

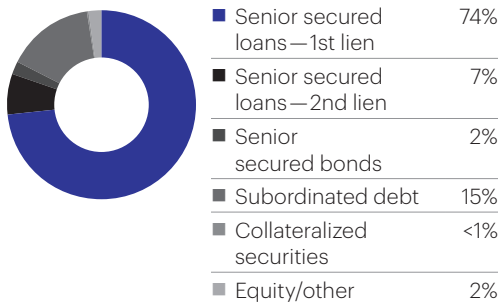
## FS Investment Corporation III

FS Investment Corporation III (FSIC III) is a business development company designed to provide a high level of current income. The fund primarily invests in floating rate, senior secured loans of private U.S. middle market companies. FSIC III is closed to new investors.

### Portfolio composition<sup>1</sup>

Percentages may change over time depending on market conditions.

#### Asset type<sup>2</sup>



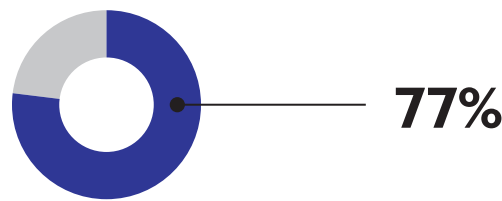
#### Core strategies<sup>3</sup>

Direct originations	79%
Opportunistic	14%
<b>Total</b>	<b>93%</b>

#### Top 10 holdings<sup>4</sup>

JMC Acquisition Merger Corp.	5.7%
Production Resource Group, LLC	5.3%
ConnectiveRx, LLC	5.3%
Global Jet Capital Holdings, LP	5.0%
Rogue Wave Software, Inc.	4.7%
5 Arch Income Fund 2, LLC	4.5%
Sequential Brands Group, Inc.	3.0%
Greystone Equity Member Corp.	3.0%
Kodiak BP, LLC	2.7%
Roadrunner Intermediate Acquisition Co., LLC	2.7%

#### Floating rate assets<sup>2</sup>



#### Industry

Capital Goods	23%
Health Care Equipment & Services	12%
Software & Services	12%
Diversified Financials	8%
Commercial & Professional Services	8%
Energy	6%
Media	6%
Consumer Services	5%
Materials	5%
Consumer Durables & Apparel	5%
Retailing	4%
Food, Beverage & Tobacco	2%
Technology Hardware & Equipment	1%
Insurance	1%
Telecommunication Services	1%
Food & Staples Retailing	1%
Automobiles & Components	<1%
Transportation	<1%
Semiconductors & Semiconductor Equipment	<1%

### Key facts

#### Adviser

FS/KKR Advisor, LLC

#### Inception date

April 2, 2014

#### Total assets under management

\$3.6 billion

#### Number of portfolio companies

116

#### Net asset value

\$7.95

#### Annualized distribution rate<sup>5</sup> (based on net asset value)

8.80%

#### Annualized distribution amount<sup>5</sup>

\$0.70

#### Distribution reinvestment price<sup>6</sup> (as of 10/31/2018)

\$8.05

#### Distribution frequency<sup>7</sup>

Monthly

#### Total cash distributions paid per share since inception<sup>7</sup>

\$3.21

#### Liquidity<sup>8</sup>

Quarterly tender offers

#### Tax reporting

Form 1099-DIV

**An investment in FSIC III involves a high degree of risk and may be considered speculative. Investors are advised to consider the investment objectives, risks, and charges and expenses of FSIC III carefully before investing. Investors should read and carefully consider all information found in FSIC III's reports filed with the U.S. Securities and Exchange Commission (SEC) before investing. Investors may obtain a copy of these filings free of charge at [www.fsinvestments.com](http://www.fsinvestments.com) or by contacting FS Investments at 201 Rouse Boulevard, Philadelphia, PA 19112 or by phone at 877-628-8575.**

FSIC III invests in below investment grade securities (commonly referred to as "high yield" securities or "junk bonds"), which may have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. Investments in high yield securities should be considered speculative.

This fact sheet is intended as informational only and is not intended as investment advice or for trading purposes. See the attached performance sheet for stockholder returns. For additional information, contact your financial advisor.

Percentages and other numbers in this fact sheet may have been rounded.

