

Item 1. Cover Page

Variant Investments, LLC

Disclosure Brochure

March 1, 2018

This brochure provides information about the qualifications and business practices of Variant Investments, LLC. If you have any questions about the contents of this brochure, please contact us at 503-563-0700 or via email to bob@variantinvestments.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Variant Investments, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 289261

Registration as a registered investment adviser does not imply a certain level of skill or training.

Item 2. Material Changes

We have amended our Firm Brochure to disclose that on May 1, 2018 we have submitted an initial application with the SEC as an investment adviser under the Investment Advisers Act of 1940. Additionally, we will serve as the initial investment adviser to the Variant Alternative Income Fund (SEC File No. 811-23336), a Delaware statutory trust registered under the Investment Company Act of 1940, that will operate a non-diversified, closed-end management investment company.

Pursuant to SEC Rules, we will ensure that you receive a summary of any future material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year or as may be required by statute, rule or regulation.

We will further provide you with a new Firm Brochure if requested based on changes or new information, at any time, without charge. Currently, our Firm Brochure may be requested by contacting us at 503-563-0700 or bob@variantinvestments.com.

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Item 4. Advisory Business

Variant Investments, LLC ("Variant," "we" or "us") was founded in 2017 by Jerald Hayes, Robert Elsasser and Curtis Fintel ("Managing Members") who own a majority of Variant. Our day-to-day business is managed by the Managing Members. On May 1, 2018 we submitted an initial application with the SEC as an investment adviser transitioning from State Exempt Reporting Adviser.

Our principal office is at 10250 SW Greenburg Road, Suite 215, Portland, Oregon 97223; telephone number 503-563-0700.

We offer investment management services to individual and institutional investors such as trusts, charitable corporations, pension plans, and pooled investment vehicles (including registered investment companies). We offer investment strategies that seek to generate income by providing access to alternative income strategies that enhance portfolio diversification. Underlying strategies may include debt securities, loans, equity securities, contracts, special purpose vehicles, derivatives, limited partnerships and investment funds.

In limited circumstances where certain clients are willing to accept greater risk in pursuit of potential higher total returns, we may use certain leveraging and hedging techniques, including selling securities short or using derivatives, such as swaps, futures and options or the use of reverse repurchase agreements.

We tailor our investment advisory services to our clients in accordance with the terms of our agreement with the client ("Client Agreement"). Although clients typically grant full discretion with respect to security selection, clients may impose reasonable restrictions on investing in certain securities or types of securities.

We are an investment adviser to the Variant Alternative Income Fund (SEC File No. 811-23336), a Delaware statutory trust registered under the Investment Company Act of 1940, that will operate a non-diversified, closed-end management investment company.

As of May 1, 2018 we manage \$18,500,000 of discretionary assets under management. We do not have any non-discretionary assets under management.

Item 5. Fees & Compensation

Depending on the investment strategy, product type and the size of a specific client account, Variant's annual investment management fees for separately managed accounts and

certain other client accounts, generally range up to 2.00% of assets under management in the client account.

Our annual investment management fees for separately managed accounts and other client accounts are negotiable based upon the size of the account, relationship and/or the nature and level of services we provide. We may aggregate certain related client relationships to determine applicable fee rates. The fees are based upon the aggregate fair value of the client's portfolio as defined in the Client Agreement.

We also may on occasion charge accounts a performance based fee.

The specific manner in which we charge fees is established in the Client Agreement. We generally are compensated on a quarterly basis in arrears. Clients may elect to be invoiced directly for fees or authorize us to directly disburse fees from their custodial account. We charge a prorated fee to accounts initiated or terminated during the applicable period. Typically, management fees are prorated for separately managed account contributions and withdrawals made during the applicable period (with the exception of de minimis contributions and withdrawals). Except as otherwise provided in a Client Agreement, upon termination of any account, any earned, unpaid fees will be due and payable, and any pre-paid unearned fees will be refunded to the client in a timely manner.

Clients may also incur charges imposed by third parties such as investment management fees, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, transaction charges imposed by the broker-dealer executing securities transactions for the client's account, other fees and taxes on brokerage accounts and securities transactions, and fees and expenses imposed directly by any funds held in or for the client's account. For further discussion concerning our brokerage practices, please see Item 12 of this Brochure. Management fees paid to us are separate and distinct from the fees and expenses charged directly by the client's custodian, the broker-dealer and other funds. The fees and expenses imposed by other funds and vehicles are described in their prospectus or offering documents, and will generally include a management fee, other fund expenses, and possibly a distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. Uninvested cash in a client's account may be swept into a money market fund by the client's custodian at the client's discretion. The client should review both the fees charged by the underlying funds or vehicles and the fees we charge to fully understand the total amount of fees to be paid by the client and to evaluate the investment management services being provided. We will not receive any portion of these third-party commissions, fees, and costs. Please see

Item 12 for benefits that may accrue to the adviser and its clients.

Our fees may be higher than fees charged by other advisers providing similar services. We may also charge a performance-based fee. Performance-based fees will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 ("Advisers Act") and/or applicable state regulations. The fees will not be offered to any client residing in a state in which such fees are prohibited.

Item 6. Performance-Based Fees & Side-By-Side Management

We currently only manage accounts that are charged an asset-based fee. We do not currently have any performance-based arrangements with clients but may do so in the future. Conflicts of interest may arise if we manage these accounts at the same time because we have a financial incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. However, it is our policy to allocate trades in a fair and equitable manner.

We may manage client accounts in the same or similar strategies. This would give rise to potential conflicts of interest if the accounts have, among other things, different objectives, benchmarks or fees. For example, potential conflicts arise in the following areas:

- The portfolio manager must allocate time and investment ideas across multiple accounts;
- Clients orders do not get fully executed;
- Trades may be executed for some accounts that may adversely impact the value of securities held by other accounts;
- There may be cases where certain accounts receive an allocation of an investment opportunity when other accounts may not; and/or
- Differences in trading venues, brokers and securities selected for a particular account may cause differences in the performance of different accounts that have the same or similar strategies.

We have adopted order aggregation and trade allocation policies and procedures designed to ensure that all our clients are treated fairly, and to prevent these conflicts from influencing the allocation of investment opportunities among clients. During periods of unusual market conditions, we may deviate from our normal trade allocation practices.

There can be no assurance, however, that all conflicts have been addressed in all situations.

Item 7. Types of Clients

We offer investment advice to individuals, high net worth individuals, pension and profit-sharing plans, Taft-Hartley and other ERISA plans, state or municipal government entities, financial intermediaries, insurance companies, charitable organizations, foundations, endowments, other investment advisers, pooled investment vehicles, registered investment companies, trust programs, corporations and other businesses, and other entities. For certain strategies, we generally do not accept accounts below \$10,000,000, although we may do so under certain circumstances.

Item 8. Methods of Analysis, Investment Strategies & Risk of Loss

In evaluating investment strategies that seek to generate income by providing access to alternative income that enhances portfolio diversification, we employ certain methodologies and strategies in formulating the advice we provide our clients. Investments and potential investments are typically analyzed by Variant using fundamental analysis, including comparing expected returns vs. required returns based on the risk and illiquidity of the underlying assets, among other methods. When employing sub-advisers or utilizing underlying investment vehicles, we also diligence the underlying investment adviser providing such services.

