
VARIANT ALTERNATIVE INCOME FUND



Annual Report

For the Year Ended April 30, 2024

Variant Alternative Income Fund

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For the Year Ended April 30, 2024

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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 (NICHX, the "Fund") for the fiscal year that ended April 30, 2024.

The high interest rates of the past fiscal year presented both challenges and opportunities for the broader macroeconomy as well as the Variant Alternative Income Fund. High prevailing rates have led to dislocation in the banking sector and retrenchment in core lending, away from underwriting deals in the niche corners of the market the Fund targets. This lending environment coupled with the relatively rapid growth of the private credit market, and particularly the asset-backed lending space, has contributed to robust deal flow. This has strengthened the Fund's ability to shift the portfolio away from limited partnership investments in favor of Variant originated senior credit facilities.

Over the past fiscal year, the Fund (NICHX) delivered a net total return² of +9.62%. For long term performance, the Fund's 5-year and since inception³ net total returns were +9.50% and +9.65%, respectively, as of April 30, 2024. The Fund's performance benefited from broad diversification across 60 unique underlying investment themes⁴ ranging from medical receivables to equipment leasing. At the asset class level, investments in specialty finance and litigation finance again led contribution to return over the fiscal year, followed by meaningful performances from real estate debt, royalties, and transportation finance. Real estate equity was the sole, modest detractor.

The Fund also experienced growth in assets under management ("AUM") over the past fiscal year, expanding by \$549 million to finish the fiscal year at \$3,105 million. Additionally, the Fund was once again able to satisfy all quarterly redemption requests throughout the fiscal year without proration.

For more information on the Fund's activity, the complete listing of the Fund's investments can be found in the Consolidated Schedule of Investments.

On behalf of everyone at Variant, 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 Investment themes represent sub-asset classes, or the specific investment sectors underlying each asset class.

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, general economic and market condition risk.

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

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

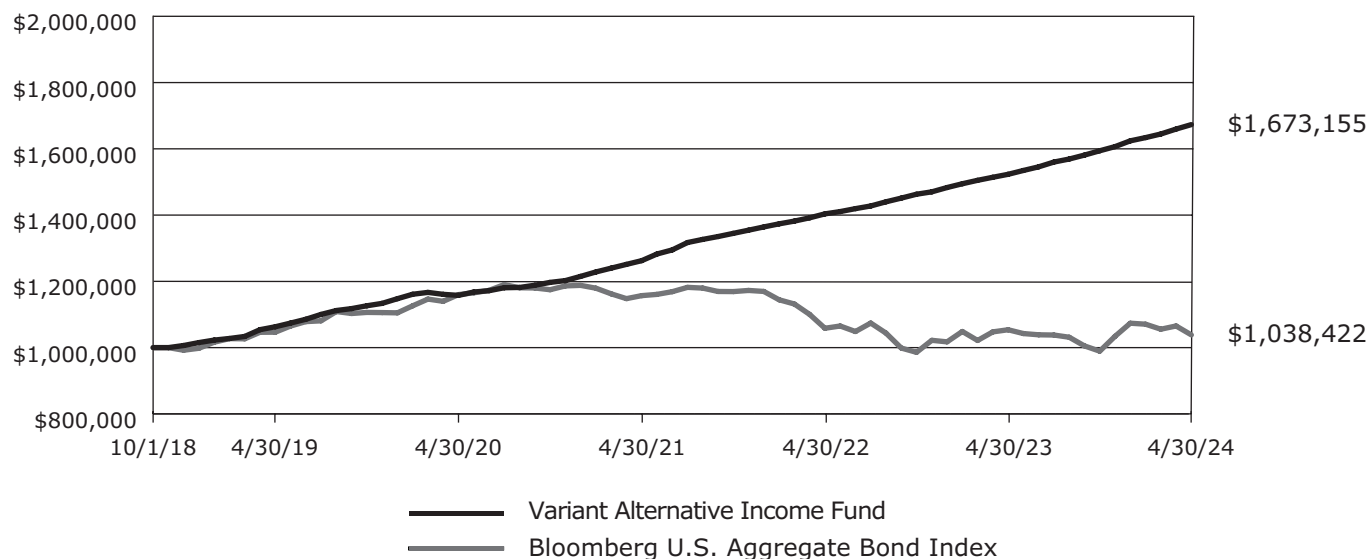
The Fund is distributed by UMB Distribution Services, LLC. Variant Investments, LLC (the "Investment Manager") serves as the investment manager of the Fund. UMB Distribution Services, LLC and the Investment Manager are unaffiliated.

Variant Alternative Income Fund

Fund Performance

April 30, 2024 (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, 2024	1 Year	5 Year	Since Inception
Variant Alternative Income Fund (Inception Date October 1, 2018)	9.62%	9.50%	9.65%
Bloomberg U.S. Aggregate Bond Index	-1.47%	-0.16%	0.68%

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.

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, 2024

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

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of assets and liabilities, including the consolidated schedule of investments, of Variant Alternative Income Fund (the "Fund") as of April 30, 2024, the related consolidated statements of operations and cash flows for the year then ended, the consolidated statements of changes in net assets for each of the two years in the period then ended, the consolidated financial highlights for each of the five years in the period then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of April 30, 2024, the results of its operations and its cash flows for the year then ended, the changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years 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, 2024, by correspondence with the custodian, brokers, borrowers, participating lenders, and underlying fund administrators or managers. 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.
Cleveland, Ohio
June 28, 2024

Variant Alternative Income Fund

Consolidated Schedule of Investments

April 30, 2024

Investments in private investment companies – 22.8%	Interest Rate	Reference Rate	Spread	Shares/ Units	First Acquisition Date	Maturity Date	Cost	Fair Value	Percent of Net Assets
Litigation Finance									
EAJF ESQ FUND, L.P. ^{(f)(g)}	—	—	—	—	5/26/2022	—	\$ 35,000,000	\$ 41,752,014	1.3%
Equal Access Justice Fund, L.P. ^{(f)(g)}	—	—	—	—	3/30/2021	—	45,000,000	54,450,419	1.8
Series 4 - Virage Capital Partners, L.P. ^{(f)(g)}	—	—	—	—	9/1/2018	—	804,190	1,565,816	0.1
Series 6 - Virage Capital Partners, L.P. ^{(f)(g)}	—	—	—	—	10/31/2019	—	16,000,000	24,182,495	0.8
Virage Recovery Fund (Cayman), L.P. ^(g)	—	—	—	152,590	8/6/2019	—	15,286,170	12,763,840	0.4
							<u>112,090,360</u>	<u>134,714,584</u>	<u>4.4</u>
Portfolio Finance									
C L Levi Co-Invest, L.P. ^{(f)(g)(l)}	—	—	—	—	6/27/2022	—	12,538,356	15,345,887	0.6
Crestline Portfolio Financing Fund II (US), L.P. ^{(f)(g)(l)}	—	—	—	—	8/26/2021	—	2,683,036	3,213,654	0.1
Crestline Portfolio Financing Fund Offshore B, L.P. and Subsidiary ^{(f)(g)(l)}	—	—	—	—	4/25/2018	—	308,241	658,363	0.0
Crestline Praeter, L.P. - Zoom ^{(f)(g)(l)}	—	—	—	—	12/26/2019	—	2,826,366	4,402,371	0.1
RIVER HORSE HOLDINGS II, L.P. ^{(f)(g)}	—	—	—	—	1/6/2023	—	3,600,000	4,032,000	0.1
							<u>21,955,999</u>	<u>27,652,275</u>	<u>0.9</u>
Real Estate Debt									
Oak Harbor Capital NPL VII, LLC ^{(f)(g)}	—	—	—	—	3/1/2019	—	5,948,250	6,932,569	0.2
Setpoint Residential Fintech Fund, L.P. ^{(f)(g)}	—	—	—	—	2/4/2022	—	16,830,000	16,251,255	0.5
Setpoint Residential Fintech Fund II, L.P. ^{(f)(g)(l)}	—	—	—	—	8/17/2023	—	13,000,000	12,818,259	0.4
							<u>35,778,250</u>	<u>36,002,083</u>	<u>1.1</u>
Real Estate Equity									
Montreux Healthcare Fund PLC ^{(b)(t)}	—	—	—	48,220	2/1/2018	—	63,438,713	86,845,128	2.8
Prime Storage Fund II (Cayman), L.P. ^{(f)(g)}	—	—	—	—	11/20/2017	—	996,147	1,343,768	0.0
							<u>64,434,860</u>	<u>88,188,896</u>	<u>2.8</u>
Royalties									
MEP Capital II, L.P. ^{(f)(g)(l)}	—	—	—	—	11/27/2020	—	6,880,702	8,043,607	0.3
MEP Capital II, L.P. - Co-investment Sound Royalties ^{(f)(g)}	—	—	—	—	8/3/2021	—	2,000,000	2,790,592	0.1
MEP Capital III, L.P. ^{(f)(g)(l)}	—	—	—	—	11/1/2021	—	19,681,845	20,983,723	0.7
MEP Capital III, L.P. - Co-investment CultureWorks ^{(f)(g)}	—	—	—	—	11/3/2021	—	—	21,345	0.0
MEP Capital III, L.P. - NGL ^{(f)(g)}	—	—	—	—	3/24/2022	—	7,750,000	8,586,796	0.3
MEP Capital Fund IV, L.P. ^{(f)(g)(l)}	—	—	—	—	11/30/2023	—	9,084,640	9,086,289	0.3
							<u>45,397,187</u>	<u>49,512,352</u>	<u>1.7</u>

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Schedule of Investments

April 30, 2024 (continued)

Investments in private investment companies – 22.8%	Interest Rate	Reference Rate	Spread	Shares/ Units	First Acquisition Date	Maturity Date	Cost	Fair Value	Percent of Net Assets
Secondaries									
Black Forest Structured Lending Fund ^{(9)(l)}	—	—	—	2,844	12/30/2022	—	\$ 3,685,091	\$ 3,207,444	0.1%
CAMPBELL OPPORTUNITY TIMBER FUND-A, L.P. ^{(f)(g)} ..	—	—	—	—	11/1/2021	—	—	525,572	0.0
Drawbridge Special Opportunities Fund, L.P. ^{(f)(g)}	—	—	—	—	10/19/2023	—	4,525,127	5,979,212	0.2
North Haven Offshore Infrastructure Partners A, L.P. ^{(f)(g)(l)}	—	—	—	—	7/18/2019	—	1,566,729	1,615,855	0.1
PWP Asset Based Income ASP Fund ^{(f)(g)}	—	—	—	—	3/29/2019	—	916,560	715,746	0.0
Taiga Special Opportunities, L.P. (Class L 2021) ^(g)	—	—	—	19,539,099	4/22/2022	—	13,537,047	18,031,518	0.6
Taiga Special Opportunities, L.P. (Class L 2023) ^(g)	—	—	—	9,715,501	12/29/2023	—	8,253,752	10,182,995	0.3
Thor Urban Property Fund II, Inc. ^{(g)(l)}	—	—	—	35,695	12/30/2019	—	4,161,214	245,601	0.0
							<u>36,645,520</u>	<u>40,503,943</u>	<u>1.3</u>
Specialty Finance									
ATALAYA EQUIPMENT LEASING FEEDER EVERGREEN, L.P. ^{(f)(g)}	—	—	—	—	5/23/2022	—	34,765,449	34,970,392	1.1
BSRF Tax-Exempt, LLC ^{(f)(g)} ..	—	—	—	—	5/17/2022	—	20,000,000	19,757,298	0.6
CoVenture – Amzn Credit Opportunities Fund, L.P. ^{(f)(g)}	—	—	—	—	3/11/2021	—	30,573,720	29,786,517	1.0
CoVenture – No1 Credit Opportunities Fund, LLC ^{(f)(g)}	—	—	—	—	12/12/2019	—	1,000,000	1,000,000	0.0
CoVenture – No1 Credit Opportunities Fund, LLC (A-2 Series) ^{(f)(g)}	—	—	—	—	2/5/2021	—	3,000,000	3,000,000	0.1
CoVenture – No1 Credit Opportunities Fund, LLC (A-3 Series) ^{(f)(g)}	—	—	—	—	7/12/2021	—	7,500,000	7,500,000	0.2
CoVenture Credit Opportunities Partners Fund, L.P. ^{(f)(g)}	—	—	—	—	2/28/2020	—	20,000,000	20,106,258	0.6
DelGatto Diamond Fund QP, L.P. ^{(f)(g)}	—	—	—	—	10/3/2019	—	18,750,000	28,145,967	0.9
OHP II, L.P. Class B ^{(f)(g)}	—	—	—	—	3/7/2019	—	—	459,354	0.0
OHPC, L.P. ^{(f)(g)}	—	—	—	—	5/27/2021	—	11,206,083	11,419,489	0.4
RIVONIA ROAD FUND, L.P. ^{(f)(g)}	—	—	—	—	7/29/2022	—	10,000,000	11,726,375	0.4
Silview Special Situations Lending Onshore Fund, L.P. ^{(f)(g)(l)}	—	—	—	—	10/19/2021	—	9,150,287	10,438,131	0.3
SP TECHNOLOGY PAYMENTS II, LLC ^{(f)(g)}	—	—	—	—	11/10/2022	—	5,000,000	5,628,991	0.2
Turning Rock Fund I, L.P. ^{(f)(g)(l)}	—	—	—	—	11/29/2019	—	2,814,504	4,259,795	0.1
Turning Rock Fund II, L.P. ^{(f)(g)(l)}	—	—	—	—	11/29/2021	—	17,821,747	18,562,571	0.6
Upper90 Fund III, L.P. ^{(f)(g)(l)}	—	—	—	—	7/28/2022	—	1,609,195	1,565,370	0.1
							<u>193,190,985</u>	<u>208,326,508</u>	<u>6.6</u>

