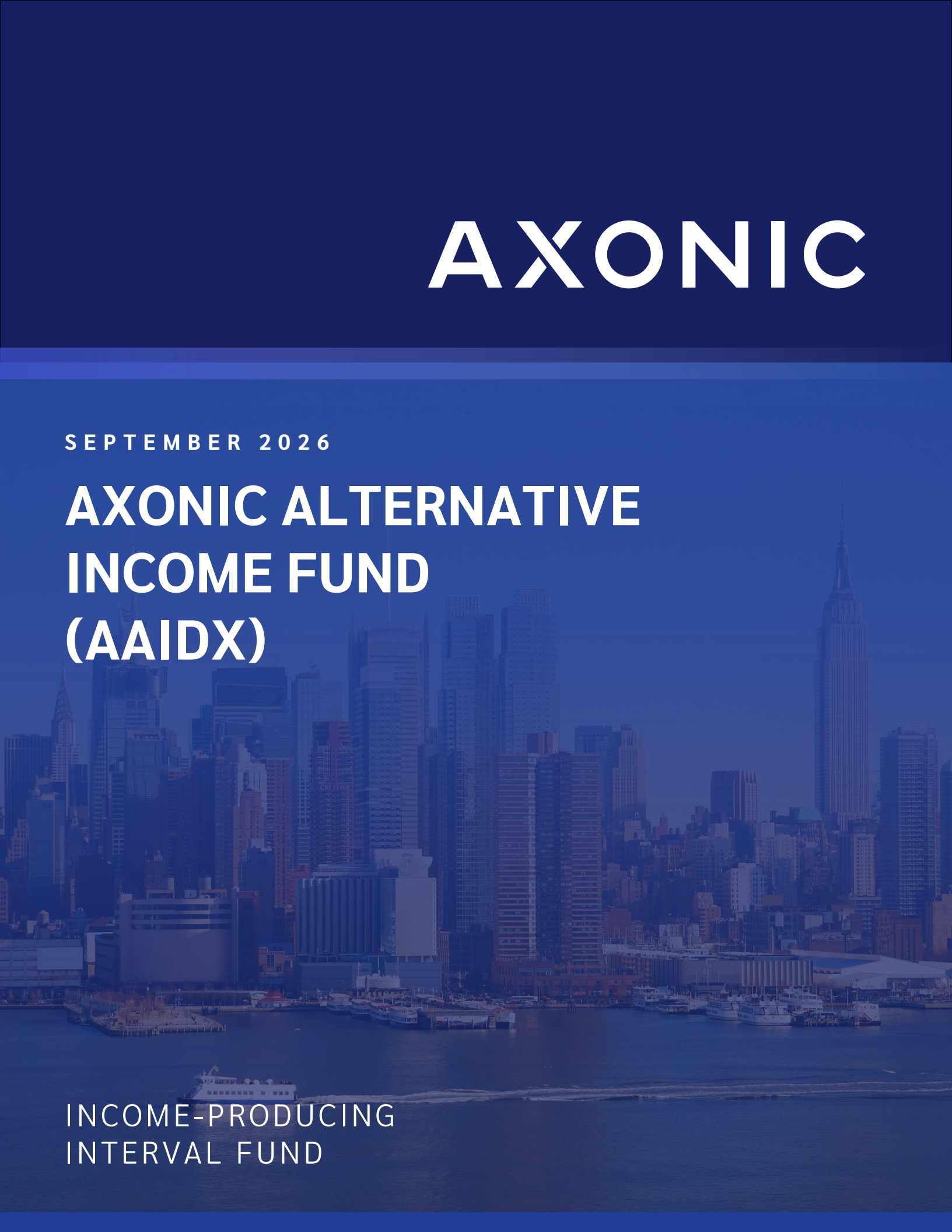
AXONIC

SEPTEMBER 2026

AXONIC ALTERNATIVE INCOME FUND (AAIDX)



INCOME-PRODUCING
INTERVAL FUND

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SEPTEMBER 2026

The Firm ("Axonic Capital LLC") seeks to generate consistent, lower volatility returns by investing in differentiated, cash-flow generating assets that have risk-mitigation qualities to many underlying macro-economic factors.

