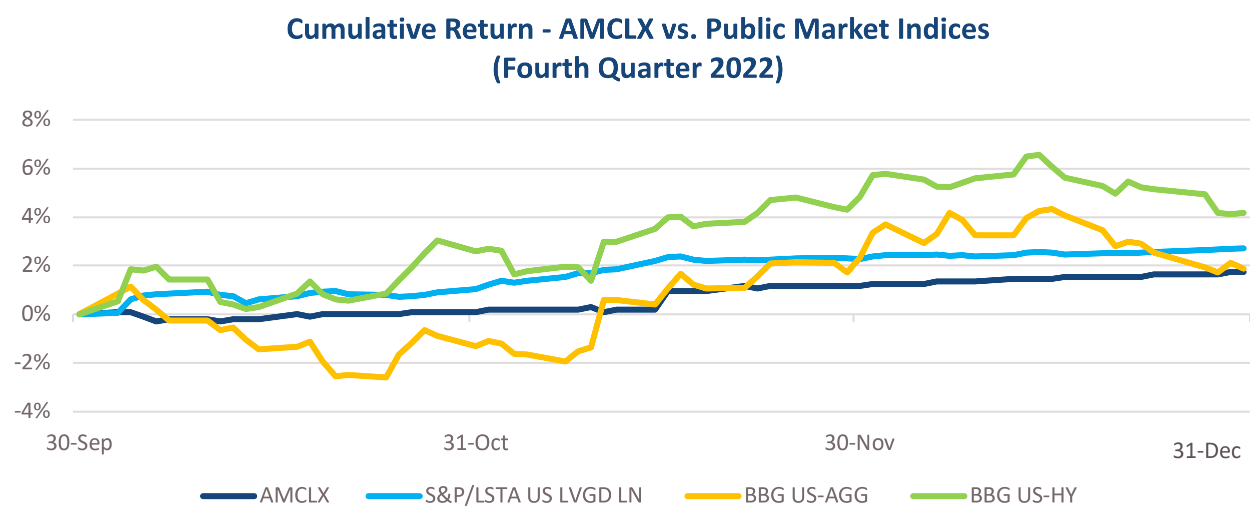
ALTERNATIVE FUND ADVISORS

Portfolio Review
Fourth Quarter 2022

AFA Multi-Manager Credit Fund

Returns

The institutional share class of the AFA Multi-Manager Credit Fund ("Fund") returned 1.77% for the fourth quarter. This compares to a quarterly return of 2.71% for the S&P LSTA Leveraged Loan Index and 4.17% for the Bloomberg High Yield Corporate Index. Most fixed income indices were buoyed by falling Treasury rates, whereas the Fund maintained a very short duration.



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. Performance for the most recent monh-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 3.86% for Institutional Share Class.

Performance Attribution by Sector

Diversified Asset-Based Lending Sector

The Diversified Asset-Based Lending sector provided strong and steady returns, contributing 0.6% to the Fund's quarterly performance. Three of the four strategies in the sector contributed positively during the quarter.

Yield was strong during the quarter as floating rate coupons adjusted upwards in line with Federal Reserve rate hikes. We saw small markdowns in two strategies, primarily due to higher discount rates in line with the broader market.

101 Federal Street, Suite 1900
Boston, MA 02110

Tel 800-452-6804
info@alternativefundadvisors.com

Our investment pipeline for this sector remains robust, and we anticipate adding new strategies over the coming quarters with portfolio inflows.

Real Estate Asset-Based Lending Sector

The Real Estate Asset-Based Lending sector had its strongest quarter since Fund launch, contributing 1.7%. All three strategies in this sector were positive.

The primary driver of the positive returns was the strong yields of the underlying holdings. We have seen yields remain steady over the last few quarters as credit performance has remained strong.

Our investment last quarter in the stressed commercial real estate sector helped significantly, as we had a write-up in the investment. This strategy has performed quite well; many segments of the commercial real estate market have seen credit availability dramatically tighten, providing attractive entry points for those with flexible capital.

We do not anticipate adding new strategies in this sector over the coming quarter as we position the portfolio to diversify the type of collateral backing the loans. However, we may modestly increase commitments to existing strategies as opportunities arise.

