

STATEMENT OF ADDITIONAL INFORMATION
Infinity Core Alternative Fund
Dated July 31, 2020

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This Statement of Additional Information (“SAI”) is not a prospectus. This SAI relates to and should be read in conjunction with the Prospectus (the “Prospectus”) of Infinity Core Alternative Fund (the “Fund”) dated July 31, 2020, and as it may be further amended or supplemented from time to time. A copy of the Prospectus may be obtained without charge by contacting the Fund at the telephone number or address set forth above.

This SAI is not an offer to sell shares of beneficial interest (“Shares”) of the Fund and is not soliciting an offer to buy Shares in any state where the offer or sale is not permitted.

Capitalized terms not otherwise defined herein have the same meaning set forth in the Prospectus.

Shares are distributed by Foreside Fund Services, LLC (“Distributor”) to institutions and financial intermediaries who may distribute Shares to clients and customers (including affiliates and correspondents) of the Fund’s investment adviser, and to clients and customers of other organizations. The Fund’s Prospectus, which is dated July 31, 2020, provides basic information investors should know before investing. This SAI is intended to provide additional information regarding the activities and operations of the Fund and should be read in conjunction with the Prospectus.

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INVESTMENT POLICIES AND PRACTICES

The investment objective of the Fund, as well as the principal investment strategies of the Fund and the principal risks associated with such investment strategies, are set forth in the Prospectus. Certain additional information regarding the investment program of the Fund is set forth below.

FUNDAMENTAL POLICIES

The Fund's fundamental policies, which are listed below, may only be changed by the affirmative vote of a majority of the outstanding voting securities of the Fund. At the present time the Shares are the only outstanding voting securities of the Fund. As defined by the Investment Company Act of 1940, as amended (the "Investment Company Act"), the vote of a "majority of the outstanding voting securities of the Fund" means the vote, at an annual or special meeting of the Shareholders of the Fund, duly called, (i) of 67% or more of the Shares represented at such meeting, if the holders of more than 50% of the outstanding Shares are present in person or represented by proxy or (ii) of more than 50% of the outstanding Shares, whichever is less. No other policy is a fundamental policy of the Fund, except as expressly stated. Within the limits of the fundamental policies of the Fund, the management of the Fund has reserved freedom of action. The Fund may not:

- (1) Issue any senior security, except to the extent permitted by Section 18 of the Investment Company Act, as interpreted, modified, or otherwise permitted by the Securities and Exchange Commission (the "SEC") or any other applicable authority.
- (2) Borrow money, except to the extent permitted by Section 18 of the Investment Company Act, as interpreted, modified, or otherwise permitted by the SEC or any other applicable authority. This investment restriction does not apply to borrowings from affiliated investment companies or other affiliated persons of the Fund to the extent permitted by the Investment Company Act, the SEC or any other applicable authority.
- (3) Underwrite securities of other issuers, except insofar as the Fund may be deemed to be an underwriter under the Securities Act of 1933, as amended, in connection with the disposition of its portfolio securities.
- (4) Make loans, except through purchasing fixed-income securities, lending portfolio securities, or entering into repurchase agreements in a manner consistent with the investment policies of the Fund, or as otherwise permitted under the Investment Company Act. This investment restriction does not apply to loans to affiliated investment companies or other affiliated persons of the Fund to the extent permitted by the Investment Company Act, the SEC or any other applicable authority.
- (5) Purchase, hold or deal in real estate, except that the Fund may invest in securities that are secured by real estate, including, without limitation, mortgage-related securities, or that are issued by companies or partnerships that invest or deal in real estate or real estate investment trusts, and may hold and dispose of real estate acquired by the Fund as a result of the ownership of securities or other permitted investments.
- (6) Invest in commodities and commodity contracts, except that the Fund (i) may purchase and sell non-U.S. currencies, options, swaps, futures and forward contracts, including those related to indexes, options and options on indexes, as well as other financial instruments and contracts that are commodities or commodity contracts, (ii) may also purchase or sell commodities if acquired as a result of ownership of securities or other instruments, (iii) may invest in commodity pools and other entities that purchase and sell commodities and commodity contracts, and (iv) may make such investments as otherwise permitted by the Investment Company Act.
- (7) Invest 25% or more of the value of its total assets in the securities of issuers that the Fund's investment advisor determines are engaged in any single industry, except that U.S. government securities and repurchase agreements collateralized by U.S. government securities may be purchased without limitation. This investment restriction does not apply to investments by the Fund in Investment Funds (as defined below). The Fund may invest in Investment Funds that may concentrate their assets in one or more industries. The Fund will consider the concentration of Investment Funds when determining compliance with its concentration policy. The Fund will not invest 25% or more of its assets in an Investment Fund that it knows concentrates its assets in a single industry.

With respect to these investment restrictions and other policies described in this SAI or the Prospectus, if a percentage restriction is adhered to at the time of an investment or transaction, a later change in percentage resulting from a change in the values of investments or the value of the Fund's total assets, unless otherwise stated, will not constitute a violation of such restriction or policy. The Fund's investment policies and restrictions do not apply to the activities and the transactions of the Investment Funds, but will apply to investments made by the Fund directly (or any account consisting solely of the Fund's assets).

The investment objective of the Fund is not a fundamental policy of the Fund and may be changed by the Board of Trustees of the Fund (the "Board") without the vote of a majority (as defined by the Investment Company Act) of the Fund's outstanding Shares.

ADDITIONAL INFORMATION ON INVESTMENT TECHNIQUES OF THE FUND AND RELATED RISKS

As discussed in the Prospectus, the Fund pursues its investment objective by allocating its capital, directly and indirectly, to a diverse group of independent investment managers that pursue a variety of non-traditional investment strategies (the "Underlying Managers"). The Fund will invest its assets, directly and indirectly, in a portfolio of investment funds that may or may not be registered under the Investment Company Act or other collective investment schemes (the "Investment Funds"). This section provides additional information about various types of investments and investment techniques that may be employed by Investment Funds in which the Fund invests, or by the Fund. Many of the investments and techniques described in this section may be based in part on the existence of a public market for the relevant securities. To that extent, such investments and techniques are not expected to represent the principal investments or techniques of the majority of the Investment Funds, or of the Fund; however, there is no limit on the types of investments the Investment Funds may make and certain Investment Funds may use such investments or techniques extensively. Similarly, there are few limits on the types of investments the Fund may make. Accordingly, the descriptions in this section cannot be comprehensive. Any decision to invest in the Fund should take into account (i) the possibility that the Investment Funds may make virtually any kind of investment, (ii) that the Fund has similarly broad latitude in the kinds of investments it may make (subject to the fundamental policies described above), and (iii) that all such investments will be subject to related risks, which can be substantial.

Equity Securities

The investment portfolios of Investment Funds will include long and short positions in common stocks, preferred stocks and convertible securities of U.S. and foreign issuers. The value of equity securities depends on business, economic and other factors affecting those issuers. Equity securities fluctuate in value, often based on factors unrelated to the value of the issuer of the securities, and such fluctuations can be pronounced.

Underlying Managers may generally invest Investment Funds in equity securities without restriction. These investments may include securities of companies with small- to medium-sized market capitalizations, including micro cap companies and growth stage companies. The securities of certain companies, particularly smaller-capitalization companies, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid.

Fixed-Income Securities

Investment Funds may invest in fixed-income securities. An Underlying Manager will invest in these securities when their yield and potential for capital appreciation are considered sufficiently attractive, and also may invest in these securities for defensive purposes and to maintain liquidity. Fixed-income securities include bonds, notes and debentures issued by U.S. and foreign corporations and governments. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed-income securities are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to the risk of price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness or financial condition of the issuer and general market liquidity (i.e., market risk). Certain portfolio securities, such as those with interest rates that fluctuate directly or indirectly based on multiples of a stated index, are designed to be highly sensitive to changes in interest rates and can subject the holders thereof to significant reductions of yield and possible loss of principal.

Investment Funds may invest in both investment grade and non-investment grade debt securities (commonly referred to as “junk bonds”). Investment grade debt securities are securities that have received a rating from at least one nationally recognized statistical rating organization (a “Rating Agency”) in one of the four highest rating categories or, if not rated by any Rating Agency, have been determined by an Underlying Manager to be of comparable quality.

An Investment Fund’s investments in non-investment grade debt securities, including convertible debt securities, are considered by the Rating Agencies to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. Non-investment grade securities in the lowest rating categories may involve a substantial risk of default or may be in default. Adverse changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of non-investment grade securities to make principal and interest payments than is the case for higher grade securities. In addition, the market for lower grade securities may be thinner and less liquid than the market for higher grade securities.

Non-U.S. Securities

Investment Funds may invest in equity and fixed-income securities of non-U.S. issuers and in depositary receipts, such as American Depositary Receipts (“ADRs”), that represent indirect interests in securities of non-U.S. issuers. Non-U.S. securities in which Investment Funds may invest may be listed on non- U.S. securities exchanges or traded in non-U.S. over-the-counter markets or may be purchased in private placements and not be publicly traded. Investments in non-U.S. securities are affected by risk factors generally not thought to be present in the U.S. These factors are listed in this SAI under “RISKS OF SECURITIES ACTIVITIES OF THE UNDERLYING MANAGERS – NON-U.S. INVESTMENTS.”

As a general matter, Investment Funds are not required to hedge against non-U.S. currency risks, including the risk of changing currency exchange rates, which could reduce the value of non-U.S. currency denominated portfolio securities irrespective of the underlying investment. However, from time to time, an Investment Fund may enter into forward currency exchange contracts (“forward contracts”) for hedging purposes and non-hedging purposes to pursue its investment objective. Forward contracts are transactions involving the Investment Fund’s obligation to purchase or sell a specific currency at a future date at a specified price. Forward contracts may be used by the Investment Fund for hedging purposes to protect against uncertainty in the level of future non-U.S. currency exchange rates, such as when the Investment Funds anticipates purchasing or selling a non-U.S. security. This technique would allow the Investment Fund to “lock in” the U.S. dollar price of the security. Forward contracts also may be used to attempt to protect the value of the Investment Fund’s existing holdings of non-U.S. securities. There may be, however, imperfect correlation between the Investment Fund’s non-U.S. securities holdings and the forward contracts entered into with respect to such holdings. Forward contracts also may be used for non-hedging purposes to pursue the Fund’s or an Investment Fund’s investment objective, such as when an Underlying Manager anticipates that particular non-U.S. currencies will appreciate or depreciate in value, even though securities denominated in such currencies are not then held in the Fund’s or Investment Fund’s investment portfolio.

ADRs involve substantially the same risks as investing directly in securities of non-U.S. issuers, as discussed above. ADRs are receipts typically issued by a U.S. bank or trust company that show evidence of underlying securities issued by a non-U.S. corporation. Issuers of unsponsored depositary receipts are not obligated to disclose material information in the United States, and therefore, there may be less information available regarding such issuers.

Money Market Instruments

The Fund or Investment Funds may invest during periods of adverse market or economic conditions for defensive purposes some or all of their assets in high quality money market instruments and other short-term obligations, money market mutual funds or repurchase agreements with banks or broker-dealers or may hold cash or cash equivalents in such amounts as the Advisers or an Underlying Manager deems appropriate under the circumstances. The Fund or Investment Funds also may invest in these instruments for liquidity purposes pending allocation of their respective offering proceeds and other circumstances. Money market instruments are high quality, short-term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. government securities, commercial paper, certificates of deposit and bankers’ acceptances issued by domestic branches of United States banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements.

Special Investment Techniques

Investment Funds may use a variety of special investment techniques as more fully discussed below to hedge a portion of their investment portfolios against various risks or other factors that generally affect the values of securities. They may also use these techniques for non-hedging purposes in pursuing their investment objectives. These techniques may involve the use of derivative transactions. The techniques Investment Funds may employ may change over time as new instruments and techniques are introduced or as a result of regulatory developments. Certain of the special investment techniques that Investment Funds may use are speculative and involve a high degree of risk, particularly when used for non-hedging purposes. It is possible that any hedging transaction may not perform as anticipated and that an Investment Fund may suffer losses as a result of its hedging activities.

Options and Futures

The Underlying Managers may utilize options and futures contracts. Such transactions may be effected on securities exchanges, in the over-the-counter market, or negotiated directly with counterparties. When such transactions are purchased over-the-counter or negotiated directly with counterparties, an Investment Fund bears the risk that the counterparty will be unable or unwilling to perform its obligations under the contract. Such transactions may also be illiquid and, in such cases, an Underlying Manager may have difficulty closing out its position. Over-the-counter options purchased and sold by Investment Funds may include options on baskets of specific securities. An Investment Fund may utilize European-style or American-style options. European-style options are only exercisable at their expiration. American-style options are exercisable at any time prior to the expiration date of the option.

