

THE COVERED BRIDGE FUND



Semi-Annual Report March 31, 2017

Investor Information: 1-855-525-2151

This report and the financial statements contained herein are submitted for the general information of shareholders and are not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus. Nothing herein contained is to be considered an offer of sale or solicitation of an offer to buy shares of The Covered Bridge Fund. Such offering is made only by prospectus, which includes details as to offering price and other material information.

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Dear fellow shareholders:

Domestic equity markets over the previous six months surprised many investors and produced solid returns with the S&P 500 up 10.12%. While many investors were prepared for volatility surrounding the election last fall very few expected the post-election rally that US markets have experienced since Donald Trump was elected.

In the same period, The Covered Bridge Fund (TCBIX) was up 7.13%. We are pleased with this performance during this period of sharply rising equity prices. Our stated objective is to seek current income and realized gains from writing options with capital appreciation as a secondary objective. We achieve this objective by writing calls on some of the individual names we own, in essence, selling away the upside on these positions to produce this extra income. Along with producing income, writing calls helps dampen the volatility of an equity portfolio. While this is advantageous in flat to down equity markets, it will cause the Fund to lag long only equity products in a rising equity market.

Apple Inc. (4.5%) once again had a tremendous positive contribution to performance in the Fund. We remain constructive on Apple Inc. and believe this stock will provide considerable opportunity going forward. The Boeing Company (.5%) and Unilever (.5%) were also big movers during the previous period. Overall exposure to these two names has declined due to price appreciation and option assignments.

The largest source of negative contribution was primarily our investment in traditional retailers, which hurt overall performance with companies such as Target Corp (3.3%) and Nordstrom Inc (2.4%) facing challenges as they navigate online retail. We believe these names in particular offer attractive value at their current price levels and we will continue to maintain a position in these securities. Both companies offer attractive dividends relative to the overall market and the current option premiums help generate additional income in the portfolio.

During the period we had a lower than average exposure to the Financial sector. While our investments in banks, such as JPMorgan Chase & Co (1.8%) were positive, our holdings did not appreciate as much as the overall sector due to the underweighted position. We believe there will be opportunity for banks to drive profits; however, we continue to be cautious in the Finance sector due to their strong near term performance and potential overvaluation.

We always like to remind our shareholders that it is important to note the difference between the price performance of the Fund and the total return of the Fund. Total return of the Fund is a combination of the underlying stock price performance, dividends paid from the underlying securities and any option premium received from the options that were sold on the underlying securities. The Fund passes through the dividend payments (less expenses) to shareholders on a quarterly basis. Any capital gains and option premium income is paid to shareholders on an annual basis. In some cases it may appear that an investor has a loss in the fund on a price basis, but this is due to the distributions that we have made over time.

As we move through 2017, we continue to expect a volatile market but with a bias to the upside. We are eight years into an economic expansion that has driven US equity markets to all-time highs and while we remain optimistic that this will continue, we are watching diligently for signs of a slowdown and are prepared to become much more defensive should this occur.

Thank you for being a Covered Bridge Fund shareholder.

Sincerely,

**John Schonberg, CFA &
Michael Dashner, CFA**

*Important Definitions: **The S&P 500® Index** is an unmanaged composite of 500 large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks. You cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. **Volatility:** A statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier the security. **Covered Call:** An options strategy whereby an investor holds a long position in an asset and writes (sells) call options on that same asset in an attempt to generate increased income from the asset. This is often employed when an investor has a short-term neutral view on the asset and for this reason holds the asset long and simultaneously has a short position via the option to generate income from the option premium. **Out of the money:** A call option with a strike price that is higher than the market price of the underlying asset, or a put option with a strike price that is lower than the market price of the underlying asset. An out of the money option has no intrinsic value, but only possesses extrinsic or time value. As a result, the value of an out of the money option erodes quickly with time as it gets closer to expiry. If it still out of the money at expiry, the option will expire worthless. **Dividend yield:** A financial ratio that shows how much a company pays out in dividends each year relative to its share price. In the absence of any capital gains, the dividend yield is the return on investment for a stock. **Strike price:** The price at which a specific derivative contract can be exercised. Strike prices is mostly used to describe stock and index options, in which strike prices are fixed in the contract. For call options, the strike price is where the security can be bought (up to the expiration date), while for put options the strike price is the price at which shares can be sold. NLD Code: 6646-NLD-5/2/2017*

The Covered Bridge Fund Portfolio Review (Unaudited) March 31, 2017

The Fund's performance figures* for the periods ended March 31, 2017, compared to its benchmark:

	Six Months	One Year	Since Inception*
The Covered Bridge Fund			
Class A without load	6.97%	12.33%	7.08%
Class A with load	1.35%	6.38%	5.45%
Class I	7.13%	12.63%	7.36%
S&P 500 Total Return Index **	10.12%	17.17%	12.31%

* The Fund's inception date was October 1, 2013.

**The S&P 500 Total Return Index is an unmanaged market capitalization-weighted index which is comprised of 500 of the largest U.S. domiciled companies and includes the reinvestment of all dividends. Investors cannot invest directly in an index or benchmark.

The performance data quoted is historical. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than the original cost. Total return is calculated assuming reinvestment of all dividends and distributions. Total returns would have been lower had the adviser not waived its fees and reimbursed a portion of the Fund's expenses. Returns for periods greater than one year are annualized. The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund, at least until January 31, 2018, to ensure that the net annual fund operating expenses (excluding acquired fund fees and expenses and certain other non-operating expenses) will not exceed 1.90% and 1.65%, respectively for Class A and Class I, subject to possible recoupment from the Fund in future years. The Fund's total gross annual operating expenses, per its prospectus dated February 1, 2017, including underlying funds, are 2.26% for Class A and 2.01% for Class I. Class A shares are subject to a maximum sales charge imposed on purchases of 5.25%. Class A and Class I shares are subject to a redemption fee of 1.00% of the amount redeemed if held less than 90 days. The above performance figures do not reflect the deduction of taxes that a shareholder would have to pay on fund distributions or the redemption of the fund shares. For performance information current to the most recent month-end, please call 1-855-525-2151.

