VARIANT

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Variant Alternative Income Fund Portfolio Positions

(%'s as of October 31, 2022)

Please note: Current portfolio positions are subject to change. Each of these assets has its own set of investment characteristics and risks that investors should consider prior to making any investments. For more detailed information about risks, please see the last page of this document.

Accial Emerging Market Specialty Finance (3.61%)

Variant has participated in co-investments with Accial Capital to provide revolving senior credit facilities to a variety of businesses in emerging markets. Variant has current allocations to Awan Tunai, Investree, Pintek, Equity Link, A55, Avista, CAPEM, Homebase and Funding Societies. Awan Tunai is a balance sheet lender in Jakarta, Indonesia that provides inventory working capital loans to micro-merchants of consumer goods, protected by Awan Tunai's first loss capital and credit insurance by an A+-rated insurance company. Investree is the largest fintech lender in Indonesia and provides short term loans to small businesses backed by high quality invoice receivables, such as suppliers to large anchor companies such as Nestle, Phillip Morris, Unilever, and the Indonesian government. Pintek is a tech-enabled lender in Jakarta, Indonesia focused on financing education through four main loan products: two to educational institutions and their suppliers (B2B) and two catering to students (B2C). Equity Link is a balance sheet lender in Chihuahua, Mexico specializing in invoice factoring and credit lines for manufacturing companies located on the California and Texas borders in Mexico. A55 is a balance sheet lender in Brazil (with operations in Brazil and Mexico) that originates loans to asset-light companies by underwriting against their recurring revenue. Avista is a tech-enabled loan originator in Colombia that creates credit opportunities for pensioners, by offering advances to pensioners of major national pension funds secured by their pensions. CAPEM is a balance sheet lender based in Zapopan, Mexico offering simple credit, revolving loans, and leases. Rainforest is a Singapore-based company that acquires direct-to-consumer brands that sell on e-commerce marketplaces with a focus on the Amazon ecosystem. Homebase is a property technology lcompany based in Ho Chi Minh City specializing in lease-to-own financing for prime upper and middle-income homebuyers in Vietnam. Funding Societies, known also as Modalku through their local subsidiary in Indonesia, is the largest SME-focused financing platform in Southeast Asia.

Aero Capital Solutions Funds (3.71%)

ACS manages various drawdown funds that lease and trade mid-life commercial aircraft, primarily Boeing 737s and Airbus 320s. ACS has a long history of conducting maintenance on and trading used aircraft parts in the global aircraft community and brings that particular expertise to maximize the value of older aircraft. In general, older aircraft have fewer active buyers due to the complexities in maintaining and managing the aircraft assets. ACS often tries to source airplanes from one geographic area and find a higher and better use in another geographic area. ACS also has a sister company in the parts business. While this is a smaller business compared to the asset management side, the firm believes this helps them stay in the market and gives them intel on asset pricing.

Aion (formerly P2B) Invoice Receivables Facility (0.03%)

This firm originates loans to small businesses. Those companies pledge their accounts receivable to the firm as collateral. They also typically provide a corporate guarantee and often have a personal guarantee. Variant's investment is part of a larger facility alongside other institutional investors to provide the firm capital to grow their loan portfolio. Variant is secured both by the direct small business loans and all corporate assets, including equity raised by outside investors.

Altriarch Invoice Factoring Facility (1.08%)

Variant has structured a two-year uncommitted credit facility to Altriarch Credit, a lender involved in the factoring space. Altriarch lends to mid-size factoring companies with a target return of low to mid double digits. Altriarch will have a mix of senior and junior lender positions at the factoring companies and potentially direct exposures with the underlying invoices (i.e. equity). Factoring works essentially like this:

The factoring companies buy receivables from its clients for 80%-85% of par (the advance rate), collect payments on the receivables from the debtors, pay itself back for the initial advance plus a 1%-2% fee, and then remit the remainder to the client.

American Rivers Fund (1.25%)

Maritime Partners manages a transportation fund which invests in barges and towboats that transport commodities across U.S. inland rivers and waterways. Maritime Partners leases these assets using long-term bareboat charters (triple net leases). Variant believes the Fund is entering this market at attractive valuations given the price declines both in the liquid and the dry barge markets. Furthermore, competition in inland shipping is limited by the Merchant Marine Act of 1920, which prohibits foreign competition. Variant recently committed $4.5M to this investment.

App Academy Income Share Agreement Facility (0.11%)

Variant is providing a credit facility to App Academy to finance its origination of Income Share Agreements (ISAs) and Deferred Tuition Agreements (DTAs). App Academy provides immersive software engineering bootcamp programs. The curriculum takes roughly 6 months to complete, is available both on-line and in-person (pre-COVID) and results in average salary gain of approximately 2X. App Academy's model is solely dependent on ISAs/DTAs to create a strong alignment of incentives between school and student, not just in terms of program quality, but also with respect to job readiness and placement. Variant has committed $15 million to this facility, with a headline commitment of $30 million, advancing 75% against the underlying collateral value.

ARC Royalties Financing Facility (3.55%)

Variant has structured a two-year credit facility to a specialist lender in the oil and gas space. The firm lends to owners of producing oil and gas wells who are looking for a short-term loan that is secured by the production from wells on their property. The terms on the loans are typically 12-24 months. Once the loan agreement is in place, the firm then identifies which energy hub the production is being sold into and then fully hedges the commodity exposure. Variant provided capital to a bankruptcy remote special purpose vehicle (SPV) at an advance rate[1] of 70%.

