

SECURITIES AND EXCHANGE COMMISSION

FORM 485BPOS

Post-effective amendments [Rule 485(b)]

Filing Date: **1995-07-28**
SEC Accession No. **0000950131-95-001991**

([HTML Version](#) on [secdatabase.com](#))

FILER

IAI INVESTMENT FUNDS III INC

CIK: **806128** | IRS No.: **411569889** | State of Incorpor.: **MN** | Fiscal Year End: **0331**
Type: **485BPOS** | Act: **33** | File No.: **033-10207** | Film No.: **95557162**

Business Address
3700 FIRST BANK PL
601 2ND AVE S
MINNEAPOLIS MN 55402
6123762868

1933 Act Registration No. 33-10207
1940 Act Registration No. 811-4904

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549
FORM N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
Pre-Effective Amendment No. _____
Post-Effective Amendment No. 18 X

and/or
REGISTRATION STATEMENT UNDER THE
INVESTMENT COMPANY ACT OF 1940
Amendment No. 18 X

IAI INVESTMENT FUNDS III, INC.
(Exact Name of Registrant as Specified in Charter)

3700 First Bank Place, P.O. Box 357
Minneapolis, Minnesota 55440
(Address of Principal Executive Offices) (Zip Code)

(612) 376-2700
(Registrant's Telephone Number, including Area Code)

Christopher J. Smith, Esq. Copy to:
3700 First Bank Place Michael J. Radmer, Esq.
P.O. Box 357 Dorsey & Whitney
Minneapolis, Minnesota 55440 220 South Sixth Street
(Name and Address of Agent for Service) Minneapolis, Minnesota 55402

It is proposed that this filing will become effective (check appropriate box)
_____ immediately upon filing pursuant to paragraph (b)
 on July 28, 1995 pursuant to paragraph (b)
_____ 60 days after filing pursuant to paragraph (a) (1)
_____ on (date) pursuant to paragraph (a) (1)
_____ 75 days after filing pursuant to paragraph (a) (2)
_____ on (date) pursuant to paragraph (a) (2) of Rule 485

If appropriate, check the following box:

_____ this post-effective amendment designates a new effective date for
a previously filed post-effective amendment

Registrant has registered an indefinite number of securities under the
Securities Act of 1933 pursuant to Rule 24f-2 under the Investment Company Act
of 1940, as amended. Rule 24f-2 Notices were last filed with the Commission on
March 23, 1995.

IAI INVESTMENT FUNDS III, INC.

FORM N-1A
CROSS-REFERENCE SHEET

<TABLE> <CAPTION> Item Number	Caption	Prospectus Caption
-----	-----	-----
<S>	<C>	<C>
1	Cover Page.....	Cover Page of Prospectus
2	Synopsis.....	Fund Expense Information
3	Condensed Financial Information.....	Financial Highlights; Investment Performance

4	General Description of Registrant.....	Investment Objectives and Policies; Description of Common Stock; Additional Information
5	Management of the Fund.....	Fund Expense Information; Management; Additional Information; Custodian, Transfer Agent and Dividend Disbursing Agent
5A	Management's Discussion of Fund Performance Information.....	Information is contained in the Annual Report
6	Capital Stock and Other Securities.....	Dividends, Distributions and Tax Status; Description of Common Stock; Additional Information
7	Purchase of Securities Being Offered.....	Distribution of Fund Shares; Computation of Net Asset Value and Pricing; Purchase of Shares; Automatic Investment Plan; Exchange Privilege; Automatic Exchange Plan; Retirement Plans; Authorized Telephone Trading
8	Redemption or Repurchase.....	Systematic Cash Withdrawal Plan; Redemption of Shares
9	Pending Legal Proceedings.....	Not Applicable

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<TABLE>
<CAPTION>

Item Number ----- <S>	Caption ----- <C>	Prospectus Caption ----- <C>
10	Cover Page.....	Cover Page of Statement of Additional Information
11	Table of Contents.....	Table of Contents
12	General Information and History.....	History
13	Investment Objectives and Policies.....	Investment Objectives and Policies; Investment Restrictions
14	Management of the Fund.....	Management
15	Control Persons and Principal Holders of Securities.....	Management
16	Investment Advisory and Other Services.....	Investment Advisory and Administrative Services
17	Brokerage Allocation.....	Portfolio Transactions and Allocation of Brokerage
18	Capital Stock and Other Securities.....	Capital Stock
19	Purchase, Redemption and Pricing of Securities Being Offered.....	Net Asset Value and Public Offering Price
20	Tax Status.....	Tax Status
21	Underwriters.....	Plan of Distribution
22	Calculation of Performance Data.....	Investment Performance
23	Financial Statements.....	Financial Statements