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Schedule of Investments

April 30, 2024 (continued)

Investments in private investment companies – 22.8%	Interest Rate	Reference Rate	Spread	Shares/ Units	First Acquisition Date	Maturity Date	Cost	Fair Value	Percent of Net Assets
Transportation Finance									
Aero Capital Solutions Fund, L.P. ^{(f)(g)}	—	—	—	—	1/17/2019	—	\$ 954,672	\$ 904,497	0.0%
Aero Capital Solutions Fund II, L.P. ^{(f)(g)}	—	—	—	—	9/16/2019	—	15,424,147	35,348,889	1.2
Aero Capital Solutions Feeder Fund III, L.P. ^{(f)(g)}	—	—	—	—	9/13/2021	—	35,000,000	50,264,585	1.6
Aero Capital Solutions Feeder Fund IV, L.P. ^{(f)(g)(l)}	—	—	—	—	8/28/2023	—	14,365,417	15,721,730	0.5
Hudson Transport Real Asset Fund, L.P. ^{(f)(g)}	—	—	—	—	8/31/2018	—	806,265	1,047,354	0.0
ITE Rail Fund, L.P. ^{(f)(g)}	—	—	—	—	5/25/2022	—	19,587,982	20,500,341	0.7
							<u>86,138,483</u>	<u>123,787,396</u>	<u>4.0</u>
Total investments in private investment companies.....							<u>595,631,644</u>	<u>708,688,037</u>	<u>22.8</u>

Investments in credit facilities – 61.8%	Interest Rate	Reference Rate	Spread	Shares/ Units	First Acquisition Date	Maturity Date	Principal	Fair Value	Percent of Net Assets
Litigation Finance									
888 FUND I, LLC ^{(b)(i)(l)}	17.50%, 3.50% PIK	—	—	—	4/18/2022	4/30/2025	\$ 77,238,826	\$ 77,238,826	2.5%
CAGE HEALTH, LLC ^{(b)(i)(l)}	16.50% PIK	—	—	—	8/28/2023	8/25/2028	3,002,326	3,002,326	0.1
Experity Ventures, LLC ^{(b)(l)} ..	16.00% PIK	—	—	—	11/10/2021	5/15/2024	26,854,594	26,854,594	0.9
Kerberos Capital Management SPV I, LLC ^{(b)(l)}	17.00% PIK	—	—	—	10/7/2019	9/11/2024	56,591,196	56,591,196	1.8
Kerberos Capital Management SPV I, LLC (Lockett) ^{(b)(l)(ah)}	19.00% PIK	—	—	—	1/29/2020	9/11/2024	8,282,200	8,282,200	0.3
Kerberos Capital Management SPV I, LLC (Pulvers) ^{(b)(l)(ah)}	12.00% PIK	—	—	—	10/7/2019	9/11/2024	11,974,267	11,974,267	0.4
KERBEROS CAPITAL MANAGEMENT SPV V, LLC ^{(b)(l)}	15.00% PIK	—	—	—	5/17/2022	5/17/2026	23,623,258	23,623,258	0.8
Legal Capital Products, LLC ^{(a)(b)(c)(l)}	14.32%	30 Day Avg. SOFR	9.00%	—	10/7/2021	10/7/2026	43,499,842	43,499,842	1.4
Nighthawk Borrower SPV, LLC ^{(a)(b)(c)(l)}	14.57%	30 Day Avg. SOFR	9.25%	—	8/30/2023	8/30/2026	15,750,565	15,750,565	0.5
RL SPV, LLC ^{(b)(c)(l)}	15.82%	30 Day Avg. SOFR	10.50%	—	7/13/2023	7/13/2028	7,500,000	7,500,000	0.2
SCPFL I, LLC ^{(b)(i)(l)}	19.01%, 9.01% PIK	—	—	—	4/21/2023	12/16/2026	122,387,912	122,387,912	3.9
STENO AGENCY FUNDING I, LLC ^{(b)(c)(k)(l)}	14.83%	1 Month CME Term SOFR	9.50%	—	11/12/2021	4/3/2027	3,166,133	3,166,133	0.1
Stifel Syndicated Credit, LLC ^{(b)(i)}	21.00% PIK	—	—	—	8/15/2022	6/16/2026	5,665,555	5,665,555	0.2
STRATFORD CRESSON MT2, LLC ^{(b)(c)(i)(l)}	17.32% PIK	30 Day Avg. SOFR	12.00%	—	5/12/2023	1/5/2028	13,975,430	13,975,430	0.4
							<u>419,512,104</u>	<u>419,512,104</u>	<u>13.5</u>
Portfolio Finance									
BA Tech Master, L.P. ^{(b)(i)}	22.50% PIK	—	—	—	10/2/2018	7/1/2024	2,169,337	2,169,337	0.1
Cirrix Finance, LLC ^{(b)(i)}	15.00% PIK	—	—	—	11/4/2021	12/31/2025	7,152,576	7,152,576	0.2
Delgatto Diamond Finance Fund, L.P. ^{(b)(c)(l)}	12.50%	1 Month CME Term SOFR	9.50%	—	5/28/2021	3/28/2025	74,940,000	74,940,000	2.4

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Schedule of Investments

April 30, 2024 (continued)

Investments in credit facilities – 61.8%	Interest Rate	Reference Rate	Spread	Shares/ Units	First Acquisition Date	Maturity Date	Principal	Fair Value	Percent of Net Assets
Portfolio Finance (continued)									
Fairway America Fund (VII and VIIQP), L.P. (a)(b)(c).....	10.00%	30 Day Avg. SOFR	6.00%	—	8/7/2020	7/1/2024	\$ 7,500,000	\$ 7,500,000	0.2%
Stage Point Capital, LLC (a)(b)(c)(l)	12.00%	30 Day Avg. SOFR	8.00%	—	9/5/2019	7/31/2024	13,520,000	13,520,000	0.4
Viscogliosi Brothers, LLC (a)(b)(c)(i)	18.33%	1 Month CME Term SOFR	13.00%	—	10/27/2021	10/28/2024	<u>7,623,276</u>	<u>7,623,276</u>	<u>0.3</u>
							<u>112,905,189</u>	<u>112,905,189</u>	<u>3.6</u>
Real Estate Debt									
CDMX II Fund, LLC (b)(l).....	13.00%	—	—	—	12/1/2022	11/30/2027	29,929,749	29,929,749	1.0
Drummond Ross Limited (b)(i)	10.00%	PIK	—	—	1/7/2022	5/3/2024	5,444,060	4,948,657	0.1
Montreux Holdings Limited (b)(i)	14.00%	PIK	—	—	5/22/2023	5/22/2026	36,901,081	37,485,943	1.2
OHFX, Smith Trust, Stone Canyon Trust, & City Centre West, LLC (b)(c)(i)(ag)	15.33%, 3.53%	1 Month CME Term SOFR	10.00%	—	10/11/2023	10/11/2025	25,429,248	25,429,248	0.8
Tailor Ridge REIT, LLC (b)(c)(l) ..	10.00%	30 Day Avg. SOFR	6.00%	—	8/18/2021	7/31/2025	8,050,000	8,050,000	0.3
TruNorth Star RTL Co-Invest, LLC (b)(d)(h)(i)(k)	17.88%, 4.88%	PIK	—	—	2/27/2023	2/27/2026	<u>14,907,942</u>	<u>14,907,942</u>	<u>0.5</u>
							<u>120,662,080</u>	<u>120,751,539</u>	<u>3.9</u>
Royalties									
ARC LPW I, LLC (b)	13.00%	—	—	—	9/26/2019	11/30/2025	54,619,826	45,954,708	1.5
BEATFUND II, LLC (a)(b)(c)(l) ...	15.32%	30 Day Avg. SOFR	10.00%	—	11/25/2022	11/23/2025	30,197,476	30,197,476	1.0
CASCADE ENERGY GROUP, LLC (b)(u)	Blended	—	—	—	8/21/2023	7/20/2025	12,561,041	12,561,041	0.4
MARINE STREET, L.P. (b)(h)(i)(l)(q)	Blended	—	—	—	3/22/2022	1/31/2026	<u>84,679,314</u>	<u>84,679,316</u>	<u>2.7</u>
							<u>182,057,657</u>	<u>173,392,541</u>	<u>5.6</u>
Specialty Finance									
5 Core Capital, LLC (b)(c)(l)	14.33%	30 Day Avg. SOFR	9.75%	—	10/28/2020	4/25/2026	16,632,150	16,632,150	0.5
A & T Investments SARL (b)(c)(aa)(ab)	10.10%	—	—	—	4/12/2024	4/12/2027	4,905,158	4,909,285	0.2
ACMV Factor Finance SPV, LLC (b)(h)	13.00%	—	—	—	11/24/2021	6/30/2025	30,888,820	30,888,820	1.0
ADVANTECH SERVICIOS FINANCIEROS, SOCIEDAD ANÓNIMA PROMOTORA DE INVERSIÓN DE CAPITAL VARIABLE (b)(c)(l)(m)	13.32%	30 Day Avg. SOFR	8.00%	—	11/5/2020	11/5/2025	32,500,000	32,500,000	1.0
Aion Acquisition, LLC (b)(j)(ah) ..	—	—	—	—	3/31/2021	—	528,216	212,673	0.0
App Academy Financial, LLC (b)(l)(o)	12.00%	—	—	—	3/23/2021	5/22/2024	8,303,447	8,303,447	0.3
Art Lending, Inc. (Dart Milano S.R.L 1) (b)(i)(j)(k)(ah)	9.50%	PIK	—	—	4/14/2021	—	13,099,864	12,942,533	0.4
Art Lending, Inc. (Dart Milano S.R.L 2) (b)(i)(j)(k)(ah)	8.68%	PIK	—	—	12/17/2021	—	14,845,445	14,655,538	0.5
Art Lending, Inc. (Procacini S.L. - 1) (b)(j)(k)(ah)	10.00%	PIK	—	—	8/26/2020	—	1,967,917	1,967,917	0.1
Art Lending, Inc. (Procacini S.L. - 2) (b)(j)(k)(ah)	9.50%	PIK	—	—	4/14/2021	—	4,047,827	4,047,827	0.1
Art Money International, Co. (b)(i)	8.00%	PIK	—	—	12/9/2019	12/9/2023	435,000	435,000	0.0
Art Money International, Co. (b)(c)(l)	15.32%	30 Day Avg. SOFR	10.00%	—	6/12/2018	5/1/2024	5,637,000	5,637,000	0.2
AVISTA COLOMBIA S.A.S (b)(l)	14.00%	—	—	—	3/29/2021	9/28/2025	10,738,755	10,738,755	0.3