The Covered Bridge Fund
PORTFOLIO OF INVESTMENTS (Unaudited)

March 31, 2017

Shares		Value
COMMON STOCK - 93.0 %		
AEROSPACE/DEFENSE - 0.6 %		
1,500	Boeing Co. ^	\$ 265,290
AGRICULTURE - 0.5 %		
2,000	Philip Morris International, Inc. ^	225,800
AUTO MANUFACTURER - 1.1 %		
15,000	General Motors Co. ^	530,400
BANKS - 7.2 %		
20,000	BB&T Corp.	894,000
10,000	JPMorgan Chase & Co. ^	878,400
15,000	US Bancorp	772,500
17,000	Wells Fargo & Co.	946,220
		3,491,120
BEVERAGES - 3.8 %		
35,000	Coca-Cola Co. ^	1,485,400
3,000	PepsiCo, Inc. ^	335,580
		1,820,980
BIOTECHNOLOGY - 3.7 %		
6,000	Amgen, Inc.	984,420
12,000	Gilead Sciences, Inc.	815,040
		1,799,460
CHEMICALS - 1.2 %		
2,000	Du Pont (E) De Nemours & Co. ^	160,660
25,000	Potash Corp. of Saskatchewan, Inc.	427,000
		587,660
COMPUTERS - 7.0 %		
15,000	Apple, Inc. ^	2,154,900
5,000	International Business Machines Corp. ^	870,700
8,000	Seagate Technology PLC ^	367,440
		3,393,040
COSMETICS/PERSONAL CARE - 1.6 %		
6,000	Procter & Gamble Co. ^	539,100
5,000	Unilever NV - ADR ^	248,400
		787,500
ELECTRIC - 5.6 %		
13,000	Dominion Resources, Inc. ^	1,008,410
12,000	Duke Energy Corp. ^	984,120
20,000	Exelon Corp. ^	719,600
		2,712,130
ELECTRICAL COMPONENTS & EQUIPMENT - 1.2 %		
10,000	Emerson Electric Co. ^	598,600
FOOD - 4.6 %		
20,000	General Mills, Inc.	1,180,200
2,000	Hershey Co. ^	218,500
28,000	Whole Foods Market, Inc.	832,160
		2,230,860

See accompanying notes to financial statements.

The Covered Bridge Fund
PORTFOLIO OF INVESTMENTS (Unaudited) (Continued)

March 31, 2017

Shares		Value
HEALTHCARE PRODUCTS - 0.9 %		
10,000	Abbott Laboratories ^	\$ 444,100
INSURANCE - 3.0 %		
12,000	Aflac, Inc.^	869,040
5,000	Travelers Cos, Inc. ^	602,700
		<u>1,471,740</u>
IRON/STEEL - 0.2 %		
10,000	Vale SA - ADR	95,000
MINING - 0.9 %		
12,000	BHP Billiton Ltd. - ADR ^	435,840
MISCELLANEOUS MANUFACTURING - 3.5 %		
50,000	General Electric Co. ^	1,490,000
1,200	3M Co. ^	229,596
		<u>1,719,596</u>
OIL & GAS - 8.5 %		
34,000	BP PLC - ADR ^	1,173,680
12,000	Chevron Corp. ^	1,288,440
6,000	Ensco PLC	53,700
18,000	Exxon Mobil Corp. ^	1,476,180
12,000	Transocean Ltd. *	149,400
		<u>4,141,400</u>
PHARMACEUTICALS - 7.2 %		
6,000	AbbVie, Inc. ^	390,960
17,000	Bristol-Myers Squibb Co. ^	924,460
2,000	Eli Lilly & Co. ^	168,220
6,000	Johnson & Johnson ^	747,300
9,000	Merck & Co., Inc. ^	571,860
20,000	Pfizer, Inc. ^	684,200
		<u>3,487,000</u>
REAL ESTATE INVESTMENT TRUSTS - 1.5 %		
24,000	HCP, Inc.	750,720
RETAIL - 12.4 %		
2,000	Home Depot, Inc. ^	293,660
24,000	Kohl's Corp. ^	955,440
5,000	McDonald's Corp. ^	648,050
25,000	Nordstrom, Inc. ^	1,164,250
20,000	Starbucks Corp. ^	1,167,800
29,000	Target Corp. ^	1,600,510
3,000	Wal-Mart Stores, Inc. ^	216,240
		<u>6,045,950</u>
SEMICONDUCTORS - 5.0 %		
35,000	Intel Corp. ^	1,262,450
20,000	QUALCOMM, Inc. ^	1,146,800
		<u>2,409,250</u>
SOFTWARE - 2.7 %		
20,000	Microsoft Corp. ^	1,317,200

See accompanying notes to financial statements.

The Covered Bridge Fund
PORTFOLIO OF INVESTMENTS (Unaudited) (Continued)

