



Popular High Grade Fixed-Income Fund, Inc.

Annual Financial Statements
& Other Information

June 30, 2026

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ITEM 7 – Financial Statements and Financial Highlights for
Open-End Management Investment Companies

June 30, 2026

Principal Amount/Description	Rate	Maturity	Value
Municipal Bonds (28.60%)			
California (1.02%)			
\$ 325,000 Northern California Power Agency - Revenue Bonds (Series 2016)	5.679%	06/01/35	\$ 333,643
Georgia (5.16%)			
2,000,000 Development Authority of Gwinnett County - Revenue Bonds	4.170%	09/01/46	1,684,379
New York (0.16%)			
52,216 New York State Dormitory Authority - Revenue Bonds (Series 2010H)	5.289%	03/15/33	52,887
Texas (15.77%)			
600,000 Board of Regents of the University of Texas System - Revenue Bonds (Series 2016A)	3.852%	08/15/46	493,981
795,000 Permanent University Fund - Texas A&M University System - Revenue Bonds (Series 2015B)	3.600%	07/01/36	729,237
1,000,000 Texas A&M University - Revenue Bonds (Series 2017A)	3.231%	05/15/27	991,687
2,000,000 Texas A&M University - Revenue Bonds (Series 2017A)	3.331%	05/15/28	1,967,585
1,000,000 Texas A&M University - Revenue Bonds (Series 2017A)	3.481%	05/15/31	960,192
Virginia (2.76%)			
945,000 Virginia Resources Authority - Revenue Bonds	4.250%	11/01/38	900,347
Washington (3.73%)			
1,295,000 City of Seattle WA - General Obligation Limited Bonds (Series 2016B)	2.875%	04/01/32	1,217,781
Total Municipal Bonds			\$ 9,331,719
(Cost \$10,088,152)			
Principal Amount/Description	Rate	Maturity	Value
Puerto Rico Agencies (6.33%)			
2,020,000 Puerto Rico Housing Finance Authority - Revenue Bonds ^(a)	6.750%	12/01/28	2,066,586
Total Puerto Rico Agencies			\$ 2,066,586
(Cost \$2,095,041)			

See Notes to Financial Statements

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Principal Amount/Description	Rate	Maturity	Value
Puerto Rico Government Instrumentalities Tax Exempt Notes (10.56%)			
Puerto Rico Sales Tax Financing Corp. Sales Tax Revenue - Revenue Bonds (Series Restructured Series A-1) ^(a)	5.000%	07/01/58	\$ 3,444,402
Total Puerto Rico Government Instrumentalities Tax Exempt Notes			\$ 3,444,402
(Cost \$3,450,000)			

Principal Amount/Description	Rate	Maturity	Value
Puerto Rico GNMA Bonds (17.57%)^(b)			
\$ 278,375 GNMA Pool 719882	5.000%	08/15/39	\$ 285,580
240,091 GNMA Pool 691686	5.000%	02/15/40	246,306
31,342 GNMA Pool 597878 ^(c)	5.500%	02/15/33	31,329
70,221 GNMA Pool 597885	5.500%	04/15/33	70,200
26,418 GNMA Pool 597888	5.500%	05/15/33	26,416
33,579 GNMA Pool 622056	5.500%	03/15/34	33,587
62,572 GNMA Pool 631039	5.500%	01/15/35	64,528
127,751 GNMA Pool 631045	5.500%	03/15/35	127,876
169,624 GNMA Pool 592837	5.500%	06/15/35	177,066
45,522 GNMA Pool 643745	5.500%	07/15/35	46,721
30,883 GNMA Pool 618256	5.500%	07/15/35	31,848
151,248 GNMA Pool 643758	5.500%	01/15/36	156,244
236,465 GNMA Pool 678611	5.500%	11/15/38	246,029
44,569 GNMA Pool 456374	6.000%	02/15/29	44,794
49,024 GNMA Pool 636530	6.000%	05/15/30	49,465
43,817 GNMA Pool 597883	6.000%	05/15/33	44,220
93,033 GNMA Pool 597887	6.000%	05/15/33	93,900
90,834 GNMA Pool 622036	6.000%	08/15/33	91,898
87,333 GNMA Pool 597899	6.000%	08/15/33	88,193
61,114 GNMA Pool 607382	6.000%	08/15/33	61,686
71,184 GNMA Pool 622041	6.000%	09/15/33	71,853
38,354 GNMA Pool 608642	6.000%	07/15/34	38,730
33,826 GNMA Pool 631050	6.000%	03/15/35	35,288
121,488 GNMA Pool 618257	6.000%	07/15/35	128,003
91,957 GNMA Pool 643761	6.000%	01/15/36	96,047
131,060 GNMA Pool 643759	6.000%	01/15/36	138,314
2,007,325 GNMA Pool 782087 ^(c)	6.000%	04/15/36	2,094,414
62,192 GNMA Pool 647562	6.000%	05/15/36	64,883
161,917 GNMA Pool 638705	6.000%	11/15/36	171,455
81,353 GNMA Pool 678609	6.000%	11/15/38	82,106
22,638 GNMA Pool 572103	6.500%	04/15/34	22,945
65,862 GNMA Pool 572113	6.500%	06/15/34	67,845
39,622 GNMA Pool 572122	6.500%	07/15/34	40,346
51,619 GNMA Pool 572128	6.500%	08/15/34	54,600
16,467 GNMA Pool 572136	6.500%	10/15/34	17,501
38,850 GNMA Pool 592840	6.500%	07/15/35	40,637

See Notes to Financial Statements

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Principal Amount/Description			Rate	Maturity	Value
Puerto Rico GNMA Bonds (17.57%)^(b) (continued)					
\$ 114,057	GNMA Pool 592859		6.500%	12/15/35	\$ 121,203
36,931	GNMA Pool 592865		6.500%	01/15/36	37,501
58,259	GNMA Pool 592874		6.500%	03/15/36	61,226
32,052	GNMA Pool 592880		6.500%	04/15/36	33,904
125,080	GNMA Pool 678612		6.500%	11/15/38	132,921
154,395	GNMA Pool 678608		7.000%	12/15/38	164,221
Total Puerto Rico GNMA Bonds					<u>\$ 5,733,829</u>
(Cost \$5,536,026)					