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Schedule of Investments

April 30, 2024 (continued)

Investments in credit facilities – 61.8%	Interest Rate	Reference Rate	Spread	Shares/ Units	First Acquisition Date	Maturity Date	Principal	Fair Value	Percent of Net Assets
Specialty Finance (continued)									
Bandon VAIF, LLC (b)(ah)	12.00%	PIK	—	—	2/10/2020	2/7/2025	\$ 3,820,743	\$ 1,418,296	0.0%
Bandon VAIF, LLC (b)(i)(ah)	15.00%	PIK	—	—	2/15/2022	2/7/2025	82,000	82,000	0.0
BPIIHR HOLDCO, LLC (b)(ah) ..	15.00%	—	—	—	11/1/2021	10/28/2026	3,294,627	1,872,101	0.1
BUNDLED UP, LLC (b)(c)	15.82%	30 Day Avg. SOFR	10.50%	—	11/18/2022	10/1/2025	33,884,959	33,884,959	1.1
CDXFI SPECIALTY FINANCE, LLC (b)(l)(ac)(ad)	Blended	—	—	—	9/18/2023	8/25/2026	2,200,000	2,200,000	0.1
CF Holdings II, LLC (b)(k)	17.35%	—	—	—	12/28/2021	3/31/2025	4,205,838	4,205,838	0.1
CIBANCO, S.A. INSTITUCIÓN DE BANCA MÚLTIPLE (b)(l) ..	14.55%, 3.00%	PIK	—	—	4/5/2023	3/27/2027	2,404,880	2,404,880	0.1
Coromandel SPV, LLC (b)(h)(l) ..	15.00%	—	—	—	1/13/2020	7/1/2024	118,897,103	118,897,103	3.8
CRUSOE ENERGY SYSTEMS, LLC (a)(b)(d)(l)	17.00%	—	—	—	9/28/2023	8/31/2027	12,153,991	12,153,991	0.4
ECG BOREAL FUNDING, LLC (b)(c)(k)(l)	15.58%	3 Month CME Term SOFR	10.00%	—	12/28/2021	1/31/2025	6,846,154	6,846,154	0.2
Envest (Canada) Holdings Corp. (b)(h)	14.00%	—	—	—	11/30/2022	11/30/2024	20,952,800	20,952,800	0.7
EQUITY LINK, S.A.P.I. DE C.V., SOFOM E.N.R. (b)(c)(l)(ae)	Blended	—	—	—	4/29/2021	7/28/2026	10,530,000	10,530,000	0.3
First Class Securities Pty Ltd as trustee for the Oceana Australian Fixed Income Trust (b)	12.00%	—	—	—	9/8/2023	9/8/2024	8,540,492	8,692,853	0.3
First Class Securities Pty Ltd as trustee for the Oceana Australian Fixed Income Trust (b)	12.25%	—	—	—	11/9/2023	11/9/2024	9,944,076	10,162,019	0.3
First Class Securities Pty Ltd as trustee for the Oceana Australian Fixed Income Trust (b)	12.50%	—	—	—	11/9/2023	2/9/2025	9,944,076	10,188,384	0.3
Grupo Olinx, S.A.P.I. de C.V., SOFOM, E.N.R. (b)(l)	13.00%	—	—	—	8/12/2021	8/12/2027	11,050,000	11,050,000	0.3
HFP SPV I, LLC (a)(b)(c)(k)	17.50%	PRIME	9.00%	—	5/17/2023	12/31/2026	60,000,000	60,000,000	1.9
KSPV 2, LLC (b)(c)(k)(l)	15.00%	3 Month CME Term SOFR	12.50%	—	12/28/2021	10/30/2024	4,200,000	4,200,000	0.1
OSPREY AV I, LLC (b)(l)	13.25%	—	—	—	6/14/2023	6/12/2026	17,376,125	17,376,125	0.6
OSPREY AV II, LLC (b)(c)(l)	11.32%	30 Day Avg. SOFR	6.00%	—	10/5/2023	8/21/2026	6,205,000	6,205,000	0.2
Payjoy Inc. (b)(k)	14.50%	—	—	—	1/13/2021	12/31/2025	8,750,000	8,750,000	0.3
Pier Asset Management, LLC (Series 6) (b)(c)(k)	18.69%	SONIA	13.50%	—	2/9/2022	3/28/2025	58,908,093	60,565,057	2.0
SPECIALTY CAPITAL SPV I, LLC (b)(l)	13.00%	—	—	—	1/12/2024	1/12/2027	21,976,849	21,976,849	0.7
PERCENT US ABS I, LLC (b)(l) ..	13.00%	—	—	—	9/14/2023	9/14/2026	8,560,206	8,560,206	0.3
PT AWAN TUNAI INDONESIA (b)(d)(m)	10.50%	—	—	—	9/10/2020	4/29/2026	26,500,200	26,500,200	0.8
RAINFORREST LIFE PTE. LTD. (b)(r)	Blended	—	—	—	8/20/2021	5/15/2024	5,245,123	5,245,123	0.2
RKB BRIDGE SOLUTIONS, LLC (b)(c)(l)	9.75%	30 Day Avg. SOFR	6.75%	—	4/21/2022	3/31/2025	8,318,032	8,318,032	0.3
Salary Capital II, LLC (b)(c) ..	12.00%	—	—	—	1/30/2020	12/31/2024	11,750,000	8,044,540	0.3
SEIA Purchasing, LLC (b)	13.00%	—	—	—	10/12/2022	10/12/2024	5,811,047	5,811,047	0.2
ShopUp Pte. Ltd. (b)(d)(k)	13.00%	—	—	—	6/2/2023	8/8/2024	20,000,000	20,000,000	0.6
SixPoint Capital Management (b)(c)(l)	17.33%	1 Month CME Term SOFR	12.00%	—	10/17/2023	10/17/2028	9,600,500	9,600,500	0.3

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Schedule of Investments

April 30, 2024 (continued)

Investments in credit facilities – 61.8%	Interest Rate	Reference Rate	Spread	Shares/ Units	First Acquisition Date	Maturity Date	Principal	Fair Value	Percent of Net Assets
Specialty Finance (continued)									
SPV Collections, LLC (b)(c)(l) ..	16.25%	PRIME	7.75%	—	10/31/2022	12/28/2024	\$ 20,393,397	\$ 20,393,397	0.7%
SQUARE KILOMETER CAPITAL SPV, LLC (b)(c)(l) ..	16.32%	30 Day Avg. SOFR	11.00%	—	11/9/2022	11/8/2024	9,750,000	9,750,000	0.3
SSC SPV No.1, LLC (b)(h) ..	10.33%	—	—	—	8/9/2019	1/24/2025	79,862,487	79,862,487	2.6
SSL DB WEST, LLC (a)(b)(c)(l) ..	15.32%	30 Day Avg. SOFR	10.00%	—	4/14/2023	7/27/2026	68,336,395	68,336,395	2.2
Star Strong Funding, LLC (b) ..	8.00%	—	—	—	2/4/2022	1/6/2025	377,409	377,409	0.0
STAT CAPITAL SPV, LLC (b)(c)(l) ..	14.33%	30 Day Avg. SOFR	9.75%	—	4/29/2022	4/25/2026	16,000,000	16,000,000	0.5
STEEL RIVER SYSTEMS, LLC (b)(d)(e)(i) ..	—	—	—	—	12/22/2022	1/11/2028	2,794,523	2,794,523	0.1
STRIDE ALTERNATIVE EDUCATION FUND 1 (b)(ah) ..	17.00%	—	—	—	6/13/2022	6/10/2029	6,818,000	1,576,169	0.1
TCM Card, LLC (b)(k)(l) ..	16.00%	—	—	—	5/1/2023	5/13/2024	500,000	500,000	0.0
TCM Produce, LLC (b)(k) ..	14.00%	—	—	—	5/19/2021	12/31/2024	10,295,000	10,295,000	0.3
Terra Payment Services (Mauritius) (b)(k) ..	11.50%	—	—	—	1/10/2022	12/16/2024	2,142,857	2,142,857	0.1
Vantage Borrower SPV I, LLC (b)(i)(af) ..	Blended	—	—	—	9/11/2020	5/15/2024	3,000,000	3,000,000	0.1
Wallace Management Co., LLC (b)(c) ..	14.00%	30 Day Avg. SOFR	8.00%	—	9/8/2022	6/30/2024	11,768,380	11,768,380	0.4
Watu Holdings Ltd. (b)(k) ..	14.00%	—	—	—	4/11/2022	5/7/2026	10,000,000	10,000,000	0.3
Zanifu Limited (b)(c)(l) ..	18.32%	30 Day Avg. SOFR	13.00%	—	4/18/2023	4/17/2026	910,727	910,727	0.0
							<u>919,431,688</u>	<u>908,272,346</u>	<u>29.2</u>
Trade Finance									
MEDTRADE CAPITAL, LLC (b)(d)(e)(i)(ad) ..	Blended	—	—	—	4/30/2022	4/27/2027	146,215,495	140,536,565	4.5
							<u>146,215,495</u>	<u>140,536,565</u>	<u>4.5</u>
Transportation Finance									
Inclusion South Africa Proprietary Limited (b)(c)(k) ..	17.83%	1 Month CME Term SOFR	12.50%	—	9/27/2022	9/23/2025	17,801,250	17,801,250	0.6
RANGER HILL RUN, LLC (b)(l) ..	14.00%	—	—	—	12/15/2023	12/15/2026	8,152,974	8,152,974	0.3
							<u>25,954,224</u>	<u>25,954,224</u>	<u>0.9</u>
Warehouse Facilities									
edly WH Investors 2019-1, LLC (b)(l)(o) ..	12.00%	—	—	—	10/9/2019	5/7/2024	14,509,541	14,509,541	0.5
Homelight Homes Real Estate, LLC (b) ..	13.50%	—	—	—	10/8/2020	5/28/2025	2,179,205	2,179,205	0.1
							<u>16,688,746</u>	<u>16,688,746</u>	<u>0.6</u>
Total investments in credit facilities							<u>1,943,427,183</u>	<u>1,918,013,254</u>	<u>61.8</u>
Investments in special purpose vehicles – 6.1%									
Litigation Finance									
YS Law Firm Financing VII (f)(g) ..	—	—	—	—	4/5/2018	—	\$ 233,133	\$ 351,387	0.0%
BR AB, LLC (b) ..	—	—	—	2,220	8/24/2023	—	2,220,000	2,373,972	0.1
							<u>2,453,133</u>	<u>2,725,359</u>	<u>0.1</u>
Real Estate Debt									
CDMX DEBT FUND, LLC (f)(g) ..	—	—	—	—	4/25/2022	—	18,268,045	21,040,448	0.7
Monticello Funding, LLC Series BTH 48 (f)(g) ..	—	—	—	—	7/23/2021	—	2,125,273	2,154,494	0.1
Monticello Funding, LLC Series BTH 49 (f)(g)(l) ..	—	—	—	—	8/16/2021	—	827,503	837,631	0.0

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Schedule of Investments

April 30, 2024 (continued)

