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1WS Capital Advisors

1st Quarter Review & Outlook 2025

Despite a macro backdrop that appeared to remain supportive of risk assets, "Discipline" was the summary word of our "OWS 2025 Outlook" (available upon request). Equity valuations were setting new all-time highs while corporate credit spreads were at historical lows. Investors had become more sympathetic to sustained growth scenarios, which continued to fuel investor appetite for risky assets. We believed, and had for sometime, that the restrictive policy of the Fed would lower inflation but also slow economic growth, and therefore increase risk factors that could stress market sentiment and result in the re-emergence of fundamental uncertainty, market volatility, and rising risk premia.

The first quarter came in like a lamb, and out like a lion. As the new fiscal administration settled in, investors were initially hopeful that promises of lower regulation, tax cuts, and tougher immigration policies would help propel U.S. economic growth into the new year. However, as the quarter evolved and rhetoric around U.S. tariffs increased, doubt began to emerge as to the sustainability of the current economic expansion and its impact on inflation. As a result, credit and equity risk premia expanded (Exhibit 1) as uncertainty and market volatility increased (Exhibit 2) into quarter-end.

While this letter is a "Q1 2025 Review & Outlook", we must acknowledge significant market events that began to occur during the first week of April following President Trump's so-called "Liberation Day", April 2nd, which brought "reciprocal tariff" announcements. Market volatility and rising risk premia gained renewed momentum as investors priced growing risks of an economic slowdown and a possible recession. Following the tariff announcements, the S&P 500 and Nasdaq-100 equity indices had their largest 2-day declines since the COVID pandemic (Exhibit 3). Understanding the impact of these tariffs on U.S. consumer behavior will obviously be paramount.

A paradigm shift is unfolding with a lot of information being digested, in addition to potential change announcements at any time. We believe that new opportunities are sure to present themselves as risk premiums should expand. The degree of magnitude, and which sectors will be most impacted, will likely remain clouded for some time. In our view, navigating these developments with a strong understanding of both asset and portfolio risk will determine the winners. What is currently clear to us is that "Uncertainty" is a consensus summary word at the start of Q2 2025.

March 31st, 2025

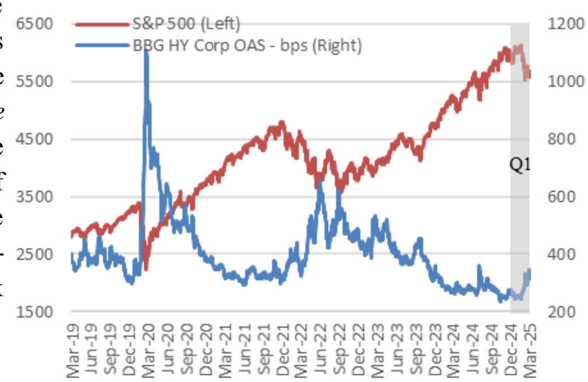
The 1WS Credit Income Fund (the "Fund") is a closed-end interval fund launched in March 2019. As of March 31st, 2025, the Fund has gross assets under management of approximately $712 million (approximately $570 million net assets). The Fund is a non-diversified, closed-end investment management company with an investment objective seeking attractive risk-adjusted total returns through generating income and capital appreciation by investing primarily in a wide array of predominantly structured credit and securitized debt instruments.

Overview

We began 2025 on the heels of solid performance for risk assets in 2024. Continued strength in the labor market, solid gains in personal income, and significant wealth gains from rising equity valuations and home price appreciation continued to fuel personal consumption and propel economic growth. Strong nominal GDP gains and easing financial conditions in capital markets allowed corporate profit margins to remain healthy, reducing the impact of higher nominal interest rates on aggregate corporate fundamentals. Three interest rate cuts (totaling -100 bps) from the Federal Reserve at the end of 2024 provided some relief from higher interest rates and seemed to indicate that the Fed believed that inflation was settling into a glide path towards their longer run target, implying room for further cuts in 2025. As a result, we believe that investors had become more sympathetic to sustained growth scenarios, which continued to fuel investor appetite for risky assets.

We entered the new year with overall portfolio risk limited, given our views on economic growth slowing and benchmark spreads being at or near all-time tights in many markets, which meant the cost of being underinvested was limited. Equity valuations were setting new all-time highs while corporate credit spreads were at historical lows (*see "1WS 2025 Outlook" - available upon request*). Despite a macro backdrop that appeared to remain supportive of risk assets, we believed, and had for sometime, that the restrictive policy of the Fed would lower inflation but also slow economic growth, and therefore increase risk factors that could stress market sentiment and result in the re-emergence of fundamental uncertainty, market volatility, and rising risk premia.

Exhibit 1:
Economic Uncertainty Has Increased Market Risk Premia
S&P 500 Price and Bloomberg HY Corp OAS



Sources: Standard & Poor's, Bloomberg Finance L.P., OWS

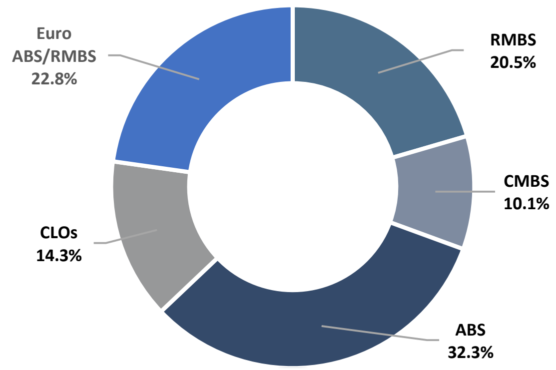
Net Return Performance as of 3/31/25*	MTD	YTD	1 YR	3 YR (Ann.)	5 YR (Ann.)	ITD (3/4/19)
1WS Credit Income Fund (OWSCX) Class I shares	0.15%	1.86%	9.31%	7.45%	11.65%	56.05%
1WS Credit Income Fund (OWSAX) Class A-2 shares	0.05%	1.65%	8.57%	6.77%	10.93%	49.87%
Bloomberg Barclays U.S. Aggregate Bond Index[1]	0.04%	2.78%	4.88%	0.52%	-0.40%	9.06%
ICE BofAML U.S. High Yield Index[2]	-1.07%	0.94%	7.60%	4.84%	7.21%	32.33%

Source: Bloomberg, Finance L.P., Bank of America, OWS

Past performance is not indicative of future returns.
* *OWSCX returns are presented net of all fees and expenses, benchmark returns are gross. Please see pp. 10-12 for important risk disclosures and definitions. OWSAX returns prior to May 2021 reflect the performance of Class I shares, adjusted to reflect the distribution and shareholder servicing fees applicable to Class A2 shares. Class A2 shares are subject to an upfront sales load of up to 3%, which is not reflected in the returns shown above and, if applied, would lower such returns.*
Management Fee: under the Advisory Agreement will be calculated at an annual rate of 1.50% of the daily gross assets of the Fund. "Gross Assets" means the total assets of the Fund prior to deducting liabilities. Derivatives will be valued at market value for purposes of determining "Gross Assets" in the calculation of management fees. Because the Management Fee is based on the Fund's daily gross assets, the Fund's use of leverage, if any, will increase the Management Fee paid to the Adviser. For the initial year of the Fund, the Adviser voluntarily agreed to reduce the Management Fee to .75%. For the one-year period beginning on March 1, 2019, and continuing through the present, the Adviser has voluntarily agreed to reduce the Management Fee to 1.25% of the Fund's daily gross assets. The Adviser's board is under no obligation to continue the fee waiver but may continue to do so.

