



# Capital Markets: Puerto Rico Mutual Fund Industry

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# Capital Markets

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**Puerto Rico Capital Markets are mature and well developed**

Internal

External

**Liquidity is provided to industrial sectors, comparable to standards of well-developed economies**

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# Capital providers, facilitators and guarantors

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***Student Loans*** – SLA Human Capital

***Small Business***

Micro-enterprise Program

Municipalities: San Juan,

Caguas, Mayaguez

SBA Guaranties

Economic Development Bank  
\$5MM

Commercial Banks

Broker Dealers

Credit Unions

***Venture Capital***

***Hospitals-*** FHA guaranties

***Housing***

PR Housing

Commercial Banks

Guaranties: FHA / FNMA / FHLMC

Non-conforming loans

***Hotels-***Tourism Development Fund

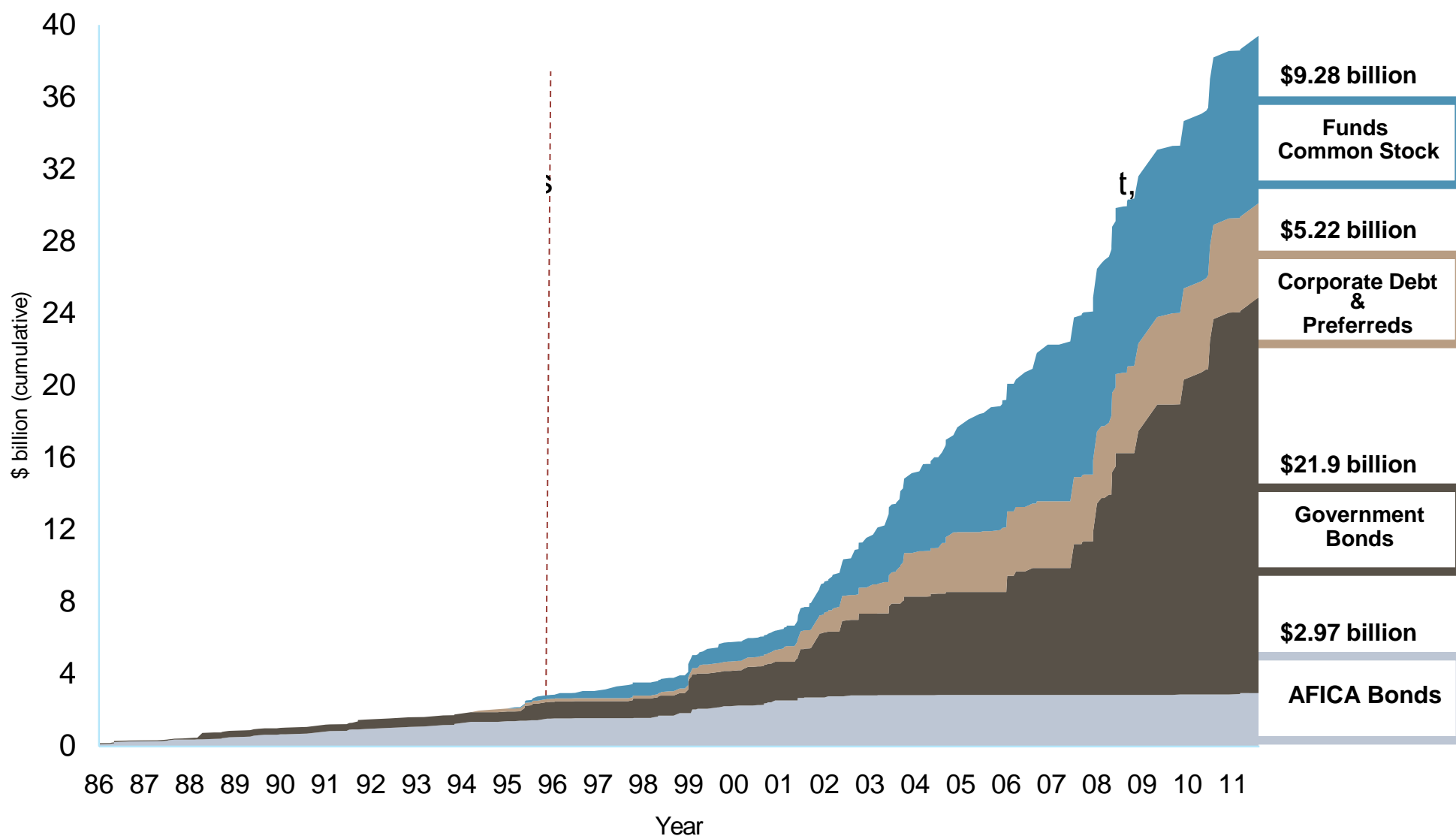
***Agriculture-***FFC

***Municipalities-***MFA-GDB

***Public Corporations-***GDB- Local & Non PR

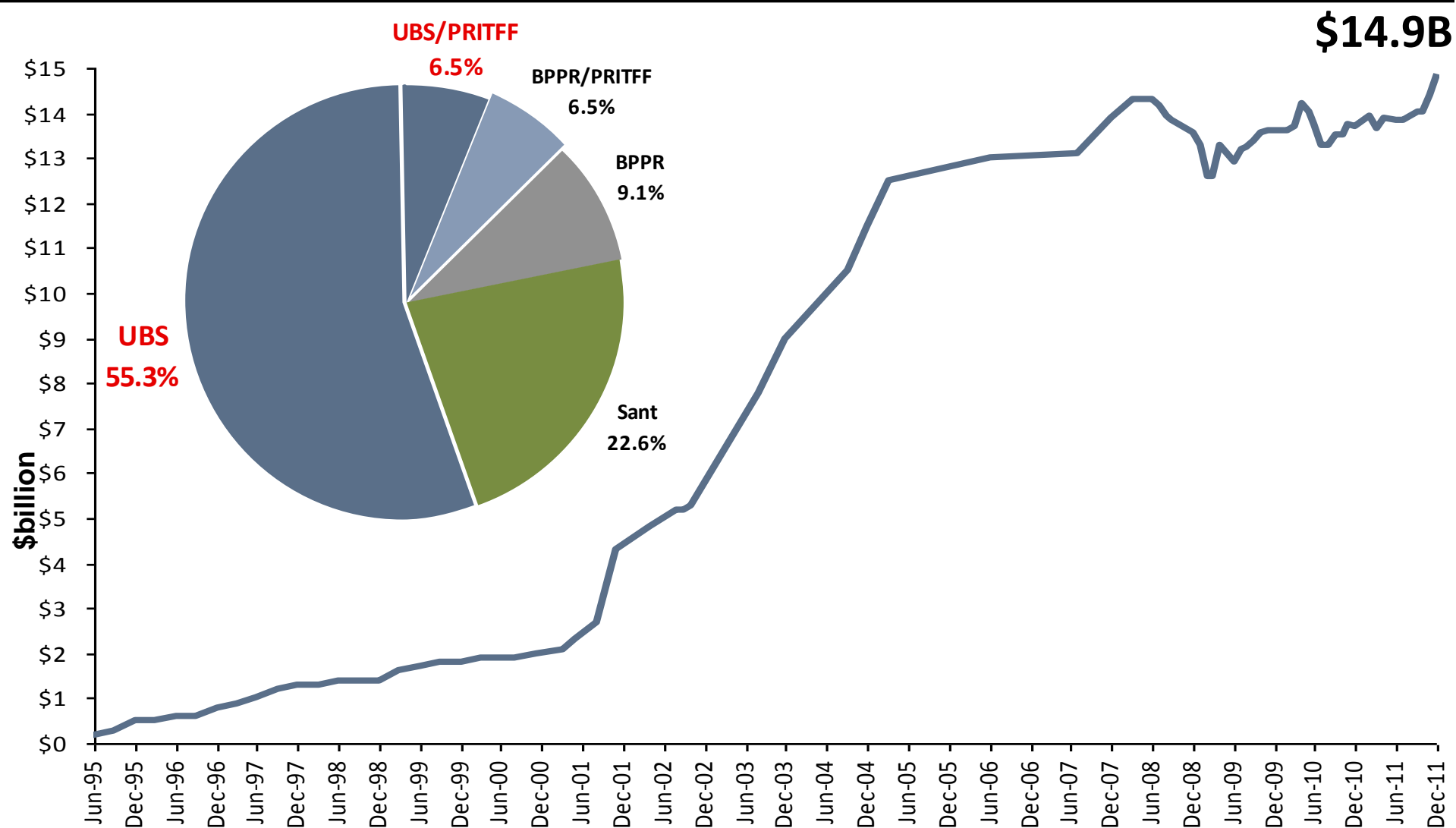
***Other industries and commercial properties*** AFICA

