2019
ANNUAL REPORT
Dear Shareholder:

The Puerto Rico Fixed Income Fund VI, Inc. (the "Fund") is pleased to present its Annual Report to Shareholders for the fiscal year ended March 31, 2019.

INVESTMENT OBJECTIVE

The Fund's investment objective is to provide investors in its Common Stock with a high level of current income that, for Puerto Rico investors, is exempt from U.S. Federal and Puerto Rico income taxes, consistent with the preservation of capital. To achieve its investment objective, the Fund invests at least 67% of its total assets in a non-diversified portfolio of taxable and tax-exempt securities issued by Puerto Rico issuers and up to 33% in securities issued or guaranteed by the U.S. Government and its agencies and instrumentalities as well as other non-Puerto Rico issuers.

The Puerto Rico municipal bond market continues experiencing a period of high volatility, with most Puerto Rico municipal bonds trading at historically lower prices and higher yields. In view of these volatile market conditions, the Puerto Rico Office of Commissioner of Financial Institutions (the "OCFI") has granted to the Fund a temporary regulatory waiver through June 30, 2019, from the Fund's Puerto Rico investment requirement in Puerto Rico securities as well as the Fund's leverage limitation of 50% of its total assets and 200% asset coverage requirement described below. The effectiveness of such waiver may be extended at the OCFI's discretion. It is the Fund's intention to maintain compliance therewith as market conditions permit, though there is no assurance the Fund will be able to do so.

Based on the representations and opinion of UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico, as the Investment Adviser, and consistent with its investment objective, the OCFI has also granted to the Fund no-objection relief with respect to the Fund's investment-grade credit rating requirement for Puerto Rico municipal securities. This permits the Fund to continue to invest in Puerto Rico municipal securities that do not have an investment-grade credit rating notwithstanding that the current credit rating of such securities is below investment-grade, under certain conditions and at the discretion of the Investment Adviser. Such no-objection relief is effective through June 30, 2019 or such other later date which may be approved by the OCFI.

On May 24, 2018, President Trump signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155), which contains an amendment to the U.S. Investment Company Act of 1940, as amended (the "1940 Act"), to repeal the exemption from its coverage of investment companies created under the laws of Puerto Rico, the U.S. Virgin Islands, or any other U.S. possession. The bill amends the 1940 Act by eliminating the exemption provided to U.S. possessions under its Section 6(a)(1). The repeal of the exemption will take effect three (3) years after enactment of
the bills. The amendment also provides the U.S. Securities and Exchange Commission ("SEC") with the authority to extend the three-year safe harbor by up to an additional three (3) years. According to a report issued by the House Financial Services Committee in connection with a similar amendment previously considered by the U.S. House of Representatives, the elimination of the 1940 Act exemption of investment companies headquartered in a U.S. territory would subject them to existing U.S. federal requirements for investment companies, such as registering with the SEC, meeting minimum capital requirements, making disclosures to investors, and registering the securities they offer. Currently, Fund management is evaluating the impact that these additional requirements will have on the Fund and is seeking guidance from the SEC as to the application of the 1940 Act's provisions and regulations, as well as a possible time extension of the three-year safe harbor. The cost of the mandate will include registration fees and the ongoing costs of complying with SEC requirements. There is no assurance as to what the ultimate impact of this law may be on the Fund or what guidance the SEC may provide in such respect.

THE BENEFITS AND RISKS OF LEVERAGE

The Fund is permitted to use leverage in an amount not to exceed 50% of the Fund's total assets. In addition, the Fund may also borrow for temporary or emergency purposes in an amount of up to an additional 5% of its total assets. The Fund obtains leverage by borrowing, using its investment portfolio as well as securities otherwise obtained as collateral.

Leverage can produce additional income when the income derived from investments financed with borrowed funds exceeds the cost of such borrowed funds. In such an event, the Fund's net income will be greater than it would be without leverage. On the other hand, if the income derived from securities purchased with borrowed funds is not sufficient to cover the cost of such funds, the Fund's net income will be less than it would be without leverage.

FUND PERFORMANCE*

During the fiscal year ended March 31, 2019, the Fund experienced a total return of 60.57% based on the market value of the shares of the Fund's common stock and 45.36% based on the net asset value ("NAV") per-share at such date. This figure compares to a market return of -49.40% and a NAV return of -25.47%, both for fiscal year ended March 31, 2018. At March 31, 2019, the market value of the shares of the Fund's common stock was $2.08, representing 95.9% of the NAV per-share of $2.17. The comparable figure for 2018 was a market value of $1.39, representing 86.9% of the NAV per-share of $1.60.

* The following discussion contains financial terms that are defined in the attached Glossary of Fund Terms.
The average dividend yield during the fiscal year ended March 31, 2019, computed over the original investment of $10 per share, was 1.47%. This figure compares to a dividend yield of 1.20% for fiscal year 2018. The basis for the dividend distributions is the net investment income for tax purposes. Note 10 to the Fund’s financial statements sets forth the reconciliation between the book net investment income and the tax investment income used for dividend payments.

The Fund’s investment portfolio is comprised of various security classes. UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico, as the Investment Adviser, considers numerous characteristics of each asset class, in an effort to meet the Fund’s investment objective. A large number of the securities in which the Fund has invested have call dates that vary from three (3) months to ten (10) years (at the time of purchase). The call dates and final maturities of the portfolio are included in the Schedule of Investments that forms part of the accompanying financial statements.

Figure 1 below reflects the breakdown of the investment portfolio as of March 31, 2019. For details of the security categories below, please refer to the enclosed Schedule of Investments.

![Asset Allocation as of March 31, 2019](image)

**ECONOMIC OVERVIEW**

The U.S. economy grew 3.2% for the quarter ended March 31, 2019 compared to an increase of 2.2% in the previous quarter. Labor conditions continue to improve with the unemployment rate at 3.8% as of the first quarter of 2019. Inflation has been running
below the 2% per year target of the U.S. Federal Reserve (the "Fed") and longer-term inflation expectations have remained stable.

The Fed raised the federal funds rate three times during the Fund's fiscal year. The first increase occurred during their June 2018 meeting when they raised the rates from a range of 1.50% to 1.75% to a range of 1.75% to 2.00%. Then, at its September 2018 meeting they raised the rates again to a range of 2.00% to 2.25%. Finally, at its December 2018 meeting they raised the rates to a range of 2.25% to 2.50% and set a potential path of future hikes for 2019. The Fed will assess progress toward its objectives of maximum employment and 2% inflation. This assessment will take into consideration a wide range of information, including measures of labor market conditions, indications of inflation pressures and inflation expectations, and readings on financial and international developments. The Fed has not hiked interest rates during 2019.

The yield on the ten-year U.S. Treasury Note closed at 2.41% on March 31, 2019 down from 2.74% on March 31, 2018. The yield curve has flattened; the yield on the two-year note is 2.26%. Major stock indexes have continued to trade at or all-time highs. Volatility has been high. Geopolitical risks, trade agreements and oil remain in focus.

The Puerto Rico economy is closely linked to that of the United States. Many of the important variables that affect economic growth in Puerto Rico, such as imports, exports, direct investment, interest rates, transfer payments, inflation, and tourism expenditures, are directly related to developments in the United States. The uncertainty created by the instability of the Puerto Rico government’s finances, including a recurring budget deficit and the PROMESA Title III filings, have caused a prolonged contraction of economic activity.

**Puerto Rico Government and Recent Developments:**

The Puerto Rico Government reported net revenues for the month of March 2019 of $1,194 million, a $253 million year-over-year increase. However, the Puerto Rico economic environment continues to remain uncertain.

Fitch Ratings ("Fitch"), Moody’s Investors Service ("Moody’s"), and S&P Global Ratings ("S&P") have downgraded the general obligation bonds (“GOs”) of the Commonwealth of Puerto Rico, as well as the obligations of certain Commonwealth agencies and public corporations, including the Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS"), on numerous occasions. Most recently, Fitch downgraded the GOs to “D” (default) and its ratings for the Commonwealth as a bond issuer, to “RD” on July 6, 2016, and for the Puerto Rico Sales Tax Financing Corporation ("COFINA") and ERS, both to “D” on July 3, 2017 and July 20, 2017, respectively. S&P had previously downgraded ERS, to "C" on September 10, 2015, and subsequently the GOs, to “D” (default) on July 7, 2016, and the debt ratings for the Government
Development Bank for Puerto Rico, to “D” (default) on September 8, 2016, and for COFINA, to “D” (default) on June 6, 2017. Finally, Moody’s downgraded ERS, to "C" on April 5, 2017, and the GOs to “Ca” on October 11, 2017. No ratings have been issued on the COFINA newly issued exchange bonds, as described below.

On June 30, 2016, the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA") was signed into law. It created the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board") with broad powers designed to help the Commonwealth balance its finances, restructure its debt, and ensure a return to the markets. The enactment of PROMESA operated as a stay of any actions or proceedings against the Commonwealth and its agencies and instrumentalities by its creditors, which stay was in effect through May 1, 2017. As of that date, the Oversight Board has filed five (5) petitions to commence cases under Title III of PROMESA in the U.S. District Court for the District of Puerto Rico (the "District Court") with respect to all debt issued by the following: the Commonwealth of Puerto Rico; COFINA; ERS; the Puerto Rico Highways and Transportation Authority; and the Puerto Rico Electric Power Authority ("PREPA"). The filing of these petitions triggered a new stay of any actions or proceedings against these five debtors.

In the ERS Title III case, certain ERS bondholders had reached a consensual agreement with the Commonwealth, ERS, and the Oversight Board prior to May 21, 2017, which provided, among other things, that (i) all employer contributions received by ERS during the pendency of the PROMESA stay would be segregated in an account for the benefit of holders of the ERS bonds, and (ii) ERS would transfer to Bank of New York Mellon ("BNYM"), as ERS' fiscal agent, the amounts required each month for the payment of interest on the ERS bonds. After the filing of ERS' Title III petition on May 21, 2017, the Puerto Rico Fiscal Agency and Financial Advisory Authority (known by its Spanish initials “AAAFAF”), on behalf of ERS, delivered a non-funding notice as permitted under this agreement on June 5, 2017, stating that ERS would discontinue transferring the amounts necessary to pay interest due on the ERS bonds commencing on July 1, 2017 and going forward. Certain ERS bondholders filed a motion to lift the automatic stay with the District Court on May 31, 2017, to seek adequate protection of the ERS bondholders' collateral. The Puerto Rico Legislature adopted a joint resolution on June 25, 2017, which, among other things, purported to terminate the obligations of all Puerto Rico central government instrumentalities, as well as all public corporations and municipalities, to transmit employer contributions to ERS. On June 28, 2017, the District Court ordered the ERS creditors, the Oversight Board, and the Commonwealth to attempt to reach another consensual agreement, in line with what was previously agreed.