Investments in special purpose vehicles – 6.1%	Interest Rate	Reference Rate	Spread	Shares/ Units	First Acquisition Date	Maturity Date	Cost	Fair Value	Percent of Net Assets
Real Estate Debt (continued)									
Monticello Funding, LLC Series BTH 54 ^{(f)(g)}	—	—	—	—	12/17/2021	—	\$ 1,986,256	\$ 2,011,082	0.1%
Monticello Funding, LLC Series BTH 55 ^{(f)(g)}	—	—	—	—	12/17/2021	—	2,495,095	2,526,032	0.1
Monticello Funding, LLC Series BTH 56 ^{(f)(g)}	—	—	—	—	12/17/2021	—	3,958,593	3,997,994	0.1
Monticello Structured Products, LLC Series SH-62 ^{(f)(g)}	—	—	—	—	5/6/2022	—	800,000	810,872	0.0
Monticello Structured Products, LLC Series SH-71 ^{(f)(g)}	—	—	—	—	9/5/2023	—	1,000,000	1,010,145	0.0
							<u>31,460,765</u>	<u>34,388,698</u>	<u>1.1</u>
Real Estate Equity									
PHX Industrial Portfolio AMP SPV, LLC ^{(f)(g)}	—	—	—	—	12/20/2021	—	6,100,860	8,230,830	0.3
CX LIVELY INDIGO RUN DEPOSITOR, LLC ^{(b)(f)}	—	—	—	—	5/9/2022	—	6,618,250	4,734,505	0.1
CX Midwest Industrial Logistics Depositor, LLC ^{(b)(f)}	—	—	—	—	6/24/2022	—	9,185,000	7,651,768	0.2
CX Mode at Hyattsville Depositor, LLC ^{(b)(f)}	—	—	—	—	10/18/2022	—	8,769,549	9,390,773	0.3
CX Owings Mills Multifamily Depositor, LLC ^{(b)(f)}	—	—	—	—	7/12/2022	—	9,860,000	5,878,849	0.2
CX Residences at Congressional Village Depositor, LLC ^{(b)(f)}	—	—	—	—	6/27/2022	—	8,865,000	8,564,611	0.3
CX Station at Clift Farm Depositor, LLC ^{(b)(f)}	—	—	—	—	12/27/2021	—	7,947,300	5,020,832	0.2
							<u>57,345,959</u>	<u>49,472,168</u>	<u>1.6</u>
Royalties									
Round Hill Music Carlin Coinvest, L.P. ^{(f)(g)(p)}	—	—	—	—	10/1/2017	—	929,104	1,324,509	0.0
Specialty Finance									
Cirrix Investments, LLC ^{(f)(g)} ..	—	—	—	—	1/27/2022	—	5,000,000	6,147,404	0.2
Lendable SPC (behalf of Segregated Investment Vehicle 1) ^{(f)(g)}	—	—	—	—	7/31/2020	—	102,900,000	96,529,357	3.1
							<u>107,900,000</u>	<u>102,676,761</u>	<u>3.3</u>
Transportation Finance									
Vessel Deconstruction I ^{(b)(f)} ..	—	—	—	—	6/26/2018	—	500,000	200,000	0.0
Total investments in special purpose vehicles							<u>200,588,961</u>	<u>190,787,495</u>	<u>6.1</u>
Investments in direct equities – 0.2%	Interest Rate	Reference Rate	Spread	Shares/ Units	First Acquisition Date	Maturity Date	Cost	Fair Value	Percent of Net Assets
Specialty Finance									
Aion Financial Holdings Inc., Series 1 Preferred ^(b) ..	—	—	—	219,200	3/31/2021	—	22	34,913	0.0
INTERNEX CAPITAL, LLC, Series A Preferred ^(b)	—	—	—	359,701	4/1/2022	—	1,250,000	1,250,000	0.0
Preteur Inc. ^{(b)(n)}	—	—	—	400,000	3/28/2023	—	—	2,000,000	0.1
STAR STRONG FUNDING, LLC ^(b)	—	—	—	—	4/27/2022	—	348,000	1,851,219	0.1
							<u>1,598,022</u>	<u>5,136,132</u>	<u>0.2</u>
Transportation Finance									
Inclusion South Africa Proprietary Limited ^{(b)(n)(s)}	—	—	—	—	9/27/2022	—	—	57,574	0.0
Total investments in direct equities							<u>1,598,022</u>	<u>5,193,706</u>	<u>0.2</u>

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Schedule of Investments

April 30, 2024 (continued)

Investments in warrants — 0.1%	Interest Rate	Reference Rate	Spread	Shares/ Units	First Acquisition Date	Maturity Date	Cost	Fair Value	Percent of Net Assets
Litigation Finance									
KERBEROS CAPITAL MANAGEMENT SPV V, LLC (b)(n)(v)	—	—	—	—	5/17/2022	—	\$ —	\$ 2,769,907	0.1%
Specialty Finance									
Art Money International, Co. (b)(n)(z)	—	—	—	—	11/5/2021	—	—	59,661	0.0
Coromandel Capital, LLC (b)(n)(y)	—	—	—	—	9/8/2021	—	—	268,297	0.0
RAINFOREST LIFE PTE. LTD. - Warrants (b)(n)(w)	—	—	—	—	8/20/2021	—	—	648,860	0.0
CoVenture - Vantage Credit Opportunities GP, LLC (b)(n)(x)	—	—	—	29,206	1/27/2021	—	—	509,659	0.0
							—	1,486,477	0.0
Total investments in warrants							—	4,256,384	0.1
Investments in short-term investments instruments — 5.1%	Interest Rate	Reference Rate	Spread	Shares/ Units	First Acquisition Date	Maturity Date	Cost	Fair Value	Percent of Net Assets
GS Financial Square Government Fund, Institutional Shares (a)(ai)	5.22%	—	—	157,348,977	—	—	157,348,977	157,348,977	5.1
Total investments in short-term investments instruments							157,348,977	157,348,977	5.1
Total Investments (cost \$2,898,594,787).....								\$2,984,287,853	96.1%
Other assets less liabilities								121,261,440	3.9
Net Assets.....								\$3,105,549,293	100.0

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Schedule of Investments

April 30, 2024 (continued)

FUTURES CONTRACTS	Expiration Date	Number of Contracts Long (Short)	Notional Value	Value at April 30, 2024	Unrealized Appreciation (Depreciation)
Foreign Currency Exchange Futures					
CME Australian Dollar	June 2024	(476)	\$ (31,527,969)	\$ (30,901,920)	\$ 626,049
CME British Pound.....	June 2024	(636)	(50,869,091)	(49,715,325)	1,153,766
CME Euro Dollar.....	June 2024	(75)	(10,143,827)	(10,029,844)	113,983
CME Mexican Peso.....	June 2024	(714)	(20,915,933)	(20,702,430)	213,503
TOTAL FUTURES CONTRACTS.....			<u>\$ (113,456,820)</u>	<u>\$ (111,349,519)</u>	<u>\$ 2,107,301</u>

Investment Abbreviations:

SOFR — Secured Overnight Financing Rate
CME — Chicago Mercantile Exchange
PRIME — Prime Lending Rate
SONIA — Sterling Overnight Index Average
EURIBOR — Euro Interbank Offered Rate

Footnotes:

- (a) This security serves as collateral for the Fund's revolving credit facility, when in use during the year.
- (b) Value was determined using significant unobservable inputs.
- (c) Variable rate security. Rate shown is the rate in effect as of April 30, 2024.
- (d) This investment has variable maturity dates maturing through the date listed.
- (e) This security is structured as profit sharing agreement subject to a preferred return.
- (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.
- (h) This investment is structured with a profit sharing component, which includes a portion that is variable based on certain performance milestones of the underlying collateral. The rate disclosed as of April 30, 2024 is the effective rate.
- (i) This security has a component of paid-in-kind (PIK) interest. This indicates that either a part or all of the interest accrued within a period may be capitalized into the principal balance of the security or interest is collected periodically with no specific terms.
- (j) This security is in winddown with no specific maturity date.
- (k) This investment was made through a participation.
- (l) This investment has been committed to but has not been fully funded by the Fund as of April 30, 2024. See Note 12.
- (m) The Fund receives a management or agent fee from this security.
- (n) This investment was acquired at zero cost through the structuring of another security.
- (o) This investment does not have a specified maturity date. The date listed is the wind-down date.
- (p) 100% of this special purpose vehicle is invested in one music catalog.
- (q) Security has blended effective rates between 10.81% - 25.00%. This security is full PIK.
- (r) Security has a blended interest rate of 14.00% for draws up to \$13,000,500 and 12.70% for draws above \$13,000,500.
- (s) This investment is a grant. The grant can be exercised at 200 EUR when an equity investment is made by the participation through Rivonia Road Capital, LLC.
- (t) This security has a component that resembles a synthetic put, which has a 14% return floor.
- (u) This security has a blended interest rate of 10.75% plus 30 Day Avg. SOFR (with a 1% Floor and 5% Ceiling) for draws before August 14, 2023 and 9.50% plus 30 Day Avg. SOFR (with a 1% Floor and 5% Ceiling) for draws on or after August 14, 2023.
- (v) This warrant's expiration date is on the tenth anniversary of its date of issue (May 17, 2022). The exercise price is \$0.01.
- (w) This warrant's expiration date is on the tenth anniversary of its effective date (July 13, 2021). The exercise price is \$0.01.
- (x) This warrant's expiration date is on the tenth anniversary of its initial vest date (May 1, 2022). The exercise price is \$0.01.
- (y) This warrant's expiration date is on the tenth anniversary of its effective date (January 7, 2020). The exercise price is \$1.00.
- (z) This warrant's expiration date is associated with the maturity date of security Art Money International, Co. dated December 9, 2019. The exercise price is calculated by dividing the sum of the pre-money valuation cap plus the gross amount of equity financing received by the number of issued and outstanding shares of Art Money International, Co.

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Schedule of Investments

April 30, 2024 (continued)

- (aa) This investment has a six-month lock-up with a maturity date defined as the earlier of i) the third anniversary of the origination date (April 12, 2027), ii) three to nine months after rendering a partial or full redemption notice subject to the six-month lock-up, iii) a mandatory early redemption event as declared by the issuer, or iv) the date falling immediately after a Winddown Period (thirty months following issuance date) expires.
- (ab) This investment has a variable interest rate calculated with a base interest of 8%, adjusted by a commitment fee based on the outstanding par value, plus 1.8%, and less the delta between the 6M EURIBOR rate and 6M SOFR rate.
- (ac) This security has a blended interest rate of 13.25% for draws before November 1, 2023 and 13.09% for draws on or after November 2, 2023.
- (ad) This security has a profit share structure on \$120,869,531 and 12% interest rate on \$25,345,963. This security is full PIK.
- (ae) This security has a blended interest rate of 10.00% for draws up to \$5,530,000 and 9.50% plus 30 Day Avg. SOFR (with a 2% Floor) for draws after \$5,530,000.
- (af) This security has a cash interest rate of 12% and an additional PIK interest rate of 4-10%, depending on the underlying credit facility tranche and debt ratio of each preceding monthly period.
- (ag) The full legal names of the borrowers are as follows: OHFX 4031U, LLC ("OHFX"), Dana Ellen Smith, As Trustee Of The Dana Ellen Smith Exempt Trust Under The Minzer Family Revocable Trust (the "Smith Trust"), Dated October 15, 1985, Dana Ellen Smith, As Trustee Of The Stone Canyon Trust (the "Stone Canyon Trust"), Dated May 9, 2014, and City Centre West, LLC.
- (ah) The accrual on this security is currently set to zero as it is non-income producing. The rate disclosed as of April 30, 2024 is the base rate.
- (ai) Rate listed is the 7-day effective yield at April 30, 2024.