[1,2] *Please refer to the risk disclosures and definitions on pp. 10-12 for a description of the benchmark indices chosen and the risks associated with comparing 1WS Credit Income Fund returns to those of an index. Investors cannot invest directly in an index.*
Performance data quoted represents past performance, which is not a guarantee of future results. *Current performance may be lower or higher than the performance quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. You can obtain performance data current to the most recent month end by calling (833) 834-4923 or visiting www.1wscapital.com. Investors cannot invest directly in an index. All performance shown assumes reinvestment of dividends and capital gains distribution in percent value. Dividends are not guaranteed and will constitute a return of capital if dividend distributions exceed current-year earnings. Please refer to the Fund's most recent Section 19(a) notice for an estimate of the composition of the Fund's most recent distribution, available at www.1WSCapital.com.*

Portfolio Composition[1] and Net Return Attribution[2]



Asset Type	Net Return[2] Attribution YTD
Asset-Backed Securities (ABS)	0.78%
Collateralized Loan Obligations (CLOs)	0.11%
Commercial Mortgage-Backed Securities (CMBS)	0.24%
European ABS & RMBS	1.14%
Residential Mortgage-Backed Securities (RMBS)	0.47%
Other	-0.60%
Interest Rate Hedges	-0.28%
Total	**1.86%**

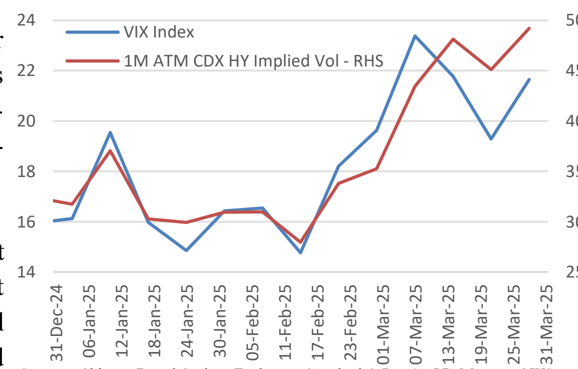
[1] *The Portfolio composition as of 3/31/25 differs from the portfolio composition for any point prior to such date and is subject to change at any time.*
[2] *Net performance data reflects the deduction of all fees and expenses. Net return attribution represents portfolio PnL by sector divided by the Fund's average net asset value for the period reduced by operating expenses and management fees allocated to the sectors based on the market value of the portfolio for the period. See pages 10-12 for important risk disclosures and definitions.*

While the first quarter came in like a lamb, it went out like a lion. As the new fiscal administration settled in, investors were initially hopeful that promises of lower regulation, tax cuts, and tougher immigration policies would help propel U.S. economic growth into the new year. However, as the quarter evolved and rhetoric around U.S. tariffs increased, doubt began to emerge as to the sustainability of the current economic expansion and its impact on inflation. As a result, credit and equity risk premia expanded (Exhibit 1) as uncertainty and market volatility increased (Exhibit 2) into quarter-end.

While this letter is meant to be a *"Q1 2025 Review and Outlook",* we must acknowledge significant market events that began to occur during the first week of April following President Trump's so-called "Liberation Day", April 2nd, which brought "reciprocal tariff" announcements. Market volatility and rising risk premia gained renewed momentum as investors priced growing risks of an economic slowdown and a possible recession. Following the tariff announcement, the S&P 500 and Nasdaq-100 equity indices had their largest 2-day declines since the COVID pandemic (Exhibit 3). What is clear to us is that economic uncertainty has increased and thus risk premiums should expand, the degree to which, and which sectors will be most impacted, will likely remain clouded for some time.

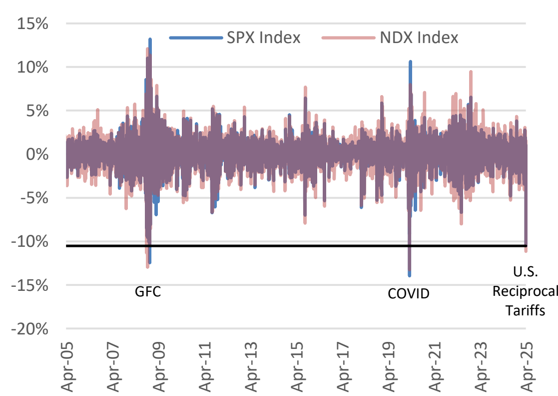
Presently, we believe there is still great uncertainty as to where tariffs will ultimately come to rest. Their impact will have broad implications for both U.S. and global economies as well as credit and equity markets over the short to intermediate term, in our opinion. In markets mired in fear and uncertainty, as evidence from the VIX index closing above 45 on April 4th (Exhibit 4), opportunities to deploy capital at more attractive returns are starting to appear. While overall market leverage and risk appear to be more balanced than we saw in 2020, we have certainly started to see pain in basis trades and strategies that are directionally long U.S. interest rates. Navigating this uncertainty poses both risks and opportunities. In our year-end outlook (*see "1WS 2025 Outlook" - available upon request*) we stated "In our opinion, the current environment favors specialized credit underwriters who emphasize security selection, risk management, and the pursuit of unique sources of excess return". We believe this has served us well during Q1 and is even more relevant looking forward.

Exhibit 2
Corp Credit & Equity Volatility Increased in Q1
VIX Index & 1Mos ATM HY.CDX Implied Volatility



Sources: Chicago Board Options Exchange, Standard & Poor's, J.P. Morgan, OWS

Exhibit 3:
Largest 2-Day Equity Declines Since COVID
NASDAQ-100 & S&P 500 2-Day Price Change %



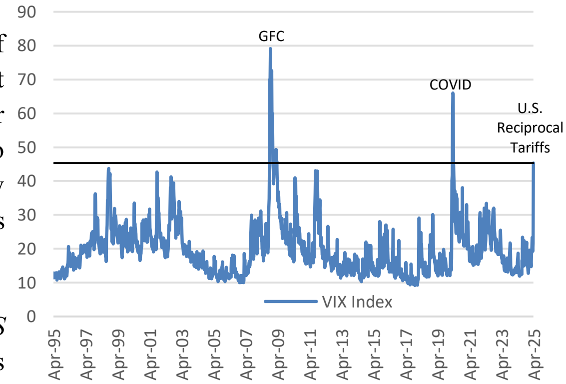
Sources: Standard & Poor's, NASDAQ Global Market, Bloomberg Finance L.P., OWS

We believe that understanding the impact of these tariffs on U.S. consumer behavior will be an important determinant to the evolving economic cycle. As we have highlighted in the past, the consumer is the driving force of the U.S. economy, with personal consumption expenditures (PCE) making up ~70% of GDP, according to the Bureau of Economic Analysis. While we believe that lower income consumers will be more impacted by a slowing economy and/or rising inflation, the behavior of higher income consumers is more relevant to the health of the overall economy. This is because the top 10% of earners now account for ~50% of total personal spending, according to Moody's Analytics (Exhibit 5).

On the positive side, as we highlighted in greater detail in our recent "*1WS 2025 Outlook" (available upon request)*, aggregate consumer balance sheets remain strong, buoyed by hefty gains in equity and real estate price appreciation. This is particularly true for wealthy consumers who hold the largest share of total consumer real estate and equities. According to the Federal Reserves National Accounts Data, the top 20% of earners hold ~56% of all consumer-owned real estate and ~86% of total consumer-owned equities, both of which have appreciated significantly in recent years. For instance, over the past five years (12/2019 – 12/2024), the total value of real estate and equities owned by the top 20% of earners have appreciated by ~$25.5bln or ~60% (Exhibit 6). This compares with a ~36% gain in nominal U.S. GDP over the same time period.