March 31, 2017

Shares		Value
TELECOMMUNICATIONS - 8.0 %		
14,000	AT&T, Inc.	581,700
26,000	Cisco Systems, Inc. ^	878,800
25,000	Verizon Communications, Inc. ^	1,218,750
45,000	Vodafone Group PLC - ADR ^	1,189,350
		<u>3,868,600</u>
TRANSPORTATION - 1.1 %		
5,000	United Parcel Services, Inc. ^	\$ 536,500
TOTAL COMMON STOCK		
	(Cost - \$47,389,211)	<u>45,165,736</u>
Contracts **		
PUT OPTIONS PURCHASED * - 0.3 %		
200	ProShares Ultra S&P 500 ETF Expiration June 2017, Exercise Price \$80.00	35,000
300	SPDR S&P 500 ETF Trust Expiration May 2017, Exercise Price \$235.00	92,400
TOTAL PUT OPTIONS PURCHASED		
	(Cost - \$146,392)	<u>127,400</u>
Shares		
SHORT-TERM INVESTMENTS - 8.0 %		
MONEY MARKET FUND - 8.0 %		
3,893,638	JPMorgan U.S. Treasury Plus Money Market Fund - Institutional Shares, 0.56% +	<u>3,893,638</u>
TOTAL SHORT-TERM INVESTMENTS		
	(Cost - \$3,893,638)	
TOTAL INVESTMENTS - 101.3 % (Cost - \$51,429,241) (a)		
		\$ 49,186,774
CALL OPTIONS WRITTEN (Premiums Received - \$323,061) - (0.6) %		
		(294,981)
LIABILITIES LESS OTHER ASSETS - (0.7) %		
		(328,420)
NET ASSETS - 100.0%		
		<u><u>\$ 48,563,373</u></u>
Contracts **		
CALL OPTIONS WRITTEN * - (0.6) %		
12	3M Co. Expiration April 2017, Exercise Price \$190.00	\$ 3,480
50	Abbott Laboratories Expiration April 2017, Exercise Price \$45.00	2,300
30	AbbVie, Inc. Expiration April 2017, Exercise Price \$65.00	2,160
60	Aflac, Inc. Expiration April 2017, Exercise Price \$72.50	6,000
50	Apple, Inc. Expiration April 2017, Exercise Price \$140.00	22,750
25	Apple, Inc. Expiration April 2017, Exercise Price \$141.00	9,750
60	BHP Billiton Ltd. Expiration April 2017, Exercise Price \$38.00	2,160
15	Boeing Co. Expiration April 2017, Exercise Price \$180.00	1,770
117	BP PLC - ADR Expiration April 2017, Exercise Price \$34.00	8,541
85	Bristol-Myers Squibb Co. Expiration April 2017, Exercise Price \$57.50	2,040

See accompanying notes to financial statements.

The Covered Bridge Fund
PORTFOLIO OF INVESTMENTS (Unaudited) (Continued)

March 31, 2017

Contracts **	Value
CALL OPTIONS WRITTEN * (Continued) - (0.6)%	
40 Chevron Corp. Expiration April 2017, Exercise Price \$110.00	\$ 1,720
130 Cisco Systems, Inc. Expiration April 2017, Exercise Price \$34.00	2,340
100 Coca-Cola Co., Inc. Expiration April 2017, Exercise Price \$42.00	7,500
65 Dominion Resources, Inc. Expiration April 2017, Exercise Price \$77.50	6,825
60 Duke Energy Corp. Expiration April 2017, Exercise Price \$82.50	5,100
20 Du Pont (El) De Nemours & Co. Expiration April 2017, Exercise Price \$80.00	3,480
20 Eli Lilly & Co. Expiration April 2017, Exercise Price \$85.00	2,100
40 Emerson Electric Co. Expiration April 2017, Exercise Price \$60.00	4,200
100 Exelon Corp. Expiration April 2017, Exercise Price \$36.00	6,500
80 Exxon Mobil Corp. Expiration April 2017, Exercise Price \$82.50	6,400
100 General Electric Co. Expiration April 2017, Exercise Price \$30.00	3,400
75 General Motors Co. Expiration April 2017, Exercise Price \$37.00	1,350
120 HCP, Inc. Expiration April 2017, Exercise Price \$30.00	15,240
20 Hershey Co. Expiration April 2017, Exercise Price \$110.00	2,740
20 Home Depot, Inc. Expiration April 2017, Exercise Price \$150.00	980
115 Intel Corp. Expiration April 2017, Exercise Price \$35.00	13,915
25 International Business Machines Corp. Expiration April 2017, Exercise Price \$180.00	2,325
20 Johnson & Johnson Expiration April 2017, Exercise Price \$125.00	2,740
50 JPMorgan Chase & Co. Expiration April 2017, Exercise Price \$90.00	2,900
60 Kohl's Corp. Expiration April 2017, Exercise Price \$42.50	2,460
25 McDonald's Corp. Expiration April 2017, Exercise Price \$129.00	4,050
45 Merck & Co., Inc. Expiration April 2017, Exercise Price \$65.00	1,035
100 Microsoft Corp. Expiration April 2017, Exercise Price \$65.00	13,000
80 Nordstrom, Inc. Expiration April 2017, Exercise Price \$45.00	17,120
15 Pepsi Co., Inc. Expiration April 2017, Exercise Price \$110.00	4,050
75 Pfizer, Inc. Expiration April 2017, Exercise Price \$34.00	4,050

See accompanying notes to financial statements.

The Covered Bridge Fund
PORTFOLIO OF INVESTMENTS (Unaudited) (Continued)

March 31, 2017

Contracts **	Value
CALL OPTIONS WRITTEN * (Continued) - (0.6)%	
20 Philip Morris International, Inc. Expiration April 2017, Exercise Price \$110.00	\$ 7,900
30 Procter & Gamble Co. Expiration April 2017, Exercise Price \$92.50	210
120 QUALCOMM, Inc. Expiration April 2017, \$57.50	22,440
40 Seagate Technology PLC Expiration April 2017, Exercise Price \$48.00	3,600
75 Starbucks Corp. Expiration April 2017, Exercise Price \$55.00	28,050
100 Target Corp. Expiration April 2017, Exercise Price \$55.00	10,000
25 Travelers Cos, Inc. Expiration April 2017, Exercise Price \$125.00	1,125
25 Unilever NV - ADR Expiration April 2017, Exercise Price \$50.00	2,250
25 United Parcel Services, Inc. Expiration April 2017, Exercise Price \$108.00	2,700
125 Verizon Communications, Inc. Expiration April 2017, Exercise Price \$50.00	1,750
165 Vodafone Group PLC Expiration April 2017, Exercise Price \$26.00	12,870
15 Wal-Mart Stores, Inc. Expiration April 2017, Exercise Price \$70.00	3,615
TOTAL CALL OPTIONS WRITTEN (Premium Received \$323,061)	\$ 294,981

ADR - American Depositary Receipt

PLC - Public Limited Company

+ Variable rate security - interest rate is as of March 31, 2017.

^ Security is subject to written call options.

* Non-income producing security.

