The Evanston Alternative Opportunities Fund (“EAOF” or the “Fund”) returned an estimated +10.7% (Class I) and +10.5% (Class A) net of all fees and expenses in the second quarter and has returned an estimated +6.5% (Class I) and +6.1% (Class A) net of all fees and expenses year-to-date. Net assets in the Fund are approximately $40 million and total strategy assets are approximately $3.1 billion.1

RETURNS AND STATISTICS FOR PERIODS ENDED JUNE 30, 2020

<table>
<thead>
<tr>
<th>2nd Quarter Return</th>
<th>YTD Return</th>
<th>Trailing 1-Year Annualized Return</th>
<th>Trailing 3-Year Annualized Return</th>
<th>Trailing 5-Year Annualized Return</th>
<th>ITD</th>
<th>Volatility</th>
<th>Sharpe Ratio</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evanston Alternative Opportunities Fund (Net) - Class I</td>
<td>10.7%</td>
<td>6.5%</td>
<td>10.1%</td>
<td>5.8%</td>
<td>2.9%</td>
<td>2.9%</td>
<td>5.6%</td>
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<tr>
<td>Evanston Alternative Opportunities Fund (Net) - Class A</td>
<td>10.5%</td>
<td>6.1%</td>
<td>9.3%</td>
<td>5.1%</td>
<td>2.1%</td>
<td>2.1%</td>
<td>5.6%</td>
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</tr>
<tr>
<td>HFRI FOF Index</td>
<td>7.5%</td>
<td>-2.0%</td>
<td>0.1%</td>
<td>2.1%</td>
<td>1.4%</td>
<td>1.8%</td>
<td>5.1%</td>
<td>0.2</td>
</tr>
<tr>
<td>90-Day T-Bill</td>
<td>0.1%</td>
<td>0.5%</td>
<td>1.6%</td>
<td>1.7%</td>
<td>1.1%</td>
<td>1.0%</td>
<td>0.3%</td>
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<tr>
<td>Barclays Aggregate Bond Index</td>
<td>2.9%</td>
<td>6.1%</td>
<td>8.7%</td>
<td>5.3%</td>
<td>4.3%</td>
<td>3.9%</td>
<td>3.1%</td>
<td>0.9</td>
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<tr>
<td>S&amp;P 500 Index</td>
<td>20.5%</td>
<td>-3.1%</td>
<td>7.5%</td>
<td>10.7%</td>
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<tr>
<td>MSCI World Index</td>
<td>19.4%</td>
<td>-5.8%</td>
<td>2.9%</td>
<td>6.7%</td>
<td>6.9%</td>
<td>6.0%</td>
<td>13.6%</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Sources: Bloomberg; HFR Database

INTRODUCTION

Evanston Capital Management, LLC (“ECM”) is pleased to provide you with the EAOF quarterly letter. The following pages include:

• Portfolio Holdings & Statistics
• 2nd Quarter Strategy Discussion
• Portfolio Discussion and Risk Management
• Op/Ed: The Impact of COVID-19

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS

Evanston Alternative Opportunities Fund’s (the “Fund”) performance data quoted represents past performance (as described below) and is presented net of the Fund’s fees and expenses. All performance data that includes the current month shown above is estimated. An investment’s return and principal value will fluctuate so that a Fund shareholder’s shares, if and when repurchased in a tender offer, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Where applicable, all returns shown reflect the reinvestment of all distributions of income and capital gains.

Class I: Performance for the period from July 1, 2014 through June 30, 2015 is based on a reduced management fee of 0.90% per annum per the management fee waiver. Class I’s performance would be lower without the management fee waiver during such period. From July 1, 2015 through December 31, 2018, Class I’s management fee was 1.20% per annum; effective January 1, 2019, the management fee is 1.0% per annum. Class I is not subject to a sales load.

Class A: Performance shown prior to Class A’s inception date (06/01/2015) is based on the performance of Class I Shares, adjusted to reflect Class A’s fees and expenses. Performance shown through December 31, 2018 for Class A reflects a management fee of 1.20% per annum. Effective January 1, 2019, Class A’s management fee is 1.00% per annum with a distribution and service fee of 0.75% per annum.

The Fund’s Class I and Class A net performance reflects expense reimbursements that are in effect until July 31, 2021. Performance would have been lower without the expense reimbursements that are currently in effect. Neither Class I nor Class A’s performance was reduced by the early withdrawal fee of 3% that is payable to the Fund for shares the Fund repurchased within 12 months of issuance. If the early withdrawal fee were reflected, performance would be reduced.

1. As of July 1, 2020  2. From inception, July 1, 2014

Copyright 2020. Evanston Capital Management, LLC. All rights reserved.
As of July 1, 2020. Holdings and allocation percentages are subject to change, and may be significantly different than those set forth above at the time of your investment. This list excludes the managers of any Portfolio Funds where (i) the Portfolio Fund is in the process of winding up its operations, (ii) the Fund has submitted a full redemption request but retains an investment in such Portfolio Fund with respect to side pockets at the Portfolio Fund level, and/or (iii) the Fund has requested a full or partial redemption and such Portfolio Fund has paid part or all of the redemption proceeds to the Fund in-kind in the form of shares or interests in a special purpose vehicle (collectively, “Excluded Funds”). The Fund’s estimated net return includes investments in Excluded Funds. Excluded Funds are estimated to represent approximately 0.4% of the Fund’s net asset value as of July 1, 2020. “Cash” includes cash, cash equivalents and redemption proceeds payable to the Fund in-kind in the form of shares or interests in a special purpose vehicle (collectively, “Excluded Funds”). The Fund’s estimated net amount may not sum to 100% due to rounding.