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Portfolio Allocation (Unaudited)

April 30, 2024

Investment Type as a percentage of Total Net Assets As Follows

Security Type/Sector	Percent of Total Net Assets
Credit Facilities.....	61.8%
Private Investment Companies	22.8%
Special Purpose Vehicles.....	6.1%
Short-Term Investments	5.1%
Direct Equities.....	0.2%
Warrants	0.1%
Total Investments	96.1%
Other assets less liabilities	3.9%
Total Net Assets	100.0%

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Statement of Assets and Liabilities

April 30, 2024

Assets

Investments in unaffiliated securities, at fair value (cost \$2,898,594,787).....	\$ 2,984,287,853
Unrealized appreciation on futures contracts	2,107,301
Cash	402,025
Cash deposited with broker for futures contracts.....	7,245,094
Receivable for Fund shares sold	2,773,351
Receivable for investments sold	30,363,126
Interest receivable.....	24,412,652
Accrued interest on PIK securities	71,970,914
Dividends receivable	239,455
Prepaid expenses	91,222
Total Assets	<u>3,123,892,993</u>

Liabilities

Revolving Credit Facility, net (see Note 11)	14,674,287
Foreign currency due to broker, at value (cost \$544)	564
Due to Investment Manager.....	2,407,420
Accounting and administration fees payable	362,084
Sub-Transfer agent fees payable	320,513
Audit and tax fees payable.....	284,000
Legal fees payable	77,649
SEC fees payable.....	90,500
Custody fees payable	33,186
Other Liabilities	93,497
Total Liabilities	<u>18,343,700</u>

Net Assets \$ 3,105,549,293

Commitments and Contingencies (Note 12)

Components of Net Assets:

Paid-in Capital (par value of \$0.01 with an unlimited amount of shares authorized)	\$ 2,987,810,894
Total distributable earnings	117,738,399
Net Assets	<u>\$ 3,105,549,293</u>

Institutional Class Shares:

Net assets applicable to shares outstanding	\$ 3,105,549,293
Shares of beneficial interest issued and outstanding	109,110,942
Net asset value per share	\$ 28.46

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Statement of Operations

For the Year Ended April 30, 2024

Investment Income

Interest (net of withholding taxes, \$0)	\$ 192,947,142
Interest on PIK securities (net of withholding taxes, \$0)	82,758,361
Distributions from private investment companies and special purpose vehicles.....	<u>27,356,292</u>
Total Investment Income	<u>303,061,795</u>

Expenses

Investment management fees	28,096,171
Interest expense	3,270,208
Accounting and administration fees.....	2,074,539
Sub-Transfer Agent fees	829,624
Excise tax expense	635,137
Legal fees.....	618,670
Transfer Agent fees.....	508,046
Audit and tax fees	291,750
Blue sky fees	167,347
Custody fees.....	130,990
Trustee fees.....	115,500
Chief Compliance Officer fees	79,692
Insurance fees	46,651
Other expenses	<u>666,040</u>
Total expenses	<u>37,530,365</u>

Net Investment Income..... 265,531,430

Realized and Unrealized Gain (Loss)

Net realized gain (loss) on:	
Investments in unaffiliated issuers	(8,815,620)
Futures contracts.....	(4,047,627)
Foreign currency transactions.....	<u>(64,186)</u>
Net realized gain (loss).....	<u>(12,927,433)</u>
Net change in unrealized appreciation (depreciation) on:	
Investments in unaffiliated issuers	12,720,896
Foreign currency translations.....	18,692
Futures contracts.....	<u>2,811,032</u>
Net change in unrealized appreciation (depreciation)	<u>15,550,620</u>
Net realized and unrealized gain (loss).....	<u>2,623,187</u>

Net Increase in Net Assets resulting from Operations..... \$ 268,154,617

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Statements of Changes in Net Assets

	For the Year Ended April 30, 2024	For the Year Ended April 30, 2023
Increase (decrease) in Net Assets from:		
Operations:		
Net investment income.....	\$ 265,531,430	\$ 171,310,801
Net realized gain (loss).....	(12,927,433)	2,061,780
Net change in unrealized appreciation (depreciation)	15,550,620	4,517,592
Net increase in net assets resulting from operations	268,154,617	177,890,173
Distributions to Shareholders:		
Distributions:		
Institutional Class	(312,748,840)	(117,696,281)
From return of capital:		
Institutional Class	—	(15,410,214)
Total distributions to shareholders	(312,748,840)	(133,106,495)
Capital Share Transactions:		
Institutional Class Shares		
Proceeds from shares sold	1,060,937,207	904,881,803
Reinvestment of distributions	66,623,849	31,500,940
Cost of shares repurchased	(538,636,916)	(277,213,241)
Net increase in net assets resulting from capital transactions	588,924,140	659,169,502
Total increase in net assets	544,329,917	703,953,180
Net Assets:		
Beginning of year	2,561,219,376	1,857,266,196
End of year.....	<u>\$ 3,105,549,293</u>	<u>\$ 2,561,219,376</u>
Share Transactions:		
Institutional Class Shares		
Issued.....	36,612,770	31,576,941
Reinvested.....	2,340,342	1,105,906
Repurchased	(18,359,850)	(9,613,260)
Change in Institutional Class Shares.....	20,593,262	23,069,587

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Statement of Cash Flows

For the Year Ended April 30, 2024

Cash flows provided by (used in) operating activities:

Net increase in net assets resulting from Operations	\$ 268,154,617
Adjustments to reconcile Net increase in net assets resulting from Operations to net cash used in operating activities:	
Net realized (gain) loss on:	
Investments.....	8,815,620
Futures contracts.....	4,047,627
Net change in unrealized appreciation (depreciation) on:	
Investments.....	(12,720,896)
Futures contracts.....	(2,811,032)
Interest on paid in kind securities	(82,758,361)
Purchases of long-term investments.....	(1,074,823,783)
Proceeds from long-term investments sold	605,622,058
Purchase of short-term investments, net.....	35,458,607
Changes in operating assets and liabilities:	
Interest receivable	(12,660,486)
Investments sold	(29,911,691)
Prepaid expenses.....	780,736
Dividends receivable	(239,455)
Due to Investment Manager	415,313
Audit and tax fees payable	32,000
Legal fees payable	27,648
Accounting and administration fees payable	61,447
SEC fees payable	13,500
Custody fees payable	(2,142)
Sub-Transfer agent fees payable	320,513
Other liabilities	(43,638)
Net cash used in operating activities	<u>(292,221,798)</u>

Cash flows provided by (used in) financing activities:

Proceeds from shares sold, net of receivable for fund shares sold.....	1,059,398,628
Payments for shares repurchased	(538,636,916)
Distributions to shareholders, net of reinvestments	(246,124,991)
Proceeds from revolving credit facility	114,884,689
Repayments on revolving credit facility	(99,884,689)
Net cash provided by financing activities	<u>289,636,721</u>

Net Decrease in Cash and Restricted Cash

	<u>(2,585,077)</u>
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Cash and Restricted Cash:

Beginning of year	10,232,196
End of year ^(a)	<u>\$ 7,647,119</u>

^(a) Cash and restricted cash of \$402,025 and cash deposited with broker for futures contracts of \$7,245,094.

Supplemental disclosure of cash flow information:

Non-cash financing activities not included consist of reinvestment of dividends and distributions of \$66,623,849, and paid in kind income of \$37,168,880.

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Consolidated Financial Highlights Institutional Class

Per share operating performance.

For a capital share outstanding throughout each year.

	For the Year Ended April 30, 2024	For the Year Ended April 30, 2023	For the Year Ended April 30, 2022	For the Year Ended April 30, 2021	For the Year Ended April 30, 2020
Net asset value, beginning of year	\$ 28.93	\$ 28.38	\$ 26.96	\$ 26.32	\$ 25.79
Income from Investment Operations:					
Net investment income ¹	2.64	2.22	1.89	1.66	1.33
Net realized and unrealized gain (loss)	0.03	0.06	1.21	0.59	0.79
Total from investment operations	2.67	2.28	3.10	2.25	2.12
Less Distributions:					
From net investment income	(3.14)	(1.53)	(1.43)	(0.99)	(1.59)
From return of capital	—	(0.20)	(0.25)	(0.62)	—
Total distributions	(3.14)	(1.73)	(1.68)	(1.61)	(1.59)
Net asset value, end of year	\$ 28.46	\$ 28.93	\$ 28.38	\$ 26.96	\$ 26.32
Total return ²	9.62% ⁴	8.28%	11.79%	8.81%	8.38%
Ratios and Supplemental Data:					
Net assets, end of year (in thousands)	\$ 3,105,549	2,561,219	\$ 1,857,266	\$ 846,571	\$ 378,040
Ratio of expenses to average net assets: (including interest, revolving credit facility and excise tax expense)					
Before fees waived/recovered	1.29%	1.24%	1.14%	1.21%	1.53%
After fees waived/recovered	1.29%	1.24%	1.14%	1.28%	1.50%
Ratio of expenses to average net assets: (excluding interest, revolving credit facility and excise tax expense)					
Before fees waived/recovered	1.17%	1.14%	1.12%	1.20%	1.48%
After fees waived/recovered	1.17%	1.14%	1.12%	1.27%	1.45%
Ratio of net investment income to average net assets: (including interest, revolving credit facility and excise tax expense)					
Before fees waived/recovered	9.10%	7.75%	6.75%	6.28%	4.96%
After fees waived/recovered	9.10%	7.75%	6.75%	6.21%	4.99%
Portfolio turnover rate	23%	27%	42%	52%	21%
Senior Securities					
Total borrowings (000's omitted)	\$ 15,000	\$ —	\$ —	\$ —	\$ —
Asset coverage per \$1,000 unit of senior indebtedness ³	208,054	—	—	—	—

¹ Based on average shares outstanding for the year.

² 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.

³ 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.

⁴ See Note 13 for subsequent events.

See accompanying Notes to the Financial Statements.

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024

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

On September 18, 2023, VAIF I FB SPV, LLC ("SPV 1") was formed as a limited liability company, and is a wholly-owned subsidiary of the Fund. SPV 1 was formed to allow the Fund to pledge specific assets to the Revolving Credit Facility (see Note 11) and in an effort to comply with the Revolving Credit Facility's credit agreement. The Consolidated Schedule of Investments, Consolidated Statement of Assets and Liabilities, Consolidated Statement of Operations, Consolidated Statements of Changes in Net Assets, Consolidated Statement of Cash Flows and Consolidated Financial Highlights of the Fund include the accounts of SPV 1. All inter-company accounts and transactions have been eliminated in the consolidation for the Fund. As of April 30, 2024, net assets of the SPV 1 were \$248,712,512, or approximately 8.06% of the Fund's total net assets.

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 consolidated 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.

Some or all of the interest payments of a loan or preferred equity may be structured in the form of PIK, which accrues to cost and principal on a current basis but is generally not paid in cash until maturity or some other determined payment date. Interest payments structured in the form of PIK are subject to the risk that a borrower could default when actual cash interest or principal payments are due.

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.

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

2. Accounting Policies (continued)

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.

In December 2020, the SEC adopted a new rule providing a framework for fund valuation practices ("Rule 2a-5"). Rule 2a-5 establishes requirements for determining fair value in good faith for purposes of the Investment Company Act. Rule 2a-5 permits fund boards to designate certain parties to perform fair value determinations, subject to board oversight and certain other conditions. Rule 2a-5 also defines when market quotations are "readily available" for purposes of the Investment Company Act and the threshold for determining whether a fund must fair value a security. In connection with Rule 2a-5, the SEC also adopted related recordkeeping requirements and is rescinding previously issued guidance, including with respect to the role of a board in determining fair value and the accounting and auditing of fund investments.

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 fair value determinations in accordance with the Valuation Procedures to the Investment Manager (the "Valuation Designee"), subject to oversight by the Board.

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.

Fixed income securities (i.e. credit facilities, 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 (b) by a market value from an approved pricing service generated by a pricing matrix based upon yield data for securities with similar characteristics or (c) 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 Designee will make a determination in good faith of the fair value of the security in accordance with the Valuation Procedures. In general, fair value represents a good faith approximation of the current value of an asset and will be used when there is no public market or possibly no market at all for the asset. The fair values of one or more assets may not be the prices at which those assets are ultimately sold and the differences may be significant.

The Fund may acquire interests in loans either directly (by way of original issuance, sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

2. Accounting Policies (continued)

obligation typically result in a contractual relationship only with the institution participating in the interest, not with the borrower. In purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, and the Fund may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the Fund will assume the credit risk of both the borrower and the institution selling the participation.

Prior to investing in any private investment companies or special purpose vehicles (collectively, "Underlying Funds"), 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 Designee may modify the managers' valuations based on updated information received since the last valuation date. The Valuation Designee 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 Designee 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 Valuation Procedures 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 Designee of any information or factors deemed appropriate. The Valuation Designee 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 methodology for determining the fair value of an investment. The fair value determined for an investment may differ materially from the value that could be realized upon the sale of the investment. Fair values used to determine the Fund's NAV may differ from quoted or published prices, or from prices that are used by others, for the same investment. Thus, fair valuation may have an unintended dilutive or accretive effect on the value of shareholders' investments in the Fund. Information that becomes known to the Fund or its agents after the NAV has been calculated on a particular day will not be used to retroactively adjust the price of a security or the NAV determined earlier. Prospective investors should be aware that situations involving uncertainties as to the value of investments could have an adverse effect on the Fund's NAV if the judgments of the Valuation Designee 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 Consolidated 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. As of April 30, 2024 the Fund did not hold any options.

