

**AFA PRIVATE CREDIT FUND**  
**(A Delaware Statutory Trust)**

Annual Report  
April 30, 2024

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# AFA PRIVATE CREDIT FUND

## LETTER TO SHAREHOLDERS

APRIL 30, 2024 (UNAUDITED)

Dear Shareholder,

Alternative Fund Advisors, LLC ("AFA") is pleased to provide the annual financial statements for the AFA Private Credit Fund (the "Fund") for the fiscal year ending April 30, 2024.

Inflation continued to decelerate over the fiscal year but remained well above the Federal Reserve's target of 2%. As a result, the Fed increased rates 0.5% over the period. While this rate increase is noteworthy, the Fed was able to slow their pace of hiking relative to the pace witnessed in the prior fiscal year.

Over the fiscal year, the institutional share class for the Fund (AMCLX) returned 9.47%.<sup>1</sup> This return compared favorably to the Bloomberg US High Yield Corporate Index, which returned -1.47%, and trailed the Credit Suisse Leveraged Loan Index, which returned 12.10%. Yields on the 10 Year Treasury jumped 1.26% over this time while spreads on the Bloomberg US High Yield Corporate Index decreased 1.51%.<sup>2</sup>

Assets under management ended the fiscal year at \$195mn, an increase of \$144mn since the start of the fiscal year. With the Fund well established and a track record of success, we have seen the pace of new subscriptions increase over the year.

Over the fiscal year, the Fund added fourteen new investments and did not exit any investments. Eleven of these fourteen positions were fund investments, and three investments were co-investments originated by a partner platform. New investments have been focused on our preferred market of small to mid-sized managers focused on less efficient sectors of the specialty finance market, particularly asset-based lending. We focused on increasing our borrower, sector, and collateral diversification, which we believe reduces risk within the portfolio.

In the coming months, we expect to add several new investment platforms while deepening relationships with current platforms through follow-on investments and new co-investments. We will continue to prioritize private credit strategies primarily in the asset-based lending market, which we think provides compelling downside protection in this uncertain macro environment. We see new and continued opportunities in smaller loan sizes with companies unable to access the traditional loan market due to bank retrenchment, a theme that continues to dominate our target markets.

We would like to thank all our investors for entrusting us with the management of their assets and will strive to deliver strong returns in the years to come.

Sincerely,

Marco Hanig, Portfolio Manager

Mike Dowdall, Portfolio Manager

The AFA private credit fund is a continuously offered, non-diversified, registered closed-end fund with limited liquidity. There is no guarantee the Fund will achieve its objective. This material must be preceded or accompanied by a prospectus. Diversification does not assure a profit nor protect against loss in a declining market.

<sup>1</sup> Returns are net of fees. Actual performance results for a particular investor may vary from the performance stated herein as a result of, among other things, the timing of their investment(s). Past performance does not guarantee, and is not necessarily indicative of, future results. There can be no assurance that any client's investment objective will be achieved or that a client will not lose a portion or all of its investment account. The investment return and principal value of any investment will fluctuate over time. All investments carry a certain degree of risk and it is important to routinely review investment objectives, risk tolerance, tax objectives.

<sup>2</sup> The Bloomberg US Corporate High Yield Bond Index represents 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. The Credit Suisse Leveraged Loan Index represents the investable universe of USD-denominated, full-funded, broadly syndicated, term loan facilities. Index performance does not represent actual fund or portfolio performance and such performance does not reflect the actual investment experience of any investor. An investor cannot invest directly in an index. In addition, the results actual investors might have achieved would have differed from those shown because of differences in the timing, amounts of their investments, and fees and expenses associated with an investment in a portfolio invested in accordance with an index. None of the benchmark indices portrayed herein charge management fees or incur brokerage expenses, and no such fees or expenses were deducted from the performance shown; provided, however, that the returns of any investment portfolio invested in accordance with such indices would be net of such fees and expenses. Additionally, none of these indices lend securities, and no revenues from securities lending were added to the performance shown.

# AFA PRIVATE CREDIT FUND

## PERFORMANCE AND GRAPHICAL ILLUSTRATION

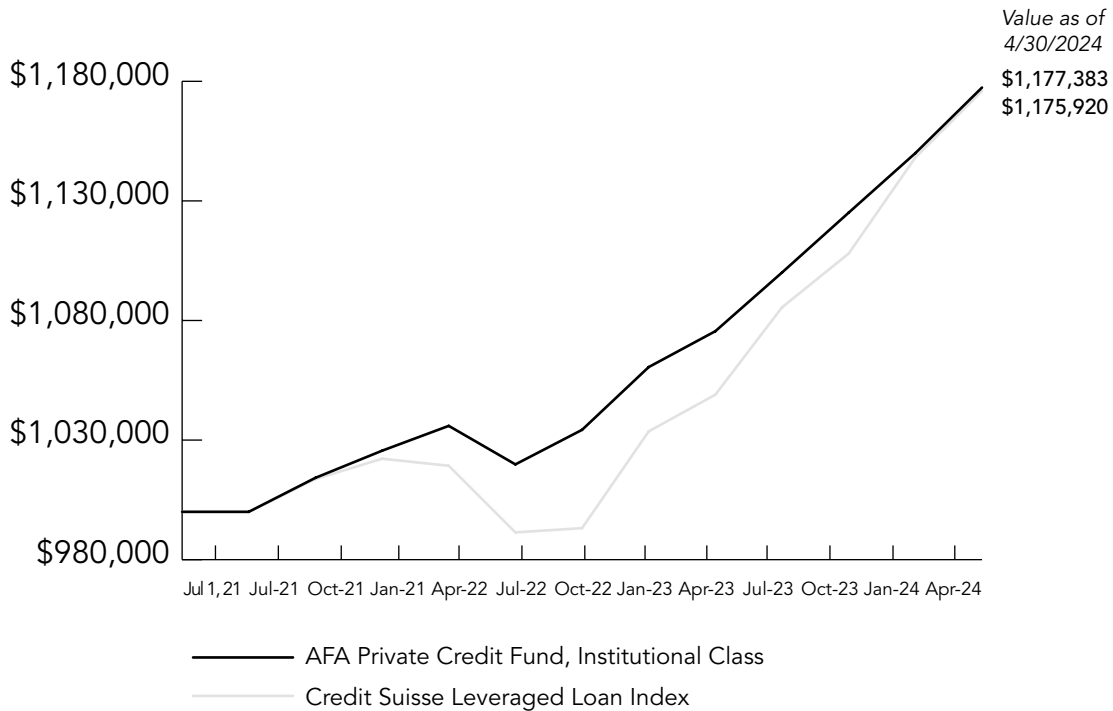
**APRIL 30, 2024 (UNAUDITED)**

Fund / Indexes	For the year ended April 30, 2024	Since Inception (annualized)
AFA Private Credit Fund Founder Class (Inception Date July 1, 2021) . . . . .	9.59%	5.79%
AFA Private Credit Fund Institutional Class (Inception Date July 1, 2021) . . . . .	9.47%	5.93%
Credit Suisse Leveraged Loan Index . . . . .	12.10%	5.89%

The performance data quoted is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or on the redemptions of Fund shares. Please read the Fund's Prospectus, including the description of the Fund's repurchase policy carefully before investing. For performance information current to the most recent month-end, please call Alternative Fund Advisors at 800-452-6804.

Credit Suisse Leveraged Loan Index tracks the investable market of the U.S. dollar denominated leveraged loan market. It consists of issues rated "5B" or lower, meaning that the highest rated issues included in this index are Moody's/S&P ratings of Baa1/BB+ or Ba1/BBB+. All loans are funded term loans with a tenor of at least one year and are made by issuers domiciled in developed countries.

**Growth of an Assumed \$1,000,000 Investment**



This graph illustrates the hypothetical investment of \$1,000,000 in the Fund, Institutional Class, from July 1, 2021 (Commencement of operations) to April 30, 2024. The Cumulative Total Return table and Growth of Assumed \$1,000,000 Investment graph do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Returns are shown net of fees.

# AFA PRIVATE CREDIT FUND

## SCHEDULE OF INVESTMENTS

APRIL 30, 2024

	Geographic Region	Acquisition Date	Cost/ Principal	Fair Value	Percent of Net Assets
<b>Investments in Asset Based Loans</b>					
<b>Commercial Real Estate Bridge Lending (1.55%)</b>					
Limerick Logistics Center 12.6% 6/23/24 <sup>(a)(b)</sup> .....	North America	February, 2024	\$ 3,000,000	\$ 3,031,910	1.55%
<b>Funding Solution Asset Based Lending (1.02%)</b>					
G2D Funding LLC, 11%, 5/25/24 <sup>(a)(b)</sup> .....	North America	September, 2023	2,000,000	1,993,185	1.02%
<b>Physical Asset Based Lending (0.74%)</b>					
AF Funding XII LLC, 11.5%, 10/5/2025 <sup>(a)(b)</sup> .....	North America	October, 2023	<u>1,435,564</u>	<u>1,445,172</u>	0.74%
<b>Total Asset Based Lending (Cost \$6,435,564) (3.31%)</b> .....			<u>6,435,564</u>	<u>6,470,267</u>	
<b>Investments in Underlying Funds</b>					
<b>Primary Underlying Funds</b>					
<b>Commercial Asset Based Lending (7.28%)</b>					
Callodine Asset Based Loan Fund II, LP <sup>(a)(c)</sup> .....	North America	September, 2022	3,087,176	3,070,811	1.57%
Callodine Perpetual ABL Fund LP <sup>(a)</sup> .....	North America	July, 2023	11,218,371	11,166,305	5.71%
<b>Commercial Real Estate Bridge Lending (11.81%)</b>					
1543 Oceania Credit Opportunities Fund <sup>(a)(c)</sup> .....	North America	February, 2024	13,780,000	14,003,723	7.17%
Alcova Capital Yield Premium Fund, L.P. <sup>(a)</sup> .....	North America	August, 2021	8,900,000	9,071,828	4.64%
<b>Diversified Asset-Based Lending (11.56%)</b>					
Matterhorn Partners LP <sup>(a)(c)</sup> .....	North America	December, 2023	4,631,632	4,785,234	2.45%
OHPC LP <sup>(a)</sup> .....	North America	April, 2022	17,500,000	17,803,249	9.11%
<b>Ginnie Mae Early Buyout (0.28%)</b>					
Lynx EBO Fund II <sup>(c)</sup> SP, 3,500 Shares <sup>(a)(c)</sup> .....	North America	October, 2021	739,965	547,460	0.28%
<b>Government Contract Financing (1.55%)</b>					
Leonid Credit Income Fund LP <sup>(a)(c)</sup> .....	North America	April, 2024	3,000,000	3,023,755	1.55%
<b>Opportunistic Real Estate Lending (2.31%)</b>					
Mavik Real Estate Special Opportunities Fund, LP <sup>(a)(c)</sup> .....	North America	July, 2022	3,979,082	4,511,561	2.31%
<b>Litigation Financing (14.12%)</b>					
EAJF ESQ Fund LP <sup>(a)</sup> .....	North America	November, 2023	13,000,000	14,005,117	7.17%
Rocade Capital Fund IV LP <sup>(a)</sup> .....	North America	May, 2023	12,800,000	13,578,681	6.95%
<b>Other Specialty Finance (7.04%)</b>					
Pier Special Opportunities Fund LP <sup>(a)</sup> .....	North America	December, 2022	13,424,493	13,750,168	7.04%
<b>Portfolio Finance (1.38%)</b>					
HCM U.S. Feeder, LP <sup>(a)</sup> .....	North America	July, 2022	2,500,000	2,702,788	1.38%
<b>Real Asset Lending (0.73%)</b>					
Nebari Natural Resources Credit Fund II SPC <sup>(a)</sup> .....	Cayman Islands	February, 2023	1,381,284	1,439,049	0.73%
<b>Residential Real Estate Development Lending (4.12%)</b>					
1 Sharpe Income ADV LP <sup>(a)(c)</sup> .....	North America	July, 2021	6,700,000	8,055,622	4.12%
<b>Small Business Lending (8.54%)</b>					
Feenix High Income Strategies GP LLC <sup>(a)(c)</sup> .....	North America	February, 2024	4,000,000	4,064,270	2.08%
FVP Opportunity Fund IV LP <sup>(a)</sup> .....	North America	June, 2023	12,000,000	12,618,852	6.46%

