

Dear Shareholder:

The Puerto Rico Tax Free Target Maturity Fund, Inc. (the "Fund") is pleased to present its Annual Report to Shareholders for the fiscal year ended May 31, 2016.

PUERTO RICO TAX-FREE TARGET MATURITY FUND, INC.

The investment objectives of the Puerto Rico Tax-Free Target Maturity Fund, Inc. are (1) to achieve a high level of current income that, for Puerto Rico Investors, is exempt from Federal and Puerto Rico income taxes, consistent with the preservation of capital, and (2) to distribute to shareholders during the period commencing January 1, 2007 and ending on December 31, 2022, an amount at least equal, in the aggregate, to the initial offering price of \$10 per Share.

FUND PERFORMANCE

As the Fund is currently in its distribution period, the principal distribution occurred during the month of January 2016 and amounted to \$1,025,078.60, or \$0.14 per share. The Net Asset Value ("NAV") and market price of the Fund's shares were reduced by these amounts. The Fund's remaining principal for distribution as of the end of the fiscal year amounts to \$0.86. Meanwhile, the average dividend yield for the 12-month period, computed over the original investment of \$10 per share, was 0.27%. At the end of the fiscal year, the market price of the shares was \$0.59. At the end of the same period, the weighted-average duration of the Fund's investment portfolio was 1.61 years and its average credit quality was AAA.

The accompanying Figure 1 shows the breakdown of the investment portfolio as of May 31, 2016.

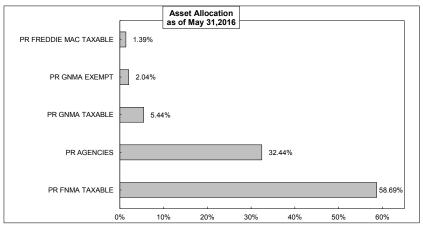


Figure 1. Asset Allocation as of May 31, 2016

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Principal distributions are derived from principal payments received by the Fund by reason of the maturity, prepayment, acceleration, redemption, sale, or other disposition of certain of its portfolio securities, as well as monies held in a reserve comprised of accumulated realized net capital gains and/or net investment income, established by Fund management in attempting to achieve its investment objective of distributing to shareholders an amount equal to the initial offering price of \$10 per share of Common Stock.

INVESTMENT STRATEGY

The Fund's investment advisers strive to select investment assets that maximize risk/return relationships, while adhering to the Fund's investment objectives.

The Fund is currently in its distribution period. Therefore, any maturities or prepayments in its investment portfolio are not reinvested in securities other than money market instruments.

ECONOMIC OVERVIEW

Puerto Rico Economy

The Puerto Rico Fiscal Agency and Financial Advisory Authority's Economic Activity Index (EAI) is an indicator of the general economic activity in Puerto Rico that is highly correlated with real GNP. The most recent EAI available, as of the end of May 2016, reflects a -1.8% year-over-year reduction.

Throughout the Fund's fiscal year, Puerto Rico bonds experienced high price volatility while continuing to trade at distressed levels. As measured by the Standard and Poor's Puerto Rico Municipal Bond Index, Puerto Rico bonds as a group fell 6.44% for the 12-month reporting period.

In late June 2015, Governor García Padilla surprised investors with his comments to The New York Times regarding the mathematical impossibility of Puerto Rico paying for all its \$72 billion in debt obligations. At the same time, the Government Development Bank released the Krueger report, prepared by three former IMF officials, which discusses the necessity for a comprehensive restructuring of all Puerto Rico debt, including General Obligations.

On August 3, 2015 Puerto Rico missed most of a \$58 million payment that was due on Public Finance Corporation bonds ("PFC"). This marked the first government default ever for the Island. The Fund does not own any PFC bonds.

On September 9, 2015 a working group appointed by the Governor publicly released the Puerto Rico Fiscal and Economic Growth Plan. The Plan outlines the scale of the challenges facing Puerto Rico, with an estimated \$28 billion fiscal gap over the next five years. In addition, it contains various recommended measures and reforms, which if fully implemented are expected to cut the fiscal gap in half by \$14 billion. The Plan states that the other half of the fiscal gap likely will need to be filled through a renegotiation of the debt.

On December 1, 2015 the Governor signed an executive order allowing the redirection of revenue budgeted for the Puerto Rico Highways and Transportation Authority, Convention Center, Infrastructure Financing Authority and other agencies in order to pay

for debt issued or guaranteed by the commonwealth. This claw-back measure allowed Puerto Rico to comply with all principal and interest payments that were due in December 2015.

In January 2016, Puerto Rico defaulted on about \$37 million in bond payments of the almost \$1 billion that were due. The missed payments were for \$35.9 million of non-commonwealth guaranteed Puerto Rico Infrastructure Financing Authority ("PRIFA") debt and \$1.4 million of PFC bonds. The Fund does not own any bonds issued by either PRIFA or PFC.

Early in April 2016, Puerto Rico enacted the Emergency Moratorium and Financial Rehabilitation Act. The approved legislation allows Governor García Padilla to declare a fiscal emergency and implement a moratorium on a wide range of debt payments, including general-obligation bonds, through January 2017.

In May 2016, Puerto Rico defaulted on most of a \$422 million principal bond payment for its Government Development Bank, invoking the debt moratorium law approved in April 2016. The Fund does not own any GDB bonds.

Despite multiple discussions and intense lobbying, as of the end of May 2016 the U.S. Congress had not yet delivered on a comprehensive law to address Puerto Rico's debt crisis. Significant debt-service payments are due in July 2016, so time is of the essence.

Credit Update

In June 2016, President Obama signed into law the Puerto Rico Oversight, Management and Economic Stability Act ("PROMESA"), which establishes an oversight board with broad authority to ensure that the Commonwealth implements and executes fiscal plans, balances the Commonwealth's budget and enacts reforms if the Commonwealth fails to do so. PROMESA also seeks to promote a voluntary restructuring of the Commonwealth's debts. It postpones creditor lawsuits seeking repayment and, if voluntary negotiations stall and certain conditions are met, provides for a court-ordered restructuring. It is expected that the oversight board created by PROMESA shall be in place by the end of September 2016.

In July 2016, Puerto Rico missed \$911 million in bond payments of the approximately \$2 billion that were due, again invoking the debt moratorium law. The skipped payments include \$780 million in payments of General Obligation bonds. The Fund does not own any bonds impacted by the default.