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

2. Accounting Policies (continued)

Foreign Currency Exchange Future Contracts

The Fund may utilize foreign currency exchange future contracts ("contracts") under which they are obligated to exchange currencies on specified future dates at specified rates, and are subject to the translations of foreign exchange rates fluctuations. All contracts are "marked-to-market" daily and any resulting unrealized gains or losses are recorded as unrealized appreciation or depreciation on foreign currency translations. The Fund records realized gains or losses at the time the forward contract is settled. Counter-parties to these contracts are major U.S. financial institutions. As of April 30, 2024, the Fund had one-thousand nine-hundred and one outstanding future currency contracts sold short. Futures contracts are carried at fair value using the primary exchange's closing (settlement) price and are generally categorized in Level 1.

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.

Foreign Currency Translation

The Fund's records are maintained in U.S. dollars. The value of securities, currencies and other assets and liabilities denominated in currencies other than U.S. dollars are translated into U.S. dollars based upon foreign exchange rates prevailing at the end of the reporting period. The currencies are translated into U.S. dollars by using quoted exchange rates prior to when the Fund's NAV is next determined. Purchases and sales of investment securities, income and expenses are translated on the respective dates of such transactions.

The Fund does not isolate that portion of its net realized and unrealized gains and losses on investments resulting from changes in foreign exchange rates from the impact arising from changes in market prices. Such fluctuations are included with net realized and unrealized gain or loss from investments and foreign currency.

Net realized foreign currency transaction gains and losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the differences between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign currency translation gains and losses arise from changes in the value of assets and liabilities, other than investments in securities, resulting from changes in the exchange rates.

Participations and Assignments

The Fund may acquire interests in loans either directly (by way of original issuance, sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

2. Accounting Policies (continued)

obligation typically result in a contractual relationship only with the institution participating in the interest, not with the borrower. In purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, and the Fund may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the Fund will assume the risk of both the borrower and the institution selling the participation.

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, 2021 and 2022 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, 2024.

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.

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.

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

3. Principal Risks (continued)

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.

LIBOR Transition Risk

Many financial instruments may be based on floating rates, such as the London Interbank Offered Rate (“LIBOR”), Euro Interbank Offered Rate and other similar types of reference rates. In July of 2017, the head of the United Kingdom Financial Conduct Authority (“FCA”) announced a desire to phase out the use of LIBOR at the end of 2021. Most LIBOR settings are no longer published as of December 31, 2021. Overnight and 12-month U.S. dollar LIBOR settings permanently ceased after publication on June 30, 2021. The 1-, 3- and 6-month U.S. dollar LIBOR settings will continue to be published using a synthetic methodology until September 2024. Neither the effect of the LIBOR transition process nor its ultimate success can yet be known. Although the transition away from LIBOR has become increasingly well-defined, any potential effects of the transition away from LIBOR and other benchmark rates on financial markets, a fund or the financial instruments in which a fund invests can be difficult to ascertain. Not all existing LIBOR-based instruments may have alternative rate-setting provisions and there remains uncertainty regarding the willingness and ability of issuers to add alternative rate-setting provisions in certain existing instruments. Global regulators have advised market participants to cease entering into new contracts using LIBOR as a reference rate, and it is possible that investments in LIBOR-based instruments could invite regulatory scrutiny. In addition, a liquid market for newly-issued instruments that use a reference rate other than LIBOR still may be developing. All of the aforementioned may adversely affect the Fund’s performance or NAV.

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

3. Principal Risks (continued)

SOFR Risk

SOFR is intended to be a broad measure of the cost of borrowing funds overnight in transactions that are collateralized by U.S. Treasury securities. SOFR is calculated based on transaction-level repo data collected from various sources. For each trading day, SOFR is calculated as a volume-weighted median rate derived from such data. SOFR is calculated and published by the Federal Reserve Bank of New York ("FRBNY"). If data from a given source required by the FRBNY to calculate SOFR is unavailable for any day, then the most recently available data for that segment will be used, with certain adjustments. If errors are discovered in the transaction data or the calculations underlying SOFR after its initial publication on a given day, SOFR may be republished at a later time that day. Rate revisions will be effected only on the day of initial publication and will be republished only if the change in the rate exceeds one basis point.

Because SOFR is a financing rate based on overnight secured funding transactions, it differs fundamentally from LIBOR. LIBOR is intended to be an unsecured rate that represents interbank funding costs for different short-term maturities or tenors. It is a forward-looking rate reflecting expectations regarding interest rates for the applicable tenor. Thus, LIBOR is intended to be sensitive, in certain respects, to bank credit risk and to term interest rate risk. In contrast, SOFR is a secured overnight rate reflecting the credit of U.S. Treasury securities as collateral. Thus, it is largely insensitive to credit-risk considerations and to short-term interest rate risks. SOFR is a transaction-based rate, and it has been more volatile than other benchmark or market rates, such as three-month LIBOR, during certain periods. For these reasons, among others, there is no assurance that SOFR, or rates derived from SOFR, will perform in the same or a similar way as LIBOR would have performed at any time, and there is no assurance that SOFR-based rates will be a suitable substitute for LIBOR. SOFR has a limited history, having been first published in April 2018. The future performance of SOFR, and SOFR-based reference rates, cannot be predicted based on SOFR's history or otherwise. Levels of SOFR in the future, including following the discontinuation of LIBOR, may bear little or no relation to historical levels of SOFR, LIBOR or other rates.

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.

Market Disruption and Geopolitical Risks

Certain local, regional or global events such as war (including Russia's invasion of Ukraine and the Israel-Hamas war), acts of terrorism, the spread of infectious illnesses and/or other public health issues, or other events may have a significant impact on a security or instrument. These types of events and other like them are collectively referred to as "Market Disruptions and Geopolitical Risks" and they may have adverse impacts on 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. Some of the impacts noted in recent times include but are not limited to embargos, political actions, supply chain disruptions, restrictions to investment and/or monetary movement including the forced selling of securities or the inability to participate impacted markets. The duration of these events could adversely affect the Fund's performance, the performance of the securities in which the Fund invests and may lead to losses on your investment. The ultimate impact of Market Disruptions and Geopolitical Risks on the financial performance of the Fund's investments is not reasonably estimable at this time. Management is actively monitoring these events.

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

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.

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 compensation to the managers in the form of fees ranging from 0% to 4.25% annually of net assets and performance incentive allocations or fees ranging from 0% to 20% on net profits earned.

At April 30, 2024, the Fund had private investment companies of \$86,845,128 that did not qualify for the practical expedient because it is probable that the Fund could sell these investments for amounts that differ from the NAVs provided by the underlying private investment companies. Private investment companies not qualifying for practical expedient were valued by the Fund through application of adjustments to the stated NAVs reported by the underlying private investment companies. These adjustments are based on other relevant information available that the Fund

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

4. Fair Value of Investments (continued)

feels has not been reflected in the most recent fair value. As a result, a premium of 1.13x has been applied to the stated NAVs. Investments in private investment companies that do not qualify for the practical expedient are categorized in Level 3 of the fair value hierarchy.

Investments in 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.

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 the 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 the year ended April 30, 2024, the Investment Manager determined there were minimal credit impairments. Investments in SPV are generally measured based on NAV as a practical expedient. For investments that cannot be measured based on NAV as a practical expedient as of April 30, 2024, the Fund determined its value through a market approach method. The market approach method utilizes relevant market capitalization rates and the assets' current operating income. These investments are categorized as Level 3 in 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 cost of investments in credit facilities generally represents the fair value of the investment. These investments are monitored and adjusted accordingly for certain changes, 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.

For credit facilities where cost does not reflect fair value, the Fund determined its fair value through a discounted cash flow or market approach method as of April 30, 2024. The methodology applied is based on the structure of the credit facility, the type of collateral pledged to the facility, and the information available on the pledged assets. The discounted cash flow method is based on the future cash flows generated by the underlying collateral, which are discounted to present value using an appropriate rate of return. Adjustments may be made based on expected performance and other market-based inputs. The market approach method is based on the relevant market value of the underlying asset and is generally adjusted for factors such as lack of marketability, lack of control, or recoverability percentage. When appropriate, the adjusted value may be present valued using a relevant rate of return. Investments in credit facilities are categorized in Level 3 of the fair value hierarchy.

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 market approach method as of April 30, 2024. Investments in direct equities are categorized in Level 3 of the fair value hierarchy.

Investments in Warrants

As a part of the credit facilities, the Fund receives exercisable warrants in the private investments or operating companies of the borrower. The Fund has determined to value its investments in warrants through a discounted cash flow or market approach as of April 30, 2024. Investments in direct equities are categorized in Level 3 of the fair value hierarchy.

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

4. Fair Value of Investments (continued)

(c) Fair Value – Hierarchy

The Fund's assets recorded at fair value have been categorized based on a fair value hierarchy as described above. The following table presents information about the Fund's assets and liabilities measured at fair value as of April 30, 2024. 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 Consolidated Statement of Assets and Liabilities:

Assets	Level 1	Level 2	Level 3	Investments Valued at Net Asset Value	Total
Investments					
Private Investment Companies	\$ —	\$ —	\$ 86,845,128	\$ 621,842,909	\$ 708,688,037
Credit Facilities	—	—	1,918,013,254	—	1,918,013,254
Special Purpose Vehicles	—	—	43,815,310	146,972,185	190,787,495
Direct Equities	—	—	5,193,706	—	5,193,706
Warrants	—	—	4,256,384	—	4,256,384
Short-Term Investments	157,348,977	—	—	—	157,348,977
Total Investments	\$157,348,977	\$ —	\$2,058,123,782	\$ 768,815,094	\$2,984,287,853
Other Financial Instruments¹					
Future Contracts	2,107,301	—	—	—	2,107,301
Total Assets	\$159,456,278	\$ —	\$2,058,123,782	\$ 768,815,094	\$2,986,395,154

¹ Other financial instruments are derivative instruments such as futures contracts, forward contracts and swap contracts. Futures contracts, forward contracts and swap contracts are presented 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 fiscal year ended April 30, 2024:

	Private Investment Companies	Credit Facilities	Special Purpose Vehicles	Direct Equities	Warrants	Total
April 30, 2023	\$ —	\$ 1,411,380,106	\$ 79,096,320	\$ 5,614,288	\$ 3,477,714	\$ 1,499,568,428
Realized gains (losses)	—	(9,274,384)	—	—	—	(9,274,384)
Unrealized gains (losses)	10,553,193	(3,810,005)	(9,849,789)	(165,666)	523,754	(2,748,513)
Transfers Into Level 3	76,291,935	—	—	—	—	76,291,935
Transfers Out of Level 3	—	—	(15,852,880)	—	—	(15,852,880)
Recategorized	—	—	—	(254,916)	254,916	—
Purchases	—	1,008,910,097	2,220,000	—	—	1,011,130,097
Sales	—	(489,192,560)	(11,798,341)	—	—	(500,990,901)
April 30, 2024	\$ 86,845,128	\$ 1,918,013,254	\$ 43,815,310	\$ 5,193,706	\$ 4,256,384	\$ 2,058,123,782
Net change in unrealized appreciation/ (depreciation) attributable to Level 3 investments held at April 30, 2024	\$ 10,553,193	\$ (11,186,326)	\$ (9,849,790)	\$ (165,666)	\$ 523,754	\$ (10,124,835)

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (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, 2024.