As of June 30, 2020. Contribution to performance for Class A for Q220 was as follows: Long/Short Equity, 7.4%, Event Driven, 1.0%, Relative Value, 3.8%, and Global Asset Allocation/Macro, 0.7%. Class A’s Q220 net return was 10.5%. Contribution to performance for Class A for YTD was as follows: Long/Short Equity, 3.8%, Event Driven, -0.3%, Relative Value, 0.5%, and Global Asset Allocation/Macro, 2.1%. Class A’s YTD net return was 6.1%. Contribution to performance for Class A for ITD annualized was as follows: Long/Short Equity, 1.6%, Event Driven, 0.0%, Relative Value, -0.4%, and Global Asset Allocation/Macro, 0.9%. Class A’s ITD annualized net return was 2.1%. Please see the performance disclosures on Page 1. Total may not sum to 100% due to rounding.

All exposures shown herein represent ECM’s subjective assessment of the exposures of Portfolio Funds contained in the Fund. All exposures exclude investments in Excluded Funds (defined on page 2, footnote 3) as well as cash and cash equivalents held at the Fund level. However, please note that in calculating the Fund’s gross and net exposures as a percentage of net asset value, the Fund’s allocations to Excluded Funds and cash and cash equivalents are included in the net asset value. Strategy, style, and geographic allocations are subject to change. Japan/Developed Asia exposure includes exposures to Japan, Hong Kong, Singapore, Australia, and New Zealand. Total amounts may not sum to 100% due to rounding.
2ND QUARTER RETURN DISCUSSION

It was another remarkable quarter. Risk assets rallied sharply, fueled by enormous fiscal and monetary stimulus as well as signs that economic growth had started to rebound from a deep downturn. Markets also took an optimistic view of new treatments for COVID-19 and the likely timeline to develop a safe and effective vaccine. U.S. and global equities posted double-digit returns, erasing much of their first-quarter losses (S&P 500 +21% Q2, -3% YTD; MSCI World +19% Q2, -6% YTD), and technology stocks soared to fresh highs (NASDAQ +31% Q2, +13% YTD). Corporate credit also notched significant gains (ICE BofAML US High Yield and S&P/LSTA Leveraged Loan Index, each +10% Q2, -5% YTD), and high-yield credit spreads tightened by over 200 basis points, retracing almost half of the first quarter’s move wider. The V-shaped recovery in financial markets came despite continued uncertainty about the length and depth of the economic recession and the potential effects of the recent resurgence in U.S. coronavirus cases.

EAOF posted its best quarterly result since inception in the second quarter, gaining an estimated +10.7% net (Class I) and +10.5% net (Class A), and we are extremely pleased with the Fund’s year-to-date return, +6.5% net (Class I) and +6.1% net (Class A), on both an absolute and relative basis. While overall hedge fund performance also improved during the second quarter, EAOF significantly outpaced industry benchmarks (HFRI FOF Index +7% Q2, -2% YTD) and outperformed the S&P by 9% in the first half of the year. The Fund’s 2Q returns were broad-based—all four strategy buckets and core underlying managers were profitable for the period with gains led by the Fund’s long/short equity allocation. Unsurprisingly, the Fund’s more directional managers and those that specialize in the red-hot technology sector produced the largest absolute returns, but stock selection alpha was robust across the full group.

As alluded to above, we still think numerous risks abound, despite price action that would suggest otherwise, and we expect heightened volatility to continue. We are as excited as ever about the opportunity set for hedge funds in this environment and, in particular, our underlying managers’ ability to rise to the occasion. Below we discuss key performance drivers, recent portfolio activity, and our outlook in more detail.

LONG/SHORT EQUITY

“Don’t fight the Fed.” Of all the stock market adages, this one seemed to ring loudest as equity markets posted their best quarterly performance in over two decades. The tech-heavy Nasdaq outperformed as investors deemed technology companies resilient in a more virtually-connected world. All sectors in the S&P 500 were positive, with energy and technology among the leaders, while healthcare and financials underperformed. Underlying the index moves, however, was broad-based weakness. At one point late in the quarter, when the S&P 500 was within 5% of its all-time high, over 2/3 of stocks were down more than 10% from their highs. And many of the largest cap stocks, which happen to be considered winners coming out of the current environment, are driving significant gains in the capitalization-weighted Nasdaq.

As one might expect in a quarter like this, with a global pandemic sparking elevated volatility and central banks pumping money into stalled economies, dispersion among the Fund’s long/short equity managers was high. Returns ranged from +1% to +41% for the quarter and the span is even higher year-to-date (+4% to +38%). As a group, the Fund’s long/short equity managers contributed almost 75% of the Fund’s second-quarter return.

Sector and Region Focused Long/Short Equity Managers

As has been widely reported, technology drove the quarter’s rally. The stocks of companies benefiting from a society more inclined, or forced, to stay at home rocketed higher, and the pandemic accelerated secular trends that most expected to play out over the course of years into a span of months. One of the Fund’s Technology, Media, and Telecom (“TMT”) managers has the most direct exposure to these companies, and they generated superlative performance. Not only does this manager own some of the “Covid stocks” that benefited directly from quarantine orders, they have identified companies enabling that technology. One holding that was up over 4x in the second quarter is an enterprise software company operating in a niche of cloud computing, making it a darling of investors looking for less obvious ways to play the growth of remote work. The Fund’s other TMT manager benefited equally from its long-running theme of investing in companies at the intersection of healthcare and technology as well as from traditional technology companies. The health-tech success was in two core companies that both reported good news during the quarter—one around partnerships as it continues to build its platform, and the other around its existing pipeline of therapies. This manager also has advocated owning semi-conductor companies, which were profitable during the quarter, as they are the backbone of the world’s increasing reliance on technology. Finally, they did continue to hold stocks benefiting from stay-at-home, including an entertainment streaming business and a tech security company.

