AFA ALTERNATIVE FUND ADVISORS

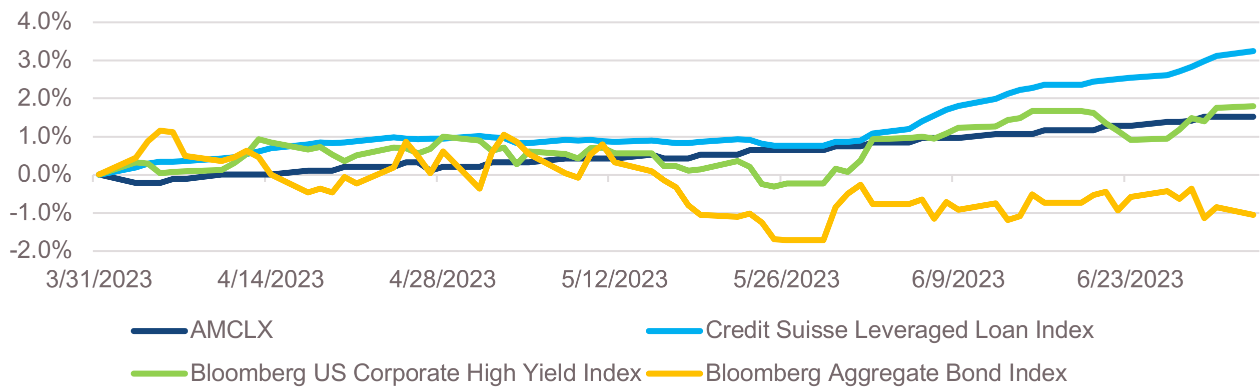
Portfolio Review
Second Quarter 2023

AFA Multi-Manager Credit Fund

Returns

The institutional share class of the AFA Multi-Manager Credit Fund ("Fund") returned 1.52% for the second quarter—in line with the Bloomberg High Yield Corporate Index (1.75%), ahead of the Bloomberg U.S. Aggregate Index (-0.84%), and behind the Credit Suisse Leveraged Loan Index (3.12%). Credit spreads broadly tightened during the quarter as the option-adjusted spread on the Bloomberg High Yield Corporate Index declined from 4.55% to 3.90%, close to its 10-year average.

Cumulative Return: AMCLX vs. Public Market Indices (Second Quarter 2023)



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 since inception is available below. 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 expense. 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 1.1% to the Fund's quarterly performance. All seven strategies in the sector contributed positively during the quarter.

We added two new strategies during the quarter: litigation financing and specialty credit facilities. We continue to focus on diversifying our collateral exposure to ensure the Fund is well positioned for a potentially more challenging market environment ahead.

Real Estate Asset-Based Lending Sector

The Real Estate Asset-Based Lending sector contributed 0.5%. Two of the three strategies in this sector were positive during the quarter.

Loan performance in this sector remains strong, despite headwinds from a challenging real estate market. Although declining real estate values have reduced the expected returns of the real estate projects to whom we lend, our conservative loan-to-value ratios have protected us on the downside. While we are exploring new real estate strategies to capitalize on a coming wave of maturities in commercial real estate debt, we believe the best opportunities are still a few quarters away.

Specialty Finance

The Specialty Finance sector added 0.3% during the quarter. Both strategies in this sector were positive.

We added one new Specialty Finance lender this quarter that provides senior secured loans to consumer-facing businesses. In addition to the standard market-rate loan, this lender also requires borrowers to utilize their infrastructure for credit card payment processing. As a result, they receive a stream of processing revenue that may meaningfully boost their overall return on the position.

Opportunistic Sector

The contribution of the Opportunistic sector was flat during the quarter.

The Fund's allocation to this sector declined from 4% to 1% over the course of the quarter, as our only holding in this area has been returning capital as they sell down their portfolio. We expect to have an insignificant amount in Opportunistic by the end of the third quarter. With credit spreads stubbornly tight, we believe the best opportunities are elsewhere, even though we continue to monitor the space closely for any potential investment.

Tradeable Sector

The Tradeable sector detracted 0.2% from performance during the quarter. This loss was tied to wind-down costs on the last tradeable position in the portfolio.

As of the middle of April, the Fund has fully exited all tradeable investments. Given the tight spreads in the credit market, and our concerns around the economy in the second half of 2023, we believe the yield pickup in public credit does not compensate investors for taking on risk in this area.

Investment Highlight—Rocade Capital Fund IV LP

Each quarter, we highlight one investment within the portfolio to provide an inside look into the ways the lending platforms in which we invest seek to generate attractive returns.

In the second quarter of 2023, the Fund initiated an investment in Rocade Capital Fund IV LP ("Rocade").[1] AFA worked with its partner Aon to survey the universe of litigation finance firms and concluded that Rocade's experience, sourcing capabilities, and risk management are best-in-class. Rocade lends to law firms collateralized by their expected contingency fees on late-stage litigation. It focuses its lending to firms based upon their mass tort portfolio, a specialized area that requires significant expertise on not only the legal proceedings, but also valuation of each claimant's expected payouts. Rocade's advantage is most notable in the cutting-edge tools and valuation methods utilized to determine the projected case values at a granular level.

Law firms have cases at various points of maturity, from fresh new cases through mature cases just awaiting payment on their contingency fees. The goal of these firms is to maintain a robust pipeline of cases in all phases of maturity to ensure a steady level of cash flow. However, given they only receive payment once a case has settled or gone to trial, law firms often face uneven cash flows to run their business. Many have turned to the litigation finance market to monetize their existing cases for immediate cash to reinvest into acquiring new cases and keep their pipeline full.

Rocade's strategy is to independently value a law firm's expected contingency payments based on late-stage litigation. These cases have moved beyond the point where a judge could dismiss the docket. Based upon that value, and ascribing no value to cases that are less mature, Rocade will advance a loan typically at a 50% loan-to-value ratio. The loan accrues interest over time from the contingency payments earned when the firm settles the case or receives judgements.

Concluding Thoughts

Markets took solace in stronger economic data and modestly cooling inflation during the second quarter, which pointed to increasing odds of a soft landing. While we agree that the odds have marginally increased for a positive outcome, we remain concerned that the effects of the rapid increase in rates over the last year have not yet filtered through the economy. Many companies took out significant floating-rate debt at the lows of the interest rate cycle, with business plans not suited for 5%+ rates. With this backdrop, we continue to focus on loans backed by specific

[1] As of June 30, 2023, the Rocade Capital Fund IV LP represented 13.8% of Fund holdings. Holdings are subject to change and not representative of a recommendation to buy or sell a security.

and measurable collateral at conservative loan-to-value ratios and tight loan covenants. While we hope the recent economic good news is here to stay, we are prepared for worse.

We thank you for your continued investment and interest.

Performance: AFA Multi-Manager Credit Fund (AMCLX)

	YTD	1 Year	Annualized Since Inception*	Cumulative Since Inception*
AMCLX	3.62%	6.62%	4.38%	8.96%

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. Total returns include reinvestment of distributions (dividends and capital gains) and are net of the Fund's net expense. * Fund inception date: June 30,2021.

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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