
VARIANT ALTERNATIVE INCOME FUND



Annual Report

For the Year Ended April 30, 2022

Variant Alternative Income Fund

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For the Year Ended April 30, 2022

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This report and the financial statements contained herein are provided for the general information of the shareholders of the Variant Alternative Income Fund. This report is not authorized for distribution to prospective investors in the Fund unless preceded or accompanied by an effective prospectus.

Variant Alternative Income Fund

Management Discussion of Fund Performance (Unaudited)

Dear Shareholder,

Variant Investments, LLC ("Variant") is pleased to provide the audited annual financial statements for the Variant Alternative Income Fund¹ (the "Fund") for the fiscal year that ended April 30, 2022.

This fiscal year included a period of heightened public market volatility generated by macroeconomic uncertainty and geopolitical tensions. We are pleased with the performance of the Fund during this challenging time.

Over the fiscal year, the institutional share class for the Fund (NICHX) delivered a net total return² of +11.19%. The Fund's performance benefited from broad diversification across varied underlying exposures. Investments in specialty finance, litigation finance and real estate equity had the greatest contribution to return over the fiscal year. There were some modest detractors to performance in individual months within trade finance and secondaries. We believe the performance compares favorably to many income-oriented risk assets over the same period. The Fund's focus on private market niches with less economic sensitivity, as well as deal structures, which we believe have strong downside mitigation, supported investment results. We are also pleased with the Fund's since inception track record³ which includes strong absolute returns, relatively low volatility and limited correlation⁴ or beta⁵ to public market indices.

During the fiscal year, the investor share class (UNIQX) was closed and shareholders were converted to the institutional share class on September 17, 2021.

Over the fiscal year, the Fund experienced strong growth in assets under management ("AUM"), increasing by \$997 million to end the fiscal year at \$1.844 billion. Also, the Fund was able to satisfy all quarterly redemption requests throughout the fiscal year without any proration. With both new and existing clients allocating to the Fund, the Fund's investor base was further diversified.

New capital continued to be deployed into a wide variety of niche investment opportunities, further diversifying the Fund's exposures. A complete listing of the Fund's investments can be found in the Schedule of Investments.

On 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 operates 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 has elected 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 is 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 (the "Predecessor Fund") that converted into the Fund. The Predecessor Fund was, in all material respects, equivalent to the interval fund. For purposes of performance reporting, the Predecessor Fund track record was adjusted to reflect the Fund's estimated expenses and expense limitations. Specifically, it reflects a management fee of 0.95% and fund expenses capped at 0.50%.

⁴ "Correlation" is the performance relationship between the Fund and the reference indices on a monthly basis over the period.

⁵ "Beta" measures the volatility of the Fund relative to the reference indices over the period.

Variant Alternative Income Fund

Management Discussion of Fund Performance (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 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 in which it invests, and 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.

PANDEMIC RISK. The continuing spread of an infectious respiratory illness caused by a novel strain of coronavirus (known as COVID-19) has caused volatility, severe market dislocations and liquidity constraints in many markets, including securities the Fund holds, and may adversely affect the Fund's investments and operations.

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 OR WWW.VARIANTINVESTMENTS.COM. PLEASE READ THE PROSPECTUS CAREFULLY BEFORE YOU INVEST.

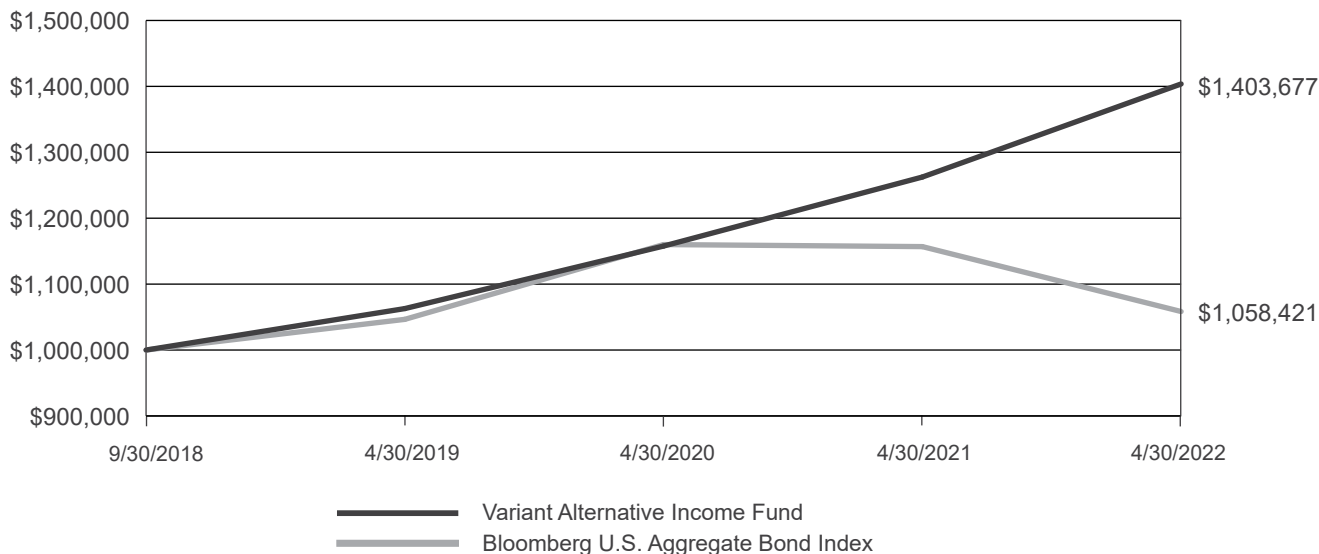
Foreside Fund Services, LLC, distributor.

Variant Alternative Income Fund

Fund Performance

April 30, 2022 (Unaudited)

Performance of a \$1,000,000 Investment



This graph compares a hypothetical \$1,000,000 investment in the Fund's Institutional Class Shares with a similar investment in the Bloomberg U.S. Aggregate Bond Index. Results include the reinvestment of all dividends and capital gains. The index does not reflect expenses, fees, or sales charges, which would lower performance.

The Bloomberg U.S. Aggregate Bond Index measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment grade, taxable, fixed income securities in the United States - including government, corporate and international dollar denominated bonds as well as mortgage-backed and asset-backed securities, all with maturities of less than one year. The index is unmanaged and it is not available for investment.

Average Annual Total Returns as of April 30, 2022	1 Year	Since Inception
Variant Alternative Income Fund (Inception Date October 1, 2018)	11.19%	9.92%
Bloomberg U.S. Aggregate Bond Index	-8.51%	1.60%

The performance data quoted here represents past performance and past performance is not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. The most recent quarter end performance may be obtained by calling 1 (877) 770-7717.

The Expense Limitation and Reimbursement Agreement is in effect until October 31, 2022 and will automatically renew for consecutive one-year terms thereafter. This Agreement, however, may be terminated at any time by the Fund's Board of Trustees.

Fund performance is shown net of fees. For the Fund's current expense ratios, please refer to the Financial Highlights Section of this report.

Performance results include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for those periods would have been lower.

Returns reflect the reinvestment of distributions made by the Fund, if any. The graph and the performance table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

Variant Alternative Income Fund

Report of Independent Registered Public Accounting Firm For the Year Ended April 30, 2022

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, 2022, the related statements of operations and cash flows for the year then ended, the statements of changes in shareholders' equity for each of the two years in the period then ended, the related notes, and the financial highlights for each of the four periods in the period then ended (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, 2022, the results of its operations and its cash flows for the year then ended, the changes in shareholders' equity for each of the two years in the period then ended, and the financial highlights for each of the four periods in the period then ended, 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 audits. 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 audits 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 audits 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, 2022, by correspondence with the custodian, brokers, participating lenders, and underlying fund administrators or managers; when replies were not received, we performed other auditing procedures. Our audits 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 audits provide a reasonable basis for our opinion.

We have served as the auditor of one or more investment companies advised by Variant Investments, LLC since 2018.

Cohen & Company, Ltd.

