
VARIANT ALTERNATIVE INCOME FUND



Annual Report

For the Period Ended April 30, 2019

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from the transfer agent at 1-877-770-7717 or your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. Please contact the transfer agent at 1-877-770-7717 or your financial intermediary to elect to receive shareholder reports and other Fund communications electronically.

You may elect to receive all future reports in paper free of charge. Please contact your financial intermediary to inform them that you wish to continue receiving paper copies of your shareholder reports and for details about whether your election to receive reports in paper will apply to all funds held with your financial intermediary.

Variant Alternative Income Fund

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Variant Alternative Income Fund

Letter to Shareholders (Unaudited)

Dear Shareholder,

Variant Investments, LLC ("Variant") is pleased to provide the audited annual financial statements for the Variant Alternative Income Fund (the "Fund") for the fiscal period October 1, 2018 (commencement of operations) to April 30, 2019. The year included several important milestones for the Fund, including the conversion into an interval fund¹, steady growth in assets under management ("AUM"), the securing of a credit facility for the Fund and strong investment results.

On October 1, 2018, the Fund was launched as an interval fund through a full conversion of the predecessor private fund, the Variant Alternative Income Fund, LP. The predecessor private fund's investment objectives, strategies and investment policies were, in all material respects, equivalent to those of the Fund.

The conversion into an interval fund, as well as the onboarding of several custodial platforms, has facilitated steady growth in the Fund's AUM. From the conversion date to fiscal year-end, AUM grew by \$37 million to \$63 million. A wide variety of new and existing clients allocated to the Fund, further diversifying the investor base.

The new capital was deployed into a wide range of new and existing niche investment opportunities. Notable areas of increased allocation included late-life aircraft leasing, bespoke financing solutions to private funds, government contract receivables, specialized short-term small business loans and advances, reperforming residential mortgage loans, law firm lending and UK specialized care facilities. The Fund was also active in a variety of specialty finance opportunities and secondary market acquisitions of private credit limited partnership interests. Lastly, the Fund exited exposure to life settlements and reduced exposure to platform-oriented investments. As a result of the new allocations, the Fund achieved further diversification across underlying exposures and risk factors during the period.

On December 20, 2018, the Fund established a credit facility which provides greater flexibility in managing Fund cash flows.

The Fund delivered consistently strong returns over the period. For the seven-month period from Fund conversion on October 1, 2018 through April 30, 2019, the net total return² for the Institutional Class was +6.29% (not annualized). Notably, the Fund performed well during the fourth quarter of 2018, demonstrating little sensitivity to the losses in public equity and bond markets at that time. We are pleased with the Fund's since inception track record³ which includes consistently strong positive returns with a high Sharpe ratio⁴, no negative months, and little correlation⁵ or beta⁶ to public market indices.

The economic outlook has generally dimmed over the period, as reflected by reduced growth forecasts and falling interest rates. In addition, several key policymakers expressed concern about potential excesses in corporate debt markets. At Variant, we believe these macro trends underscore the importance for investors to diversify into alternative investments that display less sensitivity to the economic and credit cycle. We believe the Fund offers a unique portfolio of uncorrelated cashflow generating investments that is well-positioned to weather the potential uncertainty ahead.

On the behalf of the entire Variant team, we thank you for your investment in the Fund. We are honored to be trusted stewards of your capital. We are excited about the year ahead and look forward to working with each of you.

Sincerely,

JB Hayes, Principal Curt Fintel, Principal Bob Elsasser, Principal

¹ The Variant Alternative Income Fund (the "Fund") is a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"), as a non-diversified, closed-end management investment company. The Fund intends to operate as an interval fund. The Fund operates under an Agreement and Declaration of Trust ("Declaration of Trust") dated April 4, 2018 (the "Declaration of Trust"). Variant Investments, LLC serves as the investment adviser (the "Investment Manager") of the Fund. The Investment Manager is an investment adviser registered with the Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940, as amended. The Fund intends to qualify and elect to be treated as a regulated investment company under the Internal Revenue Code of 1986, as amended (the "Code").

² The net total return uses geometric returns and reflects the reinvestment of earnings.

³ Inception date of the predecessor private fund was October 2, 2017. Between October 2017 and September 2018, the track record includes that of the Variant Alternative Income Fund LP, the predecessor private fund that converted into the interval fund. The predecessor fund was, in all material respects, equivalent to the interval fund. For purposes of performance reporting, the private fund track record was adjusted to reflect the interval fund's estimated expenses and expense limitations. Specifically, it reflects a management fee of 0.95% and fund expenses capped at 0.50%.

⁴ "Sharpe" is a ratio of the "Return" minus the T-bills index (as a measure of the risk-free rate) divided by "Risk".

⁵ "Correl" depicts the correlation, or the performance relationship, between the Fund and the reference indices on a monthly basis over the period.

⁶ "Beta" measures the volatility of the Fund relative to the reference indices over the period.

Variant Alternative Income Fund

Letter to Shareholders (Unaudited)

(continued)

The Variant Alternative Income Fund is a continuously-offered, non-diversified, registered closed-end fund with limited liquidity. There is no guarantee the Fund will achieve its objective. An investment in the Fund should only be made by investors who understand the risks involved, who are able to withstand the loss of the entire amount invested and who can bear the risks associated with the limited liquidity of Shares. A prospective investor must meet the definition of "accredited investor" under Regulation D under the Securities Act of 1933.

Important Risks: Shares are an illiquid investment. You should generally not expect to be able to sell your Shares (other than through the repurchase process), regardless of how the Fund performs. Although the Fund is required to implement a Share repurchase program only a limited number of Shares will be eligible for repurchase by the Fund.

An investment in the Fund is speculative, involves substantial risks, including the risk that the entire amount invested may be lost, and should not constitute a complete investment program. The Fund may leverage its investments by borrowing, use of swap agreements, options or other derivative instruments. The Fund is a newly-organized closed-end management investment company that has limited operating history and no public trading of its shares. The Fund is a non-diversified management investment company, meaning it may be more susceptible to any single economic or regulatory occurrence than a diversified investment company. In addition, the Fund is subject to investment related risks of the underlying funds, general economic and market condition risk.

Alternative investments provide limited liquidity and include, among other things, the risks inherent in investing in securities, futures, commodities and derivatives, using leverage and engaging in short sales. The Fund's investment performance depends, at least in part, on how its assets are allocated and reallocated among asset classes and strategies. Such allocation could result in the Fund holding asset classes or investments that perform poorly or underperform. Investments and investment transactions are subject to various counterparty risks. The counterparties to transactions in over the-counter or "inter-dealer" markets are typically subject to lesser credit evaluation and regulatory oversight compared to members of "exchange-based" markets. This may increase the risk that a counterparty will not settle a transaction because of a credit or liquidity problem, thus causing the Fund to suffer losses. The Fund and its service providers may be prone to operational and information security risks resulting from breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause the Fund to lose proprietary information, suffer data corruption, or lose operational capacity.

BEFORE INVESTING YOU SHOULD CAREFULLY CONSIDER THE FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES. THIS AND OTHER INFORMATION IS IN THE PROSPECTUS, A COPY OF WHICH MAY BE OBTAINED FROM (877) 770-7717. PLEASE READ THE PROSPECTUS CAREFULLY BEFORE YOU INVEST.

Foreside Fund Services, LLC, distributor.

Variant Alternative Income Fund

Report of Independent Registered Public Accounting Firm

For the Period from October 1, 2018 (commencement of operations) to April 30, 2019

To the Shareholders and Board of Trustees of
Variant Alternative Income Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Variant Alternative Income Fund (the "Fund") as of April 30, 2019, and the related statements of operations, cash flows and changes in net assets and the financial highlights for the period October 1, 2018 (commencement of operations) through April 30, 2019, including the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of April 30, 2019, and the results of its operations, cash flows and changes in net assets and the financial highlights for the period October 1, 2018 (commencement of operations) through April 30, 2019, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of April 30, 2019, by correspondence with the custodian, brokers and underlying fund managers or by other appropriate auditing procedures as appropriate in the circumstances. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Fund's auditor since 2017.