Principal Amount/Description			Rate	Maturity	Value
Puerto Rico Fannie Mae Bonds (51.07%)^(d)					
579,929	FNMA Pool AC0808		5.000%	11/01/39	584,403
163,137	FNMA Pool 758601		5.500%	01/01/35	166,864
118,709	FNMA Pool 745292		5.500%	05/01/35	119,661
824,763	FNMA Pool 827687 ^(c)		5.500%	11/01/35	848,599
347,775	FNMA Pool 827684		5.500%	11/01/35	356,513
359,738	FNMA Pool 827698 ^(c)		5.500%	12/01/35	368,774
307,095	FNMA Pool 827695		5.500%	12/01/35	314,811
232,042	FNMA Pool 829461 ^(c)		5.500%	01/01/36	237,289
173,592	FNMA Pool 850019		5.500%	04/01/36	177,515
219,409	FNMA Pool 850022		5.500%	04/01/36	224,371
180,163	FNMA Pool 827685 ^(c)		6.000%	11/01/35	188,552
35,367	FNMA Pool 827696		6.000%	12/01/35	36,185
1,175,942	FNMA Pool 827712		6.000%	01/01/36	1,245,901
193,916	FNMA Pool 827709 ^(c)		6.000%	01/01/36	202,946
850,300	FNMA Pool 849985 ^(c)		6.000%	02/01/36	900,898
511,982	FNMA Pool 849982 ^(c)		6.000%	02/01/36	540,548
137,017	FNMA Pool 850010 ^(c)		6.000%	03/01/36	143,403
841,256	FNMA Pool 850013 ^(c)		6.000%	03/01/36	891,308
386,367	FNMA Pool 850023		6.000%	04/01/36	407,928
231,872	FNMA Pool 850020		6.000%	04/01/36	242,675
631,545	FNMA Pool 850033		6.000%	05/01/36	666,775
58,243	FNMA Pool 850029 ^(c)		6.000%	05/01/36	59,589
684,693	FNMA Pool 850042		6.000%	06/01/36	722,925
72,036	FNMA Pool 850039		6.000%	06/01/36	74,684
171,179	FNMA Pool 850055		6.000%	07/01/36	178,751
684,079	FNMA Pool 850058 ^(c)		6.000%	07/01/36	722,266
83,790	FNMA Pool 850069		6.000%	08/01/36	86,870
184,375	FNMA Pool 881251		6.000%	09/01/36	193,891
438,718	FNMA Pool 881266 ^(c)		6.000%	10/01/36	461,770
70,499	FNMA Pool 881262		6.000%	10/01/36	73,087
73,958	FNMA Pool 881281		6.000%	11/01/36	76,617
960,281	FNMA Pool 904973 ^(c)		6.000%	02/01/37	1,017,477
156,774	FNMA Pool 904968 ^(c)		6.000%	02/01/37	163,704
271,979	FNMA Pool 905013 ^(c)		6.000%	05/01/37	285,368
695,771	FNMA Pool 909131 ^(c)		6.000%	12/01/37	734,647

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Principal Amount/Description	Rate	Maturity	Value
Puerto Rico Fannie Mae Bonds (51.07%)(d) (continued)			
\$ 123,569 FNMA Pool 953094	6.000%	01/01/38	\$ 129,036
65,096 FNMA Pool 835580	6.500%	07/01/35	65,430
394,478 FNMA Pool 850030(c)	6.500%	05/01/36	421,775
795,326 FNMA Pool 850034(c)	6.500%	05/01/36	851,017
1,374,232 FNMA Pool 850043(c)	6.500%	06/01/36	1,479,277
Total Puerto Rico Fannie Mae Bonds			\$ 16,664,100
(Cost \$15,861,826)			

Principal Amount/Description	Rate	Maturity	Value
Puerto Rico Freddie Mac Bonds (1.47%)(e)			
143,196 FGLMC Pool G08831	4.000%	08/01/48	136,034
17,979 FGLMC Pool A35321	5.500%	06/01/35	18,356
316,456 FGLMC Pool A45241	6.000%	02/01/35	324,117
353 FGLMC Pool A64760	6.000%	07/01/37	369
Total Puerto Rico Freddie Mac Bonds			\$ 478,876
(Cost \$478,173)			

Principal Amount/Description	Rate	Maturity	Value
Corporate Bonds (2.57%)			
300,000 Microsoft Corp.(f)	3.700%	08/08/46	233,862
750,000 Microsoft Corp.(f)	3.750%	02/12/45	603,232
Total Corporate Bonds			\$ 837,094
(Cost \$1,047,096)			

Principal Amount/Description	Rate	Maturity	Value
US Government and Agency Obligations (0.61%)			
200,000 United States Treasury Bill(g)	0.000%	07/02/26	199,980
(Cost \$199,980)			

Total Investments (118.78%)			
(Cost \$38,756,294)			\$ 38,756,586

Liabilities in Excess of Other Assets (-18.78%)			(6,128,695)
NET ASSETS (100.00%)			\$ 32,627,891

(a) These securities are the exchanged bonds under the COFINA's Third Amended Plan of Adjustment (the "Plan").

(b) 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.

(c) A portion or all of the security has been pledged as collateral for securities sold under agreements to repurchase.

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- (d) *Puerto Rico Fannie Mae - 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.*
- (e) *Puerto Rico Freddie Mac - 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.*
- (f) *Security may be called before its maturity date.*
- (g) *Issued with a zero coupon. Income is recognized through the accretion of discount.*

Reverse Repo Agreements

Counterparty	Interest Rate	Acquisition Date	Maturity Date	Amount
Goldman Sachs ^(a)	3.80%	06/10/2026	07/08/2026	\$ 3,537,000
J.P Morgan Chase & Co. ^(b)	3.79%	06/17/2026	07/15/2026	1,127,801
Santander ^(c)	4.00%	06/03/2026	07/01/2026	1,530,300
South Street Securities ^(d)	4.10%	06/30/2026	07/01/2026	50,000
				<u>\$ 6,245,101</u>

- (a) *Collateralized by \$69,260,504 par amount (3,768,473 current face) of GNMA and FNMA, 6.00%, due 4/15/36 to 12/1/37; Total Fair Value \$3,957,498*
- (b) *Collateralized by \$15,479,096 par amount (1,148,573 current face) of FNMA, 5.50% to 6.50%, due 11/1/35 to 5/1/36; Total Fair Value \$1,195,083*
- (c) *Collateralized by \$17,752,121 par amount (1,548,939 current face) of FNMA, 6.00% to 6.50%, due 2/1/36 to 6/1/36; Total Fair Value \$1,642,517*
- (d) *Collateralized by \$778,053 par amount (48,639 current face) of FNMA, 6.00%, due 2/1/36; Total Fair Value \$51,533*

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ASSETS:

Securities pledged as collateral under reverse repurchase agreements, at fair value (cost \$6,520,239)	\$	6,846,631
Investments in securities, at fair value (cost \$32,236,055)		31,909,955
		38,756,586
Cash and cash equivalents		64,047
Interest receivable		306,676
Prepaid and other assets		182
Total Assets		39,127,491

LIABILITIES:

Payable for reverse repurchase agreements (Cost \$6,245,101)	\$	6,259,370
Payable for distributions to shareholders		69,218
Payable for shareholder servicing		13,856
Payable to adviser, net of waiver		15,530
Payable to fund accounting and administration		21,235
Payable for transfer agency fees		8,572
Payable to directors		6,630
Payable for legal fees		14,290
Payable for compliance fees		2,205
Payable for custodian fees		2,249
Payable for audit fees		66,500
Other payables		19,945
Total Liabilities		6,499,600
Net Assets	\$	32,627,891