We will analyze and select investments for our clients based on pre-determined investment objectives. Generally, we will recommend for our clients, investments to maximize current income, while seeking to deliver a competitive risk-adjusted return through the business cycle.

Material Risks

All of Variant's investment strategies involve significant investment risk, including the risk that clients could lose some or all of their invested capital. All security investments risk the loss of invested capital and there can be no assurance that a client will achieve its investment goals or objectives. Clients should be prepared to bear this risk.

Although the risks described below will typically apply to most accounts and most clients in most circumstances, clients should be aware that not all of these risks listed will pertain to every account because certain risks may only apply to certain strategies. Certain clients may experience risks not disclosed in this Brochure because of investment

approaches or strategies requested via investment guidelines that the client approved.

The material risks related to our significant investment strategies and methods of analysis include:

Active Trading: The Variant investment strategies are actively managed and may purchase and sell securities without regard to the length of time held. Active trading may have a negative impact on performance by increasing brokerage and other transaction costs and may generate greater amounts of net short-term capital gains, which, for taxable accounts, would be subject to tax at ordinary income tax rates.

Alternative Investments 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. An investment in an alternative investment account is speculative, involves substantial risks, and should not constitute a complete investment program.

Asset Allocation Risk: An account'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 account holding asset classes or investments that perform poorly or underperform other asset classes, strategies or available investments.

Business Development Company (BDC) Risk: BDCs generally invest in less mature U.S. private companies or thinly traded U.S. public companies which involve greater risk than well-established publicly-traded companies. With respect to investments in debt instruments, there is a risk that the issuers of such instruments may default on their payments or declare bankruptcy. Many debt investments in which a BDC may invest will not be rated by a credit rating agency and will be below investment grade quality. These investments are commonly referred to as "junk bonds" and have predominantly speculative characteristics with respect to an issuer's capacity to make payments of interest and principal. In addition, the secondary market for lower grade securities may be less liquid than that of higher rated securities. Additionally, BDCs must meet certain source-of-income, asset diversification and annual distribution requirements. If a BDC in which an account invests fails to qualify as a regulated investment company, such BDC would be liable for federal, and possibly state, corporate taxes on its taxable income and gains, which could adversely impact the performance of an account.

Cash Position Risk: An account may hold any portion of its assets in cash, cash equivalents, or other short-term

investments at any time or for an extended time. Variant will determine the amount of an account's assets to be held in cash or cash equivalents at its sole discretion, based on such factors as it may consider appropriate under the circumstances. To the extent that an account holds assets in cash or is otherwise uninvested, an account's ability to meet its objective may be limited.

Commitment Strategy: At times an account may not contribute the full amount of its commitment to a private investment at the time of its initial purchase. Instead, accounts may be required to make incremental contributions pursuant to capital calls. The overall impact on performance due to holding a portion of the investment portfolio in cash could be a drag on performance. Or accounts may employ an "over-commitment" strategy, which could result in insufficient cash to meet such commitments, which could have negative impacts on accounts such as a reduced ability to pursue their investment strategy; a need to borrow or sell assets at depressed prices, and penalties. Accounts will need to make commitments in advance of knowing the account's total assets under management at the time the total commitment is fully drawn down. If assets have increased or decreased at a greater level than would normally be expected, accounts may be significantly under or over their targeted allocation.

Convertible Securities Risk: Convertible securities share investment characteristics of both fixed income and equity securities. However, the value of these securities tends to vary more with fluctuations in the value of the underlying common stock than with fluctuations in interest rates. The value of convertible securities also tends to exhibit lower volatility than the underlying common stock. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. Investors could lose money if the issuer of a convertible security is unable to meet its financial obligations or goes bankrupt.

Counterparty Risk: Investments and investment transactions are subject to various counterparty risks. The counterparties to transactions in over-the-counter or "interdealer" 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 a client's account to suffer losses. In addition, in the case of a default, an investment could become subject to adverse market movements while replacement transactions are executed. Such counterparty risk is accentuated for investments with longer maturities or settlement dates where events may intervene to prevent settlement or where transactions are concentrated with a single or small group of counterparties. Furthermore, upon the bankruptcy, insolvency or liquidation

of any counterparty, the investor may be deemed to be a general, unsecured creditor of such counterparty and could suffer a total loss with respect to any positions and/or transactions with such counterparty. Under current market conditions, counterparty risk is substantially increased and more difficult to predict. In addition to heightened risk of bankruptcy, in this environment there is a greater risk that counterparties may have their assets frozen or seized as a result of government intervention or regulation. Variant is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one or a limited number of counterparties.

Credit Risk: An investor could lose money if the issuer or guarantor of a fixed income security or the counterparty to a derivatives contract, repurchase agreement, or a loan of portfolio securities defaults or is unable or unwilling to make timely principal and/or interest payments or to otherwise honor its obligations. A downgrade of the credit of a security may also decrease its value.

Currency Risk: The value of securities denominated in foreign currencies fluctuates as the rates of exchange between those currencies and the U.S. dollar change. Currency conversion costs and currency fluctuations could reduce or eliminate investment gains or add to investment losses. Currency exchange rates can be volatile and are affected by, among other factors, the general economics of a country; the actions of the U.S. and foreign governments or central banks; the imposition of currency controls; and speculation.

Cybersecurity Risk: Investment advisers, including Variant, must rely in part on digital and network technologies (collectively, “cyber networks”) to conduct their businesses. Such cyber networks might in some circumstances be at risk of cyberattacks that could potentially seek unauthorized access to digital systems for purposes such as misappropriating sensitive information, corrupting data, or causing operational disruption. Cyberattacks might potentially be carried out by persons using techniques that could range from efforts to electronically circumvent network security or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. Nevertheless, cyber incidents could potentially occur, and might in some circumstances result in unauthorized access to sensitive information about Variant or its clients.

Derivatives Risk: Derivatives are financial contracts whose value depend on, or are derived from, the value of an underlying asset, reference rate, or index. The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

Certain derivative instruments can lose more than the principal amount invested.

Distressed or Defaulted Securities Risk: Investments in defaulted securities and obligations of distressed issuers, including loans and other securities that are, or may be, involved in reorganizations or other financial restructurings, either out of court or in bankruptcy, involve substantial risks and are considered speculative. An investor may suffer significant losses if the reorganization or restructuring is not completed as anticipated. Repayment of defaulted loans and other securities and obligations of distressed issuers is subject to significant uncertainties. Investments in defaulted securities and obligations of distressed issuers are considered highly speculative.

Additionally, accounts may generally need to rely on the efforts of the platforms, servicers or their designated collection agencies to collect on defaulted loans and there is no guarantee that such parties will be successful in their efforts to collect on loans.

