



UBS Puerto Rico Family of Funds

Through a UBS Financial Services Incorporated of Puerto Rico Financial Advisor, you have access to a wide selection of investment solutions offered by UBS Financial Services Incorporated of Puerto Rico, including closed-end and open-end fund mutual funds managed by UBS Asset Managers of Puerto Rico¹.

UBS Asset Managers of Puerto Rico is a leading² asset manager in Puerto Rico, offering financial strength and organizational stability. Its time-tested investment philosophy and track record in Puerto Rico date back to 1995. We seek to provide our clients with the tools and products needed to assist them in reaching their financial and investment goals. As of March 31, 2010, UBS Asset Managers of Puerto Rico either managed or co-managed \$9.5 billion in fund assets (gross).

UBS Asset Managers of Puerto Rico Funds

UBS Asset Managers of Puerto Rico advises and co-advises both closed-end and open-end funds. A mutual fund is an investment vehicle that allows a group of investors to pool their money together with a predetermined investment objective. Funds have an investment adviser who is responsible for investing the pooled money into specific securities (usually stocks or bonds). In the case of the various funds offered through UBS Financial Services Incorporated of Puerto Rico, UBS Asset Managers of Puerto Rico serves as either the adviser or co-adviser of the fund. When you invest in a fund, you are buying shares (or units) of the fund and become a shareholder of the fund.

By investing in funds, an investor can take advantage of the skills of a professional investment manager with a known track record and experience in specific investment styles, like the management provided by UBS Asset Managers of Puerto Rico. Investors can choose from a variety of funds, each with its own investment strategy, management style and level of risk.

Even though an investor may invest in only one fund, that fund may itself invest the pooled money in a wide range of assets and investment products, thus improving the diversification of the investor's portfolio. In addition, by pooling money together in a fund, investors can purchase stocks or bonds at much lower trading costs than if they tried to do so on their own. However, funds, like any other investment vehicle, carry certain risks with which investors

¹ UBS Asset Managers of Puerto Rico is a division of UBS Trust Company of Puerto Rico. UBS Trust Company of Puerto Rico is an affiliate of UBS Financial Services Incorporated of Puerto Rico.

² Based on assets under management, public information obtained from the Office of the Commissioner of Financial Institutions, December 2009.

should familiarize themselves. This brochure will discuss the various funds managed by UBS Asset Managers of Puerto Rico, as well as some of the benefits and risks associated with investing in the funds.

Overview of Puerto Rico Funds

The Puerto Rico mutual fund (“Puerto Rico Funds”) market differs from the United States fund market in various ways, including local tax implications and fund regulations. Qualifying Puerto Rico investors can benefit from investing in securities issued by Puerto Rico Funds because they are exempt from Puerto Rico and United States estate and gift taxes and may provide tax-exempt or tax-advantaged income, depending on the type of fund and its investment specifications³. For this reason, Puerto Rico Funds are exclusively offered to Puerto Rico residents. The Puerto Rico Funds are registered under the Puerto Rico Investment Companies Act and are regulated by the Office of the Commissioner of Financial Institutions of Puerto Rico. They are not registered as investment companies with the United States Securities and Exchange Commission (“SEC”) and the shares that they offer to investors are also not registered with the SEC.

Open-End vs. Closed-End Funds

There are two types of funds managed by UBS Asset Managers of Puerto Rico, open-end funds and closed-end funds, which differ in certain aspects.

In an **open-end fund**, investors continually buy and redeem shares when they add or withdraw their money from the fund and there is no limit to the number of shares that can be issued. Open-end funds are required to periodically establish a price for shares, called the net asset value per share, or NAV. The NAV is the market value of all assets minus liabilities divided by the number of shares outstanding. Mutual fund companies are obligated to buy and sell shares at the current NAV.

Open-end funds typically have distribution and service fees, which include fees paid for marketing and selling fund shares, such as compensating Financial Advisors and others who sell fund shares, paying for advertising, the printing and mailing of prospectuses and sales literature to new investors.