ABOUT THE FUND

The **Axonic Alternative Income Fund (the "Fund")** is a closed-end, non-diversified interval fund that invests in a portfolio of public and private credit investments. The Fund invests in loans and securities that are backed by hard assets that generate income such as stabilized multifamily debt, Single Asset Single Borrower securities backed by commercial real estate assets (SASB), and direct commercial real estate loans.

WHY INVEST IN AAIDX?

We believe the Axonic Alternative Income Fund offers investors an institutionally managed portfolio of niche, high-yielding fixed income assets in an easy to access vehicle.

Portfolio Diversification	➢ Alternative source of income offering potentially higher yields than traditional fixed income ➢ Actively managed approach to hard asset-backed securities and loans, with the goal of attractive distributable and total yield. ➢ Lower interest rate sensitivity
Selective Asset Opportunities	➢ Portfolio provides access to unique assets that are difficult to replicate by other managers, such as Freddie Mac Small Balance Loan (SBL) B-pieces, custom private-label CRE securitizations, and direct CRE loans.
Experienced Team	➢ Experienced investment team with extensive knowledge across a broad range of structured credit markets including CMBS, CRE Lending, ABS, and RMBS ➢ Investment team manages $10.9B[1] across a broad range of investment vehicles including a diversified structured credit strategy dating back to April 2009. ➢ 75 full-time employees headquartered in New York[2]
Fund Structure	➢ SEC Registered investment vehicle offering low investment minimums, daily purchase via ticker (AAIDX), 1099 tax reporting, and distributed income on a monthly basis ➢ Interval fund structure offering repurchase of 5-25% of NAV per quarter allows manager to focus on higher yielding, less liquid, and less efficient parts of the fixed income market ➢ Interval fund structure appropriately aligns the liquidity profile of the fund's assets with the liquidity offered.

- *Distributions are not guaranteed.*

1. *Total Firm Assets is unaudited and estimated as of September 30, 2026, and includes: the net asset value and committed capital amount of, and the unfunded amount of certain loans held by, funds and other clients managed by the Firm; and the outstanding amount of assets held by, the targeted capital amount of, and the amount of fund and other client investments in, securitizations and CLOs managed or sponsored by the Firm.*
2. *As of September 30, 2026.*

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(AS OF 9/30/2026)	1 YEAR	3 YEAR	5 YEAR	ANNUALIZED SINCE INCEPTION[2]	CUMULATIVE SINCE INCEPTION
AAIDX	**8.61%**	**10.8%**	**7.81%**	**5.74%**	**54.17%**
Bloomberg US Aggregate Bond Index*	-1.84%	4.06%	-0.64%	1.44%	11.70%

- *The Axonic Alternative Income Fund (AAIDX) has a 1-year return of 8.61%, 5-year return of 7.81%, and annualized return since inception of 5.74% as of September 30, 2026.*

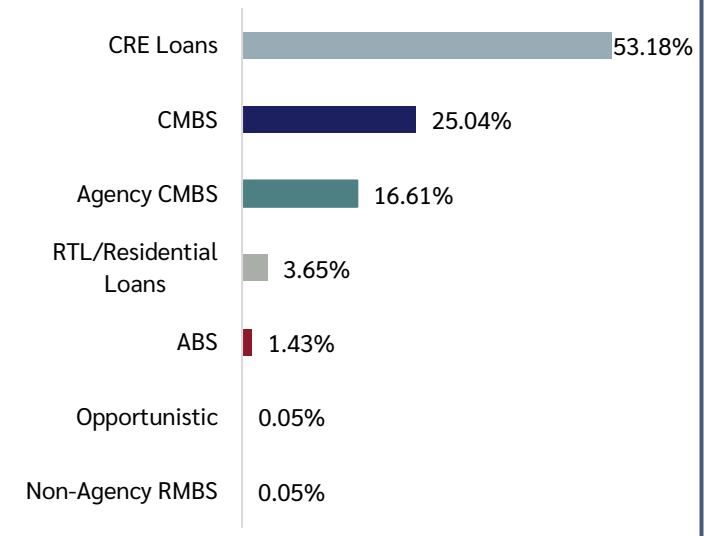
MONTHLY RETURNS I SHARES (AS OF 9/30/2026)[1]