The Underlying Managers may purchase call and put options on specific securities, on indices, on currencies or on futures, and may write and sell covered or uncovered call and put options for hedging purposes and non-hedging purposes to pursue their investment objectives. A put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying security at a stated exercise price. Similarly, a call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security at a stated exercise price. A covered call option is a call option with respect to which an Investment Fund owns the underlying security. The sale of such an option exposes an Investment Fund during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or to possible continued holding of a security that might otherwise have been sold to protect against depreciation in the market price of the security. A covered put option is a put option with respect to which cash or liquid securities have been placed in a segregated account on an Investment Fund's books. The sale of such an option exposes the seller during the term of the option to a decline in price of the underlying security while also depriving the seller of the opportunity to invest the segregated assets. Options sold by the Investment Funds need not be covered.

An Investment Fund may close out a position when writing options by purchasing an option on the same security with the same exercise price and expiration date as the option that it has previously written on the security. The Investment Fund will realize a profit or loss if the amount paid to purchase an option is less or more, as the case may be, than the amount received from the sale thereof. To close out a position as a purchaser of an option, an Underlying Manager would ordinarily effect a similar "closing sale transaction," which involves liquidating a position by selling the option previously purchased, although the Underlying Manager could exercise the option should it deem it advantageous to do so.

Investment Funds 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 an Investment Fund to substantial losses.

Successful use of futures also is subject to an Underlying Manager's ability to correctly predict movements in the direction of the relevant market, and, to the extent the transaction is entered into for hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price movements of the futures contract.

Some or all of the Underlying Managers may purchase and sell stock index futures contracts for an Investment Fund. A stock index future obligates an Investment Fund to pay or receive an amount of cash equal to a fixed dollar amount specified in the futures contract multiplied by the difference between the settlement price of the contract on the contract's last trading day and the value of the index based on the stock prices of the securities that comprise it at the opening of trading in those securities on the next business day.

Some or all of the Underlying Managers may purchase and sell interest rate futures contracts for an Investment Fund. A contract for interest rate futures represents an obligation to purchase or sell an amount of a specific debt security at a future date at a specific price.

Some or all of the Underlying Managers may purchase and sell currency futures for an Investment Fund. A currency future creates an obligation to purchase or sell an amount of a specific currency at a future date at a specific price.

The Fund currently intends to limit investments in commodity futures, commodity options contracts and swaps to below the de minimis thresholds adopted by the Commodity Futures Trading Commission ("CFTC") in its 2012 amendments to Rule 4.5 (see below for a description of these thresholds). However, the application of the amended rules to "funds-of-funds" remains unclear. Accordingly, the Investment Manager has filed for relief with respect to the Fund which defers compliance until six months following the effective date of any CFTC guidance regarding the application of the amended rules to "fund-of-funds." As of the date of this SAI, no such guidance has been issued. For this reason, the Advisers are not required to register as a "commodity pool operator" ("CPO") under the Commodity Exchange Act with respect to the Fund at this time.

With respect to investments in swap transactions, commodity futures, commodity options or certain other derivatives used for purposes other than *bona fide* hedging purposes, an investment company must meet one of the following tests under the amended regulations in order to claim an exemption from being considered a “commodity pool” or the investment adviser having to register as a CPO. First, the aggregate initial margin and premiums required to establish an investment company’s positions in such investments may not exceed five percent (5%) of the liquidation value of the investment company’s portfolio (after accounting for unrealized profits and unrealized losses on any such investments). Alternatively, the aggregate net notional value of such instruments, determined at the time of the most recent position established, may not exceed one hundred percent (100%) of the liquidation value of the investment company’s portfolio (after accounting for unrealized profits and unrealized losses on any such positions). In addition to meeting one of the foregoing trading limitations, the investment company may not market itself as a commodity pool or otherwise as a vehicle for trading in the commodity futures, commodity options or swaps and derivatives markets. In the event that the Advisers are required to register as a CPO with respect to the Fund, the disclosure and operations of the Fund would need to comply with all applicable CFTC regulations.

Options on Securities Indexes

Some or all of the Underlying Managers may purchase and sell for the Investment Funds call and put options on stock indexes listed on national securities exchanges or traded in the over-the-counter market for hedging purposes and non-hedging purposes to pursue their investment objectives. A stock index fluctuates with changes in the market values of the stocks included in the index. Accordingly, successful use by an Underlying Manager of options on stock indexes will be subject to the Underlying Manager’s ability to predict correctly movements in the direction of the stock market generally or of a particular industry or market segment. This requires different skills and techniques than predicting changes in the price of individual stocks.

Warrants and Rights

Warrants are derivative instruments that permit, but do not obligate, the holder to subscribe for other securities or commodities. Rights are similar to warrants, but normally have a shorter duration and are offered or distributed to shareholders of a company. Warrants and rights do not carry with them the right to dividends or voting rights with respect to the securities that they entitle the holder to purchase, and they do not represent any rights in the assets of the issuer. In addition, the values of warrants and rights do not necessarily change with the values of the underlying securities or commodities and these instruments cease to have value if they are not exercised prior to their expiration dates. As a result, warrants and rights may be considered more speculative than certain other types of equity-like securities.

Swap Agreements

The Underlying Managers may enter into equity, interest rate, index and currency rate swap agreements on behalf of Investment Funds. These transactions are entered into in an attempt to obtain a particular return when it is considered desirable to do so, possibly at a lower cost than if an investment was made directly in the asset that yielded the desired return. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which may be adjusted for an interest factor. The gross returns to be exchanged or “swapped” between the parties are generally calculated with respect to a “notional amount,” i.e., the return on or increase in value of a particular dollar amount invested at a particular interest rate, in a particular foreign currency, or in a “basket” of securities representing a particular index. Forms of swap agreements include interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent interest rates exceed a specified rate or “cap”; interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent interest rates fall below a specified level or “floor”; and interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels.

Most swap agreements entered into by an Investment Fund would require the calculation of the obligations of the parties to the agreements on a “net basis.” Consequently, an Investment Fund’s current obligations (or rights) under a swap agreement generally will be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the “net amount”). The risk of loss with respect to swaps is limited to the net amount of interest payments that a party is contractually obligated to make. If the other party to a swap defaults, an Investment Fund’s risk of loss consists of the net amount of payments that it contractually is entitled to receive.

To achieve investment returns equivalent to those achieved by an Underlying Manager in whose investment vehicles the Fund could not invest directly, perhaps because of its investment minimum or its unavailability for direct investment, the Fund may enter into swap agreements under which the Fund may agree, on a net basis, to pay a return based on a floating interest rate, such as LIBOR, and to receive the total return of the reference investment vehicle over a stated time period. The Fund may seek to achieve the same investment result through the use of other derivatives in similar circumstances. The U.S. federal income tax treatment of swap agreements and other derivatives used in the above manner is unclear. The Fund does not currently intend to use swaps or other derivatives in this manner.

Lending Portfolio Securities

An Investment Fund may lend securities from its portfolio to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. The Investment Fund continues to be entitled to payments in amounts equal to the interest, dividends or other distributions payable on the loaned securities which affords the Investment Fund an opportunity to earn interest on the amount of the loan and on the loaned securities' collateral. An Investment Fund generally will receive collateral consisting of cash, U.S. government securities or irrevocable letters of credit which will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. The Investment Fund might experience risk of loss if the institution with which it has engaged in a portfolio loan transaction breaches its agreement with the Investment Fund.

When-Issued, Delayed Delivery and Forward Commitment Securities

To reduce the risk of changes in securities prices and interest rates, an Investment Fund may purchase securities on a forward commitment, when-issued or delayed delivery basis, which means delivery and payment take place a number of days after the date of the commitment to purchase. The payment obligation and the interest rate receivable with respect to such purchases are fixed when the Investment Fund enters into the commitment, but the Investment Fund does not make payment until it receives delivery from the counterparty. After an Investment Fund commits to purchase such securities, but before delivery and settlement, it may sell the securities if it is deemed advisable.

Securities purchased on a forward commitment or when-issued or delayed delivery basis are subject to changes in value, generally changing in the same way, i.e., appreciating when interest rates decline and depreciating when interest rates rise, based upon the public's perception of the creditworthiness of the issuer and changes, real or anticipated, in the level of interest rates. Securities so purchased may expose an Investment Fund to risks because they may experience such fluctuations prior to their actual delivery. Purchasing securities on a when-issued or delayed delivery basis can involve the additional risk that the yield available in the market when the delivery takes place actually may be higher than that obtained in the transaction itself. Purchasing securities on a forward commitment, when-issued or delayed delivery basis when an Investment Fund is fully or almost fully invested results in a form of leverage and may result in greater potential fluctuation in the value of the net assets of an Investment Fund. In addition, there is a risk that securities purchased on a when-issued or delayed delivery basis may not be delivered and that the purchaser of securities sold by an Investment Fund on a forward basis will not honor its purchase obligation. In such cases, the Investment Fund may incur a loss.

THE FUND MAY CHANGE ITS INVESTMENT OBJECTIVE, POLICIES, RESTRICTIONS, STRATEGIES, AND TECHNIQUES.

Except as otherwise indicated, the Fund may change its investment objectives and any of its policies, restrictions, strategies, and techniques without Shareholder approval. The Fund's investment objective is not a fundamental policy and it may be changed by the Board without Shareholder approval.

SPECIAL INVESTMENT INSTRUMENTS AND TECHNIQUES

The Underlying Managers may utilize a variety of special investment instruments and techniques to hedge against various risks (such as changes in interest rates or other factors that affect security values) or for non-hedging purposes to pursue an Investment Fund's investment objective. These strategies may often be executed through derivative transactions. Certain of the special investment instruments and techniques that the Underlying Managers may use are speculative and involve a high degree of risk, particularly in the context of non-hedging transactions.

Derivatives

Derivatives are securities and other instruments the value or return of which is based on the performance of an underlying asset, index, interest rate or other investment. Derivatives may be volatile and involve various risks, depending upon the derivative and its function in a portfolio. Special risks may apply to instruments that are invested in by Investment Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by Investment Funds. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

Call and Put Options

There are risks associated with the sale and purchase of call and put options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing securities to satisfy the exercise of the call option can itself cause the price of the securities to rise further, sometimes by a significant amount, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium invested in the call option. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above its short sales price plus the premium received for writing the put option, and gives up the opportunity for gain on the short position if the underlying security's price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing his entire premium invested in the put option.

Hedging Transactions

Underlying Managers may utilize a variety of financial instruments, such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts to seek to hedge against declines in the values of their portfolio positions as a result of changes in currency exchange rates, certain changes in the equity markets and market interest rates and other events. Hedging transactions may also limit the opportunity for gain if the value of the hedged portfolio positions should increase. It may not be possible for the Underlying Managers to hedge against a change or event at a price sufficient to protect an Investment Fund's assets from the decline in value of the portfolio positions anticipated as a result of such change. In addition, it may not be possible to hedge against certain changes or events at all. While an Underlying Manager may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, or the risks of a decline in the equity markets generally or one or more sectors of the equity markets in particular, or the risks posed by the occurrence of certain other events, unanticipated changes in currency or interest rates or increases or smaller than expected decreases in the equity markets or sectors being hedged or the nonoccurrence of other events being hedged against may result in a poorer overall performance for the Fund than if the Underlying Manager had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the Underlying Managers may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Underlying Managers from achieving the intended hedge or expose the Fund to additional risk of loss.

Leverage

In addition to the use of leverage by the Underlying Managers in their respective trading strategies, the Advisers may leverage the Fund's allocations to the Underlying Managers through (i) borrowings, (ii) swap agreements, options or other derivative instruments, (iii) employing certain Underlying Managers (many of which trade on margin and do not generally need additional capital from the Fund in order to increase the level of the positions they acquire for it) to trade notional equity in excess of the equity actually available in their accounts or (iv) a combination of these methods. The financing entity or counterparty on any swap, option or other derivative instrument may be any entity or institution which the Advisers determine to be creditworthy.

Thus the Fund, through its leveraged investments in the Investment Funds and through each Underlying Manager's use of leverage in its trading strategies, uses leverage with respect to the Shares. As a result of that leverage, a relatively small movement in the spread relationship between the securities and commodities interests the Fund indirectly owns and those which it has indirectly sold short may result in substantial losses.