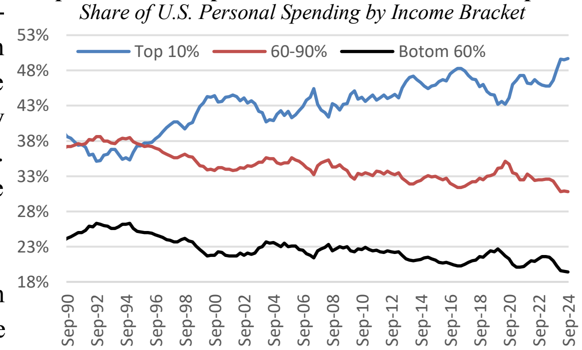
The strength of the U.S. economy during the post-COVID era has often been attributed to the "wealth effect" supporting excess consumer spending. The risk is, the reverse wealth effect, given recent declines in equity valuations and potentially deteriorating consumer sentiment. The degree of and length of any economic downturn will be heavily influenced by the health and happiness of consumers. The good news is that home prices should not be heavily impacted by tariffs, and if equity prices were to decline an additional ~-30% (-41% from February high), to the level of the S&P 500 in October of 2022 (~3600 - Exhibit 6), consumer wealth would still be significant. Consumer sentiment indicators, which have already begun to decline will likely gain increasing scrutiny, in our opinion, as investors try to estimate the potential downside to the economy.

Exhibit 4:
Fear and Uncertainty Grips Equity Markets
Chicago Board Options Exchange Volatility Index (VIX)



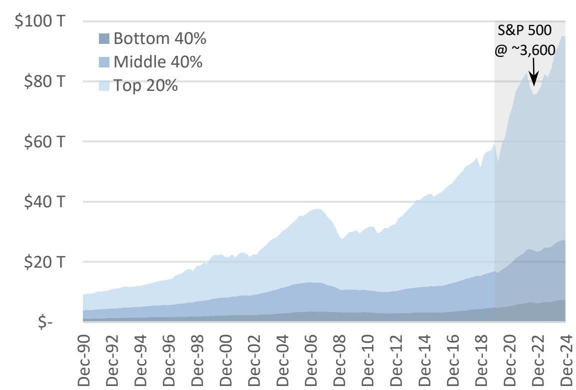
Sources: Chicago Board Options Exchange, Bloomberg Finance L.P., OWS

Exhibit 5:
Top 10% Make Up The Lion's Share of Consumption
Share of U.S. Personal Spending by Income Bracket



Sources: Bloomberg Finance L.P., Moody's Analytics, OWS

Exhibit 6:
Equities & RE Appreciation Pronounced in Top 20%
Equities and Real Estate Assets - by Income Percentile ($Tlns)



Sources: Federal Reserve, Bloomberg Finance L.P., OWS

First Quarter Review

While the risk-on sentiment that prevailed at the end of 2024 initially carried forward into the new year, by quarter-end, sentiment had shifted and market risk premia began to increase as rhetoric around U.S. tariffs began to cast doubt on the sustainability of the current economic expansion. The S&P 500 (including dividends) was down ~-4.27% (Exhibit 7) during the quarter while the tech heavy, equal weighted Mag7 index dropped ~-16.07%.

Risk premia also increased in credit markets with the option-adjusted spread (OAS) on the Bloomberg (BB) U.S. High-Yield index widening ~+60 bps over the quarter and ~+91 bps from the lows reached in mid-February. Treasury prices rallied and treasury yields declined into quarter-end as investors sought a safe haven from risky assets and priced an increasing likelihood that the Federal Reserve would be lowering their benchmark target rate in 2025. The long-only Bloomberg High-Yield index finished ~+1% higher over the quarter while the excess return (pure credit return adjusted for duration) was lower by ~-1.10%

Exhibit 7:
Q1 2025 Benchmark Credit Sector Return Performance - *Through March 31, 2025*
U.S. Treasury, Equity, and Corporate Credit Sector Benchmarks

Bloomberg U.S. Treasury *Index & Bellwethers*

	Yld	Chng	Total Rtn %
U.S. Trsy Index	4.11	-0.34	2.92%
2yr	3.90	-0.35	1.59%
5yr	3.96	-0.43	3.00%
10yr	4.21	-0.36	3.99%
30yr	4.58	-0.20	4.28%

Bloomberg Corporate Credit *(Rating Buckets)*

	Sprd	Chng	Total Rtn %	Excess[2] Rtn %
Bloomberg Credit Indices				
Aaa	41	8	2.69%	-1.08%
Aa	54	9	2.43%	-0.80%
A	80	12	2.38%	-0.75%
Baa	115	18	2.21%	-0.92%
Ba	219	40	1.49%	-0.72%
B	346	69	0.74%	-1.27%
Caa	676	118	-0.44%	-2.46%

Corporate Credit Benchmarks[1] *Bloomberg Cash Indices, Benchmark ETFs & Synthetic CDX*

	Sprd	Chng	Total Rtn %	Excess[2] Rtn %
BB US AGG Index	35	1	2.78%	-0.23%
AGG ETF	1	0	2.74%	
BB US IG Index	94	14	2.31%	-0.84%
IBOXIG Index			2.49%	
LQD ETF	128	23	2.49%	
CDX.IG	61	12	-0.12%	
BB US HY Index	347	60	1.00%	-1.10%
IBOXHY Index			1.15%	
HYG ETF	368	56	1.23%	
CDX.HY	373	64	-1.00%	

Equity & Leveraged Loan Indices

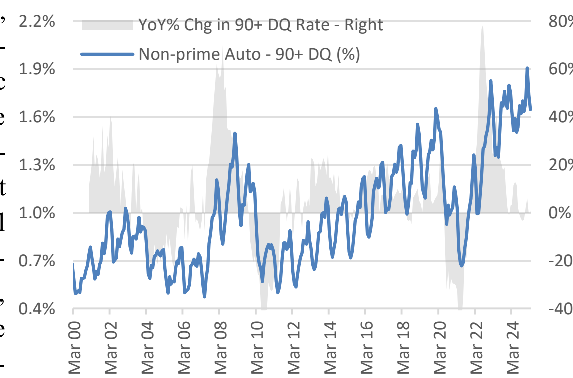
	Prc	Chng	Total Rtn %
Equity Indices			
MSCI ACWI			-1.22%
S&P 500 w/div			-4.27%
iBoxx LevLoan Index			0.31%
Morningstar/LSTA LevLoan Indices			
Index	96.31	-1.02	0.48%
BB	99.29	-0.82	0.93%
B	97.21	-1.32	0.35%

Sources: Standard & Poor's, Bloomberg Finance L.P., iBoxx, MSCI, Markit, J.P. Morgan, OWS
[1] Bloomberg (BB) U.S. Aggregate, U.S. Investment-Grade, and U.S. High-Yield credit indices and 5-year on-the-run IG & HY CDX
[2] *Duration-adjusted or Excess return is a measure of pure credit performance for fixed-rate bonds by adjusting for movements in benchmark interest rates.*

(Exhibit 7). Similarly, an unfunded position in the synthetic, 5-year HY.CDX contract was lower by ~-1.0%. While varying across sectors, credit spreads on the majority of structured credit sectors also widened.

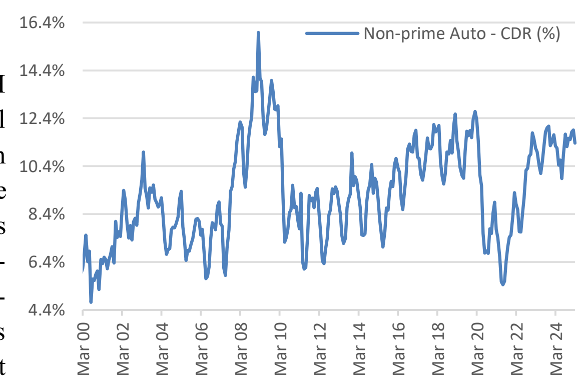
Consumer Outlook - As of late, there has been no shortage of articles addressing subprime auto loans delinquency rates hitting all-time highs, surpassing those during the GFC (Exhibit 8). Although delinquencies are at all-time highs, the rate of acceleration (i.e., the year-over-year change) has dropped significantly. Furthermore, it is worth noting that defaults remain below pre-pandemic highs, and well below levels reached during the GFC (Exhibit 9). While absolute numbers may be interesting, it is critical to have an understanding of the expected defaults given specific loan-level characteristics. In many cases, different loan portfolios of similar assets are expected to have very different fundamental performance and are generally priced to reflect such. There is no doubt that segments of consumers are more affected by higher rates and overall cost of living, and we adjust our expectations to reflect stress where it exists. Generally, while subprime borrowers, for example, are finding it difficult to meet monthly payments on their car loans - even finding themselves in the latest stages of delinquency - they are still capable of curing their loans, avoiding the final stage of their loans being transferred to collection agencies and officially being declared in default.