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2026	0.81%	0.69%	0.46%	0.84%	0.66%	0.79%	0.76%	0.46%	0.49%				**6.14%**
2025	0.76%	0.99%	0.87%	1.03%	0.62%	1.03%	0.96%	0.91%	0.74%	0.57%	0.69%	1.05%	**10.71%**
2024	1.02%	0.71%	1.17%	1.09%	1.01%	1.04%	1.06%	1.16%	0.99%	0.57%	0.89%	0.81%	**12.14%**
2023	1.12%	0.28%	0.31%	0.99%	0.76%	0.89%	0.81%	0.49%	0.99%	0.72%	0.89%	1.58%	**10.29%**
2022	1.49%	0.46%	-0.60%	0.05%	-0.07%	-0.48%	0.38%	0.34%	-1.03%	-0.65%	0.29%	-1.72%	**-1.57%**
2021	3.06%	0.81%	-0.53%	0.39%	1.31%	2.14%	0.46%	0.68%	0.55%	0.93%	0.03%	0.80%	**11.09%**
2020	0.03%	-1.99%	-15.77%	-3.18%	0.15%	2.87%	0.87%	1.85%	0.48%	0.44%	2.24%	3.65%	**-9.51%**
2019	0.08%	1.12%	0.51%	1.25%	-0.39%	1.18%	0.67%	-0.23%	0.63%	0.60%	0.43%	1.19%	**7.23%**

FUND FACTS (AS OF 9/30/2026)

	I Shares
Inception Date	12/28/2018
Nasdaq Symbol	AAIDX
CUSIP	05465F103
Management Fee	1.25%
Ordinary Distribution Accrual	Daily
Repurchase Window	Quarterly
Ordinary Distribution Frequency	Monthly
Current Distribution Rate[3]	9.00%
Minimum Investment (waived)	$50,000
Tax Reporting	1099-DIV
Rate Duration (years)	0.65
Weighted Average Price	$94.28
Number of Positions	110

PORTFOLIO BREAKDOWN (%) OF MARKET VALUE



1. *Past performance does not guarantee future results. Investment returns, and principal value of the Fund will fluctuate so that shares may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted above. For current performance information, please call 816-843-7623. There is no minimum subsequent investment for either class of Shares and all subsequent investments may be made in any amount. The Fund reserves the right to waive the investment minimums.*
2. *While the Fund's fiscal year ends on October 31, the annualized since inception time-period is based on a calendar year, unless otherwise indicated. Inception Date: 12/28/2018.*
3. *Current Distribution Rate are distributions from the Fund's net investment income are accrued daily and typically paid monthly. However, there can be no assurances that the Fund will achieve any level of distribution to its Shareholders. The Fund intends to make sufficient distributions of its ordinary taxable income and capital gain net income prior to the end of each calendar year to avoid liability for the excise tax. The character of income and gains to be distributed is determined in accordance with income tax regulations, which may differ from Generally Accepted Accounting Principles. The distribution rate is calculated by annualizing actual dividends distributed for the monthly period ended on the date shown and dividing by the net asset value on the last business day for the same period.*

- *Investment cannot be made in an index*
- ***Bloomberg – Index LBUSTRUU. The Bloomberg US Aggregate Bond Index is comprised of different assets than the fund and will therefore perform differently in differing market conditions***

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REAL ESTATE DEBT AS A DIVERSIFIER TO PRIVATE CREDIT

ALTERNATIVE SOURCE OF INCOME

- Real estate debt investments can offer investors stable, predictable income streams.
- Returns are primarily driven by contractual income (interest and principal repayment) rather than asset price appreciation.

HARD-ASSET COLLATERAL

- Real estate debt investments are generally secured by tangible real estate collateral.
- Acts an inflation hedge, as underlying asset values may adjust over time

LOW CORRELATION WITHIN PRIVATE MARKETS

- Diversification across markets and sectors can help reduce overall portfolio volatility.
- Collateralized nature ties risk to specific assets rather than overall market sentiment.