** Each option contract allows the holder of the option to purchase or sell 100 shares of the underlying stock.

(a) Represents cost for financial reporting purposes. Aggregate cost for federal tax purposes, including options written, is \$51,224,703 and differs from value by net unrealized appreciation (depreciation) of securities as follows:

Unrealized Appreciation:	\$ 615,952
Unrealized Depreciation:	(2,948,862)
Net Unrealized Depreciation:	<u>\$ (2,332,910)</u>

The Covered Bridge Fund
PORTFOLIO OF INVESTMENTS (Unaudited) (Continued)
March 31, 2017

Portfolio Composition as of March 31, 2017 (Unaudited)

Breakdown by Sector (Unaudited)		Breakdown by Country (Unaudited)	
	<u>Percent of Net Assets</u>		<u>Percent of Net Assets</u>
Common Stock	93.0%	Common Stock	93.0%
Consumer, Non-cyclical	22.2%	United States	85.2%
Technology	14.7%	Britain	5.5%
Consumer, Cyclical	13.5%	Australia	0.9%
Financial	11.8%	Canada	0.9%
Energy	8.5%	Brazil	0.2%
Communications	8.0%	Switzerland	0.3%
Industrial	6.4%	Options Purchased	0.3%
Utilities	5.6%	Short-term Investments	8.0%
Basic Materials	2.3%	Options Written	(0.6)%
Options Purchased	0.3%	Liabilities Less Other Assets	(0.7)%
Short-term Investments	8.0%	Net Assets	100.0%
Call Options Written	(0.6)%		
Liabilities Less Other Assets	(0.7)%		
Net Assets	100.0%		

See accompanying notes to financial statements.

The Covered Bridge Fund
STATEMENT OF ASSETS AND LIABILITIES (Unaudited)

March 31, 2017

Assets:	
Investments in Securities at Value (cost \$51,429,241)	\$ 49,186,774
Receivable for Fund Shares Sold	290,081
Deposits with Broker	56,700
Dividend and Interest Receivable	42,969
Prepaid Expenses and Other Assets	8,273
Total Assets	49,584,797
 Liabilities:	
Payable for Investments Purchased	646,831
Options Written (premiums received \$323,061)	294,981
Accrued Advisory Fees	40,740
Payable for Fund Shares Redeemed	17,343
Payable to Related Parties	6,477
Distribution (12b-1) Fees Payable	2,187
Accrued Expenses and Other Liabilities	12,865
Total Liabilities	1,021,424
 Net Assets	 \$ 48,563,373
 Class A Shares:	
Net Assets (Unlimited shares of no par value beneficial interest authorized; 1,058,086 shares of beneficial interest outstanding)	\$ 10,749,834
Net Asset Value and Redemption Price Per Share (a) (\$10,749,834/1,058,086 shares of beneficial interest outstanding)	\$ 10.16
Offering Price Per Share (\$10.16/0.9475)	\$ 10.72
 Class I Shares:	
Net Assets (Unlimited shares of no par value interest authorized; 3,727,811 shares of beneficial interest outstanding)	\$ 37,813,539
Net Asset Value, Offering and Redemption Price Per Share (a) (\$37,813,539/3,727,811 shares of beneficial interest outstanding)	\$ 10.14
 Composition of Net Assets:	
Paid-in-Capital	\$ 49,279,327
Undistributed net investment loss	373
Accumulated net realized gain from investments, options purchased, and options written	1,498,060
Net unrealized appreciation (depreciation) of:	
Investments and options purchased	(2,242,467)
Written options	28,080
Net Assets	\$ 48,563,373

(a) The Fund charges a fee of 1% on redemptions of shares held for less than 90 days.

See accompanying notes to financial statements.

The Covered Bridge Fund
STATEMENT OF OPERATIONS (Unaudited)
For the Six Months Ended March 31, 2017

Investment Income:	
Dividend Income (Less \$468 Foreign Taxes)	\$ 524,701
Interest Income	4,557
Total Investment Income	529,258
 Expenses:	
Investment Advisory Fees	254,819
Administration Fees	22,820
Transfer Agent Fees	22,069
Fund Accounting Fees	18,031
Distribution (12b-1) fees - Class A	10,632
Custody Fees	9,242
Chief Compliance Officer Fees	7,754
Audit Fees	7,480
Registration & Filing Fees	7,012
Legal Fees	6,965
Printing Expense	6,482
Trustees' Fees	5,482
Insurance Expense	751
Miscellaneous Expenses	4,685
Total Expenses	384,224
Less: Fee Waived by Adviser	(36,623)
Net Expenses	347,601
Net Investment Income	181,657
 Net Realized and Unrealized Gain on Investments:	
Net Realized Gain on:	
Investments and Options Purchased	965,299
Options Written	782,262
Total Net Realized Gain on Investments	1,747,561
 Net Change in Unrealized Appreciation:	
Investments and Options Purchased	724,269
Options Written	79,776
Total Net Change in Unrealized Appreciation	804,045
 Net Realized and Unrealized Gain on Investments	 2,551,606
 Net Increase in Net Assets Resulting From Operations	 \$ 2,733,263

See accompanying notes to financial statements.

The Covered Bridge Fund
STATEMENTS OF CHANGES IN NET ASSETS

	For the Six Months Ended March 31, 2017 (Unaudited)	For the Year Ended September 30, 2016
Operations:		
Net Investment income	\$ 181,657	\$ 328,299
Net realized gain from investments, options purchased, and options written	1,747,561	2,214,657
Net change in unrealized appreciation of investments, options purchased and options written	804,045	1,511,051
Net Increase in Net Assets Resulting From Operations	2,733,263	4,054,007
Distributions to Shareholders From:		
From net investment income:		
Class A (\$0.03 and \$0.07, respectively)	(22,921)	(32,994)
Class I (\$0.05 and \$0.11, respectively)	(158,762)	(296,815)
From net realized gains:		
Class A (\$0.62 and \$0.41, respectively)	(459,072)	(162,415)
Class I (\$0.62 and \$0.41, respectively)	(1,798,051)	(1,054,138)
Net decrease in net assets from distributions to shareholders	(2,438,806)	(1,546,362)
Capital Share Transactions:		
Class A		
Proceeds from Shares Issued (381,608 and 280,035 shares, respectively)	3,847,970	2,768,790
Distributions Reinvested (47,583 and 20,492 shares, respectively)	474,196	160,448
Cost of Shares Redeemed (22,589 and 38,566 shares, respectively)	(227,896)	(381,326)
Total Class A	4,094,270	2,547,912
Class I		
Proceeds from Shares Issued (753,362 and 287,403 shares, respectively)	7,561,533	2,950,571
Distributions Reinvested (189,824 and 138,990 shares, respectively)	1,888,237	1,083,032
Redemption Fee Proceeds	100	-
Cost of Shares Redeemed (103,440 and 122,833 shares, respectively)	(1,034,733)	(1,208,952)
Total Class I	8,415,137	2,824,651
Total Capital Share Transactions	12,509,407	5,372,563
Total Increase in Net Assets	12,803,864	7,880,208
Net Assets:		
Beginning of Period	35,759,509	27,879,301
End of Period +	\$ 48,563,373	\$ 35,759,509
+ Includes undistributed net investment income (loss)	\$ 373	\$ 399

