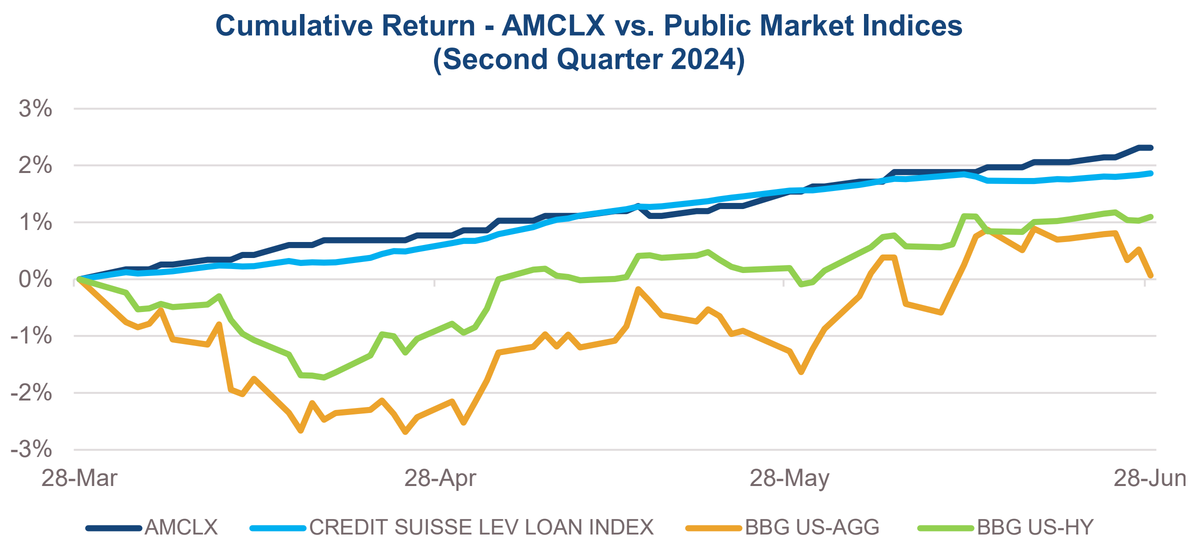
ALTERNATIVE FUND ADVISORS

Portfolio Review
Second Quarter 2024

AFA Private Credit Fund

Returns

The institutional share class of the AFA Private Credit Fund ("Fund") returned +2.28% for the first quarter — surpassing the Bloomberg High Yield Corporate Index (+1.09%), Bloomberg U.S. Aggregate Index (+0.07%) and the Credit Suisse Leveraged Loan Index (+1.86%). The quarter was marked by higher Treasury yields but wider credit spreads.



- *Past performance is not indicative of future results. Performance data shown represent past returns and future returns may be higher or lower. The quoted performance reflects the fee waivers and/or expense reimbursements in effect during the periods and returns would have been lower without the waivers or reimbursements.*[1] *Total returns include reinvestment of distributions and are net of the Fund's net expense. The Fund's gross expense ratio and adjusted net expense ratio are 6.86% and 1.45% respectively for the Institutional Share Class (AMCLX).(2) Performance for longer time periods is shown below.* ***The Fund's investment in private credit companies is speculative and involves a high degree of risk, including the risk associated with leverage***.

Performance Attribution by Sector

Diversified Asset-Based Lending Sector

The Diversified Asset-Based Lending ("ABL") sector provided strong and steady returns, adding 1.6% to the Fund's quarterly performance. All twelve strategies in the sector contributed positively during the quarter.

We made one new commitment in this sector during this quarter. The new strategy broadens our exposure in the specialty finance ABL space, providing credit facilities for smaller specialty finance and financial technology ("FinTech") firms. We continue to see great opportunities in this small cap ABL space where a dearth of capital allows lenders to dictate terms and receive generous compensation for the complexity premium on these loans. Adding a new platform allows us to achieve greater diversification, which reduces our single name risk and we believe ultimately makes the portfolio more durable.

Real Estate Asset-Based Lending Sector

The Real Estate Asset-Based Lending sector contributed 0.6%. All four strategies in this sector were positive during the quarter.

Over the next 4 quarters, we are exiting our exposure to the residential development lending space. While loan performance has remained strong in the sector, heightened lender competition has kept loan spreads tight relative to other parts of the private loan market. We have observed better dynamics elsewhere and will be reallocating capital accordingly.

Specialty Finance

The Specialty Finance sector added 0.2% during the quarter. Both strategies in this sector were positive.

We did not add to the sector during the quarter and had one co-investment pay off in full. Two credits in one of our partner platforms went into default, which we wrote down based on estimated recoveries. Some level of defaults is inherent in private credit, which is why we vet our lending partners carefully to ensure they have the expertise and infrastructure to recover from borrowers via collateral sales and other exit plans. For these two specific loans, we believe our lending partners have robust paths forward via well-trodden recovery plans already in place.

Opportunistic Sector

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

The Fund's allocation to this sector remains less than 1%. We continue to monitor the sector but are currently not seeing attractive opportunities.