See accompanying Notes to Financial Statements.

# AFA PRIVATE CREDIT FUND

## SCHEDULE OF INVESTMENTS (CONTINUED)

APRIL 30, 2024

	Geographic Region	Acquisition Date	Cost/ Principal	Fair Value	Percent of Net Assets
<b>Specialty Finance Asset Based Lending (24.67%)</b>					
CoVenture Credit Opportunities Partners Fund LP <sup>(a)</sup> . . . . .	North America	July, 2022	\$ 8,000,000	\$ 8,113,043	4.15%
Bastion Funding V LP <sup>(a)</sup> . . . . .	North America	October, 2023	18,000,000	18,186,776	9.30%
Medalist Asset-Based Credit Fund III LP <sup>(a)</sup> . . . . .	North America	July, 2023	8,932,479	8,830,044	4.52%
Rivonia Road Fund LP <sup>(a)(c)</sup> . . . . .	North America	June, 2023	<u>12,000,000</u>	<u>13,089,144</u>	6.70%
<b>Total Primary Investments (Cost \$179,574,482) (95.39%) . . . . .</b>			<u>179,574,482</u>	<u>186,417,480</u>	
<b>Short-Term Investments</b>					
<b>Money Market Fund (2.92%)</b>					
UMB Bank, Money Market Special II, 5.18% - 5,704,641 Shares <sup>(d)</sup> . . . . .			<u>5,704,641</u>	<u>5,704,641</u>	2.92%
<b>Total Short-Term Investments (Cost \$5,704,641) (2.92%) . . . . .</b>			<u>5,704,641</u>	<u>5,704,641</u>	
<b>Total Investments (Cost \$191,714,687) (101.62%) . . . . .</b>				\$ 198,592,388	
Liabilities in excess of other assets (-1.62%) . . . . .				<u>(3,161,606)</u>	
<b>Net Assets - 100.00% . . . . .</b>				<u><b>\$195,430,782</b></u>	

- <sup>a</sup> Underlying Funds are restricted as to resale.
- <sup>b</sup> Level 3 securities fair valued using significant unobservable inputs.
- <sup>c</sup> Non-income producing.
- <sup>d</sup> The rate quoted is the annualized seven-day yield of the fund at the period end.

Summary by Investment Type	Value	% of Net Assets
Commercial Asset Based Lending . . . . .	\$ 14,237,116	7.28
Commercial Real Estate Bridge Lending . . . . .	26,107,461	13.36
Diversified Asset-Based Lending . . . . .	22,588,483	11.56
Real Asset Based Lending . . . . .	1,439,049	0.73
Funding Solution Asset Based Lending . . . . .	1,993,185	1.02
Ginnie Mae Early Buyout . . . . .	547,460	0.28
Government Contract Financing . . . . .	3,023,755	1.55
Litigation Financing . . . . .	27,583,798	14.12
Opportunistic Real Estate Lending . . . . .	4,511,561	2.31
Other Specialty Finance . . . . .	13,750,168	7.04
Physical Asset Based Lending . . . . .	1,445,172	0.74
Portfolio Finance . . . . .	2,702,788	1.38
Residential Real Estate Development Lending . . . . .	8,055,622	4.12
Small Business Lending . . . . .	16,683,122	8.54
Specialty Finance Asset Based Lending . . . . .	48,219,007	24.67
Short-Term Investments . . . . .	<u>5,704,641</u>	<u>2.92</u>
Total Investments . . . . .	198,592,388	101.62
Liabilities in excess of other assets . . . . .	<u>(3,161,606)</u>	<u>(1.62)</u>
<b>Total . . . . .</b>	<u><b>\$ 195,430,782</b></u>	<u><b>100.00</b></u>

See accompanying Notes to Financial Statements.

# AFA PRIVATE CREDIT FUND

## STATEMENT OF ASSETS AND LIABILITIES

APRIL 30, 2024

<b>Assets:</b>	
Investments, at value (cost \$191,714,687) .....	\$ 198,592,388
Cash .....	6,601,281
Receivables:	
Interest .....	12,415
Distributions from investment funds .....	760,851
Fund shares sold .....	235,382
Prepaid expenses .....	553,313
Total assets .....	<u>206,755,630</u>
<b>Liabilities:</b>	
Credit facility (see note 12) .....	11,000,000
Payables:	
Investment management fee (see note 5) .....	104,812
Professional fees .....	75,177
Interest payable .....	65,746
Accounting and administrative fees .....	46,771
Shareholder servicing fee (Institutional Class) (see note 5) .....	11,923
Transfer agent fees and expenses .....	10,095
Custody fees .....	4,224
Accrued other expenses .....	6,100
Total liabilities .....	<u>11,324,848</u>
<b>Net assets</b> .....	<u>\$ 195,430,782</u>
<b>Net assets consist of:</b>	
Paid-in capital (unlimited shares authorized at \$0.001 par value common stock) .....	\$ 192,317,309
Total distributable earnings .....	<u>3,113,473</u>
<b>Net assets</b> .....	<u>\$ 195,430,782</u>
<b>Net assets:</b>	
Founder Class .....	\$ 121,444,451
Institutional Class .....	73,986,331
<b>Shares outstanding:</b>	
Founder Class .....	12,820,495
Institutional Class .....	7,790,422
<b>Net asset value per share:</b>	
Founder Class .....	\$ 9.47
Institutional Class .....	9.50

See accompanying Notes to Financial Statements.

**AFA PRIVATE CREDIT FUND****STATEMENT OF OPERATIONS****FOR THE YEAR ENDED APRIL 30, 2024****Investment income:**

Interest income .....	\$ 1,016,026
Distributions from investment funds .....	<u>8,756,516</u>
Total investment income .....	<u>9,772,542</u>

**Expenses:**

Investment management fee (see note 5) .....	1,550,586
Professional fees .....	326,261
Accounting and administrative fees .....	209,830
Interest expense .....	122,008
Shareholder servicing fee (Institutional Class) (see note 5) .....	121,513
Commitment fees .....	112,176
Registration fees .....	80,502
Trustee fees .....	70,500
Transfer agent fees and expenses .....	66,602
Shareholder reporting fees .....	33,478
Chief compliance officer fees .....	32,715
Custody fees .....	19,203
Insurance expense .....	6,885
Other expenses .....	<u>22,927</u>
Total expenses: .....	<u>2,775,186</u>
Expenses contractually waived by investment manager (see note 5) .....	<u>(657,372)</u>
Net expenses .....	<u>2,117,814</u>
<b>Net investment income</b> .....	<u>7,654,728</u>

**Net realized and unrealized gain (loss):**

Net realized gain on:	
Investments .....	199,268
Net change in unrealized appreciation (depreciation) on:	
Investments .....	<u>5,207,874</u>
Net realized and unrealized gain .....	<u>5,407,142</u>
Net increase in net assets resulting from operations .....	<u>\$ 13,061,870</u>

*See accompanying Notes to Financial Statements.*



# AFA PRIVATE CREDIT FUND

## STATEMENTS OF CHANGES IN NET ASSETS

	<u>Year Ended</u> <u>April 30, 2024</u>	<u>Year Ended</u> <u>April 30, 2023</u>
<b>Increase in net assets resulting from operations:</b>		
Net investment income .....	\$ 7,654,728	\$ 1,231,863
Net realized gain (loss) .....	199,268	(341,381)
Net change in unrealized appreciation (depreciation) .....	<u>5,207,874</u>	<u>947,582</u>
Net increase in net assets resulting from operations .....	<u>13,061,870</u>	<u>1,838,064</u>
<b>Distributions to shareholders:</b>		
Founder Class .....	(5,532,197)	(1,137)
Institutional Class .....	<u>(3,715,116)</u>	<u>(2,567,813)</u>
Total distributions to shareholders .....	<u>(9,247,313)</u>	<u>(2,568,950)</u>
<b>Return of capital to shareholders:</b>		
Founder Class .....	(1,347,287)	(730)
Institutional Class .....	<u>(1,030,473)</u>	<u>(1,591,054)</u>
Total Return of capital to shareholders .....	<u>(2,377,760)</u>	<u>(1,591,784)</u>
<b>Capital transactions:</b>		
<b>Proceeds from shares sold:</b>		
Founder Class .....	115,195,772	-
Institutional Class .....	27,805,362	10,532,399
<b>Reinvestment of distributions:</b>		
Founder Class .....	1,182,107	1,867
Institutional Class .....	1,255,368	3,031,957
<b>Shares Exchanged:</b>		
Founder Class .....	5,620,148	-
Institutional Class .....	(5,620,148)	-
<b>Cost of shares repurchased:</b>		
Founder Class .....	(1,295,816)	-
Institutional Class .....	<u>(815,493)</u>	<u>(180,513)</u>
Net increase in net assets from capital transactions .....	<u>143,327,300</u>	<u>13,385,710</u>
<b>Total increase in net assets</b>	<u>144,764,097</u>	<u>11,063,040</u>
<b>Net assets:</b>		
Beginning of year .....	<u>50,666,685</u>	<u>39,603,645</u>
End of year .....	<u>\$ 195,430,782</u>	<u>\$ 50,666,685</u>
<b>Capital share transactions:</b>		
<b>Shares sold:</b>		
Founder Class .....	12,232,357	-
Institutional Class .....	2,935,565	1,096,594
<b>Shares reinvested:</b>		
Founder Class .....	126,556	199
Institutional Class .....	133,960	322,280
<b>Shares exchanged:</b>		
Founder Class .....	596,207	-
Institutional Class .....	(593,688)	-
<b>Shares repurchased:</b>		
Founder Class .....	(136,900)	-
Institutional Class .....	<u>(86,353)</u>	<u>(18,197)</u>
<b>Net increase from capital share transactions</b>	<u>15,207,704</u>	<u>1,400,876</u>

See accompanying Notes to Financial Statements.