Investors also should note that the leverage the Underlying Managers employ in their Investment Fund trading can result in an investment portfolio significantly greater than the assets allocated to their trading, which can greatly increase the Fund's profits or losses as compared to its net assets. The Underlying Managers' anticipated use of short-term margin borrowings results in certain additional risks to the Fund. For example, should the securities that are pledged to brokers to secure the Underlying Managers' margin Investment Funds decline in value, or should brokers from which the Underlying Managers have borrowed increase their maintenance margin requirements (*i.e.*, reduce the percentage of a position that can be financed), then the Underlying Managers could be subject to a "margin call," pursuant to which the Underlying Managers must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a precipitous drop in the value of the assets of an Underlying Manager, the Underlying Manager might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, thereby incurring substantial losses.

Short Selling

The Underlying Managers may engage in short selling. Short selling involves selling securities that are not owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows an investor to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, as the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. For these reasons, short selling is considered a speculative investment practice.

Investment Funds may also effect short sales "against the box." These transactions involve selling short securities that are owned (or that an Investment Fund has the right to obtain). When an Investment Fund enters into a short sale against the box, it will set aside securities equivalent in kind and amount to the securities sold short (or securities convertible or exchangeable into such securities) and will hold such securities while the short sale is outstanding. Investment Funds will incur transaction costs, including interest expenses, in connection with opening, maintaining and closing short sales against the box.

OTHER POTENTIAL RISKS AND ADDITIONAL INVESTMENT INFORMATION

Dependence on the Advisers and Underlying Managers

The Fund invests its assets primarily in a number of funds managed by Underlying Managers, selected by the Advisers. The success of the Fund depends upon the ability of the Advisers to develop and implement investment strategies that achieve the investment objective of the Fund, and upon the ability of the Underlying Managers to develop and implement strategies that achieve their investment objectives. Shareholders will have no right or power to participate in the management or control of the Fund or the Investment Funds, and will not have an opportunity to evaluate the specific investments made by the Investment Funds or the Underlying Managers, or the terms of any such investments.

Compensation Arrangements with the Underlying Managers

Underlying Managers may receive compensation based on the performance of their investments. Such compensation arrangements may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because performance-based compensation is calculated on a basis that includes unrealized appreciation of an Investment Fund's assets, such performance-based compensation may be greater than if such compensation were based solely on realized gains.

Business and Regulatory Risks

Legal, tax and regulatory developments that may adversely affect the Fund, the Underlying Managers or the Investment Funds could occur during the term of the Fund. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The regulatory environment for private funds is evolving, and changes in the regulation of private funds and their trading activities may adversely affect the ability of the Fund to pursue its investment strategy and the value of investments held by the Fund. There has been an increase in governmental, as well as self regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict what, if any, changes in regulations may occur, but any regulations which restrict the ability of the Fund to trade in securities or the ability of the Fund to employ, or brokers and other counterparties to extend, credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on the Fund's portfolio.

Control Positions

Investment Funds may take control positions in companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise and other types of liability related to business operations. In addition, the act of taking a control position, or seeking to take such a position, may itself subject an Investment Fund to litigation by parties interested in blocking it from taking that position. If those liabilities were to arise, or such litigation were to be resolved in a manner adverse to the Investment Funds, the Investment Funds likely would suffer losses on their investments. Additionally, should an Investment Fund obtain such a position, such entity may be required to make filings concerning its holdings with the SEC and it may become subject to other regulatory restrictions that could limit the ability of such Investment Fund to dispose of its holdings at a preferable time and in a preferable manner. Violations of these regulatory requirements could subject the Investment Fund to significant liabilities.

Effect of Investor Withdrawals on an Underlying Manager's Ability to Influence Corporate Change

From time to time an Investment Fund may acquire enough of a company's shares or other equity to enable its Underlying Manager, either alone or together with the members of any group with which the Underlying Manager is acting, to influence the company to take certain actions, with the intent that such actions will maximize shareholder value. If the investors of such an Investment Fund request withdrawals representing a substantial portion of the Investment Fund's assets during any period when its Underlying Manager (or members of any such group) are seeking to influence any such corporate changes, the Underlying Manager may be compelled to sell some or all of the Investment Fund's holdings of the shares or other equity issued by such company in order to fund such investor withdrawal requests. This may adversely impact, or even eliminate, the Underlying Manager's (or the group's) ability to influence such changes and, thus, to influence shareholder value, possibly resulting in losses to the Investment Fund and subsequently, the Fund.

Reliance on Key Personnel of the Advisers

The Fund's ability to identify and invest in attractive opportunities is dependent upon the Advisers. If one or more of the key individuals leaves either of the Advisers, that Adviser may not be able to hire qualified replacements, or may require an extended time to do so. This could prevent the Fund from achieving its investment objective.

Dilution

If an Underlying Manager limits the amount of capital that may be contributed to an Investment Fund by the Fund, additional sales of Shares of the Fund will dilute the participation of existing Shareholders in the indirect returns to the Fund from such Investment Fund.

Indirect Investment in Investment Funds

Any transaction by which the Fund indirectly gains exposure to an Investment Fund by the purchase of a swap or other contract is subject to special risks. The Fund's use of such instruments can result in volatility, and each type of instrument is subject to special risks. Indirect investments generally will be subject to transaction and other fees that will reduce the value of the Fund's investment in an Investment Fund. There can be no assurance that the Fund's indirect investment in an Investment Fund will have the same or similar results as a direct investment in the Investment Fund, and the Fund's value may decrease as a result of such indirect investment.

Counterparty Insolvency

The Fund's and the Investment Funds' assets may be held in one or more funds maintained for the Fund or the Investment Funds by counterparties, including their prime brokers. There is a risk that any of such counterparties could become insolvent. The insolvency of such counterparties is likely to impair the operational capabilities or the assets of the Investment Funds and the Fund. If one or more of the Investment Funds' counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of the Investment Funds' securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, the Investment Funds may use counterparties located in various jurisdictions outside the United States. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Investment Funds' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Investment Funds and their assets and the Fund. The insolvency of any counterparty would result in a loss to the Fund, which could be material.

Financial Failure of Intermediaries

There is always the possibility that the institutions, including brokerage firms and banks, with which the Fund does business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair their operational capabilities or result in losses to the Fund.

Suspensions of Trading

Each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for an Investment Fund to liquidate its positions and thereby expose it to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for an Investment Fund to close out positions.

Enforceability of Claims Against Investment Funds

The Fund has no assurances that it will be able to: (1) effect service of process within the U.S. on foreign Investment Funds; (2) enforce judgments obtained in U.S. courts against foreign Investment Funds based upon the civil liability provisions of the U.S. federal securities laws; (3) enforce, in an appropriate foreign court, judgments of U.S. courts based upon the civil liability provisions of the U.S. federal securities laws; and (4) bring an original action in an appropriate foreign court to enforce liabilities against an Investment Fund or other person based upon the U.S. federal securities laws. It is unclear whether Shareholders would ever be able to bring claims directly against the Investment Funds, domestic or foreign, or whether all such claims must be brought by the Board on behalf of Shareholders.

Cyber Security Risk

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. Breaches in cyber security include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cyber-attacks. Cyber security breaches affecting the Fund, the Advisers, financial intermediaries and other third-party service providers may adversely impact the Fund. For instance, cyber security breaches may interfere with the processing of Shareholder transactions, impact the Fund's ability to calculate its net asset value, cause the release of private Shareholder information or confidential business information, impede investment activities, subject the Fund to regulatory fines or financial losses and/or cause reputational damage. The Fund may also incur additional costs for cyber security risk management purposes. Similar types of cyber security risks are also present for Investment Funds and for the issuers of securities in which the Fund or an Investment Fund may invest, which could result in material adverse consequences for the Investment Funds or such issuers and may cause the Fund to lose value.

BOARD OF TRUSTEES AND OFFICERS

The business operations of the Fund are managed and supervised under the direction of the Board, subject to the laws of the State of Maryland and the Fund's Agreement and Declaration of Trust. The Board has overall responsibility for the management and supervision of the business affairs of the Fund on behalf of its Shareholders, including the authority to establish policies regarding the management, conduct and operation of its business. The Board exercises the same powers, authority and responsibilities on behalf of the Fund as are customarily exercised by the board of directors of a registered investment company organized as a corporation. The officers of the Fund conduct and supervise the daily business operations of the Fund.

The members of the Board (each, a "Trustee") are not required to contribute to the capital of the Fund or to hold Shares. A majority of Trustees of the Board are not "interested persons" (as defined in the Investment Company Act) of the Fund (collectively, the "Independent Trustees"). Any Trustee who is not an Independent Trustee is an interested trustee ("Interested Trustee"). In December 2018, the Board voted to appoint Gary E. Shugrue as an advisory board member. As an advisory board member, Mr. Shugrue attends meetings of the board and acts as a non-voting participant.

The identity of Trustees of the Board, the advisory board member and officers of the Fund, and their brief biographical information, including their addresses, their year of birth and descriptions of their principal occupations during the past five years is set forth below.

The Trustees serve on the Board for terms of indefinite duration. A Trustee's position in that capacity will terminate if the Trustee is removed or resigns or, among other events, upon the Trustee's death, incapacity, retirement or bankruptcy. A Trustee may resign upon written notice to the other Trustees of the Fund, and may be removed either by (i) the vote of at least two-thirds of the Trustees of the Fund not subject to the removal vote or (ii) the vote of Shareholders of the Fund holding not less than two-thirds of the total number of votes eligible to be cast by all Shareholders of the Fund. In the event of any vacancy in the position of a Trustee, the remaining Trustees of the Fund may appoint an individual to serve as a Trustee so long as immediately after the appointment at least two-thirds of the Trustees of the Fund then serving have been elected by the Shareholders of the Fund. The Board may call a meeting of the Fund's Shareholders to fill any vacancy in the position of a Trustee of the Fund, and must do so if the Trustees who were elected by the Shareholders of the Fund cease to constitute a majority of the Trustees then serving on 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 | Chairman since May 2019; Trustee since Inception | President and Director, Client Opinions, Inc. (2003 – 2012); Chief Operating Officer, Brandywine Global Investment Management (1998 – 2002). | 8 | None |
| Robert Seyferth Year of Birth: 1952 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | Trustee | Since Inception | Chief Procurement Officer/Senior Managing Director, Bear Stearns/JP Morgan Chase (1993 – 2009). | 8 | None |
| Gary E. Shugrue Year of Birth: 1954 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | Advisory Board Member | Since December 2018 | Managing Director, Veritable LP (2016- Present); Founder/ President, Ascendant Capital Partners, LP (2001 – 2015). | 4 | Trustee, Quaker Investment Trust (5 portfolios) (registered investment company); Scotia Institutional Funds (2006 – 2014) (3 portfolios) (registered investment company). |

* The fund complex consists of the Fund, Infinity Long/Short Equity Fund, LLC, The Relative Value Fund, Variant Alternative Income Fund, Cliffwater Corporate Lending Fund, Corbin Multi-Strategy Fund, LLC, Agility Multi-Asset Income Fund and Keystone Private Income Fund.

INTERESTED TRUSTEE AND OFFICERS

| NAME, ADDRESS AND YEAR OF BIRTH | POSITION(S) HELD WITH THE FUND | LENGTH OF TIME SERVED | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS | NUMBER OF PORTFOLIOS IN FUND COMPLEX* OVERSEEN BY TRUSTEE | OTHER DIRECTORSHIPS HELD BY TRUSTEES |
|---|--------------------------------|-------------------------|---|---|---|
| Terrance P. Gallagher** Year of Birth: 1958 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | Trustee | Since June 2020 | Executive Vice President and Director of Fund Accounting, Administration and Tax; UMB Fund Services, Inc. (2007 – present); President, Investment Managers Series Trust II (2013- Present); Treasurer, American Independence Funds Trust (2016-2018); Treasurer, Commonwealth International Series Trust (2010-2015). | 8 | Trustee, Investment Managers Series Trust II (13 portfolios) (registered investment company). |
| Michael Peck Year of Birth: 1980 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | President | Since Inception | President and Co-CIO, Vivaldi Capital Management, LLC (2012 – Present); Portfolio Manager, Coe Capital Management (2010 – 2012); Senior Financial Analyst and Risk Manager, the Bond Companies (2006 – 2008). | N/A | N/A |
| Randal Golden Year of Birth: 1967 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | Treasurer | Since Inception | Co-Founder and CFO, Vivaldi Capital Management, LLC (2012 – Present); Managing Director, FGМК/Preservation Capital Partners (2005 – 2011). | N/A | N/A |
| Perpetua Seidenberg Year of Birth: 1990 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | Chief Compliance Officer | Since June 5, 2018 | Compliance Director, Vigilant Compliance, LLC (an investment management services company) (2014 – Present); Auditor, PricewaterhouseCoopers (2012 – 2014). | N/A | N/A |
| Ann Maurer Year of Birth: 1972 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | Secretary | Since September 5, 2018 | Senior Vice President, Client Services (2017 –Present); Vice President, Senior Client Service Manager (2013 – 2017), Assistant Vice President, Client Relations Manager (2002 – 2013); UMB Fund Services, Inc. | N/A | N/A |

* The fund complex consists of the Fund, Infinity Long/Short Equity Fund, LLC, The Relative Value Fund, Variant Alternative Income Fund, Cliffwater Corporate Lending Fund, Corbin Multi-Strategy Fund, LLC, Agility Multi-Asset Income Fund and Keystone Private Income Fund.

