



## **Boyd Watterson Limited Duration Enhanced Income Fund**

Class A Shares – BWDAX

Class C Shares – BWDCX

Class I Shares – BWDIX

Class I2 Shares – BWDTX

### **Annual Report** June 30, 2021

1-877-345-9597

[www.boydwattersonfunds.com](http://www.boydwattersonfunds.com)

Boyd Watterson Asset Management, LLC  
1301 East 9th Street, Suite 2900  
Cleveland, Ohio 44114

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Boyd Watterson Limited Duration Enhanced Income Fund  
June 30, 2021

Dear Investors and Consultants,

Thank you for your confidence in Boyd Watterson Asset Management and for allowing us to manage a portion of your assets in the Boyd Watterson Limited Duration Enhanced Income Fund.

Fund Objectives:

The Boyd Watterson Limited Duration Enhanced Income Fund (the "Fund") seeks (i) income generation as a principal objective and (ii) capital preservation and total return as secondary objectives.

Performance Discussion:

The Fund's Class I2 shares net return was 5.46% for the fiscal year ended June 30, 2021. The Fund's benchmark, the Bloomberg Barclays 1-to-3 year Government/Credit Index<sup>(1)</sup> returned 0.44% over the same period.

Following a volatile second quarter with headlines focused on the COVID-19 pandemic, economic fallout from government shutdowns, and monetary support programs put forth by the Federal Reserve (the "Fed"), the third and fourth quarters of 2020, by comparison, felt more orderly. The Fed backstopped many areas of the financial markets and economy, driving investment grade and high yield credit spreads nearly back to year-end 2019 levels at year-end. This backstop opened the issuance spigot, resulting in record corporate bond issuance for the year. The Fund, albeit selectively, took advantage of both heavy new issuance and pockets of volatility within the high yield market during the period which benefited performance as spreads for the sector continued to rebound.

The first six months of 2021 were characterized by growing optimism as a contentious election season ended, COVID-19 cases declined, and vaccine supply and administration ramped up rapidly. While a spike in treasury yields resulted in negative total returns across much of the broad fixed income universe during the first quarter, excess returns for most spread sectors held by the Fund remained in positive territory given a modest tightening of spreads. The second quarter was another solid quarter for risk assets within the fixed income markets, with spreads relative to Treasuries continuing to tighten.

The Fund remains overweight high yield bonds, particularly BB-rated, but continues to seek income from a diversified set of sectors including various segments of the securitized market, bank loans, preferred stock and investment-grade-rated corporate hybrids. The Fund's high yield corporate bond holdings contributed most to performance during the quarter as lower-quality credit continued to post superior excess returns during the period relative to other spread sectors.

Given our expectation for interest rates to move higher over the medium-term, the Fund continued to increase its exposure to various floating-rate sectors within both the corporate (bank loans and hybrid securities) and securitized (CLOs) portions of the portfolio. We remain keenly focused on inflation and the labor markets as we evaluate future actions from the Fed and will actively adjust the Fund's portfolio positioning as warranted.

Boyd Watterson Limited Duration Enhanced Income Fund  
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We believe the Fund's limited duration profile positions it favorably versus intermediate- and longer-duration fixed income alternatives during periods of rising interest rates. Our expectation is for income generation to be the primary driver of returns over the near-term. The Fund is positioned near the midpoint of its targeted duration range at quarter-end. We will continue to manage the portfolio with an up-in-quality bias across the sectors represented.

5483-NLD-07292021

<sup>(1)</sup>The Bloomberg 1-3 Year Govt/Credit Index is an unmanaged index which is a component of the US Government/Credit Index, which includes Treasury and agency securities (US Government Bond Index) and publicly issued US corporate and foreign debentures and secured notes (US Credit Bond Index). The bonds in the index are investment grade with a maturity between one and three years. Formerly known as Bloomberg Barclays Capital U.S. 1-3 Year Govt/Credit Bond Index. Investors cannot invest directly in an index.

## Boyd Watterson Limited Duration Enhanced Income Fund PORTFOLIO REVIEW (Unaudited)

June 30, 2021

Average Annual Total Return through June 30, 2021\*, as compared to its benchmarks:

	One Year	Three Year	Five Year	Since Inception (e)	Since Inception (f)	Since Inception (g)
Boyd Watterson Limited Duration Enhanced Income Fund - Class A	5.02%	N/A	N/A	N/A	N/A	4.20%
Boyd Watterson Limited Duration Enhanced Income Fund - Class A with load	2.63%	N/A	N/A	N/A	N/A	3.17%
Boyd Watterson Limited Duration Enhanced Income Fund - Class C	4.19%	N/A	N/A	N/A	N/A	3.52%
Boyd Watterson Limited Duration Enhanced Income Fund - Class I	5.19%	4.23%	N/A	3.70%	N/A	N/A
Boyd Watterson Limited Duration Enhanced Income Fund - Class I2 (a)	5.46%	4.44%	3.99%	N/A	3.68%	N/A
Bloomberg 1-3 Year Govt/Credit Index (b)	0.44%	2.96%	1.88%	2.18%	1.63%	2.91%
Bloomberg 1-5 Year Govt/Credit Index (c)	0.40%	3.70%	2.18%	2.61%	2.08%	3.71%
Bloomberg U.S. Treasury 1-3 Years (d)	0.05%	2.72%	1.60%	1.94%	1.37%	2.69%

\* The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or on the redemptions of Fund shares. Past performance is no guarantee of future results. Performance figures for periods greater than 1 year are annualized. The Fund's advisor has contractually agreed to waive to reduce its fees and/or absorb expenses of the Fund, until at least October 31, 2022, to ensure that Total Annual Fund Operating Expenses After Fee Waiver and/or Reimbursement (exclusive of any front-end or contingent deferred loads; brokerage fees and commissions, acquired fund fees and expenses; borrowing costs (such as interest and dividend expense on securities sold short); taxes; and extraordinary expenses, such as litigation expenses (which may include indemnification of Fund officers and the Board, contractual indemnification of Fund service providers (other than the advisor))) will not exceed 0.89%, 1.59%, 0.60%, and 0.40% of the daily average net assets attributable to Class A, Class C, Class I and Class I2 shares, respectively. Class A, Class C, Class I, and Class I2's total annual expense ratio is 0.88%, 1.59%, 0.60%, and 0.40% per the Fund's most recent prospectus, respectively. Without waiver the expense ratios are 0.88%, 1.63%, 0.63%, and 0.63% for Class A, Class C, Class I and Class I2, respectively. For performance information current to the most recent month-end, please call toll-free 1-877-345-9597.

(a) The Fund is the successor to the Boyd Watterson Limited Duration Mid-Grade Fund, LLC (the "Predecessor Fund"), which transferred its assets to the Fund in connection with the Fund's commencement of operations. The Predecessor Fund was managed by the same advisor who currently manages the Fund, and had substantially similar investment objectives and strategies to those of the Fund. The performance includes the performance of the Predecessor Fund prior to the commencement of the Fund's operations. The Predecessor Fund's performance has been adjusted to reflect the annual deduction of fees and expenses applicable to the Class I2 Shares. The Predecessor Fund was not registered as a mutual fund under the Investment Company Act of 1940, as amended (the "1940 Act"), and therefore was not subject to certain investment restrictions, limitations and diversification requirements imposed by the 1940 Act and the Internal Revenue Code of 1986, as amended (the "Code").

(b) The Bloomberg 1-3 Year Govt/Credit Index is an unmanaged index which is a component of the US Government/Credit Index, which includes Treasury and agency securities (US Government Bond Index) and publicly issued US corporate and foreign debentures and secured notes (US Credit Bond Index). The bonds in the index are investment grade with a maturity between one and three years. Formerly known as Bloomberg Barclays Capital U.S. 1-3 Year Govt/Credit Bond Index. Investors cannot invest directly in an index.

(c) The Bloomberg 1-5 Year Govt/Credit Index is an unmanaged index which is a component of the US Government/Credit Index, which includes Treasury and agency securities (US Government Bond Index) and publicly issued US corporate and foreign debentures and secured notes (US Credit Bond Index). The bonds in the index are investment grade with a maturity between one and five years. Formerly known as Bloomberg Barclays 1-5 Year Govt/Credit Bond Index. Investors cannot invest directly in an index.

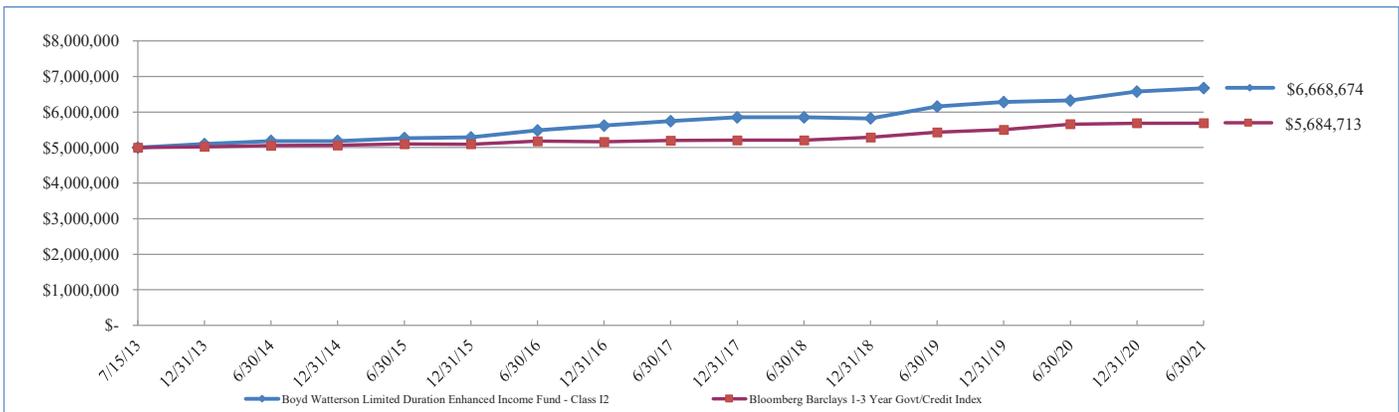
(d) The Bloomberg U.S. Treasury 1-3 Years Index is an unmanaged index measures the performance of the US government bond market and includes public obligations of the U.S. Treasury with a maturity between 1 and up to (but not including) 3 years. Investors cannot invest directly in an index.

(e) Class I inception date is April 13, 2017.

(f) Class I2 inception date is July 15, 2013.

(g) Class A and C inception date is February 28, 2019.

### Comparison of the Change in Value of a \$5,000,000 Investment



#### Portfolio Composition

	Percentage of Net Assets
Autoloan	14.7%
Consumer Discretionary	11.2%
CLO	10.5%
Industrials	9.6%
Materials	8.8%
Financial	8.2%
Consumer Staples	7.2%
Technology	6.3%
Communications	5.1%
Energy	5.1%
Other Assets in Excess of Other Liabilities	13.3%
	100.0%

Please refer to the Schedule of Investments in this annual report for a detailed listing of the Fund's holdings.

