

Important information about Puerto Rico Closed-End Funds

Your investment in shares of Puerto Rico Closed-End Funds ("Funds") is subject to certain risks, some of which are highlighted below.

These and other risks are described more fully at ubs.com/pr/funds where the fund prospectus and the UBS Puerto Rico fund brochure are maintained. In addition, the documents will be mailed to you upon request.

Liquidity and the secondary market

Only Puerto Rico residents can buy shares of the Funds and the Fund shares are not listed on any exchange. As a result of this limited market, you may not be able to sell your shares in the Funds as easily as shares traded on an exchange. Therefore, you should generally hold Funds only as a long-term investment and not for purposes of active trading. Since inception of the first Fund, UBS Financial Services Incorporated of Puerto Rico ("UBS PR") has facilitated a secondary market in shares of the Funds through its trading desk, but it is not obligated to do so. Whether and at what price you can sell your Fund shares at any given time will depend on whether there are other customers of UBS PR interested in buying them or whether UBS PR is willing to commit additional capital to purchase the Fund shares into its inventory. UBS PR's decision to purchase or sell Fund shares into or out of its inventory is entirely in the firm's discretion and whether and how much inventory it holds is generally not disclosed. You should discuss your liquidity needs with your Financial Advisor, and fully understand the possible limitations in your ability to sell your Fund shares.

Market price of Fund shares

The UBS PR trading desk may quote "indicative" bid or offer prices, which reflect its judgment as to the then-current market price for the Fund shares, but the trading desk is not obligated to transact at the indicative price quoted. The price quoted reflects numerous factors that affect the supply and demand of the Fund shares. Some of the factors the trading desk considers include: (i) recent trading prices and volumes; (ii) the size, price and age of open customer orders and/or indications of interest; (iii) the size and age of UBS PR's inventory; (iv) the after-tax yields of the Fund or similar funds; and (v) the net asset value ("NAV") and/or changes in the Fund's NAV. When UBS PR decides to purchase or sell Fund shares into or out of inventory, this may affect the indicative price quoted by the trading desk. UBS PR may sell Fund shares out of inventory at prices that are lower than those being offered by UBS customers. The ultimate price at which transactions in Fund shares clear will fluctuate and may be higher or lower than the NAV of the Fund and may

be different from the price quoted by the trading desk. Fund shares are not bank deposits and are not guaranteed or insured by any bank, government entity or the FDIC. You may lose some or all of the amounts you invest in the Funds.

Conflicts of interest

The Funds are not registered under the U.S. Investment Company Act of 1940 and therefore not subject to restrictions regarding transactions with UBS PR or other affiliates. UBS Asset Managers of Puerto Rico, the adviser/co-adviser of the various Funds, is affiliated with UBS PR. The Funds engage in transactions such as securities purchase and sale transactions and repurchase agreement transactions with other UBS PR Funds or UBS PR affiliates. UBS PR and its affiliates are also in various capacities in other transactions in connection with the Funds, which may be in conflict with the interests of the Funds. For example, UBS PR or other affiliates of the Funds may be involved in the underwriting of the securities of Puerto Rico issuers that are held by the Funds. These transactions and relationships make the Funds dependent on UBS PR and its affiliates and may affect the ability of UBS Asset Managers of Puerto Rico to ensure that the transactions are in the best interests of the Funds.

Other risk factors

Investing in the Funds is not the same as investing in the Funds' underlying securities. However, risks such as interest rates fluctuations, inflation, political and fiscal policy as well as market events that affect the underlying securities will also affect the Funds. The Funds may not be able to achieve their investment objectives. The Funds invest primarily in long term fixed income securities, which can be expected to fall in value when interest rates rise. The Funds are subject to the credit risk of the issuers of the securities they hold. The Funds may also invest up to 20% of their total assets in securities that are rated below investment grade, which pose a greater credit risk than investment grade securities. Because at least 67% of the Funds' total assets are invested in securities of Puerto Rico issuers, the Funds are more susceptible to economic, political, regulatory or other factors that affect Puerto Rico issuers. Also, because a relatively high percentage of the Funds investments are concentrated in the obligations of a limited number of Puerto Rico issuers, changes in the market's assessment of the financial condition of those issuers may have a greater effect on the NAV and yields of the Funds than would be the case for more broadly diversified funds. The Funds may use leverage as part of their investment strategy, which can affect the NAV and market value of the Fund shares and increase the risk of your investment in the Funds.