The United States Economy

Over the twelve-month reporting period, U.S. economic data continued to indicate modest growth in the 2.0% range. Labor markets were a tailwind for the economy during the Fund's fiscal year. Job growth remained solid, with employers averaging 199,000 new jobs per month from June 2015 through May 2016. In addition, the national

unemployment rate fell to 4.7% in May 2016, compared to 5.5% the prior year. The unemployment rate is at its lowest level since 2007.

Influenced by a decline in commodity prices throughout the reporting period, inflation remained in check and continued to run below the 2% level, which is the Fed's longer-run goal. As measured by the U.S. Personal Consumption Expenditure Core Price Index, consumer prices rose 1.6% in the 12 months ended in May 2016.

Monetary policy was highly accommodative during most of the Fund's fiscal year. After much anticipation, in December 2015 the U.S. Federal Reserve took the long-awaited step of raising interest rates for the first time since 2006. The Federal Reserve approved a 0.25% increase in its target funds rate. The new target range will go from 0%-0.25% to 0.25%-0.50%.

In contrast to the Fed's tightening move, Central banks in Europe and Japan continued to embrace their easy monetary policies. In the U.S., Fed officials have said they will be cautious regarding further tightening due to concerns over global economic and financial conditions. Subsequent increases in interest rates are expected to be slow and gradual, subject of course to the direction of economic data.

Fixed-income markets were volatile throughout the Fund's fiscal year, with several zigzags during the period that reflected investors' anxiety about global growth and monetary policies. For the 12-month reporting period, U.S. Treasury yields moved generally lower, except for bonds with very short maturities which saw an increase in yield. Two-year U.S. Treasury yields, for example, rose from 0.61% at the beginning of the period to 0.88% at the end of the period. At the same time, the 10-year U.S. Treasury note went down 27 basis points in yield, from 2.12% to 1.85%. On the long end of the curve, 30-year U.S. Treasuries yielded 2.65% at the end of the Fund's fiscal year, compared to 2.88% at the beginning.

After five years without a single 10% correction, U.S. equity markets experienced two such corrections (August 2015 and January 2016) during the Fund's fiscal year. For the 12-month period, the Dow Jones Industrial, the S&P 500, and the NASDAQ posted returns of 1.39%, 1.71%, and -1.08% respectively.

OUTLOOK

The U.S. economic outlook indicates continued modest growth. For Puerto Rico, the fiscal situation remains uncertain as reflected by the Island's credit ratings. The combined scenario foreshadows a challenging investment environment for the management of the Fund. Notwithstanding, Banco Popular and UBS Puerto Rico remain committed to providing professional asset management services to the Fund for the benefit of its shareholders.

Enrique Vila del Corral, CPA

Chairman of the Board and President

THE BENEFITS AND RISKS OF LEVERAGING

The Puerto Rico Tax-Free Target Maturity Fund, Inc. 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 funds. In such an event, the Fund's net income will be greater than it would be without leverage.

If, on the other hand, 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.

Leverage often increases the risk for shareholders of Common Stock. In addition, leverage may have a negative impact on net asset value. Leverage could also increase market price volatility, interest rate and market risk. On the other hand, adding leverage to the Fund could result in higher net income.

SHARE REPURCHASE PROGRAM

On January 31, 2014, the Board of Directors approved the implementation of a Share Repurchase Program for the acquisition of the Fund's shares of Common Stock (the "Shares"), in open-market transactions at share prices equal to or at a discount of the corresponding NAV per Share, of up to 25% of each Fund's total assets as of such date. The Fund's Share Repurchase Program is implemented on a discretionary basis, under the direction of the co-Investment Advisers. The Fund's repurchase activity for each fiscal year is disclosed in the Annual Report to Shareholders attached hereto (see Note 4), 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, 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 Puerto Rico Office of the Commissioner of Financial Institutions (the "PROCFI") and procedures adopted by the Fund's Board of Directors to address potential conflicts of interest with affiliated brokerdealers Popular Securities and 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 desks of Popular Securities and 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 Popular Securities or 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.

For the fiscal year ended May 31, 2016, the Fund repurchased 1,632,132 shares of its common stock in the open market. The total value of shares repurchased for the year ended May 31, 2016 amount to \$1,284,396 (at net asset value) and \$1,141,706 (at cost). Since the program's inception, the Fund has repurchased 2,288,010 shares of common stock in the open market with a net asset value of \$1,814,508 and a cost of \$1,605,438, which represent 10.14% of the total assets of the Fund as of May 31, 2014 (net of shares acquired for dividend reinvestment purposes and which remain outstanding).

GLOSSARY OF MUTUAL FUND TERMS

Bond - Security issued by a government or corporation to those from whom it has borrowed money. A bond usually promises to pay interest income to the bondholder at regular intervals and to repay the entire amount borrowed at maturity date.

Realized Gain (Loss) - The profit (loss) from the sale of securities. Realized gains are paid to fund shareholders on a per share basis. When a gain distribution is made, the 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.

Dividend - A per share distribution of the income earned from the fund's portfolio holdings. When a dividend distribution is made, the 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.

Interest Rate Swap - An agreement to exchange one interest rate stream for another. No principal changes hands.

Investment Adviser - An investment professional who is responsible for managing a portfolio's assets prudently and making appropriate investment decisions, such as which securities to buy, hold and sell, based on the investment objectives of the portfolio.

Leverage - Vehicle used by the Fund to increase the amounts available for investment through the issuance of commercial paper or repurchase agreements transactions.

Long-Term - An investment with a maturity greater than one year.

Mutual Fund - A company which combines the investment money of many people whose financial goals are similar, and invests that money in a variety of securities. A mutual fund allows the smaller investor the benefits of diversification, professional management and constant supervision usually available only to large investors.

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

Offering Price - The offering price of a share of a mutual fund is the price at which the share is sold to the public.

Repurchase Agreements - Transactions in which the Fund sells securities to a bank or dealer, and agrees to repurchase them at a mutually agreed date and price.

Short-Term - An investment with a maturity of one year or less.

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. A 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.

Yield - The annualized rate of income as measured against the current net asset value of fund shares.

Puerto Rico Tax-Free Target Maturity Fund, Inc.

FINANCIAL HIGHLIGHTS
The following table includes selected data for a share outstanding throughout each period and other performance information.