# Boyd Watterson Limited Duration Enhanced Income Fund

## SCHEDULE OF INVESTMENTS

June 30, 2021

Par Value		Coupon Rate (%)	Maturity	Fair Value
<b>ASSET BACKED SECURITIES - 28.1 %</b>				
<b>AUTO LOAN - 14.7 %</b>				
\$ 2,030,000	AmeriCredit Automobile Receivables Trust 2020-2	2.1300	3/18/2026	\$ 2,083,795
1,050,000	CarMax Auto Owner Trust 2018-2	3.9900	4/15/2025	1,080,461
2,000,000	CarMax Auto Owner Trust 2020-2	5.7500	5/17/2027	2,213,072
4,000,000	Credit Acceptance Auto Loan Trust 2019-1 ^	3.7500	4/17/2028	4,111,744
2,000,000	Credit Acceptance Auto Loan Trust 2019-3 ^	3.0600	3/15/2029	2,068,236
1,225,000	First Investors Auto Owner Trust ^	4.9200	8/15/2024	1,261,731
1,000,000	First Investors Auto Owner Trust ^	3.3500	4/15/2027	1,007,712
2,250,000	First Investors Auto Owner Trust 2017-2 ^	5.4800	10/15/2024	2,309,644
2,275,000	First Investors Auto Owner Trust 2018-2 ^	5.3600	1/15/2025	2,385,571
1,555,000	First Investors Auto Owner Trust 2019-1 ^	4.5300	6/16/2025	1,616,991
2,000,000	First Investors Auto Owner Trust 2019-2 ^	3.8800	1/15/2026	2,061,227
1,000,000	First Investors Auto Owner Trust 2020-1 ^	4.6300	6/16/2026	1,055,843
5,750,000	Flagship Credit Auto Trust 2016-4 ^	6.4400	1/16/2024	5,812,827
2,000,000	Flagship Credit Auto Trust 2017-1 ^	6.4600	12/15/2023	2,049,945
2,000,000	Santander Drive Auto Receivables Trust 2017-3 ^	4.9700	1/15/2025	2,045,528
3,250,000	Santander Drive Auto Receivables Trust 2018-1 ^	4.3700	5/15/2025	3,318,808
2,010,000	Santander Drive Auto Receivables Trust 2018-2 ^	5.0200	9/15/2025	2,080,774
2,000,000	Santander Drive Auto Receivables Trust 2018-5	4.1900	10/17/2022	2,044,948
1,550,000	Santander Drive Auto Receivables Trust 2019-2	3.2200	7/15/2025	1,601,744
1,000,000	Westlake Automobile Receivables Trust 2019-2 ^	3.2000	1/15/2024	1,031,715
1,500,000	Westlake Automobile Receivables Trust 2019-3 ^	3.5900	3/17/2025	1,546,633
1,000,000	Westlake Automobile Receivables Trust 2020-2 ^	2.7600	1/15/2026	1,035,441
3,000,000	Westlake Automobile Receivables Trust 2020-3 ^	5.1100	5/17/2027	3,138,375
3,000,000	Westlake Automobile Receivables Trust 2021-2 ^	3.6600	12/15/2027	2,990,878
				<u>51,953,643</u>
<b>CLO - 10.5 %</b>				
850,000	Apidos CLO XXXIII, Quarterly US LIBOR +7.5200% ^	7.6957 *	7/24/2031	853,290
1,250,000	Apidos CLO XXXV, Quarterly US LIBOR +5.7500% ^	5.9486 *	4/20/2034	1,246,136
2,000,000	CIFC Funding 2015-V Ltd., Quarterly US LIBOR +2.9500% ^	3.1258 *	10/25/2027	2,008,366
700,000	CIFC Funding 2017-IV Ltd., Quarterly US LIBOR +1.5500% ^	1.6383 *	10/24/2030	699,999
3,000,000	CIFC Funding 2017-IV Ltd., Quarterly US LIBOR +3.1500% ^	3.2383 *	10/24/2030	2,999,991
2,500,000	Dyden 50 Senior Loan Fund, Quarterly US LIBOR +6.2600% ^	6.4438 *	7/15/2030	2,487,020
2,825,000	Goldentree Loan Management US CLO 6 Ltd., Quarterly US LIBOR +3.8500% ^	4.0383 *	1/20/2033	2,849,041
2,750,000	Goldentree Loan Management US CLO 1 Ltd., Quarterly US LIBOR +3.1500% ^	3.3500 *	4/20/2034	2,749,964
1,000,000	Goldentree Loan Management US CLO 7 Ltd., Quarterly US LIBOR +6.5000% ^	6.6882 *	4/20/2034	999,955
2,000,000	Madison Park Funding XXIV Ltd., Quarterly US LIBOR +1.7500% ^	1.9383 *	10/20/2029	1,999,992
1,440,000	Neuberger Berman CLO XV, Quarterly US LIBOR +2.0500% ^	2.2338 *	10/15/2029	1,439,250
2,000,000	Neuberger Berman Loan Advisers CLO 32 Ltd., Quarterly US LIBOR +2.7000% ^	2.8897 *	1/19/2032	2,012,222
1,000,000	Neuberger Berman Loan Advisers CLO 32 Ltd., Quarterly US LIBOR +6.1000% ^	6.2898 *	1/19/2032	999,962
2,540,000	Oaktree EIF III Series II Ltd., Quarterly US LIBOR +1.4500% ^	1.6398 *	7/17/2029	2,539,992
1,538,000	Octagon Investment Partners 20-R Ltd., Quarterly US LIBOR + 6.8000% ^	6.9675 *	5/12/2031	1,531,677
1,500,000	Octagon Investment Partners XV Ltd., Quarterly US LIBOR +1.7500% ^	1.9397 *	7/19/2030	1,506,263
2,400,000	OZLM XII Ltd., Quarterly US LIBOR +1.6000% ^	1.7855 *	4/30/2027	2,404,241
2,000,000	Regatta IX Funding Ltd., Quarterly US LIBOR +6.0000% ^	6.1898 *	4/17/2030	1,994,832
2,250,000	Regatta XIII Funding Ltd., Quarterly US LIBOR +3.1000% ^	3.2838 *	7/15/2031	2,255,263
1,500,000	Wind River CLO Ltd., Quarterly US LIBOR +1.9500% ^	0.0001 *	4/20/2034	1,499,942
				<u>37,077,398</u>
<b>COMMERCIAL MORTGAGE BACKED SECURITIES - 0.7 %</b>				
680,477	COMM 2012-CCRE5 Mortgage Trust ^	4.4641 #	12/10/2045	681,026
2,000,000	Wells Fargo Commercial Mortgage Trust 2016-NXS6	2.3990	11/15/2049	2,001,782
				<u>2,682,808</u>
<b>OTHER - 2.2 %</b>				
335,250	MVW Owner Trust 2016-1 ^	2.2500	12/20/2033	338,541
1,483,773	MVW Owner Trust 2017-1 ^	2.4200	12/20/2034	1,516,706
1,250,000	PFS Financing Corp. ^	2.8600	4/15/2024	1,275,386
417,149	Towd Point Mortgage Trust 2017-5, Monthly US LIBOR +0.6000% ^	0.6915 *	2/25/2057	417,378
531,724	Towd Point Mortgage Trust 2017-6 ^	2.7500 #	10/25/2057	544,918
1,953,982	Towd Point Mortgage Trust 2018-2 ^	3.2500 #	3/25/2058	2,026,862
1,676,261	Towd Point Mortgage Trust 2018-3 ^	3.7500 #	5/25/2058	1,769,809
				<u>7,889,600</u>
<b>TOTAL ASSET BACKED SECURITIES (Cost \$98,721,235)</b>				<u><b>99,603,449</b></u>

See accompanying notes to financial statements.

## Boyd Watterson Limited Duration Enhanced Income Fund

### SCHEDULE OF INVESTMENTS (Continued)

June 30, 2021

Par Value		Coupon Rate (%)	Maturity	Fair Value
	<b>CORPORATE BONDS - 51.7 %</b>			
	<b>COMMUNICATIONS - 3.5 %</b>			
\$ 1,000,000	CCO Holdings, LLC ^	5.0000	2/1/2028	\$ 1,050,490
2,500,000	Netflix, Inc.	5.7500	3/1/2024	2,810,937
100,000	Netflix, Inc.	5.8750	2/15/2025	115,777
1,500,000	Nextstar Broadcasting, Inc. ^	5.6250	7/15/2027	1,591,875
3,000,000	Qwest Corp.	6.7500	12/1/2021	3,073,125
3,000,000	Sirius XM Radio, Inc. ^	5.3750	7/15/2026	3,105,045
750,000	Sirius XM Radio, Inc. ^	5.0000	8/1/2027	787,594
				<u>12,534,843</u>
	<b>CONSUMER DISCRETIONARY - 9.1 %</b>			
3,560,000	Boyer USA, Inc. ^	4.7500	5/15/2029	3,683,230
250,000	Dana, Inc.	5.3750	11/15/2027	266,620
2,000,000	Ford Motor Credit Co. LLC	3.0960	5/4/2023	2,050,900
2,651,000	Hilton Grand Vacations Borrower LLC / Hilton Grand Vacations Borrower, Inc.	6.1250	12/1/2024	2,787,831
584,000	Levi Strauss & Co.	5.0000	5/1/2025	597,441
2,000,000	LGI Homes, Inc. ^	4.0000	7/15/2029	2,012,500
3,375,000	Masonite International Corp. ^	5.7500	9/15/2026	3,503,891
1,210,000	Meritage Homes Corp.	6.0000	6/1/2025	1,383,714
3,050,000	Patrick Industries, Inc. ^	7.5000	10/15/2027	3,309,204
2,000,000	Patrick Industries, Inc. ^	4.7500	5/1/2029	1,992,980
2,250,000	Penske Automotive Group, Inc.	3.5000	9/1/2025	2,337,806
850,000	Scotts Miracle-Gro Co.	4.5000	10/15/2029	887,744
3,885,000	Service Corp. International	5.1250	6/1/2029	4,220,528
3,000,000	Wolverine World Wide, Inc. ^	6.3750	5/15/2025	3,202,455
				<u>32,236,844</u>
	<b>CONSUMER STAPLES - 6.1 %</b>			
3,959,000	Albertsons Co., Inc. ^	5.8750	2/15/2028	4,271,800
3,907,000	Central Garden & Pet Co.	5.1250	2/1/2028	4,141,029
4,009,000	Darling Ingredients, Inc. ^	5.2500	4/15/2027	4,221,317
3,494,000	Ingles Markets, Inc.	5.7500	6/15/2023	3,501,425
3,608,000	Post Holdings, Inc. ^	5.7500	3/1/2027	3,779,380
342,000	Prestige Brands, Inc. ^	5.1250	1/15/2028	363,758
1,100,000	SEG Holding, LLC / S.E.G Finance Corp. ^	5.6250	10/15/2028	1,156,595
				<u>21,435,304</u>
	<b>ENERGY - 5.1 %</b>			
2,250,000	Antero Resources Corp.	5.3750	3/1/2030	2,299,230
2,000,000	Cenovus Energy, Inc.	3.8000	9/15/2023	2,111,036
825,000	Cheniere Energy Partners	5.6250	10/1/2026	858,000
3,250,000	Hess Midstream Operations LP ^	5.6250	2/15/2026	3,393,812
2,000,000	Murphy Oil Corp.	6.8750	8/15/2024	2,051,020
3,240,000	Murphy Oil USA, Inc.	5.6250	5/1/2027	3,429,086
750,000	Murphy Oil USA, Inc.	4.7500	9/15/2029	788,464
2,825,000	Sunoco LP	6.0000	4/15/2027	2,956,716
				<u>17,887,364</u>
	<b>FINANCIAL - 5.2 %</b>			
2,830,000	Bank of America Corp., Quarterly US LIBOR +3.2960%	5.1250 *	Perpetual	3,015,719
3,000,000	FirstCash, Inc. ^	4.6250	9/1/2028	3,140,565
2,855,000	Goldman Sachs Group, Inc., Quarterly US LIBOR +2.8740%	5.0000 *	Perpetual	2,897,825
2,400,000	JPMorgan Chase & Co., Quarterly US LIBOR +3.3000%	6.0000 *	Perpetual	2,553,000
1,815,000	Oaktree Specialty Lending Corp.	3.5000	2/25/2025	1,904,123
850,000	Oaktree Specialty Lending Corp.	2.7000	1/15/2027	851,373
2,150,000	Quicken Loans, LLC ^	3.6250	3/1/2029	2,127,436
166,000	State Street Corp., Quarterly US LIBOR +3.5970%	3.7159 *	Perpetual	166,548
1,533,000	Synovus Financial Corp., 5 Year USSW Rate +3.3790%	5.9000 *	2/7/2029	1,664,212
				<u>18,320,801</u>