On July 17, 2017, the District Court issued an order approving a joint stipulation (the "Joint Stipulation") entered into among certain ERS bondholders, the Commonwealth, ERS, and the Oversight Board, which provided for (i) the payment of interest on the ERS bonds through the date on which the District Court would enter a ruling in an
action seeking declaratory relief regarding the validity of ERS bondholders’ liens and security interests in certain collateral, as well as (ii) the deposit by the Commonwealth of approximately $18,500,000 in employer contributions from municipalities and public corporations into a segregated account of ERS for the benefit of ERS bondholders in each of July, August, September, and October of 2017 (the “Declaratory Relief Action”). The Fund received the required interest payments on the ERS bonds through and including November 1, 2017. On December 28, 2017, the District Court issued another order (the “December 2017 Order”), affirming that the Joint Stipulation required the continued payment of monthly interest on the ERS bonds in the aggregate amount of $13,876,582.48 beyond October 31, 2017. These interest payments continued until July 20, 2018, when the amounts held in the segregated account for such interest payments were exhausted. The December 2017 Order also contemplated that the monthly interest payments required thereunder be applied to all series of the ERS bonds, including capital appreciation bonds that would otherwise not be entitled to current interest, with such payments expressly constituting “adequate protection payments” for all ERS bondholders, in accordance with the December 2017 Order, PROMESA, and the U.S. Bankruptcy Code. The District Court reserved for future consideration the final allowance and treatment of such “adequate protection payments” in determining the allowed amount of the claims under the ERS bonds in the ERS Title III case.

The District Court dismissed the Declaratory Relief Action on August 17, 2018, ruling against the ERS bondholders and determining, among other things, that they did not possess a perfected security interest in the ERS bondholders’ collateral and that any security interest held by the ERS bondholders in the ERS collateral was invalid and unenforceable. The District Court, however, did not resolve the issue of whether the security interest of the ERS bondholders attached to revenues received by ERS during the post-petition period since it had decided that the ERS Bondholders’ security interest had not been perfected. On January 30, 2019, the U.S. Court of Appeals for the First Circuit (the “Circuit Court”) reversed the District Court’s order and remanded to the District Court for further proceedings. On April 30, 2019, the Oversight Board filed a petition of Certiorari at the Supreme Court, requesting review of the Circuit Court’s Judgment. In addition to defending the ERS bondholders’ collateral in the Declaratory Relief Action, certain ERS bondholders instituted a lawsuit on July 27, 2017, challenging the Puerto Rico Legislature’s June 25, 2017 joint resolution purporting to terminate employer contributions to ERS. That litigation remains pending.

See Note 5 of the Fund’s Financial Statements for developments regarding the COFINA Title III case and the restructuring of COFINA bonds.

On February 15, 2019, the Circuit Court reversed a prior District Court decision that had validated the process by which the Oversight Board was appointed. The Circuit Court concluded that the appointments clause of the U.S. Constitution requires Senate confirmation of all principal officers of the U.S. government, including the Oversight Board members. However, the Circuit Court only severed the specific invalidated
clauses from the remaining provisions of PROMESA and did not invalidate the entire statute, rejecting the appellants' request to invalidate all actions taken by the Oversight Board to date. The Circuit Court granted a 90-day stay on its ruling, to allow the President and U.S. Senate to reconstitute the Oversight Board. On April 29, 2019, the White House notified its intention to ask the U.S. Senate to confirm the current members of the Oversight Board. Afterwards, on May 6, 2019, the Circuit Court granted an additional 60 days to allow for the reappointment of the Oversight Board members, setting a July 15, 2019 deadline.

Between April 30, 2019 and May 2, 2019, the Oversight Board and the Commonwealth's Unsecured Creditors Committee filed complaints against certain bondholders, as well as certain individuals and companies supplying goods and services to the Commonwealth, seeking to avoid transfers and disallow claims relating to allegedly fraudulent transfers under the Commonwealth laws and U.S. Bankruptcy Code. On May 23, 2019, the Oversight rejected the government's revised 2019-2020 budget for the Commonwealth as not compliant with the PROMESA requirements and, on May 28, 2019, delivered their version of a revised compliant budget to the Puerto Rico government for review and adoption.

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 and its ability to declare and pay dividends in the future.

The passage of Hurricane María over Puerto Rico on September 20, 2017 is considered the most destructive storm to hit Puerto Rico in almost 90 years. It knocked out all electric power, destroyed more than 100,000 homes, and ruptured bridges and other public infrastructure. Puerto Rico is facing substantial economic and revenue disruption in the near term, and diminished output and revenue has negatively impacted the Puerto Rico government's ability to repay its debt. While it remains too early to determine the long-term economic effects post-Hurricane María, the long-term repercussions may be mixed. On one hand, an exodus of residents relocating to the U.S. mainland has eroded Puerto Rico’s economic base. However, significant amounts of U.S. federal aid and private insurance proceeds will be available to aid in rebuilding, thereby spurring economic growth and infrastructure replacement.

On February 9, 2018, President Donald J. Trump signed into law the Bipartisan Budget Act of 2018, which includes a disaster relief package of up to $16 billion for Puerto Rico and the U.S. Virgin Islands, to be used for the Medicaid program and projects under the Community Development Block Grant. Delays in the implementation of procedures for the disbursement of such funds in Puerto Rico have been widely reported. Governor Rosselló has also announced plans to privatize PREPA and the generation of energy in Puerto Rico and award a concession of the distribution and transmission of energy.
Thereafter, on February 13, 2018, the Commonwealth, PREPA, and the Puerto Rico Aqueduct and Sewer Authority submitted revised fiscal plans to the Oversight Board for its review and certification. Such fiscal plans will establish the fiscal roadmap for the Commonwealth through the fiscal year ending in 2023. The Oversight Board has requested revisions to such fiscal plans on various occasions.

On November 29, 2018, the Puerto Rico government announced that it had concluded the restructuring of the debt of the Government Development Bank for Puerto Rico ("GDB"). The GDB restructuring under Title VI of PROMESA covers approximately $4 billion of debt; bondholders received $550 of new bonds for every $1,000 of their existing GDB bond claims, while Puerto Rico municipalities will realize about $55 million in near-term debt service savings.

On May 3, 2019, PREPA, AAFAF, the Oversight Board, and the Ad Hoc Group of PREPA Bondholders executed a Definitive Restructuring Support Agreement (the "RSA"). Pursuant to the RSA, the bondholders will exchange their existing PREPA bonds for two types of new securitization bonds. The RSA provides that the repayment of the bonds will be backed by a fixed transition charge, the ("Transition Charge"), subject to a predetermined maximum, that does not vary with the fluctuation in sales of PREPA. The exchange ratio of the Series A bonds will be approximately 67.5% of the respective bond holder's claim amount (as further described in the RSA), while the Series B bonds will be exchanged for capital appreciation bonds with an additional recovery of approximately 10% of the respective claim (as further described in the RS). Interest accrued on the Series A bonds is paid only to the extent that there are sufficient receipts from the Transition Charge to pay such interest; otherwise, the interest thereon will accrue and compound. Principal on the Series A bonds will be paid to the extent there are excess receipts from the Transition Charge, after payment of interest. There will be no debt service payments on the Series B bonds until the Series A bonds are paid in full. The terms of the RSA require the enactment of legislation by the Puerto Rico Government and will be subject to the approval of the District Court. Certain members of the U.S. House of Representatives have expressed reservations regarding the RSA.

**SHARE REPURCHASE PROGRAM**

The Fund's Board of Directors authorized the repurchase of the Fund's shares of common stock in the open market when such shares are trading at or below NAV of the shares, up to 60% of the aggregate number of shares of common stock issued by the Fund. During the current fiscal year, the Shares continued to experience a period of limited liquidity and/or trading at a discount to their net asset value. Although the holders of the Shares do not have the right to redeem their Shares inasmuch as the Fund is closed-ended, the Fund may, at its sole discretion, effect repurchases of Shares in the open market, in an attempt to increase the liquidity of the Shares as well as reduce any market discount from their corresponding net asset value. There is no
assurance that, if such action is undertaken, it will result in the improvement of the Shares' liquidity or reducing any such market discount. Moreover, while such undertaking may have a favorable effect on the market price of the Shares, the repurchase of the Shares by the Fund will decrease the Fund's total assets and therefore, have the effect of increasing the Fund's expense ratio.

Repurchases by the Fund must be conducted in accordance with the terms and conditions contained in Article 10 of Regulation No. 8469 issued by the OCFI and procedures adopted by the Fund's Board of Directors to address potential conflicts of interest with affiliated broker-dealer UBS Financial Services Incorporated of Puerto Rico. Among other things, such regulation and procedures require that to the extent that various sellers indicate interest in selling shares of the Fund, it will purchase such shares starting with the lowest offered price and in the following order of priority for each price: (1) individual and corporate investors, irrespective of the broker-dealer that serves as record owner of the shares to be repurchased; (2) the trading desks of Puerto Rico broker-dealers which are unaffiliated with the Fund; and (3) the trading desk of UBS Financial Services Incorporated of Puerto Rico. If sellers offer more shares for repurchase than the Fund is able to accept at any particular price for a particular level of priority, repurchase offers will be accepted on a pro-rata basis within that particular level of priority. Additionally, to the extent that UBS Financial Services Incorporated of Puerto Rico elects to offer the Fund's shares of Common Stock for repurchase from its respective securities inventory, it must do so at its corresponding offer price per share reported to the public.

