, etc.), either directly or indirectly.

- **Level 3** - Significant unobservable inputs, for example, inputs derived through extrapolation that cannot be corroborated by observable market data. These will be developed based on the best information available in the circumstances, which might include UBSTC’s own data. Level 3 inputs will consider the assumptions that market participants would use in pricing the asset, including assumptions about risk (e.g., credit risk, model risk, etc.).

The Fund maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Fair value is based upon quoted market prices when available.

Securities and other assets that cannot be priced according to the methods described above are valued based on policies and procedures approved by the Committee. In the event that unobservable inputs are used when determining such valuations, the securities will be classified as Level 3 in the fair value hierarchy. Altering one or more unobservable inputs may result in a significant change to a Level 3 security’s fair value measurement.

The estimated fair value may be subjective in nature and may involve uncertainties and matters of significant judgment for certain financial instruments. Changes in the underlying assumptions used in calculating fair value could significantly affect the results. Therefore, the estimated fair value may materially differ from the value that could actually be realized on sale.
The inputs or methodology used for valuing securities or level assigned are not necessarily an indication of the risk associated with investing in those securities.

Following is a description of the Fund’s valuation methodologies used for assets measured at amortized cost which approximates fair value:

**US Government, Agencies and Instrumentalities:** These securities are valued at cost which approximates fair value and are classified as Level 2.

The following is a summary of the portfolio by inputs used as of June 30, 2023, in valuing the Fund’s assets carried at amortized cost, which approximates fair value:

<table>
<thead>
<tr>
<th>Investments in Securities</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Government, Agencies and Instrumentalities</td>
<td>$ -</td>
<td>$ 104,076,719</td>
<td>$ -</td>
<td>$ 104,076,719</td>
</tr>
</tbody>
</table>

There were no Level 3 securities during the fiscal year ended June 30, 2023.

There were no transfers into or out of Level 3 during the fiscal year ended June 30, 2023.

**Taxation**

As a registered investment company under the 1940 Act, the Fund will not be subject to Puerto Rico income tax for any taxable year if it distributes at least 90% of its taxable net income for such year, as determined for these purposes pursuant to section 1112.01(a)(2) of the Puerto Rico Internal Revenue Code of 2011, as amended. Accordingly, as the Fund intends to meet this distribution requirement, the income earned by the Fund is not subject to Puerto Rico income tax at the Fund level.

The Fund can invest in taxable and tax-exempt securities. In general, distributions of taxable income dividends, if any, to Puerto Rico individuals, estates, and trusts are subject to a Puerto Rico tax withholding of 15% if certain requirements are met. Moreover, distribution of capital gains dividends, if any, to (a) Puerto Rico individuals, estates, and trusts are subject to a Puerto Rico income tax of 15% and (b) Puerto Rico corporations are subject to a Puerto Rico income tax of 20%. Puerto Rico income tax withholdings are effected at the time of payment of the corresponding dividend. Individual shareholders may be subject to Puerto Rico alternate basic tax that can reach the rate of 24% on certain fund distributions. Certain Puerto Rico entities receiving taxable income dividends are entitled to claim an 85% dividends received deduction. Fund shareholders are advised to consult their own tax advisers.

For U.S. federal income tax purposes, the Fund is treated as a foreign corporation and does not intend to be engaged in a trade or business within the United States. As a foreign corporation not engaged in a trade or business in the United States, the Fund should generally not be subject to U.S. income tax on gains derived from the sale or exchange of personal property. Nevertheless, if it is determined that the Fund is engaged in a trade or business within the United States for purposes of the U.S. Internal Revenue Code of 1986, as amended (“U.S. Code”), and the Fund has taxable income that is effectively connected with such U.S. trade or business, the Fund will be subject to regular U.S. corporate income tax on its effectively connected taxable income, and maybe to a 30% branch profits tax and state and local taxes as well. Also, the Fund is subject to a 30% U.S. withholding tax on certain types of income from sources within the U.S., such as dividends and interest.
An investment in the Fund is designed solely for Puerto Rico residents, due to the Fund’s specific tax features. The Fund does not intend to qualify as a Regulated Investment Company (“RIC”) under Subchapter M of the U.S. Code, and consequently an investor that is not (i) an individual who has his or her principal residence in Puerto Rico or (ii) a person, other than an individual, that has its principal office and principal place of business in Puerto Rico will not receive the tax benefits of an investment in a typical U.S. mutual fund (such as RIC tax treatment, i.e., availability of pass-through tax status for non-Puerto Rico residents) and may have adverse tax consequences for U.S. federal income tax purposes. If United States holders (which includes, but is not limited to, (i) citizens and residents of the United States who are not Puerto Rico individuals and (ii) corporations organized in the United States) invest in the Fund, such United States holders generally will be taxed on any dividend or interest paid by the Fund as ordinary income at the time such holders receive the dividend or interest or when it accrues, depending on such holder’s method of accounting for tax purposes. Additionally, United States holders will be taxed on any gain on the sale or retirement of an investment in the Fund.

Income Taxes (Accounting Standards Codifications 740) requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund’s tax return to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions not deemed to meet the “more-likely-than-not” threshold are recorded as a tax benefit or expense in the current year. Management has analyzed the Fund’s tax positions taken on its Puerto Rico income tax returns for all open tax years (the prior four tax years) and has concluded that there are no uncertain tax positions. On an ongoing basis, management will monitor the Fund’s tax position to determine if adjustments to this conclusion are necessary. The Fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expenses in the Statement of Operations. During the fiscal year ended June 30, 2023, the Fund did not incur any interest or penalties.

Statement of Cash Flows
GAAP and Statement of Cash Flows (Accounting Standards Codification 230) requires entities providing financial statements that report both a financial position and results of operations to also provide a Statement of Cash Flows for each period for which results of operations are provided but exempts investment companies meeting certain conditions. One of the conditions is that substantially all of the Fund’s investments were carried at fair value during the year and classified as Level I or Level 2 in the fair value hierarchy in accordance with the requirements of GAAP. Another condition is that the Fund had little or no debt, based on the average debt outstanding during the year, in relation to average total assets. An additional condition is that the Fund presents a Statement of Changes in Net Assets. For the fiscal year ended June 30, 2023, the Fund has met such conditions and is exempt from providing a Statement of Cash Flows.

Dividends and Distributions to Shareholders
Dividends from net investment income are declared daily and paid monthly. Such dividends will automatically be reinvested unless the shareholder elects to receive them in cash. Dividends that are reinvested are subject to Puerto Rico income tax under the same rules that apply to cash dividends. The Fund may also distribute out of its tax-exempt income and taxable income, if any, net capital gains. Shares earn dividends on the day they are purchased but not on the day they are sold.

Investments in Tax Secured Obligations (“TSOs”) Issued by Puerto Rico Investment Companies
The Fund shall purchase only TSOs that are collateralized fully by a pledge of certain securities, as required by the rating agency to maintain the highest short-term rating. The Fund shall purchase
only TSOs in which the Fund maintains a perfected security interest. There were no TSOs for the fiscal year ended June 30, 2023.