Arcadia Specialty Finance (1.20%)

Variant funded Senior Secured Note to Cirrix Finance LLC, an SPV managed by Arcadia Funds, to fund Clear Finance Technology (Clearco) opportunity through existing credit facility between Clearco and Arcadia. Clearco provides merchant cash advances (MCAs) to small businesses with core focus on e-commerce enterprises. Clearco's business model relies on its proprietary revenue prediction engine, which underwrites the credit profile of potential borrowers based on thousands of data points that are gathered from partner platforms and payment processors, allowing for key advantage over traditional MCAs with verified third party data as opposed to self-reported information. Note includes 15% current interest with 6 month make-whole provision, specified use of proceeds to fund Clearco's position, pledge of Arcadia's equity, and one year maturity.

Argonaut Credit Facility (1.81%)

Variant is providing Argonaut Entertainment with a credit facility that will be used to originate loans to film production companies, collateralized by pre-sold distribution rights, unsold distribution rights, tax credits and government incentives. Argonaut is led by three managers with over 50 years of combined experience in the film industry, encompassing finance, production, and distribution. Variant will lend to a bankruptcy-remote SPV managed by Argonaut, which will originate bridge loans, finishing loans and both small and large productions loans.

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[1] An advance rate is the percentage amount of the collateral valuation that a lender will extend as a loan. Typically, Variant will sit senior with a 70% advance rate, and the borrower will need to fund the remaining 30% with equity, mezzanine debt, or a combination of the two.

Arrowmark Preferred Equity Facilities (0.52%)

Variant is participating in a preferred equity facility to facilitate the acquisition of eight distressed, corporate-owned industrial real estate assets throughout the United States. Phoenix Investors will manage the pool of assets, as they have extensive experience in the industrial real estate space and are one of the top three largest private owners of industrial real estate in the nation. The preferred equity position will be comprised of ArrowMark Partners and Range Summit, with all but $15 million of AMP's preferred equity to be participated out to three investors, one of which is Variant.

Art Money Art Lending Facility (0.28%)

Variant has structured a one-year credit facility to an art financing firm, which provides point-of-sale financing to consumers at art galleries. The facility is overcollateralized and resets on a monthly basis, so that if any borrowers are behind on payments that loan is removed from the pool and must be replaced by a performing loan. Additionally, Variant has secured a corporate guarantee and a personal guarantee from the founder of the company.

Aspiria Mexican Small Business Lending Facility (0.74%)

Variant entered into a one-year revolving credit agreement with a specialty finance company based in Guadalajara, Mexico. Aspiria provides short term loans to small business owners in Mexico. Variant's advance rate to the SPV varies based on the type of underlying collateral, starting at 70% when Aspiria lends to a typical small business borrower up to 85% if the underlying borrower has real estate valued at 2x the loan amount. The foreign currency risk is hedged back to US dollar.

Atalaya Specialty Finance Funds (0.99%)

Variant made an investment into Atalaya Capital Management's second dedicated equipment leasing fund, an open-ended vehicle incepted after the completion of their first equipment leasing fund. Variant has been interested in the equipment leasing space for a handful of years and, based on Atalaya's participation since 2009 and their substantial track record, felt Atalaya would be a strong counterparty to back.

BA Tech Venture Fund Loan (0.25%)

Variant has provided a three-year term loan to a venture capital firm that is secured by the entire portfolio of assets. The venture capital firm has called all of its committed capital but needed additional funding for operating expenses. The fund's Limited Partner Advisory Committee (LPAC) approved adding a credit facility to the fund where the proceeds from the facility could be used to pay current and future expenses. In the facility provided by Variant, all of the assets in the fund are pledged as collateral for the loan. The resulting loan-to-value (LTV) for Variant is very low, less than 10%, which provides the potential for strong downside protection. Additionally, one portfolio company, which we deem a very strong counterparty, has an agreement to pay the venture capital firm a fixed amount over the next few years that will largely pay the principal & interest (P&I) on Variant's loan.

Bandon River Electricity Brokerage Commissions Facility (0.13%)

Variant entered into a revolving credit agreement with a specialty finance company who buys discounted commission streams from independent brokerage firms selling electricity in deregulated markets. Underlying demand is driven by brokers that would rather take an upfront commission as opposed to a commission schedule that is paid when underlying customers pay their electricity bills. The vehicle is structured with a 3-year term and has an interest and profit-sharing component. Additionally, the originator has pledged capital in a first loss position.

Baseline Growth Credit Facility (0.17%)

Variant has structured a five-year credit facility to Baseline, an off-balance sheet solution for early-stage companies with capital intensive business models. Baseline pays for and owns the underlying hardware (i.e. anything from mobile payment processors to Mercedes Sprinter vans). The companies that Baseline partner with deploy the assets to the end user and pass on a fixed portion of the recurring collections to

Baseline. Baseline is currently backed by Cordillera and Variant would provide a credit facility to a separate SPV that is outside of Cordillera's relationship.

