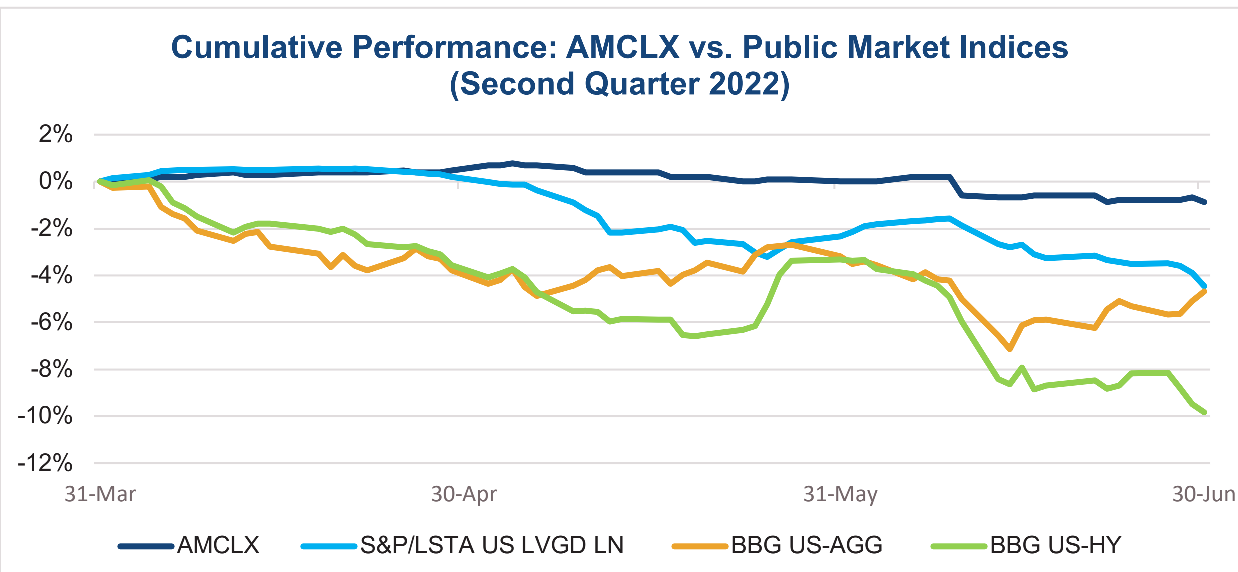
Portfolio Review
Second Quarter 2022

AFA Multi-Manager Credit Fund Institutional Class (AMCLX)[1]

Performance Summary

The second quarter of 2022 was challenging for fixed income markets. The Fed's 0.75% rate hike in June—the biggest since 1994—led to a -4.69% decline in the Bloomberg Aggregate Bond Index of investment-grade bonds. High-yield bonds dropped even more sharply, with the Bloomberg High Yield Corporate Index down -9.83%.

Against this backdrop, the AFA Multi-Manager Credit Fund (the "Fund") declined -0.85% in Q2, compared to -4.45% for its benchmark, the S&P/LSTA Leveraged Loan Index. While any down quarter is disappointing, the Fund held up remarkably well in this turbulent quarter and did so with significantly lower volatility than public market indices. We believe these periods of stress provide evidence for the benefits of the Fund's exposure to private credit and asset-based loans.



The performance data quoted represents past performance and is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. This chart does not imply future performance. Current performance may be lower or higher than the performance data quoted.

Performance for the most recent month end can be obtained by calling 800-452-6804. Total returns include reinvestment of distributions (dividends and capital gains) and are net of the Fund's net expenses. The Fund's gross expense ratio is 3.66%.

[1] All performance references are for the Institutional Class Shares of the Fund.

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Performance Attribution by Sector

Specialty Finance Strategies

The Specialty Finance sector continued to provide attractive and steady returns, contributing 1.40% to the Fund's performance for the quarter. We were pleased that every single one of the five underlying funds in this sector had positive performance. Three of them had returns in excess of 2%, and even the lowest performing one returned a respectable 0.61%.

These positive returns were driven almost exclusively by the strong yields of the underlying credits. There were no material adverse credit events in the underlying portfolio to detract from the yield-based returns.

Given the attractive risk-return profile, the Fund intends to increase its allocation to this sector. As of July 1, the Fund has outstanding commitments to invest in two additional asset-based specialty finance funds.

Opportunistic Strategies

The Opportunistic sector detracted -0.60% for the quarter. The Fund's only holding in this sector (Lynx) declined -10.51%. Fortunately, it was the Fund's smallest position.

Lynx seeks to take advantage of opportunities driven by Covid relief to potentially buy mortgages at a discount, cure the borrower's default through re-financing, and then sell the mortgages back at a premium. Some of the refinancing offers made before the rate hike did not reset to the higher rates, resulting in losses at the time of resale. Since then, Lynx has worked with its loan servicers to address this issue and does not expect further write-downs as it unwinds the program by year-end.