Here are some things to remember about an open-end fund:

- Shares are bought and sold directly from the fund company. The fund itself constantly issues new shares and redeems existing ones.
- The market value of the fund’s shares will be NAV.

³ UBS does not provide tax or legal advice. Investors should consult with their own tax advisor regarding their personal circumstances.

- You may pay a sales load on your purchase of an open-end fund and a portion of that will be paid to your Financial Advisor. The sales load on the Multi-Select Securities Puerto Rico Fund is dependent on several factors, including share class and the total amount you invest. The sales charge for Class A shares can be as high as 5%. Class C shares have an initial sales charge of up to 1% and Class L shares have no sales charge. Sales charge waivers may be available as described in the prospectus.
- A redemption fee may be charged on the sale of fund shares within a certain period of time from the date of purchase. The redemption charge may be up to 1.0% for Class A shares and up to 1.25% on Class C and Class L shares. Additional fees and expenses apply. Your Financial Advisor can help you determine which share class is appropriate for you.
- UBS Financial Services Incorporated of Puerto Rico may receive 12b-1 fees to compensate us for effecting purchases of shares of open-end funds or for other services ancillary thereto. The current annual rate of 12b-1 fees paid from the Multi-Select Securities Puerto Rico Fund is up to 0.35% of the Fund's assets for Class A shares, up to 1.0% for Class C shares and up to 0.75% for Class L shares. A portion of the 12b-1 fees are paid to your Financial Advisor.
- Please see the information available on our website or from your Financial Advisor for details regarding fees and expenses associated with open-end funds.

A **closed-end fund**, on the other hand, issues a fixed number of shares to raise capital, similar to selling stock in initial public offerings (IPOs). After the initial trading, however, the fund shares of the UBS Puerto Rico closed-end funds are traded through the trading desk of UBS Financial Services Incorporated of Puerto Rico. UBS Financial Services Incorporated of Puerto Rico is the principal secondary market dealer for the UBS Puerto Rico closed-end funds, but is not required to purchase shares of a closed-end fund from clients seeking to sell their shares. Shares of the UBS Puerto Rico funds do not trade on any exchanges. The funds are not obligated to redeem or repurchase any shares.

The UBS Financial Services Incorporated of Puerto Rico Trading Desk uses market factors, including, but not limited to, supply and demand and the yield of similar types of products to price closed-end fund shares. If buyers are willing to pay more for the fund's shares than NAV of its underlying portfolio, then a closed-end fund is said to be selling at a *premium*. If the fund's shares are selling for less than its NAV, then the fund is said to be selling at a *discount*.

Here are some things to remember about a closed-end fund:

- Once a closed-end fund's IPO is complete, fund shares are bought and sold primarily in the secondary market; the funds themselves do not constantly issue new shares or redeem existing ones.
- UBS Financial Services Incorporated of Puerto Rico earns a sales load of 4.75% on the initial offering of affiliated Puerto Rico closed-end funds and a portion of the sales load is paid to your Financial Advisor.
- Investors may purchase or sell closed-end fund shares in the secondary market. Transactions in the secondary market may be made directly with UBS Financial Services Incorporated of Puerto Rico to or from its inventory. Alternatively, UBS Financial Services Incorporated of Puerto Rico may match-up buyers and sellers of fund shares.
- The market price of a closed-end fund's shares may trade at, below or above NAV. The prices provided by the UBS Financial Services Incorporated of Puerto Rico Trading Desk are based on how much buyers are willing to pay or sellers are willing to accept and how the fund is performing compared to similar investments, and not primarily by the NAV of the fund's holdings. Transactions may occur at prices different from those provided by the UBS Financial Services Incorporated of Puerto Rico Trading Desk.
- As in the case of open-end funds, the share price of each fund, which is reflected in client account statements, will fluctuate.
- While UBS Financial Services Incorporated of Puerto Rico currently intends to maintain a market in the shares, it is under no obligation to do so. Therefore, there may be occasions when you may be unable to sell your fund shares or may be able to sell them only at a loss or, at times, at a significant loss.
- The prices at which trades for Puerto Rico closed-end funds shares are executed are not publicly reported; however, UBS Financial Services Incorporated of Puerto Rico provides pricing information for weekly publication in a local newspaper.
- Your Financial Advisor and the trading desk may earn compensation in connection with secondary market transactions you make through UBS Financial Services Incorporated of Puerto Rico. We may charge up to 3.5% on your purchase (a "mark up"), and up to 1.5% on a sale (a "mark down"). A portion of the mark up or mark down may be paid to the UBS Financial Services Incorporated of Puerto Rico Trading Desk and all or a portion may be paid to your Financial Advisor. Any mark up or mark down will increase your cost on a purchase or reduce the amount of net proceeds that you receive from a sale.