Two EAOF managers that invest through a macro lens have taken different paths to the same return so far this year. The first manager was more constructive on the virus having (potentially) peaked in the second quarter, coupled with a desire to own individual companies with innovative technology or competitive moats at seemingly cheap valuations. This portfolio manager has a roadmap for what he will do based largely on the path of the virus, but until there is more clarity, he will be relatively conservative. The other manager has been more cautious all along but also has a narrower remit, just Europe, than the first manager, which invests across the globe. The second manager also focuses on cyclical industries,
such as banks, miners and autos, and while those stocks participated in the market rebound, they certainly did not lead it (and, more likely, were begrudgingly pulled along). Because this manager was inclined to maintain low net exposure, they made only a modest gain last quarter.

The Fund’s financials specialist primarily benefited from long holdings in financial technology companies domiciled in emerging markets. Electronic payments and solutions for e-commerce continue to be strong trends globally, but the pandemic has accelerated those trends with most stocks rallying dramatically. This manager has exposure to such companies in the growing economies of Latin America as well as in Europe, a theme that has been a volatile but significant contributor over the past couple of years. They also profited from a short in a European electronic payments company for which several million euros were unaccounted, demonstrating the importance of not only getting the theme right, but also the underlying stocks.

Like the Fund’s macro-focused equity managers, EAOF’s Asia specialists have traveled different roads to a similar year-to-date return. One manager performed very strongly in the second quarter with the primary driver being long positions in China. They also profited from a short that was a big winner for them in 1Q, and which continued to unravel in April, when that company’s management admitted to illegal practices. On the long side, a Chinese food delivery company was the big winner for them as that theme played out globally. A successful long position for both Asia specialists has been a Japanese technology platform company with business lines in electronic payments, e-commerce and social media. While the Fund’s other Asia specialist’s 2Q returns were also skewed more to China than Japan, stock picks in the TMT and industrial sectors were their biggest contributors, and consumer shorts were the biggest detractors. Both Hong Kong-based managers are monitoring the political situation there closely and believe that in the end cooler heads will prevail, with China preferring to keep Hong Kong as a thriving global financial center.

The Fund’s European specialist has long been invested in many of the themes that worked so well globally last quarter, namely food delivery and e-commerce. Europe generally lagged the rest of the world, including within these themes, yet the manager’s specific stocks had strong returns and contribution. The manager also continued to do very well on the short side with a portfolio that generated positive alpha in the market rally.

The Fund’s healthcare managers generated modest positive returns in a quarter when the sector returned +13% (S&P Healthcare) and biotech rallied twice that (NASDAQ Biotechnology +27%). Both managers maintained conservative exposures during the quarter with one having a notably cautious stance on the progression of the virus and the timeline for effective treatments and vaccines. Some sectors of health care, like hospitals, face near-term challenges with the drop in elective procedures, but this manager also sees compelling long opportunities, especially in therapeutics and biotech where multiple new treatments and technologies for a variety of medical conditions hold real promise.

EVENT DRIVEN

Credit Managers

The massive expansion of the Fed’s balance sheet alongside the announced myriad buying programs designed to backstop both new issue and secondary credit markets proved to be a sharp turning point. High yield credit spreads, which peaked at over 1000bps during March, trended lower throughout the second quarter to end around 650bps, and the high yield index posted a strong result (ICE BofAML US High Yield +10% 2Q; -5% YTD). The Barclays U.S. Aggregate Bond Index (+3% 2Q; +6% YTD) continued to generate steady returns, supported by short-term interest rates anchored around zero and the resumption of quantitative easing. These headlines, however, belie the bifurcation taking place below the surface. While assets that enjoy explicit Fed support have recovered nicely (e.g. the U.S. investment grade market is now positive YTD), assets that are not included in the Fed’s facilities have been slower to rebound (e.g. lower-rated high yield and most areas of structured credit). And despite the recovery in security prices, the fundamental reality continues to be challenged for many businesses, particularly in the retail and energy sectors. In fact, April set the single-month record for most corporate defaults, and the quarter saw several high-profile bankruptcies, including J.C. Penney and Hertz. EAOF’s credit managers participated nicely in the 2Q rally and should be well-positioned to take advantage of future stressed and distressed debt opportunities, which we expect to be plentiful.

The active trading approach for one distressed manager in EAOF continues to serve them well. This manager correctly anticipated the effect of the Fed’s dramatic intervention, leading them to meaningfully pivot the portfolio’s defensive posture. They added net exposure largely through buying into dislocated loans and investment grade bonds. The initial focus was on high-quality names, including enterprise software companies, but they expanded purchases to a handful of more cyclical issuers as the quarter progressed in order to take advantage of the technical tailwind. Strong gains from these performing credit trades were supplemented by a nice recovery in a handful of legacy distressed positions. The overall distressed book remains relatively small for this manager as they expect to see more attractive entry points in better-positioned companies as the year progresses. Another distressed manager’s opportunistic basket of high-grade municipal bonds and investment grade credits, which they started building near the market bottom in March, was a strong contributor in the second quarter. Similar to the first distressed manager, this distressed manager later began to include more cyclical names in this group, in cases where they thought the market was overly pessimistic on the virus’ impact. They continue to like the risk-adjusted return potential of this basket, since the Fed’s explicit support of the investment grade market is unlikely to change anytime soon. Other notable winners included a California utility that continues to hit significant milestones in its restructuring plan and a European travel company that completed a successful capital raise, giving it meaningful runway to survive the downturn and capture market share when leisure travel resumes.
A third distressed manager in the Fund generated solid gains across their entire platform: performing credit, structured credit, and distressed. The results in the performing credit book are particularly noteworthy, as they were achieved despite maintaining a net short stance. On the long side, this manager, like their peers, took advantage of the technical dislocation in the investment grade space. Meanwhile, the short side benefitted from nice execution in a handful of sectors, namely retail and energy. This manager scored a big win during the quarter when a long-held short in a struggling retailer paid out as the pandemic finally pushed it into bankruptcy. Conversely, another bankrupt retailer proved painful for their distressed portfolio, where it is a core long holding. They view the second-quarter loss as temporary and participated meaningfully in the company’s DIP (debtor-in-possession) loan, which puts them in the driver’s seat in the company’s restructuring. They expect the business to emerge from bankruptcy relatively quickly as it lowers operating costs through lease renegotiations and leverages one of its popular, growing brands to increase e-commerce.

