Dear Shareholder:

The Puerto Rico Short Term Investment Fund, Inc. (the "Fund") is pleased to present its Annual Report to Shareholders for the fiscal year ended June 30, 2019.

**Description of the Fund**

The Fund is an open end management investment company registered under the Puerto Rico Investment Companies Act of 1954. The main objective of the Fund is to provide Puerto Rico resident investors with current income, consistent with liquidity and preservation of capital, and it seeks to maintain a stable price of $1.00 per share. As required by law, at least 67% of the Fund’s assets are invested in securities issued by Puerto Rico issuers (subject to the temporary waiver discussed below). Currently, the Fund invests exclusively in tax-exempt obligations and is the only short term Puerto Rico investment company to do so.

The Fund is not registered under the U.S. Investment Company Act of 1940, as amended (the "1940 Act"). As such, it does not need to comply with all the investment requirements applicable to U.S. regulated money market funds. However, 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. The Fund is currently exploring with the SEC whether there may be possible SEC relief alternatives to address the Fund’s specific circumstances, including the possibility of extending 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.

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 ERS to “D” on 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. Finally, Moody’s downgraded ERS, to "C" on April 5, 2017, and the GOs to “Ca” on October 11, 2017. All non default ratings carry a negative outlook. In view of the foregoing, the Puerto Rico Office of the Commissioner of Financial Institutions (the "OCFI") has granted to the Fund a temporary waiver through June 30, 2020, from the requirement that the Fund invest at least 67% of its assets in Puerto Rico securities. 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.
Performance of the Fund during the Fiscal Year

The U.S. Federal Reserve (the “Fed”) raised the federal funds rate two times during the Fund’s fiscal year. The first increase occurred during their September 2018 meeting when they raised the rates from a range of 1.75% to 2.00% to a range of 2.00% to 2.25%. Then, at its December 2018 meeting they raised the rates to a range of 2.25% to 2.50%. 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 increased interest rates up to June 30, 2019. See Outlook below for recent Fed actions.

The Fund’s annualized total return was 1.14%, based on the net asset value of $1.00 per share. In this historically low interest rate environment, the investment adviser selected assets that seek to maximize risk/return relationships, while adhering to the Fund’s strict credit quality and asset class constraints and maintaining liquidity and a stable net asset value. The net asset value of the Fund remained stable at $1.00.

At the end of the fiscal year, the tax exempt net yield to investors was 1.29%. This figure compares to a tax exempt net yield to investors of 0.30% for fiscal year 2018. The weighted average maturity of the Fund’s investment portfolio was 13.28 days.

Outlook

At its July 2019 meeting the Fed cut interest rates for the first time in a decade from a range of 2.25% to 2.50% to a range of 2.00% to 2.25% and set a potential path of future cuts for the rest of the year. The Fed cited the implications of global developments as well as muted inflation pressures. Since the Fed’s meeting, global developments with China and Iran have escalated and the yield of the ten year note has traded as low as 1.46%. At its September 2019 meeting the Fed cut interest rates another quarter point.

UBS Asset Managers of Puerto Rico remains committed to providing professional asset management services to the Fund in its selection of investment assets while maximizing current income for the benefit of the Fund’s shareholders.

UBS Asset Managers of Puerto Rico,
a division of UBS Trust Company of Puerto Rico, as Investment Adviser
The following table includes selected data for a share outstanding throughout each period and other performance information derived from the financial statements. It should be read in conjunction with the Fund’s financial statements and notes thereto.