NET ASSETS CONSIST OF:

Paid-in capital - \$0.01 par value, 2,000,000,020 shares authorized, 6,642,840 issued and outstanding	\$	176,576,230
Accumulated deficit		(143,948,339)
Net Assets	\$	32,627,891

PRICING OF SHARES:

Class A Shares

Net Assets	\$	32,627,891
Shares outstanding		6,642,840
Net asset value per share	\$	4.91

For the Year Ended June 30, 2026

INVESTMENT INCOME:

Interest \$ 2,402,847

Total Investment Income 2,402,847**EXPENSES:**

Investment Adviser fees \$ 246,492

Distribution Fees

Class A 82,325

Accounting and Administration fees 104,636

Compliance fees 13,037

Transfer agent fees 48,361

Interest on reverse repurchase agreements 559,583

Audit fees 65,172

Legal fees 126,792

Custodian fees 27,975

Director fees 15,950

Registration fees 3,684

Printing fees 11,525

Insurance fees 62,204

Other fees 67,799

Total expenses before waiver 1,435,535

Less fees waived by investment adviser (24,649)

Total Expenses 1,410,886**Net Investment Income** 991,961**Net Realized and Unrealized Gain/(Loss) on Investments:**

Net realized loss on:

Investments (746,807)

Net realized loss (746,807)

Net change in unrealized appreciation on:

Investments 1,119,248

Net change in unrealized appreciation 1,119,248

Net Realized and Unrealized Gain on Investments 372,441**Net Increase in Net Assets Resulting from Operations** \$ 1,364,402

	For the Year Ended June 30, 2026	For the Year Ended June 30, 2025
NET INCREASE/(DECREASE) IN NET ASSETS FROM OPERATIONS:		
Net investment income	\$ 991,961	\$ 1,005,220
Net realized loss	(746,807)	(341,927)
Net change in unrealized appreciation/depreciation	1,119,248	808,902
Net increase in net assets resulting from operations	1,364,402	1,472,195
DISTRIBUTIONS TO COMMON SHAREHOLDERS:		
Class A dividends	(849,377)	(1,039,226)
Net decrease in net assets from distributions to shareholders	(849,377)	(1,039,226)
CAPITAL SHARE TRANSACTIONS:		
Class A Common Shares:		
Proceeds from shares issued	1,340	2,068
Reinvestment of dividends	65,863	120,154
Cost of shares redeemed	(8,350,153)	(6,856,918)
Net decrease in net assets from capital share transactions	(8,282,950)	(6,734,696)
Net Decrease in Net Assets	(7,767,925)	(6,301,727)
NET ASSETS:		
Beginning of period	40,395,816	46,697,543
End of period	\$ 32,627,891	\$ 40,395,816

For the Year Ended June 30, 2026

CASH FLOWS FROM OPERATING ACTIVITIES:

Net increase in net assets resulting from operations	\$ 1,364,402
Adjustments to reconcile net decrease in net assets from operations to net cash used in operating activities:	
Purchases of short-term investment securities	(749,786)
Proceeds from disposition of long-term investment securities	18,197,482
Proceeds from disposition of short-term investment securities	551,906
Amortization of premium and accretion of discount on investments, net	(45,679)
Change in interest payable	(20,202)
Net realized (gain)/loss on:	
Investments	746,807
Net change in unrealized appreciation/depreciation on:	
Investments	(1,119,248)
(Increase)/Decrease in assets:	
Interest receivable	171,654
Prepaid and other assets	77,306
Increase/(Decrease) in liabilities:	
Payable for shareholder servicing	(74,566)
Payable to Transfer agency	4,710
Payable to Adviser	(5,456)
Payable to fund accounting and administration fees	8,727
Payable to Directors and Officers	750
Payable for Audit fees	5,356
Payable for Compliance fees	1,135
Payable for Custodian fees	(718)
Payable for Legal fees	(12,518)
Other payables	(5,489)
Net cash provided by operating activities	\$ 19,096,573

CASH FLOWS FROM FINANCING ACTIVITIES:

Cash receipts from reverse repurchase agreements	\$ 387,311,726
Cash payments from reverse repurchase agreements	(397,216,675)
Shares redeemed	(8,350,153)
Proceeds from sale of capital shares	1,340
Cash distributions paid to common shareholders - net of distributions reinvested	(794,043)
Net cash used in financing activities	\$ (19,047,805)

Net increase in cash	\$ 48,768
Cash, beginning of year	\$ 15,279
Cash, end of year	\$ 64,047

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the period for interest expense on reverse repurchase agreements	\$ 579,785
Reinvestment of distributions	\$ 65,863

See Notes to Financial Statements

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

	For the Year Ended June 30, 2026	For the Year Ended June 30, 2025	For the Year Ended June 30, 2024	For the Year Ended June 30, 2023	For the Year Ended June 30, 2022
Net asset value - beginning of period	\$ 4.85	\$ 4.81	\$ 4.83	\$ 5.15	\$ 6.08
Income/(loss) from investment operations:					
Net investment income ^(a)	0.14	0.11	0.11	0.15	0.22
Net realized and unrealized gain/(loss)	0.04	0.04	–	(0.30)	(0.94)
Total income/(loss) from investment operations	0.18	0.15	0.11	(0.15)	(0.72)
Less distributions:					
Dividends from net investment income	(0.12)	(0.11)	(0.13)	(0.17)	(0.21)
Total distributions	(0.12)	(0.11)	(0.13)	(0.17)	(0.21)
Net increase/(decrease) in net asset value	0.06	0.04	(0.02)	(0.32)	(0.93)
Net asset value - end of period	\$ 4.91	\$ 4.85	\$ 4.81	\$ 4.83	\$ 5.15
Total Return^{(b)(c)}	3.69%	3.23%	2.29%	(2.79%)	(12.13%)
Supplemental Data:					
Net assets, end of period (in thousands)	\$32,628	\$40,396	\$46,698	\$55,935	\$67,555
Ratios to Average Net Assets^(d)					
Ratio of gross expenses to average net assets ^(e)	4.00%	4.69%	4.65%	3.52%	1.70%
Ratio of net expenses to average net assets ^(e)	3.93%	4.61%	4.57%	3.52%	1.68%
Ratio of gross operating expenses to average net assets	2.44%	2.51%	2.19%	1.82%	1.53%
Interest and leverage related to expenses to average net assets	1.56%	2.18%	2.46%	1.70%	0.17%
Ratio of net investment income to average net assets ^(f)	2.77%	2.27%	2.35%	3.14%	3.83%
Portfolio turnover rate	0%	8%	0%	0%	0%

See Notes to Financial Statements

- (a) *Based on daily average outstanding common shares of 7,283,835 for the year ended June 30, 2026, 9,093,776 for the year ended June 30, 2025, 10,509,621 for the year ended June 30, 2024, 12,507,110 for the year ended June 30, 2023, 14,118,598 for the year ended June 30, 2022.*
- (b) *Dividends are assumed to be reinvested at the per share net asset value on the date dividends are paid.*
- (c) *Total return excludes the effect of initial and contingent deferred sales charges.*
- (d) *Based on daily average net assets attributable to common shares of \$35,862,656 for the year ended June 30, 2026 and \$44,347,604 for the year ended June 30, 2025, \$50,158,864 for the year ended June 30, 2024, \$61,279,330 for the year ended June 30, 2023, \$81,204,185 for the year ended June 30, 2022.*
- (e) *Expenses include both operating and interest expenses. However, expenses do not include operating expenses of any underlying investment fund in which the Fund invests.*
- (f) *Operating expenses represent total expenses excluding interest and leverage related expenses.*

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NOTE 1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

Popular High Grade Fixed-Income Fund, Inc. (the "Fund") is a non-diversified, open-end investment company. The Fund is a corporation organized under the Investment Company Act of 1940, as amended (the "1940 Act") since May 21, 2021. The Fund was incorporated on August 13, 2002 and started operations on September 24, 2002.