COHEN & COMPANY, LTD.
Chicago, Illinois
July 7, 2022

Variant Alternative Income Fund

Schedule of Investments

April 30, 2022

Investments in private investment companies – 27.0%	Shares/ Units	First Acquisition Date	Cost	Fair Value	Percent of Net Assets
Litigation Finance					
Equal Access Justice Fund LP ^{(a)(f)(g)}	–	3/30/2021	\$ 34,000,000	\$ 35,255,854	1.9%
Series 4 - Virage Capital Partners LP ^{(a)(f)(g)}	–	9/1/2018	1,119,449	1,707,838	0.1
Series 6 - Virage Capital Partners LP ^{(a)(f)(g)}	–	10/31/2019	16,000,000	19,986,191	1.1
Virage Recovery Fund (Cayman) LP ^{(a)(b)(i)}	3,828,921	8/6/2019	15,313,446	35,587,842	1.9
			<u>66,432,895</u>	<u>92,537,725</u>	<u>5.0</u>
Portfolio Finance					
Crestline Portfolio Financing Fund Offshore B, L.P. and Subsidiary ^{(a)(f)(g)} ..	–	4/25/2018	662,077	871,211	0.0
Crestline Portfolio Financing Fund II (US), L.P. ^{(a)(f)(g)}	–	8/26/2021	1,602,860	1,689,782	0.1
Crestline Praeter, L.P. - Zoom ^{(a)(f)(g)}	–	12/26/2019	2,593,168	3,036,552	0.2
			<u>4,858,105</u>	<u>5,597,545</u>	<u>0.3</u>
Real Estate Debt					
Oak Harbor Capital NPL VII, LLC ^{(a)(f)(g)}	–	3/1/2019	9,295,296	11,878,590	0.6
Quiet Credit I LLC ^{(a)(f)(g)}	–	7/15/2021	6,250,000	6,250,000	0.3
Setpoint Residential Fintech Fund LP ^{(a)(f)(g)}	–	2/4/2022	12,677,105	12,777,365	0.7
			<u>28,222,401</u>	<u>30,905,955</u>	<u>1.6</u>
Real Estate Equity					
ArrowMark Commercial Real Estate Partners, LLC ^{(a)(f)(g)}	–	12/20/2021	10,000,000	10,601,233	0.6
Montreux Healthcare Fund PLC ^{(a)(g)}	48,220	2/1/2018	66,291,144	75,203,111	4.1
Prime Storage Fund II (Cayman), LP ^{(a)(f)(g)}	–	11/20/2017	996,147	1,324,824	0.1
			<u>77,287,291</u>	<u>87,129,168</u>	<u>4.8</u>
Royalties					
MEP Capital II LP ^{(a)(f)(g)}	–	11/27/2020	8,499,826	9,087,597	0.5
MEP Capital II LP - Co-investment Sound Royalties ^{(a)(f)(g)}	–	8/3/2021	2,000,000	2,183,355	0.1
MEP Capital III LP ^{(a)(f)(g)}	–	11/1/2021	9,222,103	9,451,388	0.5
MEP Capital III LP - Co-investment Culture Works ^{(a)(f)(g)}	–	11/3/2021	2,000,000	2,183,355	0.1
			<u>21,721,929</u>	<u>22,905,695</u>	<u>1.2</u>
Secondaries					
Armadillo Financial Fund LP ^{(a)(f)(g)}	–	12/28/2018	55,955	8,424	0.0
CAMPBELL OPPORTUNITY TIMBER FUND-A, L.P. ^{(a)(f)(g)}	–	11/1/2021	135,476	1,206,836	0.1
North Haven Offshore Infrastructure Partners A L.P. ^{(a)(f)(g)}	–	7/18/2019	1,566,729	1,450,381	0.1
PWP Asset Based Income ASP Fund ^{(a)(f)(g)}	–	3/29/2019	916,560	1,098,230	0.1
Taiga Special Opportunities LP ^{(a)(f)(g)}	26,646,784	4/22/2022	20,700,548	26,170,929	1.4
Thor Urban Property Fund II Liquidating Trust ^{(a)(g)}	35,695	12/30/2019	4,161,214	315,514	0.0
			<u>27,536,482</u>	<u>29,698,342</u>	<u>1.7</u>
Specialty Finance					
Blue Elephant Financing Fund I, L.P. ^{(a)(f)(g)}	–	3/29/2019	926,461	372,378	0.0
CoVenture - Amzn Credit Opportunities Fund LP ^{(a)(f)(g)}	–	3/11/2021	30,573,720	31,982,063	1.7
CoVenture Credit Opportunities Partners Fund LP ^{(a)(f)(g)}	–	2/28/2020	20,000,000	20,825,159	1.1
CoVenture - No1 Credit Opportunities Fund LLC (A-2 Series) ^{(a)(f)(g)}	–	2/5/2021	3,000,000	3,032,912	0.2
CoVenture - No1 Credit Opportunities Fund LLC (A-3 Series) ^{(a)(f)(g)}	–	7/12/2021	7,500,000	7,572,257	0.4
CoVenture - No1 Credit Opportunities Fund LLC ^{(a)(f)(g)}	–	12/12/2019	1,000,000	1,011,962	0.1
DelGatto Diamond Fund QP, LP ^{(a)(f)(g)}	–	10/3/2019	18,750,000	22,495,098	1.2
OHPC LP Founders Class Interest 1.25% ^{(a)(f)(g)}	–	5/27/2021	8,170,203	8,263,021	0.4
OHP II LP ^{(a)(f)(g)}	–	3/7/2019	4,239,951	4,284,609	0.2
Silverpeak Special Situations Lending Onshore Fund LP ^{(a)(f)(g)}	–	10/19/2021	3,830,240	4,202,065	0.2
Sound Point Discovery Fund LLC ^{(a)(f)(g)}	–	3/31/2022	10,000,000	10,105,233	0.5
Turning Rock Fund I LP ^{(a)(f)(g)}	–	11/29/2019	6,764,750	7,463,952	0.4
Turning Rock Fund II LP ^{(a)(f)(g)}	–	12/29/2021	2,164,932	2,182,597	0.1
			<u>116,920,257</u>	<u>123,793,306</u>	<u>6.5</u>

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

Variant Alternative Income Fund

Schedule of Investments

April 30, 2022 (continued)

Investments in private investment companies — 27.0%	Shares/ Units	First Acquisition Date	Cost	Fair Value	Percent of Net Assets
Transportation Finance					
Aero Capital Solutions Fund, LP ^{(a)(f)(g)}	—	1/17/2019	\$ 1,876,350	\$ 1,966,050	0.1%
Aero Capital Solutions Fund II, LP ^{(a)(f)(g)}	—	9/16/2019	40,196,149	48,778,500	2.6
Aero Capital Solutions Feeder Fund III, LP ^{(a)(f)(g)}	—	9/13/2021	29,559,738	31,306,790	1.7
American Rivers Fund, LLC ^{(a)(f)(g)}	—	5/2/2019	22,972,826	26,381,797	1.4
Hudson Transport Real Asset Fund LP ^{(a)(f)(g)}	—	8/31/2018	1,294,390	1,593,284	0.1
			<u>95,899,453</u>	<u>110,026,421</u>	<u>5.9</u>
Total investments in private investment companies			<u>438,878,813</u>	<u>503,146,129</u>	<u>27.0</u>
Investments in credit facilities — 51.2%					
Principal					
Litigation Finance					
C CUBED CAPITAL PARTNERS LLC, 14.0%, due 4/30/2025 ^{(a)(b)}		4/18/2022	7,000,000	7,000,000	0.4
Experity Ventures, LLC, 13.0%, due 11/4/2026 ^{(a)(b)}		11/10/2021	12,071,002	12,071,002	0.7
Kerberos Capital Management and SPV I, 17.0%, due 8/16/2024 ^{(a)(b)}		12/29/2018	55,659,999	55,659,999	3.0
Kerberos Capital Management and SPV - (Lockett), 19.0%, due 8/16/2024 ^{(a)(b)}		1/29/2020	8,282,200	8,282,200	0.5
Kerberos Capital Management SPV I LLC (Pulvers), 20.0%, due 8/16/2024 ^{(a)(b)}		11/19/2020	10,729,963	10,729,963	0.6
Legal Capital Products, LLC, 13.0%, due 10/7/2026 ^{(a)(b)}		10/7/2021	10,568,608	10,568,608	0.6
			<u>104,311,772</u>	<u>104,311,772</u>	<u>5.8</u>
Portfolio Finance					
BA Tech Master, LP, 19.5%, due 10/3/2023 ^{(a)(b)}		10/2/2018	4,915,670	4,915,670	0.3
Cirrix Finance, LLC, 15.0%, due 11/4/2022 ^{(a)(b)}		11/4/2021	20,000,000	20,000,000	1.1
Delgatto Diamond Finance Fund, L.P., 8.0%, due 5/26/2022 ^{(a)(b)}		5/28/2021	55,500,000	55,500,000	3.0
Fairway America Fund (VII and VIIQP) LP, 7.0%, due 7/1/2023 ^{(a)(b)}		11/29/2019	7,500,000	7,500,000	0.4
Stage Point Capital, LLC, 7.0%, due 5/1/2023 ^{(a)(b)}		5/21/2019	13,000,000	13,000,000	0.7
Viscogliosi Brothers, LLC, 15.0%, due 10/31/2023 ^{(a)(b)}		10/27/2021	5,304,530	5,304,530	0.3
			<u>106,220,200</u>	<u>106,220,200</u>	<u>5.8</u>
Real Estate Debt					
Arctic Fox Joint Stock Company, 12.81% due 11/24/2023 ^{(a)(b)}		11/24/2021	720,000	720,000	0.0
Drummond Ross Limited, 10.0%, due 8/10/2022 ^{(a)(b)}		1/7/2022	4,071,203	3,800,186	0.2
Pier Asset Management (Series 5), 15.0%, due 7/14/2023 ^{(a)(b)}		4/27/2021	11,231,100	11,231,100	0.6
TAILOR RIDGE CAPITAL MANAGEMENT, LLC, 9.0%, due 7/31/2023 ^{(a)(b)(c)}		8/18/2021	1,725,000	1,725,000	0.1
			<u>17,747,303</u>	<u>17,476,286</u>	<u>0.9</u>
Royalties					
ARC LPW I, LLC, 13.0%, due 11/30/2025 ^{(a)(b)}		9/26/2019	84,707,496	84,707,496	4.6
Specialty Finance					
5 Core Capital LLC, 13.0%, due 9/30/2022 ^{(a)(b)}		10/28/2020	6,232,150	6,232,150	0.3
ACMV Factor Finance SPV LLC, 12.0%, due 11/8/2023 ^{(a)(b)}		11/24/2021	8,485,000	8,485,000	0.5
Advantech Servicios Financieros, 14.0%, due 8/13/2026 ^{(a)(b)}		11/5/2020	11,515,000	11,515,000	0.6
Aion Acquisition, LLC, 0.0%, due 6/30/2022 ^{(a)(b)}		3/31/2021	1,283,622	309,109	0.0
Aion Acquisition, LLC, 0.0%, due 3/31/2023 ^{(a)(b)}		3/31/2021	538,513	359,863	0.0
Art Lending, Inc. (Dart Milano S.R.L.), 9.5%, due 7/14/2022 ^{(a)(b)}		4/14/2021	12,154,496	12,154,496	0.7
Art Lending, Inc. (Dart Milano S.R.L. 2), 8.68%, due 12/20/2022 ^{(a)(b)}		12/17/2021	13,957,126	13,957,126	0.8
Art Lending, Inc. (Procacini S.L. - 1), 10.0%, due 8/31/2022 ^{(a)(b)}		8/26/2020	2,430,956	2,430,956	0.1
Art Lending, Inc. (Procacini S.L. - 2), 9.5%, due 7/14/2022 ^{(a)(b)}		4/14/2021	4,047,827	4,047,827	0.2
Art Money International, Co., 8.0%, due 12/9/2023 ^{(a)(b)}		12/9/2019	435,000	435,000	0.0
Art Money U.S., Inc., 12.0%, due 7/1/2023 ^{(a)(b)}		6/12/2018	3,500,000	3,500,000	0.2
AVISTA COLOMBIA S.A.S, 12.59%, due 3/29/2023 ^{(a)(b)}		3/29/2021	5,600,000	5,600,000	0.3
Bandon VAIF, LLC, 12.0%, due 1/31/2023 ^{(a)(b)}		2/10/2020	6,050,384	3,647,939	0.2
Bandon VAIF, LLC, 15.0%, due 1/24/2024 ^{(a)(b)}		2/15/2022	52,000	52,000	0.0
Bastion Funding IV LLC (Community Finance), 12.0%, due 12/31/2024 ^{(a)(b)}		1/19/2022	5,064,292	5,064,292	0.3