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

The Board believes that each of the Trustees' experience, qualifications, attributes and skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that each Trustee should serve in such capacity. Among the attributes common to all Trustees is the ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with the other Trustees, the Advisers, the Fund's other service providers, counsel and the independent registered public accounting firm, and to exercise effective business judgment in the performance of their duties as Trustees. A Trustee's ability to perform his or her duties effectively may have been attained through the Trustee's business, consulting, and public service; experience as a board member of non-profit entities or other organizations; education or professional training; and/or other life experiences. In addition to these shared characteristics, set forth below is a brief discussion of the specific experience, qualifications, attributes or skills of each Trustee.

Terrance P. Gallagher. Mr. Gallagher has been a Trustee since 2020. Mr. Gallagher has more than 40 years of experience in the financial services industry.

David G. Lee. Mr. Lee has been a Trustee since the Fund's inception. He has more than 26 years of experience in the financial services industry.

Robert Seyferth. Mr. Seyferth has been a Trustee since the Fund's inception. Mr. Seyferth has more than 31 years of business and accounting experience.

Specific details regarding each Trustee's principal occupations during the past five years are included in the table above.

The Board determined that Mr. Shugrue should serve as an advisory board member because he has more than 31 years of experience in the financial services industry.

Leadership Structure and Oversight Responsibilities

Overall responsibility for oversight of the Fund rests with the Board. The Fund has engaged the Advisers to manage the Fund on a day-to-day basis. The Board is responsible for overseeing the Advisers and other service providers in the operations of the Fund in accordance with the provisions of the Investment Company Act, applicable provisions of state and other laws and the Fund's Agreement and Declaration of Trust. The Board is currently composed of three members, two of whom are Independent Trustees. The Board meets in-person at regularly scheduled meetings four times each year. In addition, the Board may hold special in-person or telephonic meetings or informal conference calls to discuss specific matters that may arise or require action between regular meetings. The Independent Trustees have also engaged independent legal counsel to assist them in performing their oversight responsibility. The Independent Trustees meet with their independent legal counsel in person prior to and during each quarterly in-person board meeting. As described below, the Board has established a Valuation Committee, an Audit Committee and a Nominating Committee, and may establish ad hoc committees or working groups from time to time to assist the Board in fulfilling its oversight responsibilities.

The Board has appointed David Lee, an Independent Trustee, to serve in the role of Chairman. The Chairman's role is to preside at all meetings of the Board and to act as liaison with the Advisers, other service providers, counsel and other Trustees generally between meetings. The Chairman serves as a key point person for dealings between management and the Trustees. The Chairman may also perform such other functions as may be delegated by the Board from time to time. The Board has determined that the Board's leadership structure is appropriate because it allows the Board to exercise informed and independent judgment over matters under its purview and it allocates areas of responsibility among committees of Trustees and the full Board in a manner that enhances effective oversight.

The Fund is subject to a number of risks, including investment, compliance, operational and valuation risks, among others. Risk oversight forms part of the Board's general oversight of the Fund and is addressed as part of various Board and committee activities. Day-to-day risk management functions are subsumed within the responsibilities of the Advisers and other service providers (depending on the nature of the risk), which carry out the Fund's investment management and business affairs. The Advisers and other service providers employ a variety of processes, procedures and controls to identify various events or circumstances that give rise to risks, to lessen the probability of their occurrence and/or to mitigate the effects of such events or circumstances if they do occur. Each of the Advisers and other service providers has its own independent interests in risk management, and their policies and methods of risk management will depend on their functions and business models. The Board recognizes that it is not possible to identify all of the risks that may affect the Fund or to develop processes and controls to eliminate or mitigate their occurrence or effects. The Board requires senior officers of the Fund, including the President, Treasurer and Chief Compliance Officer ("CCO") and the Advisers, to report to the full Board on a variety of matters at regular and special meetings of the Board, including matters relating to risk management. The Board and the Audit Committee also receive regular reports from the Fund's independent registered public accounting firm on internal control and financial reporting matters. The Board also receives reports from certain of the Fund's other primary service providers on a periodic or regular basis, including the Fund's custodian, distributor and administrator. The Board may, at any time and in its discretion, change the manner in which it conducts risk oversight.

Committees of the Board of Trustees

Audit Committee

The Board has formed an Audit Committee that is responsible for overseeing the Fund's accounting and financial reporting policies and practices, its internal controls, and, as appropriate, the internal controls of certain service providers; overseeing the quality and objectivity of the Fund's financial statements and the independent audit of those financial statements; and acting as a liaison between the Fund's independent auditors and the full Board. In performing its responsibilities, the Audit Committee will select and recommend annually to the entire Board a firm of independent certified public accountants to audit the books and records of the Fund for the ensuing year, and will review with the firm the scope and results of each audit. The Audit Committee currently consists of each of the Fund's Independent Trustees. During the fiscal year ended March 31, 2020, the Audit Committee held two meetings.

Nominating Committee

The Board has formed a Nominating Committee that is responsible for selecting and nominating persons to serve as Trustees of the Fund. The Nominating Committee is responsible for both nominating candidates to be appointed by the Board to fill vacancies and for nominating candidates to be presented to Shareholders for election. In performing its responsibilities, the Nominating Committee will consider candidates recommended by management of the Fund and by Shareholders and evaluate them both in a similar manner, as long as the recommendation submitted by a Shareholder includes at a minimum: the name, address and telephone number of the recommending Shareholder and information concerning the Shareholder's interests in the Fund in sufficient detail to establish that the Shareholder held Shares on the relevant record date; and the name, address and telephone number of the recommended nominee and information concerning the recommended nominee's education, professional experience, and other information that might assist the Nominating Committee in evaluating the recommended nominee's qualifications to serve as a trustee. The Nominating Committee may solicit candidates to serve as trustees from any source it deems appropriate. With the Board's prior approval, the Nominating Committee may employ and compensate counsel, consultants or advisers to assist it in discharging its responsibilities. The Nominating Committee currently consists of each of the Fund's Independent Trustees. During the fiscal year ended March 31, 2020, the Nominating Committee did not hold any meetings.

Valuation Committee

The Board has formed a Valuation Committee that is responsible for reviewing fair valuations of securities held by the Fund in instances as required by the valuation procedures adopted by the Board and is responsible for carrying out the provisions of its charter. The Valuation Committee currently consists of each of the Fund's Trustees. During the fiscal year ended March 31, 2020, the Valuation Committee did not hold any meetings.

Trustee Ownership of Securities

As of March 31, 2020, none of the Trustees owned Shares of the Fund.

Independent Trustee Ownership of Securities

As of March 31, 2020, none of the Independent Trustees (or their immediate family members) owned beneficially or of record securities of the Advisers or a principal underwriter, or of an entity (other than a registered investment company) controlling, controlled by or under common control with the Adviser or a principal underwriter.

Trustee Compensation

In consideration of the services rendered by the Independent Trustees, the Fund will pay each Independent Trustee a retainer of \$10,000 per fiscal year. Trustees that are interested persons will be compensated by the Fund's administrator and/or its affiliates and will not be separately compensated by the Fund. Mr. Shugrue does not receive any compensation from the Fund for his services as an advisory board member.

CODES OF ETHICS

The Fund and the Advisers have each adopted a code of ethics pursuant to Rule 17j-1 of the Investment Company Act, which is designed to prevent affiliated persons of the Fund and the Advisers from engaging in deceptive, manipulative, or fraudulent activities in connection with securities held or to be acquired by the Fund. The codes of ethics permit persons subject to them to invest in securities, including securities that may be held or purchased by the Fund, subject to a number of restrictions and controls. Compliance with the codes of ethics is carefully monitored and enforced.

The codes of ethics are included as exhibits to the Fund's registration statement filed with the SEC and are available on the EDGAR database on the SEC's website at <https://www.sec.gov>, and may also be obtained after paying a duplicating fee, by electronic request at the following E-mail address: publicinfo@sec.gov.

INVESTMENT MANAGEMENT AND OTHER SERVICES

The Advisers

Vivaldi Asset Management, LLC (the "Investment Manager"), serves as the investment advisor to the Fund. Infinity Capital Advisors, LLC serves as sub-adviser to the Fund (the "Sub-Adviser" and, together with the Investment Manager, the "Advisers"). Each of the Advisers is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. Subject to the general supervision of the Board, and in accordance with the investment objective, policies, and restrictions of the Fund, the Advisers are responsible for the management and operation of the Fund and the investment of the Fund's assets. The Investment Manager and Sub-Adviser provide such services to the Fund pursuant to the Investment Management Agreement and the Sub-Advisory Agreement (collectively, the "Agreements"), respectively.

The Agreements became effective as of August 16, 2013, and continued in effect for an initial two-year term. Thereafter, the Agreements will continue in effect from year to year provided such continuance is specifically approved at least annually by (i) the vote of a majority of the outstanding voting securities of the Fund or a majority of the Board, and (ii) the vote of a majority of the Independent Trustees of the Fund, cast in person at a meeting called for the purpose of voting on such approval. A discussion regarding the basis for the Board's approval of the Agreements, or any other investment advisory contracts, will be available in the Fund's semi-annual report to Shareholders dated September 30, 2020.

Pursuant to the Investment Management Agreement, the Fund pays the Investment Manager a monthly Investment Management Fee equal to 1.25% on an annualized basis of the Fund's NAV as of each month-end, subject to certain adjustments. The Investment Management Fee will be paid to the Investment Manager before giving effect to any repurchase of Shares in the Fund effective as of that date, and will decrease the net profits or increase the net losses of the Fund that are credited to its Shareholders. NAV means the total value of all assets of the Fund, less an amount equal to all accrued debts, liabilities and obligations of the Fund; provided that for purposes of determining the Investment Management Fee payable to the Investment Manager for any month, NAV will be calculated prior to any reduction for any fees and expenses of the Fund for that month, including, without limitation, the Investment Management Fee payable to the Investment Manager for that month. The Investment Manager pays the Sub-Adviser 50% of the Investment Management Fee it receives from the Fund.

The Advisers have entered into an expense limitation agreement (the “Expense Limitation Agreement”) with the Fund, whereby the Advisers have jointly agreed to waive fees that they would otherwise have been paid, and/or to assume expenses of the Fund (a “Waiver”), if required to ensure the Total Annual Expenses (excluding taxes, interest, brokerage commissions, other transaction-related expenses, extraordinary expenses, commitment or non-use fees related to the Fund’s line of credit, and any acquired fund fees and expenses) do not exceed 1.50% of the net assets of the Fund on an annualized basis (the “Expense Limit”).

For a period not to exceed three years from the date on which a Waiver is made, the Investment Manager and/or Sub-Adviser may recoup amounts waived or assumed, provided they are 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 July 31, 2021 and will automatically renew for consecutive one-year terms thereafter. Each of the Fund, the Investment Manager or the Sub-Adviser may terminate the Expense Limitation and Reimbursement Agreement upon 30 days’ written notice to the other parties.