Securities Purchased Under Agreements to Re-Sell
Under these agreements, the Fund purchases securities and simultaneously commits to resell the securities to the original seller (a broker-dealer, other financial institution, or affiliated Funds) at an agreed upon date and price reflecting a market rate of interest unrelated to the coupon rate or maturity of the purchased securities. When entering into repurchase agreements, it is the Fund’s policy that a custodian takes possession of the underlying collateral, the value of which at least equals the principal amount of the repurchase transaction, including accrued interest. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. These transactions are treated as financings and recorded as assets. There were no securities purchased under agreements to re-sell for the fiscal year ended June 30, 2023.

Other
Security transactions are accounted for on the trade date (the date the order to buy or sell is executed). Realized gains and losses on security transactions are determined on the identified cost method. Premiums and discounts on securities purchased are amortized using the interest method over the life or the expected life of the respective securities. Interest income is accrued on a daily basis, except when collection is not expected. Expenses are recorded as they are incurred.

2. Investment Advisory, Administrative, Custodian, Transfer Agency and Distribution Agreements and Directors Fee

Advisory Fees:
Pursuant to an investment advisory contract (the “Advisory Agreement”) with UBS Asset Managers of Puerto Rico, the Fund receives investment advisory services in exchange for a fee. The investment advisory fees will not exceed 0.50% of the Fund’s average daily net assets. For the fiscal year ended June 30, 2023, the investment advisory fees amounted to $665,525 equivalent to 0.50% of the Fund’s average daily net assets. The investment advisory fees payable amounted to $57,611 as of June 30, 2023.

Administration, Custodian and Transfer Agent Fees:
UBSTC also provides administrative, custody and transfer agency services pursuant to Administration, Custodian and Transfer Agency, Registrar, and Shareholder Servicing Agreements, respectively. UBSTC as transfer agent has engaged Bank of New York Mellon Investment Servicing to act as recordkeeping and shareholder servicing agent for the Fund’s shares. The compensation paid by the Fund to UBSTC as transfer agent under the transfer agency agreement is equal to the compensation that UBSTC is required to pay to Bank of New York Mellon Investment Servicing for services to the Fund up to a maximum amount of 0.05% of the Fund’s average net assets, payable monthly. For the fiscal year ended June 30, 2023, the transfer agent fees amounted to $39,942. The transfer agent fees payable amounted to $6,600 as of June 30, 2023.

The Fund pays the Administrator an annual fee equal to 0.05% of the Funds average daily net assets, payable monthly. For the fiscal year ended June 30, 2023, the administration fees amounted to $66,553, equivalent to 0.05% of the Fund’s average daily net assets. The administration fees payable amounted to $13,511 as of June 30, 2022.
UBSTC, as custodian, has engaged State Street Bank and Trust Company to maintain sub-custody
of the Fund’s assets, calculate the daily NAV, and maintain the Fund’s accounting records. The total
custodian fee for the fiscal year ended June 30, 2023, amounted to $18,635, which is equivalent to
0.01% of the Fund’s average daily net assets. The custodian fees payable amounted to $2,368 as of

Distribution Fees:

UBSTC, as Administrator, has engaged UBS Financial Services, Inc. (“UBS-FS”) to serve as
distributor ("Distributor") of the shares of common stock of the Fund. Pursuant to a distribution plan,
UBS Asset Managers of Puerto Rico, as the Fund’s Investment Adviser, makes payment to the
Distributor for the distribution of the Fund’s shares. For the fiscal year ended June 30, 2023, there
were no distribution fees paid by the Fund.

Yield Floor Agreement:

The Investment Adviser has entered into a Yield Floor Agreement with the Fund effective March 28,
2022, and amended on October 13, 2022, whereby the Investment Adviser agreed to waive all or a
portion of its investment advisory fee and/or to reimburse certain operating expenses of the Fund to
the extent necessary in order to ensure that the net operating expenses of the Fund do not exceed
the Fund’s investment income for any given day. The Investment Adviser shall be entitled to recoup
from the Fund any waived and/or reimbursed amounts pursuant to the Yield Agreement for a period
of up to three (3) years from the date of the waiver and/or reimbursement. This recoupment could
negatively affect the Fund’s future return. The Investment Adviser may terminate the agreement
upon thirty (30) days written notice to the Fund. As of fiscal year-end June 30, 2023, there were no
operating expenses of the Fund reimbursed by the Investment Adviser and potentially recoupable by
UBSTC. The total reimbursement by the Fund of previously waived investment advisory fees during
the fiscal year ended June 30, 2023, amounted to $24,142, which is included within Other Expenses
in the Statement of Operations. The investment advisory fees potentially recoupable by the
Investment Adviser at June 30, 2023 amounted to $4,368,535, of which $2,563,486 expires during
the fiscal year ended June 30, 2024 and $1,805,049 expires during the fiscal year ended June 30,
2025.

Expense Limitation and Reimbursement Agreement:

UBSTC and the Fund have entered into an agreement whereby UBSTC agrees to reduce its
compensation as set forth in the Investment Advisory Agreement and to assume all or a portion of
the ordinary operating expenses of the Fund, including but not limited to shareholder services,
custodian and transfer agency fees, legal, regulatory, and accounting fees, printing costs and
registration fees (“Other Expenses”), subject to future reimbursement by the Fund, in order to ensure
that total annual Fund operating expenses do not exceed 1.00% of the Fund’s daily gross assets, as
set forth in the Prospectus. The Fund will reimburse UBSTC for reduced compensation and/or Other
Expenses paid by UBSTC when net total expenses for the Fund fall below 1.00% for the annual
period; provided that such reimbursement is made within three years after UBSTC reduced
compensation and/or paid the expenses and does not cause annual operating expenses to exceed
1.00%. The agreement is effective through October 31, 2023, and may be renewed for successive
one-year periods. There were no reimbursements of Other Expenses paid by UBSTC under such
agreement during the fiscal year ended June 30, 2023.
Directors Fees:

Certain Fund officers and directors are also officers and directors of UBSTC. The six (6) Independent Directors of the Fund’s Board of Directors are paid based upon an agreed fee up to $1,000 per Fund per Board meeting, plus expenses, and up to $500 per Audit Committee meeting, plus expenses. For the fiscal year ended June 30, 2023, the Independent Directors of the Fund were paid an aggregate compensation and expenses of $33,357. The Directors fee payable amounted to $7,500 as of June 30, 2023.

3. Investment Transactions

The total amount of unaffiliates purchases of US Government Agencies securities (including certificates of deposit, if any) and the cost of maturities from US Government Agencies securities was $22,777,879 and $22,853,550, respectively for the fiscal year ended June 30, 2023.

No sales of investment securities occurred during the fiscal year ended June 30, 2023.

4. Concentration of Credit Risk

Concentration of credit risk that arises from financial instruments exists for groups of customers or counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

5. Investment and Other Requirements and Limitations

The Fund is subject to certain requirements and limitations related to investments and leverage. Some of these requirements and limitations are imposed by statute or by regulation while others are imposed by procedures established by the Board of Directors. The most significant requirements and limitations are discussed below.