Further, default rates on loans obtained through alternative lending platforms may be adversely affected by a number of factors outside our control, such as economic downturns or general economic or political conditions, including prevailing interest rates, the rate of unemployment, the level of consumer confidence, residential real estate values, the value of the various currencies, energy prices, changes in consumer spending, the number of personal bankruptcies, insolvencies, disruptions in the credit markets, the borrower’s personal circumstances and other factors. The credit profile and interest rates available to certain borrowers who seek credit through alternative lending platforms may result in a higher rate of default for alternative lending-related securities as compared with the debt instruments associated with more traditional lending models, such as banks. Further, if a borrower fails to make interest payments or repay principal when due on a loan in which an account has investment exposure, or if the value of such a loan decreases, the value of the account’s investments will be adversely affected.

Equity Market Risk: Equity securities represent an ownership interest in an issuer, rank junior in a company’s capital structure, and consequently may entail greater risk of loss than debt securities. Equity securities include common and preferred stocks. Stock markets are volatile. The prices of equity securities fluctuate based on changes in a company’s financial condition and overall market and economic conditions.

Extension Risk: If interest rates rise, repayments of fixed income securities may occur more slowly than anticipated by the market. This may drive the prices of these securities

down, because their interest rates are lower than the current interest rate and they remain outstanding longer.

Foreign Markets Risk: Investments in foreign securities may experience more rapid and extreme changes in value than investments in securities of U.S. companies. The securities markets of many foreign countries are relatively small and have less depth, with a limited number of companies representing a small number of industries. Issuers of foreign securities are often not subject to the same degree of regulation as are U.S. issuers. In the event of nationalization, expropriation, or other confiscation, investors could lose their entire investment in a foreign security.

Fixed Income Market Risk: The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to changing perceptions about the creditworthiness of individual issuers (including governments), counterparty credit risk, prepayment risk or broader changes to the economic environment that may affect future cash flows. Such investments will always be exposed to certain risks that cannot be hedged and Variant is not obligated to seek to hedge against any risk, including fluctuations in the value of investments as a result of changes in market, principal, credit, interest rate, counterparty or currency risk or any other developments. Additionally, ongoing regulatory changes related to the creation and trading of securities in the fixed income markets may create unforeseeable risks. There may be more sensitivity to adverse economic, business, political, sector or geographical developments if a substantial portion of a client's assets are invested in bonds of certain states, similar sectors or in particular types of municipal securities.

High Yield Risk: Investments in high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") may be subject to greater levels of credit and liquidity risk than investment grade securities. High yield securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments.

Interest Rate Risk: The value of fixed income securities and other instruments in a portfolio may decline because of an increase in interest rates and changes in the shape of the yield curve. Changes in government policy may cause interest rates to rise, which may result in periods of volatility. Fixed income securities with longer durations and maturities tend to be more sensitive to changes in interest rates, usually making their prices more volatile than securities with shorter durations.

Issuer Risk: The value of a security may decline for a number of reasons that directly relate to the issuer, such as

management performance, financial leverage, and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.

Leverage Risk: The use of leverage generally has the effect of increasing the amounts of loss or gain an account might realize, and creates the likelihood of greater volatility of the value of the account's investments. There is risk of loss in excess of invested capital.

Life Settlements Risk: Life expectancy estimates compared to actual results may vary and any extension to the estimated life of the insured person will reduce an account's returns on investment. If the insured lives longer than anticipated, the payment of death benefits by the insurance company is not at risk, but the return on investment will diminish with time. In extreme circumstances, it is possible the insured may live well beyond their life expectancy in which case the cost of paying premiums, in addition to the initial cost of the policy, may result in a loss to an account when the policy matures. We are unlikely to be provided with detailed information regarding the sourcing of life policies and therefore will be reliant on the due diligence of third parties. Any error in this due diligence could have a materially adverse effect on an account.

Limited Voting Rights: Debt securities typically do not provide any voting rights, except in cases when interest payments have not been made and the issuer is in default. Even in such cases, such rights may be limited to the terms of the debenture or other agreements.

Liquidity Risk: Liquidity risk exists when particular investments are difficult to purchase or sell. Illiquid securities are securities that cannot be disposed of within a reasonable time in the ordinary course of business at approximately the value at which a manager has valued the securities. There is also risk that the liquidity of particular issuers or sectors, or of all securities within a particular investment category, will shrink or disappear as a result of adverse economic, market or political events or adverse investor perception. Additionally, an account's investments may be subject to certain transfer restrictions that may also contribute to illiquidity. The lack of an established, liquid secondary market for a portion of an account's investments in illiquid securities may adversely impact returns if illiquid securities are unable to be sold at an advantageous time or price.

Litigation Finance: Some litigation finance investments pertain to litigation in which a settlement agreement or some form of agreement in principle between the parties exists. However, in some circumstances, these settlements, whether finalized or under a memorandum of

understanding, require court approval or procedural steps beyond our control. If parties to an agreement or agreement in principle, or the relevant judicial authorities, terminate or reject a settlement, a client could suffer losses in its litigation finance investments. Due to competitive and legal considerations and restrictions, we may not be able to provide to clients details regarding any underlying investment opportunity. Clients will be wholly dependent upon our ability to assess and manage investments. Parties to a litigation, arbitration or settlement agreement must have the ability to pay a fee, judgment, award or the agreed upon amount if a case outcome or transaction is ultimately successful or completed. Part of the investment process involves our assessment of this ability to pay. However, if the party is unable to pay or further challenges the validity of a judgment or award, a client may have difficulties ultimately collecting its share of monetary judgments or awards. Further, given the nature of these recoveries, the a client cannot always control the ultimate timing of an amount recovered, and there is no assurance that we will be able to predict the timing of any such payments. For most investments, a client will not be the client of the law firm representing the party to the litigation or transaction, and will not have the ability to control decisions made by the parties or the law firm. Lawyers are generally required to act pursuant to their clients' directives and are fiduciaries to their clients, not to our clients. The law firms involved also will be subject to an overriding duty to the courts and not our clients.

Loan Risk: Loans are subject to the credit risk of nonpayment of principal or interest. Economic downturns or increases in interest rates may cause an increase in defaults, interest rate risk and liquidity risk. Loans may be unsecured or not be collateralized at the time of acquisition, and any collateral may be relatively illiquid or lose all or substantially all of its value subsequent to investment. In the event of bankruptcy or default of a borrower, an account could experience delays or limitations in realizing the benefits of any collateral securing a loan. Junior loans, which have a lower place in the borrower's capital structure than senior loans and may be unsecured, involve a higher degree of overall risk than senior loans of the same borrower. Loans are also subject to prepayment or call risk.

Manager Risk: Identifying the appropriate investment strategies, investment managers and suitable investment funds is difficult and involves a high degree of uncertainty, as historical performance is not a good indicator of future performance. In some cases the investments will be private and Variant has little or no means of independently verifying any such information. In addition, market conditions and investment approaches are continually changing, and a particular investment manager's past successful performance may be largely irrelevant to such investment manager's prospects for future profitability. A client's

investment portfolio should be evaluated on the basis that there can be no assurance Variant's assessments of potential investment managers, and, in turn, their assessments of the short-term or long-term prospects of investments, will prove accurate or that the client will achieve its investment objective. Additionally, Variant's inability to gauge performance (due to limited position-level transparency and/or unanticipated results) and/or react (due to restrictive withdrawal/redemption provisions) on a real-time basis to specific risks associated with investments could adversely impact an account.

