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October 2, 2023

VIA EMAIL (*shareholderproposals@sec.gov*)

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, NE
Washington, DC 20549
Shareholderproposals@sec.gov

Re: *Puerto Rico Residents Tax-Free Fund, Inc.*
Shareholder Proposal of Ocean Capital LLC
Securities Exchange Act of 1934 – Rule 14a-8

Ladies and Gentlemen:

This letter is submitted on behalf of Puerto Rico Residents Tax-Free Fund, Inc., a Puerto Rico corporation (the "Fund"), regarding a shareholder proposal and statement in support thereof dated August 1, 2023 (collectively, the "Proposal") from Ocean Capital LLC (the "Proponent") for inclusion in the proxy statement to be distributed to the Fund's shareholders in connection with the 2023 annual meeting of shareholders (the "2023 Proxy Materials"). The Fund respectfully requests that the Securities and Exchange Commission (the "Commission" or the "SEC") Division of Corporation Finance staff (the "Staff") advise the Fund that it will not recommend any enforcement action to the Commission if the Fund excludes the Proposal from its 2023 Proxy Materials for the reasons set forth below.

Pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), a copy of this letter is being sent concurrently to the Proponent as notification of the Fund's intention to omit the Proposal from its 2023 Proxy Materials. We respectfully remind the Proponent that pursuant to Rule 14a-8(k), a copy of any additional correspondence to the Commission or the Staff with respect to the Proposal should be furnished to the Fund concurrently.

The Fund is submitting this letter no later than 80 calendar days before the Fund intends to file its definitive 2023 Proxy Materials. Pursuant to *Staff Legal Bulletin No. 14D* (Nov. 7, 2008), this letter and its exhibits are being submitted via email to *shareholderproposals@sec.gov*.

THE PROPOSAL

The Proposal provides as follows:

RESOLVED, all investment advisory and management agreements (the "Agreements") between Puerto Rico Residents Tax-Free Fund, Inc. (the "Fund") and UBS Asset Managers of Puerto Rico ("UBS"), and between the Fund and Popular Asset Management LLC ("PAM") shall be terminated by the Fund, pursuant to the right of shareholders as embodied in Section 15(a)(3) of the Investment Company Act of 1940 and as required to be included in such agreements, such termination to be effective no more than sixty days following the date hereof.

A copy of the Proposal and the corresponding supporting statement is attached hereto as Exhibit A.

BASES FOR EXCLUSION OF THE PROPOSAL

As discussed more fully below, the Fund respectfully requests that the Staff concur in the Fund's view that the Proposal may be excluded from the 2023 Proxy Materials pursuant to:

- Rule 14a-8(i)(4) because the Proposal relates to the redress of Proponent's personal grievance and is designed to benefit the Proponent in a manner that is not in the common interest of the Fund's shareholders; and/or

- Rule 14a-8(i)(3) because the Proposal's supporting statement is materially false and misleading in violation of Rule 14a-9.

The Proposal represents an inappropriate use of a shareholder's important right to submit proposals for consideration by its fellow shareholders, which in this case is being used to further address a personal grievance and advance the Proponent's personal interests—which are not shared ratably with the Fund's other shareholders—and to perpetuate false and misleading statements. Accordingly, the Proposal is excludable from the 2023 Proxy Materials.

BACKGROUND

The Fund is a closed-end investment company registered under the Investment Company Act of 1940. The Fund is incorporated under the laws of the Commonwealth of Puerto Rico and has its principal place of business in Puerto Rico.

The Proponent has previously launched two proxy contests against the Fund, and the Proposal appears to be the beginning salvo in a third.[1] The Proponent has waged a multi-year campaign against the Fund and eight other closed-end investment companies advised or co-advised

[1] The Proponent has launched proxy contests at the 2021 and 2022 annual meetings of shareholders of the Fund.

by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico (collectively, the "Targeted Funds").[2]