The Fund's Share Repurchase Program is implemented on a discretionary basis, under the direction of the Investment Adviser. The Fund's repurchase activity for each fiscal year is disclosed in the Annual Report to Shareholders attached hereto (see Note 3), as well as the quarterly reports to shareholders. The undertaking of a repurchase program does not obligate the Fund to purchase specific amounts of Shares.

During the fiscal year ended March 31, 2019, the Fund had not repurchased shares of its common stock in the open market. The total shares repurchased as of March 31, 2019 amounts to 1,475,409 and represents 48.94% of the issued shares of the Fund's common stock since inception.

Under the current volatile market conditions, the Investment Adviser reconfirms its commitment to providing professional asset management services to the Fund.

UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico, as Investment Adviser
GLOSSARY OF FUND TERMS

**Bond** - security issued by a government or corporation that obligates the issuer to pay interest income to the bondholder at regular intervals and to repay the entire amount borrowed at maturity date.

**Closed-end fund** - a fund that issues a fixed amount of common stock.

**Coupon** - the interest rate that a bond promises to pay over its life, expressed as a percent over its face value.

**Dividend** - a per-share distribution of the income earned from a fund's portfolio holdings. When a dividend distribution is made, a fund's net asset value drops by the amount of the distribution because the distribution is no longer considered part of the fund's assets.

**Expense ratio** - the percentage of a fund's average net assets attributable to common shareholders used to pay fund operating expenses. The expense ratio takes into account, investment management fees, administration fees as well as other operating expenses such as legal, audit, insurance and shareholder communications.

**Interest Rate Swap** – an agreement to exchange one interest rate stream for another. No principal changes hands.

**Maturity** - the date on which the face value of a bond must be repaid. For a portfolio it is represented in years and measures the average length to maturity of all the bonds in the portfolio. This measure does not take into account embedded options in the bonds comprising the portfolio.

**Net Asset Value (NAV) Per Share** – the NAV per share is determined by subtracting the fund's total liabilities from its total assets, and dividing that amount by the number of fund shares of Common Stock outstanding.

**Notional amount** - refers to the specified dollar amount of the swap in which the exchange of interest payment is based.

**Premium/Discount** - the difference between the bid price of the shares of a fund and their NAV. In a case of a premium, the bid price is above the NAV. In the case of a discount, the bid price is below the NAV. These amounts can be expressed as numerical values or percentages. The higher the percentage, the larger the difference (positive or negative) between the market price and the NAV of a fund.

**Total Investment Return** - the change in value of a fund investment over a specified period of time, taking into account the change in a fund’s market price and the reinvestment of all fund distributions.

**Turnover Ratio** – the turnover ratio represents the fund’s level of trading activity. The Fund divides the lesser of purchases or sales (expressed in dollars and excluding all securities with maturities of less than one year) by the Fund’s average monthly assets.

**Undistributed income** - the net income of a fund that has not been distributed to common shareholders as of the latest available audited financial statements. In the case of the target maturity type-funds, it also includes the amounts to be distributed after the target date to return the initial (i.e. $10) investment.
The accompanying notes are an integral part of these financial statements.
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PUERTO RICO FIXED INCOME FUND VI, INC.

STATEMENT OF ASSETS AND LIABILITIES
March 31, 2019

**Assets:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in securities:</td>
<td></td>
</tr>
<tr>
<td>Securities pledged as collateral on repurchase agreements, at value,</td>
<td>$2,371,634</td>
</tr>
<tr>
<td>which has the right to be repledged (identified cost - $2,057,379)</td>
<td></td>
</tr>
<tr>
<td>Other securities, at value (identified cost - $3,032,234)</td>
<td>$2,926,109</td>
</tr>
<tr>
<td>Cash</td>
<td>$287,010</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>$57,534</td>
</tr>
<tr>
<td>Receivable for operating expenses reimbursed</td>
<td>$43,200</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>$3,391</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$5,688,878</strong></td>
</tr>
</tbody>
</table>

**Liabilities:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities sold under repurchase agreements, including $475,000 with affiliates</td>
<td>$2,107,000</td>
</tr>
<tr>
<td>Dividends payable to common shareholders</td>
<td>$152,478</td>
</tr>
<tr>
<td>Payables:</td>
<td></td>
</tr>
<tr>
<td>Interest and leverage expenses</td>
<td>$5,822</td>
</tr>
<tr>
<td>Investment advisory fees</td>
<td>$1,170</td>
</tr>
<tr>
<td>Administration, custody, and transfer agent fees</td>
<td>$3,038</td>
</tr>
<tr>
<td><strong>Accrued expenses and other liabilities</strong></td>
<td><strong>$10,030</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>$2,348,622</strong></td>
</tr>
</tbody>
</table>

**Net Assets Applicable to Common Shareholders:**

<table>
<thead>
<tr>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$3,340,256</strong></td>
</tr>
</tbody>
</table>

**Net Assets Applicable to Common Shareholders consist of:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital stock, $0.01 par value, 88,000,000 shares authorized, 1,540,185 shares issued and outstanding</td>
<td>$15,402</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>$20,097,617</td>
</tr>
<tr>
<td>Undistributed net investment income (Note 1 and Note 10)</td>
<td>$223,319</td>
</tr>
<tr>
<td>Accumulated net realized loss from investments and swaps</td>
<td>$(17,204,212)</td>
</tr>
<tr>
<td>Unrealized net appreciation on investments and swaps</td>
<td>$208,130</td>
</tr>
<tr>
<td>Net assets applicable to common shareholders</td>
<td>$3,340,256</td>
</tr>
<tr>
<td>Net asset value applicable to common shares - per share; 1,540,185 shares outstanding</td>
<td>$2.17</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
PUERTO RICO FIXED INCOME FUND VI, INC.

STATEMENT OF OPERATIONS

For the fiscal year ended March 31, 2019

<table>
<thead>
<tr>
<th>Investment Income:</th>
<th>Interest</th>
<th>$ 214,680</th>
</tr>
</thead>
</table>

| Expenses: | Interest and leverage related expenses | 55,896 |
|          | Investment advisory fees | 38,800 |
|          | Administration, custody, and transfer agent fees | 23,536 |
|          | Professional fees | 89,549 |
|          | Directors’ fees and expenses | 37,134 |
|          | Insurance expense | 3,198 |
|          | Other | 19,919 |
|          | Total expenses | 268,032 |
|          | Waived investment advisory, administration, transfer agent, and reimbursable expenses | (156,726) |
|          | Net expenses after waived fees by investment adviser, administration, transfer agent, and reimbursable expenses | 111,306 |

| Net Investment Income: | 103,374 |

| Realized Gain (Loss) and Unrealized Appreciation (Depreciation) on Investments and Swaps: | Net realized loss on investments | (330,959) |
| | Net realized gain on interest rate swaps | 8,287 |
| | Change in unrealized appreciation (depreciation) on investments | 1,327,143 |
| | Change in unrealized appreciation (depreciation) on swaps | (8,348) |
| | Total net realized and unrealized gain on investments and swaps | 996,123 |

| Net increase in net assets resulting from operations | $ 1,099,497 |

The accompanying notes are an integral part of these financial statements.
PUERTO RICO FIXED INCOME FUND VI, INC.

STATEMENT OF CHANGES IN NET ASSETS

<table>
<thead>
<tr>
<th>Increase (Decrease) in Net Assets:</th>
<th>For the fiscal year ended March 31, 2019</th>
<th>For the fiscal year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment income</td>
<td>$103,374</td>
<td>$119,881</td>
</tr>
<tr>
<td>Net realized loss on investments and swaps</td>
<td>(322,672)</td>
<td>(3,748,380)</td>
</tr>
<tr>
<td>Change in unrealized appreciation (depreciation) on investments and swaps</td>
<td>1,318,795</td>
<td>2,737,428</td>
</tr>
<tr>
<td>Net increase (decrease) in net assets resulting from operations</td>
<td>1,099,497</td>
<td>(891,071)</td>
</tr>
</tbody>
</table>

Dividends to Common Shareholders From:

| Net investment income | (225,653) | (185,469) |

Capital Share Transactions:

| Reinvestment of dividends on common shares | -         | -         |
| Repurchase of common shares              | -         | -         |

Net Assets:

| Net increase (decrease) in net assets applicable to common shareholders | 873,844 | (1,076,540) |
| Net assets at the beginning of the year | 2,466,412 | 3,542,952   |
| Net assets at the end of the year       | $3,340,256 | $2,466,412 |

The accompanying notes are an integral part of these financial statements.
### PUERTO RICO FIXED INCOME FUND VI, INC.

#### STATEMENT OF CASH FLOWS

For the fiscal year ended March 31, 2019

<table>
<thead>
<tr>
<th>Increase (Decrease) in Cash</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Provided by Operations:</strong></td>
<td></td>
</tr>
<tr>
<td>Net increase in net assets from operations</td>
<td>$1,099,497</td>
</tr>
<tr>
<td>Adjusted by:</td>
<td></td>
</tr>
<tr>
<td>Proceeds from exchange of COFINA bonds</td>
<td>116,486</td>
</tr>
<tr>
<td>Restructuring expenses</td>
<td>(9,416)</td>
</tr>
<tr>
<td>Net realized loss on investments</td>
<td>330,959</td>
</tr>
<tr>
<td>Change in unrealized (appreciation) depreciation on investments and swaps</td>
<td>(1,318,795)</td>
</tr>
<tr>
<td>Accretion of discounts on investments</td>
<td>(6,758)</td>
</tr>
<tr>
<td>Amortization of premiums on investments</td>
<td>2,053</td>
</tr>
<tr>
<td>Increase in interest receivable</td>
<td>6,883</td>
</tr>
<tr>
<td>Increase in receivable for operating expenses reimbursed</td>
<td>(7,801)</td>
</tr>
<tr>
<td>Increase in prepaid expenses and other assets</td>
<td>(101)</td>
</tr>
<tr>
<td>Increase in interest payable</td>
<td>3,644</td>
</tr>
<tr>
<td>Increase in administration, custody, and transfer agent fees payable</td>
<td>1,349</td>
</tr>
<tr>
<td>Increase in investment advisory fees payable</td>
<td>216</td>
</tr>
<tr>
<td>Decrease in accrued expenses and other liabilities</td>
<td>(5,158)</td>
</tr>
<tr>
<td><strong>Total cash provided by operations</strong></td>
<td>199,292</td>
</tr>
</tbody>
</table>

| **Cash Used in Financing Activities:** |  |
| Securities sold under repurchase agreements, net of repayments of $27,118,253 | 7,000 |
| Dividends to common shareholders paid in cash | (80,229) |
| **Total cash used in financing activities** | (73,229) |

| **Cash:** |  |
| Net increase in cash for the year | 126,063 |
| Cash at the beginning of the year | 160,947 |
| Cash at the end of the year | $287,010 |

| **Cash Flow Information:** |  |
| Cash paid for interest and leverage related expenses | $52,089 |

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

Puerto Rico Fixed Income Fund VI, Inc. (the “Fund”) is a non-diversified, closed-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 Puerto Rico Investment Companies Act of 1954, as amended (the “Puerto Rico Investment Companies Act”). The Fund was incorporated on May 28, 2008 and commenced operations on September 22, 2008. UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (“UBSTC”), is the Fund’s Investment Adviser (the “Investment Adviser”). UBSTC is also the Fund’s Administrator (“Administrator”).