For the fiscal year ended March 31, 2018, the Fund paid the Advisers management fees (after waivers and reimbursements) and the Advisers waived management fees and reimbursed expenses, as follows:

| | <u>Management Fees</u> | <u>Waivers</u> | <u>Reimbursements</u> | <u>Management Fees Paid (After Waivers and Reimbursements)</u> |
|---------------------------|------------------------|----------------|-----------------------|--|
| Investment Manager | \$ 697,050 | \$ (78,380) | \$ 0 | \$ 618,670 |
| Sub-Adviser | \$ 697,050 | \$ (78,380) | \$ 0 | \$ 618,670 |

For the fiscal year ended March 31, 2019, the Fund paid the Advisers management fees (after waivers and reimbursements) and the Advisers waived management fees and reimbursed expenses, as follows:

| | <u>Management Fees</u> | <u>Waivers</u> | <u>Reimbursements</u> | <u>Management Fees Paid (After Waivers and Reimbursements)</u> |
|---------------------------|------------------------|----------------|-----------------------|--|
| Investment Manager | \$ 529,436 | \$ (93,118) | \$ 0 | \$ 436,318 |
| Sub-Adviser | \$ 529,436 | \$ (93,118) | \$ 0 | \$ 436,318 |

For the fiscal year ended March 31, 2020, the Fund paid the Advisers management fees (after waivers and reimbursements) and the Advisers waived management fees and reimbursed expenses, as follows:

| | <u>Management Fees</u> | <u>Waivers</u> | <u>Reimbursements</u> | <u>Management Fees Paid (After Waivers and Reimbursements)</u> |
|---------------------------|------------------------|----------------|-----------------------|--|
| Investment Manager | \$ 493,717 | \$ (104,243) | \$ 0 | \$ 389,474 |
| Sub-Adviser | \$ 493,717 | \$ (104,243) | \$ 0 | \$ 389,474 |

The Investment Committee

Infinity Capital Advisors, LLC

The personnel of the Sub-Adviser who will initially have primary responsibility for the day-to-day management of the Fund's portfolio (the "Investment Committee") are Jeffrey J. Vale, Milton L. Williams, III, R. Phillip Jarrell, Jr. and Steven P. Barth.

Other Accounts Managed by the Investment Committee ⁽¹⁾

| | Type of Accounts | Total # of Accounts Managed | Total Assets (\$mm) | # of Accounts Manages that Advisory Fee Based on Performance | Total Assets that Advisory Fee Based on Performance (\$mm) |
|-------------------------|-----------------------------------|--------------------------------|---------------------------|--|---|
| Jeffrey J. Vale | Registered Investment Companies: | 1 | \$ 17.3 | 0 | \$ 0 |
| | Other Pooled Investment Vehicles: | 12 | \$ 205 | 7 | \$ 316 |
| | Other Accounts: | 0 | \$ 0 | 0 | \$ 0 |
| Milton L. Williams, III | Registered Investment Companies: | 0 | \$ 0 | 0 | \$ 0 |
| | Other Pooled Investment Vehicles: | 0 | \$ 0 | 0 | \$ 0 |
| | Other Accounts: | 0 | \$ 0 | 0 | \$ 0 |
| R. Phillip Jarrell, Jr. | Registered Investment Companies: | 0 | \$ 0 | 0 | \$ 0 |
| | Other Pooled Investment Vehicles: | 0 | \$ 0 | 0 | \$ 0 |
| | Other Accounts: | 0 | \$ 0 | 0 | \$ 0 |
| Steven P. Barth | Registered Investment Companies: | 1 | \$ 17.3 | 0 | \$ 0 |
| | Other Pooled Investment Vehicles: | 12 | \$ 205 | 7 | \$ 316 |
| | Other Accounts: | 0 | \$ 0 | 0 | \$ 0 |

(1) As of March 31, 2020.

Conflicts of Interest

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one fund or other account. More specifically, portfolio managers who manage multiple funds and/or other accounts may be presented with one or more of the following potential conflicts:

The management of multiple funds and/or other accounts may result in a portfolio manager devoting unequal time and attention to the management of each fund and/or other account. The Sub-Adviser seeks to manage such competing interests for the time and attention of a portfolio manager by having the portfolio manager focus on a particular investment discipline. Most other accounts managed by a portfolio manager are managed using the same investment models that are used in connection with the management of the Fund.

If a portfolio manager identifies a limited investment opportunity which may be suitable for more than one fund or other account, a fund may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible funds and other accounts. To deal with these situations, the Sub-Adviser has adopted procedures for allocating portfolio transactions across multiple accounts.

The Sub-Adviser has adopted certain compliance procedures which are designed to address these types of conflicts. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

Compensation of the Investment Committee

The members of the Investment Committee are not directly compensated for their work with respect to the Fund; however, each member of the Investment Committee is an equity owner of the parent company of the Sub-Adviser and therefore benefits indirectly from the revenue generated from the Sub-Advisory Agreement.

Investment Committee's Ownership of Shares

| Name of Investment Committee Team Member: | Dollar Range of Shares Beneficially Owned by Investment Committee Team Member (1): |
|--|---|
| Jeffrey J. Vale | \$100,001-\$500,000 |
| Milton L. Williams, III | None |
| R. Phillip Jarrell, Jr. | \$100,001-\$500,000 |
| Steven P. Barth | \$100,001-\$500,000 |

(1) As of March 31, 2020.

BROKERAGE

It is the policy of the Fund to obtain the best results in connection with effecting its portfolio transactions taking into account factors such as price, size of order, difficulty of execution and operational facilities of a brokerage firm and the firm's risk in positioning a block of securities. In most instances, the Fund will purchase interests in an Investment Fund directly from the Investment Fund, and such purchases by the Fund may be, but are generally not, subject to transaction expenses. Nevertheless, the Fund anticipates that some of its portfolio transactions (including investments in Investment Funds) may be subject to expenses. The Investment Funds incur transaction expenses in the management of their portfolios, which will decrease the value of the Fund's investment in the Investment Funds. Each Investment Fund is responsible for placing orders for the execution of its portfolio transactions and for the allocation of its brokerage. The Advisers will have no direct or indirect control over the brokerage or portfolio trading policies employed by the Underlying Managers.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM; LEGAL COUNSEL

Grant Thornton LLP, located at principal business address 171 N. Clark Street, Suite 200, Chicago, Illinois 60601-3370, serves as the Fund's independent registered public accounting firm providing audit and other related services. Information for periods prior to March 31, 2016 has been audited by the Fund's prior independent registered public accounting firms.

Faegre Drinker Biddle & Reath LLP, One Logan Square, Suite 2000, Philadelphia, PA 19103-6996, serves as counsel to the Fund and the Independent Trustees.

CUSTODIAN

UMB Bank, n.a. (the "Custodian"), 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. subcustodians (which may be banks, trust companies, securities depositories and clearing agencies) in accordance with the requirements of Section 17(f) of the Investment Company Act. Assets of the Fund are not held by the Advisers, 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. subcustodians in a securities depository, clearing agency or omnibus customer account of such custodian. The Custodian's principal business address is 1010 Grand Blvd., Kansas City, MO 64106. The Custodian is an affiliate of UMB Fund Services, Inc., which serves as the Fund's administrator.

DISTRIBUTOR

Foreside Fund Services, LLC, (the “Distributor”) is the distributor (also known as principal underwriter) of the shares of the Fund and is located at Three Canal Plaza, Suite 100, Portland, Maine 04101. The Distributor is a registered broker-dealer and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). Pursuant to the Distribution Agreement, the Distributor acts as the agent of the Fund in connection with the continuous offering of Shares of the Fund. The Distributor continually distributes Shares of the Fund on a best efforts basis. The Distributor has no obligation to sell any specific quantity of Shares. The Distributor and its officers have no role in determining the investment policies of the Fund.

PROXY VOTING POLICIES AND PROCEDURES

The Fund invests substantially all of its investable assets in Investment Funds. While it is unlikely that the Fund will receive notices or proxies from Investment Funds (or receives proxy statements or similar notices in connection with any other portfolio securities), to the extent that the Fund does receive such notices or proxies and the Fund has voting interests in such Investment Funds, the Board has delegated responsibility for decisions regarding proxy voting for securities held by the Fund to the Investment Manager. The Investment Manager will vote such proxies in accordance with its proxy policies and procedures.

The Investment Manager’s proxy policies and procedures require that the Investment Manager vote proxies received in a manner reasonably believed to be in the best interests of the Fund and its shareholders and not affected by any material conflict of interest. The Investment Manager considers shareholders’ best economic interests over the long term (i.e. addresses the common interest of all shareholders over time). Although shareholders may have differing political or social interests or values, their economic interest is generally uniform.

The Investment Manager has adopted proxy voting guidelines to assist in making voting decisions on common issues. The guidelines are designed to address those securities in which the Fund generally invests and may be revised in the Investment Manager’s discretion. Any non-routine matters not addressed by the proxy voting guidelines are addressed on a case-by-case basis, taking into account all relevant facts and circumstances at the time of the vote, particularly where such matters have a potential for major economic impact on the issuer’s structure or operations. In making voting determinations, the Investment Manager may conduct research internally and/or use the resources of an independent research consultant. The Investment Manager may also consider other materials such as studies of corporate governance and/or analyses of shareholder and management proposals by a certain sector of companies and may engage in dialogue with an issuer’s management.

The Investment Manager acknowledges its responsibility to identify material conflicts of interest related to voting proxies. The Investment Manager’s employees are required to disclose to the chief compliance officer any personal conflicts, such as officer or director positions held by them, their spouses or close relatives, in any publicly traded company. Conflicts based on business relationships with the Investment Manager or any affiliate will be considered only to the extent that the Investment Manager has actual knowledge of such relationships. The Investment Manager then takes appropriate steps to address identified conflicts.

In some cases, the cost of voting a proxy may outweigh the expected benefits. For example, casting a vote on a foreign security may involve additional costs such as hiring a translator or traveling to the foreign country to vote the security in person. The Investment Manager may abstain from voting a proxy if the effect on shareholders’ economic interests or the value of the portfolio holding is indeterminable or insignificant.

In certain cases, securities on loan as part of a securities lending program may not be voted. Nothing in the proxy voting policies shall obligate the Investment Manager to exercise voting rights with respect to a portfolio security if it is prohibited by the terms of the security or by applicable law or otherwise.

The Investment Manager will not discuss with members of the public how they intend to vote on any particular proxy proposal.

The Fund will be required to file Form N-PX, with its complete proxy voting record for the twelve months ended June 30, no later than August 31 of each year. The Fund’s Form N-PX filing will be available: (i) without charge, upon request, by calling the Fund at (877) 779-1999 or (ii) by visiting the SEC’s website at <https://www.sec.gov>.

CONTROL PERSONS AND PRINCIPAL SHAREHOLDERS

As of June 30, 2020, there were no record owners (or to the knowledge of the Fund, beneficial owners) of 5% or more of the Shares.

FINANCIAL STATEMENTS

Financial statements for the Fund as well as a report by the Fund’s independent registered public accounting firm are available in the Fund’s annual report to Shareholders dated March 31, 2020 and are included as Appendix A to this SAI.

APPENDIX A – FINANCIAL STATEMENTS



INFINITY CORE ALTERNATIVE FUND
(a Maryland Statutory Trust)
Annual Report

For the Year Ended March 31, 2020

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

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund electronically by contacting the Fund, c/o UMB Fund Services at 235 West Galena Street, Milwaukee, WI 53212, or by calling toll-free at (877) 779-1999. If you own your shares through a financial intermediary, such as a broker-dealer or bank, you must contact your financial intermediary.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by contacting them directly. Your election to receive reports in paper will apply to the Fund and all funds held through your financial intermediary, as applicable.

INFINITY CORE ALTERNATIVE FUND
(a Maryland Statutory Trust)

For the Year Ended March 31, 2020

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Trustees and Shareholders
Infinity Core Alternative Fund

Opinion on the financial statements

We have audited the accompanying statement of assets, liabilities and shareholders' equity of Infinity Core Alternative Fund (the "Fund"), including the schedule of investments, as of March 31, 2020, and the related statements of operations and cash flows for the year then ended, the statements of changes in shareholders' equity for each of the two years in the period then ended, and the 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 March 31, 2020, and the results of its operations and its cash flows for the year then ended, the changes in shareholders' equity for each of the two years in the period then ended, and the financial highlights for each of the 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. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

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Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd (GTIL). GTIL and each of its member firms are separate legal entities and are not a worldwide partnership.

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 Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd (GTIL). GTIL and each of its member firms are separate legal entities and are not a worldwide partnership. procedures included confirmation of securities owned as of March 31, 2020, by correspondence with the custodian. 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.

/s/ GRANT THORNTON LLP

We have served as the Fund's auditor since 2016.