Market Risk: The market price of securities may go up or down, sometimes rapidly or unpredictably. The value of a security may decline due to general market conditions that are not specifically related to a particular company or industry, such as adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment.

Marketplace Loans and Pass-Throughs: Marketplace lending investments may be made through a combination of: (i) investing in loans to consumers, small- and mid-sized companies ("SMEs") and other borrowers, including borrowers of student loans, originated through online platforms (or an affiliate) that provide a marketplace for lending ("Marketplace Loans") through purchases of whole loans (either individually or in aggregations); (ii) investing in notes or other pass-through obligations issued by a marketplace lending platform (or an affiliate) representing the right to receive the principal and interest payments on a Marketplace Loan (or fractional portions thereof) originated through the platform ("Pass-Through Notes"); (iii) purchasing asset-backed securities representing ownership in a pool of Marketplace Loans; (iv) investing in private investment funds that purchase Marketplace Loans, (v) acquiring an equity interest in a marketplace lending platform (or an affiliate); and (vi) providing loans, credit lines or other extensions of credit to a marketplace lending platform (or an affiliate) (collectively, "Marketplace Lending Instruments"). Marketplace Lending Instruments are generally not rated by the nationally recognized statistical rating organizations ("NRSROs"). Such unrated instruments, however, are considered to be comparable in quality to securities falling into any of the ratings categories used by such NRSROs to classify "junk" bonds. Accordingly, unrated Marketplace Lending Instrument investments constitute highly risky and speculative investments similar to investments in "junk" bonds. For Marketplace Loans that are not secured by any collateral, guaranteed or insured by a third party or backed by any governmental authority, the platforms and any third-party collection agencies will be limited in their ability to collect on defaulted Marketplace Loans. With respect to Marketplace Loans secured by collateral, there can be no assurance that the liquidation of any such collateral would satisfy a borrower's obligation in

the event of a default under its Marketplace Loan. Furthermore, Marketplace Loans may not contain any cross-default or similar provisions which would allow other creditors to move more quickly to claim any assets of the borrower.

As Pass-Through Notes are pass-through obligations of the operators of the lending platforms, and not direct obligations of the borrowers under the underlying Marketplace Loans originated by such platforms, holders of certain Pass-Through Notes are exposed to the credit risk of the operator. An operator that becomes subject to bankruptcy proceedings may be unable to make full and timely payments on its Pass-Through Notes even if the borrowers of the underlying Marketplace Loans timely make all payments due from them. In addition, Pass-Through Notes are non-recourse obligations and lenders assume all of the borrower credit risk on the loans they fund and are not entitled to recover any deficiency of principal or interest from the operator if the borrower defaults on its payments. Because the funds committed to an investment in Pass-Through Notes do not earn interest until the issuance of the note, the delay in issuance will have the effect of reducing the effective rate of return on the investment.

Mortgage-Backed and Asset-Backed Securities Risks:

Mortgage-backed and other asset-backed securities are subject to the risks of traditional fixed-income instruments. However, they are also subject to prepayment risk and extension risk, meaning that if interest rates fall, the underlying debt may be repaid ahead of schedule, reducing the value of an account's investments and if interest rates rise, there may be fewer prepayments, which would cause the average bond maturity to rise, increasing the potential for an account to lose money. Certain mortgage-backed securities may be secured by pools of mortgages on single-family, multi-family properties, as well as commercial properties. Similarly, asset-backed securities may be secured by pools of loans, such as corporate loans, student loans, automobile loans, consumer loans and credit card and other receivables. The credit risk on such securities is affected by homeowners or borrowers defaulting on their loans. The values of assets underlying mortgage-backed and asset-backed securities, including collateralized loan obligations, may decline and therefore may not be adequate to cover underlying investors. Some mortgage-backed and asset-backed securities have experienced extraordinary weakness and volatility in recent years. Possible legislation in the area of residential mortgages, credit cards, corporate loans and other loans that may collateralize the securities in which an account may invest could negatively impact the value of an account's investments. To the extent an account focuses its investments in particular types of mortgage-backed or asset-backed securities, it may be more susceptible to risk factors affecting such types of securities.

Municipal Risk: As with any investment, investing in municipal bonds entails risk. Investors in municipal bonds face a number of risks, specifically including: call risk, credit risk, interest rate risk, liquidity risk, and inflation risk as inflation reduces purchasing power, which is a risk for investors receiving a fixed rate of interest, and can lead to higher interest rates and, in turn, lower market value for existing bonds. In addition, there may be tax implications, including the possibility that the bond may be subject to the federal alternative minimum tax, profits and losses on bonds may be subject to capital gains tax treatment, and interest or other investment return may be subject to state and local income tax.

Operational Risk: Accounts are subject to operational risks arising from factors such as processing errors, human errors, inadequate or failed internal or external processes, fraud, and failure in systems and technology, changes in personnel, and errors caused by third party service providers. These factors may result in losses to an account.

Prepayment or Call Risk: Many issuers have a right to prepay their debt securities. If interest rates fall, an issuer may exercise this right. In that event, the security holder will not benefit from the rise in market price that normally accompanies a decline in interest rates, and will be forced to reinvest prepayment proceeds at a time when yields on securities available in the market are lower than the yield on the prepaid security.

Private Markets Risk: "Private markets" typically refers to investments that are made through transactions using private capital. Private markets funds or vehicles, often organized as limited partnerships, are the most common vehicles for making private markets investments, although accounts may also make direct investments in the securities of an operating company alongside a fund in a co-investment opportunity or on its own. The success of each underlying fund or vehicle (and, as a result, the success of an account) may be subject to those risks that are inherent in private equity investments. These risks are generally related to: (i) the ability of each underlying fund or vehicle to select and manage successful investment opportunities; (ii) the quality of the management of each company in which an underlying fund or vehicle invests; (iii) the ability of an underlying fund or vehicle to liquidate its investments; and (iv) general economic conditions. Securities of private markets funds and vehicles, as well as the portfolio companies these funds and vehicles invest in, tend to be more illiquid, and highly speculative.

Pricing Risk: Certain private investments may be difficult to value since many of the assets do not have readily

ascertainable market values. Therefore, such assets are most often recorded at fair value, in good faith, in accordance with our valuation policies and procedures. Additionally, accounts containing smaller security pieces may not realize these prices when securities are sold because the position size may be too small to draw sufficient interest in the marketplace. In addition, there is no assurance that an account could sell a portfolio security for the value established for it at any time and it is possible that an account would incur a loss because a portfolio security is sold at a discount to its established value.

Additionally, a percentage of the securities in an account may not have a readily ascertainable market price and be fair valued by a third party investment fund. No assurances can be given regarding the valuation methodology or the sufficiency of systems utilized, the accuracy of the valuations provided, that the third party funds will comply with their own internal policies or procedures for keeping records or making valuations, or that their policies and procedures and systems will not change without notice to an account. As a result, an account's valuation of the securities may fail to match the amount that could be realized with respect to the disposition of such securities.