On May 24, 2018, President Trump signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155), which contains an amendment to the U.S. Investment Company Act of 1940, as amended (the "1940 Act"), to repeal the exemption from its coverage of investment companies created under the laws of Puerto Rico, the U.S. Virgin Islands, or any other U.S. possession. The bill amends the 1940 Act by eliminating the exemption provided to U.S. possessions under its Section 6(a)(1). The repeal of the exemption will take effect three (3) years after enactment of the bills. The amendment also provides the U.S. Securities and Exchange Commission (“SEC”) with the authority to extend the three-year safe harbor by up to an additional three (3) years. According to a report issued by the House Financial Services Committee in connection with a similar amendment previously considered by the U.S. House of Representatives, the elimination of the 1940 Act exemption of investment companies headquartered in a U.S. territory would subject them to existing U.S. federal requirements for investment companies, such as registering with the SEC, meeting minimum capital requirements, making disclosures to investors, and registering the securities they offer. Currently, Fund management is evaluating the impact that these additional requirements will have on the Fund and is seeking guidance from the SEC as to the application of the 1940 Act's provisions and regulations, as well as a possible time extension of the three-year safe harbor. The cost of the mandate will include registration fees and the ongoing costs of complying with SEC requirements. There is no assurance as to what the ultimate impact of this law may be on the Fund or what guidance the SEC may provide in such respect.

The Fund's investment objective is to provide current income, consistent with the preservation of capital.

The Fund is considered an investment company under the accounting principles generally accepted in the United States of America (“GAAP”) and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standard Board (“FASB”) Accounting Standards Codification 946, Financial Services-Investment Companies (“ASC 946”).

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

Use of Estimates in Financial Statements Preparation
The accompanying financial statements of the Fund have been prepared on the basis of GAAP. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Net Asset Value Per Share
The Net Asset Value (“NAV”) per share of the Fund is determined by the Administrator on Wednesday of each week after the close of trading on the New York Stock Exchange (“NYSE”) or, if such day is not a business day in New York City and Puerto Rico, on the next succeeding business
day, and at month-end if such date is not a Wednesday. The net asset value per share is computed by dividing the assets of the Fund less its liabilities, by the number of outstanding shares of the Fund.

**Valuation of Investments**

All securities are valued by UBSTC on the basis of valuations provided by pricing services or by dealers which were approved by the Fund's 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, could be 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. Certain securities of the Fund for which quotations are not readily available from any source, are valued at fair value 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. The policies and procedures set forth the mechanisms and processes to be employed on a weekly basis related to the valuation of portfolio securities for the purpose of determining the net asset value of the Fund. The Committee reports to the Board of Directors on a regular basis. At March 31, 2019, no security's fair value was determined by the Committee.

GAAP provides a framework for measuring fair value and expands disclosures about fair value measurements and requires disclosures surrounding the various inputs that are used in determining the fair value of the Fund’s investments. These inputs are summarized in three (3) 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 assets occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- **Level 2** - Significant inputs other than quoted prices that are observable (including quoted prices for similar securities, interest rates, pre-payment 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.

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, 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 and liabilities measured at fair value:

**Puerto Rico Agencies Bonds and Notes:** Obligations of Puerto Rico and political subdivisions are segregated and those with similar characteristics are then divided into specific sectors. The values for these securities are obtained from third-party pricing service providers that use a pricing methodology based on observable market inputs. Market inputs used in the evaluation process include all or some of the following: trades, bid price or spread, quotes, benchmark curves (including, but not limited to, Treasury benchmarks, and swap curves), and discount and capital rates. These bonds are classified as Level 2.

**Obligations of U.S. Government Sponsored Entities, State, and Municipal Obligations:** The fair value of obligations of U.S. Government sponsored entities, state and municipal obligations is obtained from third-party pricing service providers that use a pricing methodology based on an active exchange market and based on quoted market prices for similar securities. These securities are classified as Level 2. U.S. agency notes are priced based on a bond’s theoretical value from similar bonds defined by credit quality and market sector, and for which the fair value incorporates an option adjusted spread in deriving their fair value. These securities are classified as Level 2.

**Derivatives:** The fair value of derivative instruments is based on observable market parameters. Derivatives are composed of interest rate swaps. The derivatives are indexed to an observable interest rate benchmark, such as London Interbank Offered Rate ("LIBOR"). The cash flows are discounted using forward curves for the underlying benchmark. In addition, counterparties must have a minimum credit rating. Derivatives are classified as Level 2.

The following is a summary of the portfolio by inputs used as of March 31, 2019, in valuing the Fund's investments carried at fair value:

<table>
<thead>
<tr>
<th>Investment in Securities</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Balance 03/31/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Puerto Rico Agencies Bonds and Notes</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>$ 1,480,520</td>
</tr>
<tr>
<td>US Government, Agencies, and Instrumentalities</td>
<td>-</td>
<td>2,266,488</td>
<td>-</td>
<td>2,266,488</td>
</tr>
<tr>
<td>US Municipals</td>
<td>-</td>
<td>1,550,735</td>
<td>-</td>
<td>1,550,735</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$ 5,297,743</td>
<td>$</td>
<td>$ 5,297,743</td>
</tr>
</tbody>
</table>

There were no Level 3 securities during the year ended March 31, 2019.

Significant changes in the unobservable inputs of the pricing process (the base price) would result in direct and proportional changes in the fair value of the security.
The Fund’s policy is to recognize transfers in and out of Level 3 as of the end of the reporting period of the event or change in circumstances that caused the transfer. There were no transfers during the year ended March 31, 2019.

Temporary cash investments are valued at amortized cost, which approximates market value. There were no temporary cash investments as of March 31, 2019.

**Taxation**

As a registered investment company under the Puerto Rico Investment Companies 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 investment income for such year, as determined for these purposes. 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 withholding tax of (i) 10% in the case of dividends distributed before July 1, 2014, and (ii) 15% in the case of dividends distributed after June 30, 2014, 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 tax of (i) 10% in the case of dividends distributed before July 1, 2014, and (ii) 15% in the case of dividends distributed after June 30, 2014, and (b) Puerto Rico corporations are subject to a tax of (i) 15% in the case of dividends distributed before July 1, 2014, and (ii) 20% in the case of dividends distributed after June 30, 2014. Tax withholdings are effected at the time of payment of the corresponding dividend. Individual shareholders may be subject to alternate basic tax 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.

ASC 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 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 (prior four (4) 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.

**Statement of Cash Flows**

The Fund issues its shares, invests in securities, and distributes dividends from net investment income and net realized gains which are paid in cash. These activities are reported in the Statement of Changes in Net Assets. Additional information on cash receipts and payments is presented in the Statement of Cash Flows.

Accounting practices that do not affect the reporting of activities on a cash basis include carrying investments at fair value and amortizing premiums or discounts on debt obligations. Cash, as presented on the Statement of Assets and Liabilities, does not include short-term investments.

**Dividends and Distributions to Shareholders**

Dividends from net investment income are declared and paid monthly. The Fund may at times pay out less than the entire amount of net investment income earned in any particular period and may at times pay out such accumulated undistributed income earned in other periods, in order to permit the Fund to have a more stable level of distribution. The capital gains realized by the Fund, if any, may be retained by the Fund, as permitted by the Puerto Rico Internal Revenue Code of 2011, as
amended, unless the Fund’s Board of Directors, acting through the Dividend Committee, determines that the net capital gains will also be distributed. The Fund records dividends on the ex-dividend date.

**Derivative Instruments**

In order to attempt to hedge various portfolio positions, to manage its costs of funds or to enhance its return, the Fund invests in certain instruments which are considered derivatives. Because of their increased volatility and potential leveraging effect, derivative instruments may adversely affect the Fund. The use of these instruments for income enhancement purposes subjects the Fund to risks of losses which would not be offset by gains on other portfolio assets or acquisitions. There is no assurance that the Investment Adviser will employ any derivative strategy, and even where such derivatives investments are used for hedging purposes, there can be no assurance that the hedging transactions will be successful or will not result in losses.

Specifically, the Fund enters into interest rate swap agreements that involve an agreement between two (2) parties to exchange payments that are based, respectively, on indices or specific securities or other assets, such as variable and fixed rates that are calculated on the basis of a specified amount of principal (the “notional principal amount”) for a specific period of time. The Fund usually enters into interest rate swaps on a net basis (i.e. the two (2) payment streams are netted out), with the Fund receiving or paying, as the case may be, only the net amount of the two (2) payments.

The Fund currently utilizes interest rate swaps as the predominant derivative hedging and income strategy. For income, the Fund generally enters into floating rate swaps where it receives a fixed rate payment and pays a floating rate generally based on LIBOR. The positive income received from the swap is subject to risk, should LIBOR increase during the term of the swap. These swaps may also include an option for the counterparty to cancel the swap that results in a higher effective interest rate for the Fund. There were no income swaps during the year.

