

**Swan Enhanced Dividend Income ETF  
SCLZ**

**Annual Financial Statements  
and Additional Information**  
June 30, 2025

**1-877-383-7259**  
**[etfs.swanglobalinvestments.com](https://etfs.swanglobalinvestments.com)**

**SWAN ENHANCED DIVIDEND INCOME ETF**  
**SCHEDULE OF INVESTMENTS**  
**June 30, 2025**

<u>Shares</u>		<u>Fair Value</u>
	<b>COMMON STOCKS — 102.5%</b>	
	<b>AEROSPACE &amp; DEFENSE - 2.9%</b>	
667	General Dynamics Corporation <sup>(a)</sup>	\$ 194,537
409	Lockheed Martin Corporation <sup>(a)</sup>	189,424
		<hr/> 383,961
	<b>BANKING - 3.7%</b>	
1,689	JPMorgan Chase & Company <sup>(a)</sup>	489,658
	<b>BEVERAGES - 3.6%</b>	
3,929	Coca-Cola Company (The) <sup>(a)</sup>	277,976
1,545	PepsiCo, Inc. <sup>(a)</sup>	204,002
		<hr/> 481,978
	<b>BIOTECH &amp; PHARMA - 8.6%</b>	
562	Eli Lilly & Company <sup>(a)</sup>	438,096
1,942	Johnson & Johnson <sup>(a)</sup>	296,641
2,926	Merck & Company, Inc. <sup>(a)</sup>	231,622
1,083	Zoetis, Inc. <sup>(a)</sup>	168,894
		<hr/> 1,135,253
	<b>COMMERCIAL SUPPORT SERVICES - 1.4%</b>	
840	Cintas Corporation <sup>(a)</sup>	187,211
	<b>DIVERSIFIED INDUSTRIALS - 3.0%</b>	
954	Honeywell International, Inc. <sup>(a)</sup>	222,167
714	Illinois Tool Works, Inc. <sup>(a)</sup>	176,537
		<hr/> 398,704
	<b>ELECTRICAL EQUIPMENT - 4.8%</b>	
2,725	Amphenol Corporation, Class A <sup>(a)</sup>	269,093
1,693	Otis Worldwide Corporation <sup>(a)</sup>	167,641
1,146	TE Connectivity PLC <sup>(a)</sup>	193,296
		<hr/> 630,030
	<b>FOOD - 2.5%</b>	
896	Hershey Company (The) <sup>(a)</sup>	148,691
2,773	Mondelez International, Inc., Class A <sup>(a)</sup>	187,011
		<hr/> 335,702

**SWAN ENHANCED DIVIDEND INCOME ETF  
SCHEDULE OF INVESTMENTS (Continued)  
June 30, 2025**

<u>Shares</u>		<u>Fair Value</u>
	<b>COMMON STOCKS — 102.5% (Continued)</b>	
	<b>HEALTH CARE FACILITIES &amp; SERVICES - 1.8%</b>	
757	UnitedHealth Group, Inc. <sup>(a)</sup>	\$ 236,161
	<b>HOUSEHOLD PRODUCTS - 2.3%</b>	
1,883	Procter & Gamble Company (The)	300,000
	<b>INSTITUTIONAL FINANCIAL SERVICES - 1.3%</b>	
734	Cboe Global Markets, Inc. <sup>(a)</sup>	171,176
	<b>INSURANCE - 2.6%</b>	
471	Aon PLC, Class A <sup>(a)</sup>	168,034
829	Marsh & McLennan Companies, Inc.	181,253
		<u>349,287</u>
	<b>INTERNET MEDIA &amp; SERVICES - 5.4%</b>	
4,082	Alphabet, Inc., Class A <sup>(a)</sup>	719,371
	<b>LEISURE FACILITIES &amp; SERVICES - 4.3%</b>	
779	McDonald's Corporation	227,601
1,929	Starbucks Corporation <sup>(a)</sup>	176,754
1,111	Yum! Brands, Inc. <sup>(a)</sup>	164,628
		<u>568,983</u>
	<b>MACHINERY - 4.8%</b>	
670	Caterpillar, Inc. <sup>(a)</sup>	260,102
439	Deere & Company <sup>(a)</sup>	223,227
489	Snap-on, Inc.	152,167
		<u>635,496</u>
	<b>MEDICAL EQUIPMENT &amp; DEVICES - 1.9%</b>	
1,819	Abbott Laboratories <sup>(a)</sup>	247,402
	<b>RETAIL - DISCRETIONARY - 3.9%</b>	
826	Home Depot, Inc. (The)	302,844
1,679	TJX Companies, Inc. (The)	207,340
		<u>510,184</u>
	<b>SEMICONDUCTORS - 9.0%</b>	
2,536	Broadcom, Inc. <sup>(a)</sup>	699,048