# AFA PRIVATE CREDIT FUND

## STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2024

**Cash flows from operating activities:**

Net increase (decrease) in net assets from operations .....	\$	13,061,870
Adjustments to reconcile net increase (decrease) in net assets from operations to net cash used in operating activities:		
Purchases of investments .....		(292,359,918)
Proceeds from redemptions, sales, or other dispositions of investments .....		149,073,698
Net realized gain on investments .....		(199,268)
Net change in unrealized/appreciation depreciation on:		
Investments .....		(5,207,874)
Changes in operating assets and liabilities:		
Assets:		
Interest .....		(8,222)
Prepaid expenses .....		(514,732)
Other assets .....		37,626
Liabilities:		
Investment management fee (see note 5) .....		111,154
Custody fees .....		1,639
Accounting and administration fees .....		20,159
Shareholder servicing fee (Institutional Class) (see note 5) .....		11,923
Professional fees .....		14,828
Transfer agent fees and expenses .....		(220)
Interest .....		65,746
Accrued other expenses .....		1,028
<b>Net cash used in operating activities</b> .....		<u>(135,890,563)</u>

**Cash flows from financing activities:**

Proceeds from credit facility .....		12,500,000
Repayments on credit facility .....		(5,000,000)
Proceeds from shares sold, net of change in receivable .....		142,790,751
Payments for shares repurchased .....		(2,111,309)
Cash distributions paid, net of reinvestments .....		<u>(9,187,598)</u>
<b>Net cash provided by financing activities</b> .....		<u>138,991,844</u>
<b>Net Change in cash</b> .....		<u>3,101,281</u>
<b>Cash at beginning of year</b> .....		<u>3,500,000</u>
<b>Cash at end of year</b> .....	\$	<u><u>6,601,281</u></u>

**Supplemental disclosure of cash activity:**

Interest expense on borrowings .....	\$	122,008
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**Supplemental disclosure of non-cash activity:**

Reinvestments of distributions .....	\$	2,437,475
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See accompanying Notes to Financial Statements.

# AFA PRIVATE CREDIT FUND

## FINANCIAL HIGHLIGHTS

### FOR A SHARE OF COMMON STOCK OUTSTANDING THROUGHOUT THE PERIODS INDICATED

For a share of common stock outstanding throughout the periods indicated.

Period ending April 30,	Net asset value, beginning of period	Net investment income <sup>1</sup>	Net realized and unrealized gain (loss)	Total from investment operations	Distributions to shareholders from net investment income	Distributions to shareholders from net realized gain	Distributions to shareholders from return of capital	Total distributions	Net asset value, end of period	Total return <sup>2,3</sup>	Gross expenses <sup>4,5</sup>	Net expenses <sup>4,5,6</sup>	Net investment income <sup>4,6</sup>	Net assets, end of period (in thousands)	Portfolio turnover rate <sup>3</sup>
<b>Founder Class</b>															
2024 .....	\$ 9.34	\$ 0.52	\$ 0.35	\$ 0.87	\$ (0.59)	\$ 0.00	\$ (0.15)	\$ (0.74)	\$ 9.47	9.59%	1.88%	1.42%	5.50%	\$ 121,444	4%
2023 .....	9.88	0.23	0.10	0.33	(0.53)	0.00	(0.34)	(0.87)	9.34	3.59	3.44	2.25	2.45	21	37
2022 <sup>7</sup> .....	10.00	0.14	0.19	0.33	(0.30)	(0.02)	(0.13)	(0.45)	9.88	3.32	3.09	1.21	1.70	21	9
<b>Institutional Class</b>															
2024 .....	9.38	0.50	0.36	0.86	(0.59)	0.00	(0.15)	(0.74)	9.50	9.47	2.08	1.62	5.30	73,986	4
2023 .....	9.90	0.26	0.09	0.35	(0.53)	0.00	(0.34)	(0.87)	9.38	3.82	3.19	2.00	2.76	50,645	37
2022 <sup>7</sup> .....	10.00	0.17	0.18	0.35	(0.30)	(0.02)	(0.13)	(0.45)	9.90	3.59	2.84	0.97	2.01	39,583	9

<sup>1</sup> Based on average shares outstanding during the period.

<sup>2</sup> Based on the net asset value as of period end. Assumes an investment at net asset value at the beginning of the period and reinvestment of all distributions during the period. The return would have been lower if certain expenses had not been waived or reimbursed by the adviser.

<sup>3</sup> Not annualized for periods less than one year.

<sup>4</sup> Annualized for periods less than one year, with the exception of non-recurring organizational costs.

<sup>5</sup> Percentages shown include interest expense. Gross and net expense ratios, respectively, excluding interest expense and commitment fees are as follows:

	Gross Expenses <sup>4</sup>	Net Expenses <sup>4</sup>
<b>Founder Class</b>		
2024 .....	1.71%	1.25%
2023 .....	2.82	1.62
2022 <sup>7</sup> .....	3.01	1.14
<b>Institutional Class</b>		
2024 .....	1.91	1.45
2023 .....	2.57	1.37
2022 <sup>7</sup> .....	2.77	0.90

<sup>6</sup> The contractual and voluntary fee and expense waiver is reflected in both the net expense and net investment income (loss) ratios (see Note 5). For the period ended April 30, 2022, the contractual and voluntary fee and expense waivers amounted to \$533,020, or 1.83%, and \$15,397, or 0.05%, respectively and the Investment Manager additionally voluntarily waived \$2, or 0.01%, of the Investor Class Shareholder Servicing fees.

<sup>7</sup> Reflects operations for the period from July 1, 2021 (Commencement of operations) to April 30, 2022.

**Credit Facility, year ended April 30:**

	2024	2023	2022 <sup>1</sup>
Senior securities, end of period (000's) .....	\$ 11,000	\$ 3,500	\$ 3,400
Asset coverage, per \$1,000 of senior security principal amount .....	18,766	15,476	12,684
Asset coverage ratio of senior securities .....	1877%	1548%	1265%

<sup>1</sup> For the period from July 1, 2021 (Commencement of operations) to April 30, 2022.

*See accompanying Notes to Financial Statements.*

**APRIL 30, 2024****1. Organization**

AFA Private Credit Fund (the "Fund") was established as a Delaware statutory trust on January 27, 2021. The Fund is registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"), as a non-diversified, closed-end management investment company that operates as an interval fund pursuant to Rule 23c-3 under the Investment Company Act. The Fund commenced operations on July 1, 2021. Prior to August 31, 2023, the Fund was named AFA Multi-Manager Credit Fund.

The Fund's primary investment objective is to provide a high level of current income, with capital appreciation as a secondary objective. As of August 31, 2023, the Fund seeks to achieve its investment objectives by investing under normal circumstances at least 80% of its net assets, plus any borrowings for investment purposes, either directly or indirectly, in a range of private credit securities and other private credit-related investments. The Fund may change this 80% policy without shareholder approval upon at least 60 days' prior written notice to shareholders. The Fund operates as a "fund of funds" whereby the Fund allocates its assets primarily among a range of investment vehicles that invest in private or public credit securities and other credit-related instruments ("Underlying Funds") managed by a select group of experienced institutional managers ("Underlying Managers") identified by the Investment Manager for their expertise in implementing various credit strategies. The Fund may also invest directly in private loans and private credit securities that are typically originated, serviced, and/or underwritten by Underlying Managers.

Alternative Fund Advisors, LLC (the "Investment Manager"), an investment adviser registered with the Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940, as amended, serves as the investment adviser of the Fund. Aon Investments USA Inc. and the Atrato Consulting division of F.L. Putnam Investment Management Company, Inc. (each a "Sub-Adviser") serve as sub-advisers to the Fund.

The Board of Trustees of the Fund (the "Board") has overall responsibility for the management and supervision of the business operations of the Fund.

**2. Significant Accounting Policies**

**Basis of Presentation and Use of Estimates** – The Fund is an investment company and follows the accounting and reporting guidance under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946, Financial Services - Investment Companies. The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from these estimates.

**Investment Transactions, Income and Expenses** – Income is recognized on an accrual basis as earned. Distributions received from the Fund's investments in Portfolio Funds generally are comprised of ordinary income and return of capital. For financial statement purposes, the Fund uses return of capital and income estimates to allocate the distribution received. Such estimates are based on historical information available and other industry sources. These estimates may subsequently be revised based on information received from Portfolio Funds after their tax reporting periods are concluded. Expenses are recognized on an accrual basis as incurred. The Fund bears all expenses incurred in the course of its operations, including, but not limited to, the following: all costs and expenses related to portfolio transactions and positions for the Fund's account; professional fees; costs of insurance; registration expenses; and expenses of meetings of the Board. Expenses are subject to the Fund's expense limitation and reimbursement agreement (the "Expense Limitation Agreement") (see Note 5). The Fund's net asset value ("NAV") per Share is determined daily by the Advisor as of the close of business on each day the New York Stock Exchange ("NYSE") is open for trading or at such other times as the Board may determine. In accordance with the procedures approved by the Board, the NAV per outstanding Share of beneficial interest is determined, on a class-specific basis, by dividing the value of total assets minus liabilities by the total number of Shares outstanding. Investment securities transactions are accounted for on the trade date. Gains and losses realized on sales of securities are determined on a specific identification basis.