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

Variant Alternative Income Fund

Schedule of Investments

April 30, 2022 (continued)

Investments in credit facilities — 50.0%	First Acquisition Date	Principal	Fair Value	Percent of Net Assets
Specialty Finance (Continued)				
Bastion Funding IV LLC (Expansion Capital Group), 11.00%, due 8/31/2024 ^{(a)(b)}	1/19/2022	\$ 9,400,000	\$ 9,400,000	0.5%
Bastion Funding IV LLC (Kornerstone), 13.50%, due 7/15/2024 ^{(a)(b)}	1/19/2022	6,146,000	6,146,000	0.3
BPIIHR HOLDCO, LLC, 16.0%, due 10/28/2026 ^{(a)(b)}	11/1/2021	2,020,000	2,020,000	0.1
Byzfinder Funding, LLC, 13.50%, due 9/5/2023 ^{(a)(b)}	10/22/2021	4,915,605	4,915,605	0.3
Coromandel Credit Facility, 9.0%, due 7/1/2023 ^{(a)(b)}	1/13/2020	44,846,000	44,846,000	2.4
EDU Growth Capital Management PTE, Ltd., 12.5%, due 11/19/2023 ^{(a)(b)}	4/27/2021	2,527,660	2,527,660	0.1
Equity Link, S.A.P.I. De C.V., 10.0%, due 4/12/2024 ^{(a)(b)}	4/29/2021	4,830,000	4,830,000	0.3
First Class Securities Pty Ltd as trustee for the Oceana Australian Fixed Income Trust - 10.25%, due 4/15/2023 ^{(a)(b)}	4/14/2021	7,652,000	7,205,010	0.4
First Class Securities Pty Ltd as trustee for the Oceana Australian Fixed Income Trust - 11.25%, due 1/19/2023 ^{(a)(b)}	1/20/2021	10,000,000	9,337,293	0.5
First Class Securities Pty Ltd as trustee for the Oceana Australian Fixed Income Trust - 13.0%, due 11/9/2022 ^{(a)(b)}	11/6/2020	30,000,000	29,828,094	1.6
First Class Securities Pty Ltd as trustee for the Oceana Australian Fixed Income Trust - 12.5%, due 9/6/22 ^{(a)(b)}	9/7/2021	10,000,000	9,463,755	0.5
First Class Securities Pty Ltd as trustee for the Oceana Australian Fixed Income Trust - 12.0%, due 3/22/2024 ^{(a)(b)}	3/21/2022	5,000,000	4,761,855	0.3
Grupo Olinx, S.A.P.I. de C.V., SOFOM, E.N.R., 12.11%, due 2/22/2025 ^{(a)(b)}	8/12/2021	9,500,000	9,500,000	0.5
Hash Maps Labs, Inc., 12.0%, due 3/31/2024 ^{(a)(b)}	3/23/2021	2,474,447	2,474,447	0.1
KY LAN ASSET FINANCE 1, 9.5%, due 1/26/2024 ^{(a)(b)}	1/26/2022	8,175,727	8,175,727	0.4
Lambda School II SPV LLC, 12.0%, due 10/25/2025 ^{(a)(b)}	10/19/2020	457,473	457,473	0.0
Lambda School III SPV LLC, 12.0%, due 5/17/2024 ^{(a)(b)}	6/18/2021	2,289,833	2,289,833	0.1
LCA Crackpital, S.A.P.I. de C.V. SOFOM, E.N.R., 15.25%, due 4/21/2023 ^{(a)(b)}	4/21/2021	3,500,086	3,500,086	0.2
Lendable Asset Management LLC (Payjoy), 14.5%, due 11/25/2024 ^{(a)(b)}	1/13/2021	5,000,000	5,000,000	0.3
Lendable Asset Management LLC (Terrapay), 10.75%, due 12/26/2024 ^{(a)(b)}	1/10/2022	5,000,000	5,000,000	0.3
MARINE STREET, L.P., 9.0%, due 1/31/2026 ^{(a)(b)}	3/22/2022	17,780,916	17,780,916	1.0
Pier Asset Management LLC, (Series 6), 14.5%, due 2/17/2024 ^{(a)(b)}	2/9/2022	18,013,052	18,013,052	1.0
PT Awan Tunai Indonesia, 11.93%, due 5/19/2023 ^{(a)(b)}	9/9/2020	11,500,200	11,500,200	0.6
PT SOLUSI DIGITAL INTERASIA, 9.3%, due 10/23/2022 ^{(a)(b)}	11/11/2020	3,800,000	3,800,000	0.2
RAINFOREST LIFE PTE. LTD., 14.0%, due 8/20/2024 ^{(a)(b)}	8/20/2021	12,337,793	12,337,793	0.7
RIVONIA ROAD FUND LP, 11.0% + LIBOR (3% Floor), due 10/28/2023 ^{(a)(b)(c)}	11/12/2021	1,922,851	1,922,851	0.1
RKB Bridge Solutions Credit Facility, SOFR + 6.75%, due 12/10/2022 ^{(a)(b)(c)}	12/13/2019	22,235,000	22,235,000	1.2
RKB Bridge Solutions Credit Facility, 7.75%, due 3/31/2025 ^{(a)(b)}	4/21/2022	1,170,000	1,170,000	0.1
Salaryo Credit Facility, 11.0%, due 4/15/2023 ^{(a)(b)}	1/30/2020	5,000,000	5,000,000	0.3
Star Strong Capital, 9.0%, due 1/24/2025 ^{(a)(b)}	8/9/2019	73,996,207	73,996,207	4.0
Star Strong Funding LLC, 8.0%, due 12/31/2023 ^{(a)(b)}	2/4/2022	697,418	697,418	0.0
STAT CAPITAL SPV LLC, 10.75%, due 4/28/2026 ^{(a)(b)}	4/29/2022	2,000,000	2,000,000	0.1
TCM Produce LLC, 16.0%, due 10/15/2022 ^{(a)(b)}	5/19/2021	10,295,000	10,295,000	0.6
Vantage Borrower SPV I LLC, 12.0%, due 4/30/2024 ^{(a)(b)}	9/11/2020	3,000,000	3,000,000	0.2
Wall St. Funding, 13.0%, due 8/18/2022 ^{(a)(b)}	5/7/2021	8,095,084	8,095,084	0.4
Watu Holdings Ltd, 13.0%, due 5/7/2024 ^{(a)(b)}	4/11/2022	10,000,000	10,000,000	0.5
		<u>456,924,718</u>	<u>451,313,117</u>	<u>24.4</u>
Trade Finance				
Drip Trade Finance Series 2020-L, 7.0%, due 6/30/2022 ^{(a)(b)}	7/30/2020	1,000,000	1,000,000	0.1
Drip Trade Finance Series 2020-P, 7.0%, due 8/28/2022 ^{(a)(b)}	8/28/2020	2,000,000	2,000,000	0.1
Drip Trade Finance Series 2020-W, 7.0%, due 11/1/2022 ^{(a)(b)}	10/30/2020	1,000,000	1,000,000	0.1
Drip Trade Finance Series 2022-D, 7.0%, due 8/15/2022 ^{(a)(b)}	2/14/2022	5,000,000	5,000,000	0.3
MEDTRADE CAPITAL, LLC, 0.0%, due 7/31/2025 ^{(a)(b)}	4/30/2022	93,172,534	93,172,534	5.0
Octagon Asset Management, LLC - (Deal: Tru Grit 7), 24.0%, due 9/30/2022 ^{(a)(b)}	3/9/2021	20,714,501	20,714,501	1.1
		<u>122,887,035</u>	<u>122,887,035</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, 2022 (continued)