### FINANCIAL HIGHLIGHTS

<table>
<thead>
<tr>
<th>Increase in Net Asset Value:</th>
<th>For the fiscal year ended June 30, 2019</th>
<th>For the fiscal year ended June 30, 2018</th>
<th>For the fiscal year ended June 30, 2017</th>
<th>For the fiscal year ended June 30, 2016</th>
<th>For the fiscal year ended June 30, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Per Share Operating:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net asset value, beginning of period</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
</tr>
<tr>
<td>Net investment income (a)</td>
<td>0.01</td>
<td>0.00</td>
<td><strong>0.00</strong></td>
<td>0.00</td>
<td><strong>0.00</strong></td>
</tr>
<tr>
<td>Total from investment operations</td>
<td>0.01</td>
<td>0.00</td>
<td><strong>0.00</strong></td>
<td>0.00</td>
<td><strong>0.00</strong></td>
</tr>
<tr>
<td>Less: Distributions from net investment income</td>
<td>(0.01)</td>
<td>(0.00)</td>
<td><strong>(0.00)</strong></td>
<td>(0.00)</td>
<td><strong>(0.00)</strong></td>
</tr>
<tr>
<td>Net asset value, end of period</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
</tr>
</tbody>
</table>

| **Total Investment Return:** | (b) Based on net asset value per share | 1.14% | 0.30% | 0.02% | 0.01% | 0.01% |

<table>
<thead>
<tr>
<th><strong>Ratios:</strong></th>
<th>(c) (d) Expenses to average net assets - net of waived/reimbursed expenses</th>
<th>1.00%</th>
<th>0.99%</th>
<th>0.51%</th>
<th>0.19%</th>
<th>0.10%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(c) (d) Net investment income to average net assets - net of waived and/or reimbursed expenses</td>
<td>1.23%</td>
<td>0.30%</td>
<td>0.02%</td>
<td>0.01%</td>
<td>0.01%</td>
</tr>
</tbody>
</table>

| Net assets, end of period (in thousands) | $228,496 | $228,681 | $264,398 | $340,452 | $376,689 |

**Note:** Net investment income and distributions from net investment income for the fiscal years ended June 30, 2018; June 30, 2017; June 30, 2016; and June 30, 2015 were $0.003; $0.0002; $0.0001; and $0.0001 per share, respectively.

(a) Based on average outstanding common shares of 222,961,393; 239,753,019; 313,759,615; 372,488,470; and 417,436,242 for the fiscal years ended June 30, 2019; June 30, 2018; June 30, 2017; June 30, 2016; and June 30, 2015, respectively.

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

(c) Based on average net assets applicable to common shareholders of $222,961,393; $239,753,019; $313,759,615; $372,488,470; and $417,436,242 for the fiscal years ended June 30, 2019; June 30, 2018; June 30, 2017; June 30, 2016; and June 30, 2015, respectively.

(d) The effect of the expenses waived/reimbursed for the fiscal year ended June 30, 2019; June 30, 2018; June 30, 2017; June 30, 2016; and June 30, 2015, respectively, was to decrease the expense ratios, thus increasing the net investment income ratio to average net assets by 0.16%; 0.14%; 0.32%; 0.62%; and 0.68%, respectively.

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

## Assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment securities, at value (at cost $228,397,007) with:</td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td>$104,550,000</td>
</tr>
<tr>
<td>Non-affiliates</td>
<td>123,847,007</td>
</tr>
<tr>
<td>Cash</td>
<td>321,053</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>42,691</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>77,821</td>
</tr>
<tr>
<td>Total assets</td>
<td>228,838,572</td>
</tr>
</tbody>
</table>

## Liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables:</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>58,550</td>
</tr>
<tr>
<td>Investment advisory fees</td>
<td>137,312</td>
</tr>
<tr>
<td>Administration fees</td>
<td>9,520</td>
</tr>
<tr>
<td>Distribution fees</td>
<td>28,438</td>
</tr>
<tr>
<td>Transfer agent fees</td>
<td>12,489</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>96,425</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>342,734</td>
</tr>
</tbody>
</table>

## Net Assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common shares, $0.001 par value, 1,000,000,000 shares authorized, 228,495,838 issued and outstanding</td>
<td>$228,495</td>
</tr>
<tr>
<td>Paid-in capital</td>
<td>228,267,343</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td><strong>$228,495,838</strong></td>
</tr>
<tr>
<td><strong>Net asset value per share; 228,495,838 shares outstanding</strong></td>
<td><strong>$1.00</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Puerto Rico Short Term Investment Fund, Inc.