In an attempt to protect the interest rate cost of its leverage program, the Fund generally enters into fixed to floating rate swaps. The Fund pays a fixed cost for a predetermined number of years and receives, in exchange, a floating rate payment generally based on an observable index such as LIBOR. If the index increases, the floating rate increases, thus offsetting the corresponding increase in the Fund’s leverage cost if not cancelled by the counterparty on the next callable date. The Fund may grant the counterparty an option to cancel the swap before its contractual obligation, if such option results in a lower fixed rate payment by the Fund. If, on the other hand, the index decreases, the floating rate payment will decrease, reducing the benefit of lower interest rates on the leverage program.

The Fund, if it owns more than one agreement with each counterparty, is subject to master netting agreements or similar arrangements that allow for amounts owed between the Fund and a counterparty to be netted upon an early termination. The party that has the larger payable, pays the excess of the larger amount over the smaller amount to the other party. The master netting agreements or similar arrangements do not apply to amounts owed to/from different counterparties.

During the year, the Fund had an interest rate swap with a notional amount of $820,000, which was called by the counterparty on December 21, 2018. Therefore, there were no interest rate swaps outstanding as of March 31, 2019.

These types of transactions subject the Fund to the risk that a counterparty will default on its obligation to the Fund. The Fund attempts to control such risk by entering into these transactions only with banks and recognized securities dealers believed by Fund management to present minimal risk in accordance with the guidelines of the Board of Directors. These types of transactions are also
subject to market risk as interest rates and market prices fluctuate. The related market risk exceeds related amounts on the Statement of Assets and Liabilities. The credit exposure is represented by the fair value of the instruments with a positive market value and may change as the fair value of the instrument changes. The Fund may enter into additional transactions as market conditions change.

GAAP requires disclosure surrounding the various inputs that are used in determining the fair value of the Fund’s interest rate swaps. These swaps are classified as Level 2, as fair value is measured using a combination of observable market data inputs and calculated inputs from market data. The market data includes LIBOR rates, yield curves and volatility.

The Fund is a party to ISDA (International Swap and Derivatives Association, Inc.) Master Agreements (“Master Agreements”) with certain counterparties that govern over-the-counter derivative contracts entered into from time to time. The Master Agreements may contain provisions regarding, among other things, the parties’ general obligations, representations, agreements, collateral requirements, events of default, and early termination. Generally, collateral can be in the form of cash or debt securities issued by the U.S. Government or related agencies or other securities as agreed to by the Fund and the applicable counterparty. Collateral requirements are determined based on the Fund’s net position with each such counterparty. Termination events applicable to the Fund may occur in certain instances specified in the Master Agreements, which may include, among other things, a specified decline in the Fund’s net asset value, not complying with eligible collateral requirements or the termination of the Fund’s Investment Adviser. In each case, upon occurrence, the counterparty may elect to terminate the swap early and cause the settlement of all or some of the derivative contracts outstanding, including the payment of any losses and costs resulting from such early termination, as reasonably determined by the terminating party. Any decision by one or more of the Fund’s counterparties to elect early termination could impact the Fund’s future derivative activity.

Changes in the value of the open swap agreements are reported separately in the Statement of Assets and Liabilities and as a change in unrealized appreciation (depreciation) on swaps in the Statement of Operations.

The following table presents the effect (in thousands) of swap agreements on the Statement of Operations for the fiscal year ended March 31, 2019, by primary underlying risk exposure:

<table>
<thead>
<tr>
<th>Derivative type</th>
<th>Realized Gain</th>
<th>Change in Unrealized Appreciation (Depreciation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate contracts</td>
<td>$8</td>
<td>$(8)</td>
</tr>
</tbody>
</table>

* Refer to footnote 10 for a reconciliation of the accounting treatment of the realized gain for tax purposes related to the reclassification of swap periodic collections.

The Fund records collections or periodic payments on interest rate swaps as a component of net realized gain or loss on investments and swaps in the Statement of Operations. For the fiscal year ended March 31, 2019, the Fund received $8,287 from swap counterparties. For purposes of dividend distributions and for the determination of compliance with the 90% threshold for purpose of the Fund’s tax exemption, net swap periodic payments are included as a component of net investment income. See Note 10 for a reconciliation between taxable and book net investment income.
Securities Sold Under Repurchase Agreements
Under these agreements, the Fund sells securities, receives cash in exchange, and agrees to repurchase the securities at a mutually agreed date and price. Ordinarily, those counterparties with which the Fund enters into these agreements require delivery of collateral and are able to sell or repledge the collateral; however, the Fund retains effective control over such collateral through the agreement to repurchase the collateral on or by the maturity of the repurchase agreement. These transactions are treated as financings and recorded as liabilities. Therefore, no gain or loss is recognized on the transaction, and the securities pledged as collateral remain recorded as assets of the Fund. These agreements involve the risk that the market value of the securities purchased with the proceeds from the sale of securities received by the Fund, may decline below the price of the securities that the Fund is obligated to repurchase, and that the value of the collateral posted by the Fund increases in value and the counterparty does not return it. Because the Fund borrows under repurchase agreements based on the estimated fair value of the pledged assets, the Fund’s ongoing ability to borrow under its repurchase facilities may be limited and its lenders may initiate margin calls in the event of adverse changes in the market. A decrease in market value of the pledged assets may require the Fund to post additional collateral or otherwise sell assets at a time when it may not be in the best interest of the Fund to do so.

Short-Term Notes
The Fund has a short-term notes payable program as a funding vehicle to increase the amounts available for investments. The short-term notes may be issued from time to time, in denominations of $1,000 or as may otherwise be specified in a supplement to the Offering Circular. The notes are collateralized by the pledge of certain securities of the Fund. The pledged securities are held by UBSTC, as agent for the Fund, for the benefit of the holders of the notes. There are no short-term notes outstanding as of March 31, 2019.

Paydowns
Realized gains or losses on mortgage-backed security paydowns are recorded as an adjustment to interest income. During the fiscal year ended March 31, 2019, the Fund had no realized gains/losses on mortgage-backed securities paydowns. The Fund declares and pays monthly dividends from net investment income. For purposes of compliance with the 90% distribution threshold for the Fund’s tax exemption, gains and losses related to mortgage-backed security paydowns are not included in net investment income. See Note 10 for a reconciliation between taxable and book net investment income.

Preferred Shares
Pursuant to the Fund’s Certificate of Incorporation, as amended and supplemented, the Fund’s Board of Directors is authorized to issue up to 12,000,000 preferred shares with a par value of $25, in one or more series. During the fiscal year ended March 31, 2019, no preferred shares were issued or outstanding.

Other
Security transactions are accounted for on the trade date (the date on which 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. Income from interest and dividends from cumulative preferred shares is accrued, except when collection is not expected. Expenses are recorded as they are incurred.
2. Investment Advisory, Administrative, Custodian, Transfer Agency Agreements, and Other Transactions With Affiliates

Pursuant to an investment advisory contract (the "Advisory Agreement") with UBS Asset Managers of Puerto Rico, a division of UBSTC, the Fund receives investment advisory services in exchange for a fee. The investment advisory fee will not exceed 0.75% of the Fund’s average weekly gross assets. For the fiscal year ended March 31, 2019, investment advisory fees amounted to $38,800 equivalent to 0.75% of the Fund’s average weekly gross assets. The Investment Advisor voluntarily waived investment advisory fees in the amount of $25,866, for a net fee of $12,934, which represents an effective annual rate of 0.25%.

UBSTC also provides administrative, custody, and transfer agency services pursuant to Administration, Custodian, and Transfer Agency, Registrar, and Shareholder Servicing Agreements. UBSTC has engaged JP Morgan to act as the custodian for the Fund. UBSTC provides facilities and personnel to the Fund for the performance of its administration duties. For the fiscal year ended March 31, 2019, the administrative, custody, and transfer agency services fee amounted to $23,536. The administrator, custodian, and transfer agent voluntary waived service fees in the amount of $2,587, for a net fee of $20,949, which is equivalent to 0.40% of the Fund’s average weekly gross assets.

The Fund is not registered under the U.S. Investment Company Act of 1940, as amended (the “1940 Act”), and therefore, is not subject to the restrictions contained therein regarding, among other things, transactions between the Fund and UBS Financial Services Incorporated of Puerto Rico (“UBSFSPR”), or its affiliates (“Affiliated Transactions”). In that regard, the Board of Directors of the Fund adopted a set of Procedures for Affiliated Transactions (“Procedures”) in an effort to address potential conflicts of interest that may arise. It is anticipated that Affiliated Transactions will continue to take place in the future and that any Affiliated Transactions will be subject to the Procedures. See Note 1 for further information on recent events.

UBSTC and the Fund have entered into an agreement whereby UBSTC agrees to assume the ordinary operating expenses of the Fund relating to services rendered to the Fund in the ordinary course of business by third parties incurred on or after the first day of the current fiscal year of the Fund and prior to the earlier of (i) the termination of the existing advisory agreement between UBSTC and the Fund, and (ii) the last day of the current fiscal year, other than the fees payable to UBSTC pursuant to the administration agreement, the investment advisory agreement, and the other agreements between UBSTC and the Fund (which fees total 0.75% of the Fund’s average weekly gross assets, after giving effect to a reduction of the advisory fee from 0.75% to 0.25%), to the extent necessary so that the Fund’s total annual portfolio operating expenses do not exceed 1.25% of the Fund’s average weekly gross assets, as explained in the next paragraph.

The Fund agrees to reimburse UBSTC for expenses of the Fund that are paid by UBSTC, subject to the following limitations: (a) the Fund will reimburse UBSTC for expenses paid by UBSTC hereunder at the end of each fiscal year, provided that after such reimbursement the Fund’s total annual portfolio operating expenses do not exceed 1.25% of the Fund’s average weekly gross assets; (b) no reimbursement shall be paid after the third anniversary of the date in which the Fund accrues the receivable amount from UBSTC. During the year, $128,273 in expenses were waived by UBSTC. The excess expenses potentially reimbursable to UBSTC at March 31, 2019, amounted to $460,525, of which $189,797 expires during the fiscal year ending March 31, 2020, $142,455 expires during the fiscal year March 31, 2021 and $128,273 expires during the fiscal year March 31, 2022. During the year, UBSTC paid $120,472 for expenses of the Fund.
UBSFSPR is the Fund’s dealer on the offering of short-term notes. No selling fees were paid to UBSFSPR during the fiscal year ended March 31, 2019.