Increase (Decrease) in Net Asset Value:		For the year ended May 31, 2016	For the year ended May 31, 2015	For the year ended May 31, 2014	For the year ended May 31, 2013	For the year ended May 31, 2012
Per Share Operating Performance:	Net asset value, beginning of the year (a) Net investment income Net realized loss and change in unrealized depreciation on investments and derivatives Total from investment operations Less: ettern of operations Less: ettern of opital Total distributions Discount or reputates of common shares Net asset value, end of the year (h) Market value, end of the year	87,08 (0.03) (0.04) (0.14) (0.14) (0.14) (0.14) (0.14) (0.14) (0.14) (0.15)	80.80 0.07 0.04) (0.04) (0.05) (0.05) (0.05) (0.06) (0.06) (0.06) (0.07) 80.78	(0.18) (0.18) (0.08) (0.09) (0.19) (0.19) (0.23) (0.23)	\$1.55 0.15 0.07) 0.05 0.05 0.043) 0.043) 0.043) 0.043) 0.043)	\$2.31 0.20 (0.10) 0.10 (0.11) (0.71) (0.86) 1.58
Total Investment Return: (g)	(b) Based on market value per share (g) Based on net asset value per share	1.06%	(1.70%) 5.29%	(15.15%)	6.76%	9.06%
Ratios: (c)	 (d) (f) Expenses to average net assets applicable to common shareholders - net of waived fees (e) (f) Operating expenses to average net assets applicable to common shareholders - net of waived fees Interest and leverage related expenses to average net assets applicable to common shareholders (f) Net investment income to average net assets applicable to common shareholders - net of waived fees 	2.16% 1.92% 0.24% 4.91%	2.16% 1.82% 0.34% 8.82%	1.29% 0.93% 0.36% 9.79%	1.18% 0.76% 0.42% 9.90%	0.83% 0.53% 0.30% 10.01%
Supplemental Data:	Net assets applicable to common shares, end of year (in thousands) Portfolio turnover Portfolio turnover excluding the proceeds from calls and maturities of portfolio securities and the proceeds from mortgage backed securities psydowns	\$4,834 0.00% 0.00%	\$6,955 0.00% 0.00%	\$7,690 0.00% 0.00%	\$10,664 0.00% 0.00%	\$14,919 0.00% 0.00%
	 (a) Based on weekly average outstanding shares of 7,708.880 and 9,333,917 for the years ended May 31, 2016, 000 for the years ended May 31, 2016, 2015, and 2012, respectively. (b) The return is colorabilated based on market values reduced by USF Stancial Serveries in Parametrial Serveries of St. 373,665, \$73,461,421, \$9,452,246, \$11,535,556, and \$19,056,158 for the years ended May 31, 2016, 2015, 2014, 2013, and 2012, respectively. (c) Rased on average net assets applicable to common shareholders of \$5,737,665, \$73,461,421, \$9,452,246, \$11,535,556, and \$19,056,158 for the years ended May 31, 2016, 2013, and 2012, respectively. (d) The effect of the expenses where Serveries and leverage related expenses. (e) The effect of the expenses where May 31, 2016, 2013, and 2012, a	19,610,000 for the years ent shares and an affiliated par shares and an affiliated pay 8 for the years ended May 3 as increasing the net investing the as a result of limited trading as a	ry. 1, 2016, 2014, 2014, 2013, ry. 1, 2016, 2015, 2014, 20 ent income ratio to aver gactivity due to commen	and 2012, respectively. 3, and 2012, respectivel gge	y. Principal period.	

SCHEDULE OF INVESTMENTS

Principal Outstanding Amount Puerto Rico Fann	Issuer ie Mae Taxable +- 53.18% of net assets applicable to common shares, total cost of \$2,453.976	Coupon	Maturity Date	Fair Value
	*			
381	FNMA (POOL 589004)	7.00%	06/01/16	\$381
32,860	FNMA (POOL 602626)	5.00%	10/01/16	33,719
140,031 2,204,006	FNMA (POOL 801577) FNMA (POOL 823338)	6.00% 5.50%	02/01/20 06/01/20	143,878 2,305,031
76,698	FNMA (POOL 623336) FNMA (POOL 651059)	6.00%	09/01/22	87,359
70,070	Hall (10020105)	0.0070	07/01/22	2,570,368
Puerto Rico Fred	die Mac Taxable ++ - 1.26% of net assets applicable to common shares, total cost of \$60,805			
31,290	FHLMC (POOL D71813)	7.50%	09/01/22	31,543
29,266	FHLMC (POOL D53317)	7.50%	10/01/22	29,365
Face			-	60,908
Amount Puerto Rico Agen	cies - 29.40% of net assets applicable to common shares, total cost of \$1,394,976			
\$1,245,000	(1) (2) PUERTO RICO HOUSING BANK FINANCE CORPORATION SERIES A, CLASS Z-2	0.00%	01/01/17	1,226,586
200,000	(1) (2) PUERTO RICO HOUSING BANK FINANCE CORPORATION SERIES A, CLASS Z-2	0.00%	07/01/17	194,314
,	(,, (,, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		-	1,420,900
Principal Outstanding Amount				
Puerto Rico GNM	1A Taxable* - 4.93% of net assets applicable to common shares, total cost of \$228,128			
7,503	GNMA P&I (POOL 290541)	7.50%	12/15/17	7,528
14,143	GNMA P&I (POOL 487331)	7.00%	11/15/18	14,186
48,832	GNMA P&I (POOL 318101)	8.00%	11/15/18	51,151
41,272	GNMA P&I (POOL 402387)	7.50%	07/15/19	43,110
33,532	GNMA P&I (POOL 608631)	5.00%	06/15/19	35,164
82,455	GNMA P&I (POOL 23848)	6.50%	04/20/21	87,322
			=	238,461
Puerto Rico GNM	IA Exempt* - 1.85% of net assets applicable to common shares, total cost of \$82,421			
41,145	GNMA SERIAL (POOL 178434) UNITS 185-199	8.50%	07/15/17	44,474
41,277	GNMA SERIAL (POOL 207225) UNITS 182-191	8.00%	11/15/17	45,029
			-	89,503
	Total investments (90.62% of net assets applicable to common shares)			4,380,140
	Liabilities minus other assets (9.38% of net assets applicable to common shares)			453,582
	Net Assets applicable to common shares - 100%		_	\$4,833,722
			=	

- * Puerto Rico GNMA Represents mortgage-backed obligations guaranteed by the Government National Mortgage Association. They are subject to principal paydowns as a result of prepayments or refinancing of the underlying mortgage instruments. As a result, the average life may be substantially less than the original maturity.
- + Puerto Rico Fannie Mae Taxable Represents mortgage-backed obligations guaranteed by the Federal National Mortgage Association. They are subject to principal paydowns as a result of prepayments or refinancing of the underlying mortgage instruments. As a result, the average life may be substantially less than the original maturity.
- ++ Puerto Rico Freddie Mac Taxable Represents mortgage-backed obligations guaranteed by the Federal Home Loan Mortgage Corporation. They are subject to principal paydowns as a result of prepayments or refinancing of the underlying mortgage instruments. As a result, the average life may be substantially less than the original maturity.
- (1) Revenue Bonds Issued by agencies and payable from revenues and other sources of income of the agency as specified in the applicable prospectus. These Bonds are not an obligation of the Commonwealth of Puerto Rico.
- (2) Puerto Rico Housing Finance Corporation Series A, Class Z-2 are economically defeased to maturity with US Treasury Obligations, US Agencies and REFCORP Strips.