APRIL 30, 2024

**Distributions to Shareholders** – The Fund intends to make quarterly distributions to shareholders equal to 6% annually of the Fund's net asset value ("NAV") per share. This predetermined dividend rate may be modified by the Board from time to time. The character of income and gains to be distributed are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. Distributions to shareholders are recorded on the ex-dividend date.

**Valuation of Investments** – Pursuant to the Fund's valuation policies, effective September 8, 2022, the Board has delegated to the Investment Manager, as valuation designee (in such capacity, the "Valuation Designee") the day-to-day responsibility for fair valuation determinations and pricing of the investments subject to oversight by the Board. The Board has approved procedures pursuant to which the Fund values its investments in Underlying Funds at fair value, generally at an amount equal to the NAV of the Fund's investment in the Underlying Funds as determined by the Underlying Fund's general partner or investment manager. This is commonly referred to as using NAV as the practical expedient which allows for estimation of the fair value of an investment in an investment entity based on NAV or its equivalent if the NAV of the investment entity is calculated in a manner consistent with ASC 946. In accordance with its valuation policies, if no such information is available, or if such information is deemed to not be reflective of fair value by the Valuation Designee, an estimated fair value is determined in good faith by the Valuation Designee pursuant to the Fund's valuation procedures. Investments in open-end investment companies, including money market funds, are valued at their reported NAV per share. The Fund may acquire interests in loans indirectly (by way of participation). Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating in the interest, not with the borrower. In purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, and the Fund may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the Fund will assume the credit risk of both the borrower and the institution selling the participation.

If an Underlying Manager's valuations are consistently delayed or inaccurate, the Investment Manager generally will consider whether the Underlying Fund continues to be an appropriate investment for the Fund. The Fund may be unable to sell interests in such an Underlying Fund quickly and could therefore be obligated to continue to hold such interests for an extended period of time. In such a case, such interests would continue to be valued without the benefit of the Underlying Manager's valuations, and the Investment Manager may determine to discount the value of the interests or value them at zero, if deemed to be the fair value of such holding. Revisions to the Fund's gain and loss calculations will be an ongoing process, and no appreciation or depreciation figure can be considered final until the annual audits of Underlying Funds are completed. Promoting transparency and receiving necessary information from Underlying Funds may possibly be an impediment to monitoring the performance of Underlying Funds on a regular basis.

**Federal Income Taxes** – The Fund intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended. The Fund utilizes a tax-year end of October 31 and the Fund's income and federal excise tax returns and all financial records supporting the prior year returns are subject to examination by the federal and Delaware revenue authorities. If so qualified, the Fund will not be subject to federal income tax to the extent it distributes substantially all of its net investment income and capital gains to shareholders. Therefore, no federal income tax provision is required. Management of the Fund is required to determine whether a tax position taken by the Fund is more likely than not to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. Based on its analysis, there were no tax positions identified by management of the Fund which did not meet the "more likely than not" standard as of April 30, 2024.

### 3. Capital Stock

Shares of beneficial interest of the Fund ("Shares") are continuously offered under Rule 415 under the Securities Act of 1933, as amended. The SEC has granted the Fund exemptive relief permitting the Fund to offer multiple classes of Shares. As of April 30, 2024, the Fund's registration statement allowed it to offer two classes of Shares designated as Institutional Class Shares and Founder Class Shares. Prior to May 1, 2023, Founder Class Shares were named Investor Class Shares. The Fund may offer additional classes of Shares in the future.

The Fund is authorized as a Delaware statutory trust to issue an unlimited number of Shares in one or more classes, with a par value of \$0.001. The minimum initial investment by any investor in Institutional Class Shares is \$1,000,000. The minimum initial investment by any investor in Founder Class Shares is \$25,000,000. However, the Fund, under policies approved by the Board, may accept investments below these minimums. Founder Class Shares were available

# AFA PRIVATE CREDIT FUND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

APRIL 30, 2024

for investment by existing and new investors until December 31, 2023. After December 31, 2023, Founder Class Shares were closed to new investors, with the exception of new accounts and programs of financial intermediaries that qualified for investment in Founder Class Shares prior to December 31, 2023.

The following groups of investors are eligible to purchase Institutional Class Shares without any initial minimum investment requirement:

- defined benefit plans, endowments and foundations, investment companies, and other institutional investors not specifically enumerated;
- accounts and programs offered by certain financial intermediaries, such as registered investment advisers, broker-dealers, bank trust departments, provided that the minimum aggregate value of such accounts is \$1,000,000, or that in the Fund's opinion there is adequate intent to reach such aggregate value within 12 months;
- principals and employees of the Investment Manager, the Sub-Adviser, the Underlying Managers or their respective affiliates and their immediate family members.

The following groups of investors are eligible to purchase Founder Class Shares without any initial minimum investment requirement:

- accounts and programs offered by certain financial intermediaries, such as registered investment advisers, broker-dealers, bank trust departments, provided that the minimum aggregate value of such accounts is \$25,000,000;
- principals and employees of the Investment Manager and its affiliates and their immediate family members.

Shares are generally be offered for purchase on each business day, except that Shares may be offered less frequently as determined by the Board in its sole discretion. The Board may also suspend or terminate offerings of Shares at any time.

Neither Institutional Class Shares nor Founder Class Shares are subject to an initial sales charge.

A substantial portion of the Fund's investments are illiquid. For this reason, the Fund is structured as a closed-end interval fund which means that the shareholders will not have the right to redeem their Shares on a daily basis. In addition, the Fund does not expect any trading market to develop for the Shares. As a result, if investors decide to invest in the Fund, they will have very limited opportunity to sell their Shares. For each repurchase offer, the Board will set an amount between 5% and 25% of the Fund's Shares based on relevant factors, including the liquidity of the Fund's positions and the shareholders' desire for liquidity.

The Fund has adopted a fundamental policy to conduct quarterly repurchase offers at NAV. The Fund will offer to repurchase 5% of the Fund's Shares, unless the Board has approved a different amount (between 5% and 25% of its outstanding Shares for a particular repurchase offer).

During the year ended April 30, 2024, the Fund had four Repurchase Offers as follows:

<u>Repurchase Offer Notice</u>	<u>Repurchase Request Deadline</u>	<u>Repurchase Offer Amount</u>	<u>% of Shares Repurchased</u>	<u>Number of Shares Repurchased</u>
April 3, 2023 . . . . .	May 4, 2023	5%	0.94%	50,638
July 7, 2023 . . . . .	August 7, 2023	5%	0.15%	18,855
October 6, 2023 . . . . .	November 6, 2023	5%	0.59%	93,872
January 12, 2024 . . . . .	February 12, 2024	5%	0.32%	59,888

#### 4. Fair Value Disclosures

U.S. GAAP defines fair value, establishes a three-tier framework for measuring fair value based on a hierarchy of inputs, and expands disclosure about fair value measurements. It also provides guidance on determining when there has been a significant decrease in the volume and level of activity for an asset or liability, when a transaction is not orderly and how

**AFA PRIVATE CREDIT FUND**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**APRIL 30, 2024**

that information must be incorporated into a fair value measurement. The hierarchy distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the fair value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

- Level 1 - unadjusted quoted prices in active markets for identical securities. An active market for the security is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value.
- Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc. and quoted prices for identical or similar assets in markets that are not active.) Inputs that are derived principally from or corroborated by observable market data. An adjustment to any observable input that is significant to the fair value may render the measurement a Level 3 measurement.
- Level 3 - significant unobservable inputs, including inputs that are not derived from market data or cannot be corroborated by market data and when the investment is not redeemable in the near term.

Investments in Underlying Funds are reported in the Fund's Statement of Assets and Liabilities at NAV per share (or its equivalent) without further adjustment, as a practical expedient of fair value and therefore these investments are excluded from the fair value hierarchy. Generally, the fair value of the Fund's investment in a privately offered investment represents the amount that the Fund could reasonably expect to receive from the Underlying Fund if the Fund's investment is withdrawn at the measurement date based on NAV. These investments are redeemable at NAV under the original terms of the Fund's agreements and/or subscription agreements and based on the operations of the Underlying Funds. However, it is possible that these redemption rights may be restricted or eliminated by the Underlying Funds in the future in accordance with the Underlying Fund agreements.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the valuation inputs used to value the Fund's assets and liabilities as of April 30, 2024:

<b>Investments</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV as a Practical Expedient</b>	<b>Total</b>
Short-Term Investments . . . . .	\$ 5,704,641	\$ -	\$ -	\$ -	\$ 5,704,641
Asset Based Loans . . . . .	-	-	6,470,267	-	6,470,267
Primary Underlying Funds . . .	-	-	-	186,417,480	186,417,480
<b>Total . . . . .</b>	<b>\$ 5,704,641</b>	<b>\$ -</b>	<b>\$ 6,470,267</b>	<b>\$ 186,417,480</b>	<b>\$ 198,592,388</b>

The following is a roll-forward of the activity in investments in which significant unobservable inputs (Level 3) were used in determining fair value on a recurring basis:

<b>Beginning balance May 1, 2023</b>	<b>Transfers into Level 3</b>	<b>Transfers out of Level 3</b>	<b>Total realized gain/(loss)</b>	<b>Purchases</b>	<b>Return of Capital Distributions</b>	<b>Total unrealized appreciation/(depreciation)</b>	<b>Balance as of April 30, 2024</b>
\$ -	\$ -	\$ -	\$ -	\$ 6,500,000	\$ (64,436)	\$ 34,703	\$ 6,470,267

**AFA PRIVATE CREDIT FUND**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**APRIL 30, 2024**

The following table presents additional information about valuation methodologies and inputs used for investments that are measured at fair value and categorized within Level 3 as of April 30, 2024:

<b>Investment Type</b>	<b>Fair Value at April 30, 2024</b>	<b>Valuation Methodologies</b>	<b>Unobservable Input*</b>	<b>Input Range</b>
Asset Based Loans	\$6,470,267	Income Approach - Discounted Cash Flow	Interest Rate Discount Rate	8.54%-11% 10.55%-12.48%

\* The impact on valuation from an increase in input would be a decrease.