**SWAN ENHANCED DIVIDEND INCOME ETF  
SCHEDULE OF INVESTMENTS (Continued)  
June 30, 2025**

<u>Shares</u>		<u>Fair Value</u>
	<b>COMMON STOCKS — 102.5% (Continued)</b>	
	<b>SEMICONDUCTORS - 9.0% (Continued)</b>	
1,447	QUALCOMM, Inc. <sup>(a)</sup>	\$ 230,449
1,217	Texas Instruments, Inc. <sup>(a)</sup>	252,674
		<u>1,182,171</u>
	<b>SOFTWARE - 10.8%</b>	
354	Intuit, Inc. <sup>(a)</sup>	278,821
1,588	Microsoft Corporation <sup>(a)</sup>	789,887
1,655	Oracle Corporation <sup>(a)</sup>	361,833
		<u>1,430,541</u>
	<b>TECHNOLOGY HARDWARE - 6.8%</b>	
2,962	Apple, Inc. <sup>(a)</sup>	607,713
4,134	Cisco Systems, Inc. <sup>(a)</sup>	286,817
		<u>894,530</u>
	<b>TECHNOLOGY SERVICES - 12.2%</b>	
677	Accenture PLC, Class A <sup>(a)</sup>	202,349
648	Automatic Data Processing, Inc. <sup>(a)</sup>	199,843
2,072	Cognizant Technology Solutions Corporation, Class A <sup>(a)</sup>	161,678
596	Mastercard, Inc., Class A	334,916
284	MSCI, Inc. <sup>(a)</sup>	163,794
1,133	Paychex, Inc.	164,806
1,078	Visa, Inc., Class A <sup>(a)</sup>	382,744
		<u>1,610,130</u>
	<b>TOBACCO &amp; CANNABIS - 3.6%</b>	
3,252	Altria Group, Inc. <sup>(a)</sup>	190,665
1,554	Philip Morris International, Inc. <sup>(a)</sup>	283,030
		<u>473,695</u>
	<b>TRANSPORTATION EQUIPMENT - 1.3%</b>	
1,737	PACCAR, Inc. <sup>(a)</sup>	165,119
		<u>165,119</u>
	<b>TOTAL COMMON STOCKS (Cost \$13,394,756)</b>	<u>\$ 13,536,743</u>

**SWAN ENHANCED DIVIDEND INCOME ETF  
SCHEDULE OF INVESTMENTS (Continued)  
June 30, 2025**

	<b>Fair Value</b>
<b>TOTAL INVESTMENTS - 102.5% (Cost \$13,394,756)</b>	\$ 13,536,743
<b>CALL OPTIONS WRITTEN - (3.3)% (Premiums received - \$356,861)</b>	(435,746)
<b>OTHER ASSETS IN EXCESS OF LIABILITIES - 0.8%</b>	105,956
<b>NET ASSETS - 100.0%</b>	\$ 13,206,953

**Contracts<sup>(b)</sup>**

			<b>Exercise</b>		
<b>WRITTEN EQUITY OPTIONS - (3.3)%</b>		<b>Expiration Date</b>	<b>Price</b>	<b>Notional Value</b>	<b>Fair Value</b>
<b>CALL OPTIONS WRITTEN - (3.3)%</b>					
18	Abbott Laboratories	08/15/2025	\$ 145	\$ 244,818	\$ 2,229
6	Accenture PLC	09/19/2025	310	179,334	4,855
40	Alphabet, Inc.	08/15/2025	175	704,920	39,211
32	Altria Group, Inc.	09/19/2025	62.5	187,616	2,716
27	Amphenol Corporation	09/19/2025	90	266,625	32,078
4	Aon PLC	08/15/2025	370	142,704	2,829
29	Apple, Inc.	08/15/2025	210	594,993	19,544
6	Automatic Data Processing, Inc.	08/15/2025	320	185,040	2,775
25	Broadcom, Inc.	07/18/2025	250	689,125	68,989
6	Caterpillar, Inc.	08/15/2025	380	232,926	11,785
7	Cboe Global Markets, Inc.	08/15/2025	240	163,247	3,369
8	Cintas Corporation	07/18/2025	220	178,296	6,312
41	Cisco Systems, Inc.	08/15/2025	67.5	284,458	14,344
39	Coca-Cola Company (The)	09/19/2025	77.5	275,925	1,662
20	Cognizant Technology Solutions Corporation	09/19/2025	85	156,060	2,337
4	Deere & Company	09/19/2025	550	203,396	4,542
5	Eli Lilly & Company	08/15/2025	820	389,765	15,225
6	General Dynamics Corporation	08/15/2025	290	174,996	5,505
8	Hershey Company (The)	08/15/2025	180	132,760	1,542
8	Home Depot, Inc. (The)	09/19/2025	390	293,312	5,432
9	Honeywell International, Inc.	07/18/2025	230	209,592	4,990
7	Illinois Tool Works, Inc.	09/19/2025	260	173,075	2,730
3	Intuit, Inc.	09/19/2025	800	236,289	11,130
19	Johnson & Johnson	08/15/2025	160	290,225	2,621
16	JPMorgan Chase & Company	07/18/2025	285	463,856	14,797
4	Lockheed Martin Corporation	08/15/2025	500	185,256	2,211
29	Merck & Company, Inc.	08/15/2025	85	229,564	4,549
15	Microsoft Corporation	08/15/2025	480	746,115	43,352
27	Mondelez International, Inc.	09/19/2025	70	182,088	4,683
2	MSCI, Inc.	08/15/2025	600	115,348	2,740
16	Oracle Corporation	08/15/2025	200	349,808	37,776
16	Otis Worldwide Corporation	08/15/2025	105	158,432	1,489
17	PACCAR, Inc.	08/15/2025	97	161,602	5,448