The Fund's investment objective is to seek to provide a high level of current income that is consistent with the preservation of capital. There can be no assurance that the Fund will achieve its objectives.

Accounting Policies:

The Fund is an investment company that applies the accounting and reporting guidance in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946, Financial Services – Investment Companies ("ASC 946"). The financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements:

(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. As of June 30, 2026, cash and cash equivalents of the Fund consisted of a time deposit open account amounting to \$64,047 with JP Morgan Chase Bank, N.A. ("JPMorgan Chase").

(b) Valuation of Investments – All securities are presented at fair value, which is determined by the Fund's administrator, ALPS Fund Services, Inc. (the "Administrator"), with the assistance of the Fund's investment adviser, Popular Asset Management LLC (the "Investment Adviser") (refer to Note 3 for details on investment agreements), on the basis of valuations provided by dealers or by pricing services approved by the Fund's management and Board of Directors. 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 under the Puerto Rico Investment Companies Act, the Fund will not be subject to Commonwealth of Puerto Rico ("Puerto Rico") income tax for any taxable year if it distributes at least 90% of its taxable net investment income for such year, as determined for these purposes. Accordingly, as the Fund intends to meet this distribution requirement, the income earned by the Fund is not subject to Puerto Rico income tax at the Fund level. The Fund has never been subject to taxation.

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In addition, the fixed income and equity investments of the Fund are exempt from Puerto Rico personal property taxes. The Fund is exempt from U.S. income taxes, except for dividends received from U.S. sources, which are subject to a 10% U.S. 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). Management concluded that no liability should be recorded as the Fund has not taken any uncertain tax positions on returns filed for open tax years.

The balance of undistributed net investment income and of accumulated net realized loss on investments reflect the reclassification of permanent differences and of temporary differences between book and tax balances that become permanent (See Note 9).

(d) Statement of Cash Flows – The Fund invests in securities and distributes dividends from net investment income, which are paid in cash or reinvested at the discretion of common stockholders. Additional information on cash receipts and payments is presented in the Statement of Cash Flows.

(e) Share subscriptions and redemptions – Shares of the Fund are sold at their Net Asset Value ("NAV"), which is determined daily, plus an initial sales charge of up to 2.50%. Shares of each class may be redeemed on each day of the week on which the New York Stock Exchange ("NYSE") is open for trading and the Federal Reserve Bank of New York and banks in San Juan, Puerto Rico are open for business at a price per share equal to the NAV per share of such Class determined as of the close of trading on the NYSE on the date of receipt of the request for redemption.

Shareholders have the ability to redeem shares of an open-end fund and simultaneously purchase shares of another open-end fund within the same family of investment companies, often at no or reduced fees. Refer to Note 4 – Capital Share Transactions.

(f) Dividends and Distributions to Shareholders – The Fund typically declares and pays monthly a dividend of substantially all of its net investment income, if any. The Fund does not expect to make distributions of net realized capital gains, although the Fund's Board of Directors reserves the right to do so in its sole discretion. Dividends that are reinvested are credited to shareholders' accounts in additional shares of the same class at the NAV per share of such class, not subject to initial sales charge or contingent deferred sales charge, as of the close of business on the ex-dividend date. The Fund records dividends to its shareholders on the ex-dividend date.

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(g) Futures Contracts – Futures contracts provide for the future sale by one party and purchase by another party of a specified security at a specified future time and at a specific price. Stock index futures contracts are based on indices that reflect the market value of common stock of the firms included in the indices. Upon entering into a financial futures contract, the Fund is required to pledge to the broker an amount of cash, U.S. government securities, or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Subsequent payments, known as “variation margin”, are made or received by the Fund each day, depending on the daily fluctuations in the fair value of the underlying security. The Fund recognizes an unrealized gain or loss equal to the daily variation margin until the contract is closed out, at which time the Fund realizes a gain or loss. Positions in futures contracts may be closed only on an exchange or board of trade that furnishes a secondary market for such contracts. While the Fund plans to utilize futures contracts only if an active market exists for such contracts, there is no guarantee that a liquid market will exist for the contracts at a specified time. Risks exceed related amounts recognized in the Statement of Assets and Liabilities. The Fund’s management enters into these transactions to simulate full investments of a portion of the Fund’s assets in one or more market indices, to facilitate trading, to reduce transaction costs, and to seek higher investment returns.

Most U.S. futures exchanges limit the amount of fluctuation permitted in futures contract prices during a single trading day. The daily limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day’s settlement price at the end of a trading session. Once the daily limit has been reached in a particular type of futures contract, no trades may be made on that day at a price beyond that limit. The daily limit governs only price movement during a particular trading day and therefore does not limit potential losses, because the limit may prevent the liquidation of unfavorable positions. Futures contract prices have occasionally moved to the daily limit on several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and subjecting some futures traders to substantial losses. During the year ended on June 30, 2026, the Fund did not invest in futures contracts.

(h) Reverse Repurchase Agreements – 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 and are able to sell or repledge the collateral; however, the Fund retains effective control over such collateral through the agreement to repurchase the collateral on or by the maturity of the repurchase agreement. 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. These agreements involve the risk that the market value of the securities purchased with the proceeds from the sale of securities received by the Fund may decline below the price of the securities that the Fund is obligated to repurchase and that the value of the collateral posted by the Fund increases in value and the counterparty does not return it. Because the Fund borrows under repurchase agreements based on the estimated fair value of the pledged assets, the Fund’s ongoing ability to borrow under its repurchase facilities may be limited and its lenders may initiate margin calls in the event of adverse changes in the market. A decrease in market value of the pledged assets may require the Fund to post additional collateral or otherwise sell assets at a time when it may not be in the best interest of the Fund to do so (See Note 6).

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(i) *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 June 30, 2026, the Fund reduced interest income in the amount of \$1,903 related to realized loss on mortgage-backed securities paydowns. However, for purpose of dividend distributions, net investment income excludes the effect of mortgage-backed securities paydowns gains and losses (See Note 9).