The ultimate goal of the Proponent's proxy contests against the Fund, and the submission of the Proposal, is the liquidation of the Fund and distribution of its assets. Indeed, the Proposal does not provide for a replacement investment advisor, and thus, the practical effect of the Proposal—if it were to pass—is liquidation of the Fund. Further, in May 2021, members of the Proponent's Coalition (as defined below) submitted letters to another Targeted Fund that explicitly sought liquidation of that fund by or before January 31, 2022. *See* Exhibit B for the form of letter that was submitted by each member of the Proponent's Coalition. Since delivery of these letters, the Proponent has sought various paths to liquidation of the Targeted Funds, including additional letters that were delivered in July 2021, explaining that the Proponent was seeking to elect directors to certain of the Targeted Funds to "maximiz[e] value" for shareholders, including "a share repurchase program [and] liquidating the funds to realize their respective net asset values."[3] The Proponent also fails to disclose in the Proposal that its stated investment objective is to "effectuate a disposition of the assets of any Underlying Fund by effectuating a change in the composition of the board of directors of [the Targeted Funds] or liquidating such [Targeted Funds]."[4]

In a recent attempt to cause a liquidation of one of the Targeted Funds, the Proponent submitted a proposal under the fund's bylaws in favor of the termination of that fund's investment advisory agreement—similar to the Proposal. That proposal failed to comply with the fund's bylaws because it failed to disclose, in violation of the fund's bylaws, that the Proponent intended such proposal to cause a liquidation of the fund from which its principals will receive a disproportionate financial benefit, as compared to the primary shareholder base of the fund. Accordingly, the proposal was not presented at that fund's annual meeting, an action that has not been legally challenged by the Proponent. Submitting the Proposal under Rule 14a-8 appears to be

[2] The "Targeted Funds" include (a) Tax-Free Fixed Income Fund for Puerto Rico Residents, Inc., (b) Tax-Free Fixed Income Fund II for Puerto Rico Residents, Inc., (c) Tax-Free Fixed Income Fund III for Puerto Rico Residents, Inc., (d) Tax-Free Fixed Income Fund IV for Puerto Rico Residents, Inc. ("Fund IV"), (e) Tax-Free Fixed Income Fund V for Puerto Rico Residents, Inc. ("Fund V"), (f) Puerto Rico Residents Tax-Free Fund IV, Inc., (g) Puerto Rico Residents Tax-Free Fund VI, Inc. (h) Tax Free Fund for Puerto Rico Residents, Inc. and (i) the Fund. The Proponent has launched proxy contests at (i) the 2021 meetings of Tax-Free Fixed Income Fund for Puerto Rico Residents, Inc., Tax-Free Fixed Income Fund III for Puerto Rico Residents, Inc., Tax-Free Fixed Income Fund IV for Puerto Rico Residents, Inc., Tax-Free Fixed Income Fund V for Puerto Rico Residents, Inc., Puerto Rico Residents Tax-Free Fund, Inc., Puerto Rico Residents Tax-Free Fund IV, Inc., and Puerto Rico Residents Tax-Free Fund VI, Inc., (ii) the 2022 meetings of Tax-Free Fixed Income Fund II for Puerto Rico Residents, Inc., Tax-Free Fixed Income Fund IV for Puerto Rico Residents, Inc., Tax-Free Fixed Income Fund V for Puerto Rico Residents, Inc., Tax Free Fund for Puerto Rico Residents, Inc., Puerto Rico Residents Tax-Free Fund, Inc., and Puerto Rico Residents Tax-Free Fund VI, Inc., and (iii) the 2023 meetings of Tax Free Fund for Puerto Rico Residents, Inc. and Puerto Rico Residents Tax-Free Fund VI, Inc.

[3] These statements appear in proxy materials filed by the Proponent with respect to Fund IV and Fund V, available at www.sec.gov/Archives/edgar/data/0001847305/000121390021038160/ea144628-dfan14a_ocean.htm, and www.sec.gov/Archives/edgar/data/1838395/000121390021038024/ea144601-dfan14a_ocean.htm, respectively.

[4] PRCE Management, LLC ("PRCE") serves as manager to the Proponent. The quoted language appears in PRCE's Form ADV Part 2A Brochure (Jan. 1, 2023) https://files.adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=843298, at page 6.

intended by the Proponent as a means to avoid the simple disclosure requirements of the Fund's bylaws. However, as described further below, the Proposal has similar fatal flaws under the requirements of Rule 14a-8.