**SWAN ENHANCED DIVIDEND INCOME ETF  
SCHEDULE OF INVESTMENTS (Continued)  
June 30, 2025**

**Contracts<sup>(b)</sup>**

<b>WRITTEN EQUITY OPTIONS - (3.3)%</b>		<b>Expiration Date</b>	<b>Exercise Price</b>	<b>Notional Value</b>	<b>Fair Value</b>
<b>CALL OPTIONS WRITTEN - (3.3)% (Continued)</b>					
15	PepsiCo, Inc.	08/15/2025	\$ 140	\$ 198,060	\$ 3,523
15	Philip Morris International, Inc.	08/15/2025	195	273,195	4,202
14	QUALCOMM, Inc.	08/15/2025	170	222,964	5,685
19	Starbucks Corporation	07/18/2025	95	174,097	1,924
11	TE Connectivity PLC	07/18/2025	170	185,537	3,073
12	Texas Instruments, Inc.	08/15/2025	210	249,144	9,298
7	UnitedHealth Group, Inc.	07/18/2025	320	218,379	3,686
10	Visa, Inc.	08/15/2025	360	355,050	9,874
11	Yum! Brands, Inc.	09/19/2025	150	162,998	5,582
10	Zoetis, Inc.	09/19/2025	170	155,950	3,102
<b>TOTAL EQUITY OPTIONS WRITTEN (Proceeds - \$356,861)</b>					<b>435,746</b>

MSCI - Morgan Stanley Capital International

PLC - Public Limited Company

<sup>(a)</sup> All or a portion of the security is held as collateral for written options. As of June 30, 2025, the total value of securities held as collateral is \$11,083,628.

<sup>(b)</sup> Each option contract allows the holder of the option to purchase or sell 100 shares of the underlying security.

**SWAN ENHANCED DIVIDEND INCOME ETF**  
**STATEMENT OF ASSETS AND LIABILITIES**  
June 30, 2025

**ASSETS**

Investment securities:		
At cost	\$	13,394,756
At fair value	\$	13,536,743
Cash		122,060
Receivable for securities sold		46,538
Dividends receivable		14,323
<b>TOTAL ASSETS</b>		<b>13,719,664</b>

**LIABILITIES**

Options Written (Premiums received \$356,861)		435,746
Payable for securities purchased		68,020
Investment advisory fees payable		8,945
<b>TOTAL LIABILITIES</b>		<b>512,711</b>

**NET ASSETS**

**\$ 13,206,953**

**NET ASSETS CONSIST OF:**

Paid in capital	\$	13,435,674
Accumulated earnings		(228,721)

**NET ASSETS**

**\$ 13,206,953**

**NET ASSET VALUE PER SHARE:**

Net Assets	\$	13,206,953
Shares of beneficial interest outstanding (\$0 par value, unlimited shares authorized)		250,000

Net asset value, offering and redemption price per share (Net Assets ÷ Shares Outstanding)	\$	<b>52.83</b>
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See accompanying notes to financial statements.

**SWAN ENHANCED DIVIDEND INCOME ETF**  
**STATEMENT OF OPERATIONS**  
For the Year Ended June 30, 2025

<b>INVESTMENT INCOME</b>	
Dividends	\$ 140,871
Less: Foreign withholding taxes	(7)
<b>TOTAL INVESTMENT INCOME</b>	<u>140,864</u>
 <b>EXPENSES</b>	
Investment advisory fees	63,128
<b>TOTAL EXPENSES</b>	<u>63,128</u>
 <b>NET INVESTMENT INCOME</b>	 <u>77,736</u>
 <b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, IN-KIND REDEMPTIONS AND OPTIONS WRITTEN</b>	
Net realized loss on:	
Investments	(5,895)
Options written	(276,363)
Net realized gain on in-kind redemptions	914,619
Net change in unrealized appreciation (depreciation) on:	
Investments	35,446
Options written	(78,208)
<b>NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS, IN-KIND REDEMPTIONS AND OPTIONS WRITTEN</b>	<u>589,599</u>
 <b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	 <u><u>\$ 667,335</u></u>

See accompanying notes to financial statements.

**SWAN ENHANCED DIVIDEND INCOME ETF**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	For the Year Ended June 30, 2025	For the Period Ended June 30, 2024 (a)
<b>FROM OPERATIONS:</b>		
Net investment income	\$ 77,736	\$ 10,725
Net realized gain (loss) on investments, in-kind redemptions and options written	632,361	(21,019)
Net change in unrealized appreciation (depreciation) on investments and options written	(42,762)	105,864
Net increase in net assets resulting from operations	<u>667,335</u>	<u>95,570</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
Return of capital	-	(48,525)
Distributions paid	(612,810)	(10,725)
Net decrease in net assets resulting from distributions to shareholders	<u>(612,810)</u>	<u>(59,250)</u>
<b>FROM SHARES OF BENEFICIAL INTEREST:</b>		
Proceeds from shares sold	17,274,439	3,787,209
Payments for shares redeemed	(7,945,540)	-
Net increase in net assets resulting from shares of beneficial interest	<u>9,328,899</u>	<u>3,787,209</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	<u>9,383,424</u>	<u>3,823,529</u>
<b>NET ASSETS</b>		
Beginning of Year/Period	3,823,529	-
End of Year/Period	<u>\$ 13,206,953</u>	<u>\$ 3,823,529</u>
<b>SHARE ACTIVITY</b>		
Shares Sold	325,000	75,000
Shares Redeemed	(150,000)	-
Net increase in shares of beneficial interest outstanding	<u>175,000</u>	<u>75,000</u>

(a) The Fund commenced operations on February 26, 2024.