Assets:	Investment in securities, at fair value (cost - \$4,220,306)		\$4,380,140
	Cash and cash equivalents		494,189
	Interest receivable		13,527
	Other assets	_	823
	Total assets	_	4,888,679
Liabilities:	Payables:		
	Investment advisory fees	41	
	Administration fees	206	
	Dividend payable	262	509
	Accrued expenses and other liabilities	_	54,448
	m - 11: 13:2		
	Total liabilities	_	54,957
Net Assets Applica	ble to Common Shares:	_	\$4,833,722
Net Assets Applica		_	
	ble to Common Shares:	_	
Net Assets	ble to Common Shares: Common Stock	=	\$4,833,722
Net Assets	ble to Common Shares: Common Stock Capital Stock, \$0.01 par value, 100,000,000 shares authorized, 7,321,990 issued and outstanding	<u> </u>	\$4,833,722 \$73,220
Net Assets	ble to Common Shares: Common Stock Capital Stock, \$0.01 par value, 100,000,000 shares authorized, 7,321,990 issued and outstanding Paid-in capital		\$4,833,722 \$73,220 14,535,122
Net Assets	ble to Common Shares: Common Stock Capital Stock, \$0.01 par value, 100,000,000 shares authorized, 7,321,990 issued and outstanding Paid-in capital Undistributed net investment income		\$4,833,722 \$73,220 14,535,122 213,070
Net Assets	ble to Common Shares: Common Stock Capital Stock, \$0.01 par value, 100,000,000 shares authorized, 7,321,990 issued and outstanding Paid-in capital Undistributed net investment income Accumulated net realized loss from investments and derivatives		\$4,833,722 \$73,220 14,535,122 213,070 (10,147,524)

Puerto Rico Tax-Free Target Maturity Fund, Inc.

		For the year ended May 31, 2016
Investment income:	Interest	\$405,619
Expenses:	Interest and leverage related expenses	13,799
	Investment advisory fees	32,908
	Administration fees	8,227
	Custodian and transfer agent fees	8,227
	Professional fees	50,438
	Insurance expense	10,086
	Directors' fees and expenses	28,000
	Printing and shareholder reports	10,294
	Other	6,481 168,460
	Total expenses Waived investment advisory, administration, custodian, and transfer agent fees	(44,428
	Net expenses after waived fees	124,032
Net investment income:		281,587
Realized Gain (Loss) & Unrealized	Net realized gain on investments	240,451
Appreciation (Depreciation) on	Net realized loss on derivatives	(90,410
Investments and Derivatives:	Unrealized depreciation on investments	(452,910
	Unrealized appreciation on derivatives	87,237
	Net loss on investments and derivatives	(215,632
	Net increase in net assets resulting from operations	\$65,955

STATEMENTS OF CHANGES IN NET ASSETS

Increase (Decrease) in Net As:	sets:	For the year ended May 31, 2016	For the year ended May 31, 2015
Operations:	Net investment income Net realized gain (loss) on investments Net realized loss on derivatives	\$281,587 240,451 (90,410)	\$665,141 (1,924,250) (1,229,428)
	Unrealized (depreciation) appreciation on investments Unrealized appreciation on derivatives Net increase in net assets resulting from operations	(452,910) 87,237 65,955	1,634,640 1,181,958 328,061
Distributions to Common Shareholders From:	Return of capital Dividends from net investment income Repurchase of common shares Decrease in net assets derived from common shares transactions	(1,025,079) (20,744) (1,141,706) (2,187,529)	(429,783) (169,126) (463,732) (1,062,641)
Net Assets:	Net decrease in net assets attributable to common shares	(2,121,574)	(734,580)
	Balance at beginning of year	6,955,296	7,689,876
	Balance at end of year	\$4,833,722	\$6,955,296

STATEMENT OF CASH FLOWS

Increase (Decrease) in Cash:		For the year ended May 31, 2016
Cash Provided by	Net increase in net assets from operations	\$65,955
Operating Activities:	Adjusted by:	
	Sales of portfolio securities	3,752,816
	Maturities and calls of portfolio securities	2,860,000
	Proceeds from mortgage-backed securities paydowns	1,407,853
	Net realized loss on paydowns	756
	Net realized gain on investments	(240,451)
	Unrealized depreciation on investments	452,910
	Unrealized appreciation on derivatives	(87,237)
	Accretion of discounts on investments	(88,231)
	Amortization of premiums on investments	555
	Decrease in interest receivable	22,723
	Increase in other assets	(259)
	Decrease in interest payable	(4,217)
	Decrease in administration fees payable	(339)
	Decrease in investment advisory fees payable	(69)
	Increase in accrued expenses and other liabilities	3,710
	Total cash provided by operating activities	8,146,475
Cash Flow Used in	Repurchase related repayments; net of issuances of \$31,916,000	(5,749,000)
Financing Activities:	Dividends to common shareholders paid in cash	(26,078)
_	Return of capital	(1,025,079)
	Repurchase of common shares	(1,141,706)
	Total cash used in financing activities	(7,941,863)
Cash:	Net increase in cash and cash equivalents	204,612
	Cash and cash equivalents at beginning of year	289,577
	Cash and cash equivalents at end of year	\$494,189
Cash Flow	Cash paid for interest and leverage related expenses	\$15,330
Information:		<u></u>

Note 1 - Reporting Entity and Significant Accounting Policies:

Puerto Rico Tax-Free Target Maturity Fund, 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. The Fund was incorporated on May 15, 1996 and started operations on August 2, 1996.