**Equity-Oriented Event Managers**

The Fund’s activist manager saw broad-based strength across the portfolio, but core activist holdings proved to be the largest contributors, particularly an education technology services company that saw its stock rise almost 80%. This company helps its university partners offer online degrees and should benefit from the current environment. Rising unemployment tends to spur increased demand for graduate degree programs generally, and ongoing social distancing measures are likely to drive a higher share of enrollment growth toward online providers.

**GLOBAL ASSET ALLOCATION ("GAA" AKA MACRO)**

It was a solid quarter for EAOF’s two GAA managers, and both contributed nicely to overall returns. One manager was able to recoup all their 1Q losses and is now solidly profitable on the year. The strong bounce was driven primarily by a recovery in equity holdings, particularly a structural growth theme in the tech sector. Most other asset classes were also additive to results, notably rates and commodities. While the degree of policy response has led them to maintain a bullish stance, they are cognizant of several risks to this constructive view — most importantly, a potential breakout in inflation. While most of the portfolio’s risk remains in equities, they have exposures in other assets that should benefit if inflation does start to rise. Despite being largely wrong on their near-term macro view, the Fund’s other GAA manager was still able to post a good quarter, adding to their outstanding year-to-date result. They believed equities were pricing in an overly optimistic economic recovery and were under-appreciating the potential disruption of a second wave in the pandemic. This belief, combined with an expectation of renewed trade tensions between the U.S. and China heading into the presidential election, led them to a short bias in equities that proved painful during the strong market rally. Fortunately, these losses were more than offset by gains in rates trading, where core bets included a long-duration stance in Europe and a yield-curve steeper in the U.S.

**RELATIVE VALUE**

The Fund’s emerging market debt specialist came roaring back in the second quarter and was a top contributor to performance. As the Fed and other central banks pumped liquidity in the markets and technical selling pressure subsided, this manager notched gains across directional credit, relative value, and local strategies. In particular, the higher-volatility environment, while challenging at the onset in March, was a net benefit to their relative value approach. This segment of the portfolio is traded actively and took advantage of new dislocations created by the 1Q market tumult, such as bond basis trades that they entered at wide spreads and new issues that came to market with material concessions. The manager also allowed the fund’s modest beta profile to expand as the quarter progressed and risk assets recovered. The Fund’s convertible arbitrage specialist also rebounded as the stress in credit markets eased; however, the dominant theme in convertible bonds during the second quarter was supply. Record-breaking new issuance weighed on the recovery in convertible bond valuations, especially relative to the rally in equities. While this dynamic presents some short-term challenges, they believe it is highly positive for their strategy in the long-run, creating greater liquidity and selection within their universe of convertible securities. Outside of credit, it was another quiet quarter for the Fund’s quantitative equity market-neutral specialist. This manager maintained reduced exposure levels given the continued impact of the pandemic on some of their models’ predictive power.

**2. PORTFOLIO DISCUSSION AND RISK MANAGEMENT**

Although we could not travel or physically meet with managers during the second quarter, it was a very busy period for our team and the portfolio. In fact, the convergence of heightened market volatility with near-universal adoption of work-from-home mandates led to an even greater number of connections with managers. It is far easier to host a video call, no matter the participants’ locations, than to coordinate travel schedules for a meeting in-person, and the hedge fund industry adapted quickly with numerous virtual conferences that enjoyed broad participation. We were in frequent contact with the Fund’s existing managers, especially given the dynamic investing landscape, and our sourcing efforts continued unabated with a heightened focus on two areas: (1) corporate credit and distressed debt strategies and (2) previously-closed managers that decided to reopen, or are considering doing so, in today’s environment. All of this activity culminated in one new investment in a credit strategy, described below, and three full redemptions. Despite these changes, EAOF’s strategy allocations as of July 1 did not change much during the quarter, while aggregate gross and net exposures (currently 301% and 38%, respectively) dropped slightly.
The global health crisis is leading to new investment opportunities and risks, and though we are devastated by its effects on human lives and livelihoods, we are excited about the prospects for numerous hedge fund strategies along what we expect to be a bumpy road ahead. Entire industries and individual companies are faring quite differently in the current environment, and until there is a health-related solution, we expect there likely will be fits and starts and winners and losers in the economic recovery. The range of potential outcomes seems wide, and we believe such a backdrop should be fruitful for long/short equity and credit managers, to the extent they are right in their fundamental analyses. In addition, we are enthusiastic about the opportunities for global macro strategies, as the pandemic's economic impact and the degree of government intervention will vary by country and occur on different timetables.

As we wrote about last quarter, perhaps the biggest change in our outlook has been in the area of credit and distressed debt investing. While the path won't be linear, we continue to believe the opportunity set for these strategies over the next year or two will be the best we've seen in the last decade. Enormous stimulus and liquidity-providing measures did cause credit spreads to tighten materially in the second quarter and quickly erased the pure technical dislocation in higher-quality debt instruments. However, we don't think the story ends there. We expect many companies still will face financial stress in coming quarters. We have already seen a significant jump in downgrades and defaults, and ratings agencies project the default rate will continue to rise into year-end and remain elevated in 2021. So far, bankruptcies have been concentrated among retail and energy companies that already were struggling pre-pandemic, but we think the consequences of this recession likely will have greater reach. Furthermore, the risk of future selling pressure on the part of CLOs (collateralized loan obligations) remains high, in our view, with downgrades and defaults trending up. If these highly levered players become forced sellers, we could again see a large price dislocation for credit managers to exploit. The Fund's aggregate credit and distressed debt exposure began to edge slightly higher during the second quarter and we expect the allocation to continue to grow from here.