In connection with Proponent's proxy contests, the Targeted Funds have asserted that Proponent and various of its affiliates (together, the "Proponent's Coalition") have misled the respective funds' shareholders by failing to make full and accurate disclosures in their proxy filings and other materials as required by Sections 13(d) and 14(a) of the Exchange Act. This is the subject of litigation between the Targeted Funds, Proponent, and other defendants in the United States District Court for the District of Puerto Rico, styled *Tax-Free Fixed Income Fund for Puerto Rico Residents, Inc. et al. v. Ocean Capital LLC at al.*, No. 22-cv-01101 (D.P.R.) (the "Proxy Litigation"). In the Proxy Litigation, the Targeted Funds have alleged that members of Proponent's Coalition have failed to accurately disclose their group status under Section 13(d) and have misled the Targeted Funds' shareholders as to their intent to liquidate the Targeted Funds and the tax-advantaged status many of them enjoy under Puerto Rico's Act to Promote the Relocation of Individual Investors to Puerto Rico ("Act 22"). The Proposal and Supporting Statement contain some of the same false and misleading statements that are the subject of the Proxy Litigation. While the District Court has dismissed the Targeted Funds' claims, the Targeted Funds have taken steps to permit the Targeted Funds to seek a prompt appeal in the U.S. Court of Appeals for the First Circuit. In particular, the Funds have concerns that, absent reversal, there could be a perception that investors subject to Sections 13 and 14 of the Exchange Act may ignore those federal securities laws altogether.

ANALYSIS

I. The Proposal May Be Excluded Under Rule 14a-8(i)(4) Because the Proposal Relates to the Redress of Proponent's Personal Grievance and Is Designed to Benefit the Proponent in a Manner that Is Not in the Common Interest of the Fund's Shareholders.

Rule 14a-8(i)(4) permits the exclusion of shareholder proposals that are either (i) related to the redress of a personal claim or grievance against a company or any other person, or (ii) designed to result in a benefit to a proponent or to further a personal interest of a proponent, which other shareholders at large do not share. The Commission has stated that Rule 14a-8(i)(4) is designed to ensure "that the security holder proposal process [is] not abused by proponents attempting to achieve personal ends that are not necessarily in the common interest of the issuer's shareholders generally." Exchange Act Release No. 20091 (August 16, 1983). The Commission has confirmed that this basis for exclusion applies to proposals phrased in terms that "might relate to matters which may be of general interest to all security holders," and thus that Rule 14a-8(i)(4) justifies the omission of neutrally worded proposals "if it is clear from the facts presented by the issuer that the proponent is using the proposal as a tactic designed to redress a personal grievance or further a personal interest." Exchange Act Release No. 19135 (Oct. 14, 1982). Consistent with this interpretation of Rule 14a-8(i)(4), the Staff on numerous occasions has concurred with the exclusion of a proposal that included a facially neutral resolution, but the facts demonstrated that the proposal's true intent was to further a personal interest or redress a personal claim or grievance.

See, e.g., *CBS Corporation* (Aug. 22, 2018) (concurring in the exclusion of a proposal submitted by a shareholder with a history of allegations against the company, as the proposal furthered the shareholder's personal interests); *Medical Information Technology, Inc.* (Mar. 3, 2009) (proposal that the company comply with regulations requiring shareholders to be treated the same was excludable as furthering a personal interest of a shareholder involved in ongoing lawsuit claiming the company had undervalued its stock); *General Electric Company* (Feb. 28, 2020) (concurring in the exclusion of a proposal to hire an investment bank to explore the sale of the company submitted by a former employee who had a history of complaints against the company after the employment relationship was terminated); *State Street Corp.* (Jan. 5, 2007) (concurring in the exclusion of a proposal that the company separate the positions of chairman and CEO submitted by a former employee after that employee was ejected from the company's previous annual meeting for disruptive conduct and engaged in a lengthy campaign of public harassment against the company and its CEO); *MGM Mirage* (Mar. 19, 2001) (concurring in the exclusion of a proposal that would require the company to adopt a written policy regarding political contributions and furnish a list of any of its political contributions submitted on behalf of a proponent who had filed a number of lawsuits against the company based on the company's decisions to deny the proponent credit at the company's casino and, subsequently, to bar the proponent from the company's casino); *International Business Machines Corp.* (Jan. 31, 1995) (concurring in the exclusion of a proposal to institute an arbitration mechanism to settle customer complaints brought by a customer who had an ongoing complaint against the company in connection with the purchase of a software product).