(j) *Allocation of Income, Fund-level Expenses, and Realized and Unrealized Gains or Losses* – The Fund uses the fair value of shares outstanding method for allocating income, fund-level expenses, and realized and unrealized gains or losses. Under this method, each class of shares participates based on the total net asset value of its shares in proportion to the total net assets of the Fund. This method is the primary method used to allocate income, fund-level expenses, and realized and unrealized gains and losses for calculating the net asset value of a nondaily dividend fund. Class-level expenses are charged directly to the individual classes to which they relate.

(k) *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 by 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 and dividend income on preferred equity securities are accrued daily except when collection is not expected. For other equity securities, dividend income is recorded on the ex-dividend date. Certain dividends from U.S. sources are subject to a 10% U.S. income tax withholding. Such income is reflected in the Statement of Operations net of the applicable withholdings.

(l) *Recent Accounting Standards* - The Fund adopted FASB Accounting Standards Update 2023-07, Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures ("ASU 2023-07"). Adoption of the new standard impacted financial statement disclosures only and did not affect the Fund's financial position or results of operation. The Fund's President acts as the Fund's chief operating decision maker ("CODM"), as defined in Topic 280, assessing performance and making decisions about resource allocation. The CODM has determined that the Fund has a single operating segment based on the fact that the CODM monitors the operating results of the Fund as a whole and the Fund's long-term strategic asset allocation is guided by the Fund's investment objective and principal investment strategies, as described in its prospectus, and executed by the Fund's portfolio management team, comprised of investment professionals employed by the Investment Adviser. The financial information provided to and reviewed by the CODM is consistent with that presented in the Fund's Schedule of Investments, Statement of Operation and Changes in Net Assets and Financial Highlights.

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 of 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 in those securities. Fair value is based upon quoted market prices when available. If listed prices 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.

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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 in a sale.

On August 4, 2022, the Board of Directors of the Fund appointed the Investment Adviser, as the Fund's Valuation Designee. The Valuation Designee is responsible for overseeing and implementing the procedures and functions related to the valuation of portfolio securities for the purpose of determining the NAV of the Fund. In addition, the Valuation Designee is responsible for determining:

- The fair valuation of all securities for which no price or value is available at the time the Fund's NAV is calculated on a particular day.
- The fair valuation of portfolio instruments for which the prices or values available do not, in the judgment of the Investment Adviser, represent the fair valuation of such portfolio instruments.

Fixed income securities including mortgage and other asset-backed securities ("MBS"), collateralized mortgage obligations, obligations of Puerto Rico and political subdivisions, obligations of U.S. Government Sponsored Entities, State and Municipal Obligations, US Corporate Bonds are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The Pricing Services' internal models use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar assets. Securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

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

Mortgage and other asset-backed securities: Certain agency mortgage and other asset-backed securities ("MBS") are obtained from third party pricing service providers and based on a bond's theoretical value derived from the prices of similar bonds; "similar" being defined by credit quality and market sector. Their fair value incorporates an option adjusted spread. The agency MBS are classified as Level 2. The pricing models for these securities usually consider tranche-level attributes, current market data, estimated cash flows and market-based yield spreads for each tranche, and incorporate deal collateral performance, as available.

Collateralized mortgage obligations: Agency and private collateralized mortgage obligations ("CMOs") are obtained from third party pricing service providers and 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. The option adjusted spread includes prepayment and volatility assumptions, ratings (whole loans collateral) and spread adjustments. CMO's that include a significant adjustment based on assumptions important to market participants, such as credit risk, source of payment, etc., are classified as Level 2.

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Obligations of Puerto Rico and political subdivisions: Fair value of Puerto Rico obligations and political subdivisions are obtained from third-party pricing service providers. They 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, swap curves, and discount and capital rates. These bonds are classified as Level 2.

Obligations of U.S. Government sponsored entities, and U.S. Agency Securities: The fair value of U.S. Government sponsored entities are obtained from third-party pricing service providers and based on quoted market prices for similar securities on an active market. U.S. agency securities are classified as Level 2. U.S. agency structured notes are priced based on a bond's theoretical value from similar bonds defined by credit quality and market sector, and for which the fair value incorporates an option adjusted spread in deriving their fair value. These securities are classified as Level 2.

U.S. Corporate Bonds: The fair value of corporate bonds is obtained from third-party pricing service providers that use a pricing methodology based on an active exchange market and based on quoted market prices for similar securities for which the fair value incorporates a credit spread in deriving their fair value. These securities are classified as Level 2.

Futures contracts: The fair value of futures contracts is based on quoted market prices obtained from an active exchange market. Futures contracts involve Ten Year U.S. Treasury Notes and are classified as Level 1.

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:

Investments in Securities at Value*	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Municipal Bonds	\$ —	\$ 9,331,719	\$ —	\$ 9,331,719
Puerto Rico Agencies	—	2,066,586	—	2,066,586
Puerto Rico Government Instrumentalities Tax Exempt Notes	—	3,444,402	—	3,444,402
Puerto Rico GNMA Bonds	—	5,733,829	—	5,733,829
Puerto Rico Fannie Mae Bonds	—	16,664,100	—	16,664,100
Puerto Rico Freddie Mac Bonds	—	478,876	—	478,876
Corporate Bonds	—	837,094	—	837,094
US Government and Agency Obligations	—	199,980	—	199,980
Total	\$ —	\$ 38,756,586	\$ —	\$ 38,756,586

* Refer to the Fund's Schedule of Investments for a listing of securities by type.

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There were no purchases, sales or transfers into or out of Level 3 securities during the year ended June 30, 2026.

Temporary cash investments, if any, are valued at amortized cost, which approximates fair value. As of June 30, 2026, there were no temporary cash investments.

NOTE 3. INVESTMENT ADVISORY, ADMINISTRATIVE, CUSTODIAN, DISTRIBUTOR, TRANSFER AGENCY ARRANGEMENTS, AND OTHER TRANSACTION

The Investment Adviser acts as the investment adviser of the Fund. The investment advisory fee is calculated at an annual rate of 0.50% of the Fund's average daily net assets. During the year ended June 30, 2026, the investment advisory fee amounted to \$246,492.

The Fund Administrator, together with certain affiliated entities, provide various administration, fund accounting, transfer agent and investor accounting services to the Fund. The fees related to these services shall be the greater of annual complex and per portfolio minimum fees or the application of a basis point fee schedule on the Fund starting at 0.06% of the Fund's average daily net assets. For the year ended June 30, 2026, the accounting and administrative fees and transfer agent fees amounted to \$104,636 and \$48,361, respectively. The Fund maintains its cash accounts with JPMorgan Chase. The Fund did not receive interest income from these accounts during the year ended June 30, 2026.

JPMorgan Chase provides custody services to the Fund. For the year ended June 30, 2026, the custody fees amounted to \$27,975.