See accompanying notes to financial statements.

## Boyd Watterson Limited Duration Enhanced Income Fund

### SCHEDULE OF INVESTMENTS (Continued)

June 30, 2021

Par Value		Coupon Rate (%)	Maturity	Fair Value
	<b>CORPORATE BONDS - 51.7 % (Cont.)</b>			
	<b>HEALTHCARE - 0.4 %</b>			
\$ 1,500,000	Molina Healthcare, Inc. ^	4.3750	6/15/2028	\$ 1,566,750
	<b>INDUSTRIALS - 7.9 %</b>			
2,000,000	Alison Transmission, Inc. ^	4.7500	10/1/2027	2,083,770
2,000,000	Alison Transmission, Inc. ^	5.8750	6/1/2029	2,194,000
3,000,000	Ashtead Capital, Inc. ^	4.1250	8/15/2025	3,076,875
4,000,000	ATS Automation Tooling Systems, Inc. ^	4.1250	12/15/2028	4,108,780
4,060,000	Installed Building Projects, Inc. ^	5.7500	2/1/2028	4,288,618
4,975,000	MasTec, Inc. ^	4.5000	8/15/2028	5,247,780
3,700,000	TopBuild Corp. ^	3.6250	3/15/2029	3,668,143
3,270,000	United Rentals North America, Inc.	5.8750	9/15/2026	3,392,282
				28,060,248
	<b>MATERIALS - 7.0 %</b>			
1,150,000	Advanced Drainage Systems, Inc. ^	5.0000	9/30/2027	1,197,852
3,000,000	Avient Corp. ^	5.7500	5/15/2025	3,174,570
2,402,000	Graphic Packaging International LLC	4.8750	11/15/2022	2,519,013
492,000	HB Fuller Co.	4.0000	2/15/2027	510,991
770,000	HB Fuller Co.	4.2500	10/15/2028	796,157
2,000,000	Ingevity Corp. ^	3.8750	11/1/2028	1,987,580
100,000	Intertape Polymer Group, Inc. ^	4.3750	6/15/2029	101,630
3,130,000	Joseph T Ryerson & Son, Inc. ^	8.5000	8/1/2028	3,485,458
2,360,000	Louisiana-Pacific Corp. ^	3.6250	3/15/2029	2,377,724
2,767,000	Mineral Resources Ltd. ^	8.1250	5/1/2027	3,049,483
2,200,000	Resolute Forest Products, Inc. ^	4.8750	3/1/2026	2,280,993
3,350,000	TriMas Corp. ^	4.1250	4/15/2029	3,399,848
				24,881,299
	<b>REAL ESTATE - 1.6 %</b>			
2,000,000	Iron Mountain, Inc. ^	5.2500	3/15/2028	2,097,100
2,040,000	Sabra Health Care LP	4.8000	6/1/2024	2,231,702
1,261,000	Tanger Properties LP	3.8750	12/1/2023	1,334,365
				5,663,167
	<b>TECHNOLOGY - 4.9 %</b>			
2,180,000	Amkor Technology, Inc. ^	6.6250	9/15/2027	2,356,035
2,500,000	Booz Allen Hamilton, Inc. ^	3.8750	9/1/2028	2,556,338
1,800,000	NCR Corp.	8.1250	4/15/2025	1,971,900
2,000,000	Nielsen Finance LLC	4.5000	7/15/2029	2,010,000
2,075,000	ON Semiconductor Corp. ^	3.8750	9/1/2028	2,140,539
1,000,000	Open Text Corp. ^	5.8750	6/1/2026	1,037,230
2,685,000	Seagate HDD Cayman	4.8750	3/1/2024	2,909,600
2,200,000	Synaptics, Inc.	4.0000	6/15/2029	2,213,750
				17,195,392
	<b>UTILITIES - 0.9 %</b>			
2,625,000	TerraForm Power Operating LLC ^	4.2500	1/31/2023	2,697,568
600,000	TerraForm Power Operating LLC ^	5.0000	1/31/2028	637,074
				3,334,642
	<b>TOTAL CORPORATE BONDS (Cost \$180,677,980)</b>			
				<b>183,116,654</b>
	<b>BANK LOANS - 12.2 %</b>			
	<b>COMMUNICATIONS - 1.6 %</b>			
2,954,887	Charter Communications Operating LLC, Monthly US LIBOR +1.7500%	1.8500 *	2/1/2027	2,933,346
2,623,600	Nexstar Broadcasting, Inc., Monthly US LIBOR +2.5000%	2.5921 *	9/19/2026	2,620,859
				5,554,205
	<b>CONSUMER DISCRETIONARY - 2.1 %</b>			
1,250,000	Adient US, LLC, Monthly US LIBOR +3.5000%	3.5925 *	4/8/2028	1,252,731
3,101,111	Dana, Inc., Monthly US LIBOR +2.2500%	2.3425 *	2/28/2026	3,097,235
3,000,000	Hayward Industries, Inc., Monthly US LIBOR +2.7500%	3.2500 *	5/28/2028	2,996,250
				7,346,216
	<b>CONSUMER STAPLES - 1.1 %</b>			
1,032,609	Prestige Brands, Inc., Monthly US LIBOR +2.0000%	2.0925 *	1/26/2024	1,034,116
2,985,001	Utz Quality Foods LLC, Monthly US LIBOR +3.0000%	3.0925 *	1/20/2028	2,986,494
				4,020,610

See accompanying notes to financial statements.

## Boyd Watterson Limited Duration Enhanced Income Fund

### SCHEDULE OF INVESTMENTS (Continued)

June 30, 2021

Par Value		Coupon Rate (%)	Maturity	Fair Value
	<b>BANK LOANS - 12.2 % (Cont.)</b>			
	<b>FINANCIAL - 0.6 %</b>			
\$ 2,000,000	FleetCor Technologies Operating Co. LLC, Monthly US LIBOR + 1.7500%	1.8500 *	4/22/2028	\$ 1,999,060
	<b>HEALTH CARE - 0.8 %</b>			
3,000,000	Horizon Therapeutics USA, Inc., Monthly US LIBOR + 2.2500%	2.1250 *	5/22/2026	2,986,875
	<b>INDUSTRIALS - 1.7 %</b>			
3,000,000	AlixPartners LLP, Monthly US LIBOR +3.2500%	2.8500 *	2/4/2028	2,990,625
3,000,000	Columbus McKinnon Corp, Monthly US LIBOR +2.7500%	3.2500 *	5/13/2028	3,013,608
				<u>6,004,233</u>
	<b>MATERIALS - 1.8 %</b>			
3,207,438	HB Fuller Co., Monthly US LIBOR +2.0000%	2.0993 *	10/20/2024	3,214,125
3,000,000	Quikrete Holdings, Inc., Monthly US LIBOR +2.6042%	2.7500 *	1/31/2027	2,975,625
				<u>6,189,750</u>
	<b>REAL ESTATE - 0.3 %</b>			
987,245	Iron Mountain, Monthly US LIBOR + 1.7500%	1.8425 *	1/2/2026	979,224
	<b>TECHNOLOGY - 1.4 %</b>			
2,954,198	Open Text Corp., Monthly US LIBOR +1.7500%	1.8425 *	5/30/2025	2,960,964
1,995,000	Pitney Bowes, Inc., Monthly US LIBOR +4.0000%	4.1000 *	3/12/2028	2,002,481
				<u>4,963,445</u>
	<b>UTILITIES - 0.8 %</b>			
2,958,801	Vistra Operations Co., LLC, Monthly US LIBOR + 1.7500%	1.8509 *	12/31/2025	2,941,418
	<b>TOTAL BANK LOANS (Cost \$42,834,425)</b>			<u><b>42,985,036</b></u>
	<b>Shares</b>			
	<b>EXCHANGE TRADED FUNDS - 1.7 %</b>			
130,000	SPDR Blackstone Senior Loan ET			
	<b>TOTAL EXCHANGE TRADED FUNDS (Cost \$5,966,011)</b>			<u><b>6,017,700</b></u>
	<b>PREFERRED STOCK - 2.4 %</b>			
	<b>FINANCIAL - 2.4 %</b>			
80,000	Charles Schwab Corp.			2,120,000
40,000	Eagle Point Credit Co., Inc.			1,019,400
77,000	Huntington Bancshares, Inc.			2,002,000
122,135	US Bancorp.			3,175,510
	<b>TOTAL PREFERRED STOCK (Cost \$8,030,259)</b>			<u><b>8,316,910</b></u>
	<b>SHORT-TERM INVESTMENT - 3.9 %</b>			
13,857,914	First American Government Obligations Fund - Class X, 0.03%**			13,857,914
	<b>TOTAL SHORT-TERM INVESTMENT (Cost \$13,857,914)</b>			<u><b>13,857,914</b></u>
	<b>TOTAL INVESTMENTS (Cost \$350,087,824) - 100.0 %</b>			<u><b>\$ 353,897,663</b></u>
	<b>ASSETS IN EXCESS OF OTHER LIABILITIES - 0.0 %</b>			108,660
	<b>NET ASSETS - 100.0 %</b>			<u><u><b>\$ 354,006,323</b></u></u>

CLO - Collateralized Loan Obligation

LLC - Limited Liability Company

LP - Limited Partnership

USSW - United States Swap Rate

# Variable rate, rate shown represents the rate shown at June 30, 2021.

\* Floating Rate, rate shown represents the rate at June 30, 2021.