Certain Fund officers and directors are also officers and directors of UBSTC. The seven (7) independent directors of the Fund’s Board of Directors through December 31, 2018, and six (6) as of January 1, 2019 are paid based upon an agreed fee of $1,000 per board meeting, plus expenses, and $500 per Audit Committee meeting, plus expenses. For the fiscal year ended March 31, 2019, the seven (7) independent directors of the Fund were paid an aggregate compensation of approximately $37,000.

Fund affiliates may have lending, banking, brokerage, underwriting, or other business relationships with the issuers of the securities in which the Fund invests.

The total amount (in thousands) of other affiliated and unaffiliated purchases and sales of investment securities and originations of securities sold under repurchase agreements, listed by counterparty, during the year were as follows:

<table>
<thead>
<tr>
<th>Securities Sold Under Repurchase Agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>UBS</td>
</tr>
<tr>
<td>Unaffiliated</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Interest expense from securities sold under repurchase agreements with UBSFSPR during the year amounted to $11,578.

3. Capital Share Transactions

The Fund is authorized to issue up to 88,000,000 common shares, par value $0.01 per share.

There were no capital share transactions for the fiscal years ended March 31, 2019 and 2018.

The Fund’s Board of Directors authorized the repurchase of the Fund's shares of common stock in the open market when such shares are trading at or below NAV of the shares, up to 60% of the aggregate number of shares of common stock issued by the Fund. As of March 31, 2019, the total shares repurchased represent 48.94% and the total shares available to be repurchased represent 11.06% of the issued shares of the Fund's common stock since inception.

There were no repurchase transactions during the fiscal year ended March 31, 2019 and 2018.

4. Investment Transactions

The cost of securities purchased and proceeds from sales and calls of portfolio securities (in thousands), excluding short-term investments, for the fiscal year ended March 31, 2019, were as follows:
Purchas es  Sales  Paydowns
Puerto Rico Obligations  $ -  $ -  $ - 
US Obligations  -  -  -  - 

Fitch Ratings ("Fitch"), Moody’s Investors Service ("Moody's"), and S&P Global Ratings ("S&P") have downgraded the general obligation bonds ("GOs") of the Commonwealth of Puerto Rico, as well as the obligations of certain Commonwealth agencies and public corporations, including the Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS"), on numerous occasions. Most recently, Fitch downgraded the GOs to “D” (default) and its ratings for the Commonwealth as a bond issuer, to “RD” on July 6, 2016, and for the Puerto Rico Sales Tax Financing Corporation ("COFINA") and ERS, both to “D” on July 3, 2017 and July 20, 2017, respectively. S&P had previously downgraded ERS, to "C" on September 10, 2015, and subsequently the GOs, to “D” (default) on July 7, 2016, and the debt ratings for the Government Development Bank for Puerto Rico, to “D” (default) on September 8, 2016, and for COFINA, to “D” (default) on June 6, 2017. Finally, Moody’s downgraded ERS, to "C" on April 5, 2017, and the GOs to “Ca” on October 11, 2017. No ratings have been issued on the COFINA newly issued exchange bonds, further described on Note 5.

On June 30, 2016, the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA") was signed into law. It created the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board") with broad powers designed to help the Commonwealth balance its finances, restructure its debt, and ensure a return to the markets. The enactment of PROMESA operated as a stay of any actions or proceedings against the Commonwealth and its agencies and instrumentalities by its creditors, which stay was in effect through May 1, 2017. As of that date, the Oversight Board has filed five (5) petitions to commence cases under Title III of PROMESA in the U.S. District Court for the District of Puerto Rico (the "District Court") with respect to all debt issued by the following: the Commonwealth of Puerto Rico; COFINA; ERS; the Puerto Rico Highways and Transportation Authority; and the Puerto Rico Electric Power Authority ("PREPA"). The filing of these petitions triggered a new stay of any actions or proceedings against these five debtors.

In the ERS Title III case, certain ERS bondholders had reached a consensual agreement with the Commonwealth, ERS, and the Oversight Board prior to May 21, 2017, which provided, among other things, that (i) all employer contributions received by ERS during the pendency of the PROMESA stay would be segregated in an account for the benefit of holders of the ERS bonds, and (ii) ERS would transfer to Bank of New York Mellon ("BNYM"), as ERS’ fiscal agent, the amounts required each month for the payment of interest on the ERS bonds. After the filing of ERS’ Title III petition on May 21, 2017, the Puerto Rico Fiscal Agency and Financial Advisory Authority (known by its Spanish initials “AAFAF”), on behalf of ERS, delivered a non-funding notice as permitted under this agreement on June 5, 2017, stating that ERS would discontinue transferring the amounts necessary to pay interest due on the ERS bonds commencing on July 1, 2017 and going forward. Certain ERS bondholders filed a motion to lift the automatic stay with the District Court on May 31, 2017, to seek adequate protection of the ERS bondholders' collateral. The Puerto Rico Legislature adopted a joint resolution on June 25, 2017, which, among other things, purported to terminate the obligations of all Puerto Rico central government instrumentalities, as well as all public corporations and municipalities, to transmit employer contributions to ERS. On June 28, 2017, the District Court ordered the ERS creditors, the Oversight Board, and the Commonwealth to attempt to reach another consensual agreement, in line with what was previously agreed.

On July 17, 2017, the District Court issued an order approving a joint stipulation (the "Joint Stipulation") entered into among certain ERS bondholders, the Commonwealth, ERS, and the
Oversight Board, which provided for (i) the payment of interest on the ERS bonds through the date on which the District Court would enter a ruling in an action seeking declaratory relief regarding the validity of ERS bondholders’ liens and security interests in certain collateral, as well as (ii) the deposit by the Commonwealth of approximately $18,500,000 in employer contributions from municipalities and public corporations into a segregated account of ERS for the benefit of ERS bondholders in each of July, August, September, and October of 2017 (the “Declaratory Relief Action”). The Fund received the required interest payments on the ERS bonds through and including November 1, 2017. On December 28, 2017, the District Court issued another order (the “December 2017 Order”), affirming that the Joint Stipulation required the continued payment of monthly interest on the ERS bonds in the aggregate amount of $13,876,582.48 beyond October 31, 2017. These interest payments continued until July 20, 2018, when the amounts held in the segregated account for such interest payments were exhausted. The December 2017 Order also contemplated that the monthly interest payments required thereunder be applied to all series of the ERS bonds, including capital appreciation bonds that would otherwise not be entitled to current interest, with such payments expressly constituting “adequate protection payments” for all ERS bondholders, in accordance with the December 2017 Order, PROMESA, and the U.S. Bankruptcy Code. The District Court reserved for future consideration the final allowance and treatment of such “adequate protection payments” in determining the allowed amount of the claims under the ERS bonds in the ERS Title III case.

The District Court dismissed the Declaratory Relief Action on August 17, 2018, ruling against the ERS bondholders and determining, among other things, that they did not possess a perfected security interest in the ERS bondholders’ collateral and that any security interest held by the ERS bondholders in the ERS collateral was invalid and unenforceable. The District Court, however, did not resolve the issue of whether the security interest of the ERS bondholders attached to revenues received by ERS during the post-petition period since it had decided that the ERS Bondholders’ security interest had not been perfected. On January 30, 2019, the U.S. Court of Appeals for the First Circuit (the “Circuit Court”) reversed the District Court’s order and remanded to the District Court for further proceedings. On April 30, 2019, the Oversight Board filed a petition of Certiorari at the Supreme Court, requesting review of the Circuit Court’s Judgment. In addition to defending the ERS bondholders’ collateral in the Declaratory Relief Action, certain ERS bondholders instituted a lawsuit on July 27, 2017, challenging the Puerto Rico Legislature’s June 25, 2017 joint resolution purporting to terminate employer contributions to ERS. That litigation remains pending.

See Note 5 for developments regarding the COFINA Title III case and the restructuring of COFINA bonds.

On February 15, 2019, the Circuit Court reversed a prior District Court decision that had validated the process by which the Oversight Board was appointed. The Circuit Court concluded that the appointments clause of the U.S. Constitution requires Senate confirmation of all principal officers of the U.S. government, including the Oversight Board members. However, the Circuit Court only severed the specific invalidated clauses from the remaining provisions of PROMESA and did not invalidate the entire statute, rejecting the appellants’ request to invalidate all actions taken by the Oversight Board to date. The Circuit Court granted a 90-day stay on its ruling, to allow the President and U.S. Senate to reconstitute the Oversight Board. On April 29, 2019, the White House notified its intention to ask the U.S. Senate to confirm the current members of the Oversight Board. Afterwards, on May 6, 2019, the Circuit Court granted an additional 60 days to allow for the reappointment of the Oversight Board members, setting a July 15, 2019 deadline.

Between April 30, 2019 and May 2, 2019, the Oversight Board and the Commonwealth's Unsecured Creditors Committee filed complaints against certain bondholders, as well as certain individuals and companies supplying goods and services to the Commonwealth, seeking to avoid transfers and
disallow claims relating to allegedly fraudulent transfers under the Commonwealth laws and U.S. Bankruptcy Code. On May 23, 2019, the Oversight rejected the government's revised 2019-2020 budget for the Commonwealth as not compliant with the PROMESA requirements and, on May 28, 2019, delivered their version of a revised compliant budget to the Puerto Rico government for review and adoption.

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 and its ability to declare and pay dividends in the future.

The passage of Hurricane María over Puerto Rico on September 20, 2017 is considered the most destructive storm to hit Puerto Rico in almost 90 years. It knocked out all electric power, destroyed more than 100,000 homes, and ruptured bridges and other public infrastructure. Puerto Rico is facing substantial economic and revenue disruption in the near term, and diminished output and revenue has negatively impacted the Puerto Rico government's ability to repay its debt. While it remains too early to determine the long-term economic effects post-Hurricane María, the long-term repercussions may be mixed. On one hand, an exodus of residents relocating to the U.S. mainland has eroded Puerto Rico's economic base. However, significant amounts of U.S. federal aid and private insurance proceeds will be available to aid in rebuilding, thereby spurring economic growth and infrastructure replacement.