- The UBS Financial Services Incorporated of Puerto Rico Trading Desk has order-priority handling procedures that apply to the closed-end fund shares. You should discuss these with your Financial Advisor and take them into consideration when transacting in the Puerto Rico closed-end Funds.

Closed-end Fund Repurchase Program

From time to time, the Fund may take action to repurchase Fund Shares in the open market or make tender offers for its Shares at or below their net asset value (“NAV”). When a Fund decides to buy back Fund shares, it will notify, via email, all brokerage firms whose clients hold the Fund, including UBS Financial Services Incorporated of Puerto Rico (UBS) . The Fund will repurchase the shares from such brokerage firms, including UBS. The holders of the fund shares (the shareholders) will not have the right to tender their shares directly to the funds. Shareholders are not obligated to participate in repurchases or tender offers of Shares made by the Fund. The Fund Repurchase Program may have the effect of reducing any market discount from net asset value. If a shareholder does decide to sell shares back to the Fund, such sale will occur at or below NAV and the shareholder may receive less for his or her shares than other Shareholders selling their Fund shares on that day.

Funds currently managed by UBS Asset Managers of Puerto Rico

UBS Family of Funds

Closed-end Funds

- Tax-Free Puerto Rico Fund, Inc
- Tax-Free Puerto Rico Fund II, Inc.
- Tax-Free Puerto Rico Target Maturity Fund, Inc.
- Puerto Rico AAA Portfolio Target Maturity Fund, Inc.
- Puerto Rico AAA Portfolio Bond Fund, Inc.
- Puerto Rico AAA Portfolio Bond Fund II, Inc.
- Puerto Rico GNMA & U.S. Government Target Maturity Fund, Inc.
- Puerto Rico Mortgage-Backed & U.S. Government Securities Fund, Inc.
- Puerto Rico Fixed Income Fund, Inc.
- Puerto Rico Fixed Income Fund II, Inc.
- Puerto Rico Fixed Income Fund III, Inc.
- Puerto Rico Fixed Income Fund IV, Inc.
- Puerto Rico Fixed Income Fund V, Inc.
- Puerto Rico Fixed Income Fund VI, Inc.

Open-end Funds

- Puerto Rico Short Term Investment Fund, Inc.
- Multi-Select Securities Puerto Rico Fund
- UBS IRA Select Growth & Income Puerto Rico Fund

Puerto Rico Investors Family of Funds (Co-managed with Popular Asset Management)

Closed-end Funds

- Puerto Rico Investors Tax-Free Fund, Inc.
- Puerto Rico Investors Tax-Free Fund Inc. II
- Puerto Rico Investors Tax-Free Fund III, Inc.
- Puerto Rico Investors Tax-Free Fund IV, Inc.
- Puerto Rico Investors Tax-Free Fund V, Inc.
- Puerto Rico Investors Tax-Free Fund VI, Inc.
- Puerto Rico Tax-Free Target Maturity Fund, Inc.⁴
- Puerto Rico Tax-Free Target Maturity Fund II, Inc.⁵
- Puerto Rico Investors Bond Fund I

Closed-End Funds

UBS Asset Managers of Puerto Rico currently manages or co-manages twenty-three (23) closed-end funds:

- 6 Funds with 90-95% AAA Credit Quality Portfolio at the time of investment
- 17 Funds with 80-95% Investment Grade Quality Portfolio at the time of investment
 - 5 of these funds are Target Maturity Funds

The objective of these funds is to provide investors with current income consistent with the preservation of capital. However, in order to enjoy the tax benefits that make them especially attractive to Puerto Rico investors, the funds must normally meet the following criteria:

- At least 67% of each fund's total assets are normally invested in taxable and tax-exempt securities issued by Puerto Rico issuers (Puerto Rico Securities).
- Up to 33% of each fund's total assets are invested in taxable and tax-exempt securities issued by non-Puerto Rico issuers.