Under normal circumstances, the Fund will invest at least 67% of its total assets in short-term securities of Puerto Rico issuers, including Puerto Rico municipal obligations, Puerto Rico mortgage-backed and asset-backed securities, obligations of Puerto Rico investment companies (the majority of which may be TSOs), repurchase agreements, and commercial paper. While the Fund intends to comply with the above 67% investment requirement as market conditions permit, the Fund’s ability to procure sufficient Puerto Rico securities which meet the Fund’s investment criteria may, in the opinion of the Investment Adviser, be constrained due to the volatility affecting the Puerto Rico bond market since 2013 and the fact that the Puerto Rico Government remains in the process of restructuring its outstanding debt under Title III of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”) as well as undertaking other fiscal measures to stabilize Puerto Rico’s economy in accordance with the requirements of PROMESA, and this inability may continue for an indeterminate period of time. To the extent that the Fund is unable to procure sufficient amounts of such Puerto Rico securities, the Fund may acquire investments in securities of non-Puerto Rico issuers which satisfy the Fund’s investment policies. While the Fund will seek to invest at least an average of 20% of its total assets on an annual basis in Puerto Rico securities even in adverse market conditions, there is no guarantee that it will be able to do so if there are insufficient Puerto Rico securities which meet the Fund’s investment criteria.

Under normal circumstances, the Fund may hold up to 33% of its total assets in U.S. high quality short-term instruments, including securities issued or guaranteed by the U.S. government, its agencies and instrumentalities, municipal securities of issuers in the United States and non-Puerto...
Rico (i.e., the 50 States comprising the United States.) mortgage-backed and asset-backed securities. As a result of the current shortage of Puerto Rico securities that meet the Fund’s investment criteria, the Fund is invested 100% in U.S. high quality short-term instruments.

The Fund may invest up to 15% of its total assets in illiquid securities, including reverse repurchase agreements with maturities in excess of seven days. The Fund may borrow up to 5% of its total assets (including the amount borrowed), and then only from banks as a temporary measure for extraordinary or emergency purposes, such as meeting redemption requests which might otherwise require untimely dispositions of portfolio securities.

6. **Basis of Distributions and Components of Distributable Earnings (Accumulated Loss)**

Since all securities held by the Fund at June 30, 2023, were valued at amortized cost, which approximates fair value, due to their short term maturities, it does not take into account unrealized gains or losses.

For the fiscal year ended June 30, 2023, the Fund had distributed from ordinary income a total of $3,258,753.

The components of total distributable earnings (accumulated losses) at June 30, 2023, is comprised of a realized gain of $301,279.

7. **Risks and Uncertainties**

The Fund is exposed to various types of risks, such as credit, interest rate, geographic, and industry concentration, non-diversification, and illiquid securities risks, among others. This list is qualified in its entirety by reference to the more detailed information provided in the offering documentation for the securities issued by the Fund.

*Investment and Market Risk.* The Fund’s investments may be adversely affected by the performance of U.S. and Puerto Rico investment securities markets, which, in turn, may be influenced by a number of factors, including, among other things, (i) the level of interest rates, (ii) the rate of inflation, (iii) political decisions, (iv) fiscal policy, and (v) current events in general. All securities may be subject to adverse market trends. The value and liquidity of the Fund’s portfolio holdings may fluctuate in response to events specific to the companies or stock or bond markets in which a Fund invests, as well as economic, political, or social events in the United States, Puerto Rico or abroad. Markets can be volatile, and values of individual securities and other investments at times may decline significantly and rapidly. This may cause the Fund’s portfolio to be worth less than the price originally paid for it, or less than it was worth at an earlier time. Market risk may affect a single issuer or the market as a whole. As a result, a portfolio of such securities may underperform the market as a whole. Recent market conditions and events, including a global public health crisis and actions taken by governments in response, may exacerbate such volatility and may continue to negatively affect the value and liquidity of individual securities, national economies and global markets generally. Rapid changes in value or liquidity, which often are not anticipated and can relate to events not connected to particular investments, may limit the ability of the Fund to dispose of its assets at the value or time of its choosing and can result in losses. Because the Fund invests in investment securities, the Fund’s NAV may fluctuate due to market conditions, and as a result you may experience a decline in the value of your investment in the Fund and you may lose money.
If the Board, including upon a recommendation from the Investment Adviser, determines in its sole
discretion, that, due to the lack of appropriate investment opportunities or for other reasons, the Fund
is no longer a manageable investment and/or may have insufficient assets available for the conduct
of its business, the Fund may distribute cash to its shareholders to liquidate their investment or may
transfer shareholders’ accounts to another available investment option designated and agreed to by
the Board in the UBS Financial Services Inc. Master Account Agreement or other relevant document.

In addition, turbulence in financial markets and reduced liquidity in equity and/or fixed-income
markets may negatively affect the Fund. Global economies and financial markets are becoming
increasingly interconnected and conditions and events in one country, region, or financial market may
adversely impact issuers in a different country, region, or financial market. These risks may be
magnified if certain events or developments adversely interrupt the global supply chain and could
affect companies worldwide. Recent examples include pandemic risks related to the novel
coronavirus (“COVID-19”) and the aggressive measures taken worldwide in response by (i)
governments, including closing borders, restricting travel, and imposing prolonged quarantines of, or
similar restrictions on, large populations, and (ii) businesses, including forced or voluntary closures,
changes to operations, and reductions of staff. The effects of COVID-19 have contributed to
increased volatility in global financial markets and may affect certain countries, regions, companies,
industries, and market sectors more dramatically than others. The COVID-19 pandemic has had, and
any other outbreak of an infectious disease or serious environmental or public health concern could
have, a significant negative impact on economic and market conditions, could exacerbate pre-existing
political, social, and economic risks in certain countries or regions and could trigger a prolonged
period of global economic slowdown, which may impact the Fund. Although vaccines have been
developed and approved for use by various governments, the duration of the pandemic and its effect
cannot be predicted with certainty. To the extent the Fund is overweight in certain countries, regions,
companies, industries or market sectors, such positions will increase the risk of loss from adverse
developments affecting those countries, regions, companies, industries, or sectors.

Puerto Rico Concentration Risk. The Fund is exposed to certain risks resulting from the reduced
geographic diversification of its portfolio. The Fund’s assets may be invested in securities of Puerto
Rico issuers. In addition, the TSOs in which the Fund may invests are issued by investment
companies that, in turn, are designed to invest primarily in Puerto Rico securities. Securities issued
by the Government of the Commonwealth of Puerto Rico or its instrumentalities are affected by the
central government’s finances. That includes, but is not limited to, general obligations of Puerto Rico
and revenue bonds, special tax bonds, or agency bonds. Over the past few years, many Puerto Rico
government bonds as well as the securities issued by several Puerto Rico financial institutions have
been downgraded. Currently, none of the bonds issued by the Puerto Rico government and its
instrumentalities without credit enhancements carry an investment-grade credit rating.

Because the Fund may invest a substantial portion of its assets in Puerto Rico bonds, the Fund’s
NAV and cash flow may fluctuate due to market conditions affecting these securities. Any future
developments in this respect could result in additional interruptions in cash flow on debt payments,
which may result in more price volatility across Puerto Rico securities. There can be no assurance
that any additional defaults by the Commonwealth and other Commonwealth instrumentalities will
not have an additional adverse impact on the Fund’s net investment income.