See accompanying notes to financial statements.

## SWAN ENHANCED DIVIDEND INCOME ETF FINANCIAL HIGHLIGHTS

Per Share Data and Ratios for a Share of Beneficial Interest Outstanding Throughout Each Year/Period

	For the Year Ended June 30, 2025	For the Period Ended June 30, 2024 (1)
Net asset value, beginning of year/period	\$ 50.98	\$ 50.00
Activity from investment operations:		
Net investment income (2)	0.55	0.19
Net realized and unrealized gain on investments	5.01	1.58
Total from investment operations	5.56	1.77
Less distributions from:		
Net investment income	(3.71)	(0.14)
Return of capital	-	(0.65)
Total distributions	(3.71)	(0.79)
Net asset value, end of year/period	\$ 52.83	\$ 50.98
Market price, end of year/period	\$ 52.85	\$ 51.01
Total return (3)	11.14%	3.54% (4)
Market Price Total return (3)	11.12%	3.60% (4)
Net assets, at end of year/period (000s)	\$ 13,207	\$ 3,824
Ratio of expenses to average net assets	0.84%	0.85% (5)
Ratio of net investment income to average net assets	1.03%	1.08% (5)
Portfolio Turnover Rate (6)	4%	4% (4)

(1) The Fund commenced operations on February 26, 2024.

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

(3) Total returns are historical in nature and assume changes in share price, reinvestment of all dividends and distributions, if any. Had the adviser not waived a portion of its fees or reimbursed other expenses, total returns would have been lower.

(4) Not annualized.

(5) Annualized.

(6) Portfolio turnover rate excludes portfolio securities received or delivered as a result of processing capital share transactions in Creation Units. (Note 8)

See accompanying notes to financial statements.

# SWAN ENHANCED DIVIDEND INCOME ETF

## NOTES TO FINANCIAL STATEMENTS

June 30, 2025

### 1. ORGANIZATION

The Swan Enhanced Dividend Income ETF (the "Fund") is a diversified series of Northern Lights Fund Trust III (the "Trust"), a trust organized under the laws of the State of Delaware on December 5, 2011, and registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. The Fund primarily seeks income and secondarily seeks modest capital appreciation. The Fund commenced operations on February 26, 2024.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Fund in preparation of its financial statements. These policies are in conformity with generally accepted accounting principles in the United States of America ("GAAP"). The preparation of financial statements requires 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 increase and decrease 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*".

**Operating Segments** - The Fund has adopted FASB Accounting Standards Update 2023-07, Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures ("ASU 2023-07"). Adoption of the standard impacted financial statement disclosures only and did not affect the Fund's financial position or the results of its operations. An operating segment is defined in Topic 280 as a component of a public entity that engages in business activities from which it may recognize revenues and incur expenses, has operating results that are regularly reviewed by the public entity's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and has discrete financial information available. The CODM is comprised of the portfolio managers and Chief Financial Officer of the Fund. The Fund operates as a single operating segment. The Fund's income, expenses, assets, changes in net assets resulting from operations and performance are regularly monitored and assessed as a whole by the CODM responsible for oversight functions of the Fund, using the information presented in the financial statements and financial highlights.

**Securities Valuation** – Securities listed on an exchange are valued at the last reported sale price at the close of the regular trading session of the 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 ("NOCP"). 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. Options contracts are valued by an independent pricing service using a series of techniques, including simulation pricing models. The pricing models use various inputs that are observed from actively quoted markets such as issuer details, indices, spreads, interest rates, curves, implied volatility, and exchange rates. Investments in open-end investment companies are valued at net asset value. Debt securities (other than short-term obligations) are valued each day by an independent pricing service approved by the Board of Trustees of the Trust (the "Board") based on methods which include consideration of: yields or prices of securities of comparable quality, coupon, maturity and type, indications as to values from dealers, and general market conditions or market quotations from a major market maker in the securities. Short-term debt obligations, having 60 days or less remaining until maturity, at time of purchase, may be valued at amortized cost.

**Valuation of Underlying Investment Companies** - The Fund may invest in portfolios of open-end or closed-end investment companies (the "Underlying Funds"). Mutual funds are valued at their net asset values as reported by such investment companies. Exchange-traded funds ("ETFs") are valued at the last reported sales price or official closing price. Open-end investment companies 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 in accordance with the methods established by the board of directors of

# SWAN ENHANCED DIVIDEND INCOME ETF

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025

the open-end funds. The shares of many closed-end investment companies and ETFs, 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 or ETF purchased by the Fund will not change.

