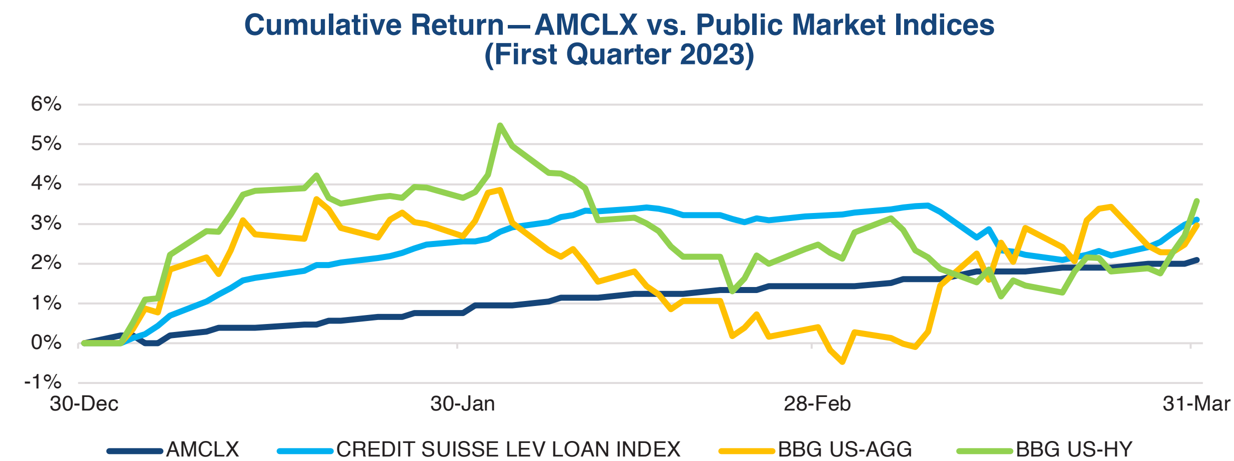
Portfolio Review
First Quarter 2023

AFA Multi-Manager Credit Fund

Returns

The institutional share class of the AFA Multi-Manager Credit Fund ("Fund") returned 2.07% for the first quarter. This compares to a quarterly return of 3.11% for the Credit Suisse Leveraged Loan Index and 3.57% for the Bloomberg High Yield Corporate Index. Similar to the prior quarter, fixed income indices were buoyed by falling Treasury rates, whereas the Fund maintained a very short duration.



The performance data quoted throughout this content 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 month-end can be obtained by calling 800-452-6804. Total returns dispayed throughout this content 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 0.7% to the Fund's quarterly performance. All five strategies in the sector contributed positively during the quarter.

Yield was strong during the quarter across all of the strategies. We saw small markdowns in two strategies due to slightly higher discount rates and increased loan-loss reserves given the expected future economic backdrop. Our pipeline remains focused on this sector, 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 continued its strong momentum, contributing 1.0%. All three strategies in this sector were positive.

Yield once again was the primary driver of returns with little change in loan valuations. One strategy initiated a portfolio hedging shorting public REITs as a way to reduce risk should real estate markets struggle further.

We are cautious in this sector, choosing our exposure carefully. Our favorite strategies in this environment are lenders with more stressed and distressed experience, who can capitalize on the pullback of regional banks from the market while managing risk. We expect our overall percentage exposure to the Real Estate Asset-Based Lending sector to decrease over the coming quarters as we invest further inflows to other sectors.

Specialty Finance

The Specialty Finance sector added 0.1% during the quarter. The Fund's only holding in this sector (Pier) generated strong returns through yield.

We are evaluating a number of additional Specialty Lending strategies. Though, we currently do not foresee sizeable allocations in this sector given our cautious stance on the economy.

Opportunistic Sector

The Opportunistic sector added 0.1% during the quarter. The Fund's only holding in this sector (Lynx) was positive as they were able to realize some gains on their holdings.

We expect Lynx to wind down the fund over the coming months and return capital. We are closely monitoring developments across credit markets for attractive entry points into distressed opportunities. While the supply of distressed loans has increased, the pricing on these loans remains high relative to the fundamentals. We will patiently wait for better entry points.

Tradeable Sector

The Tradeable sector added 0.2% to performance during the quarter. These strategies had a particularly strong January as loan and structured credit spreads snapped back. High base rates also led to strong carry during the quarter.

The Fund has proactively reduced Tradeable exposure over the prior year in favor of more attractive strategies such as Diversified Asset-Based Lending. The allocation to Tradeable declined to effectively 0% at the end of the quarter, a culmination of this process. While our allocation to Tradeable may increase modestly over the coming quarters, we strive to keep the Tradeable sector below 10% in a steady state.

Investment Highlight – Nebari Natural Resources Credit Fund II SPC

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 first quarter of 2023 the Fund added Nebari Natural Resources Credit Fund II SPC, a specialty lender focused on providing capital to small and mid-cap mining companies. These miners had traditionally relied upon equity markets for project funding, but the resulting dilution and high cost of capital has led to a rise in credit. Nebari has deep expertise in the mining sector, primarily acquired as the principals worked together at Glencore, one of the world's largest international mining and commodity trading companies. The investment team employs this expertise to underwrite transactions, understand collateral coverage, perform geological surveys, and structure covenants in a way that protects loan principal. Additionally, given the tight capital markets and lack of competition, Nebari is able to negotiate for warrants or royalties from these projects to further boost returns.

One of the recent transactions was to finance a bauxite mine in Australia. Bauxite is the primary source for aluminum manufacturing, with steady demand from the Chinese market. The mine had endured production issues and losses due to the Covid pandemic and subsequent spike in shipping rates from 2020 through 2022. However, the mine has well-proven reserves and sales agreements with major buyers. The funding allows the mine to expand production and bolster its ability to ship product, which greatly improves the potential profitability. Nebari was able to negotiate a loan with a loan-to-value ratio below 30% and a credit yield in the mid-teens. They were also able to negotiate warrants that could significantly boost total returns should the mine expand to levels expected.

Concluding Thoughts

While we came into the quarter very cautious about the economic backdrop, we did not expect the largest US bank failure since Lehman Brothers. Our Fund proved unaffected by this volatility. Now that the dust has begun to settle, we believe the backdrop is fantastic for our strategy. US regional banks, oftentimes competitors in the lending market, have retrenched due to falling deposits, broad aversion to risk, and the specter of additional regulation. With decreased competition, we believe our partners will be able to originate loans at even more attractive terms while managing risks through strong asset-based coverage.

We thank you for your continued investment and interest.

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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