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Registration Statement on form N-1A
of
IAI Investment Funds III, Inc.
(File No. 33-10207)

Part A

The Prospectus dated June 1, 1995 of the IAI Investment Funds

III, Inc. relating to IAI Developing Countries Fund is incorporated by reference to said Prospectus as filed with the commission pursuant to Rule 497(c) on or about June 6, 1995.

Registration Statement on form N-1A
of
IAI Investment Funds III, Inc.
(File No. 33-10207)

Part B

The Statement of Additional Information dated June 1, 1995 relating to IAI Developing Countries Fund is incorporated by reference to said Statement of Additional Information as filed with the commission pursuant to Rule 497(c) on or about June 6, 1995.

IAI DEVELOPING COUNTRIES FUND
FUND PORTFOLIO
JUNE 30, 1995
(unaudited)

(percentage figures indicate percentage of total net assets)

<TABLE>

<CAPTION>

COMMON STOCKS - 65.9%

	Quantity	Market Value (a)
<S>	<C>	<C>

Brazil - 4.5%		
Telebras Spons, ADR	2,500	\$ 81,875
Usiminas Sideburg Minas, ADR	7,000	79,660

		161,535

Chile - 5.4%		
Enersis S.A., ADR	3,150	92,925
Maderas Y Sinteticos S.A.	5,300	99,375

		192,300

Columbia - 1.6%		
Cementos Rio, ADR (b)	3,500	57,750

Czech Republic - 1.4%		
Skoda Plzen (b)	3,000	51,481

Greece - 4.1%		
Delta Informatics	7,000	59,452
Technical Company of Volos	5,750	88,186

		147,638

India - 3.6%		
Grasim Industries Spons, GDR (b)	3,250	79,235
Indian Petrochemicals, GDR (b)	3,000	51,375

		130,610

Indonesia - 5.8%		
PT Bank International Indonesia, Foreign	25,000	77,195
PT Indorayon Utama, Foreign (b)	32,500	67,146
PT Indorayon Utama	10,000	20,660
PT Semen Cibinong, Foreign	13,000	40,871

		205,872

Malaysia - 7.6%		
Kelang Container Terminal	38,000	99,803
Malaysian International Shipping,	8,000	23,473

Foreign		
Perusahaan Otomobil Nasional	26,000	93,894
Sime Darby Berhad	19,000	53,020

		270,190

Mexico - 10.9%		
Alfa S.A., Series A	5,500	67,114
Desc S.A., Series B (b)	25,000	84,003
Fomento Economico Mexicano, Series B	30,000	70,900
Grupo Carso, ADR (b)	8,500	93,500
Telefonos De Mexico, ADR	2,500	74,063

		389,580

</TABLE>

See accompanying Notes to Fund Portfolio.

IAI DEVELOPING COUNTRIES FUND
FUND PORTFOLIO
JUNE 30, 1995
(unaudited)

(percentage figures indicate percentage of total net assets)

<TABLE>
<CAPTION>

	Quantity	Market Value (a)
	<C>	<C>

<S>		
Peru - 2.2%		
CPT Telefonica Del Peru, Series A	50,000	\$ 79,678

Poland - 2.3%		
Elektrim SA 9b)	23,500	82,800

Portugal - 1.7%		
Portucel Industrial Empresa (b)	8,500	60,860

South Africa - 6.2%		
Bidvest Limited	19,000	98,087
South African Iron & Steel Industries	109,750	124,798

		222,885

South Korea - 4.4%		
Korea Electric Power (b)	2,400	90,266
Samsung Electronics (b)	372	66,222

		156,488

Taiwan - 1.8%		
China Steel, GDR	3,000	63,750

Turkey - 1.7%		
Tofas-Turk Otomobil Fabr, ADR (b)	13,500	59,265

United Kingdom - .8%		
Ocean Wilsons Holdings LTD	22,000	28,054

TOTAL INVESTMENTS IN COMMON STOCKS		
(Cost: \$2,239,218)		\$2,360,736

PREFERRED STOCKS - 6.0%

	Quantity	Market Value (a)

Brazil - 4.2%		
Centrais Electric Sta Cat, Series B (b)	102,000	\$ 82,487
Multibras S.A.	80,000	66,174

		148,661
South Korea - 1.8%		
Samsung Electronics (b)	700	65,478

TOTAL INVESTMENTS IN PREFERRED STOCKS		
(Cost: \$208,948)		\$ 214,139

</TABLE>

See accompanying Notes to Fund Portfolio.