Open-End Funds

Puerto Rico Short Term Investment Fund

The Puerto Rico Short Term Investment Fund is offered exclusively to Puerto Rico residents and businesses, including eligible participants in the UBS Resource Management Account® (RMA®) or Business Services Account BSA® programs. This fund is a cash management solution that can help streamline your finances while helping ensure that your money is always working for you.

UBS clients may elect to have uninvested cash automatically transferred into the fund on a daily basis and earn dividends

⁴ This Target Maturity Fund is in the distribution period and has returned \$7.10 of the original \$10.00 investment as of March 2010.

⁵ This Target Maturity Fund is in the distribution period and has returned \$5.70 of the original \$10.00 investment as of March 2010.

until needed for expenses or for long-term investments as part of their overall wealth management plan. The fund provides competitive returns and convenient access to cash. The fund also provides certain tax advantages for Puerto Rico residents.

Investment in the fund is not insured or guaranteed by the U.S. government or by the government of the Commonwealth of Puerto Rico. You should be aware that the securities are not an obligation of or guaranteed by UBS Trust Company of Puerto Rico or any of its affiliates. In addition, your investments in the fund are not deposits and are not insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. government or the government of the Commonwealth of Puerto Rico. The fund is not a "money market fund" as defined under the rules of the Investment Company Act of 1940.

Multi-Select Securities Puerto Rico Fund

A diversified portfolio may typically include exposure to equities. The Multi-Select Securities Puerto Rico Fund is an open-end fund registered under the Puerto Rico Investment Companies Act, and developed exclusively for residents of Puerto Rico that wish to invest in equities.

The Multi-Select Securities Puerto Rico Fund is designed to help provide:

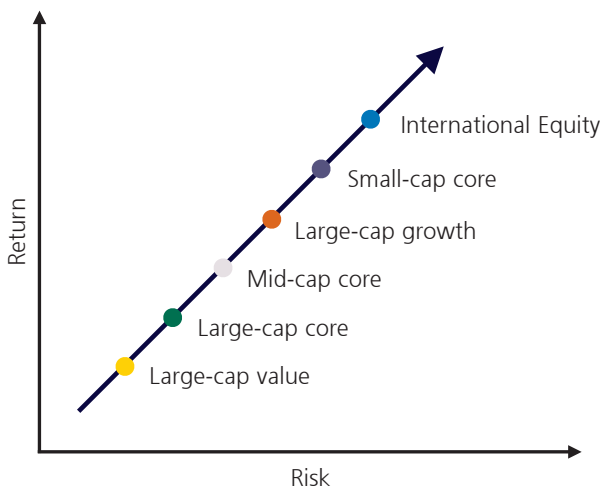
- Growth
- Diversification
- Investment Flexibility
- Professional Management
- Tax Advantages for Puerto Rico Investors

The Multi-Select Securities Puerto Rico Fund currently consists of 11 separate portfolios, each dedicated to investing in a specific equity investment style. These separate portfolios can be combined to reflect the investors' specific goals and risk tolerances.

The portfolios are divided in two groups:

- 10 portfolios that invest in individual stocks through money managers carefully selected by UBS Asset Managers of Puerto Rico, and
- 1 portfolio that invests in exchange traded funds (ETFs) chosen by UBS

Based on your unique objectives and risk tolerance, your Financial Advisor can help you develop an investment plan that includes a portfolio mix designed to help you pursue your long-term goals. The following chart illustrates the styles that are available through the Fund's 11 portfolios.