Exhibit 8:
While Non-Prime Auto Delinquencies Are at ATHs...
Non-Prime Auto 90+ Delinquencies (%)



Sources: J.P. Morgan, OWS

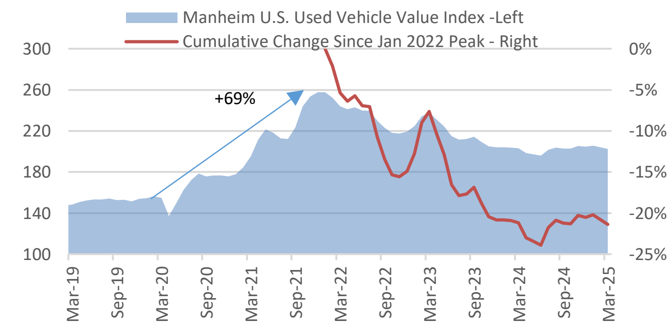
Exhibit 9:
… Default Rates Remain Below Pre-Pandemic Levels
Non-Prime Auto Constant Default Rate (%)



Sources: J.P. Morgan, OWS

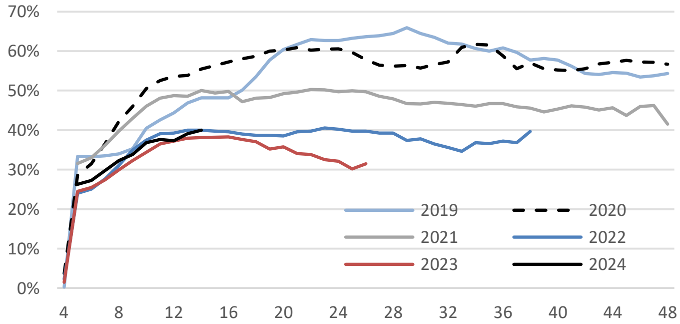
Much of this stress can be attributed to auto loans originated throughout 2H 2021 - 1H 2023, in our opinion. According to an analysis conducted by Kroll Bond Rating Agency (KBRA), looking at a snapshot of subprime auto loan charge-offs, as of October 2024, showed that ~64% of these charge-offs were from loans originated between June 2021 - June 2023. Used vehicle prices surged in the first two years following COVID as disrupted supply chains limited new vehicle production. The Mannheim U.S. used vehicle value index increased ~+69% from the Q4 2019 to a peak in Q1 2022 (Exhibit 10). After this unprecedented increase, used vehicle prices began to decline, leaving the cohort of loans originated during this period most underwater. As the underlying cars began to drop in value, certain borrowers found themselves in a position where their car value was worth considerably less than their loan amount (i.e., negative equity). This is particularly true for many subprime auto loans as they are often originated with loan-to-value (LTV) ratios well above 100%. This led to lower recovery rates on defaulted loans originated during this period (Exhibit 11).

Exhibit 10:
Used Cars Prices Dropped From '22 Peak
Manheim U.S. Used Vehicle Value Index



Sources: Bloomberg Finance L.P., Manheim Auctions, OWS

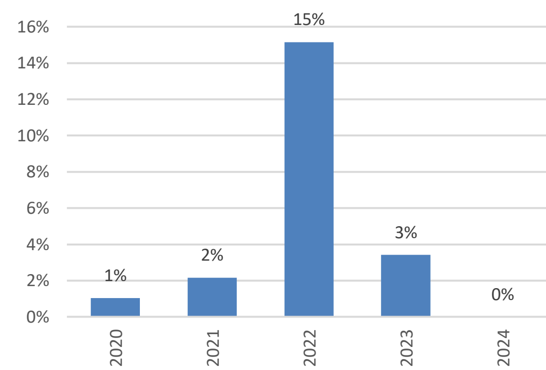
Exhibit 11:
Recoveries Considerably Lower in '22/'23 Vintages
Subprime Auto ABS Recovery Rates - by Deal Year



Sources: J.P. Morgan, OWS

As we previously written, we believe that a number of originators lowered their underwriting standards during 2021/2022 in order to gain market share during this period of high government stimulus. We also believe that rating agencies were slow to recognize the deteriorating collateral characteristics and make adjustments to the structural credit enhancement of securitizations during this period. This appears to have led to a considerable amount of downgrades relative to upgrades in subprime auto ABS issued in 2022 (Exhibit 12) and early 2023. While delinquencies in the 2024 vintages are trending in-line with the 2022 and 2023 cohorts, rating agencies have adjusted the credit enhancement of newer deals, in our opinion, and to date their have been no downgrades of subprime auto ABS originated in 2024 through March 2025.

Exhibit 12:
Downgrades Concentrated in '22 Subprime Auto ABS
Downgrade to Upgrades Ratio (%) - by Deal Year



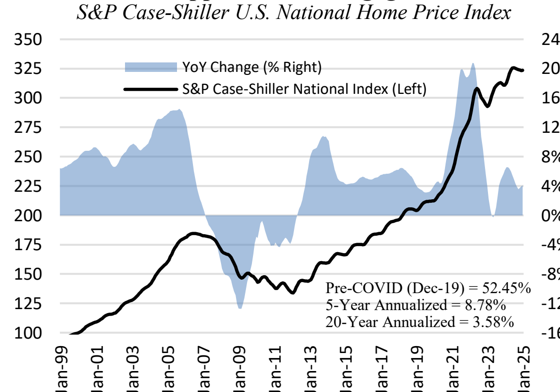
Sources: J.P. Morgan, OWS

Within the consumer ABS sectors, marketplace lending/unsecured consumer ABS outperformed subprime auto in Q1 - the two largest subsectors within our U.S. consumer ABS portfolios. Our portfolio of largely seasoned private student loans also realized strong performance. We continued to be active throughout the sector with a bias of adding unsecured consumer loan securities backed by a mix of both seasoned and unseasoned collateral. In the subprime auto sector, we were a better seller of more seasoned securities where prices had appreciated significantly as a result of de-leveraging and we saw limited upside from further credit spread roll-down. To date, 2024 vintages backed by unsecured consumer loans have performed better than subprime auto ABS of the same vintage, when compared to their respective previous vintages - 2024 vintage unsecured consumer loan ABS are seeing losses below the 2022 and 2023 vintages, which is not true for subprime auto ABS.

In private asset-based financing (ABF) markets, we were able to source opportunities within the unsecured consumer lending and litigation finance sectors. In unsecured consumer lending, we entered into a new mezzanine financing facility with a point-of-sale (POS) lender focused on providing financing for elective medical procedures to prime borrowers that we have previously provided mezzanine financing to in the past. Additionally, we entered into a secured loan backed by a retained portfolio of assets with one of the largest fintech lenders in the securitization market, specializing in unsecured consumer, subprime auto, and point-of-sale assets. In litigation finance, we participated in a financing facility originating loans backed by mass tort and class-action litigation.