Statement of Operations

For the fiscal year ended June 30, 2019

<table>
<thead>
<tr>
<th>Investment income:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest from affiliated issuers</td>
<td>$ 2,430,927</td>
</tr>
<tr>
<td>Interest from unaffiliated issuers</td>
<td>2,535,400</td>
</tr>
<tr>
<td><strong>Total interest</strong></td>
<td><strong>4,966,327</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment advisory fees</td>
<td>1,114,806</td>
</tr>
<tr>
<td>Administration fees</td>
<td>111,481</td>
</tr>
<tr>
<td>Distribution fees</td>
<td>278,702</td>
</tr>
<tr>
<td>Transfer Agent fees</td>
<td>40,111</td>
</tr>
<tr>
<td>Custodian fees</td>
<td>29,529</td>
</tr>
<tr>
<td>Professional fees</td>
<td>92,443</td>
</tr>
<tr>
<td>Directors’ fees and expenses</td>
<td>34,809</td>
</tr>
<tr>
<td>Insurance expense</td>
<td>149,069</td>
</tr>
<tr>
<td>Reimbursement of waived fees</td>
<td>360,081</td>
</tr>
<tr>
<td>Other</td>
<td>19,130</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>2,230,161</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net investment income:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2,736,166</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net increase in net assets resulting from operations:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$ 2,736,166</strong></td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Puerto Rico Short Term Investment Fund, Inc.

Statement of Changes in Net Assets

<table>
<thead>
<tr>
<th>Decrease in Net Assets:</th>
<th>For the fiscal year ended June 30, 2019</th>
<th>For the fiscal year ended June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment income</td>
<td>$ 2,736,166</td>
<td>$ 753,790</td>
</tr>
<tr>
<td>Net increase in net assets resulting from operations</td>
<td>2,736,166</td>
<td>753,790</td>
</tr>
</tbody>
</table>

| Dividends to Shareholders from: | Net investment income | (2,736,166) | (753,790) |

<table>
<thead>
<tr>
<th>Capital Shares Transactions (at $1.00 per share):</th>
<th>Increase in net assets derived from sale of shares</th>
<th>1,210,132,663</th>
<th>1,090,042,723</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increase in net assets derived from reinvestment of dividends</td>
<td>2,642,872</td>
<td>731,808</td>
</tr>
<tr>
<td></td>
<td>Decrease in net assets derived from the redemption of shares</td>
<td>(1,212,960,802)</td>
<td>(1,126,491,563)</td>
</tr>
<tr>
<td></td>
<td>(185,267)</td>
<td>(35,717,032)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets:</th>
<th>Net decrease in net assets</th>
<th>(185,267)</th>
<th>(35,717,032)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the year</td>
<td>228,681,105</td>
<td>264,398,137</td>
<td></td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>$ 228,495,838</td>
<td>$ 228,681,105</td>
<td></td>
</tr>
</tbody>
</table>

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

Puerto Rico Short Term Investment Fund, Inc. (the "Fund") is a non-diversified, open-end management investment company. The Fund is a corporation organized under the laws of the Commonwealth of Puerto Rico and is registered as an investment company under the Puerto Rico Investment Companies Act of 1954, as amended (the "Puerto Rico Investment Companies Act"). The Fund was incorporated on July 26, 2002 and started operations on December 8, 2006. UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico ("UBSTC"), is the Fund’s Investment Adviser. UBSTC is also the Fund Administrator ("Administrator"). UBSTC has engaged State Street Bank and Trust Company to provide certain information and services including price quotations and calculations of the Fund’s net asset value per share.