\*\* Money Market fund; interest rate reflects seven-day effective yield on June 30, 2021.

^ Securities exempt from registration under Rule 144A of Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional buyers. June 30, 2021, these securities amounted to \$204,578,190 or 57.80% of net assets.

# Boyd Watterson Limited Duration Enhanced Income Fund

## STATEMENT OF ASSETS AND LIABILITIES

June 30, 2021

### ASSETS

Investment securities:		
At cost	\$	350,087,824
At fair value	\$	353,897,663
Cash at broker for bank loans		9,972,688
Dividends and interest receivable		2,714,496
Receivable for fund shares sold		6,801
Prepaid expenses		24,462
<b>TOTAL ASSETS</b>		<b>366,616,110</b>

### LIABILITIES

Payable for securities purchased		12,459,198
Payable for fund shares redeemed		4,077
Investment advisory fees payable		75,122
Distributions (12b-) fees payable		3,307
Payable to related parties		33,602
Accrued expenses and other liabilities		34,481
<b>TOTAL LIABILITIES</b>		<b>12,609,787</b>

### NET ASSETS

**\$ 354,006,323**

### Net Assets Consist Of:

Paid in capital (\$0 par value, unlimited shares authorized)		\$ 349,471,728
Accumulated earnings		4,534,595

### NET ASSETS

**\$ 354,006,323**

### Net Asset Value Per Share:

Class A Shares:		
Net Assets	\$	4,795,560
Shares of beneficial interest outstanding *		475,177
Net asset value (Net Assets ÷ Shares Outstanding), offering price and redemption price per share	\$	10.09
Maximum offering price per share (net asset value plus maximum sales charge of 2.25%)	\$	10.32
Class C Shares:		
Net Assets	\$	2,818,177
Shares of beneficial interest outstanding *		278,982
Net asset value (Net Assets ÷ Shares Outstanding), offering price and redemption price per share	\$	10.10
Class I Shares:		
Net Assets	\$	86,471,011
Shares of beneficial interest outstanding *		8,576,751
Net asset value (Net Assets ÷ Shares Outstanding), offering price and redemption price per share	\$	10.08
Class I2 Shares:		
Net Assets	\$	259,921,575
Shares of beneficial interest outstanding *		25,559,969
Net asset value (Net Assets ÷ Shares Outstanding), offering price and redemption price per share	\$	10.17

\* Unlimited number of shares of beneficial interest authorized, no par value.

See accompanying notes to financial statements.

# Boyd Watterson Limited Duration Enhanced Income Fund

## STATEMENT OF OPERATIONS

For the Year Ended June 30, 2021

<b>INVESTMENT INCOME</b>	
Dividends	\$ 266,112
Interest, net of amortization and accretion	10,715,859
<b>TOTAL INVESTMENT INCOME</b>	<u>10,981,971</u>
<b>EXPENSES</b>	
Investment advisory fees	1,255,038
Distribution (12b-1) fees	
Class A	9,616
Class C	30,784
Administrative services fees	262,570
Transfer agent fees	77,986
Third party administration servicing fees	77,966
Custodian fees	34,875
Legal Fees	29,978
Registration fees	29,750
Compliance officer fees	26,175
Audit fees	24,195
Printing and postage expenses	17,686
Trustees' fees and expenses	14,227
Insurance expense	8,760
Other expenses	13,763
<b>TOTAL EXPENSES</b>	<u>1,913,369</u>
Less: Fees waived by the advisor	<u>(471,412)</u>
<b>NET EXPENSES</b>	<u>1,441,957</u>
<b>NET INVESTMENT INCOME</b>	<u>9,540,014</u>
<b>REALIZED AND UNREALIZED GAIN FROM INVESTMENTS</b>	
Net realized gain from investments	2,018,799
Net change in unrealized appreciation on investments	4,085,182
<b>NET REALIZED AND UNREALIZED GAIN FROM INVESTMENTS</b>	<u>6,103,981</u>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u>\$ 15,643,995</u>

See accompanying notes to financial statements.

**Boyd Watterson Limited Duration Enhanced Income Fund**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020
<b>FROM OPERATIONS</b>		
Net investment income	\$ 9,540,014	\$ 7,726,542
Net realized gain from investments	2,018,799	1,594,368
Net change in unrealized appreciation (depreciation) on investments	4,085,182	(3,148,471)
Net increase in net assets resulting from operations	<u>15,643,995</u>	<u>6,172,439</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>		
Total distribution paid		
Class A	(109,478)	(197,734)
Class C	(62,960)	(80,423)
Class I	(2,205,071)	(945,502)
Class I2	(7,568,694)	(6,863,513)
Net decrease in net assets from distributions to shareholders	<u>(9,946,203)</u>	<u>(8,087,172)</u>
<b>FROM SHARES OF BENEFICIAL INTEREST</b>		
Proceeds from shares sold:		
Class A	2,606,768	1,532,970
Class C	633,991	2,199,358
Class I	68,280,773	26,217,707
Class I2	39,575,598	33,950,684
Reinvestment of distributions to shareholders:		
Class A	109,478	197,734
Class C	62,960	80,423
Class I	2,120,210	935,299
Class I2	6,832,255	6,102,180
Payments for shares redeemed:		
Class A	(464,217)	(8,724,773)
Class C	(1,634,781)	(1,899,315)
Class I	(18,290,642)	(10,780,675)
Class I2	(18,679,304)	(13,266,700)
Net increase in net assets from shares of beneficial interest	<u>81,153,089</u>	<u>36,544,892</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	<u>86,850,881</u>	<u>34,630,159</u>
<b>NET ASSETS</b>		
Beginning of Year	267,155,442	232,525,283
End of Year	<u>\$ 354,006,323</u>	<u>\$ 267,155,442</u>

See accompanying notes to financial statements.

**Boyd Watterson Limited Duration Enhanced Income Fund**  
**STATEMENTS OF CHANGES IN NET ASSETS (Continued)**

	<b>For the Year Ended June 30, 2021</b>	<b>For the Year Ended June 30, 2020</b>
<b>SHARE ACTIVITY</b>		
Class A:		
Shares Sold	259,501	152,842
Shares Reinvested	10,885	20,036
Shares Redeemed	(46,107)	(884,357)
Net increase (decrease) in shares of beneficial interest outstanding	<u>224,279</u>	<u>(711,479)</u>
Class C:		
Shares Sold	62,757	219,730
Shares Reinvested	6,255	8,234
Shares Redeemed	(161,997)	(192,185)
Net increase (decrease) in shares of beneficial interest outstanding	<u>(92,985)</u>	<u>35,779</u>
Class I:		
Shares Sold	6,770,702	2,634,855
Shares Reinvested	211,014	95,569
Shares Redeemed	(1,808,249)	(1,089,398)
Net increase in shares of beneficial interest outstanding	<u>5,173,467</u>	<u>1,641,026</u>
Class I2:		
Shares Sold	3,889,986	3,395,167
Shares Reinvested	674,505	619,798
Shares Redeemed	(1,845,941)	(1,361,043)
Net increase in shares of beneficial interest outstanding	<u>2,718,550</u>	<u>2,653,922</u>

See accompanying notes to financial statements.

**Boyd Watterson Limited Duration Enhanced Income Fund**  
**FINANCIAL HIGHLIGHTS**

Per Share Data and Ratios for a Share of Beneficial Interest Outstanding Throughout the Periods Presented

	<b>Class A</b>		
	<b>For the Year Ended June 30, 2021</b>	<b>For the Year Ended June 30, 2020</b>	<b>For the Period Ended June 30, 2019 (1)</b>
Net asset value, beginning of period	\$ 9.89	\$ 9.96	\$ 9.89
Activity from investment operations:			
Net investment income (2)	0.26	0.28	0.10
Net realized and unrealized gain (loss) on investments	0.23	(0.05)	0.14
Total from investment operations	0.49	0.23	0.24
Less distributions from:			
Net investment income	(0.29)	(0.30)	(0.17)
Total distributions	(0.29)	(0.30)	(0.17)
Net asset value, end of period	\$ 10.09	\$ 9.89	\$ 9.96
Total return (3)	5.02%	2.34%	2.41% (4)
Net assets, end of period (000s)	\$ 4,796	\$ 2,481	\$ 9,585
Ratio of gross expenses to average net assets (5)	0.85%	0.88%	0.83% (6)
Ratio of net expenses to average net assets (5)	0.85%	0.88%	0.83% (6)
Ratio of net investment income to average net assets	2.64%	2.78%	3.28% (6)
Portfolio Turnover Rate	73%	70%	47% (7)

(1) The Boyd Watterson Limited Duration Enhanced Income Fund Class A commenced operations on February 28, 2019.

(2) Per share amounts calculated using the average shares method, which more appropriately represents the per share data for the year or period.

(3) Total returns shown exclude the effect of applicable sales charges and redemption fees and assumes reinvestment of all distributions.

(4) Not annualized.

(5) Does not include the expenses of other investment companies in which the Fund invests.

(6) Annualized.

(7) Portfolio turnover is based on the Fund as a whole.

See accompanying notes to financial statements.

## Boyd Watterson Limited Duration Enhanced Income Fund

### FINANCIAL HIGHLIGHTS

Per Share Data and Ratios for a Share of Beneficial Interest Outstanding Throughout the Periods Presented

	Class C		
	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020	For the Period Ended June 30, 2019 (1)
Net asset value, beginning of period	\$ 9.90	\$ 9.97	\$ 9.89
Activity from investment operations:			
Net investment income (2)	0.19	0.21	0.10
Net realized and unrealized gain (loss) on investments	0.22	(0.06)	0.14
Total from investment operations	0.41	0.15	0.24
Less distributions from:			
Net investment income	(0.21)	(0.22)	(0.16)
Total distributions	(0.21)	(0.22)	(0.16)
Net asset value, end of period	\$ 10.10	\$ 9.90	\$ 9.97
Total return (3)	4.19%	1.56%	2.46% (4)
Net assets, end of period (000s)	\$ 2,818	\$ 3,683	\$ 3,351
Ratio of gross expenses to average net assets (5)	1.60%	1.63%	1.58% (6)
Ratio of net expenses to average net assets (5)	1.59%	1.59%	1.58% (6)
Ratio of net investment income to average net assets	1.93%	2.08%	2.68% (6)
Portfolio Turnover Rate	73%	70%	47% (7)

(1) The Boyd Watterson Limited Duration Enhanced Income Fund Class C commenced operations on February 28, 2019

(2) Per share amounts calculated using the average shares method, which more appropriately represents the per share data for the year or period.