See accompanying notes to financial statements.

The Covered Bridge Fund - Class A FINANCIAL HIGHLIGHTS

Per share data and ratios for a share of beneficial interest throughout each period presented.

	For the Six Months Ended March 31, 2017 (Unaudited)	For the Year Ended September 30, 2016	For the Year Ended September 30, 2015	For the Year Ended September 30, 2014 (1)
Net Asset Value, Beginning of Period	\$ 10.11	\$ 9.36	\$ 11.19	\$ 10.00
Increase (Decrease) From Operations:				
Net investment income (2)	0.03	0.08	0.11	0.08
Net realized and unrealized gain (loss) on investments	0.67	1.15	(0.84)	1.17
Total from operations	0.70	1.23	(0.73)	1.25
Less Distributions:				
From net investment income	(0.03)	(0.07)	(0.10)	(0.06)
From net realized gains	(0.62)	(0.41)	(1.00)	-
Total Distributions	(0.65)	(0.48)	(1.10)	(0.06)
Paid in capital from redemption fees (2)	-	-	0.00 (4)	0.00 (4)
Net Asset Value, End of Period	<u>\$ 10.16</u>	<u>\$ 10.11</u>	<u>\$ 9.36</u>	<u>\$ 11.19</u>
Total Return (3)	6.97%	13.58%	(7.13)%	12.55%
Ratios/Supplemental Data				
Net assets, end of period (in 000's)	\$ 10,750	\$ 6,584	\$ 3,647	\$ 3,745
Ratio of gross expenses to average net assets (5)	2.08% (6)	2.25%	2.33%	2.69%
Ratio of net expenses to average net assets	1.90% (6)	1.90%	1.90%	1.90%
Ratio of net investment income to average net assets	0.67% (6)	0.81%	1.03%	0.76%
Portfolio turnover rate	118% (7)	193%	208%	266%

(1) Class A commenced operations October 1, 2013.

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

(3) Total returns are historical in nature and assume changes in share price, reinvestment of dividends and capital gains distributions, if any, excluding the effect of sales loads and redemptions fees. Had the Adviser not absorbed a portion of Fund expenses, total returns would have been lower. Total returns for periods less than one year are not annualized.

(4) Amount is less than \$.01 per share.

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

(6) Annualized.

(7) Not annualized.

See accompanying notes to financial statements.

The Covered Bridge Fund - Class I

FINANCIAL HIGHLIGHTS

Per share data and ratios for a share of beneficial interest throughout each period presented.

	For the Six Months Ended March 31, 2017 (Unaudited)	For the Year Ended September 30, 2016	For the Year Ended September 30, 2015	For the Year Ended September 30, 2014 (1)
Net Asset Value, Beginning of Period	\$ 10.10	\$ 9.38	\$ 11.20	\$ 10.00
Increase (Decrease) From Operations:				
Net investment income (2)	0.05	0.10	0.13	0.11
Net realized and unrealized gain (loss) on investments	0.66	1.14	(0.82)	1.18
Total from operations	0.71	1.24	(0.69)	1.29
Less Distributions:				
From net investment income	(0.05)	(0.11)	(0.13)	(0.09)
From net realized gains	(0.62)	(0.41)	(1.00)	-
Total Distributions	(0.67)	(0.52)	(1.13)	(0.09)
Paid in capital from redemption fees (2)	0.00 (4)	-	0.00 (4)	0.00 (4)
Net Asset Value, End of Period	<u>\$ 10.14</u>	<u>\$ 10.10</u>	<u>\$ 9.38</u>	<u>\$ 11.20</u>
Total Return (3)	7.13%	13.73%	(6.80)%	12.88%
Ratios/Supplemental Data				
Net assets, end of period (in 000's)	\$ 37,813	\$ 29,175	\$ 24,232	\$ 22,094
Ratio of gross expenses to average net assets (5)	1.83% (6)	2.00%	2.08%	2.44%
Ratio of net expenses to average net assets	1.65% (6)	1.65%	1.65%	1.65%
Ratio of net investment income to average net assets	0.95% (6)	1.09%	1.28%	1.04%
Portfolio turnover rate	118% (7)	193%	208%	266%

(1) Class I commenced operations October 1, 2013.

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

(3) Total returns are historical in nature and assume changes in share price, reinvestment of dividends and capital gains distributions, if any, excluding the effect of redemptions fees. Had the Adviser not absorbed a portion of Fund expenses, total returns would have been lower. Total returns for periods less than one year are not annualized.

(4) Amount is less than \$.01 per share.

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

(6) Annualized.

(7) Not annualized.

See accompanying notes to financial statements.

The Covered Bridge Fund

NOTES TO FINANCIAL STATEMENTS (Unaudited)

March 31, 2017

I. ORGANIZATION

The Covered Bridge Fund (the “Fund”) is a diversified series of shares of beneficial interest of Northern Lights Fund Trust III (the “Trust”), a Delaware statutory trust organized 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 investment objective of the Fund is to seek current income and realized gains from writing options with capital appreciation as a secondary objective. The Fund commenced operations on October 1, 2013.