Chicago, Illinois

May 29, 2020

INFINITY CORE ALTERNATIVE FUND

(a Maryland Statutory Trust)

Schedule of Investments

March 31, 2020

| Investment Funds (105.32%) | Redemptions Permitted | Redemption Notice Period | Investment Strategy | Cost | Fair Value | Original Acquisition Date |
|--|------------------------------|--------------------------|---|--------------|---------------|---------------------------|
| Anchorage Capital Partners, L.P., Series K ^{a,b} | Annually ^d | 90 Days | Event driven credit | \$ 6,360,087 | \$ 6,209,324 | 3/1/2015 |
| Atlas Enhanced Fund, L.P. ^{a,b} | Monthly | 45 Days | Multi-strategy | 4,071,679 | 5,047,368 | 5/1/2014 |
| D.E. Shaw Composite International Fund, Collective Liquidity Class ^{a,b} | Quarterly | 75 Days | Multi-strategy | 6,526,702 | 9,010,733 | 10/1/2013 |
| Elliott Associates, L.P., Class B ^{a,b} | Semi-annually ^{c,d} | 60 Days | Multi-strategy | 12,458,569 | 15,669,000 | 10/1/2013 |
| Eton Park Fund, L.P., Class E ^{a,b} | Quarterly ^c | 65 Days | Multi-strategy | 8,853 | 13,652 | 10/1/2013 |
| King Street Capital, L.P. ^{a,b} | Quarterly ^c | 65 Days | Global long/short credit and event-driven | 6,246,468 | 6,210,500 | 10/1/2013 |
| Millennium USA LP, Class EE ^{a,b} | Quarterly ^c | 90 Days | Multi-strategy | 10,375,379 | 14,813,435 | 10/1/2013 |
| Perry Partners, L.P., Class C ^{a,b} | Quarterly ^d | 90 Days | Opportunistic and event-driven | 203,433 | 172,822 | 1/1/2014 |
| Point72 Capital, L.P., Class A-n ^{a,b} | Quarterly ^c | 45 Days | Multi-strategy | 10,975,763 | 12,032,319 | 1/1/2019 |
| Renaissance Institutional Diversified Alpha Fund International L.P., Series A ^{a,b} | Monthly | Two full calendar months | Multi-strategy | 5,832,777 | 5,614,437 | 1/1/2018 |
| Total Investment Funds (cost \$63,059,710) (105.32%) | | | | | \$ 74,793,590 | |
| Total Investments (cost \$63,059,710) (105.32%) | | | | | \$ 74,793,590 | |
| Liabilities less other assets (-5.32%) | | | | | (3,778,856) | |
| Shareholders' Equity - 100.00% | | | | | \$ 71,014,734 | |

^a Non-income producing.

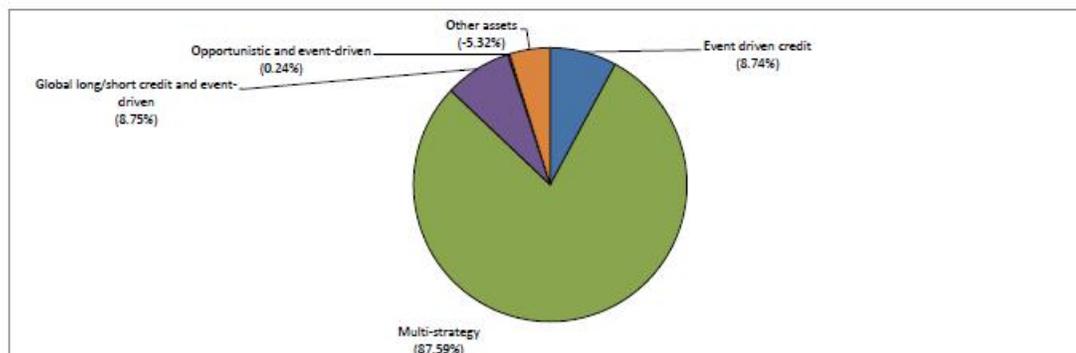
^b Investment Funds are issued in private placement transactions and as such are restricted as to resale.

^c The Investment Fund can institute a gate provision on redemptions at the investor level of 25% of the fair value of the investment in the Investment Fund.

^d The Investment Fund can institute a gate provision on redemptions at the fund level of 10 - 20% of the fair value of the investment in the Investment Fund.

INVESTMENT STRATEGIES OF INVESTMENT FUND HOLDINGS AS A PERCENTAGE OF TOTAL SHAREHOLDERS' EQUITY

Investment strategies as a percentage of total shareholders' equity are as follows:



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

INFINITY CORE ALTERNATIVE FUND
(a Maryland Statutory Trust)
Statement of Assets, Liabilities and Shareholders' Equity
March 31, 2020

| | |
|---|----------------------|
| Assets | |
| Investments, at fair value (cost \$63,059,710) | \$ 74,793,590 |
| Cash | 63,146 |
| Receivable for investments sold | 1,500,000 |
| Investments in Investment Funds paid in advance | 5,688 |
| Other assets | 8,010 |
| Total Assets | <u>76,370,434</u> |
| Liabilities | |
| Payable for shares repurchased | 2,668,092 |
| Due to Investment Manager | 53,684 |
| Line of credit payable | 2,510,000 |
| Professional fees payable | 58,591 |
| Accounting and administration fees payable | 24,506 |
| Interest expense payable | 19,535 |
| Commitment fee payable | 10,312 |
| Insurance fees payable | 5,970 |
| Custody fees payable | 1,100 |
| Other fees payable | 3,910 |
| Total Liabilities | <u>5,355,700</u> |
| Shareholders' Equity | <u>71,014,734</u> |
| Shareholders' Equity consists of: | |
| Shareholders' Equity paid-in | \$ 71,622,235 |
| Total accumulated deficit | <u>(607,501)</u> |
| Total Shareholders' Equity | <u>\$ 71,014,734</u> |
| Number of Shares Outstanding | 704,212.681 |
| Shareholders' Equity per Share | <u>\$ 100.84</u> |

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

INFINITY CORE ALTERNATIVE FUND

(a Maryland Statutory Trust)

Statement of Operations**For the Year Ended March 31, 2020**

| | |
|---|---------------------|
| Income | |
| Interest | \$ 35 |
| Expenses | |
| Investment management fee | 987,433 |
| Professional fees | 160,470 |
| Accounting and administration fees | 122,315 |
| Line of credit fees | 55,643 |
| Interest expense | 46,161 |
| Trustees' fees | 29,000 |
| Blue sky fees | 21,800 |
| Chief Compliance Officer fees | 14,107 |
| Insurance fees | 11,823 |
| Custody fees | 3,716 |
| Other expenses | 44,240 |
| Total Operating Expenses | <u>1,496,708</u> |
| Expense Waivers | <u>(208,486)</u> |
| Net Expenses | <u>1,288,222</u> |
| Net Investment Loss | <u>(1,288,187)</u> |
| Realized and Unrealized Gain on Investments | |
| Net realized gain from investments | 1,609,058 |
| Net change in unrealized appreciation/depreciation on investments | <u>1,392,990</u> |
| Net Realized and Unrealized Gain on Investments | <u>3,002,048</u> |
| Net Increase in Shareholders' Equity from Operations | <u>\$ 1,713,861</u> |

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

INFINITY CORE ALTERNATIVE FUND
(a Maryland Statutory Trust)
Statements of Changes in Shareholders' Equity

| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Operations | | |
| Net investment loss | \$ (1,288,187) | \$ (1,378,940) |
| Net realized gain on investments | 1,609,058 | 943,340 |
| Net change in unrealized appreciation/depreciation on investments | 1,392,990 | 1,193,754 |
| Net change in shareholders' equity from operations | 1,713,861 | 758,154 |
| Distributions to Shareholders | | |
| Distributions | (4,783,396) | (2,131,145) |
| Net change in shareholders' equity from distributions to shareholders | (4,783,396) | (2,131,145) |
| Capital Share Transactions | | |
| Sale of shares | 2,873,000 | 3,253,000 |
| Reinvested distributions | 4,248,021 | 1,860,056 |
| Shares repurchased | (12,249,085) | (12,903,361) |
| Net change in shareholders' equity from capital transactions | (5,128,064) | (7,790,305) |
| Total Decrease | (8,197,599) | (9,163,296) |
| Shareholders' Equity | | |
| Beginning of period | 79,212,333 | 88,375,629 |
| End of period | <u>\$ 71,014,734</u> | <u>\$ 79,212,333</u> |

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

INFINITY CORE ALTERNATIVE FUND

(a Maryland Statutory Trust)

Statement of Cash Flows**For the Year Ended March 31, 2020****CASH FLOWS FROM OPERATING ACTIVITIES**

| | |
|---|------------------|
| Net Increase in Shareholders' Equity from Operations | \$ 1,713,861 |
| Adjustments to reconcile Net Increase in Shareholders' Equity from Operations to net cash provided by operating activities: | |
| Net realized gain from investments | (1,609,058) |
| Net change in unrealized appreciation/depreciation on investments | (1,392,990) |
| Purchases of Investment Funds | (2,600,000) |
| Proceeds from Investment Funds sold | 8,740,189 |
| Changes in operating assets and liabilities: | |
| Decrease in other assets | 14,711 |
| Decrease in due to Investment Manager | (17,849) |
| Increase in professional fees payable | 10,290 |
| Increase in accounting and administration fees payable | 8,722 |
| Increase in custody fees payable | 1,100 |
| Increase in insurance fees payable | 5,065 |
| Decrease in commitment fees payable | (5,688) |
| Increase in interest expense payable | 19,535 |
| Increase in other fees payable | 3,910 |
| Net Cash Provided by Operating Activities | <u>4,891,798</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|--|--------------------|
| Proceeds from sale of shares, including sale of shares received in advance | 2,873,000 |
| Payments for shares repurchased | (11,662,704) |
| Distributions to shareholders, net of reinvestments | (535,375) |
| Draw on line of credit | 9,210,000 |
| Repayments on line of credit | (6,700,000) |
| Net Cash Used in Financing Activities | <u>(6,815,079)</u> |

Net change in cash (1,923,281)

Cash at beginning of period 1,986,427

Cash at end of period \$ 63,146

Supplemental disclosure of interest expense paid \$ 26,626

Supplemental disclosure of reinvested distributions \$ 4,248,021

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

INFINITY CORE ALTERNATIVE FUND

(a Maryland Statutory Trust)

Financial Highlights

| Per share operating performance. For a capital share outstanding throughout each period. | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2018 | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Shareholders' Equity, Beginning of Period | \$ 105.22 | \$ 107.18 | \$ 104.65 | \$ 100.17 | \$ 105.74 |
| Income from investment operations: | | | | | |
| Net investment loss ⁽¹⁾ | (1.74) | (1.74) | (1.71) | (1.61) | (1.57) |
| Net realized and unrealized gain/(loss) on investments | 3.99 | 2.57 | 4.78 | 7.20 | (1.57) |
| Total from investment operations: | 2.25 | 0.83 | 3.07 | 5.59 | (3.14) |
| Distributions to shareholders | | | | | |
| From net investment income | (4.11) | - | - | (0.29) | (2.43) |
| From net realized gains | (2.52) | (2.79) | (0.54) | (0.82) | - |
| Net change in shareholders' equity due to distributions to shareholders | (6.63) | (2.79) | (0.54) | (1.11) | (2.43) |
| Shareholders' Equity, End of Period | \$ 100.84 | \$ 105.22 | \$ 107.18 | \$ 104.65 | \$ 100.17 |
| Total Return ⁽²⁾ | 2.01% | 0.82% | 2.94% | 4.82% | (3.10)% |
| Shareholders' Equity, end of period (in thousands) | \$ 71,015 | \$ 79,212 | \$ 88,376 | \$ 122,128 | \$ 106,145 |
| Net investment loss to average shareholders' equity | (1.64)% | (1.63)% | (1.63)% | (1.57)% | (1.50)% |
| Ratio of gross expenses to average shareholders' equity ⁽³⁾ | 1.91% | 1.85% | 1.77% | 1.84% | 2.13% |
| Ratio of expense waiver to average shareholders' equity | (0.27)% | (0.22)% | (0.14)% | (0.27)% | (0.63)% |
| Ratio of net expenses to average shareholders' equity | 1.64% ⁽⁴⁾ | 1.63% ⁽⁴⁾ | 1.63% ⁽⁴⁾ | 1.57% ⁽⁴⁾ | 1.50% ⁽⁴⁾ |
| Portfolio Turnover | 3.30% | 15.98% | 18.17% | 4.19% | 1.38% |
| Senior Securities | | | | | |
| Total borrowings (000's omitted) | \$ 2,510 | \$ - | \$ 6,300 | \$ -(6) | \$ -(6) |
| Asset coverage per \$1,000 unit of senior indebtedness ⁽⁵⁾ | \$ 29,293 | \$ - | \$ 15,028 | \$ -(6) | \$ -(6) |

- (1) Based on average shares outstanding for the year.
- (2) Total Return based on shareholders' equity is the combination of changes in shareholders' equity and reinvested dividend income in shareholders' equity, if any. Total Return does not reflect the impact of any applicable sales charges.
- (3) Represents the ratio of expenses to average shareholders' equity absent fee waivers and/or expense reimbursement by the Advisers.
- (4) The Fund's operating expenses include fees and interest expense associated with the Line of Credit, which are excluded from the Expense Limitation calculation. If the interest expense associated with the Line of Credit was excluded from operating expenses, the net expense ratio would be 1.50%.
- (5) 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.
- (6) Unaudited

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

1. ORGANIZATION

Infinity Core Alternative Fund (the “Fund”) is a Maryland statutory trust that operates under an Agreement and Declaration of Trust dated August 15, 2013 and commenced operations on October 1, 2013. Effective December 20, 2013, the Fund registered with the Securities and Exchange Commission (the “SEC”) under the Investment Company Act of 1940, as amended (the “1940 Act”), as a non-diversified, closed-end management investment company. Effective April 18, 2014, the Fund also registered under the Securities and Exchange Act of 1933, as amended. Vivaldi Asset Management, LLC serves as the investment adviser (the “Investment Manager”) of the Fund. Infinity Capital Advisors, LLC serves as sub-adviser to the Fund (the “Sub-Adviser” and, together with the Investment Manager, the “Advisers”). Each of the Advisers is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended.