IAI DEVELOPING COUNTRIES FUND
FUND PORTFOLIO
JUNE 30, 1995
(unaudited)

(percentage figures indicate percentage of total net assets)

	Quantity	Market Value (a)
	<C>	<C>

<S>		
SHORT-TERM SECURITIES - 24.9%		
U.S. Treasury Bill		
5.42%, 9/21/95	\$ 900,000	\$ 889,220

TOTAL INVESTMENTS IN SHORT-TERM SECURITIES		
(Cost: \$888,889)		\$ 889,220

TOTAL INVESTMENTS IN SECURITIES		
(Cost: \$3,337,055)		\$3,464,095

OTHER ASSETS AND LIABILITIES (NET) -		
3.2%		\$ 114,201

TOTAL NET ASSETS		\$3,578,296

</TABLE>

NOTES TO FUND PORTFOLIO

- (a) Market values of securities are stated in U.S. dollars and are determined as described in Note 1 to the financial statements, under "Security Valuation."
- (b) Non-income producing securities.
- (c) At June 30, 1995, the cost of securities for federal income tax purposes and the aggregate gross unrealized appreciation and depreciation based on that cost were as follows:

Cost for federal income tax purposes	\$ 3,337,055
	=====
Gross unrealized appreciation	\$ 189,374
Gross unrealized depreciation	(62,334)

Net unrealized appreciation	\$ 127,040
	=====

See accompanying Notes to Fund Portfolio.

IAI DEVELOPING COUNTRIES FUND
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1995
(Unaudited)

<TABLE>

<CAPTION>

ASSETS	<C>	<C>
<S>		
Investments in securities, at market (Cost: \$3,337,055) (See Fund Portfolio)		\$ 3,464,095
Cash in bank on demand deposit		102,317
Dividends receivable		2,243
Organization costs		22,410
Other		2,547

TOTAL ASSETS		3,593,612

LIABILITIES		
Payable for investment securities purchased		10,579
Accrued expenses		4,737

TOTAL LIABILITIES		15,316

NET ASSETS APPLICABLE TO OUTSTANDING CAPITAL STOCK		\$ 3,578,296
		=====

REPRESENTED BY:		
Capital stock	\$	3,324
Additional paid-in capital		3,387,340
Undistributed net investment income		5,956
Accumulated net realized gains		54,643
Unrealized appreciation (depreciation) on:		
Investment securities	\$127,040	
Other assets and liabilities denominated in foreign currency	(7)	

		127,033

TOTAL - REPRESENTING NET ASSETS APPLICABLE TO OUTSTANDING CAPITAL STOCK		\$ 3,578,296
		=====

Shares of capital stock outstanding; authorized 10 billion shares of \$0.01 par value stock		332,398

NET ASSET VALUE PER SHARE OF OUTSTANDING CAPITAL STOCK	\$	10.77
		=====

</TABLE>

See accompanying Notes to Financial Statements.

IAI DEVELOPING COUNTRIES FUND
STATEMENT OF OPERATIONS
PERIOD FROM FEBRUARY 10, 1995 TO JUNE 30, 1995
(unaudited)

<TABLE>

<CAPTION>

NET INVESTMENT INCOME	<C>	<C>
<S>		
INCOME		
Dividends (net of foreign income taxes withheld of \$1,636)		\$ 10,446
Interest		11,214

TOTAL INCOME		21,660

EXPENSES	
Investment advisory fees	9,817
Distribution fees	1,963
Dividend-disbursing, administrative, and accounting fees	2,356
Legal fees	626
Custodian fees	7,830
Amortization of organization costs	1,764
Compensation of Directors	2,349
Printing and shareholder reporting	136
Registration fees	1,210

TOTAL EXPENSES	28,051
Less fees reimbursed by Advisers or Distributor	(12,347)