On February 9, 2018, President Donald J. Trump signed into law the Bipartisan Budget Act of 2018, which includes a disaster relief package of up to $16 billion for Puerto Rico and the U.S. Virgin Islands, to be used for the Medicaid program and projects under the Community Development Block Grant. Delays in the implementation of procedures for the disbursement of such funds in Puerto Rico have been widely reported. Governor Rosselló has also announced plans to privatize PREPA and the generation of energy in Puerto Rico and award a concession of the distribution and transmission of energy. Thereafter, on February 13, 2018, the Commonwealth, PREPA, and the Puerto Rico Aqueduct and Sewer Authority submitted revised fiscal plans to the Oversight Board for its review and certification. Such fiscal plans will establish the fiscal roadmap for the Commonwealth through the fiscal year ending in 2023. The Oversight Board has requested revisions to such fiscal plans on various occasions.

On November 29, 2018, the Puerto Rico government announced that it had concluded the restructuring of the debt of the Government Development Bank for Puerto Rico (“GDB”). The GDB restructuring under Title VI of PROMESA covers approximately $4 billion of debt; bondholders received $550 of new bonds for every $1,000 of their existing GDB bond claims, while Puerto Rico municipalities will realize about $55 million in near-term debt service savings.

On May 3, 2019, PREPA, AAFAF, the Oversight Board, and the Ad Hoc Group of PREPA Bondholders executed a Definitive Restructuring Support Agreement (the “RSA”). Pursuant to the RSA, the bondholders will exchange their existing PREPA bonds for two types of new securitization bonds. The RSA provides that the repayment of the bonds will be backed by a fixed transition charge, the (“Transition Charge”), subject to a predetermined maximum, that does not vary with the fluctuation in sales of PREPA. The exchange ratio of the Series A bonds will be approximately 67.5% of the respective bond holder's claim amount (as further described in the RSA), while the Series B bonds will be exchanged for capital appreciation bonds with an additional recovery of approximately 10% of the respective claim (as further described in the RSA). Interest accrued on the Series A bonds is paid only to the extent that there are sufficient receipts from the Transition Charge to pay such interest; otherwise, the interest thereon will accrue and compound. Principal on the
Series A bonds will be paid to the extent there are excess receipts from the Transition Charge, after payment of interest. There will be no debt service payments on the Series B bonds until the Series A bonds are paid in full. The terms of the RSA require the enactment of legislation by the Puerto Rico Government and will be subject to the approval of the District Court. Certain members of the U.S. House of Representatives have expressed reservations regarding the RSA.

5. COFINA Restructuring

In the COFINA Title III case, the Commonwealth, COFINA, certain COFINA bondholders, and others participated in a mediation process, led by a team of five judges appointed by the District Court. On August 29, 2018, COFINA, the Puerto Rico Fiscal Agency and Financial Advisory Authority (known by its Spanish initials "AAFAF"), the Oversight Board, and certain COFINA credit parties entered into a Plan Support Agreement, which provided for the apportionment of Puerto Rico's sales and use tax between the Commonwealth and COFINA and the restructuring of COFINA's debt and served as the basis for a plan of adjustment for the COFINA debt. COFINA's Third Amended Plan of Adjustment (the "Plan") was approved by the District Court on February 4, 2019 and went effective on February 12, 2019. Pursuant to the Plan, COFINA bondholders received newly-issued COFINA bonds based on their creditor class. Under the Plan, the newly exchanged bonds are secured by 53.65% of the pledged sales and use tax through 2058, which amount to $420 million for fiscal year 2019, and increase by 4% each year thereafter, capping out at $992.5 million in fiscal year 2041. Following the consummation of the Plan, several labor unions and other litigants filed notices with the U.S. Court of Appeals for the First Circuit (the "Circuit Court"), to appeal the District Court's approval of the Plan.

As of March 31, 2019, consistent with the restructuring contemplated in the COFINA Plan, the Fund has received (i) new COFINA current interest bonds with an aggregate face value amounting to $1,120,000 (ii) new COFINA capital appreciation bonds with an aggregate face value amounting to $1,459,000 and (iii) cash in the amount of approximately $116,486 related to such restructuring and which have been allocated as principal repayments. In addition, based on this exchange, a realized loss was recognized in the amount of $330,341. A portion of the cash payments was distributed to common shareholders on March 2019, as a special dividend.

6. Securities Sold Under Repurchase Agreements

Securities sold under repurchase agreements amounted to $2,107,000 at March 31, 2019, and related information is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average interest rate at the end of the year</td>
<td>2.99 %</td>
</tr>
<tr>
<td>Maximum aggregate balance outstanding at any time of the year</td>
<td>$ 2,319,750</td>
</tr>
<tr>
<td>Average balance outstanding during the year</td>
<td>$ 2,149,980</td>
</tr>
<tr>
<td>Average interest rate during the year</td>
<td>2.56 %</td>
</tr>
</tbody>
</table>

At March 31, 2019, interest rates on securities sold under repurchase agreements ranged from 2.98% to 2.99%, with maturity dates up to April 2, 2019.

At March 31, 2019, investment securities amounting to $2,371,634 were pledged as collateral for securities sold under repurchase agreements. The counterparties have the right to sell or repledge the assets during the term of the repurchase agreement with the Fund. Interest payable on securities sold under repurchase agreements amounted to $5,822 at March 31, 2019.
The following table presents the Fund’s repurchase agreements by counterparty and the related collateral pledged by the Fund at March 31, 2019:

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Gross Amount of Securities Sold Under Repurchase Agreements Presented in the Statement of Assets and Liabilities</th>
<th>Securities Sold Under Repurchase Agreements Available for Offset</th>
<th>Collateral Posted (a)</th>
<th>Net Amount Due To Counterparty (not less than zero)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goldman Sachs, New York</td>
<td>$1,632,000</td>
<td>-</td>
<td>$1,632,000</td>
<td>$1,632,000</td>
</tr>
<tr>
<td>UBS, New Jersey (+)</td>
<td>$475,000</td>
<td>-</td>
<td>$475,000</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$2,107,000</td>
<td>-</td>
<td>$2,107,000</td>
<td>$2,107,000</td>
</tr>
</tbody>
</table>

(+): Affiliate of the Fund.

(a): Collateral received or posted is limited to the net securities sold under repurchase agreements liability amounts. See above for actual collateral received and posted.

7. Short-Term Financial Instruments

The fair value of short-term financial instruments, which includes $2,107,000 of securities sold under repurchase agreements, are substantially the same as the carrying amount reflected in the Statement of Assets and Liabilities, as these are reasonable estimates of fair values, given the relatively short period of time between origination of the instrument and their expected realization.

8. 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.

The major concentration of credit risk arises from the Fund’s investment securities in relation to the location of the issuers of such investment securities. For calculating concentration, all securities guaranteed by the U.S. Government or any of its subdivisions are excluded. At March 31, 2019, the Fund had investments with an aggregate fair value of approximately $1,480,520, which were issued by entities located in the Commonwealth of Puerto Rico and guaranteed by the Commonwealth of Puerto Rico or its subdivisions, including Revenue Bonds. Also, at March 31, 2019, the Fund had investments with an aggregate market value amounting to $1,550,735, which were issued by various municipalities located in the United States and not guaranteed by the U.S. Government.

The value of fixed income securities, such as those in which the Fund may invest, generally can be expected to fall when interest rates rise and to rise when interest rates fall. Interest rate risk is the risk that interest rates will rise, and that as a result, the value of the Fund’s investments will fall. The Fund is subject to interest rate risk. Prices of longer term fixed income securities generally change more in response to interest rate changes, than prices of shorter term fixed income securities. Because the Fund will invest primarily in long term fixed income securities, the net asset value and market price per share of its common stock will fluctuate more in response to changes in market interest rates than if the Fund invested primarily in shorter term fixed income securities.

As stated in its Prospectus for common stock, the Fund will ordinarily invest at least 67% of its total assets in securities issued by Puerto Rico issuers (the “67% Investment Requirement”). These include securities issued by the Commonwealth of Puerto Rico and its political subdivisions, organizations, agencies, and instrumentalities, Puerto Rico mortgage-backed and asset-backed securities, corporate obligations and preferred stock of Puerto Rico entities, and other securities, consistent with the Fund’s investment objective and policies as defined in such Prospectus (the “Puerto Rico Securities”). Therefore, the Fund is more susceptible to factors affecting issuers of
Puerto Rico Securities than an investment company that is not concentrated in Puerto Rico Securities to such degree.

9. 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.

The Fund must invest at least 67% of its total assets in Puerto Rico Securities. Up to 33% of its total assets may be invested in securities issued by the U.S. Government, its political subdivisions, its agencies and instrumentalities, and municipal securities issued in the United States. From time to time, the Fund may not comply with the 67% Investment Requirement due to a lack of availability of acceptable Puerto Rico Securities.

The Fund’s leverage, as measured in relation to total assets, may not exceed 50%. Should this ratio be exceeded, the Fund is precluded from further leverage transactions until the maximum 50% ratio is restored. In addition, the Fund may also borrow for temporary or emergency purposes in an amount of up to an additional 5% of its total assets.

The Fund may issue preferred stock, debt securities and other forms of leverage to the extent that immediately after their issuance, the value of the Fund's total assets less all the Fund's liabilities and indebtedness which are not represented by preferred stock, debt securities, or other forms of leverage being issued or already outstanding, is equal to or greater than 200% of the aggregate par value of all outstanding preferred stock (not including any accumulated dividends or other distributions attributable to such preferred stock) and the total amount outstanding of debt securities and other forms of leverage.