Initial investment in Redwood Capital Management, LLC (“Redwood”)

This strategy was launched in early 2009, initially to take advantage of price dislocations among senior credit securities in the immediate aftermath of the global financial crisis. It has grown modestly since that time and now has approximately $1 billion in assets. The strategy pursues a long-only approach focused on stressed and “storied” credits that the Redwood team, through fundamental due diligence and credit analysis, believes are well-covered. The objective is to avoid defaults, and Redwood has a strong historical track record of delivering on this aim while generating attractive returns. However, if a credit selection mistake is made, Redwood also has ample experience with distressed situations, which are also a significant component of the firm’s flagship strategy, and the team won’t shy away from a restructuring if it offers attractive return potential relative to its required time and effort. The portfolio is diversified across 40-50 core holdings, primarily in high-yield corporate bonds and first-lien bank debt.

We believe it is a compelling environment for Redwood’s credit-underwriting skills. Since we expect the economic recovery to be uneven, we believe there will be plenty of idiosyncratic, stressed credit situations. In addition, given the strategy’s relatively small size and the broader opportunity set it allows for, just a handful of situations could have meaningful impact on performance. The strategy’s terms are also well-aligned with investors. We are thrilled to partner with Redwood.

3. OP/ED:

With COVID-19 impacting life in countless ways, we spend this quarter’s op/ed sharing how the pandemic has affected our underlying hedge fund managers and how it may shape their future. While hedge funds have long prepared to manage through different disasters, the scenario in which the entire firm had to shift to working from home and then remain there for months at a time was not previously contemplated. Despite that, we have seen virtually no disruption to our managers’ businesses. While many may be surprised by how smoothly this has gone, ECM’s focus on assessing managers’ operational platforms, and not just their investment strategies, gave us knowledge and comfort that our managers were well-positioned to handle an outlier event. Moreover, our managers have stepped up their proactive communication during this constantly evolving period. We believe that our long-standing commitment to investing in managers that we view as partners, in every sense of the word, and that are serious about building best-in-class organizations, shines through in times like this.

Reasons for The Positive Outcome

It wasn’t by accident that hedge fund managers were able to remain largely business-as-usual. The industry may have seen an entirely different outcome just five or ten years ago, but many deliberate improvements in recent years left it well-prepared:

- **Business continuity planning:** Managers generally maintain a blueprint for how to manage through a crisis by crafting customized business continuity and disaster recovery plans. These plans, which are routinely updated and tested, identify a range of events that can interrupt business operations and investment activities and detail the steps that the manager will take if one or more events come to pass. Events considered in these plans include natural disasters (e.g. hurricanes and earthquakes), man-made (e.g. terrorism, theft, and other crimes), and technological (e.g. power outages and computer viruses), but rarely included pandemics. Although most of these plans had already contemplated at least a portion of staff working from home in the event of a business interruption, few anticipated the extent and duration of that need in the current health crisis. As news of the virus spread emerged, many managers tested their remote-work
capabilities, and after switching to a work-from-home set-up, they quickly identified potential gaps presented by this unique scenario. For many, that included implementing different tech-enabled communication platforms, such as Zoom, Slack, and Microsoft Teams, to facilitate connectivity among employees and with external parties.

- **Virtual and redundant technology platforms:** Hedge fund managers generally have enhanced their technology platforms over the last decade. First, there has been a shift from an onsite to a virtual infrastructure set-up in the cloud. In addition, managers often actively utilize vendors to keep their technology up-to-date (unless they have their own dedicated technology team), and there has been a focus on installing multiple points of redundancy across technology and communication platforms—such as servers, systems, internet, and phone services—in case of a failure. At the same time, many managers have embraced the need to tackle cybersecurity risks by developing proper policies, surveillance systems, and training. Together, these improvements allow employees to work from home, or from anywhere, in a safe and protected manner. Also, operational functions, such as trade processing and fund accounting, which not too long ago were quite manual, have become increasingly automated, providing enhanced flexibility to work remotely.

- **Sophisticated third-party vendors:** In general, managers have increasingly relied on service providers, such as fund administrators, to tackle many of their operational needs. Typically, these vendors are carefully chosen, with due consideration to factors such as their business continuity and disaster recovery preparedness. Nonetheless, the reliance upon third-party vendors could have become a problem for the industry if these firms couldn’t cope with the pandemic’s stay-at-home mandates. Fortunately, many of these vendors, with offices often across the globe, also have evolved their businesses to work virtually, and we have not identified any issues among the broad set of vendors used by the Fund’s managers.

This is not to say that everything has gone perfectly. This extraordinary time has presented some issues, such as needing to provide employees with extra equipment at their homes to facilitate productivity and eliminating the need to write paper checks. There are also soft costs that can come from working at home that are harder to evaluate—for example, the impact on firm culture, collaboration, and training. The longer teams are apart, the greater these costs could be, especially if managers aren’t proactively thinking of ways to address them.

**Re-Opening and What the Future May Hold**

While most cities are in some phase of an economic re-opening, COVID-19 remains a threat that is likely to linger for an extended time. In considering a potential return to the office, businesses must contemplate the risks of virus transmission and the safeguards that can be put in place. So far, most managers have remained cautious when it comes to reopening their offices, allowing employees to travel by air for business, or conducting in-person meetings. The few that have invited employees back to the office have done so in a careful, orchestrated manner and in coordination with local area guidelines. The fact is that most managers are satisfied with the current work-from-home protocol and don’t feel the need to make changes in a hurry.