NET EXPENSES	15,704

NET INVESTMENT INCOME	5,956

NET REALIZED AND UNREALIZED GAINS (LOSSES)	
Net realized gains (losses) on:	
Investment securities	\$ 54,648
Foreign currency transactions	(5)

	54,643

Net change in unrealized appreciation (depreciation) on:	
Investment securities	\$127,040
Other assets and liabilities denominated in foreign currency	(7)

	127,033

NET GAIN ON INVESTMENTS AND FOREIGN CURRENCY	181,676

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$187,632
	=====

</TABLE>

IAI DEVELOPING COUNTRIES FUND
STATEMENT OF CHANGES IN NET ASSETS
PERIOD FROM FEBRUARY 10, 1995 TO JUNE 30, 1995
(unaudited)

<TABLE>

<CAPTION>

OPERATIONS	
<S>	<C>
Net investment income	\$ 5,956
Net realized gains	54,643
Net change in unrealized appreciation or depreciation	127,033

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	187,632

DISTRIBUTIONS TO SHAREHOLDERS FROM:	
Net investment income	-
Net realized gains	-

TOTAL DISTRIBUTIONS	-

CAPITAL SHARE TRANSACTIONS	
Net proceeds from sale of 487,321 shares	5,051,175
Cost of 154,923 shares redeemed	(1,660,511)

INCREASE IN NET ASSETS FROM CAPITAL SHARE TRANSACTIONS	3,390,664

TOTAL INCREASE IN NET ASSETS	3,578,296

NET ASSETS AT BEGINNING OF PERIOD	-

NET ASSETS AT END OF PERIOD	\$ 3,578,296
	=====

(including undistributed net investment income of \$5,956)

</TABLE>

See accompanying Notes to Financial Statements.

IAI DEVELOPING COUNTRIES FUND
FINANCIAL HIGHLIGHTS
PERIOD FROM FEBRUARY 10, 1995 TO JUNE 30, 1995
(unaudited)

<TABLE>

<CAPTION>

NET ASSET VALUE	
<S>	<C>
Beginning of period	\$ 10.00

OPERATIONS	
Net investment income	0.02
Net realized and unrealized gains (losses)	0.75

TOTAL FROM OPERATIONS	0.77

DISTRIBUTIONS TO SHAREHOLDERS FROM:	
Net investment income	-
Net realized gains	-

TOTAL DISTRIBUTIONS	-

NET ASSET VALUE	
End of period	\$ 10.77
	=====
Total investment return*	7.70%
Net assets at end of period	\$3,578,296
RATIOS	
Expenses to average net assets**	2.00%
Net investment income to average net assets**	0.76%
Portfolio turnover rate (excluding short-term securities)	20.8%

</TABLE>

* Total investment return is based on the change in net asset value of a share during the period and assumes reinvestment of all distributions at net asset value.

** Annualized

*** The Fund's adviser voluntarily waived \$12,347 in expenses for the period ended June 30, 1995. If the Fund had been charged for these expenses, the ratio of expenses to average daily net assets would have been 3.57% and the ratio of net investment income to average daily net assets would have been (.81%).

IAI Developing Countries Fund
Notes to Financial Statements
June 30, 1995
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

IAI Investment Funds III, Inc. is registered under the Investment Company Act of 1940 (as amended) as a diversified, open-end management investment company. The IAI Developing Countries Fund is a separate portfolio of IAI Investment Funds III, Inc. This report covers only the IAI Developing Countries Fund (the Fund). The Fund commenced operations on February 10, 1995. Significant accounting policies followed by the Fund are summarized below:

SECURITY VALUATION

Investments in securities traded on national securities exchanges are valued at the last reported sales price at the close of each business day. Investments denominated in foreign currencies are adjusted daily to reflect changes in exchange rates. Securities, including restricted securities, for which quotations are not readily available are valued primarily using dealer-supplied valuations or at their fair value as determined in good faith using consistently applied procedures under the general supervision of the Board of Directors.

Short-term securities with a maturity of 60 days or less from the date of purchase are valued at amortized cost. Short-term securities with a maturity greater than 60 days from the date of purchase are marked-to-market on a daily basis.