# Evolution of the Puerto Rico Capital Markets



Includes: Local market AFICAs and Puerto Rico Government bonds, (ii) corporate notes and preferred stocks (except equity-linked notes issued by local banks and securities related to the funds' leverage program), and (iii) closed-end and open-end funds that invest in fixed income securities. Source: GDB, UBS, Santander, and Popular (9/1/11). This is for informational purposes only. It does not constitute an offer, or a solicitation of an offer, to buy or sell a particular investment. Past performance does not guarantee future results. While the information obtained from sources outside of UBS is believed to be reliable, it has not been independently verified and its accuracy cannot be guaranteed.

# Puerto Rico Mutual Funds Markets



Source: As of December 31, 2011. Assets under Management provided by UBS Asset Management of PR, Santander Asset Managers of PR and Popular Asset Managers of PR

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# Wealth Creator

# Growth & Income

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Yrs	Funds	Investment	Average Reinvestment	Average Income
			Value as of December 31, 2011	
>15	4	\$10,000	\$34,963	\$2,391
>10-15	4	\$10,000	\$26,577	\$1,876
>5-10	8	\$10,000	\$17,941	\$1,292
0-5	2	\$10,000	\$15,563	\$1,216

Source: As of December 31, 2011. Thomson Reuters. Returns include reinvestment. Figures are weighted average by outstanding shares.

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# Wealth Creators

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<u>\$million</u>	<u>2011</u>
<i>Annual Dividends</i>	\$433
<i>Dividend Distribution since 1995</i>	\$3,421

Source: Source: As of December 31, 2011. UBS Asset Management of Puerto Rico.

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Closed-end Fund

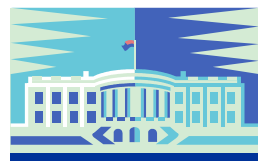
Investments Benefit Economic Development

# Investments Benefit Economic Development & Infrastructure

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**Banks**



**Government**



**AFICA**

Hotels, Shopping Centers,  
Hospitals, Commercial  
Buildings



**Housing**

GNMAs, FNMAs,  
FHLMC



**Real Estate**

**67% or more of our assets (\$10.3 billion) are invested in Puerto Rico**

**Since inception \$26 billion**

Source: UBS Asset Managers of Puerto Rico. Asset under Management as of January 31, 2012

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*"The Foundation of  
Accessing Capital is a  
sound credit rating"*

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- An investment in closed-end funds is not guaranteed
- You may lose money if you invest in closed-end funds
- The amount of the monthly dividends paid by the closed-end funds will vary and may decrease from month-to-month
- The closed-end funds borrow money to make investments in securities. Increased borrowing costs to the closed-end funds may have the effect of reducing the dividend paid by the closed-end funds and the value of your fund shares
- The market price of shares is based on relative supply and demand of the shares as well as other factors, including the general market and economic conditions discussed in the applicable prospectus. Accordingly, the value of your investment in the closed-end 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
- No prior market for closed-end fund shares may exist and while UBS 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 will be unable to sell your fund shares or will be able to sell them only at a significant loss
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