CRE PROPERTY TYPE EXPOSURE (AS OF Q3 2026)

Multifamily	Hotel	Retail	Mixed Use	Industrial	Office	Student Housing
73%	11%	6%	3%	3%	3%	1%

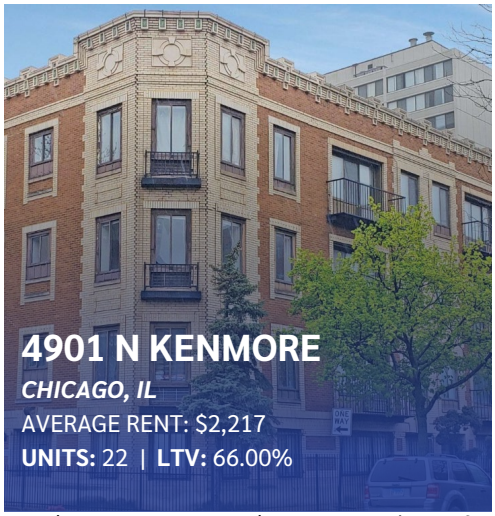
AGENCY CMBS INVESTMENT EXAMPLES

COBBLE HILL
FORT WORTH, TX
AVERAGE RENT: $1,093
UNITS: 136 | **LTV:** 57.30%

SALEM CHASE APARTMENTS
CONYERS, GA
AVERAGE RENT: $1,272
UNITS: 64 | **LTV:** 61.00%

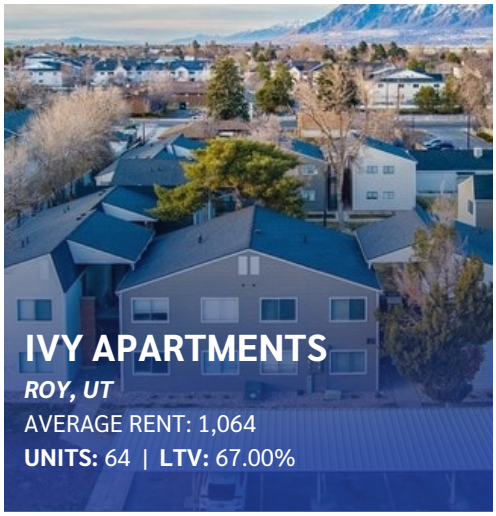
THE WOODLARK
HAYWARD, CA
AVERAGE RENT: $2,240
UNITS: 46 | **LTV:** 60.00%

BESPOKE CRE SECURITIZATIONS AND CRE LOANS INVESTMENT EXAMPLES



4901 N KENMORE
CHICAGO, IL
AVERAGE RENT: $2,217
UNITS: 22 | **LTV:** 66.00%

FOUNTAINS AT EL CAMPO
EL CAMPO, TX
AVERAGE RENT: $1,159
UNITS: 86 | **LTV:** 67.80%



IVY APARTMENTS
ROY, UT
AVERAGE RENT: 1,064
UNITS: 64 | **LTV:** 67.00%

- *There is no assurance that any AAIDX/AAIAX fund currently holds this security. Investment example metrics are as of the date of issuance.*

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ADVISOR	DISTRIBUTOR	CUSTODIAN	ADMIN	TRANSFER AGENT	FUND COUNSEL
Axonic Capital LLC	ALPS Distributors, Inc.	US Bank	ALPS Fund Services, Inc.	SS&C Global Investor & Distribution Solutions, Inc.	Kilpatrick, Townsend, & Stockton

RISK DISCLOSURES

An investor should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. To obtain a prospectus containing this and other information, please call (212) 259-0430 or download the file from www.AxonicFunds.com. Please read the prospectus carefully before you invest.

ALPS Distributors, Inc. is the distributor of the Axonic Alternative Income Fund (ALPS Distributors, Inc. 1290 Broadway, Suite 1000, Denver, CO 80203). Axonic Capital LLC (the Fund's adviser), ALPS Distributors, Inc., and BNY Mellon are not affiliated.

The Fund is an unlisted closed-end "interval fund." Limited liquidity is provided to shareholders only through the Fund's quarterly offers to repurchase between 5% to 25% of its outstanding shares at net asset value (The board has approved a 5% repurchase for the next quarterly repurchase date). There is no secondary market for the Fund's shares and none is expected to develop. Investors should consider shares of the Fund to be an illiquid investment. Accordingly, the Fund should be considered a speculative investment that entails substantial risks, and prospective investors should invest in the Fund only if they can sustain a complete loss of their investment.