Investments in credit facilities — 51.2%		First Acquisition Date	Principal	Fair Value	Percent of Net Assets
Warehouse Facilities					
Edly WH Investors 2019-1, LLC, 12.0%, due 12/4/2023 ^{(a)(b)(d)}		10/9/2019	\$ 2,454,423	\$ 2,454,423	0.1%
Homelight Homes Real Estate, LLC, 12.0%, due 2/28/2023 ^{(a)(b)}		10/8/2020	37,801,382	37,801,382	2.0
Rivonia Road Accept, LLC, 8.0%, due 11/12/2022 ^{(a)(b)}		2/5/2021	6,172,202	6,172,202	0.3
			<u>46,428,007</u>	<u>46,428,007</u>	<u>2.4</u>
Total investments in credit facilities			<u>939,226,532</u>	<u>933,343,913</u>	<u>51.2</u>
	Shares/ Units				
Investments in special purpose vehicles — 12.3%					
Litigation Finance					
YS CF LawFF VII LLC ^{(a)(b)}	—	4/5/2018	500,000	500,000	0.0
Real Estate Debt					
Monticello Funding, LLC Series BTH-3 ^{(a)(f)(g)}	—	6/29/2018	619,612	619,612	0.0
Monticello Funding, LLC Series BTH-31 ^{(a)(f)(g)}	—	5/29/2019	664,422	664,422	0.0
Monticello Funding, LLC Series BTH-47 ^{(a)(f)(g)}	—	12/22/2020	3,000,000	3,000,000	0.2
Monticello Funding, LLC Series BTH-48 ^{(a)(f)(g)}	—	7/23/2021	2,250,000	2,250,000	0.1
Monticello Funding, LLC Series BTH-49 ^{(a)(f)(g)}	—	8/16/2021	592,105	592,105	0.0
Monticello Funding, LLC Series BTH-54 ^{(a)(f)(g)}	—	12/17/2021	1,990,161	1,990,161	0.1
Monticello Funding, LLC Series BTH-55 ^{(a)(f)(g)}	—	12/17/2021	2,500,000	2,500,000	0.1
Monticello Funding, LLC Series BTH-56 ^{(a)(f)(g)}	—	12/17/2021	7,333,857	7,333,857	0.4
Monticello Structured Products, LLC Series MSP-17 ^{(a)(f)(g)}	—	12/13/2021	2,000,000	2,000,000	0.1
Monticello Structured Products, LLC Series SH-52 ^{(a)(f)(g)}	—	3/30/2022	1,500,000	1,498,864	0.1
			<u>22,450,157</u>	<u>22,449,021</u>	<u>1.1</u>
Real Estate Equity					
CDMX DEBT FUND, LLC ^{(a)(f)(g)}	—	4/25/2022	28,540,178	28,406,286	1.5
CMF II Portfolio East Bridge, LLC ^{(a)(f)}	—	2/15/2022	20,000,000	20,893,151	1.1
CMF III Gates Portfolio, LLC ^{(a)(f)}	—	2/25/2022	12,388,000	12,527,299	0.7
CX Alexandria Depositor, LLC ^{(a)(f)}	—	10/22/2021	125,250	127,913	0.0
CX Cypress McKinney Falls Depositor, LLC ^{(a)(f)}	—	11/24/2021	8,850,000	9,480,896	0.5
CX Foundry Yards Depositor, LLC ^{(a)(f)}	—	2/11/2022	4,413,500	4,474,634	0.2
CX Heritage Depositor, LLC ^{(a)(f)}	—	9/15/2021	225,000	228,506	0.0
CX Ravella at Town Center Depositor, LLC ^{(a)(f)}	—	2/25/2022	5,307,500	5,358,546	0.3
CX Riverstone Depositor, LLC ^{(a)(f)}	—	9/15/2021	260,000	267,384	0.0
CX Station at Clift Farm Depositor, LLC ^{(a)(f)}	—	12/27/2021	11,800,000	12,520,931	0.7
			<u>91,909,428</u>	<u>94,285,546</u>	<u>5.0</u>
Royalties					
Round Hill Music Carlin Coinvest, LP ^{(e)(f)(g)}	—	10/1/2017	929,104	1,113,152	0.1
Specialty Finance					
Cirrix Investments, LLC ^{(a)(f)(g)}	—	1/27/2022	5,000,000	5,237,265	0.3
CoVenture - Clearbanc Special Assets Fund LP ^{(a)(f)(g)}	—	3/12/2019	1,500,000	1,512,929	0.1
PSC US BADGER LLC ^{(a)(f)(g)}	—	10/20/2021	14,241,078	14,320,219	0.8
Segregated Investment Vehicle I, SP (a segregated portfolio of Lendable SPC), 12.18% ^{(a)(f)(g)}	—	7/31/2020	90,286,853	91,241,360	4.9
			<u>111,027,931</u>	<u>112,311,773</u>	<u>6.1</u>
Transportation Finance					
YS Vessel Deconstruction I ^{(a)(b)}	—	8/26/2018	500,000	200,000	0.0
Total investments in special purpose vehicles			<u>227,316,621</u>	<u>230,859,492</u>	<u>12.3</u>

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

Variant Alternative Income Fund

Schedule of Investments

April 30, 2022 (continued)

Investments in direct equities — 0.2%	Shares/ Units	First Acquisition Date	Cost	Fair Value	Percent of Net Assets
Royalties					
ARC LPW I, LLC Warrants, due 3/31/2024 ^{(a)(b)}	3,063	10/3/2019	\$ 0	\$ 22,358	0.0%
Specialty Finance					
Aion Financial - Equity ^{(a)(b)}	219,220	3/31/2021	22	349,125	0.0
Art Lending, Inc. (Dart Milano Profit Share), due 12/20/2022 ^{(a)(b)}	—	6/2/2021	0	25,413	0.0
Art Lending, Inc. (Dart Milano 2 Profit Share), due 4/7/2023 ^{(a)(b)}	—	12/17/2021	0	124,618	0.0
Art Lending, Inc. (Procacini S.L. - 1 Profit Share), due 8/31/2022 ^{(a)(b)}	—	8/26/2020	0	227,848	0.0
Art Lending, Inc. (Procacini S.L. - 2 Profit Share), due 4/7/2023 ^{(a)(b)}	—	4/14/2021	0	373,097	0.0
Art Money International, Co. - Convertible Shares, due 12/9/2023 ^{(a)(b)}	—	11/5/2021	0	59,661	0.0
Coromandel SPV LLC - Warrants, due 7/30/2022 ^{(a)(b)}	—	9/8/2021	0	107,553	0.0
INTERNEX CAPITAL LLC ^{(a)(b)}	359,701	4/1/2022	1,250,000	1,250,000	0.1
RAINFOREST LIFE PTE. LTD. - Warrants ^{(a)(b)}	61,370	8/20/2021	0	106,200	0.0
STAR STRONG FUNDING LLC ^{(a)(b)}	—	4/27/2022	348,000	348,000	0.0
Vantage Borrower SPV I LLC Warrants, due 4/30/2024 ^{(a)(b)}	29,207	1/27/2021	0	1,391,903	0.1
			1,598,022	4,363,418	0.2
Trade Finance					
Octagon Asset Management, LLC - (Deal: Tru Grit 7) - Warrants, due 4/30/2022 ^{(a)(b)}	—	5/18/2021	0	292,500	0.0
Total investments in direct equities			1,598,022	4,678,276	0.2
Investments in money market instruments — 6.9%					
GS Financial Square Government Fund, Institutional Shares, 0.29% ^{(a)(h)}	128,750,098		128,750,098	128,750,098	6.9
Total investments in money market instruments			128,750,098	128,750,098	6.9
Total Investments (cost \$1,735,770,085)				\$1,800,777,908	97.6
Other assets less liabilities				56,488,288	2.4
Net Assets				\$1,857,266,196	100.0

(a) Security serves as collateral for the Fund's revolving credit facility, when in use during the year. See Note 11.

(b) Value was determined using significant unobservable inputs.

(c) Variable rate security.

(d) Variable maturity dates maturing through 9/30/2023.

(e) 100% of this special purpose vehicle is invested in one music catalog.

(f) Private investment company or special purpose vehicle does not issue shares or units.

(g) Investment valued using net asset value per share (or its equivalent) as a practical expedient. See Note 13 for respective investment categories and redemptive restrictions.

(h) Rate listed is the 7-day effective yield at 4/30/2022.

(i) Private investment company is part of the MSPR SPAC. The Fund's valuation is made up of its share of the SPAC plus a preferred return.

FUTURES CONTRACTS	Expiration Date	Number of Contracts Long (Short)	Notional Value	Value at April 30, 2022	Unrealized Appreciation (Depreciation)
Foreign Exchange Futures					
CME Australian Dollar	June 2022	(883)	\$ (65,032,932)	\$ (62,578,210)	\$ 2,454,722
CME Euro Dollar	June 2022	(30)	(4,140,869)	(3,970,875)	169,994
CME Mexican Peso	June 2022	(1,178)	(28,856,935)	(28,707,860)	149,075
TOTAL FUTURES CONTRACTS			\$ (98,030,736)	\$ (95,256,945)	\$ 2,773,791

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

Variant Alternative Income Fund

Portfolio Allocation (Unaudited)

April 30, 2022

Investment Type as a Percentage of Total Net Assets As Follows:

Security Type/Sector	Percent of Total Net Assets
Credit Facilities	51.2%
Private Investment Companies	27.0%
Special Purpose Vehicles	12.3%
Direct Equities	0.2%
Short-Term Investments	6.9%
Total Investments	97.6%
Other assets less liabilities	2.4%
Total Net Assets	<u>100.0%</u>

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

Variant Alternative Income Fund

Statement of Assets and Liabilities

April 30, 2022

Assets

Investments, at fair value (cost \$1,735,770,085)	\$ 1,800,777,908
Unrealized appreciation on open futures contracts	2,773,791
Cash	1,558,598
Cash deposited with broker for futures contracts	6,901,507
Receivable for Fund shares sold	8,765,496
Receivable for investments sold	6,210,025
Contributions paid in advance	14,418,631
Interest receivable	18,247,738
Prepaid expenses	637,900
Total Assets	<u>1,860,291,594</u>

Liabilities

Foreign currency due to broker, at value (proceeds \$590)	563
Due to Investment Manager	1,393,416
Audit fees payable	176,905
Accounting and administration fees payable	109,918
SEC fees payable	54,471
Custody fees payable	12,332
Interest received not yet earned	1,251,040
Other Liabilities	26,753
Total Liabilities	<u>3,025,398</u>

Net Assets

	<u>\$ 1,857,266,196</u>
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Components of Net Assets:

Paid-in Capital (par value of \$0.01 with an unlimited amount of shares authorized)	\$ 1,758,050,843
Total distributable earnings	99,215,353
Net Assets	<u>\$ 1,857,266,196</u>

Institutional Class Shares:

Net assets applicable to shares outstanding	\$ 1,857,266,196
Shares of beneficial interest issued and outstanding	65,448,093
Net asset value per share	<u>\$ 28.38</u>

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

Variant Alternative Income Fund

Statement of Operations

For the Year Ended April 30, 2022

Investment Income

Interest (net of withholding taxes, \$123,470)	\$ 79,672,319
Distributions from private investment funds and special purpose vehicles	<u>22,040,722</u>
Total Investment Income	<u>101,713,041</u>

Expenses

Investment management fees	12,216,978
Accounting and administration fees	1,022,283
Legal fees	302,829
Transfer Agent fees	198,801
Audit fees	181,758
Custody fees	98,119
Trustee fees	63,250
Blue sky fees	62,388
Insurance fees	40,773
Chief Compliance Officer fees	26,210
12b-1 fees	3,262
Other expenses	<u>292,338</u>
Total expenses	14,508,989

Net Expenses, before revolving credit facility fees	<u>14,508,989</u>
Revolving credit facility fees	267,019

Net Expenses	<u>14,776,008</u>
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Net Investment Income	<u>86,937,033</u>
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Realized and Unrealized Gain (Loss)

Net realized gain (loss) on:	
Investments	522,963
Futures contracts	2,887,599
Foreign currency transactions	(239,690)
Capital gain distributions from private investment companies	<u>65,348</u>
Net realized gain	<u>3,236,220</u>
Net change in unrealized appreciation (depreciation) on:	
Investments	44,523,821
Foreign currency translations	(118,795)
Futures contracts	<u>2,578,546</u>
Net change in unrealized appreciation (depreciation)	<u>46,983,572</u>
Net realized and unrealized gain (loss)	<u>50,219,792</u>

Net Increase in Net Assets resulting from Operations	<u>\$ 137,156,825</u>
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The accompanying notes are an integral part of these Financial Statements.