COHEN & COMPANY, LTD.
Chicago, Illinois
July 1, 2019

Variant Alternative Income Fund

Schedule of Investments

April 30, 2019

Investments in private investment companies — 49.4%	First Acquisition Date	Cost	Fair Value	Percent of Net Assets	Redemption Permitted	Redemption Notice Period
Litigation Finance						
Virage Capital Partners LP	9/1/2018	\$ 2,750,000	\$ 2,895,509	4.5%	N	N/A
Music Royalties						
Primary Wave Music IP Fund 1, LP	11/8/2017	1,117,675	1,031,166	1.6	N	N/A
Portfolio Finance						
Crestline Portfolio Financing Fund, L.P.	4/25/2018	419,232	452,219	0.7	N	N/A
Real Estate Equity						
Montreux Healthcare Fund PLC	2/1/2018	2,750,000	2,933,620	4.6	Y	Redemption permitted with 180 business days prior written notice for a calendar quarter Valuation Day.
Oak Harbor Capital NPL VII, LLC	3/1/2019	3,500,000	3,556,052	5.7	N	N/A
Prime Storage Fund II (Cayman), LP	11/20/2017	960,553	898,657	1.4	N	N/A
		<u>7,210,553</u>	<u>7,388,329</u>	<u>11.7</u>		
Secondaries						
Armadillo Financial Fund LP	12/28/2018	232,702	223,099	0.4	N	N/A
Blackrock Special Credit Opportunities, L.P. - Series C .	6/29/2018	242,576	267,935	0.4	N	N/A
PWP Asset Based Income ASP Fund	3/29/2019	1,055,255	1,436,972	2.3	Y	May withdraw all or any portion of its capital account upon not less than 90 days' prior written notice to the General Partner, as of the close of business on the last calendar day of a calendar quarter, subject to Lock-Up Periods.
		<u>1,530,533</u>	<u>1,928,006</u>	<u>3.1</u>		
Specialty Finance						
Blue Elephant Financing Fund I, L.P.	3/29/2019	2,185,000	2,202,220	3.5	N	N/A
Highcrest Private Credit Income Fund, L.P.	10/31/2018	3,750,000	3,844,202	6.1	Y	Redemption permitted as of the close of business on the last day of each calendar month, provided the GP is notified not less than 35 days in advance of the applicable withdrawal day.
Leaf II SPC, 10.0%, due 11/27/2021 ^(a)	11/28/2018	1,151,266	1,151,266	1.8	N	N/A
OHP II LP	3/7/2019	3,500,000	3,531,048	5.6	N	N/A
		<u>10,586,266</u>	<u>10,728,736</u>	<u>17.0</u>		
Transportation Finance						
Aero Capital Solutions Fund, LP	1/17/2019	1,816,596	2,177,700	3.5	N	N/A
Hudson Transport Real Asset Fund LP	9/1/2018	2,000,000	1,984,989	3.2	Y	Redemption permitted on the last day of any calendar quarter upon not less than 90 days prior written notice. Request must be greater than \$100k. Subject to a 2 year lock up period.
		<u>3,816,596</u>	<u>4,162,689</u>	<u>6.7</u>		

The accompanying notes are an integral part of these Financial Statements.

Variant Alternative Income Fund

Schedule of Investments April 30, 2019 (continued)

Investments in private investment companies — 49.4% (continued)	First Acquisition Date	Cost	Fair Value	Percent of Net Assets	Redemption Permitted	Redemption Notice Period
Warehouse Facilities						
Palmer Square Senior Loan Fund, LLC	10/3/2017	\$ 2,415,580	\$ 2,597,891	4.1%	Y	Redemption permitted with 15 days prior written notice during withdrawal periods determined by the managing member.
Total investments in private investment companies		<u>29,846,435</u>	<u>31,184,545</u>	<u>49.4</u>		
Investments in senior credit facilities — 18.6%						
Portfolio Finance						
BA Tech Master, LP, 15%, due 10/1/2021 ^(a)	10/2/2018	2,000,000	2,000,000	3.2	N	N/A
Litigation Finance						
Kerberos Capital Management and SPV I, 15.0%, due 12/7/2019 ^(a)	12/29/2018	762,300	762,300	1.2	N	N/A
Kerberos Capital Management and SPV, 20.0%, due 4/25/2020 ^(a)	4/26/2019	180,000	180,000	0.3	N	N/A
		<u>942,300</u>	<u>942,300</u>	<u>1.5</u>		
Specialty Finance						
Art Money U.S., Inc., 11.0%, due 6/8/2021 ^(a)	6/12/2018	1,470,000	1,470,000	2.3	N	N/A
P2B Investor Incorporated, 10.99%, due 6/30/2019 ^{(a)(c)} ..	5/29/2018	2,500,000	2,500,000	4.0	N	N/A
PFF LLC, 9.5%, due 5/1/2021 ^(a)	11/20/2017	4,325,000	4,325,000	6.8	Y	Redemption permitted with a 90 day notice.
RKB Energy Solutions, LLC, 15.0%, due 4/29/2021 ^(a) ...	4/29/2019	500,000	500,000	0.8	N	N/A
		<u>8,795,000</u>	<u>8,795,000</u>	<u>13.9</u>		
Total investments in senior credit facilities ..		<u>11,737,300</u>	<u>11,737,300</u>	<u>18.6</u>		
Investments in special purpose vehicles — 14.9%						
Litigation Finance						
YS CF LawFF VII LLC, 12.75%	4/5/2018	500,000	500,000	0.8	N	N/A
YS LC Diver PSP XXIV LLC, 13.0%	10/12/2017	151,002	151,002	0.2	N	N/A
YS LC Diver PSP XXV LLC, 13.0%	1/3/2018	165,234	165,234	0.2	N	N/A
YS LC Diver PSP XXVI LLC, 13.0%	1/30/2018	112,689	112,689	0.2	N	N/A
YS LC Diver PSP XXVIII LLC, 13.0%	8/21/2018	163,399	163,399	0.3	N	N/A
		<u>1,092,324</u>	<u>1,092,324</u>	<u>1.7</u>		

The accompanying notes are an integral part of these Financial Statements.

Variant Alternative Income Fund

Schedule of Investments April 30, 2019 (continued)

Investments in special purpose vehicles — 14.9% (continued)	First Acquisition Date	Cost	Fair Value	Percent of Net Assets	Redemption Permitted	Redemption Notice Period	
Music Royalties							
Round Hill Music Carlin Coinvest, LP ^(b)	10/1/2017	\$ 1,000,000	\$ 1,040,954	1.7%	N	N/A	
Real Estate Debt							
545 Bergen Funding LLC, 8.4%, due 12/1/2019 ^(a)	11/23/2017	400,000	400,000	0.6	N	N/A	
Monticello Structured Products, LLC Series MSP-2, 7.0%	4/3/2019	200,000	200,000	0.3	N	N/A	
Monticello Funding, LLC Series BTH-3, 12.0%	7/1/2018	250,000	250,000	0.4	N	N/A	
Monticello Funding, LLC Series BTH-11, 12.0%	9/13/2018	250,000	250,000	0.4	N	N/A	
Monticello Funding, LLC Series BTH-13, 12.0%	8/10/2018	156,000	156,000	0.2	N	N/A	
Monticello Funding, LLC Series BTH-16, 12.0%	7/31/2018	250,000	250,000	0.4	N	N/A	
Monticello Funding, LLC Series BTH-18, 12.0%	5/30/2018	500,000	500,000	0.8	N	N/A	
Monticello Funding, LLC Series BTH-19, 12.0%	8/3/2018	195,000	195,000	0.3	N	N/A	
Monticello Funding, LLC Series BTH-20, 12.0%	9/18/2018	230,343	230,343	0.4	N	N/A	
Monticello Funding, LLC Series BTH-25, 12.0%	2/12/2019	300,000	300,000	0.5	N	N/A	
		<u>2,731,343</u>	<u>2,731,343</u>	<u>4.3</u>			
Specialty Finance							
CoVenture - Clearbanc Special Assets Fund LP	3/12/2019	1,499,999	1,513,461	2.4	N	N/A	
P2B Investor Inc, 9.48% ^(a)	11/3/2017	10,221	10,221	0.0	N	N/A	
Upper90 ClearFund I, L.P.	3/28/2019	2,500,000	2,500,000	4.0	N	N/A	
		<u>4,010,220</u>	<u>4,023,682</u>	<u>6.4</u>			
Transportation Finance							
YS Vessel Deconstruction I ^(a) ..	6/26/2018	500,000	500,000	0.8	N	N/A	
Total investments in special purpose vehicles							
		<u>9,333,887</u>	<u>9,388,303</u>	<u>14.9</u>			
Shares / Contracts Investments in Public Securities — 0.5%							
Master Limited Partnerships							
10,200	Enterprise Products Partners LP			4/17/2019	\$ 296,871	\$ 292,024	0.5%
	Total investments in Public Securities				<u>296,871</u>	<u>292,024</u>	<u>0.5</u>
Investments in purchased put options contracts — 0.0%							
102	Enterprise Products Partners LP Exercise Price: \$28.00, Notional Amount: \$285,600 Expiration Date: June 21, 2019 ^(d)			4/17/2019	4,977	3,672	0.0
	Total investments in purchased put options contracts ..				<u>4,977</u>	<u>3,672</u>	<u>0.0</u>

The accompanying notes are an integral part of these Financial Statements.