The Adviser has contractually agreed to waive its fees and/or reimburse certain expenses (inclusive of organizational and offering costs, but exclusive of any taxes, interest on borrowings, dividends on securities sold short, brokerage commissions, 12b-1 fees, acquired fund fees and expenses, expenses incurred in connection with any merger or reorganization and extraordinary expenses) to limit the Fund's Total Annual Fund Operating Expenses after Fee Waiver/Expense Reimbursement to 2.00% of the Fund's average daily net assets (the "Expense Limit") through February 28, 2027. The Expense Limit excludes certain expenses and, consequently, the Fund's Total Annual Fund Operating Expenses after Fee Waiver/Expense Reimbursement may be higher than the Expense Limit. Total Annual Fund Operating Expenses are 3.16%. The contractual waiver and expense reimbursement may be changed or eliminated at any time by the Board of Trustees, on behalf of the Fund, upon 60 days' written notice to the Adviser. The contractual fee waiver and expense reimbursement may not be terminated by the Adviser without the consent of the Board of Trustees. The Adviser may recoup from the Fund any waived amount or reimbursed expenses pursuant to this agreement if such recoupment does not cause the Fund to exceed the current Expense Limit or the Expense Limit in place at the time of the waiver or reimbursement (whichever is lower) and the recoupment is made within three years after the end of the month in which the Adviser incurred the expense.

It is important to note that differences exist between the Fund's daily internal accounting records, the Fund's financial statements prepared in accordance with U.S. GAAP, and recordkeeping practices under income tax regulations. It is possible that the Fund may not issue a Section 19 Notice in situations where the Fund's financial statements prepared later and in accordance with U.S. GAAP or the final tax character of those distributions might later report that the sources of those distributions included capital gains and/or a return of capital.

The Fund's distribution rate may be affected by numerous factors, including changes in realized and projected market returns, Fund performance, and other factors. There is no assurance that monthly distributions paid by the Fund will be maintained at a certain level or that dividends will be paid at all.

A "non-diversified" fund has the ability to take larger positions in a smaller number of issues than a "diversified" fund. Non-diversified funds will generally experience greater price volatility.

Investments made by the Fund and the results achieved by the Fund are not expected to be the same as those made by any other Axonic-advised account, including those with a similar name, investment objective or policies.

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Unlike most closed-end funds, Shareholders should not expect to be able to sell their shares at the quarterly redemption regardless of how the Fund performs.

The principal risks of investing in the Fund are summarized below. There may be circumstances that could prevent the Fund from achieving its investment objective and you may lose money by investing in the Fund. You should carefully consider the Fund's investment risks before deciding whether to invest in the Fund. An investment in the Fund is not a deposit at a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

RISK FACTORS

An investment in the Fund is subject to, among others, the following risks:

- There is not expected to be any secondary trading market in the Shares.
- Unlike an investor in most closed-end funds, Shareholders should not expect to be able to sell their Shares regardless of how the Fund performs. An investment in the Fund is considered illiquid. An investment in the Fund may not be suitable for investors who may need the money they invest in a specified timeframe.
- Unlike most closed-end funds, the Shares are not listed on any securities exchange. The Fund intends to provide liquidity through quarterly offers to repurchase a limited amount of the Fund's Shares (at least 5%).
- There is no assurance that monthly distributions paid by the Fund will be maintained at a certain level or that dividends will be paid at all.
- The Fund's distributions may be funded from unlimited amounts of offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to the Fund for investment. Any capital returned to Shareholders through distributions will be distributed after payment of fees and expenses.