Commencing on January 1, 2007 and up to December 31, 2022 (the "Target Date"), the Fund will distribute on a pro rata basis to its Shareholders (after deducting any amounts utilized by the Fund to repay outstanding leverage), in addition to the regular monthly distributions of net investment income and any annual distributions of net capital gains, the principal payments received by the Fund on the Fund's portfolio securities whether by maturity, prepayments, acceleration, redemption, sale or otherwise ("Distribution of Principal"). The Fund may be liquidated early depending on market conditions. The Fund intends to distribute an amount at least equal, in the aggregate, to the initial offering price of \$10 per share through Distribution of Principal. However, to the extent necessary, the Fund may use realized net capital gains, and/or the net investment income (in that order) to achieve this investment objective. Any amounts distributed by the Fund during this period will be separately designated to indicate the sources of such distribution. During this period, UBS Asset Managers of Puerto Rico and Banco Popular de Puerto Rico (collectively, "the Investment Advisers"), will not reinvest any principal payment received by the Fund on its portfolio securities, except in temporary investments pending Distribution of Principal to shareholders. There is no assurance that the Fund will be able to effect Distributions of Principal in accordance with its objective or otherwise return an amount at least equal, in the aggregate, to the initial offering price of \$10 per share. As a fundamental policy, the Fund will not hold investments with a maturity date subsequent to December 31, 2017, except for mortgage-backed securities which will have an assumed final distribution date no later than December 31, 2022. The assumed final distribution date for mortgage-backed securities is the last date required under contractual terms.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The following is a summary of the Fund's significant accounting policies:

- (a) Cash and Cash Equivalents Cash and cash equivalents consist of all demand deposits and funds invested in short-term investments with original maturities of 90 days or less. Cash and cash equivalents are valued at amortized cost, which approximates fair value. At May 31, 2016, cash and cash equivalents consisted of a time deposit open account amounting to \$494,189 with Banco Popular of Puerto Rico, which is an affiliated entity.
- (b) Valuation of Investments Investments included in the Fund's financial statements have been stated at fair values as determined by Banco Popular de Puerto Rico, as the Fund's administrator, with the assistance of the Investment Advisers (Refer to Note 3), on the basis of valuations provided by dealers or by pricing services, which are approved by the Fund's management and the Board of Directors, in accordance with the valuation methods set forth in the Governing Documents and related policies and procedures. See Note 2 for further discussions regarding fair value disclosures.
- (c) Taxation The Fund has elected to be treated as a registered investment company under the Puerto Rico Internal Revenue Code of 2011, as amended, and the regulations and administrative pronouncements promulgated thereunder. As a registered investment company, the Fund will be treated as a conduit or pass-through entity that will be disregarded for Puerto Rico income tax purposes. Accordingly, the income earned by the Fund is not subject to Puerto Rico income tax at the Fund level if it distributes to its shareholders at least 90% of its taxable net investment income for the taxable year, among other requirements. The Fund has never been subject to taxation.

In addition, fixed income and equity investments of the Fund are exempt from Puerto Rico personal property taxes. The Fund is exempt from United States income taxes, except for dividends received from United States sources, which are subject to a 10% United States withholding tax, if certain requirements are met. Dividend income is recorded net of taxes. In the opinion of the Fund's legal counsel, the Fund is not required to file a U.S. federal income tax return.

GAAP requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax return to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as a tax benefit or expense in the current year. Management has analyzed the Fund's tax positions taken on its Puerto Rico income tax returns for all open tax years (the current and prior three tax years) and has concluded that no liability should be recorded related to uncertain tax positions taken on returns filed for the current and prior three tax years. On an ongoing basis, management will monitor the Fund's tax position to determine if adjustments to this conclusion are necessary.

The balance of undistributed net investment income, if any, and of accumulated net realized loss on investments and derivatives reflect the reclassification of permanent differences and of temporary differences between book and tax balances that become permanent. As a result of these reclassifications, the amounts shown in the Statement of Assets and Liabilities reflect the amounts for tax purposes, except for remaining temporary differences, if any (See Note 10).

(d) Statement of Cash Flows - The Fund invests in securities and distributes dividends from net investment income, 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.

- (e) Dividends and Distributions to Shareholders Dividends from substantially all of the Fund's net investment income are declared and paid monthly. The Fund may at times pay out more or 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. The Fund records dividends and distributions to its shareholders on the ex-dividend date.
- (f) Derivatives Instruments In order to attempt to hedge various portfolio positions, to manage its cost of funds or to enhance its return, the Fund may invest in certain instruments which are considered derivatives. Derivative instruments, because of their increased volatility and potential leveraging effect, may adversely affect the Fund. The use of these instruments for income enhancement purposes subjects the Fund to risk of loss which may not be offset by gains on other portfolio assets or acquisitions. There is no assurance that the Investment Advisers will employ any hedging strategy, and even where such derivatives instruments 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 may enter into interest rate swap agreements that involve an agreement between two parties to exchange fixed- and variable-rate interest rate payments that are calculated based on a specified amount of principal (the "notional principal amount") for a specified period of time. The Fund usually enters into interest rate swaps on a net basis, (*i.e.*, the two payment streams are netted out), with the Fund receiving or paying, as the case may be, only the net amount of the two payments.

The Fund 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 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 rate coupon for the Fund.

To 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 based on LIBOR. If LIBOR increases, the floating rate increases thus offsetting the corresponding increase in the Fund's leverage cost. If, on the other hand, LIBOR decreases, the floating rate payment will decrease reducing the benefit of lower interest rates on the leverage program. The Fund will also grant the counterparty an option to cancel the swap before its contractual termination if such option results in a more advantageous fixed rate cost for the Fund. Subject to market conditions, the Fund will also enter into floating to fixed rate swaps. These swaps may have the effect of neutralizing the negative cost of the original fixed to floating rate swaps. If LIBOR decreases the floating rate payment made by the Fund decreases, offsetting the decrease in the floating rate payment received by the Fund in the original fixed rate swap. On the other hand, if LIBOR increases the floating rate payment on the neutralizing swap will increase offsetting the benefit of the increase in the floating rate received from the fixed rate swap. The Fund will also grant the counterparty an option to cancel the swap before its contractual obligation if such option results in a higher fixed rate payment to the Fund.

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 the Fund's Investment Advisers 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. Risks may exceed related amounts recognized in the Statement of Assets and Liabilities. The credit exposure may change as the fair value of the instrument changes. The Fund's management enters into these transactions in an attempt to improve its funding costs rather than speculate on interest rate 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. For callable and range swaps, the parameters are developed from market observed volatility and yield curve.

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 or the termination of the Fund's Investment Advisers. In each case, upon occurrence, the counterparty may elect to terminate early and cause 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.