FOREIGN CURRENCY TRANSLATIONS AND FORWARD FOREIGN CURRENCY CONTRACTS

The Fund invests in foreign securities. The market value of securities and other assets and liabilities denominated in foreign currencies is translated daily into U.S. dollars at the closing rate of exchange. Purchases and sales of securities, income and expenses are translated at the exchange rates on the transaction date. Exchange gains (losses) may also be realized between the trade and settlement dates on security and forward contract transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

The Fund may enter into forward foreign currency exchange contracts for operational purposes and to hedge against adverse exchange rate fluctuations. The net U.S. dollar value of foreign currency underlying all contractual commitments held by the Fund and the resulting unrealized appreciation or depreciation are determined using foreign currency exchange rates from an independent pricing service. The Fund is subject to the credit risk that the other party will not complete the obligations of the contract.

FEDERAL TAXES

Since it is the Fund's policy to comply with the provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to its shareholders, no provision for income taxes is required. In order to avoid the payment of any federal excise taxes, the Fund is required to distribute substantially all of its net investment income and net realized gains on a calendar year basis.

IAI Developing Countries Fund
Notes to Financial Statements
June 30, 1995
(Unaudited)

FEDERAL TAXES, CONTINUED

Net investment income and net realized gains (losses) may differ for financial statement and tax purposes primarily due to differing treatments for foreign currency transactions, passive foreign investment companies (PFIC), and losses deferred due to "wash sales". The character of distributions made during the year for net investment income or net realized gains may also differ from its ultimate characterization for tax purposes.

The Fund may be subject to foreign taxes on income, gains on investments or currency repatriation. The Fund accrues such taxes as applicable.

SECURITY TRANSACTIONS AND INVESTMENT INCOME

The Fund records security transactions on trade date, the date the securities are purchased or sold. Dividend income is recorded on the ex-dividend date or upon receipt of ex-dividend notification in the case of certain foreign securities. Security gains and losses are determined on the basis of identified cost, which is the same basis used for federal income tax purposes. Investment income is recorded net of foreign taxes withheld where recovery of such taxes is uncertain.

DISTRIBUTIONS TO SHAREHOLDERS

Distributions to shareholders are recorded on the ex-dividend date. Distributions from net investment income and capital gains are paid annually. Additional distributions as needed to comply with federal tax regulations are distributed during the year.

CONCENTRATION OF RISK

Investments of Emerging Markets in countries with limited or developing capital markets may involve greater risks than investments in more developed markets and the prices of such investments may be volatile. The consequences of political, social or economic changes in these markets may have disruptive effects on the market prices of the Fund's investments and the income it generates, as well as the Fund's ability to repatriate such amounts.

2. FEES AND EXPENSES

Under terms of an investment advisory agreement, the Fund pays Investment Advisers, Inc. (Advisers) a monthly management fee based upon average daily net assets, equal on an annual basis, to 1.25% of the first \$200 million in net assets, 1.10% of the next \$200 million in net assets, and 1.00% of net assets in excess of \$400 million.

The Fund also pays an annual fee to Advisers for acting as the Fund's dividend-disbursing, administrative, and accounting services agent. The fee is paid monthly and is computed at an annual rate of .30% of average daily net assets.

The Fund has adopted a plan of distribution with IAI Securities, Inc. (Distributor), the Fund's distributor. Under the Plan, the Fund pays Distributor a monthly fee to cover expenses incurred in the distribution and promotion of the Fund's shares. The fee is equal to an annual rate of .25% of the Fund's average daily net assets.

IAI Developing Countries Fund
Notes to Financial Statements
June 30, 1995
(Unaudited)

2. FEES AND EXPENSES, CONTINUED

In addition to the advisory, distribution, and dividend-disbursing, administrative, and accounting services fees, the Fund is responsible for paying its operating expenses, including costs incurred in the purchase and sale of assets. In addition, Advisers and Distributor have voluntarily agreed to reimburse the Fund for the period to the extent total expenses, excluding costs incurred in the the purchase and sale of assets, exceed, on an annual basis, 2.00% of average daily net assets.

3. PURCHASES AND SALES OF SECURITIES

For the period February 10, 1995 to June 30,1995, purchases of securities and sales proceeds, other than investments in short-term securities, for the Fund aggregated \$2,746,191 and \$352,571, respectively.