Real Asset Industry Risk: Real asset companies (farmland/timber, infrastructure, energy, real estate, etc.) are subject to many risks that can negatively impact the revenues and viability of companies in this industry. These risks include, but are not limited to, commodity price volatility risk, supply and demand risk, reserve and depletion risk, operations risk, regulatory risk, environmental risk, terrorism risk and the risk of natural disasters.

Real Estate Related Securities Risk. The main risk of real estate related securities is that the value of the underlying real estate may go down. Many factors may affect real estate values. These factors include both the general and local economies, the amount of new construction in a particular area, the laws and regulations (including zoning and tax laws) affecting real estate and the costs of owning, maintaining and improving real estate. The availability of mortgages and changes in interest rates may also affect real estate values. If an account's real estate related investments are concentrated in one geographic area or in one property type, an account will be particularly subject to the risks associated with that area or property type.

Reinsurance Risk: The principal risk of a reinsurance related investment is an event that triggers losses on insured assets, principally but not limited to weather, natural disasters (hurricanes, earthquakes, etc.), non-natural large catastrophes and other specified events causing physical and/or economic loss. Such losses may be substantial in a catastrophic event or when a series of loss events occur in a single underwriting year. Insurance losses are, by their

nature, difficult to predict and rely heavily on modeled estimations, which are subject to change. The valuation of reinsurance-related investments relies on estimates of incurred losses, which may not be finalized for a significant period of time after the triggering events. Reinsurance transactions may involve incomplete transparency into the underlying risk exposures, a high degree of contract complexity, explicit and implicit fees and the potential for moral hazard. Investments in reinsurance are not continuously available and may be subject to limited capacity.

Reinvestment Risk: Income from an account's portfolio will decline if and when the account invests the proceeds from matured, traded or called debt obligations at market interest rates that are below the portfolio's current earnings rate. For instance, during periods of declining interest rates, an issuer of debt obligations may exercise an option to redeem securities prior to maturity, forcing the account to reinvest the proceeds in lower-yielding securities. A decline in income received by the account from its investments is likely to have a negative effect on the market price, net asset value and/or overall return of a client account.

Repurchase Agreements Risk: If the other party to a repurchase agreement defaults on its obligation, Variant clients may suffer delays and incur costs or lose money in exercising rights under the agreement. If the seller fails to repurchase the security and the market value declines, an account could lose money. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, Variant's ability to dispose of the underlying securities for client accounts may be restricted.

Restricted Securities Risk: A client account may invest in securities which are subject to restrictions on resale because they have not been registered under the Securities Act, are ineligible for resale under Rule 144A ("Rule 144A") under the Securities Act of 1933 ("1933 Act"), or which are otherwise not readily marketable. These securities are generally referred to as private placements or restricted securities. Irrespective of Variant's initial or ongoing determinations of the liquidity of any given security, market conditions could cause these securities to become less liquid and possibly extremely difficult to sell.

Royalties Risks: Investments in royalties incorporate a number of general market risks along with risks specific to various underlying royalty strategies such as music and healthcare, among others. Included in that could be regulatory changes, delays in government approvals, patent defense and enforcement, product liabilities, product pricing and the dependence on third parties to market or distribute the product. The market performance of the target products, therefore, may be diminished by any number of factors that are beyond an account's control.

Rule 144A Securities Risk: Eligible clients may purchase securities eligible for resale under Rule 144A. An insufficient number of qualified institutional buyers interested in purchasing Rule 144A-eligible securities held by Variant clients could affect adversely the marketability of certain Rule 144A securities, and Variant might be unable to dispose of such securities promptly or at reasonable prices. To the extent that liquid Rule 144A securities held by Variant clients become illiquid, due to the lack of sufficient qualified institutional buyers or market or other conditions, the assets invested in illiquid assets would increase and the fair value of such investments may become not readily determinable. In addition, if for any reason Variant is required to liquidate all or a portion of a portfolio quickly, such portfolio may realize significantly less than the fair value at which it previously recorded these investments.

Spread Risk: Wider credit spreads and decreasing market values typically represent a deterioration of the debt security's credit soundness and a perceived greater likelihood or risk of default by the issuer.

Sovereign Debt Risk: Sovereign debt instruments, which are debt obligations issued or guaranteed by a foreign governmental entity, are subject to the risk that the governmental entity may delay or fail to pay interest or repay principal on debt that it has issued or guaranteed, due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, relationships with other lenders such as commercial banks, the relative size of the governmental entity's debt position in relation to the economy or the failure to put in place economic reforms required by the International Monetary Fund or other multi-lateral agencies. If a governmental entity defaults, it may ask for more time in which to pay or for further loans, or it may ask for forgiveness of interest or principal on its existing debt. On the other hand, a governmental entity may be unwilling to renegotiate the terms of its sovereign debt. There may be no established legal process for a U.S. bondholder (such as a portfolio) to enforce its rights against a governmental entity that does not fulfill its obligations, nor are there bankruptcy proceedings through which all or part of the sovereign debt that a governmental entity has not repaid may be collected. Certain countries in Europe currently have large sovereign debts and/or fiscal deficits which has led to significant uncertainties in the market as to whether or not the governments of those countries will be able to pay in full and on time the amounts due in respect of those debts.

Transportation Finance

The transportation finance sector is cyclical in nature and will likely be dependent upon continued economic growth in the world's economies. Economic recessions, terrorism,

the price of fuel, and newer, more efficient vehicles are all risks to these types of investments. Further, funds operating in these sectors will often have greater portfolio concentration.

Underlying Funds Risk: For any Variant investment strategy that invests assets in underlying private funds, closed-end funds, mutual funds, business development companies, pooled investment vehicles or exchange traded funds, the strategy's ability to achieve its investment objective depends largely on the performance of the underlying funds and pooled vehicles selected. Each of the underlying funds and pooled vehicles has its own investment risks, and those risks can affect the value of the strategy's investments. There can be no assurance that the investment objective of any underlying fund or pooled vehicle will be achieved.

In addition to these investment risks, many other risk factors may lead or contribute to performance volatility or losses. Further, Variant charges for its investment advisory services. When client accounts invest in these other funds or pooled vehicles, they are charged, as shareholders, management fees and other expenses, no portion of which reduces or offsets Variant's fees. As a result, a client establishing an advisory account at Variant that is invested in these funds or pooled vehicles may pay, overall, higher fees and expenses than the client might have paid investing directly in such funds or pooled vehicles. Additionally, incentive fees of underlying funds may create an incentive for their manager to make investments that are risky or more speculative than would be the case in the absence of such compensation arrangements, and may also encourage the manager to use leverage to increase the return. Risks relating to investments in a fund are contained in the fund's prospectus or other offering documents.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We have no information applicable to this Item.

Item 10. Other Financial Industry Activities and Affiliations

We are affiliated with Variant GP, LLC which serves as the general partner of Variant Alternative Income Fund, LP a private fund exempt from registration under the Investment Advisers Act of 1940.