Variant Alternative Income Fund

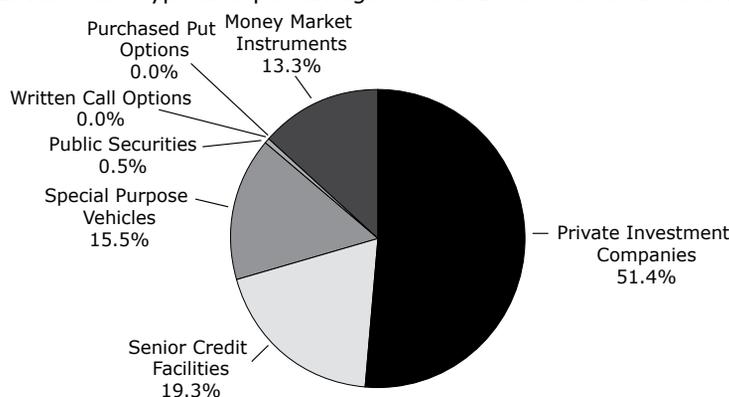
Schedule of Investments April 30, 2019 (continued)

Principal Amount	Investments in money market instruments — 12.8%	Cost	Fair Value	Percent of Net Assets
7,070,535	Federated Treasury Obligations Fund, Institutional Shares, 2.27% ^(e)	\$ 7,070,535	\$ 7,070,535	11.2%
1,001,221	Vanguard Federal Money Market Fund, Retail Shares, 2.32% ^(e)	<u>1,001,221</u>	<u>1,001,221</u>	<u>1.6</u>
	Total investments in money market instruments	<u>8,071,756</u>	<u>8,071,756</u>	<u>12.8</u>
	Total Investments (cost \$59,291,226)		\$ 60,677,600	96.2%
	Other assets less liabilities		<u>2,423,689</u>	<u>3.8</u>
	Net Assets		<u>\$ 63,101,289</u>	<u>100.0%</u>

Shares / Contracts	Investments in written call options contracts — 0.0%	First Acquisition Date	Proceeds	Fair Value	Percent of Net Assets
	Enterprise Products Partners LP Exercise Price: \$30.00, Notional Amount: \$306,000				
(102)	Expiration Date: June 21, 2019 ^(d)	4/17/2019	\$ (2,673)	\$ (2,040)	0.0%
	Total investments in written call options contracts		<u>(2,673)</u>	<u>(2,040)</u>	<u>0.0</u>

- (a) Value was determined using significant unobservable inputs.
 (b) 100% of this private company is invested in one music catalog.
 (c) Variable rate security.
 (d) Counterparty is Interactive Brokers.
 (e) Rate listed is the 7-day effective yield at 4/30/19.

Investment Type as a percentage of Total Investments As Follows



The accompanying notes are an integral part of these Financial Statements.

Variant Alternative Income Fund

Statement of Assets, Liabilities and Shareholders' Equity

April 30, 2019

Assets

Investments, at fair value (cost \$59,291,226)	\$	60,677,600
Receivable for fund shares sold		376,585
Contributions paid in advance		1,500,000
Interest receivable		567,237
Deferred offering costs		69,905
Prepaid expenses		80,117
Total Assets		<u>63,271,444</u>

Liabilities

Written options contracts, at value (proceeds \$2,673)		2,040
Due to broker for options contracts		2,304
Due to Investment Manager		71,579
Professional fees payable		73,088
Accounting and administration fees payable		8,743
Custody fees payable		5,583
Other Liabilities		6,818
Total Liabilities		<u>170,155</u>

Net Assets	\$	<u>63,101,289</u>
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Components of Net Assets:

Paid-in Capital (par value of \$0.01 with an unlimited amount of shares authorized)	\$	61,537,021
Total distributable earnings		1,564,268
Net Assets	\$	<u>63,101,289</u>

Institutional Class Shares:

Net assets applicable to shares outstanding	\$	62,602,995
Shares of beneficial interest issued and outstanding		2,426,958
Net asset value per share	\$	25.79

Investor Class Shares:

Net assets applicable to shares outstanding	\$	498,294
Shares of beneficial interest issued and outstanding		19,314
Net asset value per share	\$	25.80

The accompanying notes are an integral part of these Financial Statements.

Variant Alternative Income Fund

Statement of Operations

For the Period Ended April 30, 2019¹

Investment Income

Interest \$ 1,587,213

Expenses

Investment management fees 185,218
Professional fees 121,000
Offering fees 97,866
Accounting and administration fees 59,243
Transfer Agent fees 25,200
Trustee fees 25,051
Custody fees 20,570
Chief Compliance Officer fees 6,344
Insurance fees 6,000
Blue sky fees 2,331
12b-1 fees 270
Other expenses 13,753
Total fees and expenses before waiver 562,846

Less fees and expenses waived by Investment Manager (281,409)

Net Expenses, before interest expense and line of credit fees 281,437

Line of credit fees 20,577

Interest expense 8,736

Net Expenses 310,750

Net Investment Income 1,276,463

Realized and Unrealized Gain:

Net realized gain on investments 128,958

Net change in unrealized appreciation (depreciation) on:

Investments 1,386,374

Written options contracts 633

Net change in unrealized appreciation (depreciation) 1,387,007

Net realized and unrealized gain 1,515,965

Net Increase in Net Assets resulting from Operations \$ 2,792,428

¹ For the period from October 1, 2018 (commencement of operations) to April 30, 2019. See Note 13 "Reorganization Information" in the Notes to the Financial Statements.

Variant Alternative Income Fund

Statement of Changes in Shareholders' Equity For the Period Ended April 30, 2019¹

Increase in Net Assets from:

Operations:

Net investment income	\$ 1,276,463
Net realized gain on investments	128,958
Net change in unrealized appreciation (depreciation) on investments	<u>1,387,007</u>
Net increase in net assets resulting from operations	2,792,428

Distributions to Shareholders:

Distributions:	<u>(1,230,213)</u>
Total distributions to shareholders	(1,230,213)

Capital Share Transactions:

Institutional Class Shares

Net proceeds from shares sold:	35,407,201
Proceeds from Reorganization (See Note 13):	24,779,411
Reinvestment of distributions:	864,501
Cost of shares redeemed:	<u>(100,640)</u>
Net increase in net assets from Institutional Class Shares capital transactions	60,950,473

Investor Class Shares

Net proceeds from shares sold:	562,754
Reinvestment of distributions:	2,167
Cost of shares redeemed:	<u>(76,320)</u>
Net increase in net assets from Investor Class Shares capital transactions	488,601

Net increase in net assets resulting from capital transactions 61,439,074

Total increase in net assets 63,001,289

Net Assets:

Beginning of period ²	<u>100,000</u>
End of period	<u>\$ 63,101,289</u>

Share Transactions:

Institutional Class Shares

Issued ²	1,393,264
Shares from Reorganization	1,003,459
Reinvested	34,235
Redeemed	<u>(4,000)</u>
Change in Institutional Class Shares	2,426,958

Investor Class Shares

Issued	22,229
Reinvested	85
Redeemed	<u>(3,000)</u>
Change in Investor Class Shares	19,314

¹ For the period October 1, 2018 (commencement of operations) to April 30, 2019. See Note 13 "Reorganization Information" in the Notes to the Financial Statements.

² The Investment Manager made the initial share purchase of \$100,000 on 10/01/2018. The total initial share purchase of \$100,000 included 4,000 shares purchased at \$25 per share.

Variant Alternative Income Fund

Statement of Cash Flows

For the Period Ended April 30, 2019¹

Cash flows from operating activities:

Net Increase in net assets resulting from Operations	\$	2,792,428
Adjustments to reconcile Net Increase in net assets resulting from Operations to net cash used in operating activities:		
Net realized gain on investments		(128,958)
Net change in unrealized appreciation on investments		(1,387,007)
Purchases of long-term investments		(38,616,390)
Proceeds from long-term investments sold		8,495,354
Purchase of short-term investments, net		(8,071,756)
Changes in operating assets and liabilities:		
Increase in Contributions Paid in Advance		(1,500,000)
Increase in deferred offering costs		(69,905)
Increase in interest receivable		(179,430)
Increase in other assets		(80,117)
Increase in due to Investment Manager		71,579
Increase in professional fees payable		73,088
Increase in accounting and administration fees payable		8,743
Increase in custody fees payable		5,583
Increase in due to broker for options contracts		2,304
Increase in other liabilities		6,818
Net cash used in operating activities		<u>(38,577,666)</u>

Cash flows from financing activities:

Cash proceeds from reorganization (See Note 13)		3,424,801
Proceeds from shares sold net of receivable for fund shares sold		35,593,370
Payments for shares redeemed		(176,960)
Distributions to shareholders, net of reinvestments		(363,545)
Proceeds from borrowing		4,805,315
Payments on borrowing		<u>(4,805,315)</u>
Net cash used in financing activities		<u>38,477,666</u>

Net decrease in cash

		<u>(100,000)</u>
--	--	------------------

Cash:		
Beginning of period		<u>100,000</u>
End of period	\$	<u>—</u>

Supplemental disclosure of cash flow information:

Cash paid for interest on credit facility during the period was \$8,578.