Variant Alternative Income Fund

Statements of Changes in Shareholders' Equity

	For the Year Ended April 30, 2022	For the Year Ended April 30, 2021
Increase (decrease) in Net Assets from:		
Operations:		
Net investment income	\$ 86,937,033	\$ 35,806,727
Net realized gain (loss)	3,236,220	(2,638,628)
Net change in unrealized appreciation (depreciation)	<u>46,983,572</u>	<u>17,198,882</u>
Net increase in net assets resulting from operations	137,156,825	50,366,981
Distributions to Shareholders:		
Distributions:		
Institutional Class	(67,629,289)	(21,822,499)
Investor Class	(39,311)	(86,089)
From return of capital:		
Institutional Class	(11,493,656)	(13,246,095)
Investor Class	<u>(6,681)</u>	<u>(59,549)</u>
Total distributions to shareholders	(79,168,937)	(35,214,232)
Capital Share Transactions:		
Institutional Class Shares		
Net proceeds from shares sold:	1,013,005,180	500,962,754
Exchange from Investor Class:	4,086,999	—
Reinvestment of distributions:	16,594,573	6,201,223
Cost of shares repurchased:	<u>(80,846,791)</u>	<u>(53,720,257)</u>
Net increase in net assets from Institutional Class Shares capital transactions ..	952,839,961	453,443,720
Investor Class Shares ¹		
Net proceeds from shares sold:	1,582,939	1,023,041
Exchange to Institutional Class	(4,086,999)	—
Reinvestment of distributions:	5,367	19,289
Cost of shares repurchased:	<u>(291,152)</u>	<u>(892,038)</u>
Net increase (decrease) in net assets from Investor Class Shares capital transactions	(2,789,845)	150,292
Net increase in net assets resulting from capital transactions	<u>950,050,116</u>	<u>453,594,012</u>
Total increase in net assets	<u>1,008,038,004</u>	<u>468,746,761</u>
Net Assets:		
Beginning of period	<u>849,228,192</u>	<u>380,481,431</u>
End of period	<u>\$ 1,857,266,196</u>	<u>\$ 849,228,192</u>

¹ On September 17, 2021, Investor Class Shares were converted into Institutional Class Shares, and Investor Class Shares as a class of Shares of the Fund was terminated.

Variant Alternative Income Fund

Statements of Changes in Shareholders' Equity (Continued)

	For the Year Ended April 30, 2022	For the Year Ended April 30, 2021
Share Transactions:		
Institutional Class Shares		
Issued	36,317,834	18,800,786
Exchange from Investor Class	145,429	—
Reinvested	596,368	234,266
Repurchased	<u>(2,863,603)</u>	<u>(2,002,794)</u>
Change in Institutional Class Shares	34,196,028	17,032,258
Investor Class Shares ¹		
Issued	57,269	38,221
Exchange to Institutional Class	(145,429)	—
Reinvested	196	731
Repurchased	<u>(155,974)</u>	<u>(33,184)</u>
Change in Investor Class Shares	(243,938)	5,768

¹ On September 17, 2021, Investor Class Shares were converted into Institutional Class Shares, and Investor Class Shares as a class of Shares of the Fund was terminated.

Variant Alternative Income Fund

Statement of Cash Flows

For the Year Ended April 30, 2022

Cash flows from operating activities:

Net Increase in net assets resulting from Operations	\$ 137,156,825
Adjustments to reconcile Net Increase in net assets resulting from Operations to net cash used in operating activities:	
Net realized (gain) loss on:	
Investments	(522,963)
Futures contracts	(2,887,599)
Capital gain distributions from private investment companies	(65,348)
Net change in unrealized appreciation (depreciation) on:	
Investments	(44,523,821)
Futures contracts	(2,578,546)
Purchases of long-term investments	(1,349,191,516)
Proceeds from long-term investments sold	466,142,297
Purchase of short-term investments, net	(56,845,927)
Changes in operating assets and liabilities:	
Interest receivable	(5,979,378)
Investments sold	(3,058,788)
Prepaid expenses	(514,413)
Due to Investment Manager	753,799
Audit fees payable	19,905
Legal fees payable	(74,138)
Accounting and administration fees payable	55,012
SEC fees	54,471
Custody fees payable	3,295
Chief Compliance Officer fees payable	(83)
Interest received not yet earned	(797,930)
Other liabilities	8,050
Net cash used in operating activities	<u>(862,846,796)</u>

Cash flows from financing activities:

Proceeds from shares sold, net of receivable for fund shares sold	1,010,655,589
Payments for shares repurchased	(81,137,943)
Distributions to shareholders, net of reinvestments	<u>(62,568,997)</u>
Net cash provided by financing activities	<u>866,948,649</u>

Net Increase in Cash and Restricted Cash	<u>4,101,853</u>
Cash and Restricted Cash:	
Beginning of period	<u>4,358,252</u>
End of period ^(a)	<u>\$ 8,460,105</u>

^(a) Cash and restricted cash include cash and cash deposited with broker for written options contracts and futures, as outlined further on the Statement of Assets and Liabilities.

Supplemental disclosure of cash flow information:

Non-cash financing activities not included consist of reinvestment of dividends and distributions of \$16,599,940.

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

Variant Alternative Income Fund

Financial Highlights Institutional Class

Per share operating performance.

For a capital share outstanding throughout each year/period.

	For the Year Ended April 30, 2022	For the Year Ended April 30, 2021	For the Year Ended April 30, 2020	For the Period Ended April 30, 2019 ¹
Net asset value, beginning of year/period	\$ 26.96	\$ 26.32	\$ 25.79	\$ 25.00
Income from Investment Operations:				
Net investment income ²	1.89	1.66	1.33	0.97
Net realized and unrealized gain (loss)	1.21	0.59	0.79	0.69
Total from investment operations	3.10	2.25	2.12	1.66
Less Distributions:				
From net investment income	(1.43)	(0.99)	(1.59)	(0.87)
From return of capital	(0.25)	(0.62)	—	—
From net realized gains	—	—	—	—
Total distributions	(1.68)	(1.61)	(1.59)	(0.87)
Net asset value, end of year/period	\$ 28.38	\$ 26.96	\$ 26.32	\$ 25.79
Total return ³	11.79%	8.81%	8.38%	6.29% ⁴
Ratios and Supplemental Data:				
Net assets, end of period (in thousands)	\$ 1,857,266	\$ 846,571	\$ 378,040	\$ 62,603
Ratio of expenses to average net assets: (including interest and revolving credit facility expense)				
Before fees waived/recovered ⁶	1.14%	1.21%	1.53%	3.05% ⁵
After fees waived/recovered ⁶	1.14%	1.28%	1.50%	1.60% ⁵
Ratio of expenses to average net assets: (excluding interest and revolving credit facility expense)				
Before fees waived/recovered ⁶	1.12%	1.20%	1.48%	2.90% ⁵
After fees waived/recovered ⁶	1.12%	1.27%	1.45%	1.45% ⁵
Ratio of net investment income to average net assets: (including interest and revolving credit facility expense)				
Before fees waived/recovered ⁶	6.75%	6.28%	4.96%	5.13% ⁵
After fees waived/recovered ⁶	6.75%	6.21%	4.99%	6.58% ⁵
Ratio of net investment income to average net assets: (excluding interest and revolving credit facility expense)				
Before fees waived/recovered ⁶	6.77%	6.29%	5.01%	5.28% ⁵
After fees waived/recovered ⁶	6.77%	6.22%	5.04%	6.73% ⁵
Portfolio turnover rate	42%	52%	21%	21% ⁴
Senior Securities				
Total borrowings (000's omitted)	—	—	—	—
Asset coverage per \$1,000 unit of senior indebtedness ⁷	—	—	—	—

¹ For the period October 1, 2018 (commencement of operations) to April 30, 2019. See Note 12 "Reorganization Information" in the Notes to the Financial Statements.

² Based on average shares outstanding for the period.

³ Total returns would have been lower had expenses not been waived by the Investment Manager. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

⁴ Not annualized.

⁵ Annualized.

⁶ The expenses and net investment loss ratios include income or expenses of the private investment companies and special purpose vehicles valued at practical expedient in which the Fund invests.