While aspects of today’s working environment are likely to be temporary in nature, there are likely to be some long-lasting implications for how firms operate and how employees work in the future:

<table>
<thead>
<tr>
<th>Changes that May Occur</th>
<th>How Managers May Need to Adapt</th>
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<tbody>
<tr>
<td>Work-from-home will become a more widely available option for employees</td>
<td>• Expand employee home technology set-up and capabilities</td>
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<tr>
<td></td>
<td>• Address increased cyber threats</td>
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<tr>
<td></td>
<td>• Enhance compliance practices</td>
</tr>
<tr>
<td>More research and investment diligence efforts may be performed remotely</td>
<td>• Ensure communications are private and confidential</td>
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<tr>
<td></td>
<td>• Continue to evaluate alternative communication tools</td>
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<tr>
<td></td>
<td>• Bridge gaps for components of due diligence best handled onsite</td>
</tr>
<tr>
<td>Office footprint, configuration, and use may be reimagined</td>
<td>• Consider amending leases to reduce office space</td>
</tr>
<tr>
<td></td>
<td>• Provide employees more flexible, rather than designated, workspaces in the office</td>
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<tr>
<td></td>
<td>• Ensure employee safety through social distancing policies and providing personal protective equipment</td>
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<td></td>
<td>• Consider remote work set-up for specific teams</td>
</tr>
<tr>
<td>Technology platforms that can provide employee flexibility will be emphasized</td>
<td>• Shift from applications hosted onsite to cloud-based</td>
</tr>
<tr>
<td></td>
<td>• Increase adoption of the public cloud, which has more user-friendly aspects</td>
</tr>
</tbody>
</table>
How ECM Responded and Adapted

ECM had to quickly adapt its business in similar ways to our underlying managers. We sent our first official notice about COVID-19 to ECM staff in late February. In March, we began implementing our business continuity plan by asking employees to begin working from home, and by mid-March, our entire team was working remotely. As a credit to our team’s resiliency and preparation, the transition to a fully remote and distributed work environment has been smooth, with no significant impact to operations.

As health risks and travel restrictions impaired our ability to meet with existing and prospective managers in-person, we adapted our due diligence processes while maintaining our same high standards for any new investment. We transitioned these meetings to voice and video calls, and in many cases, the relative ease of scheduling such interactions (versus coordinating days of travel) has led to more frequent, and just as substantive, touchpoints with managers. We are fortunate to have many long-standing relationships with the Fund’s existing managers, and knowing each other well certainly aids the quality of our virtual meetings. In evaluating prospective managers, we obviously do not have that same level of familiarity, and some aspects of in-person meetings are more difficult to recreate virtually. However, we have been pleasantly surprised with how well video conference tools like Zoom have enabled us to assess even the softer elements of a new manager (e.g. culture and character), which we view as key inputs to our underwriting. Reference checks remain as important as ever to corroborate our findings and gain more conviction. In addition, given ECM’s long history and the fact that our investment team typically meets with hundreds of hedge funds each year, we often have met prospective managers in-person and/or on-site in their offices previously, even though we cannot do so today.

4. OPERATIONS AND ADMINISTRATION

(1) As previously announced, Don Fehrs retired from Evanston Capital on June 30th. Don joined the firm in May 2006 after serving as Chief Investment Officer at Cornell University. When Don arrived, we were a team of eight, and over the last 14 years, Don has worn many hats at ECM and, with a smile, did whatever was necessary to help advance the firm. In 2014, his career achievements were recognized by peers when he received NACUBO’s Rodney H. Adams Endowment Management Award, which recognizes outstanding individual contributions to professional development activities in the area of university endowment and investment management. Don is a world-class investor, mentor to many, and a valued partner and friend. While Don may be physically leaving the firm, his emotional and financial interests will remain through his continued ownership stake. Congratulations to Don on an outstanding career, and we are so thankful for his invaluable contributions to Evanston Capital!

(2) Marcos Veremis joined Evanston Capital as a Managing Director in early May. Marcos earned his BA in Politics, Philosophy & Economics from the University of Oxford, as well as an MA in Quantitative Methods in the Social Sciences from Columbia University and an MBA from Columbia Business School. Prior to joining ECM, Marcos spent over 13 years as an Investment Consultant with Cambridge Associates LLC in Boston, London, and Arlington. While at Cambridge, Marcos consulted to non-profit, family office, and pension clients and conducted research on a variety of alternative investments. Most recently, Marcos led Cambridge’s research in the emerging space of blockchain technology and crypto assets. Marcos will take Don’s place on both the ECM Investment and Risk Committees and is now an equity owner of the firm as well. Welcome, Marcos!

(3) Throughout the second quarter, we maintained our work-from-home policy and are pleased with how well the firm has operated since mid-March. We expect most of the team to continue to work from home throughout the third quarter, but, subject to health and safety restrictions, we will likely allow a small number of employees to work from the office if they have a preference to do so.

As always, we welcome your comments and questions about any of these items. We appreciate your support and trust, and we look forward to continuing to work for the benefit of our aligned interests.

Regards,

The Evanston Capital Team
Evanston Capital Management, LLC
(847) 328-4961
investorrelations@evanstoncap.com
IMPORTANT FUND INFORMATION AND DISCLOSURES

The Fund is a continuously-offered, non-diversified, registered closed-end fund with limited liquidity. The Fund's shares are subject to legal restrictions on transfer and resale and you should not assume you will be able to resell your shares. No assurance can be given that the Fund will achieve its objectives. This quarterly letter does not constitute an offer to sell or a solicitation of an offer to purchase the Fund's securities. Any such offer will be made only by means of the Fund's Prospectus.

The hedge fund strategy classification of each of the Fund's underlying portfolio funds used to calculate contribution to performance as shown on page 2 is determined by ECM in its discretion. Totals may not sum due to rounding.

The contents of this Fund quarterly letter are solely for informational purposes, are current as of the date set forth on this quarterly letter, and are subject to change from time to time. Neither the Fund nor ECM is obligated to notify you of changes to this information.

Certain statements made herein constitute forward-looking statements. These statements reflect ECM's current views about, among other things, future events and financial performance, and results may differ, possibly materially, from these statements. Neither ECM nor the Fund is obligated to update or revise the statements made or information presented herein.

Fund Liquidity/Tenders: The Fund intends to conduct quarterly tender offers. Each repurchase offer is expected to be limited to the repurchase of approximately 5-25% of the outstanding shares, in the Board of Trustees' discretion. No Fund investor can require the Fund to redeem shares, regardless of how the Fund performs.