Bastion Participation (1.22%)

Variant entered into a Master Participation Agreement ("MPA") with Bastion Management, an asset backed lender focused on consumer and B2B lending. Bastion lends on a senior secured basis targeting teens gross returns and is currently raising their fifth fund. Variant will take a 20% participation in three existing loans. These are deals which Bastion is currently running up against firm and fund level concentration limits, creating a win-win relationship whereby Bastion is able to maintain their relationships while offering Variant the ability to participate in attractive investments at favorable economics. These three deals represent a $27 million commitment with approximately $20 million deployed day one. Going forward, Variant anticipates Bastion will offer up additional loans for Variant to participate on.

B.E. Blank Equal Access Justice Fund (3.87%)

Variant invested in the Equal Access Justice Fund, managed by B.E. Blank and Company. The Equal Access Justice Fund's (EAJF) objective is to provide uncorrelated, low volatility, attractive risk-adjusted returns by engaging in direct secured and unsecured working capital loans primarily to sustainably operated law firms based in the United States. The fund invests in law firms who primarily focus on small personal injury cases with the underlying payor being insurance agencies. The fund target's credit transactions less than $5,000,000 and greater than $250,000 and collateralize the Borrower's current and future dockets of legal matters.

Broadway Entertainment (0.91%)

Variant invested in the Broadway Strategic Return Fund, which primarily invests in theatrical productions and related ancillary opportunities globally. Broadway will deploy a majority of Variant's capital in plays and musicals, though Variant will gain exposure to some experiential productions as well. To date, the Fund has generated strong performance, driven by Broadway's mandate to gain a diversified pool of exposures across theatrical productions that have an outsized opportunity for success based on Ridgeline's proprietary data set. The Fund is structured as a 3c1, though Variant will gain access to the investment through a 3c7 offshore feeder vehicle.

C Cubed Law Firm Lending (1.29%)

C Cubed Capital Partners provides loans to law firms secured by their underlying cases, which includes diversified exposures including personal injury and mass tort, among others. The Firm operates in an asset class that exhibits limited, although growing, institutional competition and where banks have largely not participated in. As a result, litigation funders are able to secure outsized rates given the level of perceived risk at low loan-to-values. Additional support also comes from personal guarantees from the partners of the law firms, though not every deal has that protection. Law firms most often use the capital to fund operating expenses, as most work on a contingency fee basis, and to acquire additional cases, which only further supports the outstanding loan. The typical underlying loan is a payment-in-kind structure, where it receives cash as underlying cases settle, with a portion of the cash going to the lender (and ultimately to Variant) while the remaining amount is kept by the law firm.

Carter 1031 Exchange Bridge Equity (3.07%)

Carter Exchange provides financial solutions to real estate investors by allowing investors to pool their 1031 exchange capital together to own large commercial real estate properties. Variant has participated in Carter's bridge equity vehicle, which is made up of institutional investors that provide the capital needed for property acquisitions in exchange for a preferred return. Variant's participation in these properties typically range from 4 to 6 months, before Carter pools together other investors' 1031 exchange capital to refinance out the bridge equity investors' capital.

Coromandel Specialty Finance Facility (2.70%)

Variant has provided a revolving credit facility to a private credit manager to finance loans to underlying specialty lenders. The borrower's loans will be secured by a perfected, first lien on all collateral. The facility will have a maturity of two years or earlier in the case of default. The borrower's business focus is on the utilization of credit facilities within esoteric markets seeking to generate low-correlated, high risk-adjusted returns.

CoVenture Specialty Finance (3.15%)

CoVenture is a specialty finance manager that invests across the capital stack of technology startups to help entrepreneurs scale their business. Variant participates in deals structured by CoVenture's Credit Opportunities group. Currently, Variant is invested in their Credit Opportunities Partners Fund, with additional direct exposure to various investments within that fund through other CoVenture-managed fund structures.

Crestline Portfolio Financing Funds (1.10%)

Crestline provides bespoke financing solutions to mature private equity funds in need of additional capital to support follow-on investments or provide liquidity to investors. In most instances, these funds have passed the period in which they can call capital or have already called the entire committed amount. The typical loan to value (LTV) on these types of transactions range from 10-30%. The fund will utilize a flexible deal structure including debt or preferred equity and payment-in-kind (PIK) or cash pay. The investment is typically secured by the NAV of all the borrowing fund's portfolio companies.

Delgatto Diamond Fund (3.95%)

Delgatto Capital manages a diamond finance fund targeting "midstream players" in the diamond industry. These companies purchase diamonds from the miners and provide wholesale inventory to diamond retailers. The wholesaler market consists of roughly 15,000 companies and provides the backbone infrastructure to the industry. However, wholesaling diamonds is a capital-intensive business and one which traditional banks no longer underwrite. In a typical transaction, Delgatto takes possession of the underlying diamonds via an asset purchase agreement, where the wholesaler pays a monthly fee for the right to repurchase the diamond. Although not technically a loan, the loan-to-value at the time of the transaction is approximately 60-70%, with "value" being the liquidation price. For context, liquidation price is typically 20-25% of retail value. The agreements are typically 12-18 months in length, at which time if the wholesaler is unable to repurchase the diamond, Delgatto will sell the diamond to another wholesaler. Variant has direct exposure to the Delgatto Diamond Fund as a limited partner and through a financing credit facility to the Delgatto Diamond Fund.