⁷ Calculated by subtracting the Fund's total liabilities (not including borrowings) from the Fund's total assets and dividing this by the total number of senior indebtedness units, where one unit equals \$1,000 of senior indebtedness.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022

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 reorganized as a Delaware statutory trust at the close of business on September 28, 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"). The Fund commenced operations on October 1, 2018 with Institutional class shares. Investor class shares were offered at a later date and commenced operations on October 31, 2018. The Board of Trustees ("Board") of the Fund approved the closure of the Fund's Investor Class Shares to new investors effective August 27, 2021. On September 17, 2021, all Investor Class Shares of the Fund were converted into Institutional Class Shares, and Investor Class Shares as a class of Shares of the Fund was terminated.

The Fund's investment objective is to seek to provide a high level of current income by investing, directly or indirectly, a majority of its net assets (plus any borrowings for investment purposes) in alternative income generating investments. The Fund may allocate its assets through direct investments, and investments in a wide range of investment vehicles.

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.

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. Distributions to shareholders are recorded on the ex-dividend date.

The exact amount of distributable income for each fiscal year can only be determined at the end of the Fund's tax year. 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.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

2. Accounting Policies (continued)

Short-term securities, including bonds, notes, debentures and other debt securities, 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. Money market funds will be valued at NAV.

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.

Any direct equities held by the Fund in private investment or operating companies are valued using (a) readily available market quotations or (b) market value for securities with similar characteristics or (c) fair value methodologies approved by the Board in a manner that seeks to reflect the market value of the security on the valuation date based on considerations determined by the Valuation Committee.

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. The credit facilities the Fund invests in generally do not have a readily available external price. Under these circumstances, the Valuation Committee determines in good faith that cost is the best fair value for such securities. 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.

Prior to investing in any private investment companies or special purpose vehicles ("Underlying Fund(s)"), 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 values its interests in Underlying Funds using the NAV 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

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

2. Accounting Policies (continued)

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 NAV 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.

Futures

The Fund may enter into futures contracts in U.S. domestic markets or on exchanges located outside the United States. Foreign markets may offer advantages such as trading opportunities or arbitrage possibilities not available in the United States. Foreign markets, however, may have greater risk potential than domestic markets. For example, some foreign exchanges are principal markets so that no common clearing facility exists and an investor may look only to the broker for performance of the contract. In addition, any profits that might be realized in trading could be eliminated by adverse changes in the exchange rate, or a loss could be incurred as a result of those changes. Transactions on foreign exchanges may include both commodities which are traded on domestic exchanges and those which are not. Unlike trading on domestic commodity exchanges, trading on foreign commodity exchanges is not regulated by the Commodity Futures Trading Commission.

Engaging in these transactions involves risk of loss, which could adversely affect the value of the Fund's net assets. No assurance can be given that a liquid market will exist for any particular futures contract at any particular time. Many futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit or trading may be suspended for specified periods during the trading day. Futures contract prices could move to the limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and potentially subjecting the Fund to substantial losses.

Federal Income Taxes

The Fund intends to continue to qualify as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended. The Fund utilizes a tax-year end of October 31 and the Fund's income and federal excise tax returns and all financial records supporting the 2020 and 2021 returns are subject to examination by the federal and Delaware revenue authorities. 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, 2022.

3. Principal Risks

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.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

3. Principal Risks (continued)

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 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. The ability of the Fund to transact business with any one or number of counterparties, the lack of any independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

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.

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.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

3. Principal Risks (continued)

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.

Coronavirus (COVID-19)

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. COVID-19 and its variants have caused the closing of international borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general public concern and uncertainty. The impact of this outbreak has negatively affected the worldwide economy, as well as the economies of individual countries, the financial health of individual companies and the market in general in significant and unforeseen ways. Although vaccines for COVID-19 are more widely available, it is unknown how long circumstances related to the pandemic will persist, whether they will reoccur in the future, whether efforts to support the economy and financial markets will be successful, and what additional implications may follow from the pandemic. The impact of these events and other epidemics or pandemics in the future could adversely affect Fund performance.

Russia/Ukraine Risk

In February 2022, Russia commenced a military attack on Ukraine. The outbreak of hostilities between the two countries and the threat of wider-spread hostilities could have a severe adverse effect on the region and global economies, including significant negative impacts on the markets for certain securities and commodities, such as oil and natural gas. In addition, sanctions imposed on Russia by the United States and other countries, and any sanctions imposed in the future, could have a significant adverse impact on the Russian economy and related markets. The price and liquidity of investments may fluctuate widely as a result of the conflict and related events. How long the armed conflict and related events will last cannot be predicted. These tensions and any related events could have a significant impact on Fund performance and the value of Fund investments.

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.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

4. Fair Value of Investments (continued)

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.

(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 NAV's 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, 2022, the Fund had private investment companies of \$35,587,842 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 NAV's 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 NAV's 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, a premium of 1.93x has been applied to the stated NAV's. 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 expected value of contingency fees received from future case settlements, real estate, specialty finance investments, and royalties. The debt offerings are short-term in nature and carry a fixed interest rate. During year ended April 30, 2022, the Investment Manager determined there were minimal 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 Credit Facilities

The Fund has invested in credit facilities that are either secured by the borrower's assets or are unsecured in nature. The credit facilities have been made directly or through participation with private investment or operating companies. The investments in 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 credit facilities generally at cost although some are above or below cost as of April 30, 2022. Investments in credit facilities are categorized in Level 3 of the fair value hierarchy.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

4. Fair Value of Investments (continued)

Investments in Direct Equities

As a part of some of the credit facilities, the Fund receives direct equity in the private investments or operating companies of the borrower via common stock shares, warrants, or profit sharing instruments. The Fund has determined to value its investments in direct equities through a discounted cash flow or market approach method as of April 30, 2022. Investments in direct equities are categorized in Level 3 of the fair value hierarchy.

(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, 2022. 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
Investments					
Private Investment Companies ..	\$ —	\$ —	\$ 35,587,842	\$ 467,558,287	\$ 503,146,129
Credit Facilities	—	—	933,343,913	—	933,343,913
Special Purpose Vehicles	—	—	66,579,260	164,280,232	230,859,492
Direct Equities	—	—	4,678,276	—	4,678,276
Short-Term Investments	128,750,098	—	—	—	128,750,098
Total Investments	\$ 128,750,098	\$ —	\$ 1,040,189,291	\$ 631,838,519	\$ 1,800,777,908
Other Financial Instruments¹					
Futures Contracts	2,773,791	—	—	—	2,773,791
Total Assets	\$ 131,523,889	\$ —	\$ 1,040,189,291	\$ 631,838,519	\$ 1,803,551,699

¹ Other financial instruments are derivative instruments such as futures contracts, forward contracts and swap contracts. Futures contracts, forward contracts and swap contracts are valued at the unrealized appreciation (depreciation) on the instrument.

(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 year ended April 30, 2022:

	Private Investment Companies	Credit Facilities	Special Purpose Vehicles	Direct Equities
April 30, 2021	\$ 42,805	\$ 409,848,148	\$ 700,000	\$ 1,485,207
Realized gains (losses)	—	—	—	(103,914)
Unrealized gains (losses)	17,652,216	(8,435,114)	2,510,010	1,764,330
Transfers Into Level 3	18,420,073	—	63,369,250	—
Transfers Out of Level 3	(697,669)	(10,000,000)	—	—
Purchases	447,243	863,512,063	—	1,598,020
Sales	(276,826)	(321,581,184)	—	(65,367)
April 30, 2022	\$ 35,587,842	\$ 933,343,913	\$ 66,579,260	\$ 4,678,276

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (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, 2022.

Investment Category	Fair Value	Valuation Technique	Unobservable Inputs	Range of Inputs	Weighted Average ⁽¹⁾	Impact on Valuation from an increase in input
Private Investment Companies	\$ 35,587,842	Market Approach	Ownership %	3.19%	N/A	Increase
			Market Valuation	\$1,200,000,000	N/A	Increase
			Preferred Return	20.00%	N/A	Increase
			Carried Interest	35.00%	N/A	Decrease
Credit Facilities	933,343,913	Market Approach	Recent Transaction Price	N/A	N/A	Increase
			Discounted Cash Flow	Interest Rate Discount Rate	10.25% - 13.00% 8.00% - 10.00%	12.20% 8.15%
Special Purpose Vehicles	66,579,260	Market Approach	Recent Transaction Price	N/A	N/A	Increase
			Income Approach	Preferred Return	12.00%	12.00%
Direct Equities	4,678,277	Discounted Cash Flow	Discount Rate	15.00% - 30.00%	25.69%	Decrease
			Market Approach	Recent Transaction Price	N/A	N/A
		Ownership %		0.57% - 7.50%	3.08%	Increase
		3rd Party Market Valuation		\$600,000 - \$50,000,000	\$25,606,911	Increase
		Price Per Share	\$3.48 - \$47.66	\$26.75	Increase	

⁽¹⁾ Unobservable inputs were weighted by the fair value of the instruments as of fiscal year ended 4/30/2022.

5. Derivative and Hedging Disclosure

U.S. GAAP 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 futures contracts for the year ended April 30, 2022.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

5. Derivative and Hedging Disclosure (continued)

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, 2022, by risk category are as follows:

Statement of Assets and Liabilities	Derivatives not designated as hedging instruments	Asset Derivatives Liability Derivatives	
		Value	Value
Unrealized appreciation/depreciation on open futures contracts	Equity Contracts	\$ 2,773,791	\$ —

The effects of derivative instruments on the Statement of Operations for the year ended April 30, 2022, are as follows:

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

Derivatives not designated as hedging instruments	Futures Contracts	Purchased Options Contracts	Written Options Contracts
Equity contracts	\$ 2,887,599	\$ —	\$ —
Total	\$ 2,887,599	\$ —	\$ —

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

Derivatives not designated as hedging instruments	Futures Contracts	Purchased Options Contracts	Written Options Contracts	Total
Equity contracts	\$ 2,578,546	\$ —	\$ —	\$ 2,578,546
Total	\$ 2,578,546	\$ —	\$ —	\$ 2,578,546

The number of contracts is included on the Schedule of Investments. The quarterly average volumes of derivative instruments as of April 30, 2022, are as follows:

Derivative	Quarterly Average	Amount
Futures	Average Notional Value	\$ (65,715,415)

6. Capital Stock

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 Fund currently offers one class of Shares: Institutional Class Shares. The Fund may offer additional classes of Shares in the future. The minimum initial investment in Institutional Class Shares by any investor is \$1 million. However, the Fund, in its sole discretion, may accept investments below this minimum. 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 requirement.