Consequently, the Fund’s performance may be more severely affected by economic, political,
regulatory, or other factors adversely affecting issuers in Puerto Rico than a fund that is not
concentrated in Puerto Rico issuers.
**Interest Rate Risk.** Interest rate risk is the risk that when interest rates rise, the value of the Fund’s investment will fall as a result. That is because the value of short-term instruments are generally expected to fall when short-term interest rates rise and to rise when short-term interest rates fall. Also, the Fund’s yield will tend to lag changes in prevailing short-term interest rates. This means that the Fund’s income will tend to rise more slowly than increases in short-term interest rates. Similarly, when short-term interest rates are falling, the Fund’s income will tend to fall more slowly. A general rise in interest rates has the potential to cause investors to move out of fixed-income securities on a large scale, which may increase redemptions from mutual funds that hold large amounts of fixed-income securities. Heavy redemptions could cause the Fund to sell assets at inopportune times or at a loss or depressed value and could hurt the Fund’s performance.

**Credit Risk.** Credit risk is the risk that fixed income securities in the Fund’s portfolio will decline in price or that the issuer will fail to make principal or interest payments when due because the issuer of the security experiences a decline in its financial condition. Changes in an issuer’s credit rating or the market’s perception of an issuer’s creditworthiness may also affect the value of the Fund’s investment in that issuer. To the extent that the Fund will typically invest a substantial amount of its assets in securities issued by other investment companies for which, like the Fund, UBS Asset Managers of Puerto Rico acts as investment adviser or co-investment adviser, and investing in similar types of assets, this risk may be magnified. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation.

**Extension Risk.** Extension risk is the risk that during periods of rising interest rates, the average life of certain types of securities may be extended because of the right of the issuer to defer payments or make slower than expected principal payments. This may lock in a below market interest rate, increase the security’s duration (the estimated period until the security is paid in full) making it more sensitive to changes in interest rates, and reduce the value of the security. As a result, in a period of rising interest rates, securities may exhibit additional volatility and may lose value.

**Prepayment Risk.** Prepayment risk is the risk that during periods of declining interest rates, the issuer of a security may exercise its option to pay principal earlier than scheduled in order to refinance at lower interest rates, forcing the Fund to reinvest in lower yielding securities. Prepayment reduces the yield to maturity and the average life of the security and also increases price fluctuation. This tendency of issuers to refinance debt with high interest rates during periods of declining interest rates may reduce the positive effect of declining interest rates on the market value of the Fund’s securities.

**Municipal Securities Risk.** Municipal securities are obligations, often bonds and notes, issued by or on behalf of states, territories, and possessions of the United States and the District of Columbia and their political subdivisions, agencies, authorities, and instrumentalities, the interest on which is typically exempt from federal income tax. The Fund ordinarily invests in Puerto Rico municipal securities. From time to time, proposals to restrict or eliminate the federal income tax exemption from interest on municipal securities are introduced before Congress. Proposals also may be introduced before state legislatures. If such proposals were enacted, the availability of municipal securities and their value would be affected.

Municipal bonds are generally considered riskier investments than Treasury securities. The prices and yields on municipal securities are subject to change from time to time and depend upon a variety of factors, including general money market conditions, the financial condition of the issuer (or other entities whose financial resources are supporting the municipal security), general conditions in the market for tax-exempt obligations, the size of a particular offering and the maturity of the obligation, and the rating(s) of the issue.
Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers of municipal securities, and the possibility of future legislative changes which could affect the market for and value of municipal securities. Certain municipal securities, including private activity bonds, are not backed by the full faith, credit, and taxing power of the issuer. Additionally, if events occur after the security is acquired that impact the security’s tax-exempt status, the Fund and its shareholders could be subject to substantial tax liabilities. Certain of the municipal obligations in which the Fund may invest present their own distinct risks. These risks may depend, among other things, on the financial situation of the government issuer, or, in the case of industrial development bonds and similar securities (including certain bonds offered by the Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority) on that of the entity supplying the revenues that are intended to repay the obligations. It is also possible that, as a result of litigation or other conditions, the power or ability of issuers or those other entities to meet their obligations for the repayment of principal and payment of interest may be materially and adversely affected.

**Repurchase Agreements Risk.** The Fund may also engage in repurchase agreements, which are transactions in which the Fund purchases a security from a counterparty and agrees to sell it back at a specified time and price in a specified currency. If a repurchase agreement counterparty defaults, the Fund may suffer time delays and incur costs or possible losses in connection with the disposition of the securities underlying the repurchase agreement. In the event of a default, instead of the contractual fixed rate of return, the rate of return to the Fund will depend on intervening fluctuations of the market values of the underlying securities and the accrued interest thereon. In such an event, the Fund would have rights against the respective counterparty for breach of contract with respect to any losses resulting from those market fluctuations following the failure of such counterparty to perform.

**Mortgage-Backed Securities Risk.** Mortgage-backed securities (residential and commercial) represent interests in “pools” of mortgages. Mortgage-backed securities have many of the risks of traditional debt securities but, in general, differ from investments in traditional debt securities in that, among other things, principal may be prepaid at any time due to prepayments by the obligors on the underlying obligations. As a result, the Fund may receive principal repayments on these securities earlier or later than anticipated by the Fund. In the event of prepayments that are received earlier than anticipated, the Fund may be required to reinvest such prepayments at rates that are lower than the anticipated yield of the prepaid obligation. The rate of prepayments is influenced by a variety of economic, geographic, demographic, and other factors, including, among others, prevailing mortgage interest rates, local and regional economic conditions and homeowner mobility. Generally, prepayments will increase during periods of declining interest rates and decrease during periods of rising interest rates. The decrease in the rate of prepayments during periods of rising interest rates results in the extension of the duration of mortgage-backed securities, which makes them more sensitive to changes in interest rates and more likely to decline in value (this is known as extension risk). Since a substantial portion of the assets of the Fund may be invested in mortgage-backed securities, the Fund may be subject to these risks and other risks related to such securities to a significant degree, which might cause the market value of the Fund’s investments to fluctuate more than otherwise would be the case. In addition, mortgage-backed or other securities issued or guaranteed by FNMA, FHLMC, or a Federal Home Loan Bank are supported only by the credit of these entities and are not supported by the full faith and credit of the U.S.

**Collateralized Mortgage Obligations (“CMO”) Risk.** CMOs exhibit similar risks to those of mortgage-backed securities but also present certain special risks. CMOs are created by dividing the principal and interest payments collected on a pool of mortgages into several revenue streams (“tranches”) with different priority rights to portions of the underlying mortgage payments. Certain CMO tranches
may represent a right to receive interest only (IOs), principal only (POs) or an amount that remains after floating-rate tranches are paid (an inverse floater). CMO classes may be specially structured in a manner that provides a variety of investment characteristics, such as yield, effective maturity, and interest rate sensitivity. As market conditions change, however, particularly during periods of rapid or unanticipated changes in interest rates, the ability of a CMO class to provide the anticipated investment characteristics and performance may be significantly reduced. If the Fund invests in CMO tranches (including CMO tranches issued by government agencies) and interest rates move in a manner not anticipated by Fund management, it is possible that the Fund could lose all or substantially all of its investment. These changes may result in volatility in the market value, and in some instances reduced liquidity, of the CMO class.

