

POPULAR HIGH GRADE FIXED INCOME FUND, INC.

Re-Opening of Popular High Grade Fixed-Income Fund, Inc.

At a meeting held on May 23, 2014, the Board of Directors decided to re-open the Popular High Grade Fixed-Income Fund, Inc. (the "Fund"). The Fund has been closed since September 30, 2011. In addition, the existing shareholders of the Fund approved a change to one of the Fund's principal investment objectives. The Fund will invest up to 80% of its total assets in obligations of issuers located in the United States and its territories and possessions ("Non-Puerto Rico Assets"), consisting principally of the following securities:

- Debt securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities as well as entities sponsored by governmental entities, including the Federal Home Loan Bank, Farm Credit Bank, FNMA and FHLMC ("US Government Obligations") or by any state, territory or possession of the United States of America or any political subdivision of such state;
- Mortgage-backed securities backed by mortgage loans on real property located in any state, territory or possession of the United States (other than Puerto Rico) such as GNMA, FNMA, and FHLMC mortgage-backed securities, and CMOs backed by mortgage loans and mortgage-backed securities;
- Debt securities issued or guaranteed by U.S. private entities, including corporate bonds and notes;
- Non-convertible preferred stock issued by U.S. entities; and
- Any other taxable or tax-exempt securities issued by U.S. issuers as exist now or may exist in the future, consistent with the Fund's investment objectives and policies.

At least 20% of the total assets of the Fund will be invested in obligations of Puerto Rico issuers ("Puerto Rico Assets"), consisting of the following securities, the income of which is taxable for Puerto Rico income tax purposes:

- Mortgage-backed securities backed by mortgage loans on real property located in Puerto Rico, such as GNMA, FNMA and FHLMC mortgage-backed securities, and CMOs secured by Puerto Rico loans and Puerto Rico mortgage-backed securities;
- Debt securities, including corporate bonds and notes, issued or guaranteed by corporations, partnerships or other entities organized under the laws of Puerto Rico, which are actively engaged in business in Puerto Rico or, if organized under the laws of another jurisdiction, derive at least 80% of their gross income from Puerto Rico sources ("Puerto Rico Entities");
- Asset-backed securities backed by assets located in Puerto Rico;
- Non-convertible preferred stock issued by Puerto Rico Entities;
- Repurchase agreements with Puerto Rico Entities;
- Debt securities of other Puerto Rico investment companies, subject to the limits described below;
- Certificate of deposits with Puerto Rico banking institutions; and
- Any other security as the Commissioner of Financial Institutions may determine by rule, regulation or ruling that constitutes a Puerto Rico Assets for purposes of the Act.

The Fund will no longer invest 67% of its assets in certain Puerto Rico securities and 33% of its assets in certain obligations considered non-Puerto Rico assets. As a result, shareholders and prospective investors should consider the information set forth in the prospectus before investing in the Fund, particularly the information regarding the Fund's change in investment strategy.

Effective on June 20, 2014, the Fund will re-open to purchases by existing shareholders and new investors. Investors should consider the information set forth in the prospectus before investing, in particular the information set forth under the "RISK FACTORS" section.

While the Fund remains open, there will be no restrictions on the ability of existing shareholders or new investors to purchase shares of the Fund, other than those provided in the prospectus. The Fund will continue to redeem shares on a daily basis as provided in its prospectus. The Fund may: (i) make additional exceptions that, in its judgment, do not adversely affect the investment advisor's ability to manage the Fund; (ii) reject any investment or refuse any purchases where it believes such investment will adversely affect the investment advisor's ability to manage the Fund; and (iii) close and re-open the Fund to existing shareholders or new investors at any time. In addition, the Fund may add any exceptions upon further notice.

The investment in the Fund is not insured by the FDIC and is not guaranteed by a banking institution. An investment may decrease in value.

If you have any questions about the re-opening of the Fund or its new investment objective, please call 787.754.4488.