The following table represents investment strategies, unfunded commitments and redemptive securities of investments that are measured at NAV per share (or its equivalent) as a practical expedient as April 30, 2024:

<b>Underlying Fund</b>	<b>Fair Value</b>	<b>Unfunded Commitment</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period (Days)</b>	<b>Lock-Up Period (Months)</b>
1 Sharpe Income ADV LP <sup>2</sup>	8,055,622	–	Semi-Annual	90	12
1543 Oceania Credit Opportunities Fund <sup>1</sup>	14,003,723	–	Quarterly	90	N/A
Alcova Capital Yield Premium Fund, L.P. <sup>1</sup>	9,071,828	–	Daily	90	18
Bastion Funding V LP <sup>1</sup>	18,186,776	–	Quarterly	90	24
Callodine Asset Based Loan Fund II, LP	3,070,811	1,911,248	N/A	N/A	N/A
Callodine Perpetual ABL Fund LP <sup>1</sup>	11,166,305	455,950	N/A	N/A	N/A
CoVenture Credit Opportunities Partners Fund LP <sup>1</sup>	8,113,043	–	Quarterly	90	N/A
EAJF ESQ Fund LP <sup>2</sup>	14,005,117	–	Quarterly	60	36
Feenix High Income Strategies GP LLC	4,064,270	–	N/A	N/A	N/A
FVP Opportunity Fund IV LP	12,618,852	–	N/A	N/A	N/A
HCM U.S. Feeder, LP <sup>2</sup>	2,702,788	–	Semi-Annual	90	12
Leonid Credit Income Fund LP <sup>1</sup>	3,023,755	7,000,000	Quarterly	60	12
Lynx EBO Fund II(B) SP, 3,500 Shares	547,460	–	N/A	N/A	N/A
Matterhorn Partners LP	4,785,234	1,368,368	Quarterly	180	24
Mavik Real Estate Special Opportunities Fund, LP	4,511,561	6,295,854	N/A	N/A	N/A
Medalist Asset-Based Credit Fund III LP <sup>1</sup>	8,830,044	1,271,918	Annual	180	36
Nebari Natural Resources Credit Fund II SPC	1,439,049	612,187	N/A	N/A	N/A
OHPC LP <sup>1</sup>	17,803,249	–	Quarterly	90	12
Pier Special Opportunities Fund LP <sup>2</sup>	13,750,168	–	Quarterly	60	N/A
Rivonia Road Fund LP	13,089,144	–	Semi-Annual	90	18
Rocade Capital Fund IV LP	13,578,681	3,738,220	N/A	N/A	N/A
<b>Total</b>	<b>\$186,417,480</b>	<b>\$22,653,745</b>			

<sup>1</sup> Upon submitting a redemption notice, limited partners will become a liquidating investor. Interest and principal are returned for the investments in which the fund has invested, and shall not be reinvested in the fund thereafter

<sup>2</sup> Redemption provisions limit the amount redeemable on a given redemption date, and could require multiple periods to fully redeem.



**AFA PRIVATE CREDIT FUND****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

APRIL 30, 2024

**5. Investment Management Fee and Other Expenses**

The Fund has entered into an investment management agreement (the "Investment Management Agreement") with the Investment Manager. Pursuant to the Investment Management Agreement, the Fund pays the Investment Manager a monthly investment management fee ("Investment Management Fee") at the rates set forth below, payable monthly in arrears, accrued daily based upon the Fund's average daily net assets.

Average Daily Net Assets of the Fund	Investment (Annualized Rate)
First \$500 million .....	1.10%
Over \$500 million to \$1 billion .....	1.05%
Over \$1 billion .....	1.00%

The Investment Management Fee will decrease the net profits or increase the net losses of the Fund that are credited to its shareholders. Net assets means the total value of all assets of the Fund, less an amount equal to all accrued debts, liabilities and obligations of the Fund. For the year ended April 30, 2024, the Fund incurred \$1,550,586 in Investment Management Fees.

The Fund has entered into separate sub-advisory agreements with Aon Investments USA Inc. ("Aon Investments") and F.L. Putnam Investment Management Company, Inc. ("F.L. Putnam"). Pursuant to a separate sub-advisory agreement among the Fund, the Investment Manager and Aon Investments, effective December 11, 2023, Aon Investments receives a fee at an annualized rate of 0.20% on the assets under Aon Investments' advisement of the first \$500 million of the Fund's average daily net assets; plus 0.15% on the assets under Aon Investments' advisement of the next \$500 million of the Fund's average daily net assets; plus 0.10% on the assets under Aon Investments' advisement of the Fund's average daily net assets over \$1 billion provided, however, that the minimum annual fee paid to Aon Investments under the sub-advisory agreement will not be less than \$100,000. Pursuant to a separate sub-advisory agreement among the Fund, the Investment Manager and F.L. Putnam, F.L. Putnam receives an annual fee of \$150,000. The Sub-Advisers' fees are paid by the Investment Manager out of the Investment Management Fee.

From May 1, 2023 to April 30, 2024, pursuant to the Fund's Expense Limitation Agreement, the Investment Manager reimbursed expenses of the Fund ("Reimbursement") so that certain of the Fund's expenses ("Specified Expenses") would not exceed 0.15% on an annualized basis for Founder Class Shares (formerly Investor Class Shares) and Institutional Class Shares (the "Expense Limit"). At a meeting held on March 6-7, 2024, the Board approved an Amended and Restated Expense Limitation and Reimbursement Agreement by and among the Fund and the Investment Manager, whereby the Investment Manager has agreed to reimburse expenses of the Fund so that Specified Expenses will not exceed 0.19% on an annualized basis for Founder Class Shares and Institutional Class Shares effective September 1, 2024. Specified Expenses for this purpose include all Fund expenses other than the management fee, the shareholder service fee, fees and interest on borrowed funds, distribution fees (if any), acquired fund fees and expenses (as determined in accordance with SEC Form N-2), taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, expenses incurred in connection with any merger or reorganization, and extraordinary expenses, such as litigation expenses.

Prior to May 1, 2023 the Investment Manager had agreed to reimburse expenses of the Fund so that certain expenses of the Fund would not exceed 0.35% on an annualized basis for Investor Class Shares (now named Founder Class Shares) and Institutional Class Shares. For a period not to exceed three years from the date on which a Reimbursement is made, the Investment Manager may recoup amounts reimbursed, provided such recoupment will not cause the Fund's expenses to exceed the lesser of the expense limit in effect at the time of the waiver or the expense limit in effect at the time of recapture. During the year ended April 30, 2024, the Investment Manager waived \$657,372 in Investment Management Fees under the Expense Limitation Agreement.

# AFA PRIVATE CREDIT FUND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

APRIL 30, 2024

The following amounts are subject to recapture by the Investment Manager by the following dates:

<u>Period of Expiration</u>		
April 30, 2025 . . . . .	\$	533,020
April 30, 2026 . . . . .	\$	532,955
April 30, 2027 . . . . .	\$	657,372

Pursuant to the Fund's distribution agreement (the "Distribution Agreement"), Foreside Fund Services, LLC (the "Distributor") serves as the distributor of the Fund's Shares on a best efforts basis, subject to various conditions. The Distributor may retain additional unaffiliated broker-dealers to assist in the distribution of Fund Shares. Founder Class Shares are not subject to a Shareholder Service Fee. Institutional Class Shares are subject to a Shareholder Servicing Fee of up to 0.20% on an annualized basis of the aggregate net assets of the Fund attributable to Institutional Class Shares. The Shareholder Servicing Fee is paid out of the Fund's assets and decreases the net profits or increases the net losses of the Fund.

Vigilant Compliance, LLC provides chief compliance officer ("CCO") services to the Fund. The Fund's allocated fees incurred for CCO services for the year ended April 30, 2024 are reported on the Statement of Operations.

The Fund has retained UMB Fund Services, Inc. (the "Administrator") to provide administrative services and to assist with operational needs. In consideration for these services, the Fund pays the Administrator a minimum monthly administration fee (the "Administration Fee"). The Administration Fee is paid to the Administrator out of the assets of the Fund and therefore decreases the net profits or increases the net losses of the Fund. The Administrator is also reimbursed by the Fund for out-of-pocket expenses relating to services provided to the Fund and receives a fee for transfer agency services.

A trustee and an officer of the Fund are employees of the Administrator. The Fund does not compensate the trustee or officer affiliated with the Administrator. For the year ended April 30, 2024, the Fund's allocated fees incurred for trustees are reported on the Statement of Operations.

UMB Bank, N.A. (the "Custodian"), an affiliate of the Administrator, serves as the primary custodian of the assets of the Fund, and may maintain custody of such assets with U.S. and non-U.S. sub custodians (which may be banks and trust companies), securities depositories and clearing agencies in accordance with the requirements of Section 17(f) of the Investment Company Act and the rules thereunder. Assets of the Fund are not held by the Investment Manager or commingled with the assets of other accounts other than to the extent that securities are held in the name of the Custodian or U.S. or non-U.S. sub custodians in a securities depository, clearing agency or omnibus customer account of such custodian. In consideration for these services, the Fund pays the Custodian a minimum monthly custodian fee.

### 6. Investment Transactions

For the year ended April 30, 2024, purchases and sales of investments, excluding short-term investments, were \$146,790,312 and sales of \$4,777,865 in the Fund.

### 7. Federal Income Taxes

Accounting for Uncertainty in Income Taxes requires management of the Fund to analyze all open tax years, as defined by the statutes of limitations, for all major jurisdictions, which includes federal and certain states. Open tax years are those that are open for exam by the taxing authorities (i.e., the last three tax years and the interim tax period since then). The Fund did not have any examinations in progress during the year ended April 30, 2024. Management of the Fund reviewed all tax positions taken or expected to be taken in the preparation of the Fund's tax returns and concluded that Accounting for Uncertainty in Income Taxes resulted in no effect on the Fund's reported net assets or results of operations as of and during the year ended April 30, 2024. Management of the Fund also is not aware of any tax positions for which it is reasonably possible that the total amounts of recognized tax benefits will significantly change in the next twelve months.

**AFA PRIVATE CREDIT FUND**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**APRIL 30, 2024**

At April 30, 2024, gross unrealized appreciation and depreciation of investments, based on cost for federal income tax purposes were as follows:

Cost of investments .....	\$ 188,441,019
Gross unrealized appreciation .....	10,763,447
Gross unrealized depreciation .....	<u>(612,078)</u>
Net unrealized appreciation .....	<u>\$ 10,151,369</u>

The difference between cost amounts for financial statement and federal income tax purposes is due primarily to timing differences in recognizing certain gains and losses in investment transactions.