RISK FACTORS (continued)

- A return of capital to Shareholders is a return of a portion of their original investment in the Fund, thereby reducing the tax basis of their investment. As a result from such reduction in tax basis, Shareholders may be subject to tax in connection with the sale of Fund Shares, even if such Shares are sold at a loss relative to the Shareholder's original investment.
- Asset-backed securities are subject to credit risk, interest rate risk, and to a lesser degree, prepayment risk. Asset-backed securities may also be subject to additional risks, including the fact that underlying assets may be unsecured.
- Investing in commercial and residential mortgage loans involves the general risks typically associated with investing in traditional fixed-income securities (including interest rate and credit risk) and certain additional risks and special considerations (including the risk of principal prepayment and the risk of investing in real estate).
- Collateral underlying CMBS generally consists of mortgage loans secured by income-producing property or other CMBS. Performance of a commercial mortgage loan and the market value of a commercial property both depend primarily on the net income generated by the underlying mortgaged property and performance of the related business (including property management).

DEFINITIONS

- **Asset Backed Securities (ABS)** a financial security collateralized by a pool of assets such as loans, leases, credit card debt, royalties or receivables.
- **Cash-Flow Generating Assets** typically return either a principal and/or interest component on a regular, consistent basis.
- **Collateralized Debt Obligations (CDO)** are structured finance products that are backed by a pool of loans and other assets.
- **Collateralized Loan Obligations (CLO)** are single securities backed by a pool of debt.
- **Commercial Mortgage-Backed Securities (CMBS)** secured by mortgages on commercial properties rather than residential real estate.
- **Commercial Real Estate (CRE)** is non-residential property that serves to generate income.
- **Current Distribution Rate** are distributions from the Fund's net investment income are accrued daily and typically paid monthly. However, there can be no assurances that the Fund will achieve any level of distribution to its Shareholders. The Fund intends to make sufficient distributions of its ordinary taxable income and capital gain net income prior to the end of each calendar year to avoid liability for the excise tax. The character of income and gains to be distributed is determined in accordance with income tax regulations, which may differ from Generally Accepted Accounting Principles. The distribution rate is calculated by annualizing actual dividends distributed for the monthly period ended on the date shown and dividing by the net asset value on the last business day for the same period.
- **Duration** measures price sensitivity of fixed income securities to interest rate changes.
- **Real Estate Investment Trusts (REIT)** are companies that own, operate, or finance income-generating real estate.
- **Residential Mortgage-Backed Securities (RMBS)** are a form of debt-based securities which are backed by the principal and interest payments on loans for residences. There are two types of residential mortgage-backed securities: agency or non-agency (see above for non-agency definition). Agency RMBS are created by one of three agencies. These are Government National Mortgage Association (GNMA or Ginnie Mae), Federal National Mortgage (FNMA or Fannie Mae), and Federal Home Loan Mortgage Corp. (Freddie Mac).
- **Structured Credit** applies broadly to the asset class associated with pooling debt obligations into channels which can then be distributed to different risk appetites.
- **Weighted Average Price** calculation excludes any assets without a stated coupon or allocated principal.
- **Yield** is the income returned on an investment. The measure may take into account Axonic Capital's assumptions for prepayment speeds, default probability and severity.

INDEX DEFINITIONS

- **Bloomberg US Aggregate Bond Index/Bloomberg–Index LBUSTRUU** is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.
- **Corporate Debt** corporate bonds; debt obligations of US financial and nonfinancial corporations including bonds, notes, debentures, mandatory convertible securities, long-term debt, private MBS, and unsecured debt; includes bonds issued in the US and foreign countries but not bonds issued in foreign countries by foreign subsidiaries of US corporations; recorded at book value.
- **Federal Agency Securities** Fannie Mae, Freddie Mac, Farmer Mac, FHLB, Farm Credit System, and federal budget agencies (TVA); beginning in 2004, Sallie Mae excluded due to privatization; beginning in 1Q10, Federal Reserve Flow of Funds no longer the source due to FAS 166/167 changes.
- **ICE BofA US High Yield Index Definition** tracks the performance of the US dollar denominated below investment grade corporate debt publicly issued in the US domestic market.
- **IG Corps** measures the investment grade, fixed-rate, taxable corporate bond market.
- **J.P. Morgan Domestic High Yield Index** is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market.
- **Money Markets** includes commercial paper, bankers acceptances, and large time deposits
- **Mortgage-Related Securities** are backed by mortgage pools that contain subprime loans
- **Municipal Bond Index bonds** must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade.
- **U.S. Treasury Index** is a component of the U.S. Government index

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