Early Withdrawal Fee: Shareholders who seek to sell their shares back to the Fund less than one year after purchasing the shares will be subject to a 3% early withdrawal fee payable to the Fund.

Fund Fees and Expenses:

Portfolio Fund Fees and Expenses: The Fund is a “fund of funds” that invests in Portfolio Funds managed by Portfolio Managers unaffiliated with ECM. Portfolio Funds' management fees range from approximately 1% to 3% per annum, and incentive fees that a Portfolio Fund may charge range from approximately 15% to 35% of profits per annum. Portfolio Fund fees and expenses may be substantially higher or lower as a result of the Fund's investments in new or different Portfolio Funds. The Fund anticipates that its total annual expenses, taking into account the Expense Limitation Agreement and the Portfolio Fund fees and expenses, but excluding any sales load that may be assessed, will be approximately 5.93% with respect to Class I and 6.68% with respect to Class A, as described in detail in the Fund's Prospectus. Actual expenses may be higher or lower than estimates provided due to the Portfolio Fund's fees and expenses.

Distribution and Service Fee. The Fund pays Foreside Fund Services, LLC (the "Distributor") a distribution and/or service fee equal to 0.75% per annum of the aggregate value of the Class A shares outstanding, determined as of the last calendar day of each month (prior to any repurchases of shares and prior to the Fund's management fee ("Management Fee") being calculated) ("Distribution and Service Fee") in accordance with a plan adopted by the Fund in compliance with the provisions of Rule 12b-1 under the Investment Company Act of 1940, as amended (the “1940 Act”). The Distribution and Service Fee is payable quarterly, and the Distributor pays all or a portion of the Distribution and Service Fee to certain financial intermediaries. ECM also pays a fee out of its own resources to financial intermediaries. Please see the Fund's Prospectus for more detailed information.

Management Fee and Management Fee Waiver. ECM contractually agreed to waive a portion of the Management Fee from July 1, 2014 through June 30, 2015, such that it equaled 0.90% per annum (the “Management Fee Waiver”) for such period. Class I's performance data through June 30, 2015 is shown net of the reduced 0.90% Management Fee. From July 1, 2015 through December 31, 2018, the Management Fee Waiver was terminated, and performance for Class I is shown net of a 1.2% Management Fee during such period. Effective January 1, 2019, Class I’s Management Fee is 1.0% per annum.

Performance shown prior to Class A’s inception date (06/01/2015) is based on the performance of Class A Shares, adjusted to reflect Class A’s fees and expenses. Performance shown through December 31, 2018 for Class A reflects a Management Fee of 1.20% per annum. Effective January 1, 2019, Class A’s Management Fee is 1.0% per annum with a distribution and service fee of 0.75% per annum.

Expense Reimbursement. Effective January 1, 2019 through July 31, 2021, ECM has contractually agreed to limit the Fund's total annualized expenses (excluding any borrowing and investment-related costs and fees, taxes, extraordinary expenses, and the Portfolio Fund Fees and Expenses) to 1.5% with respect to Class I and 2.25% with respect to Class A (the “Expense Limitation Agreement”). Prior to January 1, 2019, ECM had contractually agreed to limit the Fund's total annualized expenses to 1.7% with respect to Class I and 2.45% with respect to Class A. ECM and the Fund may continue to renew the Expense Limitation Agreement for one-year terms thereafter, and may terminate it with 30 days' prior written notice to the other party. ECM will be permitted to recover from the Fund expenses it has borne in later periods, if Class I and Class A's expenses fall below the annual rate of 1.5% and 2.25%, respectively. The Fund is not obligated to pay any such amount more than 3 years after the fiscal year-end in which ECM deferred a fee or reimbursed an expense.

Please review the Fund’s Prospectus for information about other fees, including the Fund's operating expenses.

Additional Fund Exposures Information: The Fund and Portfolio Fund exposures generally reflect the value of cash positions as well as the economic value of underlying positions, including derivatives positions such as futures and options. ECM has not received the most recent exposures from the majority of the Portfolio Funds as of the date hereof. Consequently, the most recent exposure information previously received by ECM for such Portfolio Funds is used herein.

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¹ The Portfolio Fund Fees and Expenses are estimated to be approximately 4.54%.
INDEX AND OTHER DEFINITIONS

An investor cannot invest in an index. Please note that the indices or performance benchmarks below are composed of securities which for the most part are dissimilar to the positions held directly or indirectly by the Fund, and these indices or benchmarks do not have similar risk/return profiles to that of the Fund. However, these indices or benchmarks have been included herein because they represent various asset classes to which an investor may choose to compare the Fund’s performance.

