

The Advisors' Inner Circle Fund III

# First Foundation Total Return Fund



Class A - FBBAX

## Annual Shareholder Report - September 30, 2024

This annual shareholder report contains important information about Class A of the First Foundation Total Return Fund (the "Fund") for the period from October 1, 2023 to September 30, 2024. You can find additional information about the Fund at <https://www.firstfoundationinc.com/total-return-fund>. You can also request this information by contacting us at 1-800-838-0191.

### What were the Fund costs for the last year?

(based on a hypothetical \$10,000 investment)

<u>Fund Name</u>	<u>Costs of a \$10,000 investment</u>	<u>Costs paid as a percentage of a \$10,000 investment</u>
First Foundation Total Return Fund, Class A	\$132	1.22%

### How did the Fund perform in the last year?

**Performance Review:** For the twelve-month period ended September 30, 2024, the First Foundation Total Return Fund (the "Fund") returned 16.15% for the Class A (without sales load) shares. The Fund's benchmarks, the Bloomberg U.S. Aggregate Bond Index (USD) and the S&P 500<sup>®</sup> Index, returned 11.57% and 36.35% respectively, over the same period.

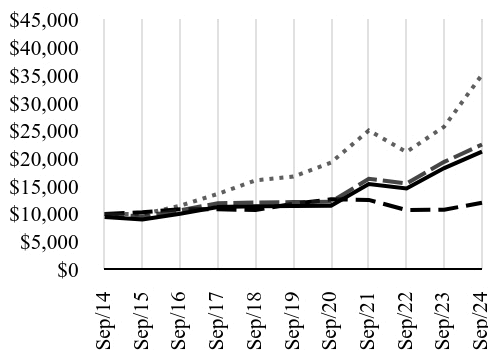
**Manager's Discussion:** The Fund seeks to maximize total return by investing primarily in a combination of U.S. and International equity securities balanced in a moderate manner with domestic fixed income securities. We utilize an active approach to asset allocation and hold concentrated positions. Our valuation discipline across asset classes and independent insights ensures that each investment candidate is evaluated from varying perspectives and ideas compete for capital. During an ebullient period in the last twelve months ending September 30, both the stock and bond market were positive. Bond and equity markets have excited themselves on lower interest rates and the prospect for further easing. We have less confidence in the firmness of the market outlook than other market participants, so we have further moved down the beta in our portfolio. According to Bloomberg, the unadjusted beta of our modestly priced growth businesses and our ballast companies (DOW Jones Industrial type stocks) has fallen to just 0.72 – a level we don't find on offer in many corners of the market. Low correlation with the market is not entirely new for us but we take great care in renewing that capability especially when the markets have moved aggressively higher and with such narrow underpinning. The S&P 500<sup>®</sup> Index market now trades at 21X forward earnings, a level higher than its three peak multiples over the last 24 years (2007, 2020 and 2022). The S&P 500<sup>®</sup> Index equally weighted portfolio isn't much safer with it in the 90th percentile of expensive. In this light, we have derisked the portfolio and have trailed our aforementioned benchmarks. Versus our Morningstar Moderate Index we use to evaluate ourselves we are lagging on a 1 year basis but notably ahead on a 3-year, 5-year and 10- year periods. Being willing to express our view in an independent manner has led us away from the major equity and bond index weights which we also believe to be superior from a risk standpoint. The Fund has not lowered our equity weighting all that much, remaining our stance in the low 60 to mid 60% range but we believe our forward correlation has shrunk in every major investment where we are in the equity portion of the capital structure while our fixed income has also virtually eliminated the small amount of credit risk we were taking as our low duration bond portfolio is now essentially fixed income from the US government which enhances liquidity and preserves our ability to dynamically allocate capital.

### How did the Fund perform during the last 10 years?

#### Total Return Based on \$10,000 Investment

##### First Foundation Total Return Fund

- Class A, With Load - \$21,217
- - - Class A, Without Load - \$22,511
- ..... S&P 500<sup>®</sup> Index (TR) - \$35,098
- - - Bloomberg U.S. Aggregate Bond Index (USD) - \$12,004



#### Average Annual Total Returns as of September 30, 2024

<u>Fund/Index Name</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
First Foundation Total Return Fund			
Class A, With Load	9.46%	11.84%	7.81%
Class A, Without Load	16.15%	13.17%	8.45%
S&P 500 <sup>®</sup> Index (TR)	36.35%	15.98%	13.38%
Bloomberg U.S. Aggregate Bond Index (USD)	11.57%	0.33%	1.84%

The line graph represents historical performance of a hypothetical investment of \$10,000 in the Fund during the last 10 years. Returns shown are total returns, which assume the reinvestment of dividends and capital gains. The table and graph presented above do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares. **Past performance is not indicative of future performance.** Call 1-800-838-0191 or visit <https://www.firstfoundationinc.com/total-return-fund> for current month-end performance.

## Key Fund Statistics as of September 30, 2024

<u>Total Net Assets</u>	<u>Number of Holdings</u>	<u>Total Advisory Fees Paid</u>	<u>Portfolio Turnover Rate</u>
\$108,492,209	81	\$581,206	44%

### What did the Fund invest in?

#### Asset Weightings\*

Communication Services		24.9%
U.S. Treasury Obligations		19.8%
Financials		13.7%
Industrials		10.3%
Energy		9.1%
Consumer Discretionary		5.4%
Real Estate		4.8%
Healthcare		4.0%
Consumer Staples		3.5%
Materials		1.9%
U.S. Government Agency Obligations		1.0%
Registered Investment Company		0.5%
Mortgage-Backed Securities		0.4%
Asset-Backed Security		0.0%
Warrant		0.0%
Special Purpose Acquisition Company		0.0%

#### Top Ten Holdings

<u>Holding Name</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Percentage of Total Net Assets</u>
Bollore SA	0.000%	—	7.6%
Cie de L'Odet	0.000%	—	7.1%
Burford Capital	0.000%	—	5.6%
International Workplace Group	0.000%	—	4.8%
U.S. Treasury Notes	0.875%	11/15/30	4.6%
PrairieSky Royalty Ltd.	0.000%	—	4.4%
Nintendo Co, Ltd. ADR	0.000%	—	4.2%
Vivendi SA	0.000%	—	4.0%
Suncor Energy	0.000%	—	4.0%
Lagardere	0.000%	—	3.4%

\* Percentages are calculated based on total net assets.

### Material Fund Changes

There were no material changes during the reporting period.

### Changes in and Disagreements with Accountants

There were no changes in or disagreements with accountants during the reporting period.

### Additional Information

For additional information about the Fund, including its prospectus, financial information, holdings, and proxy voting information, call or visit:

- 1-800-838-0191
- <https://www.firstfoundationinc.com/total-return-fund>

### Householding

Rule 30e-1 of the Investment Company Act of 1940 permits funds to transmit only one copy of a proxy statement, annual report or semi-annual report to shareholders (who need not be related) with the same residential, commercial or electronic address, provided that the shareholders have consented in writing and the reports are addressed either to each shareholder individually or to the shareholders as a group. This process is known as "householding" and is designed to reduce the duplicate copies of materials that shareholders receive and to lower printing and mailing costs for funds. Once implemented, if you would like to discontinue householding for your accounts, please call toll-free at 1-800-838-0191 to request individual copies of these documents. Once the Fund receives notice to stop householding, we will begin sending individual copies 30 days after receiving your request.