Drip Trade Finance Series (0.05%)

Drip Capital bridges the working capital gap for cross-border trade between exporters and importers, with goods being shipped from India and Mexico to developed markets. Drip Capital advances payment to importers at a percentage of the value of the goods, collects payment from the importer at delivery, and then pays the remaining value of the goods to the exporter after charging interest and commission on the value of the goods. Variant entered Drip Capital's SPV vehicle, investing in 6-month notes that automatically rollover unless redeemed. Credit enhancements can be derived from trade credit insurance and overcollateralization of the advanced value.

Echelon Medical Receivables (0.63%)

Variant has structured a five-year credit facility to Echelon, a medical receivable purchaser in the medical letter of protection2 ("LOP") space. The firm intends to purchase LOPs from medical providers (surgery centers, hospitals, MRI centers) and provides cash upfront to providers in exchange for taking title to the

[2] A *letter of protection* (LOP) is a letter sent to a medical professional by a personal injury lawyer representing a person injured in a car accident, work injury, or fall.

receivable owed to the provider for services rendered. While these claims can take anywhere from 12-48 months to resolve, the multiples range from 1.3 to 1.8x on invested capital.

Edly Income Share Agreement Warehouse Facilities (0.47%)

Variant has structured a warehouse facility with a platform that is offering accredited investors access to income share agreements. Income share agreements are an alternative form of tuition finance for students. Instead of charging a fixed interest rate like on a loan, students pay a fixed percentage of their salary once their program is completed, typically subject to a salary minimum, a fixed term and an overall cap. The platform's marketplace is largely focused on vocational and technical schools, such as coding bootcamps, which often have, relative to a 4-year university, a short time to completion, lower costs and result in specific skill acquisition that is in high demand by employers. The Variant warehouse facility is financing the gap between platform's acquisition of the income share agreements from the schools and their ultimate distribution via to investors via the marketplace platform. Variant is in a senior position, overcollateralized by underlying the income share agreements and earns a fixed rate of interest from the platform on drawn amounts.

Experity Ventures Facility (0.52%)

Variant has provided a mezzanine warehouse facility to Experity Ventures, a platform that is a leader in the consumer litigation advance and medical lien industries. Experity is an aggregator and consolidator in the space, originating around $100 million per year in med liens and consumer advances under several brands and joint ventures (Thrivest, ProMed, MedSolve, PS Finance, Anchor Funding, etc). The firm has an experienced leadership team, a track record dating back to 2009 (through Thrivest), and a unique advantage in cost of capital in this highly fragmented industry due to their scale and ability to access the securitization markets.

Fairway Real Estate Facility (0.34%)

Variant has provided a senior secured loan to a real estate fund managed by Fairway America Management Group. The loan is secured by all assets of the fund, which include a diverse range of direct real estate equity, real estate loans, and investment in other real estate funds. Variant's loan is structured such that it can be recalled with 90 days' notice.

Homelight Residential Real Estate Facility (2.28%)

Variant has provided a warehouse credit facility to finance short term trade-in and cash close residential real estate transactions. Homelight is an iBuyer of residential real estate, focusing on providing capital to home sellers looking to purchase a new home with proceeds from the sale of their property. Homelight guarantees up to 90% of estimated property value to the seller, with owner equity of at least 10% in each transaction. In addition, Homelight's parent provides the first $2 million in losses incurred in the Homelight portfolio per year. Variant co-invests alongside the agent on the transaction. The average expected turnaround time of these transactions is 40 days.

Hudson Transport Real Asset Fund (0.07%)

Variant invested in the Hudson Transport Real Asset Fund, which primarily targets investments in the aviation, shipping, rail and container space. The underlying investments are expected to be two-thirds debt and one-third equity. The Fund favors equipment types that serve basic economic needs and have industry and regulatory frameworks that are creditor friendly. Hudson currently sees great opportunity in the aviation and maritime space. Specifically, within aviation, Hudson believes the best opportunities are in freighters, wide body planes and small planes, as they see a significant amount of capital targeting newer, narrow body aircraft.

Initiative Ireland Social Housing (0.20%)

Variant has provided a credit facility to Initiative Ireland, a real estate bridge lender to developers, enabling the construction of social and affordable housing throughout Ireland. Initiative Ireland, founded in 2015, specializes in addressing the unmet funding gaps within the market, establishing new models to meet societal and environmental challenges, through inclusive impact investment products. Initiative Ireland backs experienced developers at conservative advance rates and short tenors. The social housing loans are typically pre-contracted for sale to Approved Housing Bodies before the Lender releases the first funds to the Borrower. Initiative Ireland also requires homes to be energy efficient, setting a high standard for the property build, which further enhances the security value.

ITE Railcar (0.25%)

Variant invested into the ITE Rail Car Fund LP, an open-ended investment fund focused on the ownership and leasing of rail cars predominantly in the US. The fund, launched in 2014, owns over 50,000 railcars, representing 4% of the North American fleet, creating a diversified pool of assets that largely represents, with minor exceptions, the mix and composition of the North American railcar fleet. The cars are leased to a diversified pool of counterparties and industries on multi-year leases. Approximately 15% of the fleet rolls off lease on any given year, with the majority of those re-leased by existing counterparties. Railcars are attractive, durable assets with stable demand characteristics that generate consistent cash flows from long leases from generally credit-worthy counterparties.