The Fund is not registered under the U.S. Investment Company Act of 1940, as amended (the "1940 Act"). As such, it does not need to comply with all the investment requirements applicable to U.S. regulated money market funds. However, 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. The Fund is currently exploring with the SEC whether there may be possible SEC relief alternatives to address the Fund’s specific circumstances, including the possibility of extending 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 liquidity and the conservation 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 per share of the Fund is determined by the Administrator daily. The Fund typically calculates net asset value per share once each business day. The net asset value per share is the total value of the Fund divided by the total number of shares outstanding.

Valuation of Investments
All securities are valued at amortized cost, which approximates fair value, due to their short term maturities, which does not take into account unrealized gains or losses. This involves valuing an instrument at cost and thereafter assuming a constant accretion or amortization to maturity of any discount or premium, respectively, regardless of the impact of fluctuation of interest rates on the fair value of the instrument.

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

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

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

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

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

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

**Tax-Free Secured Obligations (“TSO's”):** TSO's are valued at cost which approximates fair value and are classified as Level 2. They are rated F-1+ by Fitch Rating Agency. TSO's are issued by affiliated investment companies.

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

The following is a summary of the portfolio by inputs used as of June 30, 2019 in valuing the Fund’s assets carried at amortized cost which approximates fair value:
Puerto Rico Short Term Investment Fund, Inc.
Notes to Financial Statements
June 30, 2019

<table>
<thead>
<tr>
<th>Investments in Securities</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Balance June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax-Free Secured Obligations</td>
<td>$</td>
<td>$104,550,000</td>
<td>$</td>
<td>$104,550,000</td>
</tr>
<tr>
<td>US Government, Agency and Instrumentalities</td>
<td>$</td>
<td>123,847,007</td>
<td>$</td>
<td>123,847,007</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$228,397,007</td>
<td>$</td>
<td>$228,397,007</td>
</tr>
</tbody>
</table>

There were no Level 3 securities during the year ended June 30, 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 net income for such year, as determined for these purposes. Accordingly, as the Fund met this distribution requirement for the year ended June 30, 2019, the income earned by the Fund for such year 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 15%, if certain requirements are met. Moreover, distribution of capital gains dividends, if any, to (a) Puerto Rico individuals, estates, and trusts are subject to a tax of 15% and (b) Puerto Rico corporations are subject to a tax of 20%. 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 benefit or expense in the current year. Management has analyzed the Fund’s tax positions taken on its Puerto Rico income tax returns for all open tax years (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.

Dividends and Distributions to Shareholders
Dividends from net investment income are declared daily and paid monthly. Such dividends will automatically be reinvested unless the shareholder elects to receive them in cash. Dividends that are reinvested are subject to Puerto Rico income tax under the same rules that apply to cash dividends. The Fund may also distribute any net capital gains to maintain the share price at $1.00 per share. Shares earn dividends on the day they are purchased but not on the day they are sold.

Investments in TSOs Issued by Investment Companies
The Fund shall purchase only TSOs that are collateralized fully by a pledge of certain securities, as required by the rating agency to maintain the highest short term rating. The Fund shall purchase only TSOs in which the Fund maintains a perfected security interest.

Securities Purchased Under Agreements to Re-Sell
Under these agreements, the Fund purchases securities and simultaneously commits to resell the securities to the original seller (a broker-dealer, other financial institution or affiliated Funds) at an agreed upon date and price reflecting a market rate of interest unrelated to the coupon rate or maturity of the purchased securities. When entering into repurchase agreements, it is the Fund’s
policy that a custodian takes possession of the underlying collateral, the value of which at least equals the principal amount of the repurchase transaction, including accrued interest. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

The securities purchased underlying the agreements to resell were delivered to and are held by the custodian. The counterparties to such agreements maintain ownership of such securities through the agreement that requires the resale and return of such collateral. The Fund is permitted by contract to sell or repledge the securities, and has agreed to resell to the counterparties the same or substantially similar securities at the maturity of the agreements. These transactions are treated as financings and recorded as assets. There are no securities purchased under agreements to re-sell outstanding as of June 30, 2019.