GAAP requires certain components of net assets to be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or NAV per share. For the tax year ended October 31, 2023, there were no permanent differences in book and tax accounting.

As of October 31, 2023 the components of accumulated earnings (deficit) on a tax basis were as follows:

Undistributed ordinary income .....	\$ —
Undistributed long-term gains .....	<u>—</u>
Tax distributable earnings .....	—
Accumulated capital and other losses .....	(2,822,853)
Organizational Costs .....	(15,442)
Unrealized appreciation/(depreciation) on investments .....	<u>5,995,241</u>
Total accumulated earnings/(deficit) .....	<u>\$ 3,156,946</u>

The tax character of the distribution paid during the fiscal years ended October 31, 2023 and October 31, 2022 were as follows:

Distributions paid from:	<u>2023</u>	<u>2022</u>
Ordinary income .....	\$ 3,908,193	\$ 791,652
Net long term capital gains .....	—	—
Return of capital .....	<u>2,377,760</u>	<u>1,591,784</u>
Total distributions paid .....	<u>\$ 6,285,953</u>	<u>\$ 2,383,436</u>

The character of distributions made during the year from net investment income or net realized gain may differ from the characterization for federal income tax purposes due to differences in the recognition of income, expense and gain/(loss) items for financial statement and tax purposes. Where appropriate, reclassifications between net asset accounts are made for such differences that are permanent in nature.

As of the tax year ended October 31, 2023, the Fund has non-expiring accumulated capital loss carryforwards as follows:

<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
\$366,819	\$1,266,507	\$1,633,326

To the extent that a fund may realize future net capital gains, those gains will be offset by any of its unused capital loss carryforward. Future capital loss carryover utilization in any given year may be subject to Internal Revenue Code limitations.

As of October 31, 2023, the Fund had qualified Late-Year Losses of \$1,189,527. Late-Year losses incurred after December 31 and within the taxable year are deemed to arise on the first day of the Fund's next taxable year.

APRIL 30, 2024

## 8. Indemnifications

In the normal course of business, the Fund enters into contracts that provide general indemnifications. The Fund's maximum exposure under these agreements is dependent on future claims that may be made against the Fund, and therefore cannot be established; however, the risk of loss from such claims is considered remote.

## 9. Principal Risks

**General Economic and Market Conditions.** The success of the Fund's investment program may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of investments held by the Fund. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses.

Certain local, regional or global events such as war, acts of terrorism, the spread of infectious illnesses and/or other public health issues, financial institution instability or other events may have a significant impact on a security or instrument. These types of events and others like them are collectively referred to as "Market Disruptions and Geopolitical Risks" and they may have adverse impacts on the worldwide economy, as well as the economies of individual countries, the financial health of individual companies and the market in general in significant and unforeseen ways. Some of the impacts noted in recent times include but are not limited to embargos, political actions, supply chain disruptions, bank failures, restrictions to investment and/or monetary movement including the forced selling of securities or the inability to participate in impacted markets. The duration of these events could adversely affect the Fund's performance, the performance of the securities in which the Fund invests and may lead to losses on your investment. The ultimate impact of "Market Disruptions and Geopolitical Risks" on the financial performance of the Fund's investments is not reasonably estimable at this time. Management is actively monitoring these events.

**Repurchase Offers; Limited Liquidity.** The Fund is a closed-end investment company structured as an interval fund and, as such, has adopted a fundamental policy to make quarterly repurchase offers, at per-class NAV, of not less than 5% and not more than 25% of the Fund's outstanding Shares on the repurchase request deadline. The Fund will offer to purchase only a small portion of its Shares each quarter, and there is no guarantee that shareholders will be able to sell all of the Shares that they desire to sell in any particular repurchase offer. Under current regulations, such offers must be for not less than 5% nor more than 25% of the Fund's Shares outstanding on the repurchase request deadline. If a repurchase offer is oversubscribed, the Fund may repurchase only a pro rata portion of the Shares tendered by each Shareholder. The potential for proration may cause some investors to tender more Shares for repurchase than they wish to have repurchased or result in investors being unable to liquidate all or a given percentage of their investment during the particular repurchase offer.

Shares in the Fund provide limited liquidity since shareholders will not be able to redeem Shares on a daily basis. A Shareholder may not be able to tender its Shares in the Fund promptly after it has made a decision to do so. In addition, with very limited exceptions, Shares are not transferable, and liquidity will be provided only through repurchase offers made quarterly by the Fund. Shares in the Fund are therefore suitable only for investors who can bear the risks associated with the limited liquidity of Shares and should be viewed as a long-term investment.

**Borrowing, Use of Leverage.** The Fund may leverage its investments by "borrowing." The use of leverage increases both risk of loss and profit potential. The Investment Manager may cause the Fund to use various methods to leverage investments, including (i) borrowing, (ii) swap agreements or other derivative instruments, (iii) use of short sales, or (iv) a combination of these methods. The Fund expects that under normal business conditions it will utilize a combination of the leverage methods described above. The Fund is subject to the Investment Company Act requirement that an investment company satisfy an asset coverage requirement of 300% of its indebtedness, including amounts borrowed, measured at the time the investment company incurs the indebtedness (the "Asset Coverage Requirement"). This means that at any given time the value of the Fund's total indebtedness may not exceed one-third the value of its total assets (including such indebtedness). The interests of persons with whom the Fund enters into leverage arrangements will not necessarily be aligned with the interests of the Fund's Shareholders and such persons will have claims on the Fund's assets that are senior to those of the Fund's Shareholders. Additionally, Underlying Funds may leverage their trading (and

APRIL 30, 2024

in certain cases, at significant levels) through borrowings from banks and other lenders to leverage investments, utilize futures, forwards, swaps and other derivatives to acquire leverage, finance investments through repurchase agreements, total return swaps and options and trade securities and derivatives on margin. The use of leverage increases risk and generates interest expense, but also may increase the investment return. For example, when an Underlying Fund is leveraged, a small increase or decrease in the value of the Underlying Fund's investments will result in a larger increase or decrease, respectively, in the NAV of the Underlying Manager's investments than would otherwise be the case.

**Non-Diversified Status.** The Fund is a "non-diversified" management investment company. Thus, there are no percentage limitations imposed by the Investment Company Act on the Fund's assets that may be invested, directly or indirectly, in the securities of any one issuer. Consequently, if one or more securities are allocated a relatively large percentage of the Fund's assets, losses suffered by such securities could result in a higher reduction in the Fund's capital than if such capital had been more proportionately allocated among a larger number of securities. The Fund may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company.

**Large Shareholder Transactions Risk.** Shares of the Fund may be offered to certain other investment companies, large retirement plans and other large investors such as advisory firms that exercise control over a large number of individual investor accounts. As a result, the Fund is subject to the risk that those shareholders may purchase or redeem a large amount of Shares of the Fund. To satisfy such large shareholder redemptions, the Fund may have to sell portfolio securities at times when it would not otherwise do so, which may negatively impact the Fund's NAV and liquidity. In addition, large purchases of Fund Shares could adversely affect the Fund's performance to the extent that the Fund does not immediately invest cash it receives and therefore holds more cash than it ordinarily would. Large shareholder activity could also generate increased transaction costs and cause adverse tax consequences.

**Risks of Securities Activities of the Fund and Underlying Managers.** The Fund and the Underlying Managers will invest and trade in a variety of different securities, and utilize a variety of investment instruments and techniques. Each security and each instrument and technique involves the risk of loss of capital. While the Investment Manager will attempt to moderate these risks, there can be no assurance that the Fund's investment activities will be successful or that the shareholders will not suffer losses.

**Alternative Investments Risk.** Alternative investments provide limited liquidity and include, among other things, the risks inherent in investing in securities, futures, commodities and derivatives, using leverage and engaging in short sales. An investment in alternative investment products is speculative, involves substantial risks, and should not constitute a complete investment program.

**Asset Allocation Risk.** The Fund's investment performance depends, at least in part, on how its assets are allocated and reallocated among asset classes and strategies. Such allocation could result in the Fund holding asset classes or investments that perform poorly or underperform other asset classes, strategies or available investments.

**Highly Volatile Markets.** The prices of commodities contracts and all derivative instruments, including futures and options, can be highly volatile. Price movements of forwards, futures and other derivative contracts in which the Fund may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments, futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Fund is also subject to the risk of the failure of any exchanges on which its positions trade or of the clearinghouses for those exchanges.

**Counterparty Credit Risk.** Many of the markets in which the Fund effects its transactions are "over the counter" or "inter-dealer" markets. The participants in these markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. To the extent the Fund invests in swaps, derivative or synthetic instruments, or other over the counter transactions, on these markets, the Fund is assuming a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those associated with transactions effected on an exchange, which generally are backed by clearing organization guarantees, daily marking to market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections. This exposes the Fund

**APRIL 30, 2024**

to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such counterparty risk is accentuated in the case of contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or from concentrating its investments with one counterparty. The ability of the Fund to transact business with any one or number of counterparties, the lack of any independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

On August 19, 2022, SEC Rule 18f-4 under the Investment Company Act relating to a registered investment company's use of derivatives and related instruments went into effect. The new rule imposes value-at-risk leverage limits, requires the adoption of policies related to derivatives, mandates reporting to funds' boards, and requires reporting to the SEC and regulates fund's use of reverse repurchase agreements and unfunded commitment agreements. The Fund is required to comply with Rule 18f-4 and has adopted procedures for investing in derivatives and other transactions in compliance with Rule 18f-4. The ultimate impact of the new rule remains unclear, but it may limit the Fund's ability to engage in derivatives transactions and/or increase the costs of such transactions.

**Fraud Risk.** Of paramount concern in loan investments is the possibility of material misrepresentation or omission on the part of the borrower or loan seller. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Fund to perfect or effectuate a lien on the collateral securing the loan. The Fund will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee.

## **10. Beneficial Ownership & Related Party Transactions**

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of the Fund creates a presumption of control under Section 2(a)(9) of the Investment Company Act. As of April 30, 2024, no single investor owned more than 25% of the Fund's outstanding shares.