The Proponent has taken several adversarial actions against the Targeted Funds over the past several years with the ultimate desire of liquidating these funds and distributing their assets. It is clear from the supporting statement and the facts surrounding the submission of the Proposal that, by submitting the Proposal, the Proponent is attempting to use the shareholder proposal process to pursue its personal interests in a new forum (*i.e.*, the 2023 Proxy Materials). Inclusion of the Proposal in the 2023 Proxy Materials would thus provide a platform for the Proponent to further publicize its false and misleading statements and is designed to benefit the Proponent in a manner that is not in the common interest of the Fund's shareholders. The Proponent's personal interests are in causing the liquidation of the Fund, from which its principals will receive a disproportionate financial benefit, as compared to the primary shareholder base of the Fund.

The clear intent of the Proposal, when considered in conjunction with the other actions taken by the Proponent against the Targeted Funds to date, is to cause a liquidation of the Fund. The most likely effect of terminating the investment advisory agreement(s) without a viable alternative investment advisor available as a replacement would be liquidation of the Fund. Through all of the Proponent's activities, it has yet to propose a replacement adviser for the Fund in the event that shareholders were to approve the Proposal, which indicates its focus on liquidation rather than on the performance of the advisor itself.

If the Fund were to liquidate, that would disproportionately benefit the Proponent's principals. The Proponent's managing members (including the Proposal's signatory, William Heath Hawk) are beneficiaries of Act 22, which entitles its beneficiaries to avoid Puerto Rico income tax on, among other things, Puerto Rico source income from capital gains, interest and

dividends. Many of the Fund's other shareholders are long-time Puerto Rico residents who are not entitled to the benefits of Act 22. Accordingly, the Proponent's principals, but very few of the Fund's other shareholders, would receive distributions from a liquidation on an entirely tax-free basis. As a result, the Proposal would result in a personal benefit to the Proponent's principals that is not shared with the Fund's shareholders at large. Where financial incentives are different as between the Proponent and other shareholders, such information is material to investors. *Taseko Mines Ltd. v. Raging River Cap.*, 185 F. Supp. 3d 87, 93 (D.D.C. 2016) (finding likelihood of success on 14(a) claim where defendants misled shareholders by failing to disclose in their proxy they "could potentially make more money [in bankruptcy] than they would if [the company] remains solvent," as such "information is obviously important to investors, as it indicates that Defendants' interests may not be fully aligned with those of the shareholders").

The Staff has on multiple occasions concurred in the exclusion of proposals that appear to include a facially neutral resolution, but where the facts demonstrate that the proposal's true intent was to further a personal interest or redress a personal claim or grievance. Even if Proponent's premise that the Proposal is of interest to shareholders at large is accepted, a premise with which the Fund strongly disagrees, that is not enough to overcome Proponent's overarching intent to cause a liquidation of the Fund from which its principals would disproportionately benefit as a result of their personal interests as Act 22 beneficiaries.

II. The Proposal May Be Excluded Under Rule 14a-8(i)(3) Because the Supporting Statement is Materially Misleading in Violation of Rule 14a-9.

The Proposal may also be excluded pursuant to Rule 14a-8(i)(3), which allows the exclusion of a shareholder proposal where the proposal or supporting statement is contrary to any of the Commission's proxy rules and regulations, including Rule 14a-9 under the Exchange Act, which prohibits materially false or misleading statements in proxy solicitation materials. Specifically, Rule 14a-9 provides that no solicitation may be made by means of any proxy materials "containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading." *See also, e.g.*, *NETGEAR, Inc.* (April 9, 2021, recon. denied April 23, 2021) (concurring in the exclusion of a proposal that contained objectively false information about shareholder right to call a special meeting); *Ferro Corp.* (Mar. 17, 2015) (concurring in the exclusion of a proposal requesting that the company reincorporate in Delaware based on misstatements of Ohio law, which improperly suggested that the shareholders would have increased rights if Delaware law governed the company); *JPMorgan Chase & Co.* (Mar. 11, 2014, recon. denied Mar. 28, 2014) (concurring in the exclusion of a proposal in reliance on rule 14a-8(i)(3) because, among other things, it misrepresented the company's vote counting standard for electing directors and mischaracterized the company's treatment of abstentions); *General Electric Co*. (Jan. 6, 2009) (concurring with exclusion of a proposal that falsely summarized the company's certificate of incorporation by stating that the company had plurality voting for director nominations when in actuality the company had majority voting for director nominations); *Johnson & Johnson* (Jan. 31, 2007)

(concurring in the exclusion of a proposal where the proposal concerned an advisory vote to approve the compensation committee report because it contained misleading implications about SEC rules concerning the contents of the report); *State Street Corp.* (Mar. 1, 2005) (concurring in the exclusion of a proposal requesting shareholder action pursuant to a section of state law that had been recodified and was thus no longer applicable).