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

2. Investment Advisory, Administrative, Custodian, Transfer Agency Agreements, Distribution, and Other Transactions With Affiliates

Advisory Fees:

Pursuant to an investment advisory contract (the “Advisory Agreement”) with UBS Asset Managers of Puerto Rico, the Fund receives investment advisory services in exchange for a fee. The investment advisory fees will not exceed 0.50% of the Fund’s average monthly net assets. For the fiscal year ended June 30, 2019, the investment advisory fees amounted to $1,114,806 equivalent to 0.50% of the Fund’s average monthly net assets.

Administration, Custodian and Transfer Agent Fees:

UBSTC also provides administrative, custody and transfer agency services pursuant to Administration, Custodian and Transfer Agency, Registrar, and Shareholder Servicing Agreements. UBSTC as transfer agent has engaged Bank of New York Mellon Investment Servicing to act as recordkeeping and shareholder servicing agent for the Fund’s shares. The compensation paid by the Fund to the Transfer Agent under the Transfer Agent Agreement is equal to the compensation that the Transfer Agent is required to pay to Bank of New York Mellon Investment Servicing, for services to the Fund.

Administration fees payable to UBSTC will not exceed 0.05% of the Fund’s average monthly net assets. For the fiscal year ended June 30, 2019, the administration fees amounted to $111,481 equivalent to 0.05% of the Fund’s average monthly net assets.

UBSTC, as custodian, has engaged State Street Bank and Trust Company to maintain sub-custody of Fund’s assets, calculate the daily net asset value, and maintain the Fund’s accounting records. The custodian fee is 0.013% of the Fund’s average monthly net assets. The total custodian fee for the year ended June 30, 2019 amounted to $29,529, which is equivalent to 0.013% of the Fund’s average monthly net assets.
June 30, 2019
Notes to Financial Statements
Puerto Rico Short Term Investment Fund, Inc.

Distribution Fees:

UBS Financial Services Incorporated of Puerto Rico ("UBS-FS") serves as distributor ("Distributor")
of the shares of common stock of the Fund. Pursuant to a distribution plan, the Fund makes
payments to the Distributor for the distribution of the Fund’s shares. The distribution fee will not
exceed 0.125% of the Fund’s average monthly net assets. For the fiscal year ended June 30, 2019
the distribution fees amounted to $278,702 equivalent to 0.125% of the Fund’s average monthly net
assets.

Investment Adviser and Reimbursable Expenses Agreement:

The Investment Adviser entered into an agreement with the Fund effective April 19, 2010, whereby
the Investment Adviser agreed to waive all or a portion of its investment advisory fee and/or to
reimburse certain operating expenses of the Fund to the extent necessary to ensure that the Fund
maintains the NAV at $1.00 per share. These waivers and reimbursements may reduce income to
the Fund and result in a lower return to investors. The Investment Adviser shall be entitled to recoup
from the Fund any waived and/or reimbursed amounts pursuant to the agreement for a period of up
to three (3) years from the date of the waiver and/or reimbursement. This recoupment could
clogatively affect the Fund's future yield. The Investment Adviser may terminate the agreement upon
thirty (30) days written notice to the Fund. During the year, there were no waived expenses by
UBSTC. The total reimbursement of previously waived investment advisory fees during the fiscal
year ended June 30, 2019 amounted to $360,081. The previously waived fees potentially
reimbursable to the Investment Adviser as of June 30, 2019 amounted to $994,615, which expires
during the fiscal year ending June 30, 2020.

Expense Limitation and Reimbursement Agreement:

UBSTC and the Fund have entered into an agreement whereby UBSTC will pay certain of the Fund’s
shareholder services, custodian and transfer agency fees, legal, regulatory, and accounting fees,
printing costs and registration fees ("Other Expenses"), subject to future reimbursement by the Fund,
in order to ensure that total annual Fund operating expenses do not exceed 1.00% of the Fund's net
assets, as set forth in the Prospectus. The Fund will reimburse UBSTC for Other Expenses paid by
UBSTC when total annual operating expenses fall below 1.00%; provided that such reimbursement
is made within three years after UBSTC paid the expense. The agreement is effective through June
30, 2020 and may be renewed for successive one-year periods. There were no reimbursements of
expenses during the fiscal year ended June 30, 2019.