Kerberos Law Firm Lending Facility (4.80%)

Variant has provided a credit facility to a special purpose vehicle managed by a litigation financing firm. The firm extends loans to law firms backed by the law firm's entire case collateral. Typically, the loan-to-value is 15-25% of the attorney's expected take on the proceeds of the settled case. The special purpose vehicle (SPV) is capitalized by equity from the litigation finance firm (first loss capital) and by a senior secured note provided by Variant to the SPV.

Lendable Emerging Market Specialty Finance (5.41%)

Variant has invested in a drawdown fund and a participated in a credit facility managed by Lendable, an asset manager based in Nairobi. Lendable invests in local originators in African countries as well as developing Asia. These originators, in turn, make micro loans to individuals and small businesses. Lendable may extend a term loan to the originator or may provide an advance to the originator backed by a pool of loan receivables. On any given transaction, Lendable commits some of their own capital to the deal on a first-loss basis. The business models of originators are diverse, including: mobile lending to consumers, payroll advances to government workers, and loans to motorcycle taxi drivers to purchase motorcycles.

Lendspark Credit Facility (1.11%)

Lendspark, formerly known as Worldwide, provides loans to small businesses through a lending structure called merchant cash advance ("MCA"). An MCA is different than a traditional loan in that collections on the advance are typically received daily or weekly and are variable based on the actual sales generated by the small business. Variant has provided a senior secured credit facility to an SPV managed by Lendspark that is backed by a minimum of 25% first loss equity. Additionally, within this strategy, Variant has also provided a senior secured credit facility to Stat Capital, a group that provides services for MCA, equipment financing, and real estate backed loans.

MedTrade Capital (6.23%)

Variant has transacted several trade finance co-investments with MedTrade Capital. These investments help finance the acquisition and transportation of personal protection equipment from the manufacturer overseas to the buyer in the United States. In a typical transaction, the goods are already manufactured and onboard a vessel bound for a U.S. port. The goods are covered by insurance during transport and have a verified purchase order from the U.S. buyer. In these transactions, Variant's loan is secured by title to the cargo, a corporate guarantee by the trading company, and subordinated capital by a junior lender.

MEP Capital Partners Funds (1.46%)

Variant invested in the MEP Capital Fund II and III, which are specialty finance funds focused on the lower-middle market of the media industry. Led by a team with vast experience in the music, media, and entertainment space, the underlying assets are made up of music, film and television, and digital media, in the form of debt, often accompanied by equity upside in the form of warrants, profit participations, and the like. The fund's term is a 2-year investment period followed by a 5-year harvest period, though the portfolio investments are primarily underwritten to an exit shorter than that of the fund's life. Variant also participates in various co-investment opportunities sourced and underwritten by the MEP team.

Monticello Bridge Real Estate Lending (0.93%)

Monticello primarily provides bridge financing for acquisitions of senior care facilities by experienced operators. Long term, these operators want to use U.S. Department of Housing and Urban Development (U.S. HUD) financing for the properties given its low cost. The challenge is that U.S. HUD typically won't finance them until there has been approximately 18 months of operating history. For the bridge financing need, banks will typically provide approximately 55% of the funding and the owners will contribute 25%, leaving a roughly 20% mezzanine financing need. This is where Monticello steps in, working with the banks to provide a "unitrache" structure to the borrowers. In addition to the 25% equity contribution, there is also a personal guarantee by the owners that represents 25-50% of the total loan amount. The facilities tend to be nearly fully occupied and generate stable revenue from Medicare and Medicaid reimbursements.

Montreux Healthcare Fund (3.37%)

Montreux invests in specialized care properties in the UK. These are often facilities that provide services to patients with brain or spinal cord injuries. Specialist care in the UK is 100% government funded through local authorities and the National Health Service (NHS). This is a large market that is highly fragmented with high barriers to entry. Montreux's investment thesis is to acquire a platform property and then build that through acquisitions, often at below market rates for these smaller, one-off transactions. This is similar to a prior roll-up strategy that Montreux executed and subsequently exited in 2017 through a sale to a listed infrastructure fund.

New Harbor Mexican Real Estate (1.34%)

Variant has provided investment capital to a US based SPV CDMX Debt Fund to finance and refinance mezzanine debt of Mexican residential real estate projects. CDMX will be managed by New Harbor Investment Management who will contribute first loss capital and earn a management fee. Variant will have the right to review and approve any new project. New Harbor is led by Laurent Poole who has previous experience in real estate investments in Mexico. The projects will be managed by Vira Partners, real estate development company in Mexico with local footprint and experience in acquisition, permitting and project management in the region.

Oak Harbor NPL VII (0.48%)

Oak Harbor buys non-performing residential loans (NPLs) with title or legal issues. This continues to represent a large market opportunity with approximately $300B in unpaid principal balance. Deal flow often comes from other s-lien mortgage buyer acquiring performing loans. The firm typically purchases the NPLs for 55 cents on the dollar, spends 7 cents to cure the title problems, then attempts to resell the loan at 85 cents (if reperforming) or at 72 cents if the loan is not performing.