The Fund's derivative instruments generally contain provisions that require the Fund to maintain minimum net asset value levels. If the Fund's net asset value were to decline below certain specified net asset value levels, the counterparties may declare an early termination event on any or all transactions with the Fund. To the extent such termination results in a net liability to the Fund, the collateral held by any such counterparty may be liquidated and netted against the amounts owed by the Fund to such counterparty. There were no derivatives outstanding at May 31, 2016.

The credit components of the swaps are managed through various mechanisms. Counterparties must have a minimum credit rating (the higher of S&P, Moody's, and/or Fitch), currently A, or credit support from another entity. The swaps are

executed pursuant to signed Master ISDA Agreements that may include a Credit Support Annex (CSA). The economic terms of each swap transaction are documented in a written confirmation. In the event the counterparty is downgraded below A, the swap must either be transferred to another A or better counterparty or the credit exposure must be collateralized with eligible collateral as defined in the CSA.

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

The Fund records periodic payments to or collections from derivative contracts as a component of net realized gain or loss on derivatives in the Statement of Operations. For the fiscal year ended May 31, 2016, the Fund made periodic payments aggregating to \$48,529 to swap counterparties. In addition, the Fund made net payments amounting to \$41,881 in relation to swap unwind transactions. However, for purposes of dividend distributions, the Fund's periodic swap payments are included as a component of net investment income (See Note 10).

- (g) Securities Sold Under Agreements to Repurchase 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, nevertheless, the Fund retains ownership of the collateral through the agreement that requires the repurchase and return of such collateral. 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 (See Note 6).
- (h) Paydowns Realized gains and losses on mortgage-backed securities paydowns are recorded as an adjustment to interest income as required by GAAP. For the year ended May 31, 2016, the Fund decreased interest income in the amount of \$756 related to realized losses on mortgage-backed securities paydowns. The Fund declares and pays monthly dividends from the net investment income. For purposes of dividend distributions, net investment income excludes the effect of mortgage-backed securities paydowns gains and losses (See Note 10).
- (i) Use of Estimates in the Preparation of Financial Statements The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.
- (j) 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 based on the identified cost method. Premiums and discounts on securities purchased are amortized over the life or the expected life of the respective securities using the effective interest method. Interest income is accrued daily except when collection is not expected. Dividend income on common equity securities is recorded on the ex-dividend date.
- (k) Recent Accounting Pronouncements During fiscal year 2015, the following pronouncements were issued by the Financial Accounting Standards Board (FASB):

Accounting Standards Update No. 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent): This standard removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. It also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The standard is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. The Fund does not believe this would have a material effect on the financial statements.

Note 2 – Fair Value Measurements:

Under GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability.

GAAP establishes a fair value hierarchy that prioritizes the inputs and valuation techniques used to measure fair value into three levels in order to increase consistency and comparability in fair value measurements and disclosures. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for the fair value measurement are observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect the Fund's estimates about assumptions that market participants would use in pricing the asset or liability based on the best information available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. Valuation on these instruments does not need a significant degree of judgment since valuations are based on quoted prices that are readily available in an active market.

Level 2 – Quoted prices other than those included in Level 1 that are observable either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or that can be corroborated by observable market data for substantially the full term of the financial instrument.

Level 3 – Unobservable inputs are significant to the fair value measurement. Unobservable inputs reflect the Fund's own assumptions about assumptions that market participants would use in pricing the asset or liability.

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. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing on these securities. Fair value is based upon quoted market prices when available. If listed price or quotes are not available, the Fund employs internally developed models that primarily use market-based inputs including yield curves, interest rates, volatilities, and credit curves, among others. 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 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. In addition, the fair value estimates are based on outstanding balances without attempting to estimate the value of anticipated future business. Therefore, the estimated fair value may materially differ from the value that could actually be realized on a sale.

On November 8, 2013, the Board of Directors of the Fund delegated to the Valuation Committee, comprised of voting members of Popular Asset Management, a division of Banco Popular, and UBS Asset Managers of PR, a division of UBS Trust Company of PR, certain procedures and functions related to the valuation of portfolio securities for the purpose of determining the Net Asset Value of the Fund. The Valuation Committee is generally responsible for determining the fair value of the following types of portfolio securities:

- Portfolio instruments for which no price or value is available at the time the Fund's NAV is calculated on a particular day;
- Portfolio instruments for which the prices or values available do not, in the judgment of the Investment Advisers, represent the fair value of the portfolio instruments;
- A price of a portfolio instrument that has not changed for four consecutive weekly pricing periods, except for Puerto Rico taxable securities and U.S. portfolio instruments;
- Any PR taxable securities and the U.S. portfolio instruments whose value has not changed from the previous weekly pricing period.

Following is a description of the Fund's valuation methodologies used for assets and liabilities measured at fair value:

Mortgage and other asset-backed securities: Certain agency mortgage-backed securities ("MBS") are priced based on a bond's theoretical value from similar bonds; "similar" being defined by credit quality and market sector. Their fair value incorporates an option adjusted spread. GNMA Puerto Rico Serials are priced using a pricing matrix with quoted prices from local broker dealers, based on trade activity in local markets and is compared with data from exchange platforms where similar instruments regularly trade. The agency MBS and GNMA Puerto Rico Serials are generally classified as Level 2.

Obligations of Puerto Rico, States, and political subdivisions: Obligations of Puerto Rico, States, and political subdivisions are segregated and the like characteristics divided into specific sectors. 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, LIBOR and swap curves, and discount and capital rates. These bonds are generally classified as Level 2.

Derivatives: The fair value of derivative instruments is based on observable market parameters and takes into consideration the credit risk component, when appropriate. The "Hull-White Interest Rate Tree" approach is used to value the option components of derivative instruments, and discounting of the cash flows is performed using US dollar LIBOR-based discount rates or yield curves that account for the industry sector and the credit rating of the counterparty and/or the Fund. Derivatives are mainly composed of interest rate swaps. As part of the determination of fair value of interest rate swaps a credit component is considered as required by GAAP. Interest rate swaps, if any, are classified as Level 2.

The following is a summary of the levels within the fair value hierarchy in which the Fund invests based on inputs used to determine the fair value of such securities:

	Hierarchy						
	I	Level 1	Level 2		Level 3	Balance 5/31/2016	
Assets:							
Mortgage Backed Securities:							
Puerto Rico Fannie Mae Taxable	\$	-	\$ 2,570,368	\$	-	\$ 2,570,368	
Puerto Rico Freddie Mac Taxable		-	60,908		-	60,908	
Puerto Rico GNMA Taxable		-	238,461		-	238,461	
Puerto Rico GNMA Exempt		-	89,503		-	89,503	
Puerto Rico Agencies		-	1,420,900		-	1,420,900	
Total	\$	-	\$ 4,380,140	\$	-	\$ 4,380,140	

Temporary cash investments, if any, are valued at amortized cost, which approximates market value.