(3) Total returns shown exclude the effect of applicable sales charges and redemption fees and assumes reinvestment of all distributions.

(4) Not annualized.

(5) Does not include the expenses of other investment companies in which the Fund invests.

(6) Annualized.

(7) Portfolio turnover is based on the Fund as a whole.

See accompanying notes to financial statements.

## Boyd Watterson Limited Duration Enhanced Income Fund

### FINANCIAL HIGHLIGHTS

Per Share Data and Ratios for a Share of Beneficial Interest Outstanding Throughout the Periods Presented

#### Class I

	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018	For the Period Ended June 30, 2017 (1)
Net asset value, beginning of period	\$ 9.89	\$ 9.97	\$ 9.88	\$ 10.02	\$ 10.00
Activity from investment operations:					
Net investment income (2)	0.29	0.30	0.34	0.37	0.07
Net realized and unrealized gain (loss) on investments	0.22	(0.05)	0.14	(0.19)	0.03
Total from investment operations	0.51	0.25	0.48	0.18	0.10
Less distributions from:					
Net investment income	(0.32)	(0.33)	(0.39)	(0.32)	(0.08)
Total distributions	(0.32)	(0.33)	(0.39)	(0.32)	(0.08)
Net asset value, end of period	\$ 10.08	\$ 9.89	\$ 9.97	\$ 9.88	\$ 10.02
Total return (3)	5.19%	2.58%	4.93%	1.79%	1.03% (4)
Net assets, end of period (000s)	\$ 86,471	\$ 33,653	\$ 17,561	\$ 4,858	\$ 1,535
Ratio of gross expenses to average net assets (5,6)	0.60%	0.63%	0.62%	0.62%	0.60% (7)
Ratio of net expenses to average net assets (6)	0.60%	0.60%	0.59%	0.55%	0.55% (7)
Ratio of net investment income to average net assets	2.89%	3.07%	3.43%	3.69%	3.48% (7)
Portfolio Turnover Rate	73%	70%	47%	73%	88% (4)

(1) The Boyd Watterson Limited Duration Enhanced Income Fund Class I commenced operations on April 13, 2017.

(2) Per share amounts calculated using the average shares method, which more appropriately represents the per share data for the year or period.

(3) Total returns shown exclude the effect of applicable sales charges and redemption fees and assumes reinvestment of all distributions.

(4) Not annualized.

(5) Represents the ratio of expenses to average net assets absent fee waivers and/or expense reimbursements by the advisor.

(6) Does not include the expenses of other investment companies in which the Fund invests.

(7) Annualized.

See accompanying notes to financial statements.

## Boyd Watterson Limited Duration Enhanced Income Fund

### FINANCIAL HIGHLIGHTS

Per Share Data and Ratios for a Share of Beneficial Interest Outstanding Throughout the Periods Presented

#### Class I2

	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018	For the Period Ended June 30, 2017 (1)
Net asset value, beginning of period	\$ 9.95	\$ 10.01	\$ 9.90	\$ 10.03	\$ 10.00
Activity from investment operations:					
Net investment income (2)	0.32	0.33	0.36	0.38	0.29
Net realized and unrealized gain (loss) on investments	0.22	(0.06)	0.14	(0.19)	0.03
Total from investment operations	0.54	0.27	0.50	0.19	0.32
Less distributions from:					
Net investment income	(0.32)	(0.33)	(0.39)	(0.32)	(0.29)
Total distributions	(0.32)	(0.33)	(0.39)	(0.32)	(0.29)
Net asset value, end of period	\$ 10.17	\$ 9.95	\$ 10.01	\$ 9.90	\$ 10.03
Total return (3)	5.46%	2.77%	5.12%	1.89%	3.28% (4)
Net assets, end of period (000s)	\$ 259,922	\$ 227,338	\$ 202,028	\$ 152,365	\$ 114,913
Ratio of gross expenses to average net assets (5,6)	0.60%	0.63%	0.61%	0.61%	0.59% (7)
Ratio of net expenses to average net assets (6)	0.40%	0.40%	0.40%	0.40%	0.40% (7)
Ratio of net investment income to average net assets	3.10%	3.27%	3.60%	3.79%	3.19% (7)
Portfolio Turnover Rate	73%	70%	47%	73%	88% (4)

(1) The Boyd Watterson Limited Duration Enhanced Income Fund Class I2 commenced operations on July 29, 2016.

(2) Per share amounts calculated using the average shares method, which more appropriately represents the per share data for the year or period.

(3) Total returns shown exclude the effect of applicable sales charges and redemption fees and assumes reinvestment of all distributions.

(4) Not annualized.

(5) Represents the ratio of expenses to average net assets absent fee waivers and/or expense reimbursements by the advisor.

(6) Does not include the expenses of other investment companies in which the Fund invests.

(7) Annualized.

See accompanying notes to financial statements.

# Boyd Watterson Limited Duration Enhanced Income Fund

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### I. ORGANIZATION

Boyd Watterson Limited Duration Enhanced Income Fund (the "Fund") is a diversified series of shares of beneficial interest of Northern Lights Fund Trust III, a Delaware statutory trust organized on December 5, 2011 (the "Trust"). The Trust is an open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund currently consists of four classes of shares. The Fund's Class I2 is the successor to the Boyd Watterson Limited Duration Mid-Grade Fund, LLC, (the "Predecessor Fund"). The Predecessor Fund was organized under the laws of the State of Delaware as a limited liability company effective July 19, 2012 and commenced operations on July 15, 2013. Class I commenced operations on April 13, 2017. Class A and Class C commenced operations on February 28, 2019. The Predecessor Fund's investment objective was to generate current income consistent with a strategy that focuses on capital preservation, without taking significant duration risk. The Fund seeks (i) income generation as a principal objective and (ii) capital preservation and total return as secondary objectives.

Each share class represents an interest in the same assets of the Fund, has the same rights and is identical in all material respects except that (i) each class of shares may bear different distribution fees; (ii) each class of shares may be subject to different (or no) sales charges; (iii) certain other class specific expenses will be borne solely by the class to which such expenses are attributable; and (iv) each class has exclusive voting rights with respect to matters relating to its own distribution arrangements. The Fund's income, expenses (other than class specific distribution fees) and realized and unrealized gains and losses are allocated proportionately each day based upon the relative net assets of each class.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946 "Financial Services – Investment Companies".

**Security Valuation** – Securities listed on an exchange are valued at the last reported sale price at the close of the regular trading session of the primary exchange on the business day the value is being determined, or in the case of securities listed on NASDAQ at the NASDAQ Official Closing Price. In the absence of a sale, such securities shall be valued at the mean between the current bid and ask prices on the day of valuation. Debt securities (other than short-term obligations) are valued each day by an independent pricing service approved by the Trust's Board of Trustees (the "Board") using methods which include current market quotations from a major market maker in the securities and based on methods which include the consideration of yields or prices of securities of comparable quality, coupon, maturity and type. The independent pricing service does not distinguish between smaller-sized bond positions known as "odd lots" and larger institutional-sized bond positions known as "round lots". The Fund may fair value a particular bond if the advisor does not believe that the round lot value provided by the independent pricing service reflects fair value of the Fund's holding. Short-term debt obligations having 60 days or less remaining until maturity, at the time of purchase, may be valued at amortized cost. Investments in open-end investment companies are valued at net asset value.

The Fund may hold securities, such as private investments, interests in commodity pools, other non-traded securities or temporarily illiquid securities, for which market quotations are not readily available or are determined to be unreliable. These securities will be valued using the "fair value" procedures approved by the Board. The Board has delegated execution of these procedures to a fair value committee composed of one or more representatives from each of the (i) Trust, (ii) administrator, and (iii) advisor. The committee may also enlist third party consultants such as a valuation specialist at a public accounting firm, valuation consultant or financial officer of a security issuer on an as-needed basis to assist in determining a security-specific fair value. The Board reviews and ratifies the execution of this process and the resultant fair value prices at least quarterly to assure the process produces reliable results.

# Boyd Watterson Limited Duration Enhanced Income Fund

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021

**Fair Valuation Process** – As noted above, the fair value committee is composed of one or more representatives from each of the (i) Trust, (ii) administrator, and (iii) advisor. The applicable investments are valued collectively via inputs from each of these groups. For example, fair value determinations are required for the following securities: (i) securities for which market quotations are insufficient or not readily available on a particular business day (including securities for which there is a short and temporary lapse in the provision of a price by the regular pricing source); (ii) securities for which, in the judgment of the advisor, the prices or values available do not represent the fair value of the instrument. Factors which may cause the advisor to make such a judgment include, but are not limited to, the following: only a bid price or an ask price is available; the spread between bid and ask prices is substantial; the frequency of sales; the thinness of the market; the size of reported trades; and actions of the securities markets, such as the suspension or limitation of trading; (iii) securities determined to be illiquid; (iv) securities with respect to which an event that will affect the value thereof has occurred (a “significant event”) since the closing prices were established on the principal exchange on which they are traded, but prior to the Fund’s calculation of its net asset value.

Specifically, interests in commodity pools or managed futures pools are valued on a daily basis by reference to the closing market prices of each futures contract or other asset held by a pool, as adjusted for pool expenses. Restricted or illiquid securities, such as private investments or non-traded securities are valued via inputs from the advisor based upon the current bid for the security from two or more independent dealers or other parties reasonably familiar with the facts and circumstances of the security (who should take into consideration all relevant factors as may be appropriate under the circumstances). If the advisor is unable to obtain a current bid from such independent dealers or other independent parties, the fair value committee shall determine the fair value of such security using the following factors: (i) the type of security; (ii) the cost at date of purchase; (iii) the size and nature of the Fund’s holdings; (iv) the discount from market value of unrestricted securities of the same class at the time of purchase and subsequent thereto; (v) information as to any transactions or offers with respect to the security; (vi) the nature and duration of restrictions on disposition of the security and the existence of any registration rights; (vii) how the yield of the security compares to similar securities of companies of similar or equal creditworthiness; (viii) the level of recent trades of similar or comparable securities; (ix) the liquidity characteristics of the security; (x) current market conditions; and (xi) the market value of any securities into which the security is convertible or exchangeable.