Other Transactions with Affiliates:

The Fund is not registered under the U.S. Investment Company Act of 1940, as amended, and
therefore is not subject to the restrictions contained therein regarding, among other things,
transactions between the Fund and UBS-FS or its affiliates ("Affiliated Transactions"). In that regard,
the Fund’s Board of Directors has adopted certain 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.
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 June 30, 2019, the seven (7) independent directors of the Fund were paid an aggregate compensation of approximately $35,000.

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 of investment securities (including certificates of deposit, if any), originations of securities purchased under agreements to re-sell, and tax-free secured obligations, listed by broker, during the fiscal year were as follows:

<table>
<thead>
<tr>
<th>Purchases</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between affiliated funds</td>
<td>$ 2,449,949</td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>22,763,095</td>
</tr>
<tr>
<td><strong>$25,213,044</strong></td>
<td><strong>100 %</strong></td>
</tr>
</tbody>
</table>

No sales of investment securities occurred during the year.

As of June 30, 2019, $104,550,000 of TSOs issued by affiliated Funds were held by the Fund.

3. Investment Transactions

The cost of securities purchased and maturities (in thousands) for the fiscal year ended June 30, 2019 were as follows:

<table>
<thead>
<tr>
<th>Purchases</th>
<th>Maturities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Puerto Rico Obligations</td>
<td>$ 2,449,949</td>
</tr>
<tr>
<td>US Government Agencies</td>
<td>22,763,095</td>
</tr>
<tr>
<td><strong>$25,213,044</strong></td>
<td><strong>$25,216,083</strong></td>
</tr>
</tbody>
</table>

4. Concentration of Credit Risk

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

The major concentration of credit risk arises from the location of the issuers of the investment securities purchased by the Fund. For calculating concentration, all securities guaranteed by the U.S. Government or any of its subdivisions are excluded. At June 30, 2019, the Fund has investments with an aggregate fair value of approximately $104,550,000 which were issued by entities located in the Commonwealth of Puerto Rico and are not guaranteed by the U.S. government or any of its subdivisions.

As stated in the Prospectus, the Fund will ordinarily invest at least 67% of its total assets in short-term Puerto Rico obligations, such as Puerto Rico municipal obligations, Puerto Rico mortgage-backed
and asset-backed securities, obligations of Puerto Rico investment companies (the majority of which will be obligations issued principally or solely by affiliates of the Fund’s Investment Adviser), reverse repurchase agreements and commercial paper (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.

5. Investment and Other Requirements and Limitations

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

The Fund must invest at least 67% of its total assets in Puerto Rico Securities (the “67% Investment Requirement”). Up to 33% of its total assets may be invested in U.S. high quality short-term instruments, including securities issued or guaranteed by the U.S. government, its agencies and instrumentalities, municipal securities of issuers of the United States, non-Puerto Rico mortgage-backed and asset-backed securities and other securities. 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 has obtained temporary waivers through June 30, 2020, from the Puerto Rico Office of the Commissioner of Financial Institutions with respect to its Puerto Rico asset investments requirements. 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, 2020. 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. This temporary waiver 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.

The Fund may invest up to 10% of its total assets in illiquid securities, including reverse repurchase agreements with maturities in excess of seven days. The Fund may borrow up to 5% of its total assets, and then only from banks as a temporary measure for extraordinary or emergency purposes, such as meeting redemption requests which might otherwise require untimely dispositions of portfolio securities.