## RISK FACTORS

Investing in FSIC III may be considered speculative and involves a high level of risk, including the risk of a substantial loss of investment. The following are some of the risks an investment in FSIC III's common stock involves; however, you should carefully consider all of the information found in FSIC III's annual report on Form 10-K and other periodic reports filed with the SEC before deciding to invest in shares of FSIC III's common stock.

- Because there is no public trading market for shares of FSIC III's common stock and FSIC III is not obligated to effectuate a liquidity event by a specified date, if at all, it is unlikely that you will be able to sell your shares. While FSIC III intends to conduct quarterly tender offers for its shares, only a limited number of shares will be eligible for repurchase and FSIC III may amend, suspend or terminate the share repurchase program at any time.
- FSIC III invests in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and illiquid.
- FSIC III's distributions may be funded from unlimited amounts of offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to FSIC III for investment. Any capital returned to stockholders through distributions will be distributed after payment of fees and expenses.
- An investment strategy focused primarily on privately held companies presents certain challenges, including the lack of available information about these companies.
- Investing in middle market companies involves a number of significant risks, any one of which could have a material adverse effect on FSIC III's operating results.
- A lack of liquidity in certain of FSIC III's investments may adversely affect its business.
- FSIC III is subject to financial market risks, including changes in interest rates, which may have a substantial negative impact on its investments.
- FSIC III has borrowed funds to make investments, which increases the volatility of its investments and may increase the risks of investing in its securities.
- FSIC III is a long-term investment for persons of adequate financial means who have no need for liquidity in their investment.

1 Calculated as a percentage of fair value. Fair value is determined by FSIC III's board of directors.

2 Includes investments held by FSIC III and the assets underlying FSIC III's total return swap (TRS) financing arrangement with Citibank, N.A. Excluding investments held under the TRS, floating rate investments comprised 73% of FSIC III's investment portfolio; investment allocations were 72% senior secured loans—1st lien, 5% senior secured loans—2nd lien, 3% senior secured bonds, 17% subordinated debt, <1% collateralized securities and 3% equity/other.

3 FSIC III defines core investment strategies as any investment that is a direct origination or an opportunistic investment. Broadly syndicated/other investments comprised 7% of FSIC III's portfolio.

4 Securities may be an obligation of one or more entities affiliated with the named company. Percentages shown are net of unfunded commitment amounts.

5 The annualized distribution rate shown is expressed as a percentage equal to the projected annualized distribution amount per share (which is calculated by annualizing the regular monthly cash distribution per share as of the date indicated, without compounding), divided by FSIC III's net asset value (NAV) per share as of the date indicated. The annualized distribution rate and amount shown may be rounded. The payment of future distributions on FSIC III's shares of common stock is subject to the discretion of FSIC III's board of directors and applicable legal restrictions and, therefore, there can be no assurance as to the amount or timing of any such future distributions. For the nine months ended September 30, 2018, 100% of FSIC III's distributions were funded through net investment income on a tax basis. No portion of FSIC III's distributions for the nine months ended September 30, 2018 was funded through expense reimbursements from FSIC III's sponsor. The determination of the tax attributes of FSIC III's distributions is made annually at the end of FSIC III's fiscal year, and a determination made on an interim basis may not be representative of the actual tax attributes of FSIC III's distributions for a full year. The actual tax characteristics of distributions to stockholders are reported to stockholders annually on Form 1099-DIV. FSIC III's total operating expenses and excise taxes as a percentage of average net assets was 7.64% for the year ended December 31, 2017.

6 The distribution reinvestment price is subject to change. The price at which shares of FSIC III's common stock are issued under its distribution reinvestment plan is determined by FSIC III's board of directors, or a committee thereof, at a price per share that is (i) not less than the NAV per share immediately prior to the payment of the distribution and (ii) not more than 2.5% greater than the NAV per share as of such date.

7 Total cash distributions paid per share since inception are calculated as the total regular cash distributions paid since inception on a per share basis as of October 31, 2018. The payment of future distributions on FSIC III's common stock is subject to the sole discretion of FSIC III's board of directors and applicable legal restrictions and, therefore, there can be no assurance as to the amount or timing of any such future distributions.

8 FSIC III intends to repurchase a limited number of shares pursuant to its share repurchase program. FSIC III may amend, suspend or terminate its share repurchase program at any time. In addition, any such repurchases will be at the distribution reinvestment price on the date of repurchase.