The Fund currently offers Class A and Class I shares. Class A shares are offered at net asset value plus a maximum sales charge of 5.25%. Class I shares are offered at net asset value. The Fund charges a fee of 1% on redemptions of shares held for less than 90 days. Each class represents an interest in the same assets of the Fund and classes are identical except for differences in their sales charge structures and ongoing service and distribution charges. All classes of shares have equal voting privileges except that each class has exclusive voting rights with respect to its service and/or distribution plans. 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 followed by the Fund in preparation of its financial statements. These policies are in conformity with accounting principles generally accepted 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 income and expenses for the 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 Standard Codification Topic 946 “Financial Services Investment Companies” including FASB Accounting Standard Update ASU 2013-08.

Security Valuation – The Fund’s securities are valued at the last sale price on the exchange in which such securities are primarily traded, as of the close of business on the day the securities are being valued. In the absence of a sale on the primary exchange, a security shall be valued at the mean between the current bid and ask prices on the day of valuation. NASDAQ traded securities are valued using the NASDAQ Official Closing Price (“NOCP”). Exchange traded options are valued at the last sale price or in the absence of a sale, at the mean between the current bid and ask prices. Short-term investments that mature in 60 days or less may be valued at amortized cost.

Securities for which current market quotations are not readily available or for which quotations are not deemed to be representative of market values are valued at fair value as determined in good faith by or under the direction of the Trust’s Board of Trustees (the “Board”) in accordance with the Trust’s Portfolio Securities Valuation Procedures (the “Procedures”). The Procedures consider, among others, the following factors to determine a security’s fair value: the nature and pricing history (if any) of the security; whether any dealer quotations for the security are available; and possible valuation methodologies that could be used to determine the fair value of the security.

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 team composed of one or more officers from each of the (i) Trust, (ii) administrator, and (iii) adviser. The team 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.

Fair Valuation Process – As noted above, the fair value team is composed of one or more representatives from each of the (i) Trust, (ii) administrator, and (iii) adviser. 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

The Covered Bridge Fund

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

March 31, 2017

adviser, the prices or values available do not represent the fair value of the instrument. Factors which may cause the adviser 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; (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 adviser 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 Adviser is unable to obtain a current bid from such independent dealers or other independent parties, the fair value team 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 all 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.

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 Covered Bridge Fund
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)
March 31, 2017

The following tables summarize the inputs used as of March 31, 2017 for the Fund's assets and liabilities measured at fair value:

Assets *	Level 1	Level 2	Level 3	Total
Common Stock	\$ 45,165,736	\$ -	\$ -	\$ 45,165,736
Put Options Purchased	127,400	-	-	127,400
Short-Term Investment	3,893,638	-	-	3,893,638
Total	\$ 49,186,774	\$ -	\$ -	\$ 49,186,774
Liabilities				
Call Options Written	\$ 294,981	-	\$ -	\$ 294,981

The Fund did not hold any Level 3 securities during the six months ended March 31, 2017.

There were no transfers into or out of Level 1, Level 2, or Level 3 during the six months ended March 31, 2017.

It is the Fund's policy to record transfers into or out of any Level at the end of the reporting period.

* Please refer to the Portfolio of Investments for Industry Classification.

Option Transactions – The Fund is subject to equity price risk in the normal course of pursuing its investment objective and may purchase or sell options to help hedge against risk. 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. 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.

The notional value of the derivative instruments outstanding as of March 31, 2017 as disclosed in the Portfolio of Investments and the amounts realized and changes in unrealized gains and losses on derivative instruments during the period as disclosed above and within the Statement of Operations serve as indicators of the volume of derivative activity for the Fund.

The number of call option contracts written and the premiums received by the Fund during the six months ended March 31, 2017, were as follows:

	Contracts	Premium
Outstanding at Beginning of Period	2,388	\$ 266,981
Options Written	17,854	2,066,520
Options Closed	(5,462)	(555,684)
Options Exercised	(7,448)	(989,939)
Options Expired	(4,463)	(464,817)
Outstanding at End of Period	2,869	\$ 323,061

The Covered Bridge Fund

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

March 31, 2017

Offsetting of Financial Assets and Derivative Assets - The following table presents the Fund's liability derivatives available for offset under a master netting arrangement net of collateral pledged as of March 31, 2017.

Liabilities:	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Assets & Liabilities	Net Amounts of Liabilities Presented in the Statement of Assets & Liabilities	Gross Amounts Not Offset in the Statement of Assets &		
				Financial Instruments (1)	Cash Collateral Pledged	Net Amount
Call Options Written	\$ 294,981	\$ -	\$ 294,981	\$ 238,281	\$ 56,700	\$ -
Total	\$ 294,981	\$ -	\$ 294,981	\$ 238,281	\$ 56,700	\$ -

(1) The amount is limited to the derivative liability balance and, accordingly, does not include excess collateral pledged.

Impact of Derivatives on the Statement of Assets and Liabilities and Statement of Operations – The following is a summary of the location of derivative investments on the Fund's Statement of Assets and Liabilities as of March 31, 2017:

Derivative Investment Type	Risk	Location on the Statement of Assets and Liabilities	Amount
Options Purchased	Equity	Investments in Securities at Value	\$127,400
Options Written	Equity	Options Written, at value	294,981

The following is a summary of the location of derivative investments on the Fund's Statement of Operations for the six months ended March 31, 2017:

Derivative Investment Type	Risk	Location of Gain/Loss on Derivative	Amount
Options Purchased	Equity	Net realized gain (loss) on investments and options purchased	\$ (320,871)
Options Written	Equity	Net realized gain (loss) from options written	782,262
Options Purchased	Equity	Net change in unrealized appreciation (depreciation) on investments and options purchased	50,808
Options Written	Equity	Net change in unrealized appreciation (depreciation) on options written	79,776

Security Transactions and Investment Income – Investment security transactions are accounted for on a trade date basis. Cost is determined and gains and losses are based upon the specific identification method for both financial statement and federal income tax purposes. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Purchase discounts and premiums on securities are accreted and amortized over the life of the respective securities.

Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

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.