While we are presently seeing few event-driven dislocations, we will be looking for potentially attractive opportunities in the coming months.

Tradeable Strategies

The Tradeable sector was the major detractor in Q2 with a -1.53% contribution to Fund return. As discussed earlier, Q2 performance of public credit markets was dismal, and the Fund's tradeable (i.e., public market) exposure did not escape this overall decline.

The Fund intends to de-emphasize tradeable strategies going forward and has already reduced its exposure to this sector from 27% at the beginning of Q2 to 15% as of the beginning of Q3. Longer term, we expect to reduce exposure to less than 10% as the Fund grows its assets in the coming months.

Taking Stock and Looking Forward

June 30, 2022 marked the first anniversary of the Fund. The Fund's 1-year return of 2.20% compared favorably to public market indices, which returned -2.78%, -10.29%, and -12.81% respectively for the S&P/LSTA Leveraged Loan Index, the BBG Aggregate Bond Index, and the BBG High Yield Index.

During this past year, the Fund also passed several major milestones:

- The Fund launched with $30 million in seed capital funded by two family offices.
- The Fund obtained a credit line that enables it to better manage cash flows and reduce the potential return drag from uninvested cash.
- The Fund recently became available for trading on the Schwab platform. This will enable a significant backlog of advisors to start allocating assets to the Fund in Q3.

As the Fund built out its initial portfolio, it took time to get fully invested in private credit strategies. Over its first year of operations, the Fund averaged about 30% in tradeable strategies and 5% in liquidity instruments. Going forward, we expect the Fund's composition to shift towards its long-term strategic composition as follows:[2]

- The allocation to private credit strategies is targeted to be greater than 85%.
- We expect more than 75% of the assets to be invested in various specialty finance sectors, with a special emphasis on asset-based lending.
- We will continue to invest in relatively small private credit funds managed by boutique firms with a sourcing advantage that may enable them to earn premium yields.

Looking forward to the remainder of the year, we believe that markets have already "priced in" the Fed's pre-announced rate hikes. The open question is whether the Fed will be able to reduce inflation without pushing the economy into recession. A recession would likely lead to credit defaults, and we believe that loans based on the cash flows of the underlying business would be the ones most affected.

In contrast, we believe that our Fund's significant exposure to asset-based loans, which have recourse to tangible assets in times of distress, may be able to weather a storm better than other segments of the public and private fixed income markets.

We would like to thank our investors for the trust they have placed in our firm. While producing attractive shareholder returns is our top priority, we believe it is also important to be transparent and open with our investors. We welcome dialog with our advisor clients and can be reached at advisorsupport@alternativefundadvisors.com.

[2] The strategic target portfolio allocations and ranges are indicative only and are not guaranteed. Future portfolio allocations may differ significantly from the stated targets.

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Disclosures and Definitions

Investors should carefully consider the Fund's investment objectives, risks, charges, and expenses before investing. This information is included in the Fund Prospectus and can be accessed by calling 800-452-6804 or by email at info@alternativefundadvisors.com. Read the prospectus carefully before you invest.

An investment in the Fund involves a high degree of risk. An investment in the Fund should be viewed only as part of an overall investment program and you should invest only if you can sustain a complete loss of your principal. Please read the prospectus carefully. An investment in the Fund is subject to, among others, the following risks:

- The Fund is a "non-diversified" management investment company registered under the Investment Company Act of 1940.
- There can be no assurance that the Fund's strategy will be successful.
- Shares of the Fund are not listed on any securities exchange and it is not anticipated that a secondary market for shares will develop.
- Shares are appropriate only for those investors who do not require a liquid investment.
- Although the Fund will offer quarterly liquidity through a quarterly repurchase process, an investor may not be able to sell or otherwise liquidate all their shares tendered during a quarterly repurchase offer.
- The Fund's investment in private credit companies is speculative and involves a high degree of risk, including the risk associated with leverage.

The Fund has an interval fund structure pursuant to which it conducts quarterly repurchase offers for no less than 5% of the Fund's Shares outstanding at NAV. While the quarterly repurchase offer is expected to be 5%, the amount of each quarterly repurchase offer may be 5% to 25% subject to approval of the Board of Trustees. It is possible that a repurchase offer may be oversubscribed, and there is no assurance that an investor will be able to tender their Shares when or in the amount desired.

Bloomberg US Corporate High Yield Bond Index (BBG US—HY) measures the USD-denominated, high-yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. S&P LSTA US Leveraged Loan Index (S&P/LSTA US Lvgd Ln) is a market value-weighted index designed to measure the performance of the US leveraged loan market. Bloomberg US Aggregate Bond Index (BBG US—Agg) is a broad-based flagship benchmark that measures the investment- grade, US dollar-denominated, fixed-rate taxable bond market.

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