6. Risks and Uncertainties

The Fund is exposed to various types of risks, such as credit, interest rate, geographic and industry concentration, non-diversification, and illiquid securities risks, among others. This list is qualified in its entirety by reference to the more detailed information provided in the offering documentation for the securities issued by the Fund.
The Fund is subject to the credit risk that issuers may fail, or become less able, to make payments when due. It is also subject to higher credit risk than a registered U.S. money market fund because, among other things, the Fund may invest up to 30% of its total assets in securities rated in the second-highest short term rating category ("Second Tier Securities") while a U.S. money market fund may invest significantly less of its total assets in such securities. The Fund may also invest more of its total assets in any single issuer of Second Tier Securities (with no per issuer limit for Puerto Rico issuers) than a U.S. money market fund. The Fund is also subject to the interest rate risk that interest rates will rise, in which case, the value of the Fund's investments may fall. Also, the Fund's yield will tend to lag behind changes in prevailing short term interest rates, inasmuch as the Fund's income will tend to rise more slowly than increases in short term interest rates.

The Fund's assets are invested primarily in securities of Puerto Rico issuers, resulting in the Fund being subject to geographic and industry diversification risks. The Fund may also be substantially invested in the Puerto Rico investment company industry, specifically in obligations of a limited number of issuers. Consequently, the Fund's performance may be more severely affected by economic, political, regulatory, or other factors adversely affecting issuers in Puerto Rico than a fund that is not concentrated in Puerto Rico issuers, and its net asset value and its yield may fluctuate to a greater extent than that of a more diversified investment company, as a result of changes in the market's view of the financial condition and prospects of such issuers.

The Fund may invest in illiquid securities. Illiquid securities are securities that cannot be sold within a reasonable period of time, not to exceed seven days, in the ordinary course of business at approximately the amount that the Fund has valued the securities. Illiquid securities include, among other things, securities subject to legal or contractual restrictions on resale that hinder the marketability of the securities. To the extent the Fund owns illiquid securities or other illiquid assets, the Fund may not be able to sell them easily, particularly at a time when it is advisable to do so to avoid losses, and investors might be delayed in receiving funds needed for securities purchases or other matters, which could have other adverse consequences.

7. 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.

8. Subsequent Events

Events and transactions from July 1, 2019 through September 18, 2019, (the date the financial statements were available to be issued) have been evaluated by management for subsequent events. Management has determined that there were no material events that would require adjustment to or disclosure in the Fund’s financial statements through this date.
Report of Independent Auditors

To the Board of Directors of
Puerto Rico Short Term Investment Fund, Inc.

We have audited the accompanying financial statements of the Puerto Rico Short Term Investment Fund, Inc. (the "Fund"), which comprise the statement of assets and liabilities, including the schedule of investments, as of June 30, 2019 and the related statements of operations 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 Short Term Investment Fund, Inc. as of June 30, 2019, and the results of its operations 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.

September 18, 2019

CERTIFIED PUBLIC ACCOUNTANTS
(OF PUERTO RICO)
License No. LLP-216 Expires Dec. 1, 2019
Stamp E371970 of the P.R. Society of
Certified Public Accountants has been
affixed to the file copy of this report
INVESTMENT ADVISER

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San Juan, Puerto Rico 00918

ADMINISTRATOR, TRANSFER AGENT, AND CUSTODIAN

UBS Trust Company of Puerto Rico
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DIRECTORS AND OFFICERS

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

Mario S. Belaval
Director

Agustín Cabrero-Roig
Director

Carlos Nido
Director

Luis M. Pellot-González
Director

Vicente J. León
Director
Clotilde Pérez
Director

José J. Villamil
Director

Leslie Highley, Jr.
Senior Vice President and Treasurer

Javier Rodríguez
Assistant Vice President, Assistant Treasurer and Assistant Secretary

Heydi Cuadrado
Assistant Vice President

Cary Alsina
Assistant Vice President

Gustavo Romanach
Assistant Vice President

Liana Loyola, Esq.
Secretary

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

¹ 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.
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Puerto Rico
Short Term
Investment Fund, Inc