Note 3 – Investment Advisory, Administrative, Custodian, Transfer Agency Arrangements, and Other Transactions with Affiliates:

Pursuant to separate Investment Advisory Agreements with UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico, and Banco Popular de Puerto Rico ("Banco Popular"), the Fund receives advisory services in exchange for a fee. The investment advisory fee is calculated at an annual rate of .40% of the Fund's average weekly net assets, as defined in the agreement. For these calculations, average net assets include the liquidation value of all outstanding debt securities of the Fund. For the year ended May 31, 2016, the gross investment advisory fees amounted to \$32,908. Total waived fees amounted to \$32,087 for a net fee of \$821.

Banco Popular also provides administrative, custody and transfer agency services pursuant to Administration, Custodian and Transfer Agency Agreements. Under the terms of the Administration Agreement, Banco Popular provides facilities and personnel to the Fund for the performance of the administrator duties. The fees related to these services are calculated at an annual rate of .10% of the Fund's average weekly net assets, as defined above. For the year ended May 31, 2016, the gross fees for such services amounted to \$8,227. Total waived fees amounted to \$4,114 for a net fee of \$4,113. The fees related to Custody and Transfer Agency are calculated at an annual rate of .10% of the Fund's average weekly net assets and amounted to \$8,227 for the year ended May 31, 2016. Custody and Transfer Agency fees were waived in their entirety.

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, Banco Popular and UBS Financial Services of Puerto Rico ("UBS Puerto Rico") or their affiliates ("Affiliated Transactions"). In that regard, the Board of Directors of the Fund adopted a set of procedures ("Procedures") for Affiliated Transactions 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 adopted by the Board of Directors.

Certain officers and directors of the Fund are also officers and directors of the Investment Advisers and/or their affiliates. The six independent directors of the Fund's Board are paid based upon an agreed fee of \$1,000 per meeting. Three of the independent directors of the Fund also serve on the Fund's audit committee and are paid based upon an agreed fee of

\$1,000 per committee meeting. In addition to the meetings at \$1,000 which amounted to \$27,000, the directors also met once for an audit committee meeting and once for a director committee meeting at an agreed fee of \$111 per director per meeting. For the year ended May 31, 2016, the compensation expense for the six independent directors of the Fund was \$28,000.

The affiliates of the Fund 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 transactions listed by counterparty, during the year were as follows:

	Sales of Po Sec	ortfolio curities	0/0	Securities so Agreements to Rep		%
UBS Puerto Rico	\$	-	-	\$	255	0.80%
Popular Securities, LLC		-	-		1,948	6.10%
Unaffiliated		3,753	100%		29,713	93.10%
Total	\$	3,753	100%	\$	31,916	100.00%

Note 4 – Capital Share Transactions:

Currently, the Fund's shares are experiencing a period of limited liquidity and/or trading at a discount to its 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 offer a repurchase of shares in the open market, in an attempt to increase the liquidity of the shares as well as reduce any market discount from its 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. The Fund's policies require that repurchase of shares from an affiliated party be effected in accordance with procedures to address any conflicts of interest which may arise.

On January 31, 2014, the Board of Directors authorized the repurchase by the Fund of outstanding shares of Common Stock (the "Shares") in open-market transactions up to an aggregate dollar amount of shares to be repurchased of up to 25% of the Fund's total assets, at share prices equal to or at a discount of the corresponding net asset value ("NAV") per share. As of May 31, 2016, 14.86% of total assets are still available to be repurchased.

For the year ended May 31, 2016, the total value of repurchase of common stock by the Fund was as follows:

Counterparty	Shares	Net Asset Value	Cost
Affiliates	1,597,782	\$ 1,257,445	\$ 1,118,507
Unaffiliated	34,350	26,951	23,199
Total	1,632,132	\$ 1,284,396	\$ 1,141,706

The shares repurchased from affiliates include shares held by clients in such affiliate.

The repurchase of shares resulted in a NAV increase of \$0.02.

Capital share transactions for the years ended May 31, 2016 and 2015, were as follows:

	Dollar Amoun	nt
Common shares:	2016	2015
Return of Capital	\$ (1,025,079)	\$ (429,783)
Dividends declared	(20,744)	(169,126)
Repurchase of common shares	(1,141,706)	(463,732)
Decrease in net assets derived from common shares transactions	\$ (2,187,529)	\$(1,062,641)

The Fund is authorized to issue up to 100,000,000 shares of common stock, par value \$0.01 per share.

Common share transactions for the years ended May 31, 2016 and 2015, were as follows:

	Number of Shar	es
Common shares:	2016	2015
Beginning balance	8,954,122	9,610,000
Repurchase of common shares	(1,632,132)	(655,878)
Ending balance	7,321,990	8,954,122

Note 5 - Investment Transactions:

The proceeds from sales, maturities/calls, and paydowns of portfolio securities (in thousands), excluding short-term transactions, for the year ended May 31, 2016 were as follows:

	Sales	Maturitie	es/Calls	Pa	ydowns
Puerto Rico Fannie Mae Taxable	\$ 2,930	\$	-	\$	1,176
Puerto Rico Freddie Mac Taxable	-		-		14
Puerto Rico GNMA Taxable	823		-		218
Puerto Rico Agencies	 -		2,860		
Total	\$ 3,753	\$	2,860	\$	1,408

The following tables present the effect of swap agreements on the Statement of Operations for the year ended May 31, 2016, by primary underlying risk exposure:

Amount of realized loss on swap agreements recognized in income (1):

Derivative contract:	Realized loss
Interest rate contracts	\$ (90,410)

(1) Refer to Note 10 for a reconciliation of the accounting treatment of realized gain (loss) for tax purposes.

Unrealized appreciation on swap agreements recognized in income:

Derivative contract:

Unrealized appreciation

Interest rate contracts

\$ 87,237

The Fund's average notional balance of interest rate swaps during the period was \$1,218,082 for pay fixed-rate swaps. There were no outstanding swap agreements at May 31, 2016.

Note 6 - Securities Sold under Agreements to Repurchase:

Weighted average interest rate at end of year	<u>N/A</u>
Maximum aggregate balance outstanding at any time during the year	<u>\$5,798,000</u>
Average balance outstanding during the year	<u>\$3,244,498</u>
Average interest rate during the year	<u>0.59%</u>

There were no repurchase agreements outstanding at May 31, 2016.

