ALTERNATIVE FUND ADVISORS

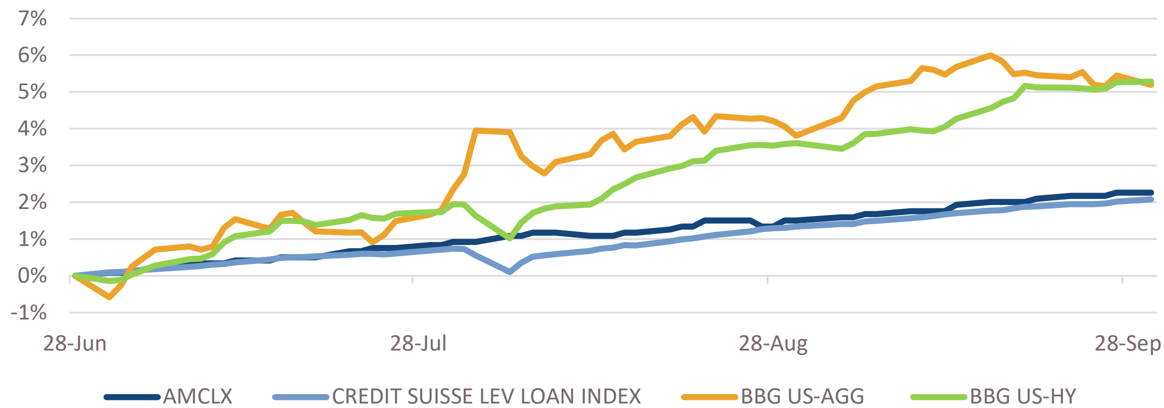
Portfolio Review
Third Quarter 2024

AFA Private Credit Fund

Returns

The quarter was marked by falling Treasury yields and tighter credit spreads. In this environment, the institutional share class of the AFA Private Credit Fund ("Fund") returned 2.27% for the third quarter — surpassing the Credit Suisse Leveraged Loan Index (2.08%) and lagging the Bloomberg High Yield Corporate Index (5.28%) and Bloomberg U.S. Aggregate Index (5.20%).

Cumulative Return: AMCLX vs. Public Market Indices (Third Quarter 2024)



The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high-yield, fixed-rate corporate bond market. The Credit Suisse Leveraged Loan Index represents the investable universe of USD-denominated, full-funded, broadly syndicated, term loan facilities. The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, US dollar-denominated, fixed-rate taxable bond market.

Performance Attribution by Sector

Diversified Asset-Based Lending Sector

The Diversified Asset-Based Lending sector added 1.8% to the Fund's quarterly performance. All thirteen strategies in the sector contributed positively during the quarter.

We added one new co-investment in this sector alongside one of our current platform partners. The investment is a senior secured credit facility backed by the loan receivables of a specialty finance company that provides loans for dental and orthodontic procedures. At the point of

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* *The performance chart shown represents past performance and is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance since inception is shown below. Performance for the most recent month-end is available at www.alternativefundadvisors.com. Total returns include reinvestment of distributions (dividends and capital gains) and are net of the Fund's net expenses.*

service, patients are given the option to either pay cash or make a down payment and finance the procedure over time.

We believe that these loans are particularly attractive due to their short-term nature and the significant down payment made upfront, which not only reduces credit risk but also demonstrates the borrower's willingness and ability to repay.

Real Estate Asset-Based Lending Sector

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

We did not change our allocation to this sector during the quarter. However, we are actively evaluating several co-investment opportunities in this space. We are seeing numerous situations where strong underlying assets are hampered by poor capital structures. This dynamic presents opportunities for us to provide fresh capital, forcing current lenders into a subordinate position or refinancing them out at a discount. These situations create potential for attractive risk-adjusted returns as we step into well-collateralized deals at favorable terms.

Specialty Finance

The Specialty Finance sector added 0.1% during the quarter. One strategy in the sector was positive and one strategy was negative.