Federal Income Taxes – The Fund intends to continue to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and will distribute all of its taxable income, if any, to shareholders. Accordingly, no provision for Federal income taxes is required in the financial statements. 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 related to the open tax years (2014-2016) or expected to be taken in the Fund's 2017 tax return. The Fund identifies its major tax jurisdictions as U.S. Federal, Nebraska and foreign jurisdictions

The Covered Bridge Fund

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

March 31, 2017

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.

Dividends and Distributions to Shareholders – Dividends from net investment income if any, are declared and paid quarterly, and 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. 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) 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.

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.

3. INVESTMENT ADVISORY AGREEMENT AND TRANSACTIONS WITH RELATED PARTIES

Advisory Fees – Stonebridge Capital Advisors, 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, directs the daily operations of the Fund and supervises the performance of administrative and professional services provided by others. As compensation for this service and the related expenses borne by the Adviser, the Fund pays the Adviser a management fee, computed and accrued daily and paid monthly, at an annual rate of 1.25% of the average daily net assets. For the six months ended March 31, 2017, the Adviser earned management fees of \$254,819.

The Adviser has contractually agreed to waive all or part of its management fees and/or make payments to limit Fund expenses (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 Trustees, contractual indemnification of Fund service providers (other than the Adviser)) at least until January 31, 2018, so that the total annual operating expenses of the Fund do not exceed 1.90% and 1.65% of the average daily net assets for its Class A and Class I shares, respectively. Contractual waivers and expense payments may be recouped by the Adviser from the Fund, to the extent that overall expenses fall below the lesser of the expense limitation then in place or in place at time of waiver, within three years of when the amounts were waived. During the six months ended March 31, 2017, the Adviser waived fees of \$36,623.

As of September 30, 2016, the following amounts are subject to recapture by the Advisor by September 30 of the following years:

2017	2018	2019	Total
\$ 153,469	\$ 119,761	\$ 108,863	\$ 382,093

Distributor – The distributor of the Fund is Northern Lights Distributors, LLC (the “Distributor”). The Trust, with respect to the Fund, has adopted the Trust’s Master Distribution and Shareholder Servicing Plan for the Fund’s Class A shares (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act, to pay for certain distribution activities and shareholder services. The Plan provides a monthly service and/or distribution fee that will be calculated by the Fund at an annual rate of 0.25% of the average daily net assets of Class A shares. For the six months ended March 31, 2017, pursuant to the Plan, the Fund paid \$10,632. No such fees are payable with respect to Class I shares.

The Distributor acts as the Fund’s principal underwriter in a continuous public offering of the Fund’s Class A shares. For the six months ended March 31, 2017, the Distributor received \$175,407 in underwriting commissions for sales of Class A shares, of which \$28,365 was retained by the principal underwriter or other affiliated broker-dealers.

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

The Covered Bridge Fund

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

March 31, 2017

Gemini Fund Services, LLC (“GFS”) – GFS, an affiliate of the Distributor, provides administration, fund accounting, and transfer agent services to the Trust. Pursuant to separate servicing agreements with GFS, the Fund pays GFS customary fees 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”) - 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.

Blu Giant, LLC (“Blu Giant”) – Blu Giant, 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, Blu Giant receives customary fees from the Fund.

4. INVESTMENT TRANSACTIONS

The cost of purchases and proceeds from the sale of securities, other than short-term securities, for the six months ended March 31, 2017, amounted to \$55,778,977 and \$46,199,578, respectively.

5. REDEMPTION FEES

The Fund may assess a short-term redemption fee of 1.00% of the total redemption amount if a shareholder sells their shares after holding them for less than 90 days. The redemption fee is paid directly to the Fund from which the redemption is made. The Fund received redemption fees of \$100 for the six months ended March 31, 2017.

6. DISTRIBUTIONS TO SHAREHOLDERS AND TAX COMPONENTS OF CAPITAL

The tax character of distributions paid during the fiscal years ended September 30, 2016 and September 30, 2015 were as follows:

	Fiscal Year Ended September 30, 2016	Fiscal Year Ended September 30, 2015
Ordinary Income	\$ 1,546,362	\$ 2,662,322
Long-Term Capital Gain	-	1,528
	<u>\$ 1,546,362</u>	<u>\$ 2,663,850</u>

As of September 30, 2016, the components of accumulated earnings/ (deficit) on a tax basis were as follows:

Undistributed Ordinary Income	Other Book/Tax Differences	Unrealized Appreciation/ (Depreciation)	Total Accumulated Earnings/(Deficits)
\$ 2,139,183	\$ (12,639)	\$ (3,136,955)	\$ (1,010,411)

The difference between book basis and tax basis accumulated net realized gain and unrealized depreciation from investments is primarily attributable to the tax deferral of losses on wash sales and adjustments for real estate investment trusts. In addition, the amount listed under other book/tax differences is primarily attributable to the tax deferral of losses on straddles.

The Covered Bridge Fund
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)
March 31, 2017

Permanent book and tax differences, primarily attributable to the reclassification of Fund distributions and tax adjustments for real estate investment trusts, resulted in reclassification for the year ended September 30, 2016 as follows:

Paid In Capital	Undistributed Net Investment Income	Accumulated Net Realized Gains
\$ -	\$ 1,728	\$ (1,728)

7. NEW ACCOUNTING PRONOUNCEMENT

On October 13, 2016 the Securities and Exchange Commission amended existing rules intended to modernize reporting and disclosure of information. These amendments relate to Regulation S-X which sets forth the form and content of financial statements. At this time, management is evaluating the implications of adopting these amendments and their impact on the financial statements and accompanying notes.

8. CONTROL OWNERSHIP

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates presumption of control of the fund, under Section 2(a)(9) of the 1940 Act. As of March 31, 2017, Charles Schwab & Co, Inc., an account holding shares for the benefit of others in nominee name, held approximately 26% of the voting securities of the Fund's Class A shares. As of March 31, 2017, Charles Schwab & Co, Inc. and Pershing LLC, accounts holding shares for the benefit of others in nominee name, held approximately 52% and 30%, respectively, of the voting securities of the Fund's Class I shares. The Fund has no knowledge as to whether any beneficial owner included in these nominee accounts holds more than 25% of the voting shares of either class.