Note 7 – Credit Facility:

The Fund has available with Banco Popular de Puerto Rico (an affiliate of one of the Investment Advisers) an uncommitted line of credit that is part of a credit facility extended to the Puerto Rico Investors Family of Funds and the Popular Family of Funds. The proceeds of the credit advances will be exclusively used by the Borrower for short term funding needs arising from failed repurchase agreement transactions or cash shortfalls due to the non-receipt by the Borrower of payments in the settlement process of transactions to which the Borrower is a party. The Fund can obtain credit advances not to exceed the lesser of \$6,000,000 or ten percent (10%) of Banco Popular's capital stock and surplus, provided that the aggregate sum of all outstanding balances under all credit facilities never exceeds \$200,000,000. Interest on the unpaid balance of each credit advance accrues at a rate of 2.25% over the one week LIBOR Rate and will be payable on the dates set forth in each credit facility note. As of May 31, 2016, the Fund had no outstanding balance and had the complete credit facility available for drawing, subject to the limitations described above. The Fund did not draw any amounts from the line of credit during the year.

Note 8 - Concentration of Credit Risk:

Concentrations of credit risk (whether on or off balance sheet) that arise from financial instruments exist 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 issuers. For calculation of concentration, all fixed-income securities guaranteed by the U.S. Government are excluded. At May 31, 2016, the Fund had investments with an aggregate market value of \$4,052,176 which were issued by entities located in the Commonwealth of Puerto Rico and are not guaranteed by the U.S. Government. In addition, at May 31, 2016, the Fund had investments with market values amounting to \$2,570,368 and \$1,420,900, respectively, which were each issued by one issuer located in the Commonwealth of Puerto Rico and are not guaranteed by the Puerto Rico Government.

As stated in the Prospectus, the Fund will ordinarily invest at least 67% of its total assets in Puerto Rico obligations (the "67% Investment Requirement"). Therefore, to the extent the securities are not guaranteed by the U.S. Government or any of its subdivisions, the Fund is more susceptible to factors adversely affecting issuers of Puerto Rico obligations than an investment company that is not concentrated in Puerto Rico obligations to such degree.

Note 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 statutorily or by regulation while others are imposed by procedures established by the Board of Directors. The most significant requirements and limitations are discussed below.

Upon reaching its corresponding Distribution Commencement Date (January 1, 2007), the 67% Investment Requirement ceased to apply to the Fund, provided it distributes all principal payments, whether by maturity, prepayments, acceleration, redemption, sale or otherwise, to its Common Stockholders as described in the Fund's offering document.

The Fund's leverage, as measured by the ratio of total assets, may not exceed 50%. Should this ratio be exceeded, the Fund is precluded from payment of dividends and further leverage transactions until the maximum 50% ratio is restored.

Note 10 - Reconciliation between Net Investment Income and Distributable Net Investment Income for Tax Purposes and Net Realized Gain on Investments and Derivatives and Net Realized Gain on Investments and Derivatives for Tax Purpose:

As a result of certain reclassifications made for financial statement presentation, the Fund's net investment income and net realized gain on investments and derivatives reflected in the financial statements differ from distributable net investment income and net realized gain on investments and derivatives for tax purposes, respectively, as follows:

Net investment income	\$ 281,587
Reclassification of realized loss on securities' paydowns	756
Reclassification of swap net periodic payments	(48,529)
Distributable net investment income for tax purposes	\$ 233,814
Net realized gain on investments and derivatives	\$ 150,041
Reclassification of realized loss on securities' paydowns	(756)
Reclassification of swap net periodic payments	48,529
Net realized gain on investments and derivatives, for tax purposes	\$ 197,814

The undistributed net investment income and accumulated net realized loss on investments and derivatives, respectively, (for tax purposes) at May 31, 2016 were as follows:

Undistributed net investment income, beginning of the year	\$ -
Distributable net investment income for the year	233,814
Dividends	(20,744)
Undistributed net investment income, end of the year	\$ 213,070
Accumulated net realized loss on investments and derivatives, beginning of the year Net realized gain on investments and derivatives, for the year	\$ (10,345,338) 197,814
Accumulated net realized loss on investments and derivatives, end of the year	\$ (10,147,524)

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Note 11 - Indemnification:

In the normal course of business, the Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these agreements is unknown. However, the Fund has not incurred or paid prior claims or losses pursuant to these contracts and expects the risk of losses to be remote.

Note 12 - 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 existing fixed rate securities will fall. The 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 prepayment risk, which the Fund is also subject to.

Credit risk is the risk that debt securities 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.

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 prepayments by the obligors on the underlying obligations. As a result, the Fund may receive principal repayments on these securities earlier or later than anticipated by the Fund. In the event of prepayments that are received earlier than anticipated, the Fund may be required to reinvest such prepayments at rates that are lower than the anticipated yield of the prepaid obligation. The rate of prepayments is influenced by a variety of economic, geographic, demographic,

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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 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.

In order to attempt to hedge various portfolio positions 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.

Note 13 - Subsequent events:

On June 2, 2016, the Board of Directors declared a distribution of principal to its holders of Common Stock of \$0.06 per common share, totaling \$439,319 which was paid on June 17, 2016 to common shareholders of record as of June 2, 2016.

On June 30, 2016, the Board of Directors declared an ordinary net investment income dividend of \$0.000036 per common share, totaling \$263 which was paid on July 11, 2016 to common shareholders of record as of June 30, 2016.

On July 28, 2016, the Board of Directors declared an ordinary net investment income dividend of \$0.000033 per common share, totaling \$242 which was paid on August 10, 2016 to common shareholders of record as of July 29, 2016.

The Fund has performed an evaluation of events occurring subsequent to May 31, 2016 through August 19, 2016, which is the date the financial statements were available to be issued. Management has determined that there were no events occurring in this period that required disclosure in or adjustment to the accompanying financial statements, other than those disclosed above.



Independent Auditor's Report

To the Board of Directors and Stockholders of Puerto Rico Tax-Free Target Maturity Fund, Inc.

We have audited the accompanying financial statements of the Puerto Rico Tax-Free Target Maturity Fund, Inc. (the "Fund"), which comprise the statement of assets and liabilities, including the schedule of investments, as of May 31, 2016 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.

Auditor's 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 audits 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 Tax-Free Target Maturity Fund, Inc. at May 31, 2016, and the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and 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.

San Juan, Puerto Rico August 19, 2016

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