Oceana Australian Small Business Lending Facility (3.31%)

Variant invested in the Oceana Australian Fixed Income Trust. Located in Sydney, Australia, Oceana provides short-term financing in the trade and debtor finance market, secured corporate loans, and lending to small-and-medium-sized enterprises. Oceana uses a proprietary platform named FINSTRO to manage assets. Oceana structures Variant's notes with structural subordination, maintaining roughly 25% first loss protection on a book that historically has had less than 2% arrears. Additionally, Oceana has secured 100% insurance coverage on the exposures in the A notes where Variant invests. Variant's transaction is structured as a zero-coupon note with a 13% interest rate.

Pier Specialty Finance Facilities (1.41%)

Variant has structured a relationship to co-invest alongside deals sourced and structured by Pier Asset Management. Pier Special Opportunities Fund LP ("Pier") seeks to achieve attractive risk-adjusted returns by being a responsive liquidity provider to alternative lending platforms and funds. Pier is in a unique position to capitalize on this liquidity premium as its principals sit at the center of industry deal flow; access is a key driver of success with this strategy. The fund has an acute focus on short duration opportunities, allowing it to be hyper responsive to credit cycle movement.

Pollen Street Specialty Finance (0.84%)

Pollen Street Capital is a specialty finance investment manager that seeks to provide asset-secured lending to borrowers in specialist lending markets with the aim of delivering attractive returns, but with structured and controlled risk. Variant structured a static-ownership vehicle that participates in various investments originated and serviced by Pollen Street, allowing Pollen Street the flexibility to go out and execute on their specialty finance lending strategy. Though Pollen Street is a UK-based business, Variant's relationship is with their US business.

Prime Storage Funds (0.07%)

The Prime Group targets self-storage assets in high density locations where there are restrictions that prevent the opening of additional self-storage facilities. A significant portion of the self-storage market is owned by single owner/operators, providing ample opportunity for an experienced group to generate growth through efficiencies and market optimization. Historically, Prime has seen significant net operating income (NOI) growth after the first year of ownership. The self-storage space held up relatively well in 2008 and 2009, providing comfort to Variant that this asset class can continue to perform during a downturn. The expected exit on this strategy is a sale of the rolled-up portfolio to a publicly traded self-storage REIT.

Production Lending (0.40%)

Variant has structured a credit facility to Production Lending, LLC through a bankruptcy remote SPV. Production Lending is a Houston, TX based investment firm that provides capital to small, private, US-onshore oil and gas companies. All investments are secured by producing oil and gas wells. Production Lending's investments are structured as first lien debt.

Quiet Credit I LLC – Knock LP (0.28%)

Variant participated in a credit facility backed by residential property via a Quiet Capital managed SPV. The facility provides temporary financing through a bridge loan to be used for down payment on a new home, mortgage principal, interest, taxes and insurance ("PITI"), and pre-sale staging and renovations on the old home. The bridge loan product is intended for homeowners during transition from selling their own home to purchasing a new home. The collateral in the facility includes second lien on the home listed for sale. Our partner, CoVenture, is co-investing pari passu to Quiet Capital, and has performed their own diligence on the borrower.

Raistone Tax Credit Factoring (0.40%)

Variant has participated in an Employee Retention Credits (ERC) refund opportunity with Raistone Financial. Raistone Financial has set up strategic financing partnerships with tax prep companies focused on filing tax amendments for Employee Retention Credits (ERC) for small businesses in exchange for a percentage of the tax credit. Through the program, Variant will fund advances to these tax prep firms backed by their ERC related fee receivables. Furthermore, Variant will fund advances directly to SMEs via Raistone to factor the ERC credits. As part of this transaction, Variant will provide a credit facility to a Raistone managed bankruptcy remote SPV to acquire the ERC receivables.

Rivonia Road Specialty Finance Facilities (1.16%)

Variant's investment includes two participation co-investments with Rivonia Road. Rivonia Road is a specialty finance manager that runs a dedicated private fund and participates out deal flow to other capital providers. One is a participation in a warehouse credit facility between Rivonia Road and BoardRE (doing business as Accept). The facility provides temporary financing for residential real estate acquired by Accept for cash on behalf of a pre-approved home buyer. The collateral exits the facility upon finalization of the buyer's mortgage and transfer of title, which typically is executed within a few weeks. The other participation is in Rivonia Road's senior credit facility to Steno Agency, Inc., a firm that offers court reporting and account management for plaintiffs' attorneys, supplemented by their non-recourse financing product, DelayPay.

RKB Energy Solutions Facilities (0.83%)

RKB Energy LLC is a greenfield, utility-scale solar development company focused on the growth markets of the west and southwest United States. Variant has two investments with RKB. First, this firm approaches schools and skilled nursing facilities with the offer to replace older lighting fixtures with new LED lights at no upfront cost. Variant has structured a two-year facility to the firm to provide the firm capital for fronting the installation cost of the lighting upgrade. Second, RKB factors energy rebate receivables from state and local governments. Their program gives general contractors the ability to get paid quickly after finishing their construction work rather than waiting 6-8 weeks for the rebate to be paid by the government entity. Variant provides RKB a revolving credit facility to bolster the balance sheet of RKB's factoring program.