Other Specialty Finance

We added our first Other Specialty Finance strategy at the end of the quarter—the Pier Special Opportunities Fund. As a reminder, we break the Specialty Finance market into three distinct categories: Diversified ABL, Real Estate ABL, and Other Specialty Finance. The Other Specialty Finance strategies tend to have many of the same characteristics as the ABL strategies, but without the specific focus on asset-based underwriting and collateral management.

The strategy we added focuses on buying small balance loan pools from stressed and distressed sellers. These sellers are often mutual funds facing redemptions, loan originators exiting a business, or other parties that typically need to raise capital quickly and are willing to sell at a meaningful discount to par. The actual loan pools are often performing quite well, so the purchase discounts may translate into attractive returns. The manager has seen their opportunity set increase with the volatility of 2022, and we expect more of the same in 2023.

Opportunistic Sector

The Opportunistic sector detracted 7 basis points during the quarter. The Fund's only holding in this sector (Lynx) was down slightly, as mortgage market volatility persists.

We continued to closely monitor the credit markets for any attractive dislocations to provide entry points. While some intriguing micro-opportunities have emerged, we believe better entry points lie ahead.

Tradeable Sector

The Tradeable sector detracted 0.2% from performance during the quarter. Valuations in the Tradeable sector were down over the quarter, which was countered by strong yield on the underlying holdings.

The Fund continued to de-emphasize Tradeable strategies in favor of private credit strategies during the fourth quarter. Tradeable exposure ended the quarter at 7% of the portfolio, compared to a weight of 29% at the start of 2022.

Investment Highlight – Mavik Real Estate Opportunities Fund

Each quarter, we highlight one investment within the portfolio to provide existing and prospective investors in the Fund with an inside look into the ways our managers seek to generate attractive returns.

In the third quarter, the Fund initiated a new investment in the Mavik Real Estate Special Opportunities Fund, a strategy focused on opportunistic lending in the commercial real estate market. Borrowers are usually property owners who have unique financing needs not served by traditional lenders or whose transactions have gone astray. Mavik is willing to provide significant flexibility and distinct structuring to help complete a transaction.

For example, a successful developer went under contract to purchase a plot of land in the Southwest to build industrial space. The developer had lined up a bank to provide the senior loan and asked Mavik to come in as a mezzanine lender. However, shortly after signing the term sheet, the borrower notified Mavik that the bank would not approve the current capital structure. With the transaction nearing closing and the deal stuck, Mavik then worked with the borrower to remove the bank from the transaction and provide both the senior and mezzanine capital in one loan. In return for this flexibility, Mavik structured the loan to significantly reduce risk via the inclusion of outside collateral, such as a lien on the borrower's other properties and a personal guarantee. This structuring effectively reduced their loan-to-value ratio to about 22%. Lastly, Mavik negotiated an attractive coupon in the mid-teens and a profit-sharing plan with the borrower that could potentially boost returns significantly upon success of the project.

Concluding Thoughts

After a horrible year for equity and traditional fixed income markets, investors are looking for any signs of a turnaround. While we hope the US economy can bounce back, we believe the odds of a durable bounce are relatively low. Fed interest rate policy tends to work on a lag, and tightening at the recent pace is bound to have further knock-on effects for the real economy. We continue to favor strategies that lean into this volatile backdrop and can generate attractive returns with minimal exposure, should the economy continue to falter. These credit strategies are overwhelmingly asset-based in nature, where we believe the recoveries in the event of default will be strong. However, we have also added strategies such as Mavik and Pier that can move quickly and with the potential to capitalize on the stress in the private markets.

We thank you for your continued investment and look forward to another strong year, in whatever direction the winds may blow.

Disclosures

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 not intended as a complete investment program, but rather the Fund is designed to help investors diversify into private credit investments.
- The Fund is a "non-diversified" management investment company registered under the Investment Company Act of 1940.
- An investment in the Fund involves risk. The Fund is new with no significant operating history by which to evaluate its potential performance. 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 can tolerate a high degree of risk and do not require a liquid investment.
- There is no assurance that you will be able to tender your shares when or in the amount that you desire. 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 the Fund, subject to applicable law, 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 (the "Board" and each of the trustees on the Board, a "Trustee"). It is also possible that a repurchase offer may be oversubscribed, with the result that shareholders may only be able to have a portion of their Shares repurchased. There is no assurance that you will be able to tender your Shares when or in the amount that you desire.

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