The Fund may hold investments, 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 investments will be valued using the “fair value” procedures approved by the Board. The Board has delegated execution of these procedures to the adviser as its valuation designee (the “Valuation Designee”). The Board 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 the Valuation Designee in determining a security-specific fair value. The Board is responsible for reviewing and approving fair value methodologies utilized by the Valuation Designee, which approval shall be based upon whether the Valuation Designee followed the valuation procedures established by the Board.

**Fair Valuation Process** – Applicable investments are valued by the Valuation Designee pursuant to valuation procedures established by the Board. 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 Valuation Designee, the prices or values available do not represent the fair value of the instrument; factors which may cause the Valuation Designee to make such a judgment include, but are not limited to, the following: only a bid price or an asked price is available; the spread between bid and asked 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; and (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 investments, such as private investments or non-traded securities are valued 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 a current bid from such independent dealers or other independent parties is unavailable, the Valuation Designee 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.

The Fund utilizes various methods to measure the fair value of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of input 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 in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

# SWAN ENHANCED DIVIDEND INCOME ETF

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025

**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.

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 tables summarize the inputs used as of June 30, 2025 for the Fund’s investments measured at fair value:

Assets *	Level 1	Level 2	Level 3	Total
Common Stocks	\$ 13,536,743	\$ -	\$ -	\$ 13,536,743
<b>Total</b>	<b>\$ 13,536,743</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,536,743</b>
<b>Liabilities *</b>				
Call Options Written	\$ -	\$ 435,746	\$ -	\$ 435,746
<b>Total</b>	<b>\$ -</b>	<b>\$ 435,746</b>	<b>\$ -</b>	<b>\$ 435,746</b>

The Fund did not hold any Level 3 securities during the period ended June 30, 2025.

\* Please refer to the Schedule of Investments for industry classifications.

**Exchange Traded Funds** - The Fund may invest in ETFs. ETFs are a type of fund bought and sold on a securities exchange. An ETF trades like common stock and represents a portfolio of securities. The Fund may purchase an ETF to gain exposure to a portion of the U.S. or a foreign market. The risks of owning an ETF generally reflects the risks of owning the underlying securities they are designed to track, although the lack of liquidity on an ETF could result in it being more volatile. Additionally, ETFs have fees and expenses that reduce their value.

**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 yield method. Dividend income and expense are 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.

**Distributions to Shareholders** – Dividends from net investment income, if any, are declared and paid quarterly. Distributable net realized capital gains, if any, are declared and distributed annually. Dividends from net investment income and distributions from net realized gains 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, etc.) 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. Any such reclassifications will have no effect on net assets, results of operations, or net asset values per share of the Fund.

# SWAN ENHANCED DIVIDEND INCOME ETF

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025

**Option Transactions** – When the Fund writes a call option, an amount equal to the premium received is included in the Statement of Assets and Liabilities as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option. If an option expires on its stipulated expiration date or if the Fund enters into a closing purchase transaction, a gain or loss is realized. If a written call option is exercised, a gain or loss is realized for the sale of the underlying security and the proceeds from the sale are increased by the premium originally received. As writer of an option, the Fund has no control over whether the option will be exercised and, as a result, retains the market risk of an unfavorable change in the price of the security underlying the written option.

The Fund may purchase put and call options. A call option on a security is a contract that gives the holder of the option, in return for a premium, the right, but not the obligation, to buy from the writer of the option the security underlying the option at a specified exercise or “strike” price by or before the contract’s expiration. Put options are purchased to hedge against a decline in the value of securities held in the Fund’s portfolio. If such a decline occurs, the put options will permit the Fund to sell the securities underlying such options at the exercise price, or to close out the options at a profit. The premium paid for a put or call option plus any transaction costs will reduce the benefit, if any, realized by the Fund upon exercise of the option, and, unless the price of the underlying security rises or declines sufficiently, the option may expire worthless to the Fund. In addition, in the event that the price of the security in connection with which an option was purchased moves in a direction favorable to the Fund, the benefits realized by the Fund as a result of such favorable movement will be reduced by the amount of the premium paid for the option and related transaction costs. Written and purchased options are non-income producing securities. With purchased options, there is minimal counterparty risk to the Fund since these options are exchange traded and the exchange’s clearinghouse, as counterparty to all exchange traded options, guarantees against a possible default. Securities held as collateral for options are reported on the Schedule of Investments.

The Fund will sell (write) covered call options against all or a portion of the stocks in the Fund’s portfolio. When the Fund sells a covered call option, the purchaser of the option has the right to buy that stock at a predetermined price (known as the strike price) up to a certain date in the future (known as the expiration date). If the purchaser exercises the option, the Fund must sell the stock to the purchaser at the strike price. Each option is “covered” because the Fund owns the stock at the time it sells the option. As the seller of the option, the Fund receives a premium from the purchaser of the call option, which may provide gains to the Fund. Selling of covered call options may reduce the volatility of the Fund because the premiums received from selling the options will reduce any losses on the underlying securities, but only by the amount of the premiums.

**Federal Income Taxes** – The Fund complies with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to its shareholders. Therefore, no provision for federal income tax is required.