Institutional Class Shares are not 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

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

6. Capital Stock (continued)

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.

Pursuant to Rule 23c-3 under the Investment Company Act, on a quarterly basis, the Fund offers shareholders 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	Repurchase Offer	Repurchase Offer
Commencement Date	May 25, 2021	August 25, 2021	November 24, 2021	February 22, 2022
Repurchase Request Deadline	June 15, 2021	September 15, 2021	December 15, 2021	March 15, 2022
Repurchase Pricing Date	June 15, 2021	September 15, 2021	December 15, 2021	March 15, 2022
Net Asset Value as of Repurchase Offer Date				
Institutional Class	\$ 27.63	\$ 28.08	\$ 28.26	\$ 28.39
Investor Class	\$ 27.62	\$ 28.08	—	—
Amount Repurchased				
Institutional Class	\$ 6,795,102	\$ 10,063,501	\$ 32,688,613	\$ 31,299,575
Investor Class	\$ 288,821	\$ 2,331	—	—
Percentage of Outstanding Shares Repurchased				
Institutional Class	0.72%	0.87%	2.35%	1.84%
Investor Class	8.82%	0.06%	—	—

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 "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) as of each month-end, subject to certain adjustments.

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,

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

7. Investment Management and Other Agreements (continued)

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 1.45% of the average daily net assets of Institutional Class Shares (the "Expense Limit").

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 Limitation. The Expense Limitation and Reimbursement Agreement is in effect until October 31, 2022 and 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 recovered all previously available expenses.

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 the Fund management and the Administrator.

A trustee and an officer of the Fund are employees of the Administrator. The Fund does not compensate the trustee or officer affiliated with the Administrator. For the year ended April 30 2022, the Fund's allocated fees incurred for trustees and advisory board member 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, 2022, the Investment Manager and its affiliates owned \$24,558,752 (or 1.33% of net assets) of the Fund.

9. Federal Income Taxes

At April 30, 2022, gross unrealized appreciation and depreciation on investments based on cost for federal income tax purposes were as follows:

Cost of investments	\$1,704,733,422
Gross unrealized appreciation	\$ 102,906,727
Gross unrealized depreciation	(6,862,241)
Net unrealized appreciation on investments	\$ 96,044,486

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

9. Federal Income Taxes (continued)

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.

U.S GAAP requires 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 year ended October 31, 2021, permanent differences in book and tax accounting have been reclassified to paid-in capital, undistributed net investment income (loss) and accumulated realized gain (loss) as follows:

Increase (Decrease)	
Paid-In Capital	Total Distributable Earnings
\$ —	\$ —

As of October 31, 2021, the Fund's most recent tax year end, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	\$ —
Undistributed long-term capital gains	—
Accumulated capital and other losses	(1,186,762)
Unrealized appreciation on investments	<u>78,094,685</u>
Total distributable earnings	<u>\$ 76,907,923</u>

As October 31, 2021, the Fund had accumulated capital loss carry forwards as follows:

	ST	LT	Total
Not Subject to Expiration	\$ 1,186,762	—	\$ 1,186,762

To the extent that the Fund may realize future net capital gains, those gains will be offset by any of its unused capital loss carryforward. Future capital loss carryover utilization in any given year may be subject to Internal Revenue Code limitations.

The tax character of distributions paid during the tax years ended October 31, 2021 and October 31, 2020 were as follows:

	2021	2020
Distribution paid from:		
Ordinary income	\$ 42,079,988	\$ 9,409,941
Net long-term capital gains		513,919
Return of capital	<u>11,500,337</u>	<u>13,305,644</u>
Total distributions paid	<u>\$ 53,580,325</u>	<u>\$ 23,229,504</u>

10. Investment Transactions

For the year ended April 30, 2022, purchases and sales of investments, excluding short-term investments, were \$1,349,191,516 and \$466,142,297, respectively.

11. Credit Facility

The Fund maintains a credit facility with Pacific Western Bank (the "Revolving Credit Facility" or "Facility") with a maximum borrowing amount of up to \$80,000,000. When in use, the Facility is secured by certain underlying investments of the Fund. The Facility bears an initial interest rate of 3.5% plus the then applicable 30-day average Secured Overnight Financing Rate

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

11. Credit Facility (continued)

("SOFR"), which has a floor rate of 0.5%. Interest and fees incurred for the year ended April 30, 2022 are disclosed in the accompanying Statement of Operations. For the year ended April 30, 2022, the Fund did not utilize the Facility. The Facility matures on August 20, 2024. At April 30, 2022, the principal balance outstanding was \$0.

12. 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. 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 transferred as of the date of reorganization at the end 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.

13. Commitments

Senior credit facilities may be structured to be fully funded at the time of investment or include unfunded loan commitments, which are contractual obligations for future funding. As of April 30, 2022, the Fund had unfunded loan commitments to senior credit facilities of \$327,128,608.

The following table represents investment strategies, unfunded commitments and redemptive restrictions of investments that are measured at NAV per share (or its equivalent) as a practical expedient as of April 30, 2022:

Security Description	Investment Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Aero Capital Solutions Feeder Fund III, LP	Private LPs ⁽²⁾	\$ 31,306,790	\$ 1,249,514	None	N/A
Aero Capital Solutions Fund II, LP ...	Private LPs ⁽²⁾	48,778,500	—	None	N/A
Aero Capital Solutions Fund, LP	Private LPs ⁽²⁾	1,966,050	656,479	None	N/A
American Rivers Fund, LLC	Private LPs ⁽²⁾	26,381,797	—	Annually (December)	Subject to a 3-year lock up period from initial funding. Redemptions are permitted in December every year paid out 25% per quarter.
Armadillo Financial Fund LP	Private LPs ⁽¹⁾	8,424	—	None	N/A

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

13. Commitments (continued)

Security Description	Investment Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
ArrowMark Commercial Real Estate Partners, LLC	Private LPs ⁽⁵⁾	\$ 10,601,233	\$ —	None	N/A
Blue Elephant Financing Fund I, L.P.	Private LPs ⁽⁷⁾	372,378	—	Subject to Advisor Approval	N/A
CAMPBELL OPPORTUNITY TIMBER FUND-A, L.P.	Private LPs ⁽¹⁾	1,206,836	—	None	N/A
CDMX DEBT FUND, LLC	SPVs ⁽⁴⁾	28,406,286	2,594,725	None	N/A
Cirrix Investments, LLC	SPVs ⁽⁷⁾	5,237,265	—	None	N/A
CoVenture - Amzn Credit Opportunities Fund LP	Private LPs ⁽⁷⁾	31,982,063	—	Quarterly	At least a 90 day written notice to the general partner prior to each calendar quarter-end.
CoVenture Credit Opportunities Partners Fund LP	Private LPs ⁽⁷⁾	20,825,159	—	Quarterly	Withdrawals are permitted quarterly, subject to a 1-year "soft" lockup period, with capital proceeds returned as and when they are realized. Withdrawal notification is 90 days.
CoVenture - Clearbanc Special Assets Fund LP	SPVs ⁽⁷⁾	1,512,929	—	Quarterly	Subject to a 12-month lock up with 90 days' written notice to the general partner.
CoVenture - No1 Credit Opportunities Fund LLC	Private LPs ⁽⁷⁾	1,011,962	—	Quarterly	After 36 months of funding, or additional funding date, limited partners may withdraw any portion of their capital account with 90 days' notice as of the end of any calendar quarter.
CoVenture - No1 Credit Opportunities Fund LLC (A-2 Series)	Private LPs ⁽⁷⁾	3,032,912	—	Quarterly	After 36 months of funding, or additional funding date, limited partners may withdraw any portion of their capital account with 90 days' notice as of the end of any calendar quarter.
CoVenture - No1 Credit Opportunities Fund LLC (A-3 Series)	Private LPs ⁽⁷⁾	7,572,257	—	Quarterly	After 36 months of funding, or additional funding date, limited partners may withdraw any portion of their capital account with 90 days' notice as of the end of any calendar quarter.
Crestline Portfolio Financing Fund II (US), L.P.	Private LPs ⁽³⁾	1,689,782	3,384,251	None	N/A
Crestline Portfolio Financing Fund Offshore B, L.P. and Subsidiary	Private LPs ⁽³⁾	871,211	657,403	None	N/A
Crestline Praeter, L.P. - Zoom	Private LPs ⁽³⁾	3,036,552	1,440,594	None	N/A