We are not currently subject to registration under the Commodity Exchange Act (CEA), as amended. We, however, have filed a claim of exemptive status with the Commodities Futures Trading Commission under Regulation 4.14(a)(8) under the CEA. Our claim of exemptive status has been submitted through the National Futures Association (NFA). NFA ID: 0513066

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

We have adopted a Code of Ethics ("Code") for all of our supervised persons describing our standards of business conduct, and fiduciary duty to our clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and business entertainment items, and personal securities trading procedures, among other things. All of our supervised persons must acknowledge the terms of the Code at least annually.

We permit our employees to engage in personal securities transactions. Personal securities transactions by an employee raise an actual or potential conflict of interest if an employee trades in a security that is considered for purchase or sale by a client. Our Code is designed to ensure that our employees who are responsible for developing or implementing our investment advice or who provide investment advice to clients are not able to act on such information to the disadvantage of clients. The Code further prohibits our employees from using any material non-public information in securities trading.

Under the Code, our employees are prohibited from using knowledge of portfolio transactions made or contemplated for any client to profit by the market effect of such transactions or otherwise engage in fraudulent conduct in connection with the purchase or sale of a security sold or acquired by a client. Further, employees are prohibited from taking advantage of an opportunity of any client for personal benefit, or taking any action inconsistent with our fiduciary obligations. Our employees must avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility.

Employees must pre-clear with our Chief Compliance Officer ("CCO") any transactions in securities that we may be contemplating for purchase or sale by our clients, as well as limited offerings and initial public offerings. Employees may not purchase or sell any securities which we are considering

for client accounts until either the client's transactions have been completed or consideration of the transactions are abandoned. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee.

Employees are required to report their securities holdings and securities transactions to the CCO. Clients or prospective clients may request a copy of our Code by contacting Bob Elsasser at 503-563-0700 or via e-mail to bob@variantinvestments.com.

Participation or Interest in Client Transactions

We may buy and sell for clients securities of issuers in which our related persons or our proprietary accounts may invest.

Conflicts of interest arise from if we carry on investment activities for different clients and if we buy or sell for proprietary accounts securities that we also buy or sell for our client accounts. We may have financial incentives to favor certain clients over others. Our client accounts may compete for specific trades. We may give advice and recommend securities to, or buy or sell securities for, certain accounts, which advice or securities recommended may differ from advice given to, or securities recommended or bought or sold for, other client accounts, even though they may have the same or similar investment objectives.

Conflicts of interest also arise from the fact that a subadvisor or underlying investment fund and their affiliates generally will be carrying on substantial investment activities for other clients in which our clients may have no interest. The selected investment managers may have financial incentives to favor certain of such accounts over our client's account.

From time to time, we may seed proprietary accounts for the purpose of evaluating a new investment strategy that eventually may be available to clients through one or more product structures. Management of accounts with proprietary interests and nonproprietary client accounts creates an incentive to favor the proprietary accounts in the allocation of investment opportunities, and the timing and aggregation of investments. Our policies and procedures require that when we buy or sell a security for both client accounts and proprietary accounts, we give priority to client accounts ahead of proprietary accounts.

Situations may occur when certain clients could be disadvantaged because of the investment activities we conduct for our other client accounts. Such situations may be based on, among other things: (1) legal or internal

restrictions on the combined size of positions that may be taken for client accounts, thereby limiting the size of such accounts' positions or (2) the difficulty of liquidating an investment for client accounts where the market cannot absorb the sale of the combined position.

We have adopted order aggregation and trade allocation policies and procedures designed to ensure that all clients of Variant are treated fairly.

We do not affect any principal or agency cross securities transactions for client accounts, nor do we effect cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is generally defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12. Brokerage Practices

Subject to applicable investment policies and restrictions, clients typically grant us full discretion with respect to both security and broker-dealer selection. We select broker-dealers on the basis of their ability to execute transactions at the most favorable prices and lowest overall execution costs.

Best Execution/Broker Selection

We select broker-dealers on the basis of their ability to execute transactions at the most favorable prices and lowest overall execution costs. We also take into consideration other relevant factors, such as:

- the reliability, integrity and financial condition of the broker-dealer;
- the size of and difficulty in executing the order; and
- the quality of execution and custodial services.

The determinative factor is not necessarily the lowest possible transaction cost, but whether the transaction represents the best qualitative execution for the client account. The firm periodically evaluates the execution performance of brokers executing its transactions. We do

not adhere to any rigid formulas in making the selection of the applicable broker-dealer, but weigh a combination of the criteria discussed above. We receive unsolicited research from some of the brokers with whom we place trades on behalf of clients, however, we have no arrangements or understandings with such brokers regarding receipt of research in return for commissions. Such research is provided to investment advisers who utilize these firms. While we may review certain of the research received, we do not consider this research when selecting brokers to execute client transactions. We do not put a specific value on unsolicited research, nor do we attempt to estimate and allocate the relative costs or benefits among our clients. In the event a client directs the use of a specific broker-dealer, we may be unable to achieve most favorable execution of the client's transactions, and the execution costs for the client may be higher than could be obtained by using a broker-dealer we select. Such higher costs may result from the disparity of commission rates or prices among broker-dealers, our more limited ability to negotiate lower commission rates or prices and the inability of the client to benefit from volume discounts we may obtain from aggregating orders placed with other broker-dealers. In some instances we may elect to step out trades for certain accounts if we believe that the overall execution will benefit the client from a fairness, efficiency and liquidity standpoint.

The term "soft dollars" is commonly understood to refer to arrangements where an investment adviser uses client brokerage commissions to pay for research or other services used by the investment adviser. Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" that permits investment advisers to enter into soft dollar arrangements if the investment adviser determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided. We do not utilize any third party "soft dollar" arrangements, but we do receive unsolicited research as described above. Because we consider all of the factors described above and not just commission cost, commission rates on some transactions may be higher than the lowest available commission rate charged by another broker-dealer for executing the same transaction. To the extent that our clients are deemed to be paying up for research as a result of the unsolicited research described, we believe that the Section 28(e) safe harbor is available with respect to such transactions.

Although our receipt of such research services does not reduce our normal independent research activities, it may enable us to avoid the additional expenses that we might otherwise incur if we were to attempt to independently develop comparable information. As a result, we have an incentive to select a broker-dealer primarily on the basis of the research we may receive from that broker-dealer, even

if other broker-dealers may execute transactions at a lower price. Brokerage products and services obtained by the use of commissions arising from one client's investment transactions may be used in our other advisory (or subadvisory) activities on behalf of other clients. Moreover, a client may not necessarily, in any particular instance, be the direct or indirect beneficiary of these additional research or brokerage services, whether or not generated by the client's own commissions.

It is our policy to allocate trades in a fair and equitable manner.

Brokerage for Client Referrals

Receipt of client referrals from a broker-dealer or other third party by Variant, or a related person, is not considered when selecting or recommending broker-dealers for transactions in client accounts.

Directed Brokerage

For clients directing Variant to use a particular broker dealer: To the extent Variant uses only that broker for the client account, we may be unable to achieve most favorable execution of the client's transactions; client acknowledges that Variant will not negotiate brokerage commissions with the specified broker, and as a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the client's account than would otherwise be the case if Variant used other or multiple brokers. The Client may designate its own broker through whom Variant will execute securities transactions by written notice to Variant.