Asset-Backed Securities Risk. Asset-backed securities represent interests in “pools” of assets, including consumer loans or receivables held in trust. The receivables supporting asset-backed securities are generally automobile and credit card receivables but may also consist of other types of obligations. Asset-backed securities and the underlying receivables are not generally insured or guaranteed by any government agency. However, in certain cases, such securities are collateralized by loans guaranteed by the U.S. Small Business Administration (“SBA”). The SBA is an independent agency of the United States. Asset-backed securities present risks similar to those of mortgage-backed securities. However, in the case of many asset-backed securities, the prepayment rates on the underlying assets have historically been less influenced by market interest rate fluctuations and therefore, have been more stable. The frequent absence of a government guarantee creates greater exposure to the credit risk on the underlying obligations and depending on the structure, the credit risk of the sponsor of such obligations.

Asset-backed securities entail certain risks not presented by mortgage-backed securities, including the risk that in certain states it may be difficult to perfect the liens securing the collateral backing certain asset-backed securities. In addition, certain asset-backed securities are based on loans that are unsecured, which means that there is no collateral to seize if the underlying borrower defaults.

Non-Diversification Risk. A relatively high percentage of the Fund’s assets may be invested in obligations of a limited number of issuers, particularly Puerto Rico investment companies. In addition, most or all of the Puerto Rico investment companies may be affiliated with the Fund and the Investment Adviser, and their obligations may be secured by the same or similar assets. Consequently, the Fund’s NAV and its return may fluctuate to a greater extent than that of a more diversified investment company as a result of changes in the market’s view of the financial condition and prospects of such issuers. The Fund also will be more susceptible to any single economic, political or regulatory occurrence than a more widely diversified fund. However, that risk is mitigated to a certain extent by the degree to which these securities are secured by obligations issued or guaranteed by the U.S. government.

Illiquid Securities. An illiquid investment is any investment that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. There presently are a limited number of participants in the market for certain Puerto Rico securities or other securities or assets that the Fund may own. That and other factors may cause certain securities to have periods of illiquidity. Illiquid securities include, among other things, securities subject to legal or contractual restrictions on resale that hinder the marketability of the securities.

In addition, as described below under “Conflicts of Interest Risk”, for most of those securities the Fund may have to depend on its affiliates for liquidity; there may be no or few independent sources of liquidity. That is particularly true of the investment company obligations that will likely become the
primary investments of the Fund. That and other factors may cause securities to become illiquid, which could hinder the Fund’s ability to redeem your investment.

The Fund may invest up to 15% of its total assets in illiquid securities, including reverse repurchase agreements with maturities in excess of seven days. As a result, among other things, investors might be delayed in receiving funds needed for securities purchases or other matters, which could have other adverse consequences.

Conflicts of Interest Risk. Conflicts of Interest Risk is the risk that the Investment Adviser and its affiliates, as well other investment companies advised or co-advised by the Investment Adviser that issue TSOs purchased by the Fund, may have interests that compete with those of the Fund. Among other things, the Investment Adviser or its affiliates may engage in transactions directly with the Fund to the extent permitted by the 1940 Act. The Investment Adviser and its affiliates will also act in numerous other capacities in connection with the Fund and the Puerto Rico investment companies in which the Fund may invest. These relationships also make the Fund very dependent upon the Investment Adviser and its affiliates. To the extent that the Fund invests in TSOs issued by investment companies affiliated with the Investment Adviser, such investments present certain conflict of interest, such as competing objectives with respect to the level of interest rates on the TSOs, and other related issues.

8. Indemnifications

In the normal course of business, the Fund enters into contracts that contain a variety of indemnification clauses. The Fund’s maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses for indemnification and expects the risk of loss to be remote.

9. Subsequent Events

Events and transactions from July 1, 2023, through August 28, 2023, (the date the financial statements were available to be issued) have been evaluated by management for subsequent events. Management has determined that there were no material events that would require adjustment to or disclosure in the Fund’s financial statements through this date, except as disclosed below.

New Share Class:

The Fund is considering offering a new share class with an initial NAV of $10.00, which was approved by the Board of Directors on August 25, 2023.
Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Puerto Rico Short Term Investment Fund for Puerto Rico Residents, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Puerto Rico Short Term Investment Fund for Puerto Rico Residents, Inc. (the “Fund”), including the schedule of investments, as of June 30, 2023, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the three years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund on June 30, 2023, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the three years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund’s internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2023, by correspondence with the custodian, brokers and others. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the auditor of one or more UBS investment companies since 1978.

New York, New York
August 28, 2023
(This Page Intentionally Left Blank)
**OTHER INFORMATION (Unaudited)**

**Management of the Fund**

**Management Information.** The business affairs of the Fund are overseen by its Board of Directors. Certain biographical and other information relating to the Directors and officers of the Fund are set forth below, including their ages and their principal occupations for at least five years.

The Fund’s Statement of Additional Information includes additional information about the Directors and is available free of charge upon request by calling the Fund at 787-250-3600.