Residential Mortgage Credit - Our residential exposures performed well throughout the first quarter, with our seasoned RMBS exposures driving returns within the sector year-to-date. Strong home price appreciation (HPA) has been a tailwind to these seasoned loans, deleveraging embedded credit risk by reducing loan-to-value ratios, improving asset coverage, and enhancing overall credit quality. In our opinion, this continues to aid in stronger cash flow recoveries in

Exhibit 13:
Home Prices Supportive of Mortgage Fundamentals
S&P Case-Shiller U.S. National Home Price Index

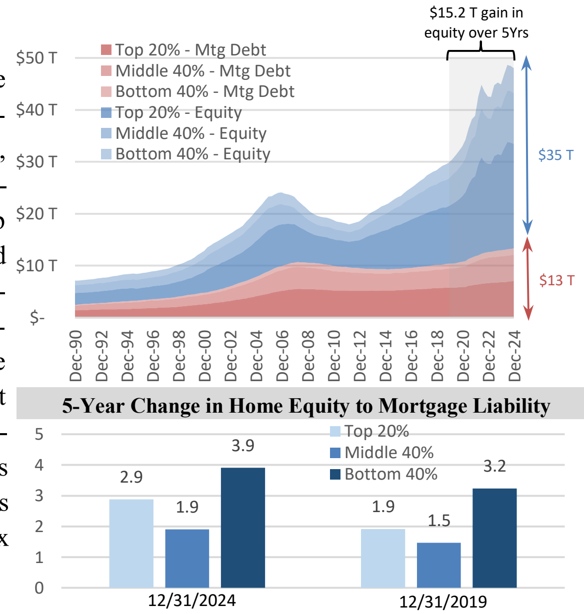


Source: S&P / Case-Shiller, Bloomberg Finance L.P., OWS
U.S. home price index tracks the value of single-family housing in the U.S., NSA

our legacy pools, especially those with accumulated forbearance losses. Our residential transitional loan (RTL) exposures also performed well during the quarter.

As we mentioned in the overview portion of this commentary, we believe home price appreciation (HPA) has been a strong tailwind to residential mortgage fundamentals, with home prices up ~+52% over the past five years alone, which, on an annualized basis is ~+8.8% a year, versus ~+3.6% yearly on a 20-year annualized basis (Exhibit 13). This HPA growth has aided in building up home equity to a record ~$35 trillion - of which ~$15 trillion has appreciated since December 2019 - and supported homeowners across all income percentiles (Exhibit 14). When examining net home equity broken out by the underlying borrowers income percentile we see that across the spectrum, mortgage borrowers have seen their mortgages deleverage meaningfully over the past five years. Across all cohorts, home equity appreciated at a faster rate than liabilities - in aggregate realizing an annualized growth rate of ~+12%, versus ~+5% growth in aggregate mortgage debt over the five-year period. This has resulted in the bottom 40% of earners seeing their home equity build-up to 3.9x their mortgage liability - a ~21% increase from December 2019.

Exhibit 14:
Consumer Real Estate Equity - ($T)
Net Home Equity by Income Percentile

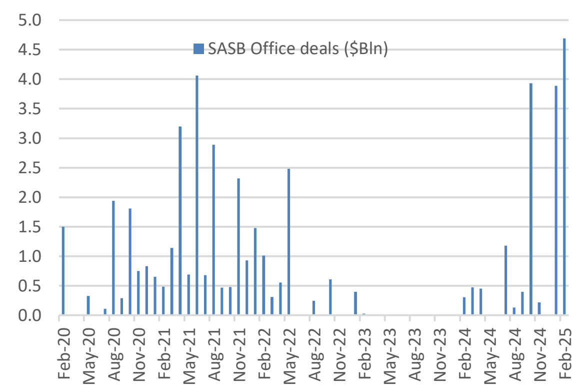


Sources: Federal Reserve, Bloomberg Finance L.P., OWS

Throughout the first quarter we were active within the RMBS market. We continued to acquire positions in residential transitional loans (RTLs), which we believe are attractively priced compared to other RMBS sector opportunities, and continue to trade at what we believe are attractive discounts relative to similar securities in other sectors. Additionally, we were actively buying securities backed by home equity lines of credit (HELOCs).

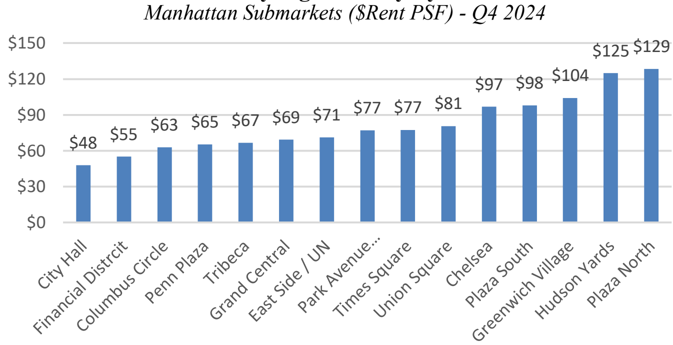
Commercial Real Estate and CMBS - Our commercial real estate (CRE) exposures performed well throughout the first quarter, with off-the-run office single-asset single-borrower (SASB) positions driving portfolio returns. Office SASB issuance was revived in the first quarter (Exhibit 15), with ~$8.6bln in issuance throughout February - the strongest quarterly issuance in at least five years, and making up ~40% of SASB issuance. There is a growing demand for securitizations backed by Class-A/Trophy office exposures amongst investors, as performance metrics of these assets continue to outperform Class B/Class C office properties. When looking at asking rents per square foot (PSF) (Exhibit 16) and availability rates (Exhibit 17), we see that areas that have a greater concentration of Class A office space, like Plaza North and Hudson Yards, in Manhattan, have considerably higher rents PSF and lower availability rates in comparison to areas with a lower concentration, like the Financial District. The

Exhibit 15:
SASB Office Issuance
Monthly Issuance ($Blns) - Through February



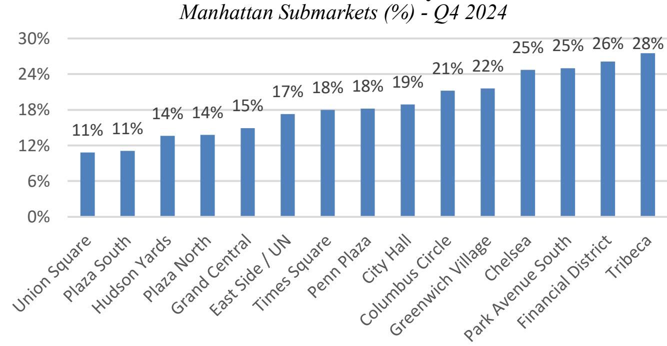
Sources: Deutsche Bank, Bloomberg Finance L.P., OWS

Exhibit 16:
Rent Rates Vary Significantly by Submarkets...
Manhattan Submarkets ($Rent PSF) - Q4 2024



Sources: Savills, OWS

Exhibit 17:
...As Well as Availability Rates
Manhattan Submarkets (%) - Q4 2024



Sources: Savills, OWS

same is true in other office markets across the country, like Chicago, where the overall vacancy rate is ~23.4% yet the Class A/ Trophy office availability rate is ~7.4% according to JLL, as of Q4 2024.

All of this demonstrates the bifurcation within the market and the necessity to be a property-level underwriter when investing in the CRE market. This is why we continue to prefer SASB to conduits, as we believe, we are capable of conducting a more thorough underwrite on a single property, or a pool of properties originated by a single sponsor, then a conduit pool of various properties from multiple sponsors. Success in 2025 hinges on identifying securities with improving property fundamentals, such as NOI growth and strong leasing traction, backed by committed sponsors with robust collateral coverage. Our strategy emphasizes precise asset selection - considering property type, specific attributes, location, and sponsor strength - alongside updated underwriting metrics, which are vital in our investment processes. We believe the current market presents compelling opportunities for risk-adjusted returns, especially for investors able to deploy capital effectively and underwrite property-specific fundamentals and deal structures.