Popular Securities LLC, an affiliate of the Fund, serves as the distributor (the "Distributor") of the shares of Common Stock of the Fund. Pursuant to a Distribution Plan, the Fund makes monthly payments to the Distributor for the distribution of the Fund's shares. The fees related to this service are calculated at an annual rate of 0.25% of the Fund's daily average net assets. For the year ended June 30, 2026, distribution fees amounted to \$82,325.

The officers of the Fund are also officers and directors of Banco Popular de Puerto Rico ("BPPR") or its affiliates. The three current directors of the Fund's Board are independent and are paid based upon an agreed fee of \$1,000 per meeting. The three 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. For the year ended June 30, 2026, the compensation expense for the three independent directors of the Fund was \$15,950.

Prior to May 21, 2021, the Fund was not registered under the 1940 Act, and therefore was not subject to the restrictions contained therein regarding, among other things, transactions between the Fund, BPPR, the Distributor, or their respective affiliates ("Affiliated Transactions"). In that regard, the Board of Directors of the Fund adopted a set of procedures for Affiliated Transactions in an effort to address potential conflicts of interest that may arise.

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.

NOTE 4. CAPITAL SHARE TRANSACTIONS

The Fund is authorized to issue up to 2,000,000,020 shares of common stock, par value \$0.01 per share, consisting of 1,900,000,000 Class A shares, 20 Class B shares, and 100,000,000 shares of preferred stock. Neither Class B shares nor preferred stock have been issued by the Fund as of June 30, 2026.

Per the Fund's prospectus, shares may be exchanged for shares of the same class of any other fund that is part of the Popular Family of Funds.

Capital share transactions for the year ended June 30, 2026, and the year ended June 30, 2025 were as follows:

	For the Year Ended June 30, 2026	For the Year Ended June 30, 2025
Common shares:		
Class A Shares		
Common shares outstanding - beginning of period	8,324,370	9,707,712
Common shares issued	270	423
Common shares issued as reinvestment of dividends	13,400	24,607
Common shares redeemed	(1,695,200)	(1,408,372)
Common shares outstanding - end of period	6,642,840	8,324,370

NOTE 5. INVESTMENT TRANSACTIONS

Proceeds from disposition of long-term investment securities, excluding short-term transactions, for the year ended June 30, 2026 were \$18,197,482. Investment transactions in long-term U.S. Government Obligations for the year ended June 30, 2026 were \$2,931,657 for the proceeds from sales. Investment transactions in short-term investments for the year ended June 30, 2026 were \$735,517 for securities purchased and \$551,906 in maturities.

All investment transactions were made with unaffiliated parties.

NOTE 6. REVERSE REPURCHASE AGREEMENTS

Weighted average interest rate at end of the year	3.85%
Maximum aggregate balance outstanding at any time during the period	\$16,918,578
Average balance outstanding during the period	\$13,127,412
Average interest rate during the period	4.22%

As of June 30, 2026, interest rates on reverse repurchase agreements ranged from 3.79% to 4.10% with maturities through July 15, 2026. Some of the outstanding agreements to repurchase as of period-end may be called by the counterparty before its maturity date.

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As of June 30, 2026, investment securities with fair values amounting to \$6,846,631 are pledged as collateral for reverse repurchase agreements. Interest rates on collateral ranged from 5.50% to 6.50% and maturity dates ranged from 11/01/35 to 12/01/37. The counterparties have the right to sell or repledge the assets during the term of the reverse repurchase agreement with the Fund. Interest payable on reverse repurchase agreements amounted to \$14,269 as of June 30, 2026.

As of 6/30/2026, the total value of reverse repurchase agreements were as follow:

Counterparty	Amount	%
Unaffiliated	\$6,245,101	100%
Total	\$6,245,101	100%

NOTE 7. SHORT TERM FINANCIAL INSTRUMENTS

The fair market value of short-term financial instruments, which include \$6,245,101 in reverse repurchase agreements, are substantially the same as the carrying amounts reflected in the Statement of Assets and Liabilities as these are reasonable estimates of fair value, given the relatively short period of time between origination of the instrument and their expected realization. There are no long-term financial debt instruments outstanding as of June 30, 2026.

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. For this purpose, management of the Fund has determined to disclose any investment whose fair value is over 5% of Net Assets, both individually or in the aggregate. Moreover, collateralized investments have been excluded for this disclosure.

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. As of June 30, 2026, the Fund held Municipal Bonds from Texas and Georgia with a market value of \$5,142,682 and \$1,684,379, representing 15.76% and 5.16%, of the Fund’s net assets, respectively. As of June 30, 2026, the Fund had the following investments in issuers located in Puerto Rico that are not guaranteed by the U.S. Government:

Issuer	Aggregate Market Value	Percentage of Net Assets
Puerto Rico Fannie Mae	\$ 16,664,100	51.07%
Puerto Rico Government Instrumentalities	3,444,402	10.56%
Puerto Rico Agencies	2,066,586	6.33%

June 30, 2026

As of June 30, 2026, the Fund had \$64,047 on deposit with JPMorgan Chase, which represents approximately 0.20% of the Fund.

As stated in the Fund's Prospectus, the Fund will ordinarily invest at least 20% of its total assets in Puerto Rico obligations (the "20% 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 affecting issuers of Puerto Rico obligations than an investment company that is not concentrated in Puerto Rico obligations to such degree.

NOTE 9. COMPONENTS OF DISTRIBUTABLE EARNINGS

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

Net investment income	\$ 991,961
Reclassification of realized (gain) loss on securities' paydowns	1,903
Distributable net investment income for tax purposes	\$ 993,864
Net realized loss on investments	\$ (746,807)
Reclassification of realized gain (loss) on securities' paydowns	(1,903)
Net realized loss on investments, for tax purposes	\$ (748,710)

The amount of net unrealized appreciation/(depreciation) and the cost of investment securities for tax purposes was as follows:

Cost of investment for tax purposes	\$ 38,756,294
Gross appreciation	1,008,167
Gross depreciation	(1,007,875)
Net appreciation/(depreciation)	\$ 292

For the year ended June 30, 2026, the Fund distributed \$849,377 to shareholders. The undistributed net investment income and accumulated net realized loss on investments (for tax purposes) as of June 30, 2026, were as follows:

Undistributed net investment income, beginning of the year	\$ 966,480
Distributable net investment income for the year	993,864
Dividends	(849,377)
Undistributed net investment income, end of the year	\$ 1,110,967
Accumulated net realized loss on investments, beginning of the year	\$ (144,310,888)
Net realized loss on investments for the year	(748,710)
Accumulated net realized loss on investments, end of the year	\$ (145,059,598)

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NOTE 10. 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 paid prior claims or losses pursuant to these contracts and expects the risk of losses to be remote.

NOTE 11. 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 prospectus for the securities issued by the Fund.