The Fund has obtained temporary waivers through June 30, 2019, from the Puerto Rico Office of the Commissioner of Financial Institutions with respect to its Puerto Rico asset investments and leverage limitations. Although these waivers provide temporary relief to the Fund from having to limit or otherwise change the strategy of its investment or leverage transactions, there is no guarantee that the Fund will receive further relief beyond June 30, 2019. If further relief is not granted, the Fund would have to use proceeds derived from the sale, exchange, prepayment, maturity, or any voluntary or involuntary disposition of an asset to re-achieve compliance with the 67% investment requirement in Puerto Rico assets, and would not be able to renew leverage beyond its leverage limitations. In addition, based on the representations and opinion of the Fund’s investment adviser and consistent with the Fund’s investment objective, the Puerto Rico Office of the Commissioner of Financial Institutions has also granted no-objection relief with respect to the Fund’s investment-grade credit rating requirement for Puerto Rico securities through June 30, 2019, which permit the Fund to continue to invest in Puerto Rico municipal securities that do not have an investment grade credit rating, under certain conditions, at the discretion of the Fund’s investment adviser. These temporary waivers and no-objection relief may be renewed by the Puerto Rico Office of the Commissioner of Financial Institutions for additional periods of time, should market conditions warrant, and upon written request by the Fund. It is the Fund’s intention to re-comply with these requirements as soon as market conditions permit, but there is no assurance as to whether and when the Fund will be able to do so.
10. Reconciliation Between Taxable and Book Net Investment Income

As a result of certain reclassifications made for financial statements presentation, the Fund’s net investment income according to the financial statements is not the same as net investment income for income tax purposes, as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment income</td>
<td>$103,374</td>
</tr>
<tr>
<td>Reclassification of swap periodic collections</td>
<td>$8,287</td>
</tr>
<tr>
<td><strong>Net investment income for tax purposes</strong></td>
<td><strong>$111,661</strong></td>
</tr>
</tbody>
</table>

The basis for the dividend distributions is the net investment income for tax purposes, as determined above. The Fund’s policy, as stated in the Prospectus, is to distribute substantially all net investment income. In order to maintain a stable level of dividends, however, the Fund may at times pay more or less than the net investment income earned in a particular year.

For the fiscal year ended March 31, 2019, the Fund had distributed $225,653 for tax purposes. The undistributed net investment income (for tax purposes) at March 31, 2019, was as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undistributed net investment income for tax purposes at the beginning of the year</td>
<td>$337,311</td>
</tr>
<tr>
<td>Net investment income for tax purposes</td>
<td>111,661</td>
</tr>
<tr>
<td>Dividends paid to common shareholders</td>
<td>(225,653)</td>
</tr>
<tr>
<td><strong>Undistributed net investment income for tax purposes at the end of the year</strong></td>
<td><strong>$223,319</strong></td>
</tr>
</tbody>
</table>

Undistributed net investment income for tax purposes at March 31, 2019, includes $223,319 exempt from income taxes.

11. Risks and Uncertainties

The Fund is exposed to various types of risks, such as geographic concentration, industry concentration, non-diversification, interest rate, and credit 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.

The Fund is exposed to certain risks resulting from the reduced geographic diversification of its portfolio. The Fund’s assets are invested primarily in securities of Puerto Rico issuers. Consequently, the Fund in general is more susceptible to economic, political, regulatory, or other factors adversely affecting issuers in Puerto Rico than an investment company that is not so concentrated in Puerto Rico issuers.

A relatively high percentage of the Fund’s assets may be invested in obligations of a limited number of Puerto Rico issuers. Consequently, the Fund’s net asset value and its yield may increase or decrease more than that of a more diversified investment company as a result of changes in the market’s assessment of the financial condition and prospects of such Puerto Rico issuers. The Fund may also be more susceptible to any single economic, political, or regulatory occurrence in Puerto Rico than a more widely diversified investment company.

Interest rate risk is the risk that interest rates will rise so that the value of the Fund’s investments will fall. Current low long-term rates present the risk that interest rates may rise, and that as a result, the
Fund’s investments will decline in value. Also, the Fund’s yield will tend to lag behind changes in prevailing short-term interest rates. In addition, 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), and reduce the value of the security. This is known as extension risk, which the Fund is also subject to. Conversely, during periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled in order to refinance at lower interest rates, forcing the Fund to reinvest in lower yielding securities. This is known as pre-payment risk, which the Fund is also subject to.

Credit risk is the risk that debt securities or preferred stock in the Fund’s portfolio will decline in price or fail to make dividend or interest payments when due, because the issuer of the security experiences a decline in its financial condition. The risk is greater in the case of securities rated below investment grade, or rated in the lowest investment grade category.

The Fund may engage in repurchase agreements, which are transactions in which the Fund sells a security to a counterparty and agrees to buy it back, at a specified time and price, in a specified currency. Repurchase agreements involve the risk that the buyer of the securities sold by the Fund might be unable to deliver the securities when the Fund seeks to repurchase them and may be unable to replace the securities, or only at a higher cost.

Because the Fund borrows under repurchase agreements based on the estimated fair value of the pledged assets, the Fund’s ongoing ability to borrow under its repurchase facilities may be limited and its lenders may initiate margin calls in the event of adverse changes in the market. A decrease in market value of the pledged assets may require the Fund to post additional collateral or otherwise sell assets at a time when it may not be in the best interest of the Fund to do so.

Mortgage-backed securities in which the Fund may invest 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 pre-payments 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 pre-payments that are received earlier than anticipated, the Fund may be required to reinvest such pre-payments at rates that are lower than the anticipated yield of the prepaid obligation. The rate of pre-payments 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 home owner mobility. Since a substantial portion of the assets of the Fund may be invested in mortgage-backed securities at any time, 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. Collateralized mortgage obligations or “CMOs” exhibit similar risks to those of mortgage-backed securities but also present certain special risks. 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. These changes may result in volatility in the market value, and in some instances, reduced liquidity of the CMO class.

The Fund may also invest in illiquid securities which are securities that cannot be sold within a reasonable period of time, not to exceed seven (7) days, in the ordinary course of business at approximately the amount at which the Fund has valued the securities. 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 may trade at a discount from comparable, more liquid investments.

There may be few or no dealers making a market in certain securities owned by the Fund, particularly with respect to securities of Puerto Rico issuers including, but not limited to, investment companies. Dealers making a market in those securities may not be willing to provide quotations on a regular basis to the Investment Adviser. It may therefore be particularly difficult to value those securities. When market quotations for securities held by the Fund are not readily available from any such independent dealers, UBSTC as the Fund’s Administrator, is responsible for obtaining quotations for such securities from various sources, including UBSFSPR. As a result, the interests of UBSFSPR may conflict with those of the Fund as to the price and other terms of transactions among them.

In order to attempt to hedge various portfolio positions to manage its cost of funds or to enhance its return, the Fund may invest a portion of its total assets in certain instruments which are or may be considered derivatives. Because of their increased volatility and potential leveraging effect (without being subject to the Fund’s leverage limitations), derivative instruments may adversely affect the Fund. For example, investments in indexed securities, including, among other things, securities linked to an equities or commodities index and inverse floating rate securities, may subject the Fund to the risks associated with changes in the particular indices, which may include reduced or eliminated interest payments and losses of invested principal. Such investments, in effect, may also be leveraged, thereby magnifying the risk of loss.

12. Commitments and Contingencies

The Fund, its Board of Directors, UBSFSPR, and UBSTC are subject to legal proceedings, claims, and litigation arising in the ordinary course of business. While the outcome of these matters is currently not determinable, management does not expect that the ultimate outcome of these matters will have a material adverse effect on the Fund’s financial position, results of operations or cash flows. Management of UBSFSPR and UBSTC have informed the Fund of its belief that the resolution of such matters is not likely to have a material adverse effect on the ability of UBS Asset Managers of Puerto Rico and UBSTC to perform under their respective contracts with the Fund.

On February 5, 2014, a shareholder derivative action was filed in Puerto Rico Commonwealth court against the Fund, UBS Financial Services Inc., UBSFSPR, UBSTC, and all current and certain former Fund directors, alleging that the Fund suffered hundreds of millions of dollars in losses due to alleged mismanagement, concealment of conflicts of interest, and improper recommendations by certain defendants to retail customers to use credit lines to purchase Fund shares. On May 5, 2015, the court denied defendants’ motion to dismiss. The Puerto Rico Court of Appeals and the Puerto Rico Supreme Court denied defendants’ petitions for leave to appeal that decision. On August 24, 2016, defendants answered the complaint. The case is now in discovery. While the outcome of these allegations is currently not determinable, management does not expect that the ultimate outcome of these matters will have a material adverse effect on the Fund’s financial position, results of operations, or cash flows. Moreover, management of UBSFSPR and UBSTC has informed the Fund of its belief that the resolution of such matter is not likely to have a material adverse effect on the ability of UBS Asset Managers of Puerto Rico and UBSTC to perform under their respective contracts with the Fund.
13. 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.

14. Subsequent Events

Events and transactions from April 1, 2019 through June 24, 2019 (the date the financial statements were available to be issued) have been evaluated by management for subsequent events. Management has determined that, other than as disclosed in Note 4, there were no material events that would require adjustment to or additional disclosure in the Fund’s financial statements through this date, except as disclosed below.

Dividends:

On April 30, 2019, the Board of Directors, acting through Dividend Committee, declared an ordinary net investment income dividend of $0.00500 per common share, totaling $7,701 and payable on May 10, 2019, to common shareholders of record as of April 30, 2019.

On May 31, 2019, the Board of Directors, acting through Dividend Committee, declared an ordinary net investment income dividend of $0.00500 per common share, totaling $7,701 and payable on June 10, 2019, to common shareholders of record as of May 31, 2019.
Report of Independent Auditors

To the Board of Directors of
Puerto Rico Fixed Income Fund VI, Inc.

We have audited the accompanying financial statements of the Puerto Rico Fixed Income Fund VI, Inc. (the “Fund”), which comprise the statement of assets and liabilities, including the schedule of investments, as of March 31, 2019 and the related statements of operations and of cash flows for the year then ended, of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are hereafter collectively referred to as “financial statements.”

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Puerto Rico Fixed Income Fund VI, Inc. as of March 31, 2019, and the results of its operations and its cash flows for the year then ended, changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in accordance with accounting principles generally accepted in the United States of America.

June 24, 2019

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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.

3 Mr. Belaval retired on December 31, 2018 at the end of the calendar year in which he reached eighty (80) years of age as provided in the Fund's Bylaws.