9. SUBSEQUENT EVENTS

Subsequent events after the balance sheet date have been evaluated through the date the financial statements were issued. Management has concluded that there is no impact requiring adjustment or disclosure in the financial statements.

Renewal of Advisory Agreement – The Covered Bridge Fund*

In connection with a meeting held on August 18th and 19th, 2016, the Board of Trustees (the “Board”) of the Northern Lights Fund Trust III (the “Trust”), including a majority of the Trustees who are not “interested persons,” as that term is defined in the Investment Company Act of 1940, as amended, discussed the renewal of the investment advisory agreement (the “Advisory Agreement”) between Stonebridge Capital Advisors, LLC (the “Adviser”) and the Trust, with respect to The Covered Bridge Fund (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 their own business judgment in determining the material factors to be considered in evaluating the Advisory Agreement and the weight to be given to each such factor. The 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 Service.

The Board noted that the Adviser was established in 1997 and provides personalized investment management services for a wide client base, consisting of high net worth individuals, retirement plans, endowments, foundations and other institutional clients, in addition to the Fund. The Board noted the substantial financial and client service experience of the Adviser’s investment personnel and robust investment process utilized by the Adviser, consisting of on-going research utilizing fundamental market data, financial ratios, and qualitative information. The Board noted that the Adviser utilized options to hedge the Fund’s risk in declining markets and also provide income to the Fund. The Board noted that the firm’s risk mitigation strategies appeared to be detailed and well implemented by the Adviser. The Board expressed satisfaction with the Adviser’s continued focus on compliance, highlighting that the Adviser implemented a weekly review process and did not report any litigation or compliance issues since the last renewal of the Advisory Agreement. The Board recognized that the Fund’s strategy was complex and requires significant amount of work to implement and expressed its satisfaction with the high quality service that the Adviser has provided to the Fund.

Performance.

The Board reviewed the performance of the Fund for the one year and since inception periods, noting that over the one year period, the Fund underperformed its benchmark, the S&P 500, as well as the CBOE S&P 500 Buy/Write Index, but outperformed its peer group, the Large Cap Value Morningstar category, and the Adviser-selected Alternative Long/Short Equity Morningstar category. The Board noted that year to date, the Fund also showed strong performance, outperforming the S&P 500 during that time. The Board noted that some underperformance over the one year period was related to high volatility in the markets which limited the option premium that the Fund received. However, since inception, the Board agreed that the Adviser has done a reasonable job of navigating the Fund through some challenging periods and that the Fund has performed as designed. The Board concluded that the Adviser should continue to provide satisfactory results in the future.

Fees & Expenses.

The Board noted that the 1.25% advisory fee charged by the Adviser to the Fund and the Fund's annual expense ratio of 1.91% for Class A shares were both higher than the averages of its peer group and significantly higher than the Large Cap Value Morningstar category, but were both in line with the Alternative Long/Short Equity Morningstar category average. The Board observed that the Fund had waived a significant portion of its fee during the prior year, as its net fee after the waiver was 0.82% of the Fund's average net assets. In addition, the Board acknowledged that operation of the Fund's option overlay strategy required significantly more work as compared to the funds typically found in the Large Cap Value category. In this context, the Board agreed that the Adviser's advisory fee did not appear unreasonable.

Economies of Scale.

The Board discussed the size of the Fund and its prospect for growth, concluding that it had not yet achieved meaningful economies of scale that would justify the implementation of breakpoints. It was noted that a representative of the Adviser agreed that, as the Fund grows and the Adviser achieves economies of scale related to the services it provides, the Adviser would be willing to discuss the implementation of breakpoints at that time. The Board agreed to monitor and address the issue at the appropriate time.

Profitability.

The Board reviewed the profitability analysis in connection with the operation of the Fund provided by the Adviser. They noted the Adviser has realized a very modest profit over the past year, both in terms of percentage of revenue and actual dollars. After discussion, the Board concluded the level of profit realized by the Adviser in connection with its relationship with the Fund was not excessive.

Conclusion.

Having requested and received 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 the advisory fee was reasonable and that renewal of the Advisory Agreement was in the best interests of the Trust and the shareholders of the Fund.

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

The Covered Bridge Fund
DISCLOSURE OF FUND EXPENSES (Unaudited)
March 31, 2017

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, such as sales charges and redemption fees; and (2) ongoing costs, including management fees; distribution and/or shareholder servicing 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 beginning October 1, 2016 through March 31, 2017.

Actual Expenses

The “Actual Expenses” line in the table below provides information about actual account values and actual expenses. You may use the information below, 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 table under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The “Hypothetical” line in the 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 balances or expenses you paid for the period. You may use this information to compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of 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, such as sales charges (loads), or redemption fees. Therefore, the 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.

	Beginning Account Value (10/1/16)	Ending Account Value (3/31/17)	Expenses Paid During Period (10/1/16 to 3/31/17)*
Actual			
Class A	\$1,000.00	\$1,069.70	\$9.80
Class I	\$1,000.00	\$1,071.30	\$8.52
Hypothetical (5% return before expenses)			
Class A	\$1,000.00	\$1,015.46	\$9.55
Class I	\$1,000.00	\$1,016.70	\$8.30

*Expenses are equal to the average account value over the period, multiplied by the Fund’s annualized expense ratios of 1.90% and 1.65% for Class A and Class I, respectively, multiplied by the number of days in the period (182) divided by the number of days in the fiscal year (365).

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?
For our everyday business purposes —such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	YES	NO
For our marketing purposes —to offer our products and services to you	NO	We do not share
For joint marketing with other financial companies	NO	We do not share
For our affiliates' everyday business purposes —information about your transactions and experiences	NO	We do not share
For our affiliates' everyday business purposes —information about your creditworthiness	NO	We do not share
For our affiliates to market to you	NO	We do not share
For nonaffiliates to market to you	NO	We do not 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 doesn't 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 1-855-525-2151 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 on Form N-Q. Form N-Q is available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (1-800-SEC-0330). The information on Form N-Q is available without charge, upon request, by calling 1-855-525-2151.

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