Market Risk. Market risk is the risk that one or more markets in which the Fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably. There is a risk that you could lose all or a portion of your investment in the Fund and that the income you receive from your investment may vary. The value of your investment in the Fund will go up and down with the prices of the securities in which the Fund invests. The value of a security or other asset may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security or other asset, or factors that affect a particular issuer or issuers, exchange, country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues like pandemics or epidemics, recessions, or other events could have a significant impact on the Fund and its investments. The prices of equity securities change in response to many factors including the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity. The values of debt securities and other fixed-income securities in which the Fund may invest also will be affected by market interest rates and the risk that the issuer may default on interest, principal or dividend payments. Specifically, since these types of securities pay fixed interest and dividends, their value may fall if market interest rates rise and rise if market interest rates fall.

Credit Risk. Credit risk is the risk that the issuer will be unable to pay the interest or principal on its obligations when due. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation. The price of fixed-income securities will generally fall if the issuer defaults on its obligation to pay principal or interest, the rating agencies downgrade the issuer's credit ratings or other news affects the market's perception of the issuer's credit risk.

Interest Rate Risk. Interest rate risk is the risk that interest rates will rise so that the value of the Fund's investments will fall. Also, the Fund's yield will tend to lag behind changes in 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

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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.

Mortgage- and Asset-Backed Securities Risks. Mortgage-backed securities and asset-backed securities represent interests in “pools” of mortgages or other assets. Mortgage-backed and asset-backed securities, like traditional fixed-income securities, are subject to credit, interest rate, prepayment and extension risks. Mortgage-backed securities, 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. Since a portion of the assets of the Fund is expected to be invested in mortgage-backed securities, the potential for increasing the Fund’s exposure to these and other risks related to such securities might cause the market value of the Fund’s investments to fluctuate more than otherwise would be the case.

NOTE 12. SUBSEQUENT EVENTS

On July 30, 2026, the Board of Directors declared an ordinary net investment income dividend of \$0.01042 per common share, which will be paid on August 17, 2026 to common shareholders of record as of July 30, 2026.

In preparing these financial statements, the Fund’s management has evaluated events for potential recognition or disclosure through the date the financial statements were issued. Management has determined that there were no events that required disclosure in or adjustment to the accompanying financial statements.

To the Shareholders and the Board of Directors of Popular High Grade Fixed-Income Fund, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Popular High Grade Fixed-Income Fund, Inc. (the "Fund"), including the schedule of investments, as of June 30, 2026, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the three years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund at June 30, 2026, 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 its financial highlights for each of the three years in the period then ended, in conformity with U.S. generally accepted accounting principles.

The financial highlights for each of the periods in the two-year period ended June 30, 2023, were audited by another independent registered public accounting firm whose report dated August 30, 2023, expressed an unqualified opinion on those financial highlights.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund's internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2026, by correspondence with the custodian, brokers and others. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the auditor of the Popular Family Funds since 2023.

San Juan, Puerto Rico
August 25, 2026

Shareholder Meeting

The Annual Meeting of Shareholders of the Fund was held on October 24, 2025 (the “Annual Meeting”). The voting results for the proposals considered at the Annual Meeting were as follows:

- 1. Election of Directors. The shareholders of the Fund elected Jorge I. Vallejo, Carlos A. Pérez and Enrique Vila del Corral to the Board of Directors to serve for a term from the time of their election until their respective successors are elected and qualified or until their earlier death or removal.

Name of Director	Votes cast “For”	Votes “Against/Withheld”
Jorge I. Vallejo	7,914,580	33,594
Carlos A. Pérez	7,914,580	33,594
Enrique Vila del Corral	7,914,580	33,594

- 2. Independent Auditors. The shareholders of the Fund ratified the selection of Ernst & Young LLP as the independent auditors of the Fund for the fiscal year ending December 31, 2026.

For	Against	Abstain
7,914,580	33,594	–

Statement Regarding Availability of Quarterly Portfolio Schedule

The complete schedule of portfolio holdings is filed with the Commission for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The Fund’s Form N-PORT reports is available on the Securities and Exchange Commission’s website at <http://www.sec.gov>. The quarterly schedule of portfolio holdings will be made available upon request by calling 787-754-4488.

Statement Regarding Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that are used by the Fund’s investment adviser to vote proxies relating to the Fund’s portfolio securities is available free of charge upon request, by calling 787-754-4488 and on the website of the Securities and Exchange Commission at <http://www.sec.gov>.

Statement Regarding Availability of Proxy Voting Record

Information regarding how the investment adviser voted proxies relating to portfolio securities during the most recent 12-month year ended June 30, 2025 is available free of charge upon request, by calling 787-754-4488 and on the website of the Securities and Exchange Commission at <http://www.sec.gov>.

June 30, 2026 (Unaudited)

Not applicable for this reporting period.

June 30, 2026 (Unaudited)

Not applicable for this reporting period.

June 30, 2026 (Unaudited)

Included under Item 7 in the Notes to Financial Statements.

June 30, 2026 (Unaudited)

The Board of Directors (the “Board”) of Popular High Grade Fixed-Income Fund, Inc. (the “Fund”) met on May 14, 2026 (the “Meeting”) to consider the approval of the Investment Advisory Agreement (the “Advisory Agreement”) by and between the Fund and Popular Asset Management LLC, the Fund’s investment adviser (the “Investment Adviser”). At such meeting, the Board participated in comparative performance reviews with the portfolio managers of the Investment Adviser, in conjunction with other Fund service providers, and considered various investment and trading strategies used in pursuing the Fund’s investment objectives. The Board also evaluated issues pertaining to industry and regulatory developments, compliance procedures, fund governance, and other issues with respect to the Fund and received and participated in reports and presentations provided by the Investment Adviser with respect to such matters.

The independent members of the Board (collectively, the “Independent Directors”) were assisted throughout the contract review process by Willkie Farr & Gallagher LLP, as their independent legal counsel. The Board relied upon the advice of such counsel and their own business judgment in determining the material factors to be considered in evaluating the Advisory Agreement and the weight to be given to each such factor. The conclusions reached with respect to the Advisory Agreement were based on a comprehensive evaluation of all the information provided and not any single factor. Moreover, each Director may have placed varying emphasis on particular factors in reaching conclusions with respect to the Advisory Agreement. In evaluating the Advisory Agreement, including the specific fee structures, and other terms of such agreement, the Board was informed by multiple years of analysis and discussion amongst themselves and the Investment Adviser. The Board, including a majority of Independent Directors, concluded that the terms of the Advisory Agreement for the Fund were fair and reasonable and that the Investment Adviser’s fees were reasonable in light of the services provided to the Fund.

Nature, Extent and Quality of Services. In evaluating the Advisory Agreement, the Board considered, the nature, extent and quality of the Investment Adviser’s services to the Fund.