The Proposal's supporting statement is both misleading with respect to material facts and omits material facts, including the following:

- **Misleading Statement One**: The supporting statement claims that termination of the investment advisory agreements would result in "a competitive, open process to secure a new, more suitable investment advisory agreement, with an advisor that can strengthen the Fund's performance through lower fees…" and that the termination would "facilitate the selection of one or more investment advisors…." However, this is not the likely outcome of a termination. The Fund believes that the practical effect would be the liquidation of the Fund and distribution of its assets because the termination of an investment advisory agreement by the shareholders of a closed-end investment fund typically results in the liquidation of the fund. Although it is possible for a fund to engage a replacement advisor, this rarely occurs because fund managers prefer not to exercise management over another manager's "orphaned" fund. Insofar as the Proponent intends to install their own investment advisor and collect advisory fees, that too is false and misleading as it has not been disclosed. Consistent with its intent to cause a liquidation of the Fund through the Proposal, the Proponent has not proposed a replacement adviser for the Fund in the event that shareholders approve this proposal.

- **Misleading Statement Two**: The supporting statement claims that the Proponent's "interests are aligned with shareholders" which the Fund believes is false and misleading for the reasons set forth in the Proxy Litigation.[5] Among other things, the Proponent fails to disclose that certain of its principals hold tax-advantaged statuses that make their incentives very different than many of the Fund's other investors who are not Act 22 beneficiaries, as described further above. The supporting statement is further misleading in that the Proponent has a history of installing one or more of its affiliates as distributor for certain investment funds undergoing liquidation, and in the process reaping substantial advisory and/or distribution fees.[6]

- **Misleading Statement Three**: The supporting statement claims that the Proponent's goal is "not to cause a liquidation of the Fund" when that is precisely Proponent's goal. A liquidation and distribution has been the Proponent's explicit goal and long standing desire

[5] While the District Court has dismissed the Targeted Funds' claims in the Proxy Litigation, the Targeted Funds have taken steps to permit the Targeted Funds to seek a prompt appeal in the U.S. Court of Appeals for the First Circuit.

[6] *See, e.g.*, https://fssec.com/wp-content/uploads/First-Puerto-Rico-Tax-Exempt-Fund-Annual-Report-2020.pdf (describing how First Southern, LLC—an affiliate under common control with the Proponent—assumed role of distributor of certain Santander bond funds undergoing liquidation and received "an annual fee equal to 0.25% of the weekly net assets of the Fund").

with regard to the Targeted Funds, as described further above. This position is also different than the approach the Proponent has taken in its proxy contest with the Fund, and the statements at issue in the Proxy Litigation, where the Proponent has asserted a potential objective to seek a "liquidation of the Fund to realize its net asset values."[7]

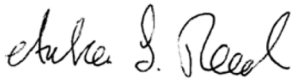
- **Misleading Statement Four**: The supporting statement compares the short-term performance of the Fund over the last year-and-a-half to the long-term performance of the broader municipal bond market. It is misleading to shareholders to compare the short-term performance of the Fund to the long-term performance of the municipal bond market. To be an accurate comparison that is useful to shareholders at large, similar performance periods should be compared.

CONCLUSION

The Fund requests your confirmation that the Staff will not recommend any enforcement action to the Commission if the Proposal is excluded from the 2023 Proxy Materials for any of the reasons described in this letter.

We would be happy to provide any additional information and answer any questions regarding this matter. Should you have any questions, please contact the undersigned at andrea.reed@sidley.com or (312) 853-7881.

Sincerely,



Andrea L. Reed

Enclosures

cc: Luis Avilés, Esq., Secretary, Puerto Rico Residents Tax-Free Fund, Inc.

[7] *See* Definitive Additional Proxy Materials on Schedule 14A filed on March 17, 2022, https://www.sec.gov/Archives/edgar/data/1838395/000121390022012792/ea156942-dfan14a_oceancap.htm.

Exhibit A

[Puerto Rico Residents Tax-Free Fund, Inc.
Rule 14a-8 Shareholder Proposal, submitted by Ocean Capital LLC on August 1, 2023]
[This line and any line above it is *not* for publication.]