Non-cash financing activities not included consist of reinvestment of dividends and distributions of \$866,668.

¹ For the period October 1, 2018 (commencement of operations) to April 30, 2019. See Note 13 "Reorganization Information" in the Notes to the Financial Statements.

Variant Alternative Income Fund

Financial Highlights

Investor Class

For the Period Ended April 30, 2019¹

Per share operating performance.

For a capital share outstanding throughout the period.

Net asset value, beginning of period	\$ 25.16
Income from Investment Operations:	
Net investment income ²	0.87
Net realized and unrealized gain (loss) on investments	0.60
Total from investment operations	1.47
Less Distributions:	
From net investment income	(0.83)
From net realized gains	—
Total distributions	(0.83)
Net asset value, end of period	<u>\$ 25.80</u>
Total return	5.51% ³
Ratios and Supplemental Data:	
Net assets, end of period (in thousands)	\$ 498
Ratio of expenses to average net assets:	
(including interest and line of credit expense)	
Before fees waived	3.42% ⁴
After fees waived	1.88% ⁴
Ratio of expenses to average net assets:	
(excluding interest and line of credit expense)	
Before fees waived	3.24% ⁴
After fees waived	1.70% ⁴
Ratio of net investment income to average net assets:	
(including interest and line of credit expense)	
Before fees waived	5.33% ⁴
After fees waived	6.87% ⁴
Ratio of net investment income to average net assets:	
(excluding interest and line of credit expense)	
Before fees waived	5.50% ⁴
After fees waived	7.04% ⁴
Portfolio turnover rate	21% ³

¹ For the period October 1, 2018 (commencement of operations) to April 30, 2019. See Note 13 "Reorganization Information" in the Notes to the Financial Statements.

² Based on average shares outstanding for the period.

³ Not annualized.

⁴ Annualized.

Variant Alternative Income Fund

Financial Highlights

Institutional Class

For the Period Ended April 30, 2019¹

Per share operating performance.

For a capital share outstanding throughout the period.

Net asset value, beginning of period	\$ 25.00
Income from Investment Operations:	
Net investment income ²	0.97
Net realized and unrealized gain (loss) on investments	0.69
Total from investment operations	1.66
Less Distributions:	
From net investment income	(0.87)
From net realized gains	—
Total distributions	(0.87)
Net asset value, end of period	\$ 25.79
Total return	6.29% ³
Ratios and Supplemental Data:	
Net assets, end of period (in thousands)	\$ 62,603
Ratio of expenses to average net assets:	
(including interest and line of credit expense)	
Before fees waived	3.05% ⁴
After fees waived	1.60% ⁴
Ratio of expenses to average net assets:	
(excluding interest and line of credit expense)	
Before fees waived	2.90% ⁴
After fees waived	1.45% ⁴
Ratio of net investment income to average net assets:	
(including interest and line of credit expense)	
Before fees waived	5.13% ⁴
After fees waived	6.58% ⁴
Ratio of net investment income to average net assets:	
(excluding interest and line of credit expense)	
Before fees waived	5.28% ⁴
After fees waived	6.73% ⁴
Portfolio turnover rate	21% ³

¹ For the period October 1, 2018 (commencement of operations) to April 30, 2019. See Note 13 "Reorganization Information" in the Notes to the Financial Statements.

² Based on average shares outstanding for the period.

³ Not annualized.

⁴ Annualized.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2019

1. Organization

The Variant Alternative Income Fund (the "Fund") is a closed-end management investment company registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and organized as a Delaware statutory trust on April 6, 2018. Variant Investments, LLC serves as the investment adviser (the "Investment Manager") of the Fund. The Fund operates as an interval fund pursuant to Rule 23c-3 under the Investment Company Act, and has adopted a fundamental policy to conduct quarterly repurchase offers at net asset value ("NAV"). Institutional class shares commenced operations on October 1, 2018. Investor class shares commenced operations on October 31, 2018.

The Fund's primary objective is to provide a high level of current income. Capital appreciation will be considered a secondary objective. Under normal market conditions, the Fund will seek to achieve its investment objective by investing, directly or indirectly through a wide range of investment vehicles ("Underlying Funds"), a majority of its net assets (plus any borrowings for investment purposes) in alternative income generating investments. Such investments are typically domestic and foreign privately-held investments that are outside of traditional public equity and bond markets. These positions typically generate an interest payment, pay dividends, or have other forms of distributions that generally accrue value over time. These assets may include, but are not limited to, real estate equity and debt securities, life settlements, receivables, specialty finance, litigation finance-related investments, royalties, transportation finance, collateralized loan obligation warehouse facility investments, as well as purchases of interests in private credit funds in the secondary market. The Fund may also invest in public securities, including public debt, master limited partnerships, business development companies, and preferred stock. The Fund will allocate its investments across multiple strategies in both developed and emerging markets with varying levels of liquidity and credit quality, including distressed and defaulted investments. The Fund may use derivative investments and may have exposure to long and short positions across its asset classes to obtain the desired risk exposure consistent with its investment strategies.

Under the Distribution and Servicing Plan, the Fund may pay as compensation up to 0.25% on an annualized basis of the aggregate net assets of the Fund attributable to Investor Class Shares, (the "Distribution and Servicing Fee") to the Fund's Distributor or other qualified recipients under the Distribution and Servicing Plan. There is no Distribution and Servicing Fee imposed on Institutional Class Shares.

2. Accounting Policies

Basis of Preparation and Use of Estimates

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

Investment Transactions and Related Investment Income

Investment transactions are accounted for on a trade-date basis. Realized gains and losses on investment transactions are determined using cost calculated on a specific identification basis. Dividends are recorded on the ex-dividend date and interest is recognized on an accrual basis. Distributions from private investments that represent returns of capital in excess of cumulative profits and losses are credited to investment cost rather than investment income.

Organizational and Offering Costs

The Investment Manager has agreed to advance the Fund's organizational costs and offering costs already incurred. Organizational costs are expensed as incurred and are subject to recoupment by the Investment Manager in accordance with the Fund's expense limitation agreement discussed in Note 7. Offering costs, which are also subject to the Fund's expense limitation agreement discussed in Note 7, are amortized to expense over twelve months on a straight-line basis.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2019 (continued)

2. Accounting Policies (continued)

Organizational costs consist of the costs of forming the Fund, drafting of bylaws, administration, custody and transfer agency agreements, legal services in connection with the initial meeting of trustees and the Fund's seed audit costs. Offering costs consist of the costs of preparation, review and filing with the SEC the Fund's registration statement, the costs of preparation, review and filing of any associated marketing or similar materials, the costs associated with the printing, mailing or other distribution of the Prospectus, SAI and/or marketing materials, and the amounts of associated filing fees and legal fees associated with the offering. The aggregate amount of the organizational costs and offering costs as of the date of the accompanying financial statements are \$39,772 and \$167,771, respectively.

Distributions to Shareholders

Distributions are paid at least quarterly on the Shares in amounts representing substantially all of the Fund's net investment income, if any, earned each year. The Fund determines annually whether to distribute any net realized long-term capital gains in excess of net realized short-term capital losses (including capital loss carryover); however, it may distribute any excess annually to its shareholders.

The exact amount of distributable income for each fiscal year can only be determined at the end of the Fund's fiscal year, April 30. Under Section 19 of the Investment Company Act, the Fund is required to indicate the sources of certain distributions to shareholders. The estimated distribution composition may vary from quarter to quarter because it may be materially impacted by future income, expenses and realized gains and losses on securities and fluctuations in the value of the currencies in which Fund assets are denominated.

Valuation of Investments

The Fund calculates its NAV as of the close of business on each business day and at such other times as the Board may determine, including in connection with repurchases of Shares, in accordance with the procedures described below or as may be determined from time to time in accordance with policies established by the Board.