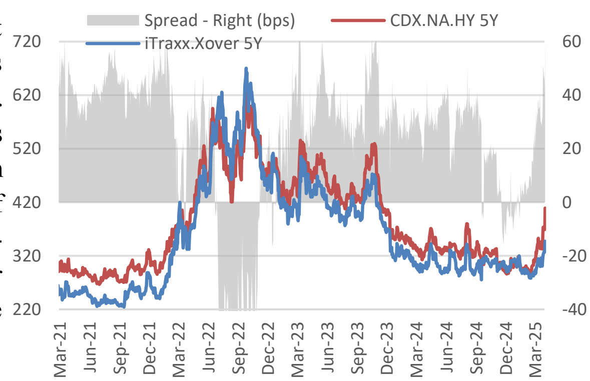
Our investments target both senior and mezzanine tranches, and is based on detailed underwriting to assure what we believe is adequate asset coverage to the tranche level we invest. We underwrite to both base case and stressed assumptions to ensure adequate asset coverage, even under stressed conditions. Moreover, timing of cash flows can be a significant differentiator, particularly in distressed deals where securities are discounted and principal recovery may extend well beyond the maturity date. We believe that having a unique perspective on earlier-than-expected principal recovery can significantly boost total returns.

Non-Dollar ABS & RMBS - Throughout the first quarter, European markets rallied with risk assets outperforming that of their U.S. counterparts. The Euro Stoxx 50 Index outperformed the S&P 500 Index by ~+1600 bps in the first quarter - the second largest quarterly outperformance over the past 25 years, as optimism around Europe's improved growth outlook drove risk-on sentiment. While European iTraxx Crossover 5-year spreads were wider by ~+15 basis points (bps), they outperformed their U.S. equivalent CDX HY 5-year, which widened by ~+64 bps - with the former realizing a Q1 total funded return of ~+0.73%, versus ~+0.08% in the U.S. Fears around what U.S. tariffs will imply for growth in the global economy have driven credit spreads wider throughout both the U.S. and Europe, although in the U.S. it has been more pronounced (Exhibit 18).

Exhibit 18:

U.S. HY Credit Spreads Widened Relative to Europe

iTraxx Crossover versus CDX HY



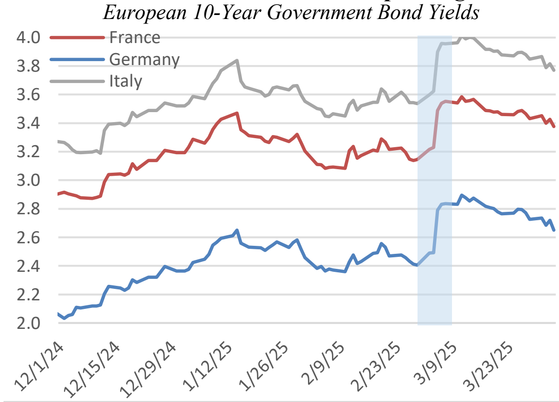
Sources: J.P. Morgan, OWS

As of late, investors have found solace in European markets, as its economic outlook has been uplifted as countries all throughout Europe have signaled their intent to increase fiscal spending as they plan to expand their military capabilities. As such, yields on European government bonds moved materially higher throughout the quarter as market expectations around European growth were revised upward (Exhibit 19).

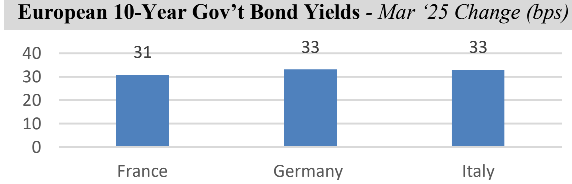
Exhibit 19:

Euro Gov't Bonds Rose on Gov't Spending Outlook

European 10-Year Government Bond Yields



European 10-Year Gov't Bond Yields - *Mar '25 Change (bps)*



Sources: Bloomberg Finance L.P., OWS

Our non-dollar European ABS/RMBS portfolio performed well during the first quarter, with Euro RMBS exposures leading the outperformance. We have been active within the re-performing/non-performing (RPL/NPL) sector, where we believe the opportunity set still remains attractive relative to comparable investments in the performing Euro RMBS market. As European credits rallied throughout Q4 of last year, the RPL/NPL sector lagged the broader tightening, creating what we believe are attractive opportunities on both an outright and relative basis.

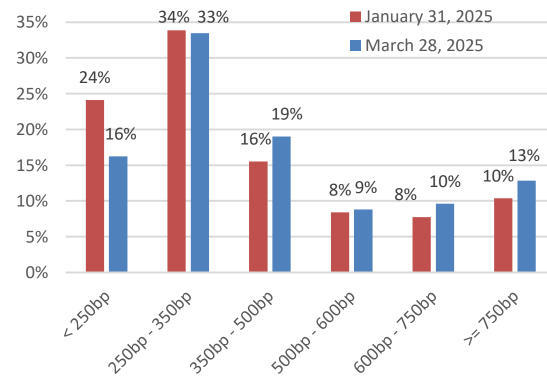
In addition to the public securities market, we continue to look for opportunities to acquire residential whole loans, either through the purchase of call rights on outstanding securitized pools or directly from originators. As we mentioned in our "*1WS 2025 Outlook" (available upon request),* we anticipate a growing number of RPL/NPL opportunities throughout Europe as Basel III capital requirements make it less attractive for banks to keep these mortgages on their balance sheets. Through our previous dealings in the Spanish RPL/NPL market, we have developed key relationships that we believe have strategically positioned us to capitalize on future investment opportunities. Currently we are engaged in a number of subsequent transactions as banks are getting more active in managing the capital ratios.

We believe these loan pools will offer an attractive all-in risk-adjusted total return whether we were to securitize these loans, or, in a case where execution in the securitization market deteriorates, hold them in existing in-place warehouse facilities due to their attractive carry. Additionally, we own the call rights on two other RPL/NPL securitizations with call dates later this year - one backed by a pool of U.K. mortgages and the other backed by Dutch mortgages.

Collateralized Loan Obligations (CLOs) - We had been deliberately underweight CLOs to start the year in an effort to reduce fundamental credit beta and mark-to-market risk in the portfolio. Our CLO exposure, while finishing the first quarter positive, underperformed throughout March, as leveraged loans repriced alongside risk assets, seeing their largest monthly price decline since October of 2023, according to Nomura.

Recent volatility in the market has driven dispersion throughout the sector. As of March 28th 2025, the percentage of leveraged loans trading at a spread below 250 basis points (bps) declined by 8% since the January 31st, 2025 tights, while the share of loans trading at a spread above 600bps increased by 5% over the same period, according to data gathered by J.P, Morgan (Exhibit 20).

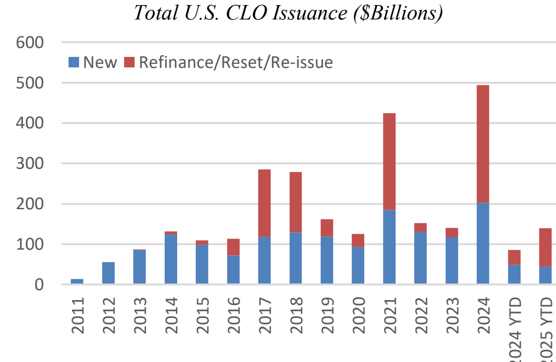
Exhibit 20:
Distribution of Leveraged Loan Spreads
Spread Bucket Breakdowns Loans Compared to Recent Tights



Sources: J.P. Morgan, OWS

Year-to-date (YTD) gross CLO issuance has been robust throughout the first quarter, surpassing Q1 2024 issuance - largely driven by refinancing/resets, which YTD are now greater than ~65% of gross issuance (Exhibit 21). J.P. Morgan has recently revised lower their full year net new issue (ex refi/resets) supply forecast for 2025 to roughly $150bn, versus their previous expectation of $180bn, upon recent market volatility. A protracted period of spread widening and risk-off sentiment could cause a drop in refinancing/reset activity as well, as execution becomes less favorable if AAA-rated CLO spreads widen meaningfully - similar to what was seen in 2022 when spreads widened and continued to trade wide throughout 2023, in our opinion.