PART C

Item 24. Financial Statements and Exhibits

(a) Financial Statements (1)

(b) Exhibits

- (1) Articles of Incorporation (3)
- (2) Bylaws (4)
- (5A) Investment Advisory Agreement (4)
- (5B) Subadvisory Agreement (4)
- (6A) Distribution and Shareholders Services Agreement (5)
- (6B) Dealer Sales Agreement
- (6C) Shareholder Services Agreement
- (8) Custodian Agreement (4)
- (9) Administrative Agreement (4)
- (11) Consent of Independent Auditors
- (15) Plan of Distribution (5)
- (16) Calculations of Total Returns (2)
- (99A) Annual Report - International Fund Portfolio (6)
- (99B) Financial Statements (unaudited) - Developing Countries Fund Portfolio

-
- (1) Incorporated by reference in Part B of the Registration Statement.
 - (2) Incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form N-1A filed on March 31, 1988.
 - (3) Incorporated by reference to Post-Effective Amendment No. 13 to Registrant's Registration Statement on Form N-1A filed on June 3, 1993.
 - (4) Incorporated by reference to Post-Effective Amendment No. 15 to Registrant's Registration Statement on Form N-1A filed on November 18, 1994.
 - (5) Incorporated by reference to Post-Effective Amendment No. 17 to Registrant's Registration Statement on Form N-1A filed on June 1, 1995.
 - (6) Incorporated by reference to the Annual Report filed electronically on Form N-30D on June 1, 1995.

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Item 25. Persons Controlled by or Under Common Control with Registrant.

See the sections of the Prospectus entitled "Management" and "Description of Common Stock" and the section of the Statement of Additional Information entitled "Management," filed as part of this Registration Statement.

Item 26. Number of Holders Securities.

Portfolio	Title of Class	Number of Record Holders as of June 30, 1995
IAI International Fund	Common Stock (Series A)	3,239
IAI Developing Countries Fund	Common Stock (Series B)	330

Item 27. Indemnification.

No change from information supplied in Post-Effective Amendment, filed in February 1987.

Item 28. Business and Other Connections of Investment Adviser.

Information on the business of Investment Advisers, Inc. ("IAI") is

described in the Prospectus section "Management" and in Part B of this Registration Statement in the section "Management."

The senior officers and directors of IAI and their titles are as follows:

Name ----	Title -----
Jeffrey R. Applebaum	Senior Vice President
Charles P. Barrington	Director
Scott Allen Bettin	Senior Vice President
Richard Oliver Bernays	Director
Archie Campbell Black, III	Senior Vice President/Treasurer
Julian Peavey Carlin	Senior Vice President
Stephen C. Coleman	Senior Vice President
Hugh Freedberg	Chairman
Larry Ray Hill	Executive Vice President/Director
Anne Florence Holloran	Senior Vice President
Richard A. Holway	Senior Vice President
Irving Philip Knelman	Executive Vice President/Director
Rick D. Leggott	Senior Vice President
Timothy A. Palmer	Senior Vice President
Douglas Rugh Platt	Senior Vice President
Andrew Scott Plummer	Director
Noel Paul Rahn	Chief Executive Officer/Director
R. David Spreng	Senior Vice President
Christopher John Smith	Senior Vice President/Secretary
Eric St. C. Stobart	Director
Richard Edward Struthers	Executive Vice President/Director
Suzanne F. Zak	Senior Vice President

All of such persons have been affiliated with IAI for more than two years except Messrs. Bernays, Barrington, Freedberg, Plummer and Stobart. Prior to being appointed to the Board of IAI in 1993, Mr. Bernays was and remains Chief Executive Officer of Hill Samuel Investment Management Group Ltd., 10 Fleet Place, Limeburner Lane, London, England EC4M 7RH, since 1992. Prior to being appointed to the Board in 1994, Mr.

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Barrington was and remains Managing Director of Hill Samuel Bank, 100 Wood Street, London, England EC2P 2AJ, since 1991. Prior to being appointed to the Board in 1994, Mr. Freedberg was and remains Chief Executive of TSB Group plc, Hill Samuel Division, 100 Wood Street, London, England EC2P 2AJ, since 1991. Prior to being appointed to the Board in 1994, Mr. Plummer was and remains Legal Adviser to TSB Group plc, 60 Lombard Street, London, England EC3V 9DN, since 1988. Prior to being appointed to the Board in 1994, Mr. Stobart was and remains Director of Hill Samuel Bank, 100 Wood Street, London, England EC2P 2AJ, since 1977.