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 related to uncertain tax positions taken on returns filed for the Fund’s open tax year June 30, 2024 or expected to be taken by the Fund in its June 30, 2025 tax returns. The Fund identified its major tax jurisdictions as U.S. federal, Ohio and foreign jurisdictions where the Fund makes significant investments. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expenses in the Statement of Operations. During the year ended June 30, 2025, the Fund did not incur any interest or penalties. 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.

# SWAN ENHANCED DIVIDEND INCOME ETF

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025

**Indemnification** – The Trust indemnifies its officers and trustees 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.

**Cash and Cash Equivalents** - Idle cash may be swept into various overnight demand deposits and is classified as cash and cash equivalents on the Statement of Assets and Liabilities. The Fund maintains cash in a bank deposit account which, at times, may exceed United States federally insured limits. Amounts swept overnight are available on the next business day.

### 3. INVESTMENT TRANSACTIONS

For the year ended June 30, 2025, cost of purchases and proceeds from sales of portfolio securities (excluding in-kind transactions and short-term investments), amounted to \$16,325,827 and \$342,530, respectively.

For the year ended June 30, 2025, cost of purchases and proceeds from sales of portfolio securities for in-kind transactions, amounted to \$0 and \$7,220,263, respectively.

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

Swan Capital Management, LLC serves as the Fund's investment adviser (the "Adviser"). Pursuant to an investment advisory agreement with the Trust, on behalf of the Fund, the Adviser, under the oversight of the Board, oversees the daily operations of the Fund, manages the Fund's portfolio, and supervises the performance of administrative and professional services provided by others. Swan Global Management, LLC (the "Sub-Adviser"), serves as sub-adviser to the Fund. The Sub-Adviser is an affiliate of the Adviser with the same ownership and management as the Adviser. Subject to the oversight of the Adviser, the Sub-Adviser is responsible for management of the Fund's investment portfolio. As compensation for its services and the related expenses borne by the Adviser, the Fund pays the Adviser an advisory fee, computed and accrued daily and paid monthly, at an annual rate of 0.79% of the Fund's average daily net assets. Effective June 6, 2025, the advisory fee changed from 0.85% of the Fund's average daily net assets to 0.79% of the Fund's average daily net assets. For the year ended June 30, 2025, the Fund incurred \$63,128 in advisory fees.

The Adviser's unitary management fee is designed to pay the Fund's expenses and to compensate the Adviser for providing services for the Fund. Out of the unitary management fee, the Adviser has agreed to pay all expenses incurred by the Fund except for the brokerage fees and commissions, indirect costs of investing in other investment companies, taxes, borrowing costs (such as (a) interest and (b) dividend expenses on securities sold short), and such extraordinary or non-recurring expenses as may arise, including litigation to which the Fund may be a party and indemnification of the Trust's Trustees and officers with respect thereto. The Fund will also pay expenses that it is authorized to pay pursuant to Rule 12b-1 under the 1940 Act.

**Distributor** – The distributor of the Fund is Northern Lights Distributors, LLC (the "Distributor"). The Fund has adopted a distribution and service plan (the "Plan") pursuant to Rule 12b-1 under the 1940 Act. Under the Plan, the Fund is authorized to pay distribution fees to the distributor and other firms that provide distribution and shareholder services ("Service Providers"). If a Service Provider provides these services, the Fund may pay fees at an annual rate not to exceed 0.25% of average daily net assets, pursuant to Rule 12b-1 under the 1940 Act. No distribution or service fees are currently paid by the Fund, and there are no current plans to impose these fees. In the event Rule 12b-1 fees were charged, over time they would increase the cost of an investment in the Fund. The Distributor acts as the Fund's principal underwriter in a continuous public offering of the Fund's shares.

**SWAN ENHANCED DIVIDEND INCOME ETF**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2025**

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

Ultimus Fund Solutions, LLC (“UFS”) – UFS, an affiliate of the Distributor, provides administration and fund accounting services to the Trust. Pursuant to separate servicing agreements with UFS, the Fund pays UFS customary fees for providing administration and fund accounting services to the Fund as shown in the Statement of Operations. Certain officers of the Trust are also officers of UFS, and are not paid any fees directly by the Fund for serving in such capacities.

Northern Lights Compliance Services, LLC (“NLCS”) – NLCS, an affiliate of UFS 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 which are included in the chief compliance officer fees in the Statement of Operations.

Blu Giant, LLC (“Blu Giant”) – Blu Giant, an affiliate of UFS 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, Blu Giant receives customary fees from the Fund which are included in the printing and postage expenses in the Statement of Operations.

**Trustee Fees** – The Independent Trustees are compensated for their services to the Funds by the Adviser as part of the administration services agreement. The Independent Trustees were paid \$16,214 in fees during the year ended June 30, 2025. In addition, the advisor reimburses Trustees for out-of-pocket expenses incurred in conjunction with attendance of meetings.

**5. DERIVATIVE TRANSACTIONS**

The following is a summary of the effect of derivative transactions on the Fund’s Statement of Assets and Liabilities as of June 30, 2025.

Contract Type/Primary Risk Exposure	Statement of Assets and Liabilities	Value
Equity Contract/Equity Price Risk	Options Written at fair value	\$ 435,746

The following is a summary of the effect of derivative instruments on the Fund’s Statement of Operations for the year ended June 30, 2025.