Exhibit 21:
Refi/Reset Continues to Drive CLO Issuance YTD
Total U.S. CLO Issuance ($Billions)



Sources: J.P. Morgan, OWS

We remain tactically positioned within our CLO portfolio, as we have found the market to not be properly pricing the growing fundamental risks tied to interest rates remaining higher for longer and lingering economic uncertainty, and the effects both may have on corporate credit exposures, particularly floating rate exposures. We would expect that continued episodes of volatility may present worthwhile opportunities to tactically trade within the CLO sector and remain positioned to capitalize on opportunities as they arise.

Investing in the Fund may be considered speculative and involves a high degree of risk, including the risk of possible substantial loss of your investment.

Prior to investing, Investors should carefully consider the investment objectives, risks, charges and expenses of the 1WS Credit Income Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling (833) 834-4923 or visiting [www.1wscapital.com.](http://www.1wscapital.com) The prospectus should be read carefully before investing.

1WS Credit Income Fund is distributed by ALPS Distributors, Inc. ALPS Distributors, Inc. is not affiliated with 1WS Capital Advisors, LLC or One William Street Capital Management, L.P.

Net performance data are pre-tax, fund-level, net of operating expenses, management fees, and any applicable shareholder servicing and distribution fees charged to investors. ITD Net return is a linked monthly return. Actual returns experienced by an investor may vary due to these factors, among others.

RISK DISCLOSURES

Past performance is not a guarantee of future results. *There is no assurance that the Fund will meet its investment objective.*

Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers for no less than 5% of the Fund's shares outstanding at net asset value. There is no guarantee that shareholders will be able to sell all of the shares they desire to sell in a quarterly repurchase offer. The Fund is suitable only for investors who can bear the risks associated with the limited liquidity of the Fund and should be viewed as a long-term investment. The Fund's investments may be negatively affected by the broad investment environment in the real estate market, the debt market and/or the equity securities market. The value of the Fund's investments will increase or decrease based on changes in the prices of the investments it holds. This will cause the value of the Fund's shares to increase or decrease. The Fund is "non-diversified" under the Investment Company Act of 1940 and, thus, changes in the financial condition or market value of a single issuer may cause a greater fluctuation in the Fund's net asset value than in a "diversified" fund. Diversification does not eliminate the risk of experiencing investment losses. The Fund is not intended to be a complete investment program. The Fund expects most of its investments to be in securities that are rated below investment grade or would be rated below investment grade if they were rated. Below investment grade instruments or "junk securities" are particularly susceptible to economic downturns compared to higher rated investments. While the Fund may employ hedging techniques to seek to minimize interest rate risk, there can be no assurance that it will engage in such techniques at any given time or that such techniques would be successful. As such, the Fund is subject to interest rate risk and may decline in value as interest rates rise. The Fund may use leverage to achieve its investment objective, which involves risks, including the increased likelihood of net asset value volatility and the increased risk that fluctuations in interest rates on borrowings will reduce the return to investors. In addition to the normal risks associated with investing, investing in international and emerging markets involves risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles or from social, economic or political instability in other nations. The Fund may employ hedging techniques to seek to minimize foreign currency risk. There can be no assurance that it will engage in such techniques at any given time or that such techniques would be successful. The Fund may invest in derivatives, which, depending on market conditions and the type of derivative, are more volatile than other investments and could magnify the Fund's gains or losses. An investment in shares should be considered only by investors who can assess and bear the illiquidity and other risks associated with such an investment.

Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. Mortgage-backed and asset-backed securities are affected by interest rates, financial health of issuers/originators, creditworthiness of entities providing credit enhancements and the value of underlying assets. Fixed-income securities present issuer default risk. Prepayment and extension risk exists because a loan, bond or other investment may be called, prepaid or redeemed before maturity and similar yielding investments may not be available for purchase. Structured finance securities may present risks similar to those of the other types of debt obligations in which the Fund may invest and, in fact, such risks may be of greater significance in the case of structured finance securities. Investing in structured finance securities may be affected by a variety of factors, including priority in the capital structure of the issuer thereof, the availability of any credit enhancement, and the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, among others. Market or other (e.g., interest rate) environments may adversely affect the liquidity of Fund investments, negatively impacting their price. Generally, the less liquid the market at the time the Fund sells a holding, the greater the risk of loss or decline of value to the Fund. See the Fund's prospectus for information on these and other risks.

There can be no assurance that the Fund will achieve its investment objective. Many of the Fund's investments may be considered speculative and subject to increased risk. Neither One William Street Capital Management, LP nor 1WS Capital Advisors, LLC has managed a 1940-Act registered product prior to managing the fund. Investing in the Fund involves risks, including the risk that you may receive little or no return on your investment or that you may lose part or all of your investment. The ability of the Fund to achieve its investment objective depends, in part, on the ability of the Adviser to allocate effectively the assets of the Fund among the various securities and investments in which the Fund invests. There can be no assurance that the actual allocations or investment selections will be effective in achieving the Fund's investment objective or delivering positive returns.

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice, so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the portfolio manager disclaims any responsibility to update such views. The views expressed in this report reflect the current views of the portfolio manager as of March 31st, 2025.

There are limitations when comparing the 1WS Credit Income Fund to indices. Many open-end funds which track these indices offer daily liquidity, while closed-end interval funds offer liquidity on a periodic basis. Deteriorating general market conditions will reduce the value of stock securities. When interest rates rise, the value of bond securities tends to fall. Investing in lower-rated securities involves special risks in addition to the risks *associated with investments in investment grade securities, including a high degree of credit risk. Lower-rated securities may be regarded as predominately speculative with respect to the issuer's continuing ability to meet principal and interest payments. Analysis of the creditworthiness of issuers/issues of lower-rated securities may be more complex than for issuers/issues of higher quality debt securities. There is a risk that issuers will not make payments, resulting in losses to the Fund. In addition, the credit quality of securities may be lowered if an issuer's financial condition changes. Assets and securities contained within indices are different than the assets and securities contained in the 1WS Credit Income Fund and will therefore have different risk and reward profiles. An investment cannot be made in an index, which is unmanaged and has returns that do not reflect any trading, management or other costs. Please see definitions for a description of the investment indexes selected.*

DEFINITIONS

Aaa Corporate: *The Bloomberg Aaa Corporate Index measures the Aaa-rated, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.*
Aa Corporate: *The Bloomberg Aa Corporate Index measures the Aa-rated, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.*
A Corporate: *The Bloomberg A Corporate Index measures the A-rated, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.*
ABS: *Asset-Backed Securities are instruments secured by financial, physical, and/or intangible assets (e.g., receivables or pools of receivables), and investments in any assets/instruments underlying the foregoing structured/secured obligations.*
Baa Corporate: *The Bloomberg Baa Corporate Index measures the Baa-rated, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.*
Ba U.S. High Yield: *The Bloomberg Ba US High Yield Index measures the USD-denominated, Ba-rated, fixed-rate high-yield corporate bond market. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.*
B U.S. High Yield: *The Bloomberg B US High Yield Index measures the USD-denominated, B-rated, fixed-rate high-yield corporate bond market. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.*
Basis Points (bps): *A basis point is a common unit of measurement for interest rates and credit spreads and is equal to one hundredth of one percent.*
Bond Rating Scale:

Moody's	*Standard & Poor's*	*Fitch*	
Aaa	*AAA*	*AAA*	
Aa1	*AA+*	*AA+*	
Aa2	*AA*	*AA*	
Aa3	*AA-*	*AA-*	
A1	*A+*	*A+*	***Investment Grade***
A2	*A*	*A*	
A3	*A-*	*A-*	
Baa1	*BBB+*	*BBB+*	
Baa2	*BBB*	*BBB*	
Baa3	*BBB-*	*BBB-*	
Ba1	*BB+*	*BB+*	
Ba2	*BB*	*BB*	
Ba3	*BB-*	*BB-*	
B1	*B+*	*B+*	***Non-Investment Grade***
B2	*B*	*B*	
B3	*B-*	*B-*	
Caa	*CCC*	*CCC*	
Ca	*CC*	*CC*	
C	*C*	*C*	

A bond rating is a letter-based scoring scheme used to judge the quality and creditworthiness of a bond. The three largest private independent rating services are Moody's, Standard & Poor's and Fitch Ratings Inc. The letter-based grading scale for each of these rating agencies is highlighted to the left. The higher a bond's rating, the higher its credit quality. Bonds rated BBB or higher are considered investment grade. Bonds rated BB and below are considered non-investment grade.