Round Hill Carlin (0.05%)

Variant invested in a music royalties co-investment alongside Round Hill II. The portfolio, Carlin, was built by music industry legend Freddy Bienstock. Freddy was an American music publisher who built his career in music by being the key person responsible for soliciting and selecting songs for Elvis Presley's early albums and films. Carlin's catalog spans one hundred years of popular music history. Vintage ballads, early rock 'n' roll classics, Christmas songs and numerous rock and pop best-sellers are among the vast range of titles in the portfolio. In addition to the potential for a consistent yield, Variant feels there is upside due to the underutilized nature of the catalog's copyrights.

Salaryo Small Business Lending Facility (0.45%)

Variant has provided a revolving credit facility to finance the origination of small business loans. The term is a one-year facility if not renewed. The borrower is a specialty lender that provides loans to service companies using coworking spaces such as WeWork and Regus. By partnering with coworking office space landlords, the borrower can source and underwrite loans to small businesses more efficiently than traditional lenders.

Secondaries in Private LPs (1.08%)

Variant will opportunistically purchase a limited partnership (LP) interests in a private investment funds from an existing investor. Variant primarily targets income generating private funds such as real estate, royalties and real assets. Since Variant is looking for small LP interests (typically less than $10M), there are a limited number of institutional buyers bidding on these assets. As a result, Variant has the opportunity to purchase the LP interests at a sizeable discount to NAV, with the goal of generating an attractive return for the fund. The Fund has completed six secondary transactions to date and continues to source new transactions on an opportunistic basis.

Setpoint Residential Fintech Fund (0.57%)

Variant has invested in the Setpoint Residential Fintech Fund, which seeks to provide attractive risk-adjusted returns through investments in credit facilities to U.S. residential fintech companies that buy homes on behalf of consumers, such as iBuyers, Buy Before you Sell, and other companies that provide alternative home equity and transaction models. In the fund, loan investments will be made to SPVs and secured by residential real estate, supplemented with additional protection in the form of guarantees from the Borrower, pledges and control agreements relating to interest reserve accounts and operating accounts, and various other collateral (if applicable). Loan investments will most commonly be unitranche facilities, with Setpoint sitting junior to the senior debt. Setpoint will lead the structuring and will earn a significantly higher interest rate than the senior debt, often with additional fees attached that all go to the Setpoint Fund. Besides being run by a management team that has been in and successfully exited fin-tech/prop-tech businesses, Setpoint's competitive advantage is their ability to provide a proprietary technology platform to their Borrower's to improve efficiency and retention.

Shinnecock Art Lending (1.54%)

Variant is partnered with a specialist originator of credit collateralized by fine art. The borrowers are typically professional art collectors or gallerists who use the borrowed funds to finance acquisitions or produce liquidity from an asset that they intend to hold long-term for appreciation in value. The loans are typically 1-2 years in duration at a loan-to-value below 50%. Prior to lending, the originator assesses the value of the collateral using past sales prices, recent sales prices of comparable works and insights from outside appraisers, valuation experts and their advisory board. In addition, the originator establishes the provenance of the piece using available records and historical documents. The art is physically held in custody by the lender during the duration of the loan in a professionally managed art storage facility and insured for the full amount of the loan.

Silverview Special Situations Lending (0.33%)

Variant participated in the Silverview-Special Situations Lending fund. The partnership intends to make 10-15 investments in special situations credit investments in lower middle market companies, targeting $10-30 million per investment. Silverview Credit focuses on highly structured, bespoke private debt transactions in overlooked areas within the credit market, where attractive returns can be achieved with substantial asset coverage and low leverage. The partnership will focus on free cash flow[3] generating, asset-heavy businesses with the ability to repay the debt through a combination of free cash flow and a value creation or monetization catalysts.

Sound Point Discovery Fund (0.47%)

Variant invested in Sound Point Capital's Discovery Fund. The Sound Point Discovery Fund is focused on specialty finance assets such as whole loans, warehouse facilities and niche asset backed securities collateralized by assets originated through partnerships with specialty lenders, technology companies and banks. Variant also structured a co-investment forward flow relationship with Sound Point to accompany the fund-level investment.

Spouting Rock Specialty Finance (1.75%)

Spouting Rock Specialty Finance, formerly known as Old Hill Partners, lends capital to specialist lenders in such industries as auto, art, aviation, heavy machinery, and credit card receivables. Spouting Rock's investments are typically structured as senior secured loans with short duration and low loan-to-value ratios. The underlying structures are amortizing loans often with high and floating interest rates. Variant also participates in Spouting Rock's co-investment deal flow on a deal-by-deal basis.

Stage Point Bridge Real Estate Facility (0.59%)

Variant has provided a senior secured revolving credit facility to a real estate fund managed by Stage Point. The loan is secured by all assets of the fund, which include a diverse pool of real estate bridge loans. Variant's loan is structured such that it can be recalled with 90 days' notice.

Star Strong Specialty Finance Facility (3.00%)

The Fund has provided a senior secured credit facility to a specialty finance lender. This lender will, in turn, lend money to multiple originators who lend capital to small businesses. On each transaction in which the specialty finance lender has capital deployed, the specialty finance lender retains 15% to 30% of the transaction with their own capital in a first loss position. Furthermore, each deal in the portfolio will cross collateralize the other deals in the portfolio such that positive performance from one deal can be utilized to offset a weaker performing investment.