Contract Type/Primary Risk Exposure	Realized Loss on Options Written	Net Change in Unrealized Depreciation on Options Written
Equity Contract/Equity Price Risk	\$ (276,363)	\$ (78,208)

The notional value of the derivative instruments outstanding as of June 30, 2025 as disclosed in the Schedule of Investments and the amounts realized and changes in unrealized gains and losses on derivative instruments during the year as disclosed above and within the Statements of Operations serve as indicators of the volume of derivative activity for the Fund.

**6. AGGREGATE UNREALIZED APPRECIATION AND DEPRECIATION – TAX BASIS**

Tax Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation (Depreciation)
\$ 13,053,947	\$ 713,751	\$ (666,701)	\$ 47,050

**SWAN ENHANCED DIVIDEND INCOME ETF**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2025**

**7. DISTRIBUTIONS TO SHAREHOLDER AND TAX COMPONENTS OF CAPITAL**

The tax character of Fund distributions paid for the following years was as follows:

	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2024
Ordinary Income	\$ 612,810	\$ 10,725
Long-Term Capital Gain	-	-
Return of Capital	-	48,525
	<u>\$ 612,810</u>	<u>\$ 59,250</u>

As of June 30, 2025, the components of accumulated earnings/(deficit) 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/ (Depreciation)	Total Distributable Earnings/ (Accumulated Deficit)
\$ -	\$ -	\$ (89,543)	\$ (38,704)	\$(147,524)	\$ 47,050	\$ (228,721)

The difference between book basis and tax basis unrealized appreciation (depreciation) and accumulated net realized gains (losses) from investments is primarily attributable to the tax deferral of losses on wash sales. In addition, the amount listed under other book/tax differences for the Fund is primarily attributable to the tax deferral of losses on straddles.

Capital losses incurred after October 31 within the fiscal year are deemed to arise on the first business day of the following fiscal year for tax purposes. The Fund incurred and elected to defer such capital losses of \$89,543.

At June 30, 2025, the Fund had capital loss carry forwards for federal income tax purposes available to offset future capital gains, as follows:

Non-Expiring			
Short-Term	Long-Term	Total	CLCF Utilized
\$ 38,704	\$ -	\$ 38,704	\$ -

Permanent book and tax differences, primarily attributable to tax adjustments for realized gain (loss) on in-kind redemptions and the book/tax basis treatment of distributions in excess, resulted in reclassifications for the Fund for the fiscal year ended June 30, 2025, as follows:

Paid In Capital	Accumulated Deficit
\$ 368,091	\$ (368,091)

**SWAN ENHANCED DIVIDEND INCOME ETF**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**June 30, 2025**

**8. CAPITAL SHARE TRANSACTIONS**

Shares are not individually redeemable and may be redeemed by the Fund at net asset value only in large blocks known as “Creation Units.” Shares are created and redeemed by the Fund only in Creation Unit size aggregations of 25,000 shares. Only Authorized Participants are permitted to purchase or redeem Creation Units from the Fund. An Authorized Participant is either (i) a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation or (ii) a DTC participant and, in each case, must have executed a Participant Agreement with the Distributor. Such transactions are generally permitted on an in-kind basis, with a balancing cash component to equate the transaction to the net asset value per share of the Fund on the transaction date. Cash may be substituted equivalent to the value of certain securities generally when they are not available in sufficient quantity for delivery, not eligible for trading by the Authorized Participant or as a result of other market circumstances. In addition, the Fund may impose transaction fees on purchases and redemptions of Fund shares to cover the custodial and other costs incurred by the Fund in effecting trades. A fixed fee payable to the custodian may be imposed on each creation and redemption transaction regardless of the number of Creation Units involved in the transaction (“Fixed Fee”). Purchases and redemptions of Creation Units for cash or involving cash-in-lieu are required to pay an additional variable charge to compensate the Fund and its ongoing shareholders for brokerage and market impact expenses relating to Creation Unit transactions (“Variable Charge,” and together with the Fixed Fee, the “Transaction Fees”). Transactions in capital shares for the Fund are disclosed in the Statement of Changes in Net Assets.

The Transaction Fees for the Fund are listed in the table below:

<b>Fixed Fee</b>	<b>Variable Charge</b>
\$300	2.00%*

\* The maximum Transaction Fee may be up to 2.00% of the amount invested.

For the year ended June 30, 2025, the fixed and variable fees were as follows:

<u>Fixed Fees</u>	<u>Variable Fees</u>
\$ 3,900	\$ 4,209

**9. 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 Board of Trustees of Northern Lights Fund Trust III and the Shareholders of Swan Enhanced Dividend Income ETF Fund:

### Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities of Swan Enhanced Dividend Income ETF Fund (the "Fund"), one of the funds constituting the Northern Lights Fund Trust III (the "Trust"), including the schedule of investments, as of June 30, 2025, the related statement of operations for the year then ended, statement of changes in net assets and financial highlights for the year ended June 30, 2025 and for the period from February 26, 2024 (commencement of operations) to June 30, 2024, and the related notes (collectively referred to as the "financial statements and financial highlights").