90-Day T-Bill: rate of return is derived from cash-equivalent securities.
Barclays Aggregate Bond Index: comprises government securities, mortgage-backed securities, asset-backed securities and corporate securities, and is a broad measure of the taxable U.S. bond market.
CBOE Volatility Index (VIX Index): is considered by many to be the world’s premier barometer of equity market volatility. The VIX Index is based on real-time prices of options on the S&P 500 Index (SPX) and is designed to reflect investors’ consensus view of future (30-day) expected stock market volatility.
HFRI FOF Composite Index: is an index composed of funds of funds that voluntarily report their performance to HFR.
HFRI Asset Weighted Composite Index: is a global, asset-weighted index comprised of over 1,500 single-manager funds that report to HFR Database.
ICE BofA 10+ Year US Treasury: Measures the total return performance of US treasury bonds with outstanding par greater than or equal to $25 million. The maturity range of these securities is greater than 10 years.
BofAML US High Yield Master II Index: tracks the performance of US dollar-denominated below investment grade rated corporate debt publicly issued in the U.S. domestic market.
EURO STOXX: is Europe’s leading blue-chip index for the Eurozone, providing a blue-chip representation of super-sector leaders in the region. The index covers 50 stocks from 11 Eurozone countries.
MSCI AC Asia Pacific: is a free float-weighted equity index. It was developed with a base value of 100 as of Dec. 31, 1987.
MSCI EAFE Index: is a free float-weighted equity index that captures large and mid-cap representation across developed markets, excluding U.S. and Canada.
MSCI EM: is a free float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.
MSCI World Index: is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets.
NASDAQ Biotech: is a modified market cap-weighted index designed to measure the performance of all NASDAQ stocks in the biotechnology sector with a base value of 200 as of Nov. 1, 1993.
NASDAQ Composite Index (NASDAQ): is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market, and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.
Nikkei 225: is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock exchange.
Russell 1000 Growth: measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The index was developed with a base value of 200 as of August 31, 1992.
Russell 2000: is composed of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The index was developed with a base value of 135.00 as of December 31, 1986.
Russell 2000 Biotechnology Index: is composed of the smallest Biotechnology companies in the Russell 3000 Index.
S&P Energy: is a capitalization-weighted index and GICS Level 1 sector group.
S&P Financials: is a capitalization-weighted index. Intraday values are calculated by Bloomberg and not supported by S&P DJI.
S&P 500 Index: is composed of 500 publicly traded stocks representing all major U.S. industries.
S&P 500 Industrials: is a capitalization-weighted index. The index was developed with a base level of 10 for the 1941-43 base period. The parent index is SPXL1.
S&P Healthcare: is a market cap-weighted index. The index comprises stocks included in the S&P 500 that are classified as members of the GICS Healthcare sector.

S&P 500 Information Technology Index: comprises those companies included in the S&P 500 that are classified as members of the GICS® information technology sector.

S&P/LSTA Leveraged Loan: A market value-weighted index designed to measure the performance of the US leveraged loan market based upon market weightings, spreads and interest payments.

S&P 500 Materials: is a capitalization-weighted index. The index was developed with a base level of 10 for the 1941-43 base period. The parent index is SPXL1.

Shanghai Stock Exchange Composite Index: is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Alpha: Measures a manager’s value added relative to a passive strategy, independent of the market movement.

Beta: is measured versus the relevant index.

Sharpe Ratio: is a measure of risk-adjusted returns and is defined as the excess return over cash per unit of volatility.

IMPORTANT RISK FACTORS CONCERNING THE FUND

As described in the Fund's Prospectus and Statement of Additional Information, an investment in the Fund is speculative, involves a substantial degree of risk, and an investor could lose all or substantially all of his or her investment. There can be no assurance the Fund will achieve its investment objectives or avoid significant losses. The Fund is only available to “eligible investors” who can bear significant risk and do not require a liquid investment. Please see the Fund's Prospectus for important information about the Fund's terms, risks, and other disclosures.

The Fund’s Portfolio Managers may, in some cases, be recently organized or may manage Portfolio Funds that are recently organized and have no or a very limited operating and performance history. The Fund is managed by ECM, and its success will depend, in large part, on ECM's skill and expertise. Although ECM has over 15 years managing privately offered fund of hedge fund products, ECM's experience managing registered investment companies is limited to the Fund, which launched in 2014.

The Fund's shares are subject to restrictions on transfer and have limited liquidity. The Fund does not list its shares for trading on any national securities exchange; there is no secondary market for the shares, and none is expected to develop. An investment in the Fund's shares is not suitable for investors that require liquidity, other than liquidity provided through the Fund's repurchase policy. There can be no guarantee that an investor will be able to sell any of its shares when it desires to do so. The Fund's repurchase offer policy may decrease its size over time absent significant new investments in the Fund. It could force the Fund to maintain more liquid investments, sell assets prematurely, substantially increase the Fund's ratio of illiquid to liquid securities for non-redeeming investors, and/or reduce the investment opportunities available to the Fund and cause its expense ratio to increase.

The Portfolio Funds are not registered under the 1940 Act, and therefore are not subject to the 1940 Act's restrictions and protections, such as fee limitations, asset coverage requirements, and reporting requirements. The Portfolio Managers may use investment strategies and techniques that are not generally permissible for registered investment companies, and Portfolio Funds may be less transparent in providing portfolio holding and valuation information.

ECM relies on the valuation of the Portfolio Funds to value the Fund’s shares. Fair value estimates may prove to be inaccurate and may be subject to later adjustments from time to time. Similarly, inaccurate or delayed information that a Portfolio Manager may provide could adversely affect ECM's ability to accurately value the Fund's shares.

The net asset values received by ECM or the Fund's administrator from Portfolio Funds may be estimates only, and, unless materially different from the actual valuations, generally will not be subject to revision. ECM relies on these estimates in calculating the Fund's net asset value for, among other things, reporting the performance data reflected herein. Portfolio Funds are typically audited on an annual basis.

The Fund may borrow money for portfolio management and other purposes, and may have to pledge assets when borrowing, which could affect the Fund's operations in the event of an uncured default. The Portfolio Funds may use leverage to purchase instruments, sell securities short, and/or other means, which would increase any loss incurred. Consequently, the Portfolio Funds may be subject to major losses if market disruptions destroy any hedged positions, which would negatively impact the Fund's performance.

The Fund intends to meet the requirements necessary to qualify for favorable tax treatment as a “regulated investment company,” or “RIC” under Subchapter M of the Internal Revenue Code. If the Fund fails to satisfy the applicable requirements, it may lose its status as a regulated investment company, and in such case, all of its taxable income would be subject to U.S. federal income tax at regular corporate rates without any deduction for distributions to shareholders. Disqualification as a RIC would have a material adverse effect on the value of the Fund's shares and the Fund's distribution amounts.

You should consult with your own legal, tax, financial, and other professional or advisers before investing in the Fund.

Before investing, you should consider carefully the Fund’s investment objectives, limited liquidity, risks, charges, and expenses. The prospectus contains this and other information about this investment company. You can obtain a copy of the prospectus by contacting ECM at investorrelations@evanstoncap.com or calling 847-328-4961 or by requesting a copy from your financial professional. Please read the prospectus carefully before you invest.