Certain directors and officers of IAI are directors and/or officers of the Registrant, as described in the section of the Statement of Additional Information entitled "Management," filed as a part of this Registration Statement.

The address of the officers and directors of IAI is that of IAI, which is 3700 First Bank Place, P. O. Box 357, Minneapolis, Minnesota 55440.

Certain of the officers and directors of IAI also serve as officers and directors of IAI International Ltd. Both IAI and IAI International are wholly-owned subsidiaries of Hill Samuel Group BV, a London-based merchant banking and financial services firm which, in turn, is owned by TSB Group plc, a publicly-held financial services organization based in London, England. The senior officers and directors of IAI International and their titles are as follows:

Name - ----	Title -----
Noel Paul Rahn	Chairman of the Board of Directors
Richard Bernays	Director
Roy C. Gillson	Chief Investment Officer/Director
Anne F. Holloran	Senior Vice President/Director
Irving Philip Knelman	Director
Hilary Fane	Deputy Chief Investment Officer/Director
Feidhlim O'Broin	Associate Director
Elizabeth Gold	Associate Director

Certain of the officers and directors of IAI also serve as officers

and directors of IAI Trust Company, a wholly-owned subsidiary of IAI. The officers and directors of IAI Trust Company and their titles are as follows:

Name	Title
Richard E. Struthers	Chairman of the Board
John G. Flesch	Director/President
Christopher J. Smith	Director/Secretary
Archie C. Black	Director/Treasurer
Christie Haagensen	Director of Client Services

Item 29. Principal Underwriters

(a) IAI Securities is also the principal underwriter for IAI Investment Funds I, Inc., IAI Investment Funds II, Inc., IAI Investment Funds IV, Inc., IAI Investment Funds V, Inc., IAI Investment Funds VI, Inc., IAI Investment Funds VII, Inc., and IAI Investment Funds VIII, Inc.

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(b) The officers and directors of IAI Securities and the positions, if any, such officers and directors hold with the Registrant are set forth below. The business address of such persons is 3700 First Bank Place, Minneapolis, Minnesota 55402.

<TABLE>
<CAPTION>

Name and Principal Business Address	Positions and Offices with Underwriter	Positions and Offices with Registrant
<S>	<C>	<C>
Noel P. Rahn	Chairman of the Board	Chairman of the Board
Richard E. Struthers	President/Director	President/Director
Douglas R. Platt	Vice President/Director	None
R. David Spreng	Vice President/Director	None
Christopher J. Smith	Secretary	None
Archie C. Black, III	CFO/Treasurer	Treasurer
William C. Joas	Chief Compliance Officer	Secretary

</TABLE>

Item 30. Location of Accounts and Records.

The Custodian for Registrant is Norwest Bank Minnesota, N.A., Norwest Center, Sixth & Marquette, Minneapolis, Minnesota 55479. The Custodian maintains records of all cash transactions of Registrant. All other books and records of Registrant, including books and records of Registrant's investment portfolios, are maintained by IAI. IAI also acts as Registrant's transfer agent and dividend disbursing agent, at 3700 First Bank Place, Minneapolis, Minnesota 55402.

Item 31. Management Services.

Not applicable.

Item 32. Undertakings.

(a) Not applicable.

(b) Registrant undertakes to furnish each person to whom a prospectus is delivered with a copy of its latest annual report to shareholders, upon request and without charge.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the

Investment Company Act of 1940, Registrant certifies that it meets all of the requirements for effectiveness of this Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Post-Effective Amendment to its Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Minneapolis, and State of Minnesota, on the 27th day of July, 1995.

IAI INVESTMENT FUNDS III, INC.
(Registrant)

By /s/ Richard E. Struthers, President

Richard E. Struthers, President

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment to the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated:

/s/ Richard E. Struthers ----- Richard E. Struthers	President (principal executive officer & Director	July 27, 1995
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/s/ Archie C. Black III ----- Archie C. Black III	Treasurer (principal financial and accounting officer	July 27, 1995
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Noel P. Rahn (1)
Director

Madeline Betsch (1)
Director

W. William Hodgson (1)
Director

George R. Long (1)
Director

J. Peter Thompson (1)
Director

Charles H. Withers (1)
Director

/s/ William C. Joas ----- William C. Joas Attorney-in-fact	July 27, 1995
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(1) Registrant's directors executing Powers of Attorney dated August 18, 1993, and filed with the Commission on June 28, 1994.