<table>
<thead>
<tr>
<th>Name, Address*, and Age</th>
<th>Position(s) Held with the Fund</th>
<th>Term of Office and Length of Time Served**</th>
<th>Principal Occupation(s) During Past Five Years</th>
<th>Number of Affiliated Funds Overseen***</th>
<th>Public Directorships</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Independent Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agustin Cabrer (74)</td>
<td>Director</td>
<td>Director since 2003</td>
<td>President of Antonio Roig Sucesores (land holding enterprise with commercial properties) since 1995; President of Libra Government Building, Inc. (administration of court house building) since 1997; President of Cabrer Consulting (financial services business); President of CC Development, LLC (construction supervision and management consulting) for the last five years; President of CC Development, LLC (construction supervision and management consulting) since 2021; and Director of V. Suarez &amp; Co. (food and beverage distribution company) since 2002.</td>
<td>17 funds</td>
<td>None</td>
</tr>
<tr>
<td>Vicente J. León (84)</td>
<td>Director</td>
<td>Director since 2021</td>
<td>Independent business consultant since 1999; President of Green Isle Capital LLC, a Puerto Rico Venture Capital Fund under law 185 investing primarily in feature films and healthcare since 2016.</td>
<td>17 funds</td>
<td>None</td>
</tr>
<tr>
<td>Carlos Nido (59)</td>
<td>Director</td>
<td>Director since 2007</td>
<td>President of Green Isle Capital LLC, a Puerto Rico Venture Capital Fund under law 185 investing primarily in feature films and healthcare since 2016.</td>
<td>24 funds</td>
<td>None</td>
</tr>
<tr>
<td>Luis M. Pellot (75)</td>
<td>Director</td>
<td>Director since 2003</td>
<td>President of Pellot-González, Tax Attorneys &amp; Counselors at Law, PSC (legal services business), since 1989.</td>
<td>24 funds</td>
<td>None</td>
</tr>
<tr>
<td>Clotilde Pérez (71)</td>
<td>Director</td>
<td>Director since 2009</td>
<td>Consultant for Corporate Development of V. Suarez &amp; Co., Inc. since 2022; Vice President Corporate Development Officer of V. Suarez &amp; Co., Inc. (food and beverage wholesale distribution business) from 1999 until 2022.</td>
<td>24 funds</td>
<td>None</td>
</tr>
<tr>
<td>José J. Villamil (83)</td>
<td>Director</td>
<td>Director since 2021</td>
<td>Chairman of the Board and Chief Executive Officer of Estudios Técnicos, Inc. (consulting business) since 2005.</td>
<td>17 funds</td>
<td>None</td>
</tr>
<tr>
<td><strong>Interested Director</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name, Address*, and Age</td>
<td>Position(s) Held with the Fund</td>
<td>Term of Office and Length of Time Served**</td>
<td>Principal Occupation(s) During Past Five Years</td>
<td>Number of Affiliated Funds Overseen***</td>
<td>Public Directorships</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------------------------------</td>
<td>------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>--------------------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Carlos V. Ubiñas (68)****</td>
<td>Director, Chairman of the Board of Directors, and President</td>
<td>President since 2015; Chairman of the Board of Directors since 2012; and Director since 2003</td>
<td>Managing Director, Vice Chairman of Wealth Management and President of UBS Trust Company of Puerto Rico; Chief Executive Officer of UBS Financial Services Inc of Puerto Rico from 2009 to 2021; President of UBS Financial Services Inc. of Puerto Rico since 2005; Managing Director, Head of Asset Management and Investment Banking of UBS Financial Services Inc of Puerto Rico. since 2014.</td>
<td>17 funds</td>
<td>None</td>
</tr>
<tr>
<td><strong>Officers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jose Arias (58)</td>
<td>Senior Executive Vice President</td>
<td>Senior Executive Vice President since 2022</td>
<td>Managing Director of UBS Trust Company of PR since 2020; Managing Director for Public Finance at UBS Financial Services Inc. from 2017 to 2020; Managing Director for Investment Banking at UBS Financial Services Inc. of PR from 2000 to 2017.</td>
<td>Not applicable</td>
<td>None</td>
</tr>
<tr>
<td>Leslie Highley (76)</td>
<td>Senior Vice President and Treasurer</td>
<td>Senior Vice President since 2005</td>
<td>Managing Director of UBS Trust PR; Senior Vice-President of UBS Financial Services Inc.; Senior Vice President of the Puerto Rico Residents Tax-Free Family of Funds; President of Dean Witter Puerto Rico, Inc. since 1989 and Executive Vice President of the Government Development Bank for Puerto Rico.</td>
<td>Not applicable</td>
<td>None</td>
</tr>
<tr>
<td>Javier Rodríguez (50)</td>
<td>Assistant Vice President, Assistant Treasurer and Assistant Secretary</td>
<td>Assistant Vice President and Assistant Treasurer since 2005</td>
<td>Divisional Assistant Vice President, trader, and portfolio manager of UBS Trust PR since 2003; financial analyst with UBS Trust PR from 2002 to 2003; financial analyst with Popular Asset Management from 1998 to 2002. Management from 1998 to 2002. UBS Trust PR is an affiliate of the Fund.</td>
<td>Not applicable</td>
<td>None</td>
</tr>
<tr>
<td>Liana Loyola (62)</td>
<td>Secretary</td>
<td>Secretary since 2014</td>
<td>Attorney in private practice since 2009.</td>
<td>Not applicable</td>
<td>None</td>
</tr>
<tr>
<td>Luz Colon (49)</td>
<td>Chief Compliance Officer</td>
<td>Chief Compliance Officer since 2013</td>
<td>Executive Director and Chief Compliance Officer of UBS Asset Managers of Puerto Rico and the Funds; CCO for UBS Fund Advisor (RIA for private equity funds) from 2019 to 2022; Co-CCO for the Puerto Rico Investors Family of Funds, which is co-managed by UBS Asset Managers of Puerto Rico and Banco Popular of Puerto Rico, from 2013 to 2021.</td>
<td>Not applicable</td>
<td>None</td>
</tr>
<tr>
<td>Heydi Cuadrado (43)</td>
<td>Assistant Vice President</td>
<td>Assistant Vice President since 2019</td>
<td>Director of UBS Trust Company since March 2012. Trader and Assistant Portfolio Manager for UBS Asset Managers of Puerto Rico since 2008.</td>
<td>Not applicable</td>
<td>None</td>
</tr>
<tr>
<td>Gustavo Romañach (48)</td>
<td>Assistant Vice President</td>
<td>Assistant Vice President since 2019</td>
<td>Director of UBS Asset Managers of Puerto Rico since 2013; Associate Director Portfolio analyst &amp; trader of UBS Asset Managers of Puerto Rico since 2009; Assistant Vice-</td>
<td>Not applicable</td>
<td>None</td>
</tr>
<tr>
<td>Name, Address*, and Age</td>
<td>Position(s) Held with the Fund</td>
<td>Term of Office and Length of Time Served**</td>
<td>Principal Occupation(s) During Past Five Years</td>
<td>Number of Affiliated Funds Overseen***</td>
<td>Public Directorships</td>
</tr>
<tr>
<td>--------------------------</td>
<td>---------------------------------</td>
<td>------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>---------------------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td></td>
<td>President of UBS Asset Managers of PR since 2003.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The address of each Director and officer is UBS Trust Company of Puerto Rico, American International Plaza – Tenth Floor, 250 Muñoz Rivera Avenue, San Juan, Puerto Rico 00918.

** Each Director holds his or her office from the time of their election and qualification until the election meeting for the year in which his or her term expires and until his or her successor shall have been elected and shall have qualified, or until his or her death, or until December 31 of the year in which he or she shall have reached eighty years of age, or until he or she shall have resigned or been removed. Each Officer is annually elected by and serves at the pleasure of the Board of Directors.


**** Considered an “Interested Director” of the Fund as that term is defined in Section 2(a)(19) of the 1940 Act as a result of his employment with the Fund’s investment adviser, or an affiliate thereof.
Disclosure of Fund Expenses

We believe it is important for you to understand the impact of fees regarding your investment. All mutual funds have operating expenses. As a shareholder of a mutual fund, you incur ongoing costs, which include costs for fund management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a mutual fund’s gross income, directly reduce the investment return of a mutual fund. A mutual fund’s expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing fees (in dollars) of investing in the Fund and to compare these costs with those of other mutual funds. The examples are based on an investment of $1,000 made at the one half year period shown and held for the entire period (January 1, 2023, to June 30, 2023).

The table below illustrates the Fund’s costs in two ways.

- **Actual Fund return.** This section helps you to estimate the actual expenses after fee waivers that you paid over the period. The “Ending Account Value” shown is derived from the Fund’s actual return, and the fourth column shows the dollar amount that would have been paid by an investor who started with $1,000 in the Fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the year. To do so, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number given for the Fund under the heading “Expenses Paid During Period.”