Investment Category	Fair Value	Valuation Approach	Unobservable Inputs	Range of Inputs	Weighted Average ⁽¹⁾	Impact on Valuation from an increase in input
Private Investment Companies	\$ 86,845,128	Market Approach	Net Asset Value per Share	\$120.72	\$120.72	Increase
			Return Put Option	14.00%	14.00%	Increase
Credit Facilities	\$ 110,539,158	Income Approach	Discount Rate	10.00% - 16.00%	13.08%	Decrease
			Interest Rate	4.42%	4.42%	Increase
	\$ 1,807,474,096	Market Approach	Recent Transaction Price	\$100.00	\$100.00	Increase
			Ownership %	8.77% - 50.00%	49.19%	Increase
			Multiple	9.70x - 10.00x	9.85x	Increase
Recovery %	25.00% - 100.00%	48.75%	Increase			
Discount Rate	12.00% - 35.00%	23.49%	Decrease			
Price Per Box	\$0.65	\$0.65	Increase			
Special Purpose Vehicles	\$ 43,815,310	Market Approach	Capitalization Rate	4.75% - 5.25%	5.08%	Decrease
			Recent transaction Price	\$40.00 - \$100.00	\$95.34	Increase
Direct Equities	\$ 5,193,706	Market Approach	Discount Rate	40.00% - 48.00%	40.14%	Decrease
			Growth Rate	3.00%	3.00%	Increase
			Loan Loss Reserve	6.00%	6.00%	Decrease
			Market Multiple	8.15x - 20.00x	11.71x	Increase
			Market Valuation	\$50,000,000	\$50,000,000	Increase
			Ownership %	1.33% - 1.95%	1.94%	Increase
			Price Per Share	\$3.48	\$3.48	Increase
			Strike Price	EUR 200	EUR 200	Increase
Warrants	\$ 3,038,204	Income Approach	Discount Rate	9.74% - 65.00%	14.62%	Decrease
			Growth Rate	3.25% - 18.30%	3.99%	Increase
			Ownership %	8.00% - 15.00%	14.38%	Increase
	\$ 1,218,180	Market Approach	Agent Fee %	15.00%	15.00%	Decrease
Market Valuation			\$17,500,000 - \$18,885,500	\$18,768,376	Increase	
Ownership %	0.60% - 2.82%	0.79%	Increase			
Price Per Share	\$2.36 - \$20.53	\$10.56	Increase			

⁽¹⁾ Unobservable inputs were weighted by the fair value of the instruments as of fiscal year ended April 30, 2024

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, 2024.

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (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 Consolidated Statement of Assets and Liabilities and Consolidated Statement of Operations are presented in the tables below. The fair values of derivative instruments as of April 30, 2024, by risk category, are as follows:

Consolidated Statement of Assets and Liabilities	Derivatives not designated as hedging instruments	Asset Derivatives		Liability Derivatives	
		Value		Value	
Unrealized appreciation/(depreciation) on futures contracts.....	Futures Contracts - Currency	\$	2,107,301	\$	—

The effects of derivative instruments on the Consolidated Statement of Operations for the year ended April 30, 2024, are as follows:

Amount of Realized Gain or (Loss) on Derivatives Recognized

Derivatives not designated as hedging instruments	Futures Contracts	
Currency contracts	\$	(4,047,627)
Total	\$	(4,047,627)

Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized

Derivatives not designated as hedging instruments	Futures Contracts	
Currency contracts	\$	2,811,032
Total	\$	2,811,032

The number of contracts is included on the Consolidated Schedule of Investments. The quarterly average volumes of derivative instruments as of April 30, 2024, are as follows:

Derivative	Quarterly Average	Amount
Futures	Average Notional Value	\$ 107,815,364

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 \$0.01. 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 an 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 a trading market to develop for the Shares. As a result, if investors decide to invest in the Fund, they will have very limited opportunity to sell their Shares. For each repurchase offer the Board will set an amount between 5% and 25% of the Fund's Shares based on relevant factors, including the liquidity of the Fund's positions and the Shareholders' desire for liquidity. A Shareholder whose Shares (or a portion thereof) are repurchased by the Fund will not be entitled to a return of any sales charge that was charged in connection with the Shareholder's purchase of the Shares.

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

6. Capital Stock (continued)

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, 2023	August 25, 2023	November 22, 2023	February 23, 2024
Repurchase Request Deadline.....	June 15, 2023	September 15, 2023	December 15, 2023	March 15, 2024
Repurchase Pricing Date.....	June 15, 2023	September 15, 2023	December 15, 2023	March 15, 2024
Net Asset Value as of Repurchase Offer Date				
Institutional Class.....	\$ 29.23	\$ 29.48	\$ 29.76	\$ 28.81
Amount Repurchased				
Institutional Class.....	\$ 93,480,021	\$ 100,246,287	\$ 190,092,285	\$ 154,818,323
Percentage of Outstanding Shares Repurchased				
Institutional Class.....	3.38%	3.37%	6.12%	4.90%

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 management fee (the "Investment Management Fee") at an annual rate of 0.95%, which is calculated daily and payable monthly in arrears, based upon the Fund's average daily "Managed Assets" (defined as total assets of the Fund (including any assets attributable to leverage that may be outstanding) minus the sum of accrued liabilities (including accrued fees and expenses and other than debt representing financial leverage and the aggregate liquidation preference of any outstanding preferred shares). Average daily Managed Assets is the sum of the Managed Assets at the beginning of each business day and the Managed assets at the end of such business day and divided by two. Accrued liabilities are expenses incurred in the normal course of the Fund's operations.

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

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

7. Investment Management and Other Agreements (continued)

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 without causing the Fund's expense ratio (after recoupment) to exceed the lesser of (i) the expense limit in effect at the time of the Waiver and (ii) the expense limit in effect at the time of the recoupment. The Expense Limitation and Reimbursement Agreement is in effect until October 31, 2025. The Expense Limitation and Reimbursement Agreement will automatically renew for consecutive one-year terms thereafter. This Agreement may be terminated at any time by the Fund's Board of Trustees upon thirty (30) days' written notice to the Investment Manager. This Agreement may be terminated by the Investment Manager as of the end of its then-current term upon thirty (30) days' written notice to the Fund.

On September 7, 2023, UMB Distribution Services, LLC was approved by the Board of Trustees of the Fund to serve as the Fund's new principal underwriter. The transition to UMB Distribution Services, LLC as principal underwriter occurred on November 13, 2023. Prior to November 13, 2023, Foreside Fund Services, LLC acted as the Fund's distributor.

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 fiscal year ended April 30, 2024, the Fund's allocated fees incurred for trustees and advisory board member are reported on the Consolidated 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, 2024, the Investment Manager and its affiliates owned \$38,827,115 (or 1.25% of net assets) of the Fund.

9. Federal Income Taxes

At April 30, 2024, gross unrealized appreciation and depreciation on investments, based on cost for federal income tax purposes were as follows:

Cost of investments	\$ 2,837,432,736
Gross unrealized appreciation.....	\$ 212,242,312
Gross unrealized depreciation.....	(65,387,195)
Net unrealized appreciation on investments	<u>\$ 146,855,117</u>

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

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

9. Federal Income Taxes (continued)

Accounting principles generally accepted in the United States require that certain components of net assets be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the year ended October 31, 2023, 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
\$ (635,137)	\$ 635,137

For the year ended October 31, 2023, permanent book and tax differences resulted from the treatment of a non-deductible excise tax that was reclassified among the components of the Fund's net assets.

As of October 31, 2023, the Fund's most recent tax year end, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income.....	\$ 62,330,427
Undistributed long-term gains	—
Tax accumulated earnings.....	62,330,427
Accumulated capital and other losses	(487,976)
Unrealized appreciation on investments	144,107,383
Total accumulated earnings/(deficit).....	<u>\$ 205,949,834</u>

As October 31, 2023, the Fund had accumulated capital loss carry forwards as follows:

Not Subject to Expiration	
Short-Term	\$ 487,976
Long-Term	—
Total accumulated capital loss carry forwards	<u>\$ 487,976</u>

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.

During the fiscal year ended October 31, 2023, the Fund utilized \$0 of non-expiring capital loss carry forwards.

The tax character of distributions paid during the tax years ended October 31, 2022 and October 31, 2023 were as follows:

	2023	2022
Distribution paid from:		
Ordinary income	\$ 156,000,707	\$ 92,619,801
Net long-term capital gains.....	—	496,213
Return of capital	—	15,410,214
Total distributions paid	<u>\$ 156,000,707</u>	<u>\$ 108,526,228</u>

10. Investment Transactions

For the fiscal year ended April 30, 2024, purchases and sales of investments, excluding short-term investments, were \$1,074,823,783 and \$605,622,058, respectively.

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

11. Credit Facility

During the year ended April 30, 2024, the Fund maintained a credit facility (the "Credit Facility") that had a maximum borrowing amount of up to \$80,000,000. The Credit Facility had an initial interest rate of 3.50% plus the applicable 30-day average SOFR rate, which has a floor rate of 0.5%. The maximum and average loan balance during the year ended April 30, 2024 was \$50,000,000 from May 5, 2023 through November 28, 2023. The Credit Facility was fully paid off on November 28, 2023.

Effective December 26, 2024, the Fund secured a new credit facility (the "Revolving Credit Facility" or "Facility"). The Facility has a maximum borrowing amount of \$50,000,000. When in use, the Facility is secured by all assets in SPV 1. The Facility bears an initial interest rate of 4.00% plus the applicable 1 Month CME Term SOFR with a floor rate of 2.00%. The Facility's interest rate as of April 30, 2024 is 9.33%. The Facility matures on December 26, 2026. The maximum and average loan balance during the year ended April 30, 2024 was \$30,600,000 and \$10,157,060 (respectively) from December 28, 2023 through April 30, 2024. At April 30, 2024, the Facility's principal outstanding was \$15,000,000.

The Fund records loan origination and other expenses related to its debt obligations as debt issuance costs. These expenses are deferred and amortized over the life of the Facility. Debt issuance costs are presented on the consolidated statement of assets and liabilities as a direct deduction from the debt liability. The Fund pays loan origination fees (also known as commitment fees) in connection with securing and renewing the Facility. These fees are expensed over the corresponding term of the Facility on a straight-line basis and are not inclusive of the expense limitation agreement discussed above. For the year ended April 30, 2024, debt issuance costs were \$329,807.

12. Commitments

The Fund may receive a commitment fee based on the undrawn portion of such unfunded loan commitments. The commitment fee is typically set as a percentage of the commitment amount. Commitment fees are processed as income when received and are part of the interest income in the Consolidated Statement of Operations.

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, 2024, the Fund had unfunded loan commitments to credit facilities of \$321,795,055.

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, 2024:

Security Description	Investment Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Aero Capital Solutions Feeder Fund III, L.P. ⁽²⁾	Private LPs	\$ 50,264,585	\$ —	None	N
Aero Capital Solutions Feeder Fund IV, L.P. ⁽²⁾	Private LPs	904,497	634,583	None	N
Aero Capital Solutions Fund II, L.P. ⁽²⁾ ..	Private LPs	15,721,730	—	None	N
Aero Capital Solutions Fund, L.P. ⁽²⁾	Private LPs	35,348,889	—	None	N
ATALAYA EQUIPMENT LEASING FEEDER EVERGREEN L.P. ⁽⁷⁾	Private LPs	3,207,444	—	Quarterly	After 3-year lock up period, each limited partner may submit withdrawal request 60 days prior to each calendar quarter-end to withdraw any portion of it's capital account balance.
Black Forest Structured Lending Fund ⁽¹⁾	Private LPs	19,757,298	3,709,994	None	N

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

12. Commitments (continued)

Security Description	Investment Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
BSRF Tax-Exempt LLC ⁽⁷⁾	Private LPs	15,345,887	—	Quarterly	After 36 months of lock up, each limited partner may give a 180 day written notice to redeem any portion of its capital balance. Redemptions are subject to a cap of 20% of total partner interest during any rolling 12 month period
C L Levi Co-Invest, L.P. ⁽⁶⁾	Private LPs	525,572	3,375,001	None	N
CAMPBELL OPPORTUNITY TIMBER FUND-A, L.P. ⁽¹⁾	Private LPs	21,040,448	—	None	N
CDMX DEBT FUND, LLC ⁽⁴⁾	SPVs	6,147,404	—	None	N
Cirrix Investments, LLC ⁽⁷⁾	SPVs	29,786,517	—	Quarterly	After expiration of an initial Commitment Period, each Limited Partner will have the right to request the withdrawal as of any quarter-end of all or a portion of its Capital Account corresponding to such Commitment Period (as reasonably determined by the General Partner), excluding Liability Reserves and its pro rata interest in any Reserved Investment. Submit written notice of withdrawal election no less than 90 days prior to the end of the fiscal quarter.
CoVenture - Amzn Credit Opportunities Fund L.P. ⁽⁷⁾	Private LPs	1,000,000	—	Quarterly	At least a 90 day written notice to the general partner prior to each calendar quarter-end
CoVenture - No1 Credit Opportunities Fund LLC ⁽⁷⁾	Private LPs	3,000,000	—	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) ⁽⁷⁾	Private LPs	7,500,000	—	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) ⁽⁷⁾	Private LPs	20,106,258	—	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.