**Valuation of Fund of Funds** - The Fund may invest in portfolios of open-end or closed-end investment companies (the “Underlying Funds”). Underlying open-end investment companies are valued at their respective net asset values as reported by such investment companies. The Underlying Funds value securities in their portfolios for which market quotations are readily available at their market values (generally the last reported sale price) and all other securities and assets at their fair value by the methods established by the board of directors of the Underlying Funds. The shares of many closed-end investment companies, after their initial public offering, frequently trade at a price per share, which is different than the net asset value per share. The difference represents a market premium or market discount of such shares. There can be no assurances that the market discount or market premium on shares of any closed-end investment company purchased by the Fund will not change.

The Fund utilizes various methods to measure the fair value of all of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

**Level 1** – Unadjusted quoted prices in active markets for identical assets and liabilities that the Fund has the ability to access.

**Level 2** – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

**Level 3** – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

**Boyd Watterson Limited Duration Enhanced Income Fund**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2021**

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following table summarizes the inputs used as of June 30, 2021, for the Fund's investments measured at fair value:

Assets*	Level 1	Level 2	Level 3	Total
Asset Backed Securities	\$ -	\$ 99,603,449	\$ -	\$ 99,603,449
Corporate Bonds	-	183,116,654	-	183,116,654
Bank Loans	-	42,985,036	-	42,985,036
Exchange Traded Fund	6,017,700	-	-	6,017,700
Preferred Stock	8,316,910	-	-	8,316,910
Short-Term Investment	13,857,914	-	-	13,857,914
Total	\$ 28,192,524	\$ 325,705,139	\$ -	\$ 353,897,663

The Fund did not hold any Level 3 securities during the period.

\*Refer to the Schedule of Investments for industry classifications.

**Security Transactions and Related Income** – Security transactions are accounted for on the trade date. Interest income is recognized on an accrual basis. Discounts are accreted and premiums are amortized on securities purchased over the lives of the respective securities using the effective interest method. Dividend income is recorded on the ex-dividend date. Realized gains or losses from sales of securities are determined by comparing the identified cost of the security lot sold with the net sales proceeds. Gains and losses realized on principal payments of asset-backed securities and bank loans (paydown gains and losses) are classified as part of investment income.

**Dividends and Distributions to Shareholders** – Dividends from net investment income are declared and paid quarterly. Distributions from net realized capital gains, if any, are declared and paid annually. Dividends and distributions to shareholders are recorded on the ex-dividend date and are determined in accordance with federal income tax regulations, which may differ from GAAP. These “book/tax” differences are considered either temporary (e.g., deferred losses, capital loss carryforwards) or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the composition of net assets based on their federal tax-basis treatment; temporary differences do not require reclassification. These reclassifications have no effect on net assets, results from operations or net asset values per share of the Fund.

**Federal Income Taxes** – It is the Fund's policy to qualify as a regulated investment company by complying with the provisions of the Internal Revenue Code of 1986, as amended that are applicable to regulated investment companies and to distribute substantially all of its taxable income and net realized gains to shareholders. Therefore, no federal income tax provision has been recorded. The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years ended June 30, 2018 through June 30, 2020 or expected to be taken in the Fund's June 30, 2021 tax returns. The Fund identifies its major tax jurisdictions as U.S. federal, Ohio and foreign jurisdictions where the Fund makes significant investments. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense of the Statement of Operations. During the year ended June 30, 2021, the Fund did not incur any interest or penalties.

# Boyd Watterson Limited Duration Enhanced Income Fund

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021

**Fixed Income Risk** - When the Fund invests in fixed income securities, the value of your investment in the Fund will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities owned by the Fund. In general, the market price of fixed income securities with longer maturities will increase or decrease more in response to changes in interest rates than shorter-term securities. Other risk factors include credit risk (the debtor may default) and prepayment risk (the debtor may pay its obligation early, reducing the amount of interest payments). These risks could affect the value of a particular investment by the Fund, possibly causing the Fund's share price and total return to be reduced and fluctuate more than other types of investments.

**Counterparty Credit Risk** - The stability and liquidity of many security transactions depends in large part on the creditworthiness of the parties to the transactions. If a counterparty to such a transaction defaults, exercising contractual rights may involve delays or costs for the Fund. Furthermore, there is a risk that a counterparty could become the subject of insolvency proceedings, and that the recovery of securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty.

**Bank Loans Risk** - The market for bank loans may not be highly liquid and the Fund may have difficulty selling them. These investments expose the Fund to the credit risk of both the financial institution and the underlying borrower. Bank loans settle on a delayed basis (in some cases, longer than 7 days), potentially leading to the sale proceeds of such loans not being available to meet redemptions for a substantial period of time after the sale of the bank loans. The Fund may need a line of credit in order to meet redemptions during these periods, which may increase the Fund's expenses. Certain bank loans may not be considered "securities," and purchasers, such as the Fund, therefore may not be entitled to rely on the protections of federal securities laws, including anti-fraud provisions.

**Market and Geopolitical Risk** - The increasing interconnectivity between global economies and financial markets increases the likelihood that events or conditions in one region or financial market may adversely impact issuers in a different country, region or financial market. Securities in the Fund's portfolio may underperform due to inflation (or expectations for inflation), interest rates, global demand for particular products or resources, natural disasters, climate-change and climate-related events, pandemics, epidemics, terrorism, regulatory events and governmental or quasi-governmental actions. The occurrence of global events similar to those in recent years, such as terrorist attacks around the world, natural disasters, social and political discord or debt crises and downgrades, among others, may result in market volatility and may have long term effects on both the U.S. and global financial markets. It is difficult to predict when similar events affecting the U.S. or global financial markets may occur, the effects that such events may have and the duration of those effects. Any such event(s) could have a significant adverse impact on the value and risk profile of the Fund's portfolio. The current novel coronavirus (COVID-19) global pandemic and the aggressive responses taken by many governments, including closing borders, restricting international and domestic travel, and the imposition of prolonged quarantines or similar restrictions, as well as the forced or voluntary closure of, or operational changes to, many retail and other businesses, has had negative impacts, and in many cases severe negative impacts, on markets worldwide. It is not known how long such impacts, or any future impacts of other significant events described above, will or would last, but there could be a prolonged period of global economic slowdown, which may impact your Fund investment. Therefore, the Fund could lose money over short periods due to short-term market movements and over longer periods during more prolonged market downturns. During a general market downturn, multiple asset classes may be negatively affected. Changes in market conditions and interest rates can have the same impact on all types of securities and instruments. In times of severe market disruptions, you could lose your entire investment.

**LIBOR Risk** – LIBOR is used extensively in the U.S. and globally as a "benchmark" or "reference rate" for various commercial and financial contracts, including corporate and municipal bonds, bank loans, asset-backed and mortgage-related securities, interest rate swaps and other derivatives. Instruments in which the Fund invests may pay interest at floating rates based on LIBOR or may be subject to interest caps or floors based on LIBOR. The industry currently anticipates the conversion of all LIBOR based instruments to SOFR based instruments in June 2023 or sooner.

Since 2017, the UK's Financial Conduct Authority has been working towards the cessation of LIBOR at the end of December 2021. In November 2020, though, the administrator of the U.S. Dollar Libor benchmarks, the ICE Benchmark Administration, extended the retirement date for most US Dollar LIBOR rates until June 2023. Regulators and industry working groups have suggested numerous alternative reference rates to LIBOR. Leading alternatives include Sonia in the UK, €STR in the EU, Tonar in Japan, and in the U.S., the NY Fed has been working to develop the Secured Overnight Financing Rate (SOFR). Global consensus is still coalescing around the transition to a new reference rate and the process

# Boyd Watterson Limited Duration Enhanced Income Fund

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021

for amending existing contracts. Abandonment of or modifications to LIBOR could have adverse impacts on newly issued financial instruments and existing financial instruments which reference LIBOR. There also remains uncertainty and risk regarding the willingness and ability of issuers to include enhanced provisions in new and existing contracts or instruments. The transition away from LIBOR may lead to increased volatility and illiquidity in markets that are tied to LIBOR, reduced values of LIBOR-related investments, and reduced effectiveness of hedging strategies, adversely affecting the Fund's performance or NAV. In addition, the alternative reference rate may be an ineffective substitute resulting in prolonged adverse market conditions for the Fund.

**Expenses** – Expenses of the Trust that are directly identifiable to a specific fund are charged to that fund. Expenses, which are not readily identifiable to a specific fund, are allocated in such a manner as deemed equitable, taking into consideration the nature and type of expense and the relative sizes of the funds in the Trust.

**Indemnification** – The Trust indemnifies its officers and the Board for certain liabilities that may arise from the performance of their duties to the Trust. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the risk of loss due to these warranties and indemnities appears to be remote.

### 3. INVESTMENT TRANSACTIONS

For the year ended June 30, 2021, cost of purchases and proceeds from sales of portfolio securities, excluding short-term investments and U.S. government securities, amounted to \$299,918,003 and \$215,769,731, respectively. Cost of purchases and proceeds from sales of U.S. government securities, amounted to \$5,959,453 and \$5,591,953, respectively.

### 4. INVESTMENT ADVISORY AGREEMENT AND TRANSACTIONS WITH RELATED PARTIES

Boyd Watterson Asset Management, LLC serves as the Fund's investment advisor (the "Advisor"). Pursuant to an advisory agreement with the Trust on behalf of the Fund, the Advisor, under the oversight of the Board, directs the daily operations of the Fund and supervises the performance of administrative and professional services provided by others. As compensation for its services and the related expenses borne by the Advisor, the Fund pays the Advisor a fee computed and accrued daily and paid monthly, based on the Fund's average daily net assets and is computed at the annual rate of 0.40%. Pursuant to the advisory agreement, the Fund accrued \$1,255,038 in advisory fees for the year ended June 30, 2021.

The Advisor has contractually agreed to reduce its fees and/or absorb expenses of the Fund ("Waiver Agreement") until at least October 31, 2022, to ensure that Total Annual Fund Operating Expenses After Fee Waiver and/or Reimbursement (exclusive of any front-end or contingent deferred loads; brokerage fees and commissions, acquired fund fees and expenses; borrowing costs (such as interest and dividend expense on securities sold short); taxes; and extraordinary expenses, such as litigation expenses (which may include indemnification of Fund officers and the Board, contractual indemnification of Fund service providers (other than the Advisor), will not exceed 0.89%, 1.59%, 0.60%, and 0.40%, of the daily average net assets attributable to Class A, Class C, Class I, and Class I2 shares, respectively. The Advisor may seek reimbursement for expenses waived or paid by it during the prior year; provided, however, that such expenses may only be reimbursed to the extent they were waived or paid after the date of the Waiver Agreement (or any similar agreement). For the year ended June 30, 2021, the Advisor waived fees in the amount of \$471,412 pursuant to the Waiver Agreement.