- **Hypothetical 5% return.** This section is intended to help you compare the Fund’s costs with those of other mutual funds. It assumes that the Fund had a return of 5% before expenses during the year, but that the expense ratio is unchanged. In this case, because the return used is not the Fund’s actual return, the results do not apply to your investment. The example is useful in making comparisons because the SEC requires all mutual funds to calculate expenses based on a 5% return. You can assess the Fund’s costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other mutual funds.

**NOTE:** Because the return is set at 5% for comparison purposes — NOT the Funds’ actual return — the account values shown do not apply to your specific investment.

<table>
<thead>
<tr>
<th></th>
<th>Beginning Account Value 1/1/2023</th>
<th>Ending Account Value 6/30/2023</th>
<th>Expense Ratio Six Month</th>
<th>Expenses Paid During the Period*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Fund Return</td>
<td>$1,000.00</td>
<td>$1,026.70</td>
<td>0.50%</td>
<td>$2.54</td>
</tr>
<tr>
<td>Hypothetical 5% Return</td>
<td>$1,000.00</td>
<td>$1,022.56</td>
<td>0.50%</td>
<td>$2.28</td>
</tr>
</tbody>
</table>

*Expenses are equal to the Fund’s six months expense ratio multiplied by the average account value over the period, multiply by 183/365 (to reflect the one-half year period).
Privacy Notice
The Fund is committed to protecting the personal information that it collects about individuals who are prospective, former or current investors.

If you are located in a jurisdiction where specific laws, rules or regulations require the Fund to provide you with additional or different privacy-related rights beyond what is set forth below, then the Fund will comply with those specific laws, rules or regulations.

The Fund collects personal information for business purposes to process requests and transactions and to provide customer service. Personal information is obtained from the following sources:

- Investor applications and other forms,
- Written and electronic correspondence,
- Telephone contacts,
- Account history (including information about Fund transactions and balances in your accounts with the Distributor or our affiliates, other fund holdings in the UBS family of funds, and any affiliation with the Distributor and its affiliates),
- Website visits,
- Consumer reporting agencies

The Fund limits access to personal information to those employees who need to know that information in order to process transactions and service accounts. Employees are required to maintain and protect the confidentiality of personal information. The Fund maintains physical, electronic, and procedural safeguards to protect personal information.

The Fund may share personal information described above with their affiliates for business purposes, such as to facilitate the servicing of accounts. The Fund may share the personal information described above for business purposes with a non-affiliated third party only if the entity is under contract to perform transaction processing, servicing or maintaining investor accounts on behalf of the Fund. The Fund may share personal information with its affiliates or other companies who are not affiliates of the Fund that perform marketing services on the Fund’s behalf or to other financial institutions with whom it has marketing agreements for joint products or services. These companies are not permitted to use personal information for any purposes beyond the intended use (or as permitted by law). The Fund does not sell personal information to third parties for their independent use. The Fund may also disclose personal information to regulatory authorities or otherwise as permitted by law.
Statement Regarding Availability of Quarterly Portfolio Schedule.
The Fund will file its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The Fund’s Form N-PORT reports will be available on the SEC’s website at http://www.sec.gov. The quarterly schedule of portfolio holdings will be made available upon request by calling 787-250-3600.
Statement Regarding Availability of Proxy Voting Policies and Procedures and Record
A description of the Fund’s policies and procedures that are used by the Investment Adviser to vote proxies relating to the Fund’s portfolio securities and information regarding how the Investment Adviser voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 are available upon request by calling 787-250-3600 and on the SEC’s website at http://www.sec.gov.
Statement Regarding Basis for Approval of Investment Advisory Contract

The Board of the Fund met on May 11, 2023 (the “Meeting”) to consider the approval of the Advisory Agreement by and between the Fund and UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (the “Investment Adviser”). At such meeting, the Board participated in comparative performance reviews with the portfolio managers of the Investment Adviser, in conjunction with other Fund service providers, and considered various investment and trading strategies used in pursuing the Fund’s investment objective. The Board also evaluated issues pertaining to industry and regulatory developments, compliance procedures, fund governance, and other issues with respect to the Fund and received and participated in reports and presentations provided by the Investment Adviser with respect to such matters.

The independent members of the Board (the “Independent Directors”) were assisted throughout the contract review process by Willkie Farr & Gallagher LLP, as their independent legal counsel. The Board relied upon the advice of such counsel and their own business judgment in determining the material factors to be considered in evaluating the Advisory Agreement and the weight to be given to each such factor. The conclusions reached with respect to the Advisory Agreement were based on a comprehensive evaluation of all the information provided and not any single factor. Moreover, each Director may have placed varying emphasis on particular factors in reaching conclusions with respect to the Advisory Agreement. In evaluating the Advisory Agreement, including the specific fee structures, and other terms of this agreement, the Board was informed by multiple years of analysis and discussion amongst themselves and the Investment Adviser. The Board, including a majority of Independent Directors, concluded that the terms of the Advisory Agreement for the Fund were fair and reasonable and that the Investment Adviser’s fees were reasonable in light of the services provided to the Fund.

Nature, Extent and Quality of Services. In evaluating the Advisory Agreement, the Board considered, in relevant part, the nature, extent and quality of the Investment Adviser’s services to the Fund.

The Board considered the vast array of management, oversight, and administrative services the Investment Adviser provides to manage and operate the Fund, the increases of such services over time due to new or revised market, regulatory or other developments (e.g.; liquidity management and cybersecurity programs, and the resources and capabilities necessary to provide these services. The Independent Directors recognized that the Investment Adviser provides portfolio management services for the Fund, and additionally, the Board considered the wide range of administrative and/or “non-advisory” services the Investment Adviser provides to manage and operate the Fund (complimentary to those provided by other third parties). These services include, but are not limited to, administrative services (e.g.; providing the employees and officers necessary for the Fund’s operations); operational expertise (e.g.; providing portfolio accounting and addressing complex pricing issues, corporate actions, foreign registrations and foreign filings, as may be necessary); oversight of third-party service providers (e.g.; coordinating and evaluating the services of the Fund’s custodian, transfer agent and other intermediaries); Board support and administration (e.g.; overseeing the organization of Board and committee meetings and preparing or overseeing the timely preparation of various materials and/or presentations for such meetings); fund share transactions (monitoring daily purchases and redemptions); shareholder communications (e.g.; overseeing the preparation of annual and semi-annual and other periodic shareholder reports); tax administration; and compliance services (e.g.; helping to maintain and update the Fund’s compliance program and related policies and procedures as necessary or appropriate to meet new or revised regulatory requirements and reviewing such program annually, overseeing the preparation of the Fund’s registration statements and regulatory filings, overseeing the valuation of portfolio securities and daily pricing, helping to ensure the Fund complies with its portfolio limitations and restrictions, voting proxies on behalf of the Fund; monitoring the liquidity of the portfolios, providing compliance training for personnel, and evaluating the compliance programs of the Fund’s service providers). In evaluating such services, the Board considered, among
other things, whether the Fund has operated in accordance with its investment objective(s) and the Fund’s record of compliance with its investment restrictions and regulatory requirements.