Buy-to-Let (BTL): *Buy-to-let mortgages are for landlords who want to buy property to rent it out.*
Caa U.S. High Yield: *The Bloomberg Caa US High Yield Index measures the USD-denominated, Caa-rated, fixed-rate high-yield corporate bond market. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.*
Capitalization Rate: *The capitalization rate (also known as cap rate) is used in the world of commercial real estate to indicate the rate of return that is expected to be generated on a real estate investment property.*
CLO: *Collateralized Loan Obligations are instruments that represent debt and equity tranches of collateralized loan obligations and collateralized debt obligations.*
CMBS: *Commercial Mortgage-Backed Securities are fixed income instruments that are secured by mortgage loans on commercial real property.*
CMBX: *CMBX indices are synthetic tradable indices referencing a basket of 25 commercial mortgage-backed securities (CMBS).*
Convexity: *Convexity is a measure of the curvature, or the degree of the curve, in the relationship between bond prices and bond yields.*
Credit Enhancement: *Credit enhancement is a risk-reduction technique that provides protection, in the form of financial support, to cover losses under stressed scenarios.*
Credit Risk Transfer (CRT) Securities: *CRT securities effectively transfer a portion of the risk associated with credit losses within pools of residential mortgage loans to investors.*
Debt Service Ratio: *The household debt service ratio (DSR) is the ratio of total required household debt payments to total disposable income.*

Duration-Adjusted: *Duration-adjusted or excess return is a measure of pure credit performance for fixed-rate bonds by adjusting for movements in benchmark interest rates.*

Euro Auto Mezzanine (A-rated): *European Auto Mezzanine A-rated is representative of an A-rated mezzanine tranche of a Non-Dollar Asset-Backed Securities Index, specifically auto loans or leases.*

EURO STOXX 50: *The index covers 50 of the leading blue-chip stocks from 11 Eurozone countries.*

FICO: *The Fico Score is used by lenders to help make accurate, reliable, and fast credit risk decisions across the customer lifecycle.*

Financial Obligation Ratio: *The financial obligation ratio is the ratio of required household debt payments to total disposable income and includes rent payments on tenant-occupied property, auto lease payments, homeowners' insurance, and property tax payments*

Floating-Rate Loans: *A floating rate loan has an interest rate which changes periodically based on an underlying index plus a spread.*

Forbearance: *The temporary suspension of loan repayments due to demonstrated financial hardship on the part of the borrower.*

ICE BofA MOVE Index: *This is a yield curve weighted index of the normalized implied volatility on 1-month Treasury options. It is the weighted average of volatilities on the CT2, CT5, CT10, and CT30. (weighted average of 1m2y, 1m5y, 1m10y and 1m30y Treasury implied vols with weights 0.2/0.2/0.4/0.2, respectively).*

ICE BofAML US High Yield Master II TR Index: *The index tracks the performance of US dollar denominated below investment grade rated corporate debt publically issued in the US domestic market. Investors cannot invest directly in an index.*

Interest Rate Hedges: *Interest rate hedges include a variety of different products to help protect against interest rate risk. In principle, interest rate hedging products provide greater certainty over future loan repayments.*

iTraxx Crossover: *An equally weighted index comprised of 75 credit default swaps on the most liquid non-investment grade European corporates.*

iTraxx Main: *An equally weighted index comprised of 125 credit default swaps on investment grade European corporates.*

Loan-to-Value (LTV): *Loan-to-value is a measure of the size of a loan relative to the value of an asset.*

Mezzanine Tranche: *A mezzanine tranche within a securitization lies in the middle of the capital structure, below the senior tranche and above the junior tranche (typically an unrated equity tranche).*

Morningstar LSTA US Leveraged Loan Index: *A market value weighted index designed to measure the performance of the US leveraged loan market that tracks the performance of more than 1,400 USD denominated loans.*

Nasdaq-100 Index: *A modified capitalization-weighted index of the 100 largest and most active non-financial equities listed on the NASDAQ.*

Non-Dollar ABS: *Non-Dollar Asset-Backed Securities are instruments secured by financial, physical, and/or intangible assets (e.g., receivables or pools of receivables), and investments in any assets/instruments underlying the foregoing structured/secured obligations outside of the U.S. Non-Dollar Asset-Backed Securities are denominated in currencies other than the U.S. Dollar.*

Non-Dollar RMBS: *Non-Dollar Residential Mortgage-Backed Securities are securities that may be secured by interests in a single residential mortgage loan or a pool of mortgage loans secured by residential property outside of the U.S. Non-Dollar Residential Mortgage-Backed Securities are denominated in currencies other than the U.S. Dollar.*

Non-Performing Loans (NPL): *Mortgage loans that are subject to late repayment (i.e., 90 days have passed without the borrower paying the agreed instalments) or are unlikely to be repaid by the borrower.*

Non Qualified Mortgages (Non-QM): *A non-qualified mortgage — or non-QM — is a home loan that is not required to meet agency-standard documentation requirements as outlined by the Consumer Financial Protection Bureau (CFPB).*

Real Capital Analytics (RCA) Property Price Index: *The RCA Property Price Indices are transaction based indices that measure property prices at a national level.*

Re-performing Loans (RPL): *Mortgage loans that were once delinquent but has since returned to performing status.*

Residential Transitional Loans (RTL): *Mortgage loans, specifically real estate investment loans, that are usually short duration financing for investors pursuing construction, renovation, and other rehabilitation projects on a property.*

RMBS: *Residential Mortgage-Backed Securities are securities that may be secured by interests in a single residential mortgage loan or a pool of mortgage loans secured by residential property.*

Risk-Adjusted: *A risk-adjusted return is a calculation of the profit or potential profit from an investment that takes into account the degree of risk that must be accepted in order to achieve it. The risk is measured in comparison to that of a risk-free investment, usually U.S. Treasuries.*

Risk Premia: *Risk Premia is the investment return an asset is expected to yield in excess of the risk-free rate of return.*

SASB: *Single Asset Single Borrower (SASB) CMBS transactions involve the securitization of a single loan (SA) or collateralized by a group of assets all owned by the same borrower (SB).*

S&P 500 Index: *An index that includes 500 leading companies and covers approximately 80% of available market capitalization.*

S&P CoreLogic Case-Shiller U.S. National Home Price Index: *The index tracks the value of single-family housing within the United States.*

Subprime Auto ABS: *Auto asset-backed securities (auto ABS) are structured finance securities that are collateralized by auto loans or leases, specifically subprime (poor credit standing) borrowers.*

Tranche: *Tranches are segments created from a pool of assets - usually debt instruments such as bonds or mortgages - that are divvied up by risk, time to maturity, or other characteristics in order to be marketable to different investors.*

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