The Board may terminate this expense reimbursement arrangement at any time. For the year ended June 30, 2019, the Advisor waived fees in the amount of \$417,781 which is subject to recapture through June 30, 2022, pursuant to the Waiver Agreement. For the year ended June 30, 2020, the Advisor waived fees in the amount of \$473,869 which is subject to recapture through June 30, 2023, pursuant to the Waiver Agreement. For the year ended June 30, 2021, the Advisor waived fees in the amount of \$471,412, which is subject to recapture through June 30, 2024, pursuant to the Waiver Agreement.

The Trust has adopted the Trust's Master Distribution and Shareholder Servicing Plan for Class A and Class C shares (the "Plans"). The Plans provide that a monthly service fee is calculated at an annual rate of 0.25% and 1.00% of its average daily net assets attributable the Fund's Class A and Class C shares, respectively. Pursuant to the Plans, the Fund may compensate the securities dealers or other financial intermediaries, financial institutions, investment advisors, and others for

# Boyd Watterson Limited Duration Enhanced Income Fund

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021

activities primarily intended to result in the sale of Fund shares and for maintenance and personal service provided to existing shareholders. The Plans further provide for periodic payments to brokers, dealers and other financial intermediaries, including insurance companies, for providing shareholder services and for promotional and other sales-related costs. Pursuant to the Plans, the table below shows the fees incurred during the year ended June 30, 2021:

Class	Distribution (12b-1) fee
Class A	\$ 9,616
Class C	30,784

Northern Lights Distributors, LLC (the "Distributor") acts as the Fund's principal underwriter in a continuous public offering of the Fund shares. During the year ended June 30, 2021, the Distributor received \$0 in underwriting commissions.

In addition, certain affiliates of the Distributor provide services to the Fund as follows:

Gemini Fund Services, LLC ("GFS") an affiliate of the Distributor, provides administration, fund accounting, and transfer agent services to the Trust. Pursuant to an administrative servicing agreement with GFS, the Fund pays GFS customary fees based on aggregate net assets of the Fund as described in the servicing agreement for providing administration, fund accounting, and transfer agency services to the Fund. Certain officers of the Trust are also officers of GFS and are not paid any fees directly by the Fund for serving in such capacities.

Northern Lights Compliance Services, LLC ("NLCS") an affiliate of GFS and the Distributor, provides a chief compliance officer to the Trust, as well as related compliance services, pursuant to a consulting agreement between NLCS and the Trust. Under the terms of such agreement, NLCS receives customary fees from the Fund.

BluGiant, LLC ("BluGiant") an affiliate of GFS and the Distributor, provides EDGAR conversion and filing services as well as print management services for the Fund on an ad-hoc basis. For the provision of these services, BluGiant receives customary fees from the Fund.

### 5. DISTRIBUTIONS TO SHAREHOLDERS AND TAX COMPONENTS OF CAPITAL

The Statement of Assets and Liabilities represents cost for financial reporting purposes. Aggregate cost for federal tax purposes is \$350,019,067 for the Fund, and differs from fair value by net unrealized appreciation (depreciation) of securities as follows:

Unrealized appreciation	\$ 4,469,207
Unrealized depreciation	(590,611)
Net unrealized appreciation	\$ 3,878,596

The tax character of distributions paid for the years ended June 30, 2021 and June 30, 2020 was as follows:

	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020
Ordinary Income	\$ 9,946,203	\$ 8,087,172
Long-Term Capital Gain	-	-
Return of Capital	-	-
	\$ 9,946,203	\$ 8,087,172

**Boyd Watterson Limited Duration Enhanced Income Fund**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2021**

As of June 30, 2021 the components of accumulated earnings on a tax basis were as follows:

Undistributed Ordinary Income	Undistributed Long-Term Gains	Post October Loss and Late Year Loss	Capital Loss Carry Forwards	Other Book/Tax Differences	Unrealized Appreciation/ (Deprecation)	Total Accumulated Earnings/(Deficits)
\$ 66,194	\$ 589,805	\$ -	\$ -	\$ -	\$ 3,878,596	\$ 4,534,595

The difference between book basis and tax basis undistributed net investment income and unrealized appreciation from investments is primarily attributable to tax adjustments for perpetual bonds.

At June 30, 2021, the Fund utilized capital loss carry forwards for federal income tax purposes as follows:

Non-Expiring Short-Term	Non-Expiring Long-Term	Total	CLCF Utilized
\$ -	\$ -	\$ -	\$ 1,096,958

During the fiscal year ended June 30, 2021, the Fund utilized earnings and profits distributions to shareholders on redemption of shares as part of the dividends paid deduction for income tax purposes. Permanent book and tax differences, primarily attributable to tax adjustments for contributions-in-kind and equalization credits resulted in reclassifications for the Fund for the year ended June 30, 2021 as follows:

Paid in Capital	Accumulated Earnings (Losses)
\$ 146,982	\$ (146,982)

## 6. LINE OF CREDIT

The Fund has a committed revolving line of credit agreement with PNC Bank for investment purposes and to help maintain the Fund's liquidity, subject to the limitations of the 1940 Act for borrowings. The maximum amount of borrowing allowed under the agreement is \$7,000,000. Borrowings are secured by assets held by the Fund at the custodian. The Fund has granted PNC Bank a first priority perfected security interest in the collateral pledged by the Fund. Borrowings under the PNC Bank agreement bear interest at a rate equal to the Daily LIBOR Rate plus applicable margin of 2.50%, per annum, on the outstanding principal balance. The PNC Bank agreement matures on October 31, 2021. For the year ended June 30, 2021, there were no borrowings for the Fund and no balance outstanding as of period-end.

## 7. SUBSEQUENT EVENTS

Subsequent events after the date of the Statement of Assets and Liabilities have been evaluated through the date the financial statements were issued. Management has determined that no events or transactions occurred requiring adjustment or disclosure in the financial statements.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Boyd Watterson Limited Duration Enhanced Income Fund and Board of Trustees of Northern Lights Fund Trust III

### Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Boyd Watterson Limited Duration Enhanced Income Fund (the "Fund"), a series of Northern Lights Fund Trust III, as of June 30, 2021, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the related notes, and the financial highlights for each of the five periods in the period then ended (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 as of June 30, 2021, the results of its operations for the year then ended, the changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five periods in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

### 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 audits. 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 audits 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.

Our audits 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, 2021, by correspondence with the custodian, agent banks, and brokers. Our audits 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 audits provide a reasonable basis for our opinion.

We have served as the Fund's auditor since 2016.



COHEN & COMPANY, LTD.

Cleveland, Ohio

August 27, 2021

COHEN & COMPANY, LTD.

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# Boyd Watterson Limited Duration Enhanced Income Fund

## EXPENSE EXAMPLES (Unaudited)

June 30, 2021

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including reinvested dividends, or other distributions; redemption fees; and exchange fees; and (2) ongoing costs, including management fees; distribution (12b-1) fees; and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from January 1, 2021 to June 30, 2021 (the "period").

### Actual Expenses

The actual table below provides information about actual account values and actual expenses. You may use the information in this table, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the column under the heading entitled "Expenses Paid During the Period" to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The hypothetical table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the hypothetical table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

Actual	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Expenses Paid During Period 1/1/21 – 6/30/21 *	Expense Ratio During the Period 1/1/21 – 6/30/21
Class A	\$1,000.00	\$1,013.30	\$4.22	0.85%
Class C	\$1,000.00	\$1,008.40	\$7.92	1.59%
Class I	\$1,000.00	\$1,013.50	\$2.98	0.60%
Class I2	\$1,000.00	\$1,014.40	\$2.00	0.40%

Hypothetical (5% return before expenses)	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Expenses Paid During Period 1/1/21 – 6/30/21 *	Expense Ratio During the Period 1/1/21 – 6/30/21
Class A	\$1,000.00	\$1,020.60	\$4.24	0.85%
Class C	\$1,000.00	\$1,016.91	\$7.95	1.59%
Class I	\$1,000.00	\$1,021.84	\$2.99	0.60%
Class I2	\$1,000.00	\$1,022.81	\$2.01	0.40%

\*Expenses are equal to the average account value over the period, multiplied by the Fund's annualized expense ratio, multiplied by the number of days in the period (181) divided by the number of days in the fiscal year (365).

**Boyd Watterson Limited Duration Enhanced Income Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited) (Continued)**  
**June 30, 2021**

**Renewal of Advisory Agreement \***

In connection with a meeting held on May 24-26, 2021, the Board, including a majority of the Trustees who are not “interested persons,” as that term is defined in the 1940 Act, discussed the renewal of the investment advisory agreement (the “Advisory Agreement”) between the Adviser and the Trust, with respect to the Fund. In considering the renewal of the Advisory Agreement, the Board received materials specifically relating to the Fund and the Advisory Agreement.

The Board relied upon the advice of independent legal counsel and its 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 Board’s conclusions were based on an evaluation of all of the information provided and were not the result of any one factor. Moreover, each Trustee may have afforded different weight to the various factors in reaching conclusions with respect to the Advisory Agreement.

*Nature, Extent and Quality of Services.* The Board recognized that the Fund was among the oldest independent investment firms in the nation and offered an array of fixed income, real estate and equity investment strategies to its clients. The Board acknowledged that the Fund’s management and investment team had extensive industry and compliance experience and sound credentials. The Board discussed that the Fund used a proprietary methodology to capitalize on inefficiencies in the public trading markets for fixed income securities and bank loans. The Board noted that the Fund’s risk management plan utilized quantitative, qualitative, fundamental and valuation measures over a broad range of risks to ensure the Fund stayed within its investment restrictions. The Board observed that the Fund’s credit team monitored security ratings and market conditions on a daily basis. The Board acknowledged the Fund’s Best Execution Committee approved broker-dealers based upon a review of the quality of the broker’s operational services and deliverable capabilities with respect to market coverage, effectiveness of executions, quality of research, financial status, reputation and commission structure. The Board discussed that the Adviser provided ample resources to support the Fund and could expect the Adviser to continue providing high quality service to the Fund for the benefit of the Fund’s shareholders.

*Performance.* The Board considered that the Fund was a three-star Morningstar rated fund that underperformed its peer group and Morningstar category across all periods but outperformed the Bloomberg Barclays U.S. Government/Credit 1-3 Year Treasury Index across all periods. The Board considered that the Adviser had consistently delivered reasonable returns for the Fund with relatively low volatility and a first quartile ranking for standard deviation in alignment with the Fund’s investment objective of income generation and capital preservation. The Board acknowledged that the Adviser attributed the Fund’s underperformance in relation to its peers to it being defensively positioned and underweight to high yield bonds. The Board discussed that when the Federal Reserve intervened after the increase in market volatility in March 2020, high yield recovered rapidly to the benefit of the Fund’s peers with larger allocations to high yield bonds whereas the Fund maintained positions in higher quality assets. The Board concluded that the Adviser had provided reasonable net returns while assuming less risk with reduced volatility than its peers.