The investment objective of the Fund is to seek long-term capital growth. The Fund invests primarily in general or limited partnerships, funds, corporations, trusts or other investment vehicles (collectively, “Investment Funds”) based primarily in the United States that invest or trade in a wide range of securities, and, to a lesser extent, other property and currency interests. The Fund may also make investments outside of Investment Funds to hedge exposures deemed too risky or to invest in strategies not employed by the Fund’s Investment Funds. Such investments could also be used to hedge a position in an Investment Fund that is locked up or difficult to sell. Direct investments could include U.S. and foreign equity securities, debt securities, exchange-traded funds and derivatives related to such instruments, including futures and options thereon.

The Board of Trustees of the Fund (the “Board”) has overall responsibility for the management and supervision of the business operations of the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates. The Fund is an investment company and follows the accounting and reporting guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946.

a. Valuation of Investments

The Board has established a Valuation Committee to oversee the valuation of the Fund’s investments on behalf of the Fund. The Board has approved valuation procedures for the Fund (the “Valuation Procedures”). The Valuation Procedures provide that the Fund will value its investments in direct investments and Investment Funds at fair value.

The valuations of investments in Investment Funds are supported by information received from the Investment Funds, such as monthly net asset values, investor reports, and audited financial statements, when available.

In accordance with the Valuation Procedures, fair value as of each month-end or other applicable accounting periods, as applicable, ordinarily will be the value determined as of such date by each Investment Fund in accordance with the Investment Fund’s valuation policies and reported at the time of the Fund’s valuation. As a general matter, the fair value of the Fund’s interest in an Investment Fund will represent the amount that the Fund could reasonably expect to receive from the Investment Fund if the Fund’s interest was redeemed at the time of valuation, based on information reasonably available at the time the valuation is made and that the Fund believes to be reliable. Generally, the fair value of an Investment Fund is its net asset value. In the event that the Investment Fund does not report a month-end net asset value to the Fund on a timely basis, the Fund will determine the fair value of such Investment Fund based on the most recent final or estimated value reported by the Investment Fund, as well as any other relevant information available at the time the Fund values its portfolio. Using the nomenclature of the hedge fund industry, any values reported as “estimated” or “final” are expected to reasonably reflect fair market values of securities when available or fair value as of the Fund’s valuation date. A substantial amount of time may elapse between the occurrence of an event necessitating the pricing of the Fund’s assets and the receipt of valuation information from the underlying manager of an Investment Fund.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Valuation of Investments (continued)

If it is probable that the Fund will sell an investment at an amount different from the net asset valuation or in other situations where the month-end valuation of the Investment Fund is not available, or when the Fund believes alternative valuation techniques are more appropriate, the Advisers and the Valuation Committee may consider other factors, including subscription and redemption rights, expected discounted cash flows, transactions in the secondary market, bids received from potential buyers, and overall market conditions in determining fair value.

The Fund classifies its assets and liabilities into three levels based on the lowest level of input that is significant to the fair value measurement. Estimated values may differ from the values that would have been used if a ready market existed or if the investments were liquidated at the valuation date.

The three-tier hierarchy distinguishes between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Fund's investments. The inputs are summarized in the three broad levels listed below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, ability to redeem in the near term (generally within the next calendar quarter for Investment Funds), etc.)
- Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments) or investments that cannot be fully redeemed at the net asset value in the "near term" (these are investments that generally have one or more of the following characteristics: gated redemptions, suspended redemptions, or have lock-up periods greater than 90 days).

In April 2015, the FASB issued Accounting Standards Update ("ASU") 2015-7, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, modifying Accounting Standards Codification 946 Financial Services – Investment Companies. Under the modifications, investments in affiliated and private investment funds valued at the net asset value as practical expedient are no longer included in the fair value hierarchy. As a result of adopting ASU 2015-7, investments in Investment Funds with a fair value of \$74,793,590 are excluded from the fair value hierarchy as of March 31, 2020.

As of March 31, 2020, the Fund does not hold any investments that have to be included in the fair value hierarchy.

The Advisers generally categorize the investment strategies of the Investment Funds into investment strategy categories. The investment objective of multi-strategy hedge funds is to deliver consistently positive returns regardless of the directional movement in equity, interest rates or currency markets by engaging in a variety of investment strategies. The investment objective of global long/short credit investing involves investing in instruments around the world related to any level of an issuer's capital structure. On the long side, this strategy focuses on companies, assets and instruments that are perceived to be trading below their inherent value. On the short side, the strategy involves securities of companies that are believed to have their credit quality deteriorate due to operating or financial challenges, become subject to a leveraging event or have a negative event in the future. Opportunistic investing involves deploying capital where it is needed most, predominantly in complex, deep value situations that are misunderstood by the markets. Event-driven investing involves the purchase or sale of securities of companies which are undergoing substantial changes.

The Investment Funds compensate their respective Investment Fund managers through management fees currently ranging from 0.0% to 2.6% of average net asset value of the Fund's investment annually and incentive allocations typically ranging between 20.0% and 27.5% of profits, subject to loss carryforward provisions, as defined in the respective Investment Funds' agreements.

As of March 31, 2020, the Fund has no outstanding investment commitments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Investment Income

Interest income is recorded on an accrual basis. Investment transactions are accounted for on a trade date basis. The Fund determines the gain or loss realized from the investment transactions by comparing the original cost of the security lot sold with the net sale proceeds.

c. Fund Expenses

The Fund will pay all of its expenses, or reimburse the Advisers or their affiliates to the extent they have previously paid such expenses on behalf of the Fund. The expenses of the Fund include, but are not limited to, any fees and expenses in connection with the offering and issuance of shares of beneficial interest ("Shares") of the Fund; all fees and expenses directly related to portfolio transactions and positions for the Fund's account such as direct and indirect expenses associated with the Fund's investments, and enforcing the Fund's rights in respect of such investments; all fees and expenses reasonably incurred in connection with the operation of the Fund, such as investment management fee, legal fees, auditing fees, accounting, administration, and tax preparation fees, custodial fees, fees for data and software providers, costs of insurance, registration expenses, trustees' fees, and expenses of meetings of the Board.

d. Income Tax Information & Distributions to Shareholders

The Fund's policy is to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended, that are applicable to regulated investment companies ("RICs") and to distribute substantially all of its net investment income and any net realized gains to its shareholders ("Shareholders"). Therefore, no provision is made for federal income or excise taxes. Due to the timing of dividend distributions and the differences in accounting for income and realized gains and losses for financial statement and federal income tax purposes, the fiscal year in which amounts are distributed may differ from the year in which the income and realized gains and losses are recorded by the Fund.

Accounting for Uncertainty in Income Taxes (the "Income Tax Statement") requires an evaluation of tax positions taken (or expected to be taken) in the course of preparing the Fund's tax returns to determine whether these positions meet a "more-likely-than-not" standard that, based on the technical merits, have a more than fifty percent likelihood of being sustained by a taxing authority upon examination. A tax position that meets the "more-likely-than-not" recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations.

The Income Tax Statement requires management of the Fund to analyze tax positions expected to be taken in the Fund's tax returns, as defined by Internal Revenue Service (the "IRS") statute of limitations for all major jurisdictions, including federal tax authorities and certain state tax authorities. During the fiscal year ended March 31, 2020, the Fund did not have a liability for any unrecognized tax benefits. At March 31, 2020, the tax years ended October 31, 2017, October 31, 2018 and October 31, 2019 remain open to examination by the IRS. The Fund has no examination in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

The Regulated Investment Company Modernization Act of 2010 (the "Act") was signed into law on December 22, 2010. The Act makes changes to a number of the federal income and excise tax provisions impacting RICs, including simplification provisions on asset diversification and qualifying income tests, provisions aimed at preserving the character of the distributions made by the RIC and coordination of the income and excise tax distribution requirements, and provisions for allowing unlimited years carryforward for capital losses.

The character of distributions made during the year from net investment income or net realized gain may differ from the characterization for federal income tax purposes due to differences in the recognition of income, expense and gain/(loss) items for financial statement and tax purposes. Where appropriate, reclassifications between net asset accounts are made for such differences that are permanent in nature.

INFINITY CORE ALTERNATIVE FUND
(a Maryland Statutory Trust)
Notes to Financial Statements – March 31, 2020 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Income Tax Information & Distributions to Shareholders (continued)

Additionally, U.S. GAAP requires certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. Permanent differences between book and tax basis are attributable to partnerships and passive foreign investment companies adjustments. These reclassifications have no effect on Shareholders' Equity or Shareholders' Equity per Share. For the tax year ended October 31, 2019 the following amounts were reclassified:

| | |
|------------------------------|--------------|
| Shareholders' Equity paid-in | \$ (332,777) |
| Total distributable earnings | 332,777 |

At March 31, 2020, the federal tax cost of investment securities and unrealized appreciation (depreciation) as of the year-end were as follows:

| | |
|------------------------------------|----------------------|
| Gross unrealized appreciation | \$ 3,720,002 |
| Gross unrealized depreciation | (2,841,494) |
| Net unrealized appreciation | \$ 878,508 |
| Cost of investments | <u>\$ 73,915,082</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.

As of October 31, 2019, the components of accumulated earnings on a tax basis were as follows:

| | |
|---------------------------------------|---------------------|
| Undistributed ordinary income | \$ 27,296 |
| Undistributed long-term capital gains | 189,472 |
| Tax accumulated earnings | 216,768 |
| Accumulated capital and other losses | - |
| Unrealized appreciation | 2,188,678 |
| Other differences | - |
| Distributable net earnings | <u>\$ 2,405,446</u> |

The Fund utilized \$308,677 of its capital loss carryforwards during the year ended October 31, 2019.

The tax character of distributions paid during the tax years ended October 31, 2019 and 2018 was as follows:

| Distributions paid from: | 2019 | 2018 |
|------------------------------------|---------------------|-------------------|
| Ordinary income | \$ 460,326 | \$ 135,514 |
| Net long-term capital gains | 1,670,819 | 430,388 |
| Total taxable distributions | <u>2,131,145</u> | <u>565,902</u> |
| Total distributions paid | <u>\$ 2,131,145</u> | <u>\$ 565,902</u> |

e. Cash

Cash, if any, includes amounts held in interest bearing money market accounts. Such deposits, at times, may exceed federally insured limits. The Fund has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on such accounts.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Fund's 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, and the reported amounts of increases and decreases in Shareholders' Equity from operations during the reporting period. Actual results could differ from those estimates.

3. INVESTMENT MANAGEMENT AND OTHER AGREEMENTS

The Fund pays the Investment Manager a management fee ("Investment Management Fee") at an annual rate of 1.25%, payable monthly in arrears, based upon the Fund's Shareholders' Equity as of month-end. The Investment Management Fee is paid to the Investment Manager before giving effect to any repurchase of Shares in the Fund effective as of that date, and will decrease the net profits or increase the net losses of the Fund that are credited to its Shareholders. The Investment Manager pays the Sub-Adviser 50% of the Investment Management Fee it receives from the Fund.