## **11. Revolving Credit Facility**

Effective February 2, 2024, the Fund entered into a secured, two year revolving line of credit facility (the "Credit Facility"). The Credit Facility expires on February 2, 2026. The Fund may borrow an amount up to the lesser of the Credit Facility maximum commitment financing of \$30,000,000 or the aggregate amount of Loans as defined in the Credit and Security Agreement. The interest rate on borrowings from The Credit Agreement provides for a commitment fee of 0.35% per annum on unused capacity. The credit facility's interest rate is variable in nature and can include an additional fixed rate depending on the variable reference rate applied per the terms of the credit agreement. The variable reference rates can include SOFR, the Prime Rate or the Federal Funds Rate as defined in the agreement. At April 30, 2024, the outstanding balance was \$11,000,000 at an effective interest rate of 8.29%.

Prior to February 2, 2024, the Fund had entered into a secured, revolving line of credit facility (the "Prior Credit Facility"), pursuant to which the Fund could borrow an amount up to the lesser of the Prior Credit Facility maximum commitment financing of \$10,000,000 or one-third of the value of its total net assets less liabilities not represented by the Prior Credit Facility payable for borrowings. The interest rate on borrowings from the Prior Credit Facility was equal to 1-month US Treasury Yield plus 4.25% per annum with a floor rate of 4.50%.

For the year ended April 30, 2024, the average daily principal balance outstanding (including days where there was no balance) and related average interest rate was approximately \$1,162,090 and 8.68% per annum, respectively, and the maximum outstanding balance of the Credit Facility was \$11,000,000.

## **12. Subsequent Events**

In preparing these financial statements, management has evaluated subsequent events through the date of issuance of the financial statements and has identified the following for disclosure in the Fund's subsequent events:

On May 3, 2024, the Fund completed a quarterly Repurchase Offer resulting in the repurchase of 0.77% or 158,181 of the Fund's Shares.

**AFA PRIVATE CREDIT FUND**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**APRIL 30, 2024**

To the Shareholders and Board of Trustees of  
AFA Private Credit Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of AFA Private Credit Fund (formerly AFA Multi-Manager Credit Fund) (the "Fund") as of April 30, 2024, the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the two years in the period then ended and for the period from July 1, 2021 (commencement of operations) to April 30, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of April 30, 2024, the results of its operations and its cash flows for the year then ended, the changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the two years in the period then ended and for the period from July 1, 2021 (commencement of operations) to April 30, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of April 30, 2024, by correspondence with the custodian, brokers, and underlying fund administrators or managers; when replies were not received, we performed other auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Fund's auditor since 2021.



COHEN & COMPANY, LTD.  
Chicago, Illinois  
June 28, 2024

**APRIL 30, 2024 (UNAUDITED)****Availability of Quarterly Portfolio Schedules**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Part F of Form N-PORT. The Fund's Form N-PORT is available, without charge and upon request, on the SEC's website at [www.sec.gov](http://www.sec.gov).

**Proxy Voting Policies and Procedures**

A description of the Fund's proxy voting policies and procedures related to portfolio securities is available without charge, upon request, by calling the Fund at 844-440-4450 or on the SEC's website at [www.sec.gov](http://www.sec.gov).

**Proxy Voting Record**

Information regarding how the Fund voted proxies for portfolio securities, if applicable, during the most recent 12-month period ended June 30, is also available without charge and upon request by calling 844-440-4450 or by accessing the Fund's Form N-PX on the SEC's website at [www.sec.gov](http://www.sec.gov).

**Tax Information**

For the tax year ended October 31, 2023, 71.5% of dividends to be paid from net investment income, including short-term capital gains from the Fund (if any), are designated as qualified dividend income.

For the tax year ended October 31, 2023, 71.5% of the dividends to be paid from net investment income, including short-term capital gains from the Fund (if any), are designated as dividends received deduction available to corporate shareholders.

**BOARD CONSIDERATION OF THE CONTINUATION OF THE INVESTMENT MANAGEMENT AGREEMENT AND SUB-ADVISORY AGREEMENT**

At a meeting of the Board of Trustees (the "Board") held on March 6-7, 2024, the Board, including a majority of Trustees who are not "interested persons" within the meaning of Section 2(a)(19) of the 1940 Act (the "Independent Trustees"), approved the continuation of the investment management agreement between Alternative Fund Advisors, LLC (the "Investment Manager") and the Fund (the "Investment Management Agreement") and the sub-advisory agreement, as amended, among the Investment Manager, the Fund and Aon Investments USA ("Aon") (the "Sub-Advisory Agreement").

In advance of the March 6-7, 2024 meeting, the Board requested and received materials from the Investment Manager and Aon to assist them in considering the approval of the Investment Management Agreement and the Sub-Advisory Agreement, respectively. Among other things, the Board reviewed reports from third parties and management about the below factors, including a fund comparison report compiled by an independent third-party provider of investment company data, that included information comparing the Fund's performance, fees and expenses with those of a group of peer funds selected by the independent third party. The Board did not consider any single factor as controlling in determining whether to approve the Investment Management Agreement or the Sub-Advisory Agreement. Nor are the items described herein all encompassing of the matters considered by the Board. Pursuant to relief granted by the U.S. Securities and Exchange Commission ("the SEC") in light of the COVID-19 pandemic (the "Order") and a determination by the Board that reliance on the Order was appropriate due to circumstances related to the current or potential effects of COVID-19, the March 6-7, 2024 meeting was held by videoconference.

The Board engaged in a detailed discussion of the materials with management of the Investment Manager. The Independent Trustees then met separately with independent counsel for a full review of the materials. Following this session, the full Board reconvened and after further discussion determined that the information presented provided a sufficient basis upon which to approve the Investment Management Agreement and the Sub-Advisory Agreement.



**APRIL 30, 2024 (UNAUDITED)****Nature, Extent and Quality of Services**

The Board reviewed and considered the nature and extent of the investment advisory services provided by the Investment Manager to the Fund under the Investment Management Agreement and by Aon under the Sub-Advisory Agreement, including the selection of Fund investments by the Investment Manager. The Board also reviewed and considered the nature and extent of the non-advisory, administrative services provided by the Investment Manager and Aon to the Fund, including, among other things, providing office facilities, equipment and personnel. The Board reviewed and considered the qualifications of the Fund's portfolio managers and other key personnel of the Investment Manager and/or Aon who provide investment advisory and administrative services to the Fund. The Board determined that the Investment Manager's and Aon's key personnel were well-qualified by education and/or training and experience to perform the services for the Fund in an efficient and professional manner. The Board also took into account the Investment Manager's and Aon's compliance policies and procedures, including the Investment Manager's procedures used to determine the value of the Fund's investments. The Board concluded that the overall quality of the advisory, sub-advisory and administrative services provided to the Fund was satisfactory.

**Performance**

The Board considered the investment performance of the Investment Manager and Aon with respect to the Fund. The Board considered the performance of the Fund as compared to the performance of several key indices for various periods. The Board also considered performance information of the Fund relative to performance information provided for comparable peers selected by an independent third party. The Board considered the Fund's investment return for the one-year and two-year periods ended December 31, 2023. The Board took into account that the Investment Manager did not currently manage any other funds with similar investment objectives and strategies as the Fund. The Board concluded that the performance of the Fund was satisfactory.

**Fees and Expenses**

The Board reviewed and considered the advisory fee rate and total expense ratio of the Fund. The Board also considered the fees payable to Aon under the Sub-Advisory Agreement and noted that the Investment Manager was responsible for paying such fees. The Board compared the advisory fees and total expense ratio of the Fund with various comparative data, including reports on the expenses of other comparable peer funds selected by an independent third party. The Board noted that the advisory fees and expenses of the Fund were comparable to the fees and expenses payable by the peer funds selected by the independent third party. In addition, the Board noted that the Investment Manager proposed to enter into an amended and restated expense limitation and reimbursement agreement with the Fund whereby the Investment Manager would agree to limit certain Fund expenses until at least August 31, 2025. The Board concluded that the advisory fees paid by the Fund and Fund's total expense ratio were within the range of comparable peer funds identified and reasonable and satisfactory in light of the services provided. The Board also concluded that sub-advisory fees paid by the Investment Manager to Aon were fair and reasonable.

**Breakpoints and Economies of Scale**

The Board reviewed the structure of the investment management fees under each of the Investment Management Agreement and Sub-Advisory Agreement, noting that the Investment Management Agreement included fee breakpoints to reflect possible economies of scale when the Fund reached certain asset levels. The Board determined that, given the Fund's current size, economies of scale were not present at that time.

**Profitability of Investment Manager**

The Board considered and reviewed information concerning the costs incurred and profits realized by the Investment Manager and Aon from their respective relationships with the Fund. The Board also reviewed the Investment Manager's and Aon's financial condition and noted that their respective financial conditions appeared stable. The Board determined that the advisory fees and the compensation payable to the Investment Manager and Aon was reasonable and that the financial condition of each entity was adequate.

**APRIL 30, 2024 (UNAUDITED)****Ancillary Benefits and Other Factors**

The Board also discussed other benefits to be received by each of the Investment Manager and Aon from their respective relationships with the Fund including, without limitation, the ability to market advisory services for similar products in the future. The Board noted that neither the Investment Manager nor Aon had affiliations with the Fund's transfer agent, fund accountant, custodian or distributor and, therefore, did not derive any benefits from the relationships these parties may have with the Fund. The Board concluded that the advisory fees and sub-advisory fees were reasonable in light of the fall-out benefits.

**General Conclusion**

Based on its consideration of all factors that it deemed material, and assisted by the advice of its counsel, the Board concluded it would be in the best interest of the Fund and its shareholders to approve the continuation of the Investment Management Agreement and Sub-Advisory Agreement.

**BOARD CONSIDERATION OF THE APPROVAL OF SUB-ADVISORY AGREEMENT**

At a meeting of the Board of Trustees (the "Board") held on December 11-12, 2023 (the "Meeting"), the Board, including a majority of Trustees who are not "interested persons" within the meaning of Section 2(a)(19) of the 1940 Act (the "Independent Trustees"), approved the amended and restated sub-advisory agreement (the "Amended and Restated Sub-Advisory Agreement") among Aon Investments USA Inc. ("Aon"), Alternative Fund Advisors, LLC (the "Investment Manager") and the Fund (the "Sub-Advisory Agreement").

In advance of the Meeting, the Board requested and received materials from Aon to assist them in considering the approval of the Amended and Restated Sub-Advisory Agreement. Among other things, the Board reviewed reports from management about the below factors. The Board did not consider any single factor as controlling in determining whether to approve the Amended and Restated Sub-Advisory Agreement. Nor are the items described herein all encompassing of the matters considered by the Board. Pursuant to relief granted by the U.S. Securities and Exchange Commission ("the SEC") in light of the COVID-19 pandemic (the "Order") and a determination by the Board that reliance on the Order was appropriate due to circumstances related to the current or potential effects of COVID-19, the Meeting was held by videoconference.

