

Puerto Rico Investors Tax-Free Fund III, Inc.

Fund Portfolio <sup>(1)</sup>

As of August 31, 2016

REF #	Current Value <sup>(2)</sup>	Face/ Outstanding	Amortized Cost (\$)	Market (\$)	Unrealized Gain/Loss (\$)	Book Yield <sup>(3)</sup>	Description
<b>Portfolio</b>							
74527RHH3	23.13	240,000	240,000	55,500	-184,500	7.00	AFICA - Palmas del Mar 7% 12/20/2018
74527RIJ9	23.13	3,975,000	3,975,000	919,219	-3,055,781	7.25	AFICA - Palmas del Mar 7.25% 12/20/2030
CM5378087	100.00	183,210	183,210	183,210	0	(4)	CMO-BTMT2H 7.00% 2/1/2023
36211JUF2	102.48	31,160	31,160	31,933	773	(4)	COMMUN.END/GN514582 7% 8/15/2029
36208FE48	109.45	96,525	96,522	105,647	9,125	(4)	COMMUN.END/GN449355 7.5% 9/15/2027
36209GDZ7	111.21	12,455	12,455	13,851	1,396	(4)	COMMUN.END/GN470920 7% 4/15/2028
36211JUU4	101.33	38,625	38,626	39,140	514	(4)	COMMUN.END/GN514585 7% 8/15/2029
36211JU70	101.55	39,847	39,847	40,466	619	(4)	COMMUN.END/GN514606 7.5% 9/15/2029
36211KKR2	113.70	67,834	67,834	77,124	9,290	(4)	COMMUN.END/GN515390 7.5% 4/15/2030
126380AY0	3.17	21,101	21,066	669	-20,397	(4)	Credit Suisse CMO 5.82242% 11/25/2036
29216MAV2	13.70	3,965,000	1,659,097	543,086	-1,116,011	6.40	Employees Retirement System 0% 7/1/2030
29216MAW0	12.77	3,235,000	1,261,894	412,948	-848,946	6.45	Employees Retirement System 0% 7/1/2031
29216MAX8	11.96	3,445,000	1,261,155	412,160	-848,995	6.45	Employees Retirement System 0% 7/1/2032
29216MAY6	11.23	3,670,000	1,260,870	412,178	-848,692	6.45	Employees Retirement System 0% 7/1/2033
29216MAL4	40.38	5,565,000	5,540,186	2,247,147	-3,293,039	6.24	Employees Retirement System 6.2% 7/1/2040
29216MBB5	40.39	205,000	204,118	82,802	-121,316	6.34	Employees Retirement System 6.3% 7/1/2036
29216MBF6	40.35	2,715,000	2,688,768	1,095,367	-1,593,401	6.62	Employees Retirement System 6.55% 7/1/2055
29216MBG4	40.33	1,715,000	1,698,391	691,642	-1,006,749	6.62	Employees Retirement System 6.55% 7/1/2056
29216MBH2	40.34	905,000	896,217	365,077	-531,140	6.62	Employees Retirement System 6.55% 7/1/2057
3130A7ST3	100.29	4,300,000	4,300,000	4,312,603	12,603	3.25	FED FARM CREDIT BANK 3.25% DUE 03/24/2031
3133EGAJ4	100.13	100,000	99,902	100,134	232	2.90	FED FARM CREDIT BANK2.90% DUE 05/16/2031
3130A83E1	100.17	500,000	500,000	500,866	866	3.00	FED FARM CREDIT BANK3.00% DUE 05/23/2036
3130A8GX5	100.03	1,700,000	1,700,000	1,700,573	573	3.00	FEDERAL HOME LOAN BANK 3.00% DUE 06/16/2036
3130A8WQ2	99.83	1,100,000	1,100,000	1,098,141	-1,859	2.65	FEDERAL HOME LOAN BANKS 2.65% DUE 08/16/2032
3130A8TT0	100.05	3,000,000	3,000,000	3,001,461	1,461	2.79	FEDERAL HOME LOAN BANKS 2.79% DUE 08/08/2036