In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of June 30, 2025, and the results of its operations for the year then ended, the changes in its net assets, and the financial highlights for the year ended June 30, 2025 and for the period from February 26, 2024 (commencement of operations) through June 30, 2024 in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

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

Our audit included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, 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 and financial highlights. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of June 30, 2025, by correspondence with the custodian and brokers. We believe that our audit provides a reasonable basis for our opinion.



Costa Mesa, California  
August 28, 2025

We have served as the auditor of one or more Swan Funds investment companies since 2018.

**SWAN ENHANCED DIVIDEND INCOME ETF**  
**ADDITIONAL INFORMATION (Unaudited)**  
**June 30, 2025**

**Changes in and Disagreements with Accountants**

There were no changes in or disagreements with accountants during the period covered by this report.

**Proxy Disclosures**

Not applicable.

**Remuneration Paid to Directors, Officers and Others**

Refer to the notes to financial statements included herein.

**Statement Regarding Basis for Approval of Investment Advisory Agreement**

**Renewal of Advisory Agreement and Sub-Advisory Agreement – Swan Enhanced Dividend Income ETF\***

In connection with a meeting held on May 20-21, 2025, 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 between Swan Capital Management, LLC (the “Adviser”) and the Trust with respect to the Swan Enhanced Dividend Income ETF (the “Swan ETF”), and the sub-advisory agreement between Swan Global Management, LLC (the “Sub-Adviser”) and the Adviser with respect to the Swan ETF. The Board agreed that it was appropriate to consider the renewal of the advisory and sub-advisory agreements (collectively, the “Agreements”) for the Swan ETF together because the Adviser and the Sub-Adviser (collectively, “Swan”) were under common management and control with shared resources and personnel. In considering the renewal of the Agreements, the Board received materials specifically relating to the Swan ETF and the Agreements.

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 Agreements 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 Agreements.

*Nature, Extent & Quality of Services.* The Board noted that the Adviser was founded in 1997, and together with its affiliate and commonly controlled Sub-Adviser, managed approximately \$2.4 billion in assets. The Board acknowledged that Swan provided wealth management and investment advisory services to high-net-worth individuals, institutions, other investment advisory firms, and mutual funds. The Board discussed the background information of Swan’s key investment personnel servicing the Swan ETF, taking into account their education and financial industry experience, specifically with option strategies used to support its hedged equity approach. The Board observed that Swan had an investment committee that performed research to determine asset allocations for Swan ETF to be utilized under a proprietary rules-based system that included a risk mitigation sub-strategy that utilized options in an effort to minimize downside risk, reduce volatility, and generate option premium income. The Board noted that Swan’s compliance team monitored Swan ETF’s investment limitations using checklists, risk matrices, compliance calendars and reconciliations, and compliance checklists. The Board remarked that Swan selected brokers based on best execution standards that included the speed and cost of execution, options trading capability and technology capabilities. The Board noted that Swan did not use artificial intelligence. The Board acknowledged Swan’s cybersecurity policies and procedures. The Board concluded that Swan could be expected to continue providing quality service to the Swan ETF and its shareholders.

**SWAN ENHANCED DIVIDEND INCOME ETF**  
**ADDITIONAL INFORMATION (Unaudited) (Continued)**  
**June 30, 2025**

*Performance.* The Board observed that Swan ETF had outperformed its Morningstar category but underperformed its benchmark and peer group over the 1-year and since inception periods. The Board considered Swan's explanation that Swan ETF had only been operating for a little over a year. The Board determined that Swan ETF's performance was acceptable and that Swan should be given the opportunity to manage Swan ETF over a full market cycle.

*Fees and Expenses.* The Board noted that Swan ETF's advisory fee and net expense ratio were lower than the Morningstar category medians, but higher than the peer group averages and medians and Morningstar category averages. The Board considered that Swan ETF was actively managed and that Swan wrote options on individual stocks, whereas the funds in its peer group were passively managed and had options written on an index. The Board acknowledged that Swan agreed to lower Swan ETF's advisory fee and as such that the new advisory fee would be lower than the Morningstar category median and average. The Board determined that the advisory fee for Swan ETF was not unreasonable.

*Economies of Scale.* The Board considered whether Swan ETF had achieved economies of scale. They noted that during the prior 12 months Swan ETF had waived a portion of its advisory fee. The Board noted that Swan ETF had indicated its willingness to continue monitoring for opportunities to implement breakpoints as Swan ETF increased its assets. The Board agreed that in light of the expense limitation agreements, which effectively protected shareholders from high expenses despite lower asset levels, and Swan's willingness to consider breakpoints as Swan ETF reached higher asset levels, the absence of breakpoints at this time was acceptable.

*Profitability.* The Board reviewed Swan's profitability analysis in connection with its advisory services and noted no profit from Swan ETF. The Board observed that Swan was hiring additional staff to provide additional operations, compliance, and legal support. The Board considered that Swan's method of allocating costs and agreed that it was not unreasonable. The Board concluded that Swan was not realizing an excessive profit from the advisory fee paid to the Swan ETF.

*Conclusion.* Having requested and received such information from Swan as the Board believed to be reasonably necessary to evaluate the terms of the Agreements, and as assisted by the advice of independent counsel, the Board concluded that renewal of the Agreements was in the best interests of the Swan ETF and its future shareholders.

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