ALTERNATIVE FUND ADVISORS

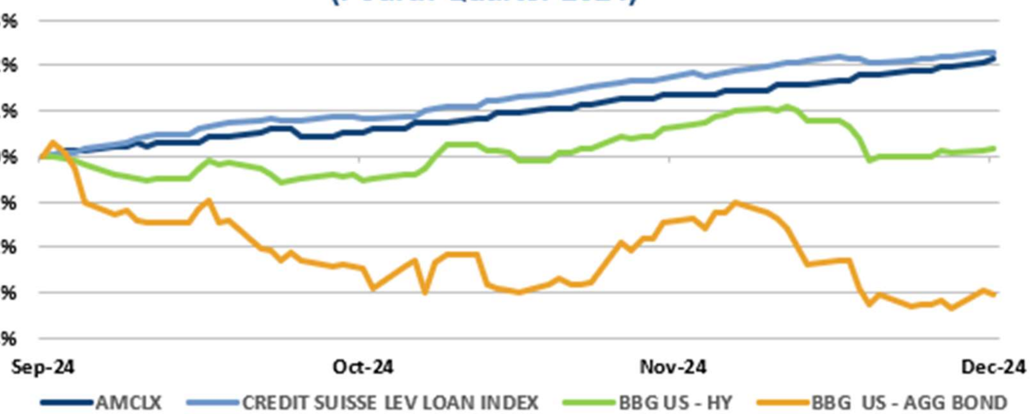
Portfolio Review
Fourth Quarter 2024

AFA Private Credit Fund

Returns

The institutional share class of the AFA Private Credit Fund ("Fund") returned 2.15% for the fourth quarter — surpassing the Bloomberg US Corporate High Yield Index (0.17%) and Bloomberg U.S. Aggregate Bond Index (-3.06%),but slightly lagging the Credit Suisse Leveraged Loan Index (2.29%). The quarter was marked by meaningfully higher Treasury yields and tighter credit spreads.[1]

Cumulative Return: AMCLX vs. Public Market Indices[2] (Fourth Quarter 2024)



The Bloomberg US Corporate High Yield Index (BBG US-HY) measures the USD-denominated, high-yield, fixed-rate corporate bond market. The Credit Suisse Leveraged Loan Index (CREDIT SUISSE LEV LOAN INDEX) represents the investable universe of USD-denominated, full-funded, broadly syndicated, term loan facilities. The Bloomberg US Aggregate Bond Index BBG US-AGG BOND) 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 1.7% to the Fund's quarterly performance. Twelve of thirteen strategies in the sector contributed positively during the quarter while one was flat.

We added one new investment platform, WhiteHawk, an asset-based lender focused on providing loans to companies typically operating in out-of-favor industries. We have known this group for several years and always been impressed by their ability to recover capital in the

[1] Credit spread" is the difference in yield between high yield bonds and U.S. Treasury bonds with the same maturity.

[2] *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.*

event of default. As part of their underwriting process, they perform a legal or restructuring review to ensure their path to exit is clear and actionable. This focus on the downside allows them to lend to companies that may have financial blemishes but strong collateral to back the loans. We are evaluating a number of potential new co-investments and funds in this space, with an emphasis on further diversifying our collateral base.

Real Estate Asset-Based Lending Sector

The Real Estate Asset-Based Lending sector contributed 0.4%. All three strategies in this sector were positive during the quarter.

We made no changes to our allocation to this sector during the quarter. We see a market in flux: the market has yet to fully digest the 2022/2023 rate rise and changes in tenant behavior post-pandemic. In contrast, the data center revolution has provided eye-popping returns for other properties. Given this uncertainty, we continue to focus on- short-duration loans with defined takeouts and multiple paths to exit. Though markets have thawed, the power still tilts towards the lenders, allowing us to keep loan-to-value ratios[3] at conservative levels.

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 this sector during the quarter. As we noted in our previous quarterly letter, we remain cautious about the consumer sectors. Interestingly, we have seen consumer lending fundamentals remain relatively strong. However, weakness has appeared in consumer-facing small businesses such as restaurants. This indicates a consumer retrenching that is focused more on debt service rather than expanding their spending. To the extent we increase our consumer and small business exposure we intend to focus on loans with strong structures such as low loan-to-value, excess collateral, or holdbacks to mitigate potential downside.

Opportunistic Sector

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

The Fund's allocation to this sector is less than 1%. The one remaining strategy had a positive ruling in its litigation proceedings, which we believe may make a positive contribution to the Fund—but the timeframe and magnitude of collection remains uncertain as we wait for the legal process to wind down.

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[3] Loan-to-value (LTV) ratio is the amount borrowed compared to the value of the asset collateral that is used by lenders to assess the risk of a loan.

Investment Highlight—B.E. Blank – Litigation Finance

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.

The Fund initiated a new investment (the "BE Blank Fund") in November of 2023.[4] The BE Blank Fund is managed by B.E. Blank & Company, a boutique litigation financing firm based in Palm Beach, FL. The firm was founded in 2017 by Ben Blank, who had previously served as a partner and senior investment team member at a leading litigation finance firm. Ben has built a senior team with diverse backgrounds covering legal, finance and lending expertise. B.E. Blank has also partnered with a leading commercial bank focused on the legal industry to provide meaningful deal flow from their borrowers and perspective borrowers with needs outside the traditional bank loan space.

The BE Blank Fund provides loans to small and medium-sized law firms based in the United States. These law firms typically have sizeable case portfolios but lumpy cash flows that only materialize upon case resolution when they receive a contingency fee. The law firms often utilize B.E. Blank's loans for growth capital to market their services and hire additional staff. To protect their loan capital, B.E. Blank typically includes stringent covenants to retest the loan-to-value ratio, collateral cash flows, and other key metrics throughout the life of the loans. Should the borrower breach these covenants, B.E. Blank reserves the right to divert cash flows and quickly pay down their loan.

Litigation financing has received significant attention over the last few years due to several high-profile cases and lenders. We still see great opportunity in the lower end of the market, where banks lack the flexibility to provide holistic solutions and large lenders lack the agility to underwrite. We believe B.E. Blank is well-positioned to capitalize on this niche.

Concluding Thoughts

The fourth quarter was a predictably eventful period; marked by a US election, an active Fed that delivered another interest rate cut, and- inflation that remained stubbornly above target.

While we strive to build a portfolio insulated from this macro volatility, we would be remiss to ignore it. For example, in the wake of the Republican sweep in November, we believe Congress and the President will focus on reducing government size and lean more on the private sector. That dynamic may provide great opportunities for lending into certain areas of the government

[4] As of 12/13/2024, the Fund's allocation to the BE Blank Fund is 6% as a percentage of the Fund's gross assets. Allocation percentages will change over time and may not be representative of future allocations.

contracting market or lending in partnership with the government. We already have exposure in these sectors and are exploring ways to increase it.

As always, our ongoing investment focus is to search for platforms and sectors with long-term durable lending strategies.

On the business side, AFA has added two experienced advisor relations professionals to better serve our current and future clients.

Finally, we would like to announce that effective February 17, 2025, the name of the Fund will change to **AFA Asset Based Lending Fund.** This change formalizes what has been the Fund's investment focus for more than two years and going forward. The Fund's strategy will not change in any material fashion.

We thank you for your continued investment and interest.

Performance as of 12/31/2024: AFA Private Credit Fund (AMCLX)

	Total Return			Average Annual Return		
	Q4 2024	YTD	1 Yr	2 Yr	3 Yr	Since Inception
AMCLX	2.15%	9.41%	9.41%	8.92%	6.85%	6.52%

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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