We did not change our allocation to the Specialty Finance sector during the quarter. The one strategy that had a small decline wrote down a consumer loan pool position for which collections underperformed expectations. We remain very cautious around specialty finance loan pools in the consumer segment. The excess liquidity from stimulus measures has artificially boosted consumer credit quality which is now reverting to longer-term averages. In this environment, any future exposure would be limited to structured senior loans to originators or deeply discounted loan pool purchases, both of which offer a strong margin of safety.

Opportunistic Sector

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

The allocation to this sector has been in run-off mode and represents less than 1% of the portfolio. The one remaining position has exited its investments and has completed litigation that may provide some upside. The verdict is expected before year-end, at which point the fund will be liquidated.

Investment Highlight—OHPC LP

An inside look into the ways the lending platforms in which we invest seek to generate attractive returns.

OHPC LP is one of the oldest positions in our portfolio, having been initiated in April 2022. Managed by SR Alternative Credit, a specialty credit manager based in Darien, CT, led by two industry veterans. The fund focuses on asset-based lending to the lower middle market, with deal sizes typically ranging from $10 million to $50 million. The loans provided by OHPC LP are generally short-term, with maturities of one to five years, and loan-to-value ratios on the collateral typically range from 35% to 85% of its value.

SR Alternative Credit adheres to a disciplined investment philosophy. First, they prioritize deals with strong asset collateral coverage, ensuring the security of the loan. Second, they structure deals so that the borrower's interests are aligned with their own by ensuring that borrowers have significant capital or equity at risk. Third, they maintain a focus on short- to medium-term transactions to reduce the risk that their collateral declines. Their strategy centers around identifying attractive, risk-adjusted private lending opportunities that are typically overlooked by traditional lenders.

One example of OHPC LP's approach is a loan provided to a logistics company, secured by shipping containers. In determining the loan size, the team assessed the value of the containers on a standalone basis as well as their value as scrap metal. To further secure the loan, they placed a lien on the assets, ensuring priority over the collateral in the event of borrower default or bankruptcy.

Concluding Thoughts

The third quarter marked the first interest rate cut since the Covid market selloff in March 2020. Given that private credit, particularly standard direct lending, is overwhelmingly floating rate, total returns in the space tend to closely track movements in interest rates.

In contrast, our Fund, which is focused on specialist asset-based credit, has more than 45% exposure to fixed-rate loans. In addition, we seek to invest in loans that have high floors due to the limited competition in this market segment. If rates decline further, we believe our Fund has an opportunity to outperform the floating-rate segments of the private credit market.

We remain confident in our ability to generate strong, risk-adjusted returns in this evolving environment, and we thank you for your continued investment and interest.

Performance as of 9/30/2024: AFA Private Credit Fund (AMCLX)

	Total Return			Average Annual Return		
	Q3 2024	YTD	1 Yr	2 Yr	3 Yr	Since Inception
AMCLX	2.27%	7.10%	9.23%	8.72%	6.56%	6.34%

Past performance is not indicative of future results. Performance data represents past returns and future returns may be higher or lower. The value of the Fund's shares will fluctuate, and upon redemption an investor's shares may be worth more or less than the original cost. Total returns include reinvestment of distributions and are net of the Fund's net expenses. **The Fund's investment program is speculative and entails substantial risks. Investors could lose some or all of their investment.** * Fund inception date is June 30, 2021.

Disclosures

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

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

- The Fund is not intended as a complete investment program, but rather the Fund is designed to help investors diversify into private credit investments.
- The Fund is a "non-diversified" management investment company registered under the Investment Company Act of 1940.
- An investment in the Fund involves risk. The Fund is new with no significant operating history by which to evaluate its potential performance. There can be no assurance that the Fund's strategy will be successful.
- Shares of the Fund are not listed on any securities exchange and it is not anticipated that a secondary market for shares will develop.
- Shares are appropriate only for those investors who can tolerate a high degree of risk and do not require a liquid investment.
- There is no assurance that you will be able to tender your shares when or in the amount that you desire. Although the Fund will offer quarterly liquidity through a quarterly repurchase process, an investor may not be able to sell or otherwise liquidate all their shares tendered during a quarterly repurchase offer.
- The Fund's investment in private credit companies is speculative and involves a high degree of risk, including the risk associated with leverage.

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

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