In addition to the services provided by the Investment Adviser, the Independent Directors also considered the risks borne by the Investment Adviser in managing the Fund in a highly regulated industry, including various material entrepreneurial, reputational, and regulatory risks. Based on their review, the Independent Directors found that, overall, the nature, extent and quality of services provided under the Advisory Agreement was satisfactory on behalf of the Fund.

**Investment Performance of the Fund.** In evaluating the quality of the services provided by the Investment Adviser, the Board also received and considered the investment performance of the Fund. In this regard, the Board received and reviewed a report prepared by Broadridge which generally provided the Fund’s performance data for the one, three, five, and ten-year periods ended December 31, 2022 (or for the periods available for the Fund that did not exist for part of the foregoing timeframe) on an absolute basis and as compared to the performance of unaffiliated comparable funds (a “Broadridge Peer Group”). The Board was provided with information describing the methodology Broadridge used to create the Broadridge Peer Group. The performance data prepared for the review of the Advisory Agreement supplements the performance data the Board received throughout the year as the Board regularly reviews and meets with portfolio manager(s) and/or representatives of the Investment Adviser to discuss, in relevant part, the performance of the Fund.

**Fees and Expenses.** As part of its review, the Board also considered, among other things, the contractual management fee rate, and the net management fee rate (i.e., the management fee after taking into account expense reimbursements and/or fee waivers, if any) paid by the Fund to the Investment Adviser in light of the nature, extent and quality of the services provided. The Board also considered the net total expense ratio of the Fund in relation to those of a comparable group of funds (the “Broadridge Expense Group”). The Board considered the net total expense ratio of the Fund (expressed as a percentage of average net assets) as the expense ratio is more reflective of the shareholder’s costs in investing in the Fund.

In evaluating the management fee rate, the Board considered the Investment Adviser’s rationale for proposing the management fee rate of the Fund which included its evaluation of, among other things, the value of the potential service being provided (i.e., the expertise of the Investment Adviser with the proposed strategy), the competitive marketplace (e.g., the uniqueness of the Fund and the fees of competitor funds) and the economics to the Investment Adviser (e.g., the costs of operating the Fund). The Board considered, among other things, the expense limitations and/or fee waivers, if applicable, proposed by the Investment Adviser to keep expenses to certain levels and reviewed the amounts the Investment Adviser had waived or reimbursed over the last fiscal years; if applicable, and the costs incurred and resources necessary in effectively managing mutual funds, particularly given the costs in attracting and maintaining quality and experienced portfolio managers and research staff. The Board further considered the Fund’s net management fee and net total expense ratio in light of its performance history.

**Profitability.** In conjunction with their review of fees, the Independent Directors reviewed information reflecting the Investment Adviser’s financial condition. The Independent Directors reviewed the consolidated financial statements of the Investment Adviser for the year ended December 31, 2022. The Independent Directors also considered the overall financial condition of the Investment Adviser and the Investment Adviser’s representations regarding the stability of the firm, its operating margins, and the manner in which it funds its future financial commitments, such as employee deferred compensation programs. The Independent Directors also reviewed the profitability information for the Investment Adviser derived from its relationship with the Fund.
for the fiscal year ended December 31, 2022 on an actual and adjusted basis, as described below. The Independent Directors evaluated, among other things, the Investment Adviser’s revenues, expenses, net income (pre-tax and after-tax) and the net profit margins (pre-tax and after-tax). The Independent Directors also reviewed the level of profitability realized by the Investment Adviser including and excluding distribution expenses incurred by the Investment Adviser from its own resources.

**Economies of Scale and Whether Fee Levels Reflect These Economies of Scale.** In evaluating the reasonableness of the investment advisory fees, the Board considered the existence of any economies of scale in the provision of services by the Investment Adviser and whether those economies are appropriately shared with the Fund. In its review, the Independent Directors recognized that economies of scale are difficult to assess or quantify, particularly on a fund-by-fund basis, and certain expenses may not decline with a rise in assets. The Independent Directors further considered that economies of scale may be shared in various ways including breakpoints in the management fee schedule, fee waivers and/or expense limitations, pricing of Fund at scale at inception or other means.

The Board considered that not all funds have breakpoints in their fee structures and that breakpoints are not the exclusive means of sharing potential economies of scale. The Board and the Independent Directors considered the Investment Adviser’s statement that it believes that breakpoints would not be appropriate for the Fund at this time given uncertainties regarding the direction of the economy, rising inflation, increasing costs for personnel and systems, and growth or contraction in the Fund’s assets, all of which could negatively impact the profitability of the Investment Adviser. In addition, the Investment Adviser noted that since the Fund is a closed-end fund, and based upon the Fund’s current operating policies, the ability to raise additional assets is limited, and that the Fund’s asset level had decreased from distributions resulting from the transition to the Fund’s new investment program and from share repurchases. Considering the factors above, the Independent Directors concluded the absence of breakpoints in the management fee was acceptable and that any economies of scale that exist are adequately reflected in the Investment Adviser’s fee structure.

**Indirect Benefits.** The Independent Directors received and considered information regarding indirect benefits the Investment Adviser may receive as a result of its relationship with the Fund. The Independent Directors further considered the reputational and/or marketing benefits the Investment Adviser may receive as a result of its association with the Fund. The Independent Directors took these indirect benefits into account when assessing the level of advisory fees paid to the Investment Adviser and concluded that the indirect benefits received were reasonable.
INVESTMENT ADVISER

UBS Asset Managers of Puerto Rico,
a division of UBS Trust Company of Puerto Rico
250 Muñoz Rivera Avenue, 10th Floor
San Juan, Puerto Rico 00918

ADMINISTRATOR, TRANSFER AGENT, AND CUSTODIAN

UBS Trust Company of Puerto Rico
250 Muñoz Rivera Avenue, 10th Floor
San Juan, Puerto Rico 00918

U.S. LEGAL COUNSEL

Sidley, Austin, Brown & Wood, LLP
787 Seventh Avenue
New York, New York 10019

PUERTO RICO LEGAL COUNSEL

DLA Piper (Puerto Rico), LLC
Ochoa Building Suite 401
500 Calle de la Tanca
San Juan, Puerto Rico 00901-1969

INDEPENDENT AUDITORS

Ernst & Young LLP
One Manhattan West,
New York, NY 10001

DIRECTORS AND OFFICERS

Carlos V. Ubiñas
Director, Chairman of the Board and President

Agustín Cabrero-Roig
Director

Carlos Nido
Director

Vicente J. León
Director

Luis M. Pellot-González
Director

Clotilde Pérez
Director

José J. Villamil
Director
José Arias  
Senior Executive Vice President

Leslie Highley, Jr.  
Senior Vice President and Treasurer

Javier Rodríguez  
Assistant Vice President and Assistant Treasurer

Heydi Cuadrado  
Assistant Vice President

Gustavo Romanach  
Assistant Vice President

Liana Loyola, Esq.  
Secretary

Remember that:
• Mutual Fund’s units are not bank deposits or FDIC insured.
• Mutual Fund’s units are not obligations of or guaranteed by UBS Financial Services Incorporated of Puerto Rico or any of its affiliates.
• Mutual Fund’s units are subject to investment risks, including possible loss of the principal amount invested.
Short Term Investment
Fund for Puerto Rico
Residents, Inc.