**Boyd Watterson Limited Duration Enhanced Income Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited) (Continued)**  
**June 30, 2021**

Fees and Expenses. The Board considered that the Adviser's advisory fee for the Fund was lower than the averages and medians of the Fund's peer group and Morningstar category. The Board also considered that the Funds net expense ratio was lower than the medians and averages of the peer group and Morningstar category. Given these considerations, the Board concluded that the Adviser's advisory fee for the Fund was not unreasonable.

Economies of Scale. The Board discussed the size of the Fund, noting that the Adviser believed it would benefit from economies of scale when the Fund reached higher asset levels. The Board acknowledged that the fees and expenses for the Adviser were currently below the peer group and Morningstar category averages. The Board agreed to monitor this issue and revisit it as the Fund continued to grow assets.

Profitability. The Board reviewed the Adviser's profitability analysis provided by BWAM in connection with its advisory services to the Fund and noted that the Adviser was providing advisory services to the Fund at a marginal profit. The Board concluded, therefore, that excessive profitability for the Adviser was not an issue at this time.

Conclusion. Having requested and reviewed such information from the Adviser as the Board believed to be reasonably necessary to evaluate the terms of the Advisory Agreement, and as assisted by the advice of independent counsel, the Board concluded that renewal of the Advisory Agreement was in the best interests of the Fund and its shareholders.

\*Due to timing of the contract renewal schedule, these deliberations may or may not relate to the current performance results of the Fund.

**Boyd Watterson Limited Duration Enhanced Income Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited)(Continued)**  
**June 30, 2021**

**LIQUIDITY RISK MANAGEMENT PROGRAM**

The Fund has adopted and implemented a written liquidity risk management program as required by Rule 22e-4 (the “Liquidity Rule”) under the 1940 Act. The program is reasonably designed to assess and manage the Fund’s liquidity risk, taking into consideration, among other factors, the Fund’s investment strategy and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources.

During the year ended June 30, 2021, the Trust’s Liquidity Risk Management Program Committee (the “Committee”) reviewed the Fund’s investments and determined that the Fund held adequate levels of cash and highly liquid investments to meet shareholder redemption activities in accordance with applicable requirements. Accordingly, the Committee concluded that (i) the Fund’s liquidity risk management program is reasonably designed to prevent violations of the Liquidity Rule and (ii) the Fund’s liquidity risk management program has been effectively implemented.

**Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited) (Continued)**  
**June 30, 2021**

The Trustees and officers of the Trust, together with information as to their principal business occupations during the past five years and other information, are shown below. The business address of each Trustee and officer is 225 Pictoria Drive, Suite 450, Cincinnati, OH 45246. All correspondence to the Trustees and Officers should be directed to c/o Gemini Fund Services, LLC, P.O. Box 541150, Omaha, NE 68154.

<b>Independent Trustees</b>					
<b>Name, Address, Year of Birth</b>	<b>Position(s) Held with Registrant</b>	<b>Length of Service and Term</b>	<b>Principal Occupation(s) During Past 5 Years</b>	<b>Number of Funds Overseen In The Fund Complex*</b>	<b>Other Directorships Held During Past 5 Years**</b>
Patricia Luscombe 1961	Trustee	Since January 2015, Indefinite	Managing Director of the Valuations and Opinions Group, Lincoln International LLC (since August 2007).	1	Northern Lights Fund Trust III (for series not affiliated with the Fund since 2015); Monetta Mutual Funds (since November 2015).
John V. Palancia 1954	Trustee, Chairman	Trustee, since February 2012, Indefinite; Chairman of the Board since May 2014.	Retired (since 2011); Formerly, Director of Global Futures Operations Control, Merrill Lynch, Pierce, Fenner & Smith, Inc. (1975-2011).	1	Northern Lights Fund Trust III (for series not affiliated with the Fund since 2012); Northern Lights Fund Trust (since 2011); Northern Lights Variable Trust (since 2011); Alternative Strategies Fund (since 2012).
Mark H. Taylor 1964	Trustee, Chairman of the Audit Committee	Since February 2012, Indefinite	Director, Lynn Pippenger School of Accountancy, Muma College of Business, University of South Florida (since August 2019); Chair, Department of Accountancy and Andrew D. Braden Professor of Accounting and Auditing, Weatherhead School of Management, Case Western Reserve University (2009-2019); Vice President-Finance, American Accounting Association (2017-2020); President, Auditing Section of the American Accounting Association (2012-15); AICPA Auditing Standards Board Member (2009-2012). Former Academic Fellow, United States Securities and Exchange Commission (2005-2006).	1	Northern Lights Fund Trust III (for series not affiliated with the Fund since 2012); Northern Lights Fund Trust (since 2007); Northern Lights Variable Trust (since 2007); Alternative Strategies Fund (since June 2010).

**Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited) (Continued)**  
**June 30, 2021**

Jeffery D. Young 1956	Trustee	Since January 2015, Indefinite	Co-owner and Vice President, Latin America Agriculture Development Corp. (since May 2015); Formerly Asst. Vice President - Transportation Systems, Union Pacific Railroad Company (June 1976 to April 2014); President, Celeritas Rail Consulting (since June 2014).	1	Northern Lights Fund Trust III (for series not affiliated with the Fund since 2015); PS Technology, Inc. (2010-2013).
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\* As of June 30, 2021, the Trust was comprised of 32 active portfolios managed by 16 unaffiliated investment advisers. The term “Fund Complex” applies only to the Fund. The Fund does not hold itself out as related to any other series within the Trust for investment purposes, nor does it share the same investment adviser with any other series.

\*\* Includes directorships held within the past 5 years in a company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or subject to the requirements of Section 15(d) of the Securities Exchange Act of 1934, or any company registered as an investment company under the 1940 Act.

***Officers of the Trust***

<b>Name, Address, Year of Birth</b>	<b>Position(s) Held with Registrant</b>	<b>Length of Service and Term</b>	<b>Principal Occupation(s) During Past 5 Years</b>
Richard Malinowski 1983	President	Since August 2017, indefinite	Senior Vice President and Senior Managing Counsel, Gemini Fund Services, LLC, (since 2020); Senior Vice President Legal Administration, Gemini Fund Services, LLC (2017-2020); Vice President and Counsel (2016-2017) and AVP and Staff Attorney (2012-2016).
Brian Curley 1970	Treasurer	Since February 2013, indefinite	Vice President, Gemini Fund Services, LLC (since 2015), Assistant Vice President, Gemini Fund Services, LLC (2012-2014); Senior Controller of Fund Treasury, The Goldman Sachs Group, Inc. (2008-2012); Senior Associate of Fund Administration, Morgan Stanley (1999-2008).
Eric Kane 1981	Secretary	Since November 2013, indefinite	Vice President and Managing Counsel, Gemini Fund Services, LLC (since 2020); Vice President and Counsel, Gemini Fund Services, LLC (2017-2020), Assistant Vice President, Gemini Fund Services, LLC (2014- 2017), Staff Attorney, Gemini Fund Services, LLC (2013-2014), Law Clerk, Gemini Fund Services, LLC (2009-2013), Legal Intern, NASDAQ OMX (2011), Hedge Fund Administrator, Gemini Fund Services, LLC (2008), Mutual Fund Accountant/Corporate Action Specialist, Gemini Fund Services, LLC (2006-2008).
William Kimme 1962	Chief Compliance Officer	Since February 2012, indefinite	Senior Compliance Officer of Northern Lights Compliance Services, LLC (since 2011); Due Diligence and Compliance Consultant, Mick & Associates (2009-2011); Assistant Director, FINRA (2000-2009).

The Fund’s Statement of Additional Information includes additional information about the Trustees and is available free of charge, upon request, by calling toll-free at 1-877-345-9597.

**NORTHERN LIGHTS FUND TRUST III**

**FACTS**

**WHAT DOES NORTHERN LIGHTS FUND TRUST III DO WITH YOUR PERSONAL INFORMATION?**

**Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

**What?**

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- assets, account transfers and transaction history
- investment experience and risk tolerance

When you are *no longer* our customer, we continue to share your information as described in this notice.

**How?**

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Northern Lights Fund Trust III chooses to share and whether you can limit this sharing.

Reasons we can share your personal information	Does Northern Lights Fund Trust III share?	Can you limit this sharing?
<b>For our everyday business purposes</b> —such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	YES	NO
<b>For our marketing purposes</b> —to offer our products and services to you	NO	We don't share.
<b>For joint marketing with other financial companies</b>	NO	We don't share.
<b>For our affiliates' everyday business purposes</b> —information about your transactions and experiences	NO	We don't share.
<b>For our affiliates' everyday business purposes</b> —information about your creditworthiness	NO	We don't share.
<b>For our affiliates to market to you</b>	NO	We don't share.
<b>For nonaffiliates to market to you</b>	NO	We don't share.

**Questions?**

Call 1-888-339-4230

## What we do

### How does Northern Lights Fund Trust III protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

Our service providers are held accountable for adhering to strict policies and procedures to prevent any misuse of your nonpublic personal information.

### How does Northern Lights Fund Trust III collect my personal information?

We collect your personal information, for example, when you

- open an account or give us contact information
- provide account information or give us your income information
- make deposits or withdrawals from your account

We also collect your personal information from other companies.

### Why can't I limit all sharing?

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing

## Definitions

### Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *Northern Lights Fund Trust III does not share with our affiliates.*

### Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *Northern Lights Fund Trust III does not share with nonaffiliates so they can market to you.*

### Joint marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *Northern Lights Fund Trust III does not jointly market.*

## **PROXY VOTING POLICY**

Information regarding how the Fund voted proxies relating to portfolio securities for the most recent twelve month period ended June 30 as well as a description of the policies and procedures that the Fund uses to determine how to vote proxies is available without charge, upon request, by calling 1-877-345-9597 or by referring to the Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>.

## **PORTFOLIO HOLDINGS**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT, within sixty days after the end of the period. Form N-PORT reports are available on the SEC's website at <http://www.sec.gov>. The information on Form N-PORT is available without charge, upon request, by calling 1-877-345-9597.

## **INVESTMENT ADVISOR**

Boyd Watterson Asset Management, LLC  
1301 East 9<sup>th</sup> Street, Suite 2900  
Cleveland, OH 44114

## **ADMINISTRATOR**

Gemini Fund Services, LLC  
4221 North 203<sup>rd</sup> Street, Suite 100  
Elkhorn, NE 68022-3474