The Board has approved valuation procedures for the Fund (the "Valuation Procedures"). The Valuation Procedures provide that the Fund will value its investments at fair value. The Board has delegated the day to day responsibility for determining these fair values in accordance with the policies it has approved to the Investment Manager. The Investment Manager's Valuation Committee (the "Valuation Committee") will oversee the valuation of the Fund's investments on behalf of the Fund. The Board reviews and ratifies the execution of this process and the resultant fair value prices at least quarterly.

Short-term securities, including bonds, notes, debentures and other debt securities, and money market instruments such as certificates of deposit, commercial paper, bankers' acceptances and obligations of domestic and foreign banks, with maturities of 60 days or less, for which reliable market quotations are readily available shall each be valued at current market quotations as provided by an independent pricing service or principal market maker.

For equity, equity related securities, and options that are freely tradable and listed on a securities exchange or over-the-counter market, the Fund fair values those securities at their last sale price on that exchange or over-the-counter market on the valuation date. If the security is listed on more than one exchange, the Fund will use the price from the exchange that it considers to be the principal exchange on which the security is traded. Securities listed on the NASDAQ will be valued at the NASDAQ Official Closing Price, which may not necessarily represent the last sale price. If there has been no sale on such exchange or over-the-counter market on such day, the security will be valued at the mean between the last bid price and last ask price on such day.

Fixed income securities (other than the short-term securities as described above) shall be valued by (a) using readily available market quotations based upon the last updated sale price or a market value from an approved pricing service generated by a pricing matrix based upon yield data for securities with similar characteristics or (b) by obtaining a direct written broker-dealer quotation from a dealer who has made a market in the security. If no price is obtained for a security in accordance with the foregoing, because either an external price is not readily available or such external price is believed by the Investment Manager not to reflect the market value, the Valuation Committee will make a determination in good faith of the fair value of the security in accordance with the Valuation Procedures. In general, fair value represents a good faith approximation of the current value of an asset and will be used when there is no public market or possibly no market at all for the asset. The fair values of one or more assets may not be the prices at which those assets are ultimately sold and the differences may be significant.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2019 (continued)

2. Accounting Policies (continued)

Prior to investing in any Underlying Fund, the Investment Manager will conduct an initial due diligence review of the valuation methodologies utilized by the Underlying Fund, which generally shall be based upon readily observable market values when available, and otherwise utilize principles of fair value that are reasonably consistent with those used by the Fund for valuing its own investments. Subsequent to investment in an Underlying Fund, the Investment Manager will monitor the valuation methodologies used by each Underlying Fund. The Fund bases its NAV on valuations of its interests in Underlying Funds provided by the managers of the Underlying Funds and/or their agents. These valuations involve significant judgment by the managers of the Underlying Funds and may differ from their actual realizable value. Under certain circumstances, the Valuation Committee may modify the managers' valuations based on updated information received since the last valuation date. The Valuation Committee may also modify valuations if the valuations are deemed to not fully reflect the fair value of the investment. Valuations will be provided to the Fund based on interim unaudited financial records of the Underlying Funds, and, therefore, will be estimates and may fluctuate as a result. The Board, the Investment Manager and the Valuation Committee may have limited ability to assess the accuracy of these valuations.

In circumstances in which market quotations are not readily available or are deemed unreliable, or in the case of the valuation of private, direct investments, such investments may be valued as determined in good faith using methodologies approved by the Board. In these circumstances, the Fund determines fair value in a manner that seeks to reflect the market value of the security on the valuation date based on consideration by the Valuation Committee of any information or factors deemed appropriate. The Valuation Committee may engage third party valuation consultants on an as-needed basis to assist in determining fair value.

Fair valuation involves subjective judgments, and there is no single standard for determining the fair value of an investment. The fair value determined for an investment may differ materially from the value that could be realized upon the sale of the investment. Fair values used to determine the Fund's NAV may differ from quoted or published prices, or from prices that are used by others, for the same investment. Thus, fair valuation may have an unintended dilutive or accretive effect on the value of shareholders' investments in the Fund. Information that becomes known to the Fund or its agents after the NAV has been calculated on a particular day will not be used to retroactively adjust the price of a security or the NAV determined earlier. Prospective investors should be aware that situations involving uncertainties as to the value of investments could have an adverse effect on the Fund's net asset value if the judgments of the Board or the Valuation Committee regarding appropriate valuations should prove incorrect.

Written Options

The Fund may write call and put options. Writing put options tends to increase the Fund's exposure to the underlying instrument. Writing call options tends to decrease the Fund's exposure to the underlying instrument. When the fund writes a call or put option, an amount equal to the premium received is recorded as a liability and subsequently marked-to-market to reflect the current value of the option written. These liabilities are reflected as written options outstanding in the Schedule of Investments. Payments received or made, if any, from writing options with premiums to be determined on a future date are reflected as such in the Schedule of Investments. Premiums received from writing options that expire are treated as realized gains. Premiums received from writing options that are exercised or closed are added to the proceeds or offset against amounts paid on the underlying future, security or currency transaction to determine the realized gain or loss. The Fund, as a writer of an option, has no control over whether the underlying future, security or currency may be sold (call) or purchased (put) and, as a result, bears the market risk of an unfavorable change in the price of the security underlying the written option. The risk exists that the Fund may not be able to enter into a closing transaction because of an illiquid market.

Federal Income Taxes

The Fund intends to qualify as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended. If so qualified, the Fund will not be subject to federal income tax to the extent it distributes substantially all of its net investment income and capital gains to shareholders. Therefore, no federal income tax provision is required. Management of the Fund is required to determine whether a tax position taken by the Fund is more likely than not to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. Based on its analysis, there were no tax positions identified by management of the Fund which did not meet the "more likely than not" standard as of April 30, 2019.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2019 (continued)

2. Accounting Policies (continued)

Indemnifications

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

3. Principal Risks

Borrowing, Use of Leverage

The Fund may leverage its investments by "borrowing," use of swap agreements, options or other derivative instruments, use of short sales or issuing preferred stock or preferred debt. The use of leverage increases both risk and profit potential. The Investment Manager may cause the Fund to use various methods to leverage investments, including (i) borrowing, (ii) issuing preferred stock or preferred debt, (iii) swap agreements or other derivative instruments, or (iv) a combination of these methods. The Fund expects that under normal business conditions it will utilize a combination of the leverage methods described above. The Fund is subject to the Investment Company Act requirement that an investment company limit its borrowings to no more than 50% of its total assets for preferred stock or preferred debt and 33 1/3% of its total assets for debt securities, including amounts borrowed, measured at the time the investment company incurs the indebtedness. Although leverage may increase profits, it exposes the Fund to credit risk, greater market risks and higher current expenses. The effect of leverage with respect to any investment in a market that moves adversely to such investment could result in a loss to the investment portfolio of the Fund that would be substantially greater than if the investment were not leveraged. Also, access to leverage and financing could be impaired by many factors, including market forces or regulatory changes, and there can be no assurance that the Fund will be able to secure or maintain adequate leverage or financing.

Margin borrowings and transactions involving forwards, swaps, futures, options and other derivative instruments could result in certain additional risks to the Fund. In such transactions, counterparties and lenders will likely require the Fund to post collateral to support its obligations. Should the securities and other assets pledged as collateral decline in value or should brokers increase their maintenance margin requirements (i.e., reduce the percentage of a position that can be financed), the Fund could be subject to a "margin call," pursuant to which it must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. In the event of a precipitous drop in the value of pledged securities, the Fund might not be able to liquidate assets quickly enough to pay off the margin debt or provide additional collateral and may suffer mandatory liquidation of positions in a declining market at relatively low prices, thereby incurring substantial losses.

Limited Liquidity

Shares in the Fund provide limited liquidity since shareholders will not be able to redeem shares on a daily basis. A shareholder may not be able to tender its Shares in the Fund promptly after it has made a decision to do so. There is no assurance that you will be able to tender your shares when or in the amount that you desire. In addition, with very limited exceptions, shares are not transferable, and liquidity will be provided only through repurchase offers made quarterly by the Fund. Shares in the Fund are therefore suitable only for investors who can bear the risks associated with the limited liquidity of shares and should be viewed as a long-term investment.

Non-Diversified Status

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

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2019 (continued)

3. Principal Risks (continued)

Private Markets Risk

The securities in which the Fund, directly or indirectly, may invest include privately issued securities of both public and private companies. Private securities have additional risk considerations than investments in comparable public investments. Whenever the Fund invests in companies that do not publicly report financial and other material information, it assumes a greater degree of investment risk and reliance upon the Investment Manager's ability to obtain and evaluate applicable information concerning such companies' creditworthiness and other investment considerations. Certain private securities may be illiquid. Because there is often no readily available trading market for private securities, the Fund may not be able to readily dispose of such investments at prices that approximate those at which the Fund could sell them if they were more widely traded. Private securities that are debt securities generally are of below-investment grade quality, frequently are unrated and present many of the same risks as investing in below-investment grade public debt securities. Investing in private debt instruments is a highly specialized investment practice that depends more heavily on independent credit analysis than investments in other types of obligations.