Trading Practices/Order Aggregation

In an effort to achieve efficiencies in execution and reduce trading costs, we may aggregate securities transactions on behalf of a number of accounts at the same time. In addition, Variant may execute securities transactions alongside or interspersed between aggregated orders when Variant believes that such execution will not interfere with its ability to execute in a manner believed to be most favorable to its clients as a whole and over time. We may exclude trades from aggregate orders for accounts that direct brokerage or that are managed, in part, for tax considerations.

When executing aggregate orders, trades will be allocated among accounts using procedures that we consider fair and equitable over time in accordance with Variant allocation policies and procedures. This can include making the allocation based on such considerations as cash availability, diversification requirements, duration, investment objectives, client contractual or regulatory investment

guidelines and restrictions, existing or targeted account weightings in particular securities or sectors, lot size, account size, amount of existing holdings (or substitutes) of the security in the accounts, investment time horizons, client's risk profile, client's tax status and domicile, business relationship with the broker-dealer selling or buying the security, nature of the security to be allocated, size of available position, supply or demand for a security at a given price level, current market conditions, timing of cash flows and account liquidity, directed brokerage instructions, if applicable, and any other information determined to be relevant to the fair allocation of securities. These factors provide substantial discretion to Variant in allocating investment opportunities. In addition, we also may exclude certain accounts from an allocation if the size of the allocation would not satisfy certain minimum size thresholds established by Variant, a client or by the issuer itself for operational reasons.

All clients participating in each aggregated order shall receive the average price and, subject to minimum ticket charges, pay a pro-rata portion of commissions provided account is eligible to participate in commissioned trades. If the entire order is filled, clients shall receive their portion of the allocation specified on the trade ticket. In the event an order is "partially filled", the allocation shall be made in the best interests of all the clients in the order, taking into account relevant factors, including, but not limited to, the size of each client's allocation, account strategy, current duration exposure to sector or issuer, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro-rata allocation based on the initial allocation.

Variant will also apply this policy if an order is "over-filled", such as when a new issue designation is greater than initially allocated. One exception is if the security is an out-of-index position for some accounts and an in-index position in other accounts.

Variant may execute over-the-counter securities transactions on an agency basis. In these circumstances, clients may incur two transaction costs for a single trade: a commission paid to the executing broker-dealer plus the dealer's mark-up/down, which is included in the offer or bid price of the securities purchased or sold.

Periodic reviews of client and account performance are conducted to ensure that trade allocations occur fairly and equitably over time, even though a specific trade may have the appearance or the effect of benefiting one account as against another when viewed in isolation. Given all of the foregoing factors, the amount, timing, structuring, or terms of an investment by a client may differ from, and performance may be lower than, investments and performance of other clients, including those which may

provide greater fees or other compensation (including performance-based fees or allocations) to Variant.

If we make a trading error, we will correct the error and bear any costs of correcting the error so that the client is not disadvantaged and is made whole. Trade errors will always be resolved in the client's favor and the client's being made whole. To the extent that resolution of a trade error results in the purchase of securities in a client's account that increase in value, the increased value is retained by the client.

Item 13. Review of Accounts

Senior management, including the three Principals, reviews investment accounts no less than quarterly. A more intensive review may be triggered by significant changes in the market or general economic expectations or changes in client portfolio restrictions which may affect the policy guidelines established for the account.

Performance is reviewed within the appropriate parameters as established by the client account guidelines.

Portfolios and securities are continuously monitored by our portfolio management team. Accounts are typically monitored and reviewed on an ongoing basis by the portfolio managers who handle the applicable strategy. The details of the monitoring vary based on the nature of the investment strategy.

Written quarterly reports are generally furnished to investment management clients concerning their investment accounts. A higher frequency of reports is issued to client accounts only if specifically requested. Quarterly account reports include a review and statement summary of transactions, holdings, income, capital gains or losses, market valuation and performance.

Item 14. Client Referrals & Other Compensation

We may enter into solicitation agreements with independent contractors for client referrals. For such referrals, we expect we would compensate the independent contractor with a percentage of fees relating to such referrals based on the level of services performed. Any such compensation would be paid pursuant to a written agreement that is in compliance with the federal regulations, and in each state where state law requires. Each prospective client so solicited is given a copy of our written disclosure statement and a separate written disclosure statement of the unaffiliated independent solicitor prior to or at the time of entering into any Client Agreement.

We may enter into written solicitation agreements with one or more affiliated registered investment advisers, under which we would compensate such affiliate as set forth in the applicable solicitation agreement. There would be no increase in the investment management fees payable to us by clients as a result of the compensation paid to the solicitors under these solicitation agreements.

Item 15. Custody

We are deemed to have custody of client accounts under Rule 206(4)-2 ("Custody Rule") to the extent we have the ability to deduct fees directly from those accounts. Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets. We urge clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to clients. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies for certain securities.

With the exception of certain assets, which are defined as "privately offered securities" per the Custody Rule, all Private Fund assets will be held in custody by unaffiliated broker-dealers or banks acting in the capacity as "qualified custodians".

Notwithstanding the foregoing, we do not have custody of client funds or securities, however, if Variant becomes affiliated with any Private Fund in the portfolio, we will develop procedures that ensure the safeguarding and protection of such assets. Such procedures include among other things, the separation of functions and dual signatory approvals for the distribution of Fund capital. All Private Funds will be subject to an annual audit performed by a nationally recognized public accounting firm and the audited financial statements will be distributed to each investor. The audited financial statements will be prepared in accordance with U.S. generally accepted accounting principles and generally distributed within 90 days of a Funds' fiscal year end.

Item 16. Investment Discretion

We provide investment advisory services on a discretionary basis to clients. We usually receive discretionary authority from the client under the investment management agreement or investment advisory agreement with the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the investment objectives for the particular client account.

We observe the client's investment policies, limitations and restrictions when selecting the identity and amount of securities to be bought or sold. Various securities and/or tax laws, as well as internal compliance policies, may impose additional restrictions on the investments that may be made.

Clients must provide any investment guidelines and restrictions to us in writing.

Item 17. Voting Client Securities

We will vote proxies on behalf of a client unless the client directs us otherwise in writing. Clients for whom we do not have any authority to vote proxies should receive proxy voting materials from their custodian or a transfer agent directly and these clients retain the responsibility for voting proxies for securities maintained in their portfolios. In the event we receive any proxies intended for clients who have not delegated proxy voting responsibilities to us, we will promptly forward such proxies to the client for the client to vote. When requested by clients who have retained proxy voting authority, we may provide advice to the client regarding proposals submitted to the client for voting. When engaging a sub-adviser or investing with another manager or investment fund, we will require such sub-advisor or manager to act prudently and in the best interest of our clients, but may allow proxy voting responsibility to fall on the sub-advisor or manager.

For most fixed income investments, the voting matters generally involve amendments to loan documentation, borrower compliance with financial covenants, registration rights, prepayments, insolvency, and other distressed creditor situations. Variant does not have specific proxy voting policies or guidelines regarding categories of proxy matters submitted to fixed income security holders. Instead, Variant votes fixed income proxy matters on a case-by-case basis, taking into account the unique circumstances related to a particular borrower and other relevant factors.