The Investment Manager and the Sub-Adviser have entered into an expense limitation and reimbursement agreement (the "Expense Limitation and Reimbursement Agreement") with the Fund, whereby the Investment Manager and the Sub-Adviser have jointly agreed to waive fees that they would otherwise have been paid, and/or to assume expenses of the Fund (a "Waiver"), if required to ensure the Total Annual Expenses (excluding taxes, interest, brokerage commissions, other transaction-related expenses, extraordinary expenses, commitment or non-use fees related to the Fund's line of credit, and any acquired fund fees and expenses) do not exceed 1.50% of the net assets of the Fund on an annualized basis (the "Expense Limit").

For a period not to exceed three years from the date on which a Waiver is made, the Investment Manager and/or Sub-Adviser may recoup amounts waived or assumed, provided they are 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 recoupment. The Expense Limitation and Reimbursement Agreement is in effect until July 31, 2020 and will automatically renew for consecutive one-year terms thereafter. Each of the Fund, the Investment Manager or the Sub-Adviser may terminate the Expense Limitation and Reimbursement Agreement upon thirty days' written notice to the other parties. For the fiscal year ended March 31, 2020, the Advisers waived fees and reimbursed expenses of \$208,486. Also, for the fiscal year ended March 31, 2020, the Investment Manager is owed by the Fund an Investment Management Fee of \$53,684 as disclosed in the Due to Investment Manager balance on the Statement of Assets, Liabilities and Shareholders' Equity. At March 31, 2020, \$156,760 is subject for recoupment through March 31, 2021, \$186,237 is subject for recoupment through March 31, 2022, and \$208,486 is subject for recoupment through March 31, 2023.

UMB Fund Services, Inc ("UMBFS") acts as the Fund's platform manager pursuant to a Platform Manager Agreement with the Fund. UMBFS does not receive a fee pursuant to the Platform Manager Agreement.

Forside Fund Services, LLC acts as distributor to the Fund; UMBFS serves as the Fund's fund accountant, transfer agent and administrator; UMB Bank, n.a., an affiliate of UMBFS, serves as the Fund's custodian.

Certain officers of the Fund are employees of UMBFS. The Fund does not compensate officers affiliated with the Fund's administrator. For the fiscal year ended March 31, 2020, the Fund's allocated fees incurred for directors are reported on the Statement of Operations.

Vigilant Compliance Services, LLC provides Chief Compliance Officer ("CCO") services to the Fund. The Fund's allocated fees incurred for CCO services for the fiscal year ended March 31, 2020 were \$14,107.

4. RELATED PARTY TRANSACTIONS

At March 31, 2020, Shareholders who are affiliated with the Investment Manager or the Sub-Adviser owned approximately \$2,356,192 (or 3.32% of Shareholders' Equity) of the Fund.

INFINITY CORE ALTERNATIVE FUND
(a Maryland Statutory Trust)
Notes to Financial Statements – March 31, 2020 (continued)

5. ADMINISTRATION AND CUSTODY AGREEMENT

UMB Fund Services, Inc. serves as administrator (the “Administrator”) to the Fund and provides certain accounting, administrative, record keeping and investor related services. The Fund pays a monthly fee to the Administrator based upon average Shareholders’ Equity, subject to certain minimums. 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, securities depositories and clearing agencies.

6. INVESTMENT TRANSACTIONS

For the fiscal year ended March 31, 2020, the purchase and sale of investments, excluding short-term investments and U.S. Government securities were \$2,606,635 and \$10,219,063, respectively.

7. CAPITAL SHARE TRANSACTIONS

Shares are generally offered for purchase as of the first day of each calendar month at the Fund’s then-current Shareholders’ Equity per Share (determined as of the close of the preceding month), except that Shares may be offered more or less frequently as determined by the Board in its sole discretion. Transactions in Shares were as follows:

| | |
|---|---------------|
| Shares outstanding, March 31, 2018 | 824,532.843 |
| Shares issued | 30,835.348 |
| Shares reinvested | 18,023.791 |
| Shares redeemed | (120,564.059) |
| Shares outstanding, March 31, 2019 | 752,827.923 |
| Shares issued | 26,941.764 |
| Shares reinvested | 41,266.938 |
| Shares redeemed | (116,823.944) |
| Shares outstanding, March 31, 2020 | 704,212.681 |

8. REPURCHASE OF SHARES

At the discretion of the Board and provided that it is in the best interests of the Fund and Shareholders to do so, the Fund intends to provide a limited degree of liquidity to the Shareholders by conducting repurchase offers generally quarterly with a Valuation Date (as defined below) on or about March 31, June 30, September 30 and December 31 of each year. In each repurchase offer, the Fund may offer to repurchase its Shares at their net asset value as determined as of approximately March 31, June 30, September 30 and December 31, of each year, as applicable. Each repurchase offer ordinarily will be limited to the repurchase of approximately 25% of the Shares outstanding, but if the value of Shares tendered for repurchase exceeds the value the Fund intended to repurchase, the Fund may determine to repurchase less than the full number of Shares tendered. In such event, Shareholders will have their Shares repurchased on a pro rata basis, and tendering Shareholders will not have all of their tendered Shares repurchased by the Fund. Shareholders tendering Shares for repurchase will be asked to give written notice of their intent to do so by the date specified in the notice describing the terms of the applicable repurchase offer, which date will be approximately 95 days prior to the date of repurchase by the Fund.

9. CREDIT FACILITY

The Fund maintains a credit facility (the “Facility”) with a maximum borrowing amount of \$8,000,000, which is secured by certain interests in Investment Funds. A fee of 80 basis points per annum is payable monthly in arrears on the unused portion of the Facility, while the interest rate charged on borrowings is the 3-month London Interbank Offer Rate plus a spread of 195 basis points (3.40% at March 31, 2020). Collateral for the Facility is held by the Custodian. The line of credit is secured by a portfolio of hedge funds. Interest and fees incurred for the fiscal year ended March 31, 2020 are disclosed in the accompanying Statement of Operations. At March 31, 2020, the Fund had \$2,510,000 payable on the Facility and a \$19,535 interest payable balance on the borrowings.

9. CREDIT FACILITY (continued)

For the fiscal year ended March 31, 2020, the average interest rate, the average daily loan balance and the maximum balance outstanding for the 291 days the Fund had outstanding borrowings under the Facility was 4.011%, \$1,462,818 and \$4,960,000, respectively. The Fund is subject to certain loan covenants, the most restrictive covenant being the maintenance of a loan to value ratio. The Fund was in compliance with these covenants for the fiscal year ended March 31, 2020.

10. INDEMNIFICATION

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 Fund expects the risk of loss from such claims to be remote.

11. RISK FACTORS

The Fund is subject to substantial risks — including market risks, strategy risks and Investment Fund manager risks. Investment Funds generally will not be registered as investment companies under the Investment Company Act and, therefore, the Fund will not be entitled to the various protections afforded by the Investment Company Act with respect to its investments in Investment Funds. While the Advisers will attempt to moderate any risks of securities activities of the Investment Fund managers, there can be no assurance that the Fund's investment activities will be successful or that the Shareholders will not suffer losses. The Advisers will not have any control over the Investment Fund managers, thus there can be no assurances that an Investment Fund manager will manage its Investment Funds in a manner consistent with the Fund's investment objective.

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. This coronavirus has resulted in closing international borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general public concern and uncertainty. The impact of this outbreak has negatively affected the worldwide economy, as well as the economies of individual countries, the financial health of individual companies and the market in general in significant and unforeseen ways. The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to the Fund, including political, social and economic risks. Any such impact 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 in the Fund. The ultimate impact of COVID-19 on the financial performance of the Fund's investments is not reasonably estimable at this time.

12. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Fund through the date the financial statements were issued.

The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to the Fund, including political, social and economic risks. Any such impact 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 in the Fund. The ultimate impact of COVID-19 on the financial performance of the Fund's investments is not reasonably estimable at this time.

There were no other subsequent events to report.

INFINITY CORE ALTERNATIVE FUND
(a Maryland Statutory Trust)
Fund Management – March 31, 2020 (unaudited)

The identity of the members of the Board and the Fund's officers and brief biographical information 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 | President and Director, Client Opinions, Inc. (2003 - 2012); Chief Operating Officer, Brandywine Global Investment Management (1998-2002) | 9 | None |
| Robert Seyferth Year of Birth: 1952 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | Trustee | Since Inception | Chief Procurement Officer/Senior Managing Director, Bear Stearns/JP Morgan Chase (1993 -2009) | 9 | None |
| Gary E. Shugrue Year of Birth: 1954 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | Advisory Board Member | Since December 2018 | Managing Director, Veritable LP (2016-Present); Founder/ President, Ascendant Capital Partners, LP (2001 – 2015) | 5 | Trustee, Quaker Investment Trust (5 portfolios)(registered investment company); Scotia Institutional Funds (2006-2014) (3 portfolios) (registered investment company). |

INFINITY CORE ALTERNATIVE FUND
(a Maryland Statutory Trust)
Fund Management – March 31, 2020 (unaudited) (continued)

INTERESTED TRUSTEES AND OFFICERS

| NAME, ADDRESS AND YEAR OF BIRTH | POSITION(S) HELD WITH THE FUND | LENGTH OF TIME SERVED | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS | NUMBER OF PORTFOLIOS IN FUND COMPLEX* OVERSEEN BY TRUSTEE | OTHER DIRECTORSHIPS HELD BY TRUSTEES |
|---|--------------------------------|-----------------------|--|---|--------------------------------------|
| Anthony Fischer** Year of Birth: 1959 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | Trustee | Since March 2016 | President, Alan Water Systems, LLC (2019-Present); Executive Director – National Sales of UMB Bank for Institutional Banking and Asset Servicing (2018 – 2019); President, UMB Fund Services (2014 – 2018); Executive Vice President in charge of Business Development, UMB Fund Services (2013 – 2014); Senior Vice President in Business Development, UMB Fund Services (2008 – 2013). | 6 | None |
| Michael Peck Year of Birth:1980 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | President | Since Inception | President and Co-CIO, Vivaldi Capital Management, LLC (2012 – Present); Portfolio Manager, Coe Capital Management (2010 –2012); Senior Financial Analyst and Risk Manager, the Bond Companies (2006 –2008). | N/A | N/A |
| Randal Golden Year of Birth:1967 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | Treasurer | Since Inception | Co-Founder and CFO, Vivaldi Capital Management, LLC (2012 – Present); Managing Director, FGМК/Preservation Capital Partners (2005 –2011). | N/A | N/A |

INFINITY CORE ALTERNATIVE FUND
(a Maryland Statutory Trust)
Fund Management – March 31, 2020 (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 |
|---|---------------------------------------|------------------------------|--|--|---|
| Perpetua Seidenberg Year of Birth: 1990 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | Chief Compliance Officer | Since June 2018 | Compliance Director, Vigilant Compliance, LLC (an investment management services company) (2014 – Present); Auditor, PricewaterhouseCoopers (2012 – 2014). | N/A | N/A |
| Ann Maurer Year of Birth: 1972 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212 | Secretary | Since September 2018 | Senior Vice President, Client Services (2017 –Present); Vice President, Senior Client Service Manager (2013 – 2017), Assistant Vice President, Client Relations Manager (2002 – 2013); UMB Fund Services, Inc. | N/A | N/A |

* The fund complex consists of the Fund, Infinity Long/Short Equity Fund, LLC, The Relative Value Fund, Vivaldi Opportunities Fund, Variant Alternative Income Fund, Cliffwater Corporate Lending Fund, Agility Multi-Asset Income Fund, Corbin Multi-Strategy Fund, LLC and Keystone Private Income Fund.

** Mr. Fischer is deemed an interested person of the Fund because of his prior affiliation with an affiliate of the Fund's Administrator.

INFINITY CORE ALTERNATIVE FUND
(a Maryland Statutory Trust)
Other Information – March 31, 2020 (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 (877) 779-1999 or (ii) by visiting the SEC's website at <https://www.sec.gov>.

Availability of Quarterly Portfolio Schedules

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q or as an exhibit to its report on Form N-Q's successor form, Form N-PORT. The Fund's Forms N-Q and N-PORT are available on the SEC's website at <https://www.sec.gov>.

Other Tax Information (Unaudited)

For Federal income tax purposes, the Fund designated long-term capital gain dividends of \$2,131,145 for the tax year ended October 31, 2019.

INFINITY CORE ALTERNATIVE FUND

(a Maryland Statutory Trust)

Other Information –March 31, 2020 (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 (877) 779-1999. |
|------------|----------------------|

INFINITY CORE ALTERNATIVE FUND

(a Maryland Statutory Trust)

Other Information –March 31, 2020 (unaudited) (continued)

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