Proposal [1]: Terminate Advisory Agreements

RESOLVED, all investment advisory and management agreements (the "*Agreements*") between Puerto Rico Residents Tax-Free Fund, Inc. (the "*Fund*") and UBS Asset Managers of Puerto Rico ("*UBS*"), and between the Fund and Popular Asset Management LLC ("*PAM*") shall be terminated by the Fund, pursuant to the right of shareholders as embodied in Section 15(a)(3) of the Investment Company Act of 1940 and as required to be included in such agreements, such termination to be effective no more than sixty days following the date hereof.

The Fund has consistently incurred significant losses and failed to maximize shareholder value. As reported in the Fund's public filings, during the year ended August 31, 2022, the Fund's total net asset value ("***NAV***") and share price declined over 15% and over 45%, respectively.[1] Further, during the six-month period ended February 28, 2023, the Fund's total NAV and stock price declined by over 5% and over 33%, respectively.[2] As of February 28, 2023, the Fund's stock traded at a 71.1% discount to its NAV.[3] This underperformance is to the detriment of shareholders and is particularly troubling when compared to the broader municipal bond market, for which total returns are up 33.5% and 105% over the past 10 and 20 years, respectively.[4]

We believe that, given the Fund's inability to maximize shareholder value, termination of the Agreements would allow the Fund to initiate a competitive, open process to secure a new, more suitable investment advisory agreement, with an advisor that can strengthen the Fund's performance through lower fees and new perspectives and revamped investment strategy. Further, shareholder support of this proposal could encourage the Fund to take other actions, including reevaluating its operations, that may lead to a significant increase in the value of the Fund's shares, directly benefiting its shareholders.

We believe our interests are aligned with shareholders, and our intent with this proposal is to maximize value for shareholders; not to cause a liquidation of the Fund. While termination of the Agreements could result in some near-term disruptions and costs associated with securing new investment advisor relationships, we believe that over the longer term, terminating these underperforming arrangements will serve all shareholders. If a new permanent advisory agreement not entered into, the Fund could become internally managed on an interim or permanent basis.[5] Despite disruption risks, we believe beginning the process of replacing the current Agreements will facilitate the selection of one or more investment advisors able to bring a fresh perspective and advise the Fund on terms more favorable to the Fund.

Please vote "**FOR**" Proposal [1]: Terminate Advisory Agreements.

[This above line – *Is* for publication. Please assign the correct proposal number in the two places.]

[1] Annual Certified Shareholder Report, filed November 9, 2022.
[2] Semi-Annual Certified Shareholder Report, filed on May 5, 2023.
[3] *Id.*
[4] S&P Municipal Bond Index returns as of July 25, 2023.
[5] 1940 Act, Section 270.15a-4.

Exhibit B

Proposal for Modification of the Investment Objectives of Fund IV

BY EMAIL

Puerto Rico Investors Tax Free Fund IV, Inc.
Banco Popular Center
209 Muñoz Rivera Avenue
San Juan, PR 00918

Attn: Luis A. Aviles
Secretary
University of Puerto Rico School of Law
7 Universidad Avenue
San Juan, Puerto Rico 00925.

Email: luis.aviles4@upr.edu

Pursuant to the Certificate of Incorporation of **Puerto Rico Investors Tax-Free Fund IV, Inc.** (the "**Corporation**", "**Fund IV**", or the "**Fund**"), a group of stockholders that hold in the aggregate over twenty percent (20%) of the capital stock of the Corporation (the "**Stockholder Group**") propose the following change to the Corporation's investment objective or fundamental policies, for consideration and approval by the Board of Directors (the "**Proposal**"):

Proposal

The modification in the investment objective of the Fund establishing an additional investment objective as follows:

- To return to shareholders the net assets of the Fund by or before January 31, 2022.

Additional Background

The Fund currently has the following investment objective:

- To achieve a high level of current income that, for the Puerto Rico investors described herein, is exempt from Federal and Puerto Rico income taxes, consistent with the preservation of capital. The Fund may invest in securities having a wide range of maturities up to thirty years.

This Proposal would add as an additional investment objective to return to shareholders the net assets of the Fund by or before January 31, 2022.

This Proposal may be signed by facsimile and in counterparts, each of which shall be deemed to be an original, and each of which taken together, shall constitute one Proposal from all parties.

Sincerely,

The Stockholder Group

[Signature Pages Follow]