Stifel Litigation Finance (0.22%)

Variant has participated in syndicated law firm loans through the litigation Finance team at Stifel Nicolaus. Stifel is one of the largest litigation finance originators in the nation, having syndicated north of $2 billion

[3] Free cash flow (FCF) represents the cash a company generates after accounting for cash outflows to support business operations and maintain its assets.

since moving their practice to Stifel in 2019, and is a first mover and innovator in both the litigation finance space and in institutionalization of litigation finance.

Stride ISA Mezzanine Debt (0.31%)

Variant has structured a mezzanine credit facility that will be used to finance acquisitions of income share agreements and tuition contracts across a portfolio of coding bootcamps as well as other higher education institutions. The tuition contracts generated from Stride will be collateralized and will sit in a bankruptcy remote SPV in which Variant will have access too. This deal will yield an attractive fixed interest rate with an exit date 7 years out.

Tailor Ridge Credit Facility (0.24%)

Variant provided a credit facility to Tailor Ridge Capital, a real estate bridge lender that operates out of the New England area. Variant's facility is backed by all the assets in the Tailor Ridge Real Estate Lending Fund I, which provides Variant a ~36% advance rate when the facility is fully called. Though the company is new, Variant has worked with the Tailor Ridge team previously, as the management team came from State Point Capital, another position in the fund.

Thiele Capital – Produce Pay Participation (0.47%)

Variant participated in Thiele Capital Management's portion of a senior-secured credit facility to Produce Pay, who is a niche, fresh-produce factoring fintech platform that is registered under the PACA laws. The additional capital from Variant allows Thiele to scale the position from its current size that is currently constrained by diversification requirements of their fund. This credit line will sit alongside the existing financing package from CoVenture as co-lenders to better diversify concentration risk in the SPVs. Produce Pay's underlying assets are split between preseason and in-season financing, and the split is 60%/40%, respectively.

Turning Rock Funds (0.71%)

Turning Rock provides a mix of debt and equity capital to North American companies that are experiencing situational illiquidity. The target investment universe includes private companies with enterprise values under $1 billion which are characterized by positive cash flow[4], moderate capital structures, strong management teams and healthy competitive positions. Key to the underwriting process is identifying firms with defensible cash flows secured by real assets to provide downside protection and generate an attractive level of current income.

Upper90 Specialty Finance (0.36%)

Variant has participated in the Upper90 Fund III. Fund III offers innovative debt and hybrid capital solutions to disruptive and emerging technology-oriented firms, with a focus on senior facilities with downside protection from strong covenant packages, short duration amortizing assets, and relatively low leverage. The firms generally are associated with ecommerce (aggregators), other online assets, fintech, and technology driven supply chain finance. Variant has also participated in a co-lending opportunity through Upper 90 as part of a senior secured loan to Filmrise, an independent distributor of film and television content via digital ad-supported channels. The loan is backed by a diversified pool of film and television content rights under long term contracts, which generate substantial ad-based cash flow. The loan carries a one-year interest only period, followed by an amortization period where substantially all of the revenue generated by the pledged content is directed to the loan.

Virage Capital Partners Funds (1.02%)

Virage provides law firm financing for the purpose of financing expenses associated with mass tort lawsuits filed in state and federal courts. For example, Virage was active in a pool of individual claims associated with the BP oil spill in 2010. Each loan is collateralized by the revenue stream on the law firm's current caseload and future revenues over the term of the loan. To lend, liability must already be

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[4] Cash flow is defined as the net amount of cash and cash-equivalents moving in and out of a business.

established. Virage invests after initial arguments have occurred and a precedent for settlement has already taken place.

Virage Recovery Fund (1.11%)

The Virage Recovery Fund will pursue the recovery of conditional payments advanced by Medicare Advantage Organizations ("MAOs"). MAOs are private health insurance plans that contract with Medicare to provide benefits to eligible Medicare beneficiaries. In certain situations, MAOs make conditional payments for medical services that may ultimately be payable by other responsible entities on the condition of future repayments. When these other entities fail to reimburse the MAOs, a claim for recovery can be pursued. Virage acquires these claims through purchase agreements which assign all rights, title and interest in any potential recovery directly to Virage.

Wallace Finance Consumer Lending (0.23%)

Variant has provided capital to the Wallace Finance Company through a Term Loan, initially supporting loan book origination growth and later consumer loan receivable pool refinancing. Wallace Finance Company is a provider of short-term consumer finance solutions to everyday individuals in need of a small, sub-$1,000, loans. Wallace acquires customers via a network of 160+ physical small-footprint of stores across the \Midwest. Target customers possess established credit with challenged access traditional financing options such as a credit card or a bank loan.

YieldStreet Specialty Finance (0.02%)

YieldStreet is a specialty finance platform and originator that allows investors access to alternative investment opportunities vetted by Yieldstreet's experts across numerous asset classes, such as art, real estate, shipping, and more. Variant is participating on two syndications. First is a loan to a law firm in New York that is backed by all the assets of the law firm, which primarily consists of the settlement of cases. Second is a loan, structured as a revolving facility between the Yieldstreet SPV and a maritime company that is experienced in the ship deconstruction industry.

Cash (7.95%)

Cash and public securities held for opportunistic trades and liquidity management purposes.

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

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

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

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

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.

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