Repurchase Offers

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

4. Fair Value of Investments

(a) Fair value - Definition

The Fund uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Valuations based on inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly.
- Level 3 – Valuations based on inputs that are both significant and unobservable to the overall fair value measurement.

Investments in private investment companies measured based upon NAV as a practical expedient to determine fair value are not required to be categorized in the fair value hierarchy.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, determining fair value requires more judgment. Because of the inherent uncertainty of valuation, estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Investment Manager in determining fair value is greatest for investments categorized in Level 3.

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2019 (continued)

4. Fair Value of Investments (continued)

(b) Fair Value – Valuation Techniques and Inputs

When determining fair value, the Fund uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments in Private Investment Companies

The Fund values private investment companies using the Navs provided by the underlying private investment companies as a practical expedient. The Fund applies the practical expedient to private investment companies on an investment-by-investment basis, and consistently with the Fund's entire position in a particular investment, unless it is probable that the Fund will sell a portion of an investment at an amount different from the NAV of the investment. Each of these investments has certain restrictions with respect to rights of withdrawal by the Fund as specified in the respective agreements. Generally, the Fund is required to provide notice of its intent to withdraw after the investment has been maintained for a certain period of time. The management agreements of the private investment companies provide for compensation to the managers in the form of fees ranging from 0% to 2% annually of net assets and performance incentive allocations or fees ranging from 0% to 20% on net profits earned.

At April 30, 2019, the Fund had private investment companies of \$1,151,266 that did not qualify for the practical expedient because it is probable that the Fund could sell these investments for amounts that differ from the Navs provided by the underlying private investment companies. Private investment companies not qualifying for practical expedient were valued by the Fund through application of adjustments to the stated Navs reported by the underlying private investment companies. These adjustments are based on other relevant information available that the Fund feels has not been reflected in the most recent fair value. As a result, premiums ranging between 2% and 32% have been applied to the stated Navs. Investments in private investment companies that do not qualify for the practical expedient are categorized in Level 3 of the fair value hierarchy.

Investments in Special Purpose Vehicles

Special purpose vehicles ("SPV") consist of an investment by the Fund in an entity that invests directly or indirectly in a note secured by real estate. The debt offerings are short-term in nature and carry a fixed interest rate. During the period October 1, 2018 (commencement of operations) through April 30, 2019, the Investment Manager determined there were no credit impairments. Investments in SPV are generally measured based on NAV as a practical expedient while others are categorized in Level 3 of the fair value hierarchy.

Investments in Senior Credit Facilities

The Fund has invested in senior credit facilities that are either secured by the borrower's assets or are unsecured in nature. The senior credit facilities have been made directly or through participation with private investment or operating companies. The investments in senior credit facilities will generally be held at cost subject to certain revisions, such as (i) a material change in interest rates for similar notes or (ii) if the Investment Manager becomes aware of a fundamental change that has not been reflected in the cost. The Fund has determined to value its investments in senior credit facilities at cost as of April 30, 2019. During the period October 1, 2018 (commencement of operations) through April 30, 2019, the Investment Manager determined there were no material changes in interest rates or fundamental changes. Investments in senior credit facilities are categorized in Level 3 of the fair value hierarchy.

Investments in Options Contracts

The Investment Manager may purchase call and put options on specific securities, on indices, on currencies or on futures, and may write and sell covered or uncovered call and put options for hedging purposes and non-hedging purposes to pursue their investment objectives. A put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying security at a stated exercise price. Similarly, a call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security at a stated exercise price. A covered call option is a call option with respect to which the Fund owns the underlying security. The sale of such an option exposes the Fund during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or to possible continued holding of a security that might otherwise have been sold to protect against depreciation in the market price of the security.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2019 (continued)

4. Fair Value of Investments (continued)

A covered put option is a put option with respect to which cash or liquid securities have been placed in a segregated account on the Fund's books. The sale of such an option exposes the seller during the term of the option to a decline in price of the underlying security while also depriving the seller of the opportunity to invest the segregated assets.

(c) Fair Value - Hierarchy

The Fund's assets recorded at fair value have been categorized based on a fair value hierarchy as described in the Fund's significant accounting policies. The following table presents information about the Fund's assets and liabilities measured at fair value as of April 30, 2019. Assets valued using NAV as a practical expedient, an indicator of fair value, are listed in a separate column to permit reconciliation to totals in the Statement of Assets and Liabilities:

Assets	Level 1	Level 2	Level 3	Investments Valued at Net Asset Value	Total
Private Investment Companies	\$ —	\$ —	\$ 1,151,266	\$ 30,033,279	\$ 31,184,545
Senior Credit Facilities	—	—	11,737,300	—	11,737,300
Special Purpose Vehicles	—	—	910,221	8,478,082	9,388,303
Public Securities	292,024	—	—	—	292,024
Short-Term Investments	8,071,756	—	—	—	8,071,756
Purchased Put Options Contracts	3,672	—	—	—	3,672
Total Assets	\$ 8,367,452	\$ —	\$ 13,798,787	\$ 38,511,361	\$ 60,677,600
Liabilities					
Written Call Options Contracts	\$ 2,040	\$ —	\$ —	\$ —	\$ 2,040
Total Liabilities	\$ 2,040	\$ —	\$ —	\$ —	\$ 2,040

All transfers between fair value levels are recognized by the Fund at the beginning of each reporting period.

(d) Fair Value - Changes in Level 3 Measurements

The following table presents the changes in assets and transfers in and out which are classified in Level 3 of the fair value hierarchy for the period October 1, 2018 (commencement of operations) to April 30, 2019:

	Private Investment Companies	Senior Credit Facilities	Special Purpose Vehicles
October 1, 2018 (commencement of operations)	\$ 397,762	\$ 5,165,000	\$ 6,092,577
Realized gains (losses)	—	—	—
Unrealized gains (losses)	444,972	—	(2,761,868)
Transfers Into Level 3	—	—	—
Transfers Out of Level 3	(954,039)	—	(4,435,442)
Purchases	1,262,571	7,572,300	2,500,000
Sales	—	(1,000,000)	(485,046)
April 30, 2019	\$ 1,151,266	\$ 11,737,300	\$ 910,221

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2019 (continued)

4. Fair Value of Investments (continued)

(e) Fair Value - Significant Unobservable Inputs

The following table summarizes the valuation techniques and significant unobservable inputs used for the Fund's investments that are categorized in Level 3 of the fair value hierarchy as of April 30, 2019.

Investments	Fair Value	Valuation Technique	Unobservable Inputs	Range of Inputs
Private Investment Companies	\$ 1,151,266	Income Approach	Interest rate	8%
Senior Credit Facilities	11,737,300	Cost	Recent transaction price	N/A
Special Purpose Vehicles	910,221	Income Approach	Interest rate	6.05%-14.0%

(f) Fair Value - Valuation Processes

The Fund establishes valuation processes and procedures to ensure that the valuation techniques are fair and consistent, and valuation inputs are supportable. The Fund designates a Valuation Committee (the "Committee") to oversee the entire valuation process of the Fund's investments. The Committee is comprised of the three principals of the Investment Manager. The Committee is responsible for developing the Fund's written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies.

The Committee meets on a monthly basis, or more frequently as needed, to determine the valuations of the Fund's Level 3 investments. Valuations determined by the Committee are required to be supported by market data, third-party pricing sources, industry-accepted pricing models, counterparty prices, or other methods the Committee deems to be appropriate, including the use of internal proprietary pricing models.

5. Derivative and Hedging Disclosure

Derivatives and Hedging requires enhanced disclosures about the Fund's derivative and hedging activities, including how such activities are accounted for and their effects on the Fund's financial position, performance and cash flows. The Fund invested in options contracts for the period ended April 30, 2019.