UBS IRA Select Growth & Income Puerto Rico Fund⁶

The UBS IRA Select Growth & Income Puerto Rico Fund is an investment instrument that allows you to diversify your IRA or Roth IRA. Diversification includes allocating your investment among various types of asset classes in order to help you reduce risk and seek higher returns.

The UBS IRA Select Growth & Income Puerto Rico Fund allows you to select between the following different investment portfolios:

- **Puerto Rico Fixed Income Portfolio** which invests substantially all of its assets in Puerto Rico fixed income securities such as Puerto Rico Municipal Obligations, Puerto Rico Mortgage Loans and Puerto Rico Mortgage-Backed Securities
- **Puerto Rico Equity Portfolio** which invests in the stock of certain local corporations listed in the Puerto Rico Stock Index of the Government Development Bank for Puerto Rico, which is predominantly composed of issuers in the financial services industry

⁶ The UBS Puerto Rico IRA provides for penalties upon withdrawal, which are: 4%, 3%, 2% and 1% of the amount withdrawn within the first, second, third and fourth year, respectively, from the date of contribution, with such penalty being eliminated after four years. Please note that amounts withdrawn from the UBS Puerto Rico IRA may be subject to penalties as provided by law. These fees and penalties could reduce the earnings on your investment. Please consider the investment objective, risks, fees and expenses of the UBS IRA Select Growth & Income Puerto Rico Fund carefully before you invest money. Contact your Financial Advisor to obtain a copy of the Offering Memorandum and other documentation related to the UBS IRA Select Growth & Income Puerto Rico Fund, UBS Puerto Rico IRA and UBS Puerto Rico Roth IRA, including information about applicable costs, penalties, and risk factors. You should read them carefully before investing. The UBS IRA Select Growth & Income Puerto Rico Fund is not intended to provide a complete or balanced investment program. It is intended as one component of a long-term program to accumulate assets for retirement.

- **U.S. Equity Portfolios I through IV** which invests in a variety of equity styles in accordance with each individual portfolio's investment objective

The UBS Asset Managers of Puerto Rico Portfolio Management Team

Our portfolios are managed by portfolio managers working with analysts, to ensure that our clients benefit from the expertise of all our investment professionals.

Portfolio Managers

Leslie Highley, Jr., Managing Director, joined UBS Puerto Rico in 1994 as Head of Asset Managers. Prior to joining UBS Puerto Rico, Mr. Highley was President of Dean Witter Puerto Rico, Inc. Prior thereto, he was Executive Vice President of the Government Development Bank for Puerto Rico, and former President of Securities Industry Association of Puerto Rico, Santurce Rotary Club and the Bankers Club of Puerto Rico. Additionally, he served as an arbitrator for the New York Stock Exchange in Puerto Rico for five years.

Ricardo N. Ramos, Executive Director, joined UBS Puerto Rico in 2002. Prior to joining UBS Puerto Rico, he was Executive Vice President in charge of brokerage operations for FirstBank Puerto Rico, Executive Vice President of Reliable Financial Services, Inc., Senior Vice President-Finance of Oriental Financial Group, Vice President of Financial Institutions (Public Sector) of the Puerto Rico branch of Citibank, N.A., Senior Vice President of the Investment Banking Division of Lehman Brothers Puerto Rico, Senior Vice President and Deputy General Manager of Drexel Burnham Lambert Puerto Rico, Inc., and a Manager of Arthur Andersen & Company. Mr. Ramos holds a B.S. in accounting from the Wharton School of the University of Pennsylvania and an M.B.A. in finance from the University of Chicago.

Risks Factors and Special Considerations⁷

Before making any investment, an investor should review the risks potentially associated with that investment. This holds true for an investment in funds.

Risks applicable to all funds

- Shares of the funds are not bank deposits and are not guaranteed or insured by any bank, government entity or the Federal Deposit Insurance Corporation. An investment in the funds is not guaranteed and you may lose money if you invest in the funds.
- Yields on the funds will fluctuate.
- The share price of the funds will fluctuate.