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

12. Commitments (continued)

Security Description	Investment Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
CoVenture Credit Opportunities Partners Fund L.P. ⁽⁷⁾	Private LPs	3,213,654	—	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
Crestline Portfolio Financing Fund II (US), L.P. ⁽⁶⁾	Private LPs	658,363	2,281,716	None	N
Crestline Portfolio Financing Fund Offshore B, L.P. and Subsidiary ⁽⁶⁾	Private LPs	4,402,371	519,657	None	N
Crestline Praeter, L.P. - Zoom ⁽⁶⁾	Private LPs	28,145,967	1,440,594	None	N
DelGatto Diamond Fund QP, L.P. ⁽⁷⁾	Private LPs	5,979,212	—	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
Drawbridge Special Opportunities Fund L.P. ⁽¹⁾	Private LPs	41,752,014	—	Quarterly	N
EAJF ESQ FUND L.P. ⁽³⁾	Private LPs	54,450,419	—	Quarterly	After 36 months of lock up, each limited partner may initiate a withdrawal as of the last business day of each calendar quarter. Notice of any withdrawal must be provided in writing at least 60 days prior to the withdrawal date to withdraw any portion of its capital account balance
Equal Access Justice Fund L.P. ⁽³⁾	Private LPs	1,047,354	—	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 L.P. ⁽²⁾	Private LPs	20,500,341	—	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 GP of the Fund may designate additional withdrawal dates or reduce notice periods at its sole discretion

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

12. Commitments (continued)

Security Description	Investment Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
ITE Rail Fund, L.P. ⁽²⁾	Private LPs	96,529,357	—	Annually	Subject to a 1 year lock up period from capital contribution date, a limited partner may give a 90 day written notice to withdraw any portion of its capital balance
Lendable SPC (behalf of Segregated Investment Vehicle 1) ⁽⁷⁾	SPVs	9,086,289	—	Quarterly	After 1-year lock up period, each limited partner may submit withdrawal request 90 days prior to each calendar quarter-end to withdraw any portion of it's capital account balance.Redemptions are subject to a 5% quarterly redemption gate.
MEP Capital Fund IV L.P. ⁽⁸⁾	Private LPs	2,154,494	20,915,357	None	N
MEP Capital II, L.P. ⁽⁸⁾	Private LPs	8,043,607	510,786	None	N
MEP Capital II, L.P. - Co-investment Sound Royalties ⁽⁸⁾	Private LPs	2,790,592	—	None	N
MEP Capital III, L.P. ⁽⁸⁾	Private LPs	20,983,723	4,394,363	None	N
MEP Capital III, L.P. - Co-investment CultureWorks ⁽⁸⁾	Private LPs	21,345	—	None	N
MEP Capital III, L.P. - NGL ⁽⁸⁾	Private LPs	8,586,796	—	None	N
Monticello Funding, LLC Series BTH 48 ⁽⁴⁾	SPVs	837,631	—	None	N
Monticello Funding, LLC Series BTH 49 ⁽⁴⁾	SPVs	2,011,082	118,421	None	N
Monticello Funding, LLC Series BTH 54 ⁽⁴⁾	SPVs	2,526,032	—	None	N
Monticello Funding, LLC Series BTH 55 ⁽⁴⁾	SPVs	3,997,994	—	None	N
Monticello Funding, LLC Series BTH 56 ⁽⁴⁾	SPVs	810,872	—	None	N
Monticello Structured Products, LLC Series SH-62 ⁽⁴⁾	SPVs	1,615,855	—	None	N
Monticello Structured Products, LLC Series SH-71 ⁽⁴⁾	SPVs	1,010,145	—	None	N
North Haven Offshore Infrastructure Partners A L.P. ⁽¹⁾	Private LPs	6,932,569	544,827	None	N
Oak Harbor Capital NPL VII, LLC ⁽⁴⁾	Private LPs	459,354	—	None	N
OHP II L.P. Class B ⁽⁷⁾	Private LPs	11,419,489	—	None	N
OHPC L.P. ⁽⁷⁾	Private LPs	8,230,830	—	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
PHX Industrial Portfolio AMP SPV, LLC ⁽⁵⁾	SPVs	34,970,392	—	None	N

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

12. Commitments (continued)

Security Description	Investment Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Prime Storage Fund II (Cayman), L.P. ⁽⁵⁾	Private LPs	1,343,768	—	None	N
PWP Asset Based Income ASP Fund ⁽¹⁾	Private LPs	715,746	—	None	N
RIVER HORSE HOLDINGS II L.P. ⁽⁶⁾	Private LPs	4,032,000	—	None	N
RIVONIA ROAD FUND L.P. ⁽⁷⁾	Private LPs	11,726,375	—	Bi-Annually	After 12 months of lock up, each limited partner may give a 90 day written notice to redeem any portion of its capital balance. Redemptions are subject to a cap of 25% of total partner interest.
Round Hill Music Carlin Coinvest, L.P. ⁽⁸⁾	SPVs	1,324,509	—	None	N
Series 4 - Virage Capital Partners L.P. ⁽³⁾	Private LPs	1,565,816	—	None	N
Series 6 - Virage Capital Partners L.P. ⁽³⁾	Private LPs	24,182,495	—	None	N
Setpoint Residential Fintech Fund II L.P. ⁽⁴⁾	Private LPs	16,251,255	2,497,099	None	N
Setpoint Residential Fintech Fund L.P. ⁽⁴⁾	Private LPs	12,818,259	—	None	N
Silverview Special Situations Lending Onshore Fund L.P. ⁽⁷⁾	Private LPs	10,438,131	210,500	None	N
Sound Point Discovery Fund LLC ⁽⁷⁾	Private LPs	0	—	Quarterly	A written notice to the fund administrator at least 60 days prior to the last business day of each calendar quarter
SP TECHNOLOGY PAYMENTS II, LLC ⁽⁷⁾	Private LPs	5,628,991	—	Quarterly	A written notice to the fund administrator at least 60 days prior to the last business day of each calendar quarter
Taiga Special Opportunities L.P. (Class L 2021) ⁽¹⁾	Private LPs	18,031,518	—	None	N
Taiga Special Opportunities L.P. (Class L 2023) ⁽¹⁾	Private LPs	10,182,995	—	None	N
Thor Urban Property Fund II, Inc. ⁽¹⁾	Private LPs	245,601	2,228,330	None	N
Turning Rock Fund I L.P. ⁽⁷⁾	Private LPs	4,259,795	2,175,909	None	N
Turning Rock Fund II L.P. ⁽⁷⁾	Private LPs	18,562,571	2,270,323	None	N
Upper90 Fund III, L.P. ⁽⁷⁾	Private LPs	1,565,370	8,366,106	None	N
Virage Recovery Fund (Cayman) L.P. ⁽³⁾	Private LPs	12,763,840	—	None	N
YS Law Firm Financing VII ⁽³⁾	SPVs	351,387	—	None	N
		<u>\$ 768,815,094</u>	<u>\$ 56,193,566</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.

(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.

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

12. Commitments (continued)

- (3) Private partnerships and special purpose vehicles in litigation finance. These strategies consists 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 vertical.
- (8) 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.

13. Subsequent Events

In preparing these consolidated financial statements, management has evaluated subsequent events through the date of issuance of the consolidated 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 consolidated financial statements except for the following:

The Fund commenced a repurchase offer on May 24, 2024 as follows:

	<u>Repurchase Offer</u>
Commencement Date.....	May 24, 2024
Repurchase Request Deadline.....	June 14, 2024
Repurchase Pricing Date.....	June 14, 2024
Net Asset Value as of Repurchase Offer Date	
Institutional Class.....	\$ 27.70
Amount Repurchased	
Institutional Class.....	\$ 214,754,119
Percentage of Outstanding Shares Repurchased	
Institutional Class.....	7.00%

In May 2024, UMB Distribution Services, LLC, the Fund's distributor, announced that it had completed an agreement to sell to Foreside Financial Group, LLC doing business as ACA Group. The transaction is expected to close in the fourth calendar quarter of 2024.

On May 3, 2024, VAIF II SPV, LLC ("SPV 2") was formed as a limited liability company, a wholly-owned subsidiary of the Fund. There were no inter-company accounts or transactions for the fiscal year ended April 30, 2024. SPV 2 was formed to allow the Fund to pledge specific assets to the Revolving Credit Facility 2 and in an effort to comply with the Revolving Credit Facility 2's credit agreement.

Variant Alternative Income Fund

Notes to Consolidated Financial Statements

April 30, 2024 (continued)

13. Subsequent Events (continued)

On May 28, 2024, the two positions, Montreux Healthcare Fund PLC and Montreux Holdings Limited (collectively referred to as "Montreux") were fully written off due to circumstances that did not exist as of April 30, 2024. In late May 2024, the Fund and the senior lenders of Montreux learned that the manager of Montreux was pursuing a "scorched earth" policy. This led the senior lenders of Montreux to accelerate their plan of executing a Pre-Pack Administration. As of April 30, 2024, the fair value of these two positions was \$86,845,128 and \$37,485,943, respectively. While management has made the determination that the write off was not appropriate as of April 30, 2024, this write-off would have affected returns by -4.00% had the adjustment been reflected in the Consolidated Statement of Assets and Liabilities and Consolidated Statement of Operations for the fiscal year ended April 30, 2024.

On June 21, 2024, the Fund secured a credit facility (the "Revolving Credit Facility 2" or "Facility 2") with a maximum borrowing amount of up to \$250,000,000. When in use, Facility 2 is secured with assets in SPV 2. The interest rate is 3.75% plus a reference rate of 1 Month CME Term SOFR.

Variant Alternative Income Fund

Fund Management

April 30, 2024 (Unaudited)

The identity of the members of the Board and the Fund's officers and brief biographical information as of April 30, 2024 is set forth below. The Fund's Statement of Additional Information includes additional information about the membership of the Board.

INDEPENDENT TRUSTEES AND ADVISORY BOARD MEMBER

NAME, ADDRESS AND YEAR OF BIRTH	POSITION(S) HELD WITH THE FUND	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX* OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEES
David G. Lee Year of Birth: 1952 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Chairman and Trustee	Since Inception	Retired (since 2012); President and Director, Client Opinions, Inc. (2003-2012); Chief Operating Officer, Brandywine Global Investment Management (1998-2002).	17	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).	17	None
Gary E. Shugrue Year of Birth: 1954 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee Advisory Board Member	Since February 2024 December 2018- February 2024	Retired (since 2023); Managing Director, Veritable LP (investment advisory firm) (2016-2023); Founder/ President, Ascendant Capital Partners, LP (private equity firm) (2001-2015).	17	Trustee, Quaker Investment Trust (2 portfolios) (registered investment company).

Variant Alternative Income Fund

Fund Management

April 30, 2024 (Unaudited) (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
Terrance P. Gallagher** Year of Birth: 1958 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since Inception	Executive Vice President and Trust Platform Director, UMB Fund Services, Inc. (2024-Present); President and Trustee, Investment Managers Series Trust II (registered investment company) (2013-Present); Executive Vice President and Director of Fund Accounting, Administration and Tax, UMB Fund Services, Inc. (2007-2023).	17	Trustee, Investment Managers Series Trust II (33 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, 2024 (Unaudited) (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, 2024, the fund complex consists of the AFA Multi-Manager Credit Fund, Agility Multi-Asset Income Fund, Aspiriant Risk-Managed Capital Appreciation Fund, Aspiriant Risk-Managed Real Estate 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, Infinity Long/Short Equity Fund, LLC, Keystone Private Income Fund, Optima Dynamic Alternatives Fund, Variant Alternative Income 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, 2024 (Unaudited)

Proxy Voting

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

Availability of Quarterly Portfolio Schedules

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

Tax Information

For the year ended October 31, 2023, 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, 2023, 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.

Variant Alternative Income Fund

Other Information

April 30, 2024 (Unaudited) (continued)

PRIVACY POLICY

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 <i>no longer</i> 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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