31331VXR2	134.21	610,000	690,704	818,677	127,972	4.20	FFCB 5.70% 10/25/2027
31331GEA3	140.45	303,000	360,104	425,549	65,445	4.19	FFCB 6.18% 11/6/2028
31293EEW6	112.43	10,274	10,414	11,551	1,138	(4)	FGLMC C18249 7% 11/1/2028
31293WWF3	100.33	6,818	6,818	6,840	22	(4)	FGLMC C31546 7.5% 10/1/2029
3128FHG55	103.55	9,007	9,079	9,328	249	(4)	FGLMC D75620 7.5% 2/1/2023
3133XGAY0	147.40	12,480,000	14,336,529	18,396,069	4,059,540	4.37	FHLB 5.5% 7/15/2036
31373TAA8	110.21	15,769	16,125	17,379	1,254	(4)	FNMA 302501 8.5% 12/1/2024
31376WY61	118.90	113,189	113,411	134,580	21,169	(4)	FNMA 368033 7.5% 12/1/2026
31377BM69	101.18	2,438	2,438	2,467	29	(4)	FNMA 372181 7% 8/1/2027
31383JAH3	111.99	24,647	24,553	27,602	3,049	(4)	FNMA 504108 7% 6/1/2029
31383JAJ9	103.74	56,091	56,640	58,190	1,550	(4)	FNMA 504109 7.5% 5/1/2029
31383JAS9	113.25	125,254	126,481	141,850	15,369	(4)	FNMA 504117 7.5% 5/1/2029
31384GEM3	114.06	58,162	58,162	66,341	8,179	(4)	FNMA 523140 7.5% 4/1/2030
31384WPH7	117.02	8,581	8,581	10,042	1,461	(4)	FNMA 536024 8.5% 5/1/2030
31384WP38	116.17	6,814	6,814	7,916	1,102	(4)	FNMA 536042 8% 9/1/2030
31384WQA1	102.74	10,436	10,436	10,722	286	(4)	FNMA 536049 7.5% 10/1/2030
31387C4Z1	114.31	2,749	2,749	3,143	394	(4)	FNMA 580540 6% 6/1/2031
31389JE59	114.91	28,872	28,872	33,178	4,306	(4)	FNMA 626656 6.5% 3/1/2032
31389KGL9	118.25	83,757	83,757	99,047	15,289	(4)	FNMA 627603 6.5% 11/1/2031
31408FKL2	112.71	839,905	839,905	946,640	106,734	(4)	FNMA 849999 5% 1/1/2036
31359MGK3	153.32	1,548,000	1,923,158	2,373,469	450,311	4.32	FNMA Note 6.625% 11/15/30
36223UKN7	104.37	73,446	74,271	76,652	2,381	(4)	GNMA PI 318101 8% 11/15/2018
36205WCR5	101.33	36,743	37,418	37,233	-185	(4)	GNMA PI 402480 7.5% 11/15/2024
36206BAY7	100.35	24,869	25,331	24,956	-375	(4)	GNMA PI 406023 7.5% 12/15/2024
36206BA43	103.95	61,072	62,206	63,485	1,279	(4)	GNMA PI 406027 7.5% 12/15/2024
36206BB34	103.96	61,396	62,539	63,830	1,291	(4)	GNMA PI 406058 7.5% 1/15/2025
36210KYD1	101.23	1,817	1,817	1,839	22	(4)	GNMA PI 494908 7% 12/15/2028
36210KYE9	111.65	40,552	40,552	45,274	4,723	(4)	GNMA PI 494909 7% 12/15/2028
36212CR52	102.45	11,031	11,031	11,301	270	(4)	GNMA PI 529808 8% 2/15/2031
36212EMJ3	102.36	10,220	10,220	10,461	241	(4)	GNMA PI 531461 8% 5/15/2030
36213AKG8	112.88	22,649	22,648	25,567	2,918	(4)	GNMA PI 548495 7% 5/15/2031
36213J5P6	115.64	100,000	102,167	115,641	13,474	(4)	GNMA S/N 556254 6.5% 8/15/2031
74529JFH3	35.84	835,000	454,565	299,256	-155,310	6.23	PR Sales Tax Financing 0% 8/1/2026