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

13. Commitments (continued)

Security Description	Investment Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
DelGatto Diamond Fund QP, LP	Private LPs ⁽⁷⁾	\$ 22,495,098	\$ —	Monthly	Upon fully called committed capital, redemptions are permitted at the end of each calendar month with at least a 90 day notice. Any redemption made within 1 year of subscription is subject to a 5% early redemption penalty.
Equal Access Justice Fund LP	Private LPs ⁽³⁾	35,255,854	11,000,000	Quarterly	After 36 months of lock up, each limited partner may provide a written notice 60 days prior to each calendar quarter-end to withdraw any portion of its capital account balance.
Hudson Transport Real Asset Fund LP	Private LPs ⁽²⁾	1,593,284	—	Quarterly	Subject to a 2-year lock up period. Subsequently, can submit a withdrawal of interest form effective as of the last day of any calendar quarter upon not less than 90 days' prior written notice. Request must be greater than \$100k. However, the general partner of the fund may designate additional withdrawal dates or reduce notice periods at its sole discretion.
MEP Capital II GP, LLC	Private LPs ⁽⁹⁾	9,087,597	426,235	None	N/A
MEP Capital III GP, LLC	Private LPs ⁽⁹⁾	9,451,388	15,777,897	None	N/A
MEP Capital III GP, LLC - Co-investment Culture Works	Private LPs ⁽⁹⁾	2,183,355	—	None	N/A
MEP Capital II GP, LLC - Co-investment Sound Royalties	Private LPs ⁽⁹⁾	2,183,355	—	None	N/A
Monticello Funding, LLC Series BTH-3	SPVs ⁽⁴⁾	619,612	213,659	None	N/A
Monticello Funding, LLC Series BTH-31	SPVs ⁽⁴⁾	664,422	94,815	None	N/A
Monticello Funding, LLC Series BTH-47	SPVs ⁽⁴⁾	3,000,000	—	None	N/A
Monticello Funding, LLC Series BTH-48	SPVs ⁽⁴⁾	2,250,000	—	None	N/A
Monticello Funding, LLC Series BTH-49	SPVs ⁽⁴⁾	592,105	355,263	None	N/A
Monticello Funding, LLC Series BTH-54	SPVs ⁽⁴⁾	1,990,161	—	None	N/A
Monticello Funding, LLC Series BTH-55	SPVs ⁽⁴⁾	2,500,000	—	None	N/A
Monticello Funding, LLC Series BTH-56	SPVs ⁽⁴⁾	7,333,857	—	None	N/A
Monticello Structured Products, LLC Series MSP-17	SPVs ⁽⁴⁾	2,000,000	—	None	N/A

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

13. Commitments (continued)

Security Description	Investment Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Monticello Structured Products, LLC Series SH-52	SPVs ⁽⁴⁾	\$ 1,498,864	\$ 711,340	None	N/A
Montreux Healthcare Fund PLC	Private LPs ⁽⁵⁾	75,203,111	—	Quarterly	180 Business Days' prior written notice is required for a quarterly Valuation Day.
North Haven Offshore Infrastructure Partners A LP	Private LPs ⁽¹⁾	1,450,381	544,827	None	N/A
Oak Harbor Capital NPL VII, LLC	Private LPs ⁽⁴⁾	11,878,590	—	None	N/A
OHP II LP Class B	Private LPs ⁽⁷⁾	4,284,609	—	None	N/A
OHPC LP Founders Class Interest 1.25%	Private LPs ⁽⁷⁾	8,263,021	—	Quarterly	Withdraw all or any portion of its capital account attributable to a particular capital contribution as of the last day of each calendar quarter that is on or after the expiration of the lock-up period. The lock-up-period is the first anniversary of such capital contribution.
Prime Storage Fund II (Cayman), LP	Private LPs ⁽⁵⁾	1,324,824	—	None	N/A
PSC US BADGER LLC	SPVs ⁽⁷⁾	14,320,219	11,291,400	None	N/A
PWP Asset Based Income ASP Fund	Private LPs ⁽¹⁾	1,098,230	—	None	N/A
Quiet Credit I LLC	Private LPs ⁽⁴⁾	6,250,000	—	None	N/A
Round Hill Music Carlin Coinvest, LP	SPVs ⁽⁹⁾	1,113,152	—	None	N/A
Segregated Investment Vehicle I, SP (a segregated portfolio of Lendable SPC)	SPVs ⁽⁷⁾	91,241,360	12,613,147	None	N/A
Setpoint Residential Fintech Fund LP	Private LPs ⁽⁴⁾	12,777,365	4,152,895	None	N/A
Series 4 -Virage Capital Partners LP	Private LPs ⁽³⁾	1,707,838	—	None	N/A
Series 6 - Virage Capital Partners LP	Private LPs ⁽³⁾	19,986,191	—	None	N/A
Silverpeak Special Situations Lending Onshore Fund LP	Private LPs ⁽⁷⁾	4,202,065	5,925,000	None	N/A
Sound Point Discovery Fund	Private LPs ⁽⁷⁾	10,105,233	—	None	A written notice to the fund administrator at least 60 days prior to the last business day of each calendar quarter.
Taiga Special Opportunities LP	Private LPs ⁽¹⁾	26,170,929	—	None	N/A
Thor Urban Property Fund II, Inc. ...	Private LPs ⁽¹⁾	315,514	2,228,330	None	N/A
Turning Rock Fund I LP	Private LPs ⁽⁷⁾	7,463,952	2,175,909	None	N/A
Turning Rock Fund II LP	Private LPs ⁽⁷⁾	2,182,597	7,376,344	None	N/A
Total		<u>\$631,838,519</u>	<u>\$84,870,027</u>		

¹ Private partnerships that are secondaries positions. These investments are purchased in the secondary market of a limited partner's interest in a private credit fund from the primary owner.

Variant Alternative Income Fund

Notes to Financial Statements

April 30, 2022 (continued)

13. Commitments (continued)

- ² Private partnerships in transportation finance. These partnerships provide financing of transportation assets (aircraft, ships, railcars, trucking, or shipping containers) through equity and/or debt investments.
- ³ Private partnerships and special purpose vehicles in litigation finance. These strategies consist of loans to law firms backed by the expected value of contingency fees received from future case settlements.
- ⁴ Real estate debt private partnerships. These are extensions of new debt backed by real estate assets or the purchase of existing loans backed by residential or commercial real estate assets.
- ⁵ Real estate equity partnerships that consists of equity investments backed by commercial real estate.
- ⁶ Private partnerships that are in portfolio finance, a special scenario where a loan to the borrower is collateralized by all of the assets in a private investment vehicle.
- ⁷ Private partnerships or credit facilities that are in specialty finance investments. Such partnerships invest in institutional loans to a non-bank, private lender, which uses the capital to make loans in their particular vehicle.
- ⁸ A warehouse facility is an institutional loan to a pool of assets where the underlying collateral is expected to only stay in the pool for a short period of time.
- ⁹ Private partnerships and special purpose vehicles that invest in and/or purchase royalties. These royalties are the financial claim to the revenue generated from an asset such as the usage of copyrighted music, licensing payments on intellectual property, or oil and gas production.
- ¹⁰ Private partnership that invests in insurance receivables. The investment is backed by the recovery of conditional payments advanced by Medicare Advantage Organizations.

14. 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 or transactions that occurred during this period that materially impacted the amounts or disclosures in the Fund's financial statements except for the following:

The Fund commenced a repurchase offer on May 25, 2022 as follows:

	Repurchase Offer
Commencement Date	May 25, 2022
Repurchase Request Deadline	June 15, 2022
Repurchase Pricing Date	June 15, 2022
Net Asset Value as of Repurchase Offer Date	
Institutional Class	\$ 28.55
Amount Repurchased	
Institutional Class	\$ 70,128,756
Percentage of Outstanding Shares Repurchased	
Institutional Class	3.56%

Variant Alternative Income Fund

Supplemental Information April 30, 2022 (Unaudited)

For the year ended October 31, 2021, 0% of dividends to be paid from net investment income, including short-term capital gains from the Fund (if any), are designated as qualified dividend income.

For the year ended October 31, 2021, 0% of the dividends to be paid from net investment income, including short-term capital gains from the Fund (if any), are designated as dividends received deduction available to corporate shareholders.

For the year ended October 31, 2021, the Fund designates \$0 as long-term capital gain distributions.

Variant Alternative Income Fund

Fund Management

April 30, 2022 (Unaudited)

The identity of the members of the Board and the Fund's officers and brief biographical information as of April 30, 2022 is set forth below. The Fund's Statement of Additional Information includes additional information about the membership of the Board, and is available without charge, upon request, by calling the Fund at 1-877-770-7717.

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	Chairman and Trustee	Chairman since May 2019; Trustee since Inception	Retired (since 2012); President and Director, Client Opinions, Inc. (2003 - 2012); Chief Operating Officer, Brandywine Global Investment Management (1998-2002).	14	None
Robert Seyferth Year of Birth: 1952 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since Inception	Retired (since 2009); Chief Procurement Officer/Senior Managing Director, Bear Stearns/JP Morgan Chase (1993 -2009).	14	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 (investment advisory firm) (2016-Present); Founder/ President, Ascendant Capital Partners, LP (private equity firm) (2001 - 2015).	12	Trustee, Quaker Investment Trust (2 portfolios) (registered investment company).

Variant Alternative Income Fund

Fund Management

April 30, 2022 (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
Terrance P. Gallagher** Year of Birth: 1958 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since June 2020	Executive Vice President and Director of Fund Accounting, Administration and Tax; UMB Fund Services, Inc. (2007-present). President, Investment Managers Series Trust II (registered investment company) (2013-Present); Treasurer, American Independence Funds Trust (registered investment company) (2016-2018); Treasurer, Commonwealth International Series Trust (registered investment company) (2010-2015).	14	Trustee, Investment Managers Series Trust II (19 portfolios) (registered investment company).
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, 2022 (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
Bernadette Murphy Year of Birth: 1964 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Chief Compliance Officer	Since 2021	Director, Vigilant Compliance, LLC (investment management solutions firm) (2018-Present); Director of Compliance and operations, B. Riley Capital Management, LLC (investment advisory firm) (2017- 2018); Chief Compliance Officer, Dialect Capital Management, LP (investment advisory firm) (2008-2018)	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

* As of April 30, 2022, the fund complex consists of the Fund, AFA Multi-Manager Credit Fund, Agility Multi-Asset Income Fund, Aspiriant Risk-Managed Capital Appreciation Fund, Aspiriant Risk-Managed Real Asset Fund, Corbin Multi-Asset Strategy Fund, LLC, First Trust Private Assets Fund, First Trust Private Credit Fund, First Trust Real Assets Fund, Infinity Core Alternative Fund, LLC, Keystone Private Income Fund, Optima Dynamic Alternatives Fund, First Trust Alternative Opportunities Fund, and Variant Impact Fund.

** Mr. Gallagher is deemed to be an interested person of the Fund because of his affiliation with the Fund's Administrator.

Variant Alternative Income Fund

Other Information

April 30, 2022 (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-PORT. The Fund's Form N-PORT reports 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, 2022 (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, 2022 (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>