⁷ The risks set forth here are not intended to be a complete summary of any and all risks that might be associated with a mutual fund investment. For a more substantive discussion of the risks and benefits associated with any particular mutual fund investment, please review the offering documentation.

- There is no guarantee that a fund will be able to achieve its investment objectives.
- The funds may be required to hold a significant amount of Puerto Rico Securities. As such, the funds may be susceptible to fluctuations in the Puerto Rico market.
- The funds will be impacted by the risks associated with the funds' underlying investments; if one of the fund's investment sectors suffers a loss in value, this will most likely affect the overall value of the fund.

Additional risks applicable to closed-end funds

- The funds may use leverage or borrow money to make investments in securities. Using leverage may reduce the dividend the funds pay or reduce the value of your fund investment.
- The market price of fund shares is based on relative demand and supply of the shares as well as other factors, including the general market and economic conditions discussed in the Prospectus. Accordingly, the value of your investment in the funds will fluctuate and the price that you are able to obtain for your fund shares may be less than the net asset value of the shares and may be less than the price that you paid in purchasing fund shares.
- While UBS Puerto Rico currently intends to maintain a market in fund shares, it is under no obligation to do so. Therefore, there may be occasions when you will be unable to sell your shares or will be able to sell at a loss or at times at a significant loss.

Additional Information

For more information regarding the UBS managed and co-managed Puerto Rico funds, visit our website at www.ubs.com/prfunds.

Neither UBS Financial Services Incorporated of Puerto Rico nor UBS Trust Company of Puerto Rico provide legal or tax advice. You should consult with your legal and tax advisors regarding your personal circumstances.

This advertisement shall not constitute an offer to sell or solicitation of an offer to buy Fund shares. An investment in the Fund is not a deposit or obligation of UBS Financial Services Incorporated of Puerto Rico and is not insured by the FDIC, the Federal Reserve Board or any other U.S. government instrumentality. The investment options described in this document are only available to residents of Puerto Rico.

UBS Financial Services Incorporated of Puerto Rico is a subsidiary of UBS Financial Services Inc., and UBS Financial Services Inc. carries accounts as clearing broker for UBS Financial Services Incorporated of Puerto Rico. A clearing agreement between UBS Financial Services Incorporated of Puerto Rico and UBS Financial Services Inc. allocates responsibilities with respect to client accounts to either UBS Financial Services Incorporated of Puerto Rico or UBS Financial Services Inc., or jointly to both. It is important that you understand the ways in which we conduct business and the applicable laws and regulations that govern us. As a firm providing wealth management services to clients in Puerto Rico, UBS Financial Services Incorporated of Puerto Rico is registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer. UBS Financial Services Incorporated of Puerto Rico may also offer investment advisory services, which are provided through our

affiliate, UBS Financial Services Inc., which is registered with the SEC as a broker-dealer and investment adviser. Though there are similarities among these services, the investment advisory programs and brokerage accounts we offer are separate and distinct, differ in material ways and are governed by different laws and separate contracts. It is important that you carefully read the agreements and disclosures that we provide to you about the products or services we offer. While we strive to ensure the nature of our services is clear in the materials we publish, if at any time you seek clarification on the nature of your accounts or the services you receive, please contact your Financial Advisor or call **787-250-3600** and speak to our Branch Office Manager. For more information, please visit our website at **www.ubs.com/workingwithus**.

Additionally, UBS Trust Company of Puerto Rico is a Trust Company organized under the laws of Puerto Rico and offers personal and corporate trust services, retirement services, investment consulting services and money management services. UBS Trust Company of Puerto Rico is an affiliate of UBS Financial Services Incorporated of Puerto Rico and it is not registered as an Investment Adviser with the SEC. It is important that you carefully review the agreements and information provided to you regarding the products and services available through UBS Trust Company of Puerto Rico. Neither UBS Financial Services Incorporated of Puerto Rico nor UBS Trust Company of Puerto Rico provide legal or tax advice. You should consult with your legal and tax advisors regarding your personal circumstances.

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