The effects of these derivative instruments on the Fund's financial position and financial performance as reflected in the Statement of Assets and Liabilities and Statement of Operations are presented in the tables below. The fair values of derivative instruments as of April 30, 2019, by risk category are as follows:

Derivatives not designated as hedging instruments	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities	Value	Statement of Assets and Liabilities	Value
Equity contracts	Investments, at fair value	\$ 3,672	Written options contracts, at fair value	\$ 2,040
Total		\$ 3,672		\$ 2,040

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2019 (continued)

5. Derivative and Hedging Disclosure (continued)

The effects of derivative instruments on the Statement of Operations for the period October 1, 2018 (commencement of operations) through April 30, 2019, are as follows:

Amount of Realized Gain or (Loss) on Derivatives Recognized in Income

Derivatives not designated as hedging instruments	Purchased Options Contracts	Written Options Contracts
Equity contracts	\$ —	\$ —
Total	\$ —	\$ —

Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income

Derivatives not designated as hedging instruments	Purchased Options Contracts	Written Options Contracts	Total
Equity contracts	\$ (1,305)	\$ 633	\$ (672)
Total	\$ (1,305)	\$ 633	\$ (672)

The number of contracts is included on the Schedule of Investments. The quarterly average volumes of derivative instruments as of April 30, 2019, are as follows:

Derivative	Quarterly Average	Amount
Options Contracts - Purchased	Average Fair Value	\$ 1,224
Options Contracts - Written	Average Fair Value	(680)

6. Capital Stock

The Fund offers two separate classes of shares of beneficial interest ("Shares") designated as Institutional Class ("Institutional Class Shares") and Investor Class ("Investor Class Shares"). Institutional Class Shares and Investor Class Shares are subject to different fees and expenses. The Fund may offer additional classes of Shares in the future.

The Fund is authorized as a Delaware statutory trust to issue an unlimited number of Shares in one or more classes, with a par value of \$0.001. The minimum initial investment in Institutional Class Shares by any investor is \$1 million and the minimum initial investment in Investor Class Shares by any investor is \$25,000. However, the Fund, in its sole discretion, may accept investments below these minimums. Shares may be purchased by principals and employees of the Investment Manager or its affiliates and their immediate family members without being subject to the minimum investment requirements.

Neither Investor Class Shares nor Institutional Class Shares are subject to any initial sales charge.

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

A substantial portion of the Fund's investments are illiquid. For this reason, the Fund is structured as a closed-end interval fund which means that the Shareholders will not have the right to redeem their Shares on a daily basis. In addition, the Fund does not expect any trading market to develop for the Shares. As a result, if investors decide to invest in the Fund, they will have very limited opportunity to sell their Shares. For each repurchase offer, the Board will set an amount between 5% and 25% of the Fund's Shares based on relevant factors, including the liquidity of the Fund's positions and the Shareholders' desire for liquidity. A Shareholder whose Shares (or a portion thereof) are repurchased by the Fund will not be entitled to a return of any sales charge that was charged in connection with the Shareholder's purchase of the Shares.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2019 (continued)

6. Capital Stock (continued)

Pursuant to Rule 23c-3 under the 1940 Act, on a quarterly basis, the Fund offers shareholders holding all classes of shares the option of redeeming shares at NAV. The Board determines the quarterly repurchase offer amount ("Repurchase Offer Amount"), which can be no less than 5% and no more than 25% of all shares of all classes outstanding on the repurchase request deadline. If shareholders tender more than the Repurchase Offer Amount, the Fund may, but is not required to, repurchase an additional amount of shares not to exceed 2% of all outstanding shares of the Fund on the repurchase request deadline. If the Fund determines not to repurchase more than the Repurchase Offer Amount, or if shareholders tender shares in an amount exceeding the Repurchase Offer Amount plus 2% of all outstanding shares on the repurchase request deadline, the Fund shall repurchase the shares tendered on a pro rata basis. There is no guarantee that a shareholder will be able to sell all of the shares tendered in a quarterly repurchase offer. Limited liquidity will be provided to shareholders only through the Fund's quarterly repurchases.

	Repurchase Offer	Repurchase Offer
Commencement Date	October 31, 2018	January 30, 2019
Repurchase Request	November 30, 2018	March 1, 2019
Repurchase Pricing date	December 14, 2018	March 15, 2019
Net Asset Value as of Repurchase Offer Date		
Institutional Class	\$ 25.45	\$ 25.64
Investor Class	\$ 25.44	\$ 25.66
Amount Repurchased		
Institutional Class	\$ —	\$ —
Investor Class	\$ 76,320.00	\$ —
Percentage of Outstanding Shares Repurchased		
Institutional Class	0.00%	0.00%
Investor Class	75.00%	0.00%

7. Investment Management and Other Agreements

The Fund has entered into an investment management agreement (the "Investment Management Agreement") with the Investment Manager. Pursuant to the Investment Management Agreement, the Fund pays the Investment Manager a monthly Investment Management Fee equal to 0.95% on an annualized basis, calculated daily and payable monthly in arrears, of the Fund's average daily "Managed Assets." "Managed Assets" means the total assets of the Fund (including any assets attributable to any leverage that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage and the aggregate liquidation preference of any outstanding preferred shares). Average daily Managed Assets is the sum of the Managed Assets for the month divided by the number of days in the month.

The Investment Manager has entered into an expense limitation and reimbursement agreement (the "Expense Limitation and Reimbursement Agreement") with the Fund, whereby the Investment Manager has agreed to waive fees that it would otherwise have been paid, and/or to assume expenses of the Fund (a "Waiver"), if required to ensure the Total Annual Expenses (excluding any taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses (as determined in accordance with SEC Form N-2), expenses incurred in connection with any merger or reorganization, and extraordinary expenses, such as litigation expenses) do not exceed 1.70% and 1.45% of the average daily net assets of Investor Class Shares and Institutional Class Shares, respectively (the "Expense Limit").

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2019 (continued)

7. Investment Management and Other Agreements (continued)

For the period October 1, 2018 (commencement of operations) through April 30, 2019, the Investment Manager waived a portion of its fees totaling \$281,409. For a period not to exceed three years from the date on which a Waiver is made, the Investment Manager may recoup amounts waived or assumed, provided it is able to effect such recoupment and remain in compliance with the expense limit in place at the time of the waiver. Total paid or waived fees of \$321,181 consisting of organizational costs of \$39,772, which is eligible for recoupment no later than June 29, 2021, and waived fees of \$281,409 for the period October 1, 2018 (commencement of operations) through April 30, 2019 is eligible for recoupment no later than April 30, 2022. The Expense Limitation and Reimbursement Agreement has an initial one-year term, which ends on October 31, 2019. The Expense Limitation and Reimbursement Agreement will automatically renew for consecutive one-year terms thereafter. This agreement may be terminated at any time by the Fund's Board of Trustees upon thirty (30) days' written notice to the Investment Manager. This agreement may be terminated by the Investment Manager as of the end of its then-current term upon thirty (30) days' written notice to the Fund.

The Fund has adopted a Distribution and Servicing Plan which allows the Fund to pay distribution and servicing fees for the sale and servicing of its Investor Class Shares. Under the Distribution and Servicing Plan, the Fund may pay as compensation up to 0.25% on an annualized basis of the aggregate net assets of the Fund attributable to Investor Class Shares (the "Distribution and Servicing Fee") to the Fund's Distributor and/or other qualified recipients. Payment of the Distribution and Servicing Fee is governed by the Distribution and Servicing Plan, which, pursuant to the conditions of an exemptive order issued by the SEC, has been adopted by the Fund with respect to Investor Class Shares in compliance with Rule 12b-1 under the Investment Company Act. The Distribution and Servicing Fee is paid out of the Fund's assets and decreases the net profits or increases the net losses of the Fund. Institutional Class Shares are not subject to the Distribution and Servicing Fee.

Foreside Fund Services, LLC (the "Distributor") is the distributor (also known as principal underwriter) of the Shares of the Fund and acts as the agent of the Fund in connection with the continuous offering of shares of the Fund.

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

Certain officers of the Fund are employees of UMB Fund Services, Inc ("UMBFS"). The Fund does not compensate officers affiliated with the Fund's administrator. For the period October 1, 2018 (commencement of operations) through April 30, 2019, the Fund's allocated fees incurred for directors are reported on the Statement of Operations.

Vigilant Compliance, LLC provides Chief Compliance Officer ("CCO") services to the Fund. The Fund's allocated fees incurred for CCO services for the period October 1, 2018 (commencement of operations) through April 30, 2019, are reported on the Statement of Operations.

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

8. Related Party Transactions

At April 30, 2019, the Investment Manager and its affiliates owned approximately \$27,388,330 (or 43.60% of Shareholders' Equity) of the Fund.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2019 (continued)

9. Federal Income Taxes

At April 30, 2019, gross unrealized appreciation and depreciation on investments and short securities, based on cost for federal income tax purposes were as follows:

Cost of investments	<u>\$ 58,981,191</u>
Gross unrealized appreciation	\$ 1,881,716
Gross unrealized depreciation	<u>(187,350)</u>
Net unrealized appreciation on investments	<u>\$ 1,694,366</u>

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

Accounting principles generally accepted in the United States require that certain components of net assets be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the period ended October 31, 2018, permanent differences in book and tax accounting have been reclassified to Capital and Total distributable income (loss) as follows:

<u>Increase (Decrease)</u>	
<u>Paid-in Capital</u>	<u>Total Distributable Earnings</u>
\$ (2,053)	\$ 2,053

As of October 31, 2018, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	\$ 31,295
Undistributed long-term capital gains	—
Accumulated capital and other losses	—
Unrealized appreciation on investments	<u>823,811</u>
Total distributable earnings	<u>\$ 855,106</u>

10. Investment Transactions

For the period October 1, 2018 (commencement of operations) through April 30, 2019, purchases and sales of investments, excluding short-term investments, were \$38,611,413 and \$7,112,684, respectively.