Investment Highlight—Pier Special Opportunities Fund LP

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

In the first quarter of 2023, the Fund initiated an investment in Pier Special Opportunities Fund LP ("Pier"). Conor Neu and Jillian Murrish co-founded Pier Asset Management in 2017. Conor had previously managed a marketplace lending fund, where he had purchased loans from various originators including Jillian, who ran the capital markets function for a lending platform. As various competitor funds faltered, they both recognized an opportunity to buy smaller loan pools from stressed and distressed sellers. Oftentimes these loans may have strong performance, but the seller requires immediate liquidity to meet investor redemptions, return capital to shareholders or other disparate reasons.

For the first few years of existence, Pier kept assets quite low and focused on buying very small loan pools at attractive discounts to their expected value. As Pier deepened relationships with certain platforms, they began to also extend secured asset-based lending facilities to augment the loan pool strategy. They view these two asset classes as complementary, with the loan pools typically providing slightly higher returns while the credit facilities provide a stable income. The current fund is a mix of those two strategies.

By focusing on smaller loans and pool sizes, Pier can capture attractive yields relative to the risk they undertake. For example, Pier may purchase a loan pool and immediately need to transfer the loan servicing to a third-party, a highly technical and cumbersome process. This operational barrier prevents less experienced firms from entering the market but also dissuades larger firms from bidding on small pools since the operational headache is not worth the relatively small payout (in dollar terms). As a result, Pier can purchase these pools sometimes at very deep discounts as competition is quite low.

Concluding Thoughts

The Fund reached its third anniversary on 6/30/2024. With over $200mn of net assets and strong sales momentum[1], we are more excited than ever for the future. Competition in the large borrower direct lending market has become fierce over the last few quarters, whereas in our segments of the small-cap asset-based lending market, it remains relatively mild. Our goal has always been to create a robust portfolio to generate consistent return throughout the market cycle and we believe our portfolio is well positioned to achieve that goal.

AFA is expanding its investing team and we are excited to welcome Oxana Popova as Director of Research. Oxana previously worked at a leading institutional investment consulting firm where she researched and underwrote co-investments and fund investments in private markets.

We thank you for your continued investment and interest.

[1] As of 6/30/2024, the Fund had $201 million in AUM and asset growth of $143 million since 5/1/2023.

Performance: AFA Private Credit Fund (AMCLX)

	YTD	1 Year	3 Year	Annualized Since Inception*	Cumulative Since Inception*
AMCLX	4.72%	9.59%	6.09%	6.09%	19.41%

Past performance is not indicative of future results. Performance data shown represent past returns and future returns may be higher or lower. The value of the Fund's shares will fluctuate, and upon redemption an investors' shares may be worth more or less than the original cost. The quoted performance reflects the fee waivers and/or expense reimbursements in effect during the periods and returns would have been lower without the waivers and/or reimbursements.[(1)] *Total returns include reinvestment of distributions and are net of the Fund's net expense. The Fund's gross expense ratio and adjusted net expense ratio are 6.86% and 1.45% respectively for the Institutional Share Class (AMCLX)*[(2)] ***The Fund's investment in private credit companies is speculative and involves a high degree of risk, including the risk associated with leverage***. * Fund inception date: June 30,2021.

Definitions and Notes

Bloomberg US Corporate High Yield Bond Index (BBG US—HY) measures the USD-denominated, high-yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below.
Credit Suisse Leveraged Loan Index represents the investable universe of USD-denominated, full-funded, broadly syndicated, term loan facilities.
Bloomberg US Aggregate Bond Index (BBG US—Agg) is a broad-based flagship benchmark that measures the investment-grade, US dollar-denominated, fixed-rate taxable bond market.

[(1)] The Investment Manager has entered into an Expense Limitation and Reimbursement Agreement effective until 8/31/2024 whereby certain of the Fund's expenses ("Specified Expenses") will not exceed 0.15% on an annualized basis. Specified Expenses include all Fund expenses other than the management fee, shareholder service fee, fees and interest on borrowed funds, acquired fund fees and expenses ("AFFE") and certain other expenses. See the Fund's Prospectus for further details.

[(2)] The Adjusted Net Expense Ratio is after fee waivers and/or expense reimbursements and excludes Interest on Borrowings and Acquired Fund Fees and Expenses ("AFFE").

Disclosures

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

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

- The Fund is not intended as a complete investment program, but rather the Fund is designed to help investors diversify into private credit investments.
- The Fund is a "non-diversified" management investment company registered under the Investment Company Act of 1940.
- An investment in the Fund involves risk. There can be no assurance that the Fund's strategy will be successful.
- Shares of the Fund are not listed on any securities exchange and it is not anticipated that a secondary market for shares will develop.
- Shares are appropriate only for those investors who can tolerate a high degree of risk and do not require a liquid investment.

- There is no assurance that you will be able to tender your shares when or in the amount that you desire. Although the Fund will offer quarterly liquidity through a quarterly repurchase process, an investor may not be able to sell or otherwise liquidate all their shares tendered during a quarterly repurchase offer.

The Fund has an interval fund structure pursuant to which the Fund, subject to applicable law, conducts quarterly repurchase offers for no less than 5% of the Fund's Shares outstanding at NAV. While the quarterly repurchase offer is expected to be 5%, the amount of each quarterly repurchase offer may be 5% to 25% subject to approval of the Board of Trustees (the "Board" and each of the trustees on the Board, a "Trustee"). It is also possible that a repurchase offer may be oversubscribed, with the result that shareholders may only be able to have a portion of their Shares repurchased. There is no assurance that you will be able to tender your Shares when or in the amount that you desire.

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