Unless otherwise provided in the Client Agreement, Variant also votes proxies related to equity securities held in client accounts. Its fixed income clients may occasionally receive equity interests resulting from the restructuring of debt security investments or in other special situations. Additionally, Variant may vote proxies or other matters on the closed end funds, BDCs, private funds and other vehicles, exchange traded notes or exchange traded funds in which it invests for client accounts.

Routine proxy matters associated with equity securities (including but not limited to electing boards of directors, selecting auditors, shareholder rights, proxy contests, corporate governance matters, and executive and director

compensation) typically are voted in accordance with the recommendations of management of the issuer. In the event it is determined to be in the best interests of clients to vote against issuer management recommendations, the reasons for such determination will be documented. On non-routine matters, such as amendments to governing instruments, proposals relating to compensation and stock option and equity compensation plans, corporate governance proposals and shareholder proposals, we will vote, or abstain from voting if deemed appropriate, on a case-by-case basis in a manner we believe to be in the best economic interest of our clients, and, if applicable, investment company clients' shareholders.

For those accounts over which we have proxy voting authority, the determination of how to vote proxies for client account securities is made pursuant to our written proxy voting policies and procedures (the "Proxy Policy"). The Proxy Policy also applies to any voting rights and/or consent rights on behalf of client account securities, including but not limited to, plans of reorganization and waivers and consents under applicable indentures.

We may delegate our responsibilities under the Proxy Policy to a third party proxy voting service, however, no such delegation will relieve us of our responsibilities. We will retain final authority and fiduciary responsibility for such proxy voting.

The Proxy Policy is designed and implemented in a manner reasonably expected to ensure that voting and consent rights are exercised in the best interests of clients. Under the Proxy Policy, we or, if applicable, our third party proxy voting service, will review each proxy solicitation to determine whether there may be a material conflict between us and the applicable client. If no conflict exists and if the client has granted us authority to vote by proxy, we or, if applicable, our third party proxy voting service will vote the proxy in accordance with the Proxy Policy.

Our Principals are, or one of our Principals designated by the Principals (the "Designated Principal") is, responsible for monitoring our proxy voting actions and ensuring that (i) proxies are received and forwarded to the appropriate decision makers; and (ii) proxies are voted in a timely manner upon receipt of voting instructions. We are not responsible for voting proxies we do not receive, but will make reasonable efforts to obtain missing proxies. Our Principals or the Designated Principal shall implement procedures to identify and monitor potential conflicts of interest that could affect the proxy voting process, including (i) significant client relationships; (ii) other potential material business relationships; and (iii) material personal and family relationships. All decisions regarding proxy voting shall be determined by the Principals of the Adviser or the

Designated Principal and shall be executed by a Principal of the Adviser or, if the proxy may be voted electronically, electronically voted by any such Principal of the Adviser. Every effort shall be made to consult with the other Principals. We may determine not to vote a particular proxy if the costs and burdens exceed the benefits of voting.

If an employee believes that a conflict of interest does exist, the employee will advise our Chief Compliance Officer who will advise the Principals or the Designated Principal. If we determine that a conflict exists, we will seek to resolve any such conflict in the client's best interest in accordance with the Proxy Policy by pursuing any one of the following courses of action: (i) voting in accordance with the voting guidelines or factors set forth in the Proxy Policy; (ii) voting in accordance with the recommendation of an independent third-party service provider; (iii) voting in accordance with the instructions of the client; or (iv) not voting or abstaining from voting the securities. Senior management and the Chief Compliance Officer will decide which course of action to pursue.

In certain limited circumstances, particularly in the area of structured finance, we may enter into voting agreements or other contractual obligations that govern the voting of shares or other interests and, in such cases, will vote any shares or other interests by proxy in accordance with such agreement or obligation. In addition, where we determine that there are unusual costs and/or difficulties associated with voting a particular security, which more typically might be the case with respect to securities of non-U.S. issuers, we reserve the right not to vote a security by proxy unless we determine that the potential benefits of voting the security exceed the expected cost. Other factors that may influence our determination not to vote a debt or equity security include if: (1) the effect on the applicable client's economic interests or the value of the account's holding is insignificant in relation to the client's account as a whole; (2) the cost of voting the security outweighs the possible benefit to the applicable client, including, without limitation, situations where a jurisdiction imposes share blocking restrictions which may affect the ability of the account managers to effect trades in the related security; or (3) we otherwise determine that it is consistent with our fiduciary obligations not to vote the security.

A copy of our Proxy Voting Policies and Procedures will be provided to clients and prospective clients upon request.

Clients may also obtain information from us about how we voted any proxies on behalf of their account(s) upon request by contacting Bob Elsasser at 503-563-0700 or via e-mail to bob@variantinvestments.com

Item 18. Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. We have no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to clients, and have not been the subject of a bankruptcy proceeding.

Facts

Privacy Notice

What does Variant Investments, LLC 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?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number
- Address
- Income
- Account transactions
- Transaction or loss history
- Risk tolerance
- Checking account information
- Wire transfer instructions
- Name
- Assets
- Account balances
- Transaction history
- Investment experience
- Retirement assets
- Employment information

When you are *no longer* our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share clients' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their clients' personal information; the reasons Variant Investments, LLC ("Variant") chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Variant Investments, LLC 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. Variant may share personal information described above for business purposes with a non-affiliated third party if the entity is under contract to perform transaction processing or servicing on behalf of Variant and otherwise as permitted by law. Any such contract entered by Variant will include provisions designed to ensure that the third party will uphold and maintain privacy standards when handling personal information. Variant may also disclose personal information to regulatory authorities as required by applicable law.	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. Variant shares personal information with affiliates as permitted by law.	No.
For our affiliates' everyday business purposes— information about your creditworthiness	No.	We don't share.
For nonaffiliates to market to you	No.	We don't share.

Questions?

Call 503-563-0700

Who is providing this notice?	Variant Investments, LLC
How does Variant Investments, LLC protect my personal information?	<p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>Variant limits access to personal information to individuals who need to know that information in order to provide our services to you.</p>
How does Variant Investments, LLC collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none">• Seek advice about your investments• Direct us to buy securities• Direct us to sell your securities• Enter into an investment advisory contract• Give us your contact information <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none">• Sharing for affiliates' everyday business purposes—information about your creditworthiness• Affiliates from using your information to market to you• Sharing for non-affiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none">• Variant may share personal information described above for business purposes as permitted by law with our affiliates. Our affiliates include financial companies such as investment advisers. Variant does not share with affiliates so that they can market their services or products to you.
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none">• Variant may share personal information described above for business purposes with non-affiliated third parties performing transaction processing or servicing on behalf of Variant and otherwise as permitted by law. Such companies may include broker-dealers, banks, investment advisers, mutual fund companies and insurance companies. Variant may also share personal information with parties who provide technical support for our hardware and software systems and our legal and accounting professionals. Variant does not share with non-affiliates so that they can market their services or products to you.
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none">• Variant doesn't jointly market.