The Board engaged in a detailed discussion of the materials with management. The Independent Trustees then met separately with independent counsel for a full review of the materials. Following this session, the full Board reconvened and after further discussion determined that the information presented provided a sufficient basis upon which to approve the Amended and Restated Sub-Advisory Agreement.

**Nature, Extent and Quality of Services**

The Board reviewed and considered the nature and extent of the investment advisory services provided by Aon to the Fund under the Amended and Restated Sub-Advisory Agreement. The Board also reviewed and considered the nature and extent of the non-advisory, administrative services provided by Aon to the Fund, including, among other things, key personnel. The Board reviewed and considered the qualifications of the key personnel of Aon who provide the investment advisory and administrative services to the Fund. The Board determined that Aon's key personnel are well-qualified by education and/or training and experience to perform the services for the Fund in an efficient and professional manner. The Board also took into account Aon's compliance policies and procedures. The Board concluded that the overall quality of the sub-advisory and administrative services provided to the Fund was satisfactory.

**Performance**

The Board considered the investment performance of the Fund as compared to the performance of several key indices for the quarter ended September 30, 2023, for the year-to-date period and since the Fund's inception. The Board further considered performance information of another comparable peer fund managed by Aon. The Board concluded that the performance of the Fund was satisfactory.

**APRIL 30, 2024 (UNAUDITED)****Fees and Expenses**

The Board reviewed the sub-advisory fee rate and total expense ratio of the Fund, noting that the Investment Manager pays Aon from its fee. The Board noted that the basis for calculation of sub-advisory fees in the Amended and Restated Sub-Advisory Agreement would be the assets of the Fund for which Aon provides research services. The Board reviewed information regarding the sub-advisory fees charged to another comparable peer fund. The Board concluded that the proposed sub-advisory fee to be paid to Aon and the Fund's total expense ratio were reasonable and satisfactory in light of the services to be provided.

**Breakpoints and Economies of Scale**

The Board reviewed the structure of the sub-advisory fees under the Amended and Restated Sub-Advisory Agreement, noting that the sub-advisory fee rate decreased as Fund assets for which Aon provides research services increased, subject to the minimum sub-advisory fee payable to Aon. The Board considered the Fund's sub-advisory fee structure and concluded that the proposed sub-advisory fees were reasonable and satisfactory in light of the services to be provided. The Board also determined that, given the Fund's current size, economies of scale were not present at this time.

**Profitability of the Investment Manager**

The Board considered that the Investment Manager pays Aon from the investment management fee that it receives and reviewed information concerning the costs incurred and profits realized by Aon from its relationship with the Fund. The Board also reviewed Aon's financial condition and noted that its financial condition appeared stable. The Board determined that the compensation to Aon was reasonable and the financial condition of Aon was adequate.

**Ancillary Benefits and Other Factors**

The Board also discussed other benefits to be received by Aon from its management of the Fund including, without limitation, enhanced brand recognition in the financial intermediary space. The Board noted that Aon has no affiliations with the Fund's transfer agent, fund accountant, custodian, or distributor and, therefore, did not derive any benefits from the relationships these parties may have with the Fund. The Board concluded that the sub-advisory fees were reasonable in light of the fall-out benefits.

**General Conclusion**

Based on its consideration of all factors that it deemed material, and assisted by the advice of its counsel, the Board concluded it would be in the best interest of the Fund and its shareholders to approve the Amended and Restated Sub-Advisory Agreement.

## AFA PRIVATE CREDIT FUND

### FUND MANAGEMENT

**APRIL 30, 2024 (UNAUDITED)**

The members of the Board and the Fund's officers and their brief biographical information, including their addresses, their year of birth and descriptions of their principal occupations during the past five years, is set forth below. The Fund's Statement of Additional Information includes additional information about the membership of the Board, and is available without charge, upon request, by calling the Fund at (414) 299-2200.

#### INDEPENDENT TRUSTEES AND ADVISORY BOARD MEMBER

NAME, ADDRESS AND YEAR OF BIRTH	POSITION(S) HELD WITH THE FUND	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX* OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEES
David G. Lee Year of Birth: 1952  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Chairman and Trustee	Since Inception	Retired (Since 2012); President and Director, Client Opinions, Inc. (2003-2012); Chief Operating Officer, Brandywine Global Investment Management (1998-2002).	17	None
Robert Seyferth Year of Birth: 1952  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since Inception	Retired (Since 2009); Chief Procurement Officer/Senior Managing Director, Bear Stearns/JP Morgan Chase (1993-2009).	17	None
Gary E. Shugrue Year of Birth: 1954  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since Inception	Retired (Since 2023); Managing Director, Veritable LP (investment advisory firm) (2016-2023); Founder/ President, Ascendant Capital Partners, LP (private equity firm) (2001-2015).	17	Trustee, Quaker Investment Trust (3 portfolios) (registered investment company).

#### INTERESTED TRUSTEE AND OFFICERS

NAME, ADDRESS AND YEAR OF BIRTH	POSITION(S) HELD WITH THE FUND	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX* OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEES
Terrance P. Gallagher** Year of Birth: 1958  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since Inception	Executive Vice President and Trust Platform Director, UMB Fund Services, Inc. (2024-Present); President and Trustee, Investment Managers Series Trust II (registered investment company) (2013-Present); Executive Vice President and Director of Fund Accounting, Administration and Tax, UMB Fund Services, Inc. (2007-2023).	17	President and Trustee, Investment Managers Series Trust II (33 portfolios) (registered investment company).

## AFA PRIVATE CREDIT FUND

### FUND MANAGEMENT (CONTINUED)

APRIL 30, 2024 (UNAUDITED)

NAME, ADDRESS AND YEAR OF BIRTH	POSITION(S) HELD WITH THE FUND	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX* OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEES
<p>Marco Hanig Year of Birth: 1958  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212</p>	President	Since Inception	Managing Principal of Alternative Fund Advisors, LLC (2020 - present); Principal of AQR Capital Management, LLC (2008 - 2019); President, AQR Funds (2008-2019), Trustee, AQR Funds (2014-2019).	N/A	N/A
<p>Rafi Labourdette Year of Birth: 1981  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212</p>	Treasurer	Since Inception	Chief Financial and Operating Officer, Alternative Fund Advisors, LLC (2021-Present); Vice President, Finance, Fiera Capital Inc. (2016 - 2020).	N/A	N/A
<p>Bernadette Murphy Year of Birth: 1964  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212</p>	Chief Compliance Officer	Since [Inception] or [Month Year]	Director, Vigilant Compliance, LLC (investment management solutions firm) (2018-Present).	N/A	N/A
<p>Ann Maurer Year of Birth: 1972  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212</p>	Secretary	Since [Inception] or [Month Year]	Senior Vice President, Client Services (2017-Present), Vice President, Senior Client Service Manager (2013-2017), Assistant Vice President, Client Relations Manager (2002-2013), UMB Fund Services, Inc.	N/A	N/A

\* As of April 30, 2024, the fund complex consists of the AFA Private Credit Fund, Agility Multi-Asset Income Fund, Aspiriant Risk-Managed Capital Appreciation Fund, Aspiriant Risk-Managed Real Assets Fund, Destiny Alternative Fund LLC, Destiny Alternative Fund (TEI) LLC, Felicitas Private Markets Fund, First Trust Alternative Opportunities Fund, First Trust Hedged Strategies Fund, First Trust Private Assets Fund, First Trust Private Credit Fund, First Trust Real Assets Fund, Infinity Core Alternative Fund, Keystone Private Income Fund, Pender Real Estate Credit Fund, Variant Alternative Income Fund and Variant Impact Fund.

\*\* Mr. Gallagher is deemed to be an interested person of the Fund because of his affiliation with the Fund's Administrator.

**AFA PRIVATE CREDIT FUND**

**PRIVACY NOTICE**

**APRIL 30, 2024 (UNAUDITED)**

<b>FACTS</b>	<b>WHAT DOES THE FUND DO WITH YOUR PERSONAL INFORMATION?</b>
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Social Security number</li> <li>• Account balances</li> <li>• Account transactions</li> <li>• Transaction history</li> <li>• Wire transfer instructions</li> <li>• Checking account information</li> </ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons funds choose to share; and whether you can limit this sharing.

<b>Reasons we can share your personal information</b>	<b>Does the Fund share?</b>	<b>Can you limit this sharing?</b>
<b>For our everyday business purposes -</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes -</b> to offer our products and services to you	No	We don't share
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes -</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes -</b> information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	No	We don't share
<b>For nonaffiliates to market to you</b>	No	We don't share

<b>Questions?</b>	Call 1-844-440-4450
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## AFA PRIVATE CREDIT FUND

### PRIVACY NOTICE (CONTINUED)

APRIL 30, 2024 (UNAUDITED)

#### What we do

<b>How does the Fund protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
<b>How does the Fund collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"><li>• Open an account</li><li>• Provide account information</li><li>• Give us your contact information</li><li>• Make a wire transfer</li><li>• Tell us where to send the money</li></ul> <p>We also collect your information from others, such as credit bureaus, affiliates, or other companies.</p>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"><li>• Sharing for affiliates' everyday business purposes - information about your creditworthiness</li><li>• Affiliates from using your information to market to you</li><li>• Sharing for nonaffiliates to market to you</li></ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>

#### Definitions

<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <p><i>Our affiliates include companies such as Alternative Fund Advisor LLC.</i></p>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <p><i>The Fund doesn't share with nonaffiliates so they can market to you.</i></p>
<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <p><i>The Fund doesn't jointly market.</i></p>

**Investment Manager**

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Boston, MA 02110  
Website: [www.alternativefundadvisors.com](http://www.alternativefundadvisors.com)

**Custodian Bank**

UMB Bank, N.A.  
1010 Grand Boulevard  
Kansas City, MO 64106

**Fund Administrator, Transfer Agent and Fund Accountant**

UMB Fund Services  
235 W. Galena Street  
Milwaukee, WI 53212-3949  
Phone: (414) 299-2200

**Distributor**

Forside Fund Services, LLC  
Three Canal Plaza, Suite 100  
Portland, Maine 04101

**Independent Registered Public Accounting Firm**

Cohen & Company, Ltd.  
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Chicago, IL 60606