11. Credit Facility

The Fund maintains a credit facility (the "Facility") with a maximum borrowing amount of 10% of eligible investments under management ("IUM") up to \$7,500,000, which was \$5,140,290 as of April 30, 2019. When in use, the Facility is secured by certain underlying investments of the Fund. The Facility bears an interest rate of Prime plus 75 basis points (6.25% as of period-ended April 30, 2019). Interest expense and fees incurred for the period ended April 30, 2019 are disclosed in the accompanying Statement of Operations. For the period ended April 30, 2019, the average interest rate and the average daily loan balance was 6.25% and \$375,150, respectively. The facility matures on December 10, 2019. The maximum loan during the period ended April 30, 2019 was \$2,500,000 from March 25, 2019 through March 28, 2019. At April 30, 2019, the principal balance outstanding was \$0 at an interest rate of 6.25%.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2019 (continued)

12. New Accounting Pronouncement

On August 28, 2018, the FASB issued Accounting Standards Update No. 2018-13 ("ASU 2018-13"), Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement, which changes the fair value measurement disclosure requirements of ASC Topic 820. ASU 2018-13's amendments are effective for interim and annual periods beginning after December 15, 2019. Early adoption is permitted. Management has adopted certain disclosures of ASU 2018-13 as permitted by the standard.

13. Reorganization Information

Simultaneous with the commencement of the Fund's operations ("Commencement of Operations"), the Variant Alternative Income Fund, L.P. (the "Predecessor Fund"), reorganized with and transferred substantially all its portfolio securities into the Fund in exchange for Institutional class shares of the Fund. The reorganization was non-taxable. The Predecessor Fund maintained an investment objective, strategies and investment policies, guidelines and restrictions that were, in all material respects, equivalent to those of the Fund. The Fund and the Predecessor Fund shared the same investment adviser and portfolio managers. Below is a breakout of assets, liabilities, and total net assets at value transferred as of the date of reorganization after the close of business September 28, 2018.

Assets:

Investments at Cost	\$ 21,099,144
Investments at Value	21,406,197
Cash	3,424,801
Interest Accrued	387,807
Miscellaneous Assets	<u>11,931</u>
Total Assets	25,230,736

Liabilities:

Management Fees Payable	47,756
Other Payable	<u>96,516</u>
Total Liabilities	<u>144,272</u>

Net Assets: **\$ 25,086,464**

1,003,458.564 shares were issued with an initial NAV of \$25.00.

14. Commitments

As of April 30, 2019, the Fund had outstanding investment commitments to Private Investment Companies, Senior Credit Facilities and Special Purpose Vehicies totaling approximately \$20,644,020, \$2,030,000, and \$115,458 respectively.

15. Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through the date of issuance of the financial statements included herein. There have been no subsequent events that occurred during such period that would require disclosure or would be required to be recognized in the financial statements.

Variant Alternative Income Fund

Fund Management

April 30, 2019 (Unaudited)

The identity of the members of the Board and the Fund's officers and brief biographical information as of April 30, 2019 is set forth below. The Fund's Statement of Additional Information includes additional information about the membership of the Board.

INDEPENDENT TRUSTEES AND ADVISORY BOARD MEMBER

NAME, ADDRESS AND YEAR OF BIRTH	POSITION(S) HELD WITH THE FUND	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX* OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEES
David G. Lee* Year of Birth: 1952 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since Inception	President and Director, Client Opinions, Inc. (2003 - 2012); Chief Operating Officer, Brandywine Global Investment Management (1998-2002).	6	None
Robert Seyferth Year of Birth: 1952 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since Inception	Chief Procurement Officer/Senior Managing Director, Bear Stearns/JP Morgan Chase (1993 -2009).	6	None
Gary E. Shugrue Year of Birth: 1954 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Advisory Board Member	Since December 2018	Managing Director, Veritable LP (2016-Present); Founder/ President, Ascendant Capital Partners, LP (2001 - 2015).	6	Trustee, Quaker Investment Trust (5 portfolios) (registered investment company); Scotia Institutional Funds (2006-2014) (3 portfolios) (registered investment company).

* Mr. Lee has been appointed Chairman of the Board effective May 29, 2019.

Variant Alternative Income Fund

Fund Management

April 30, 2019 (Unaudited) (continued)

INTERESTED TRUSTEES AND OFFICERS

NAME, ADDRESS AND YEAR OF BIRTH	POSITION(S) HELD WITH THE FUND	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX* OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEES
Anthony Fischer** Year of Birth: 1959 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Chairman and Trustee	Since Inception	Executive Director – National Sales of UMB Bank for Institutional Banking and Asset Servicing (Until 2018); President of UMB Fund Services (2014 – 2018); Executive Vice President in charge of Business Development, UMB Fund Services (2013 – 2014); Senior Vice President in Business Development, UMB Fund Services (2008 – 2013).	6	None
Robert W. Elsasser Year of Birth: 1968 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	President	Since Inception	Principal, Variant Investments, LLC (2017-Present); Director of Fixed Income, CTC myCFO (2010-2016).	N/A	N/A
Curtis Fintel Year of Birth: 1970 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Treasurer	Since Inception	Principal, Variant Investments, LLC (2017-Present); Chief Investment Strategist, CTC myCFO (2006- 2016).	N/A	N/A

Variant Alternative Income Fund

Fund Management

April 30, 2019 (Unaudited) (continued)

INTERESTED TRUSTEES AND OFFICERS (continued)

NAME, ADDRESS AND YEAR OF BIRTH	POSITION(S) HELD WITH THE FUND	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX* OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEES
Perpetua Seidenberg Year of Birth: 1990 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Chief Compliance Officer	Since June 2018	Compliance Director, Vigilant Compliance, LLC (an investment management services company) (2014 – Present); Auditor, PricewaterhouseCoopers (2012 – 2014).	N/A	N/A
Ann Maurer Year of Birth: 1972 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Secretary	Since September 2018	Senior Vice President, Client Services (2017 – Present); Vice President, Senior Client Service Manager (2013 – 2017), Assistant Vice President, Client Relations Manager (2002 – 2013); UMB Fund Services, Inc.	N/A	N/A

* The fund complex consists of the Fund, Infinity Core Alternative Fund, Infinity Long/Short Equity Fund, LLC, The Relative Value Fund, Vivaldi Opportunities Fund, and Cliffwater Corporate Lending Fund.

** Mr. Fischer is deemed an interested person of the Fund because of his prior affiliation with an affiliate of the Fund's Administrator. Mr. Fischer is no longer Chairman of the Board effective May 29, 2019.

Variant Alternative Income Fund

Other Information

April 30, 2019 (Unaudited)

Proxy Voting

The Fund is required to file Form N-PX, with its complete proxy voting record for the twelve months ended June 30, no later than August 31. The Fund's Form N-PX filing and a description of the Fund's proxy voting policies and procedures are available: (i) without charge, upon request, by calling the Fund at 1-877-770-7717 or (ii) by visiting the SEC's website at www.sec.gov.

Availability of Quarterly Portfolio Schedules

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q (or as an exhibit to its report on Form N-Q's successor form, Form N-PORT). The Fund's Forms N-Q and Forms N-PORT are available on the SEC's website at www.sec.gov or by calling the Fund at 1-877-770-7717.

Variant Alternative Income Fund

Other Information

April 30, 2019 (Unaudited) (continued)

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

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

Questions?	Call 1-877-770-7717.
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Variant Alternative Income Fund

Other Information

April 30, 2019 (Unaudited) (continued)

What we do	
How does the Fund protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does the Fund collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ▪ open an account ▪ provide account information ▪ give us your contact information ▪ make a wire transfer ▪ tell us where to send money <p>We also collect your information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ▪ sharing for affiliates' everyday business purposes – information about your creditworthiness ▪ sharing for affiliates from using your information to market to you ▪ sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>Our affiliates include companies such as Variant Investments, LLC and UMB Fund Services, Inc.</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>The Fund doesn't share with nonaffiliates so they can market to you.</i>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ▪ <i>The Fund doesn't jointly market.</i>