Puerto Rico Investors Tax-Free Fund III, Inc.

Fund Portfolio <sup>(1)</sup>

As of August 31, 2016

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<b>Portfolio</b>							
74529JFJ9	33.69	890,000	455,672	299,797	-155,875	6.23	PR Sales Tax Financing 0% 8/1/2027
74529JBC8	29.71	4,940,000	2,231,578	1,467,773	-763,805	6.25	PR Sales Tax Financing 0% 8/1/2029
74529JFK6	26.25	1,135,000	454,664	297,960	-156,704	6.23	PR Sales Tax Financing 0% 8/1/2031
74529JBD6	26.25	3,025,000	1,208,256	794,123	-414,133	6.25	PR Sales Tax Financing 0% 8/1/2031
74529JFN0	22.01	1,370,000	456,538	301,510	-155,029	6.23	PR Sales Tax Financing 0% 8/1/2034
74529JFP5	20.60	1,455,000	456,013	299,657	-156,356	6.23	PR Sales Tax Financing 0% 8/1/2035
74529JBG9	71.39	1,720,000	1,709,403	1,227,960	-481,443	6.10	PR Sales Tax Financing 6.05% 7/1/2039
74529JBF1	71.40	4,980,000	4,949,913	3,555,820	-1,394,093	5.73	PR Sales Tax Financing 6.05% 8/1/2038
74529JBH7	71.40	635,000	631,084	453,384	-177,701	6.10	PR Sales Tax Financing 6.05% 8/1/2039
74529JFV2	71.40	9,385,000	9,385,000	6,700,984	-2,684,016	6.13	PR Sales Tax Financing 6.13% 8/1/2037
74529JFW0	71.39	8,230,000	8,230,000	5,875,479	-2,354,521	6.13	PR Sales Tax Financing 6.13% 8/1/2038
13063BFV9	120.24	2,100,000	2,100,828	2,525,082	424,254	7.46	US Muni - California State 7.95% 3/1/2036
167486PG8	92.04	2,680,000	2,741,011	2,466,699	-274,312	5.26	US Muni - Chicago, IL GO Taxable Ref. Ser B 5.432% 1/01/2042
452152KJ9	105.43	400,000	400,414	421,704	21,290	4.98	US Muni - Illinois St 5% 1/1/2023
452152KL4	107.10	1,100,000	1,101,424	1,178,045	76,621	5.23	US Muni - Illinois St 5.25% 1/1/2025
13063BFR8	161.59	<u>1,700,000</u>	<u>1,726,629</u>	<u>2,747,098</u>	<u>1,020,469</u>	7.48	US Muni - STATE OF CALIFORNIA 7.63% 3/1/2040
Total		104,193,314	89,735,241	73,432,090	-16,303,150		

**Leverage**

REPO:

PR Muni Collateral	0
Non PR Muni Collateral	<u>32,777,250</u>
Total REPO	32,777,250 WAC 0.86 / WAM 11 days

Total Leverage 32,777,250

**Portfolio Holdings - Summary**<sup>1, 6</sup>

**PR Obligations**

Mortgage-Backed Securities	
GNMA, FNMA, FGLMC, CMO	3.48%
AFICA	
Palmas del Mar	1.33%

PR Sales Tax Financing 29.38%

Employees Retirement System 8.53%

**PR Obligations 42.71%**

**US Obligations**

Federal Home Loan Bank	33.63%
Federal Farm Credit Bank	7.70%
Fannie Mae Note	3.23%
Build America Bonds	7.18%
US Municipals	5.54%

**US Obligations 57.29%**

**Credit Quality**<sup>5, 6</sup>

AAA	48.05%
AA	7.18%
A	0.00%
BBB	5.54%
<BBB	39.24%
	<u>100.00%</u>

(1) As of August 31, 2016. The Fund is actively managed, and its composition will vary over time. The data contained in this report has not been audited and is reported on a trade date basis. Other reports including compliance with applicable ratios are reported on a settlement date basis.

(2) Securities are valued by the Fund using values supplied by independent third party pricing services or broker dealers. In arriving at their valuation, pricing sources and broker dealers may use a grid matrix of securities values as well as the evaluation of their staff. Certain Puerto Rico obligations have a limited number of market participants and thus, might not have readily ascertainable market and may have periods of illiquidity.

(3) Yield of the security at purchase. The yield is computed to maturity or the call date, whichever is lower.

(4) For mortgage backed securities the yield depends on the prepayment of the underlying mortgages and the premium or discount, if any, at the time of purchase. For a full discussion of the prepayment risk of investing in mortgage backed securities please refer to the Fund's prospectus.

(5) As of August 31, 2016, using the S&P equivalent ratings scale. The Fund's investment portfolio is actively managed, and its composition (including the portfolio statistics and characteristics) will vary over time. Credit quality percentages include only fixed income securities and vary over time, as new investments held by the Fund are reassessed. To the extent that the Fund's maximum investment threshold in below investment-grade (below "BBB" rating) securities is exceeded, Fund management may determine to continue to hold such lower-rated securities, provided any new investment proceeds are directed to acquire investment securities which satisfy the Fund's minimum credit rating requirements.

(6) Percentages may not total 100% due to rounding.