The Board considered the vast array of management, oversight, and administrative services the Investment Adviser provides to manage and operate the Fund, and the increases of such services over time due to new or revised market, regulatory or other developments, such as liquidity management and cybersecurity programs, and the resources and capabilities necessary to provide these services. The Independent Directors recognized that the Investment Adviser provides portfolio management services for the Fund. In addition to portfolio management, the Board considered the wide range of administrative or non advisory services the Investment Adviser provides to manage and operate the Fund (in addition to those provided by other third parties). These services include, but are not limited to, administrative services (such as providing the employees and officers necessary for the Fund’s operations); operational expertise (such as providing portfolio accounting and addressing complex pricing issues, corporate actions, foreign registrations and foreign filings, as may be necessary); oversight of third-party service providers (such as coordinating and evaluating the services of the Fund’s custodian, transfer agent and other intermediaries); board support and administration (such as overseeing the organization of the Board and committee meetings and preparing or overseeing the timely preparation of various materials and/or presentations for such meetings); fund share transactions (monitoring daily purchases and redemptions), shareholder communications (such as overseeing the preparation of annual and semi-annual and other periodic shareholder reports); tax administration; and compliance services (such as helping to maintain and

June 30, 2026 (Unaudited)

update the Fund's compliance program and related policies and procedures as necessary or appropriate to meet new or revised regulatory requirements and reviewing such program annually; overseeing the preparation of the Fund's registration statements and regulatory filings; overseeing the valuation of portfolio securities and daily pricing; helping to ensure the Fund complies with its portfolio limitations and restrictions; voting proxies on behalf of the Fund; monitoring the liquidity of the portfolios; providing compliance training for personnel; and evaluating the compliance programs of the Fund's service providers). In evaluating such services, the Board considered, among other things, whether the Fund has operated in accordance with its investment objective(s) and the Fund's record of compliance with its investment restrictions and regulatory requirements.

In addition to the services provided by the Investment Adviser, the Independent Directors also considered the risks borne by the Investment Adviser in managing the Fund in a highly regulated industry, including various material entrepreneurial, reputational and regulatory risks. Based on their review, the Independent Directors found that, overall, the nature, extent and quality of services provided under the Advisory Agreement was satisfactory on behalf of the Fund.

Investment Performance of the Fund. In evaluating the quality of the services provided by the Investment Adviser, the Board also received and considered the investment performance of the Fund. In this regard, the Board received and reviewed a report (the "Broadridge Report") prepared by Broadridge which generally provided the Fund's performance data for the one, two, three, four, five, and ten year periods ended December 31, 2025 (or for the periods available for the Fund that did not exist for part of the foregoing timeframe) on an absolute basis and as compared to the performance of unaffiliated comparable funds (a "Broadridge Peer Group"). The Board was provided with information describing the methodology Broadridge used to create the Broadridge Peer Group. The performance data prepared for the review of the Advisory Agreement supplements the performance data the Board received throughout the year as the Board regularly reviews and meets with portfolio manager(s) during the year to discuss, in relevant part, the performance of the Fund.

Fees and Expenses. As part of its review, the Board also considered, among other things, the contractual management fee rate and the net management fee rate (i.e., the management fee after taking into account expense reimbursements and/or fee waivers, if any) paid by the Fund to the Investment Adviser in light of the nature, extent and quality of the services provided. The Board also considered the net total expense ratio of the Fund in relation to those of a comparable group of funds. The Board considered the net total expense ratio of the Fund (expressed as a percentage of average net assets) as the expense ratio is more reflective of the shareholder's costs in investing in the Fund.

In evaluating the management fee rate, the Board considered the Investment Adviser's rationale for proposing the management fee rate of the Fund which included its evaluation of, among other things, the value of the potential service being provided (e.g., the expertise of the Investment Adviser with the proposed strategy), the competitive marketplace (i.e., the uniqueness of the Fund and the fees of competitor funds) and the economics to the Investment Adviser (e.g., the costs of operating the Fund). The Board considered, among other things, the expense limitations and/or fee waivers proposed by the Investment Adviser to keep expenses to certain levels and reviewed the amounts the Investment Adviser had waived or reimbursed over the last fiscal years; and the costs incurred and resources necessary in effectively managing mutual funds, particularly given the costs

June 30, 2026 (Unaudited)

in attracting and maintaining quality and experienced portfolio managers and research staff. The Board further considered a Fund's net management fee and net total expense ratio in light of its performance history.

Profitability. In conjunction with their review of fees, the Independent Directors reviewed information reflecting the Investment Adviser's financial condition. The Independent Directors reviewed the consolidated financial statements of the Investment Adviser for the year ended December 31, 2023. The Independent Directors also considered the overall financial condition of the Investment Adviser and the Investment Adviser's representations regarding the stability of the firm, its operating margins, and the manner in which it funds its future financial commitments, such as employee deferred compensation programs. The Independent Directors also reviewed the profitability information for the Investment Adviser derived from its relationship with the Fund for the fiscal year ended June 30, 2025 on an actual and adjusted basis, as described below. The Independent Directors evaluated, among other things, the Investment Adviser's revenues, expenses and net income (pre tax and after tax) and the net profit margins (pre tax and after tax). The Independent Directors also reviewed the level of profitability realized by the Investment Adviser including and excluding distribution expenses incurred by the Investment Adviser from its own resources.

Economies of Scale and Whether Fee Levels Reflect These Economies of Scale. In evaluating the reasonableness of the investment advisory fees, the Board considered the existence of any economies of scale in the provision of services by the Investment Adviser and whether those economies are appropriately shared with the Fund. In its review, the Independent Directors recognized that economies of scale are difficult to assess or quantify, particularly on a Fund by Fund basis, and certain expenses may not decline with a rise in assets. The Independent Directors further considered that economies of scale may be shared in various ways including breakpoints in the management fee schedule, fee waivers and/or expense limitations, pricing of Fund at scale at inception or other means.

The Board considered that not all funds have breakpoints in their fee structures and that breakpoints are not the exclusive means of sharing potential economies of scale. The Board and the Independent Directors considered the Investment Adviser's statement that it believes that breakpoints would not be appropriate for the Fund at this time given uncertainties regarding the direction of the economy, rising inflation, increasing costs for personnel and systems, and growth or contraction in the Fund's assets, all of which could negatively impact the profitability of the Investment Adviser. Considering the factors above, the Independent Directors concluded the absence of breakpoints in the management fee was acceptable and that any economies of scale that exist are adequately reflected in the Investment Adviser's fee structure.

Indirect Benefits. The Independent Directors received and considered information regarding indirect benefits the Investment Adviser may receive as a result of its relationship with the Fund. The Independent Directors further considered the reputational and/or marketing benefits the Investment Adviser may receive as a result of its association with the Fund. The Independent Directors took these indirect benefits into account when accessing the level of advisory fees paid to the Investment Adviser and concluded that the indirect benefits received were reasonable.



Investment Adviser

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Directors & Officers

Jorge I. Vallejo
Director

Carlos A. Pérez
Director

Miguel Venta
Director

Angel M. Rivera
President

James Gallo
Treasurer

Antonio J. Santos
Secretary

Remember that shares of the Fund:

*Are not bank deposits and are not insured by the FDIC or any other governmental agency.
Are not obligations of or guaranteed by Banco Popular de Puerto Rico or any other bank.
Are subject to investment risks, including possible loss of the principal amount invested.*

