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1WS Capital Advisors

1st Quarter Review & Outlook

March 2024

Throughout Q1 2024, market expectations for Federal Reserve interest rate cuts gradually repriced to a less exuberant "higher for longer" baseline. As a result, duration losses ensued for many long-only fixed-income portfolios during the quarter.

Structured credit sector spreads have recovered some of their Q4 2023 underperformance relative to corporates. However, we continue to underwrite to weaker expected fundamentals while still observing attractive historical risk-adjusted risk premia. This remains in contrast with broader credit and equity markets, which, in our opinion, up to this point, have continued pricing in a much more favorable economic and credit backdrop with little downside risk.

We continue to see significant dispersion and inconsistencies across sectors, vintages, originators, and capital structures. In our view, "higher for longer" will only augment opportunities. Because we invest across a variety of credit sectors, we have a lot to pick from in the current environment as we attempt to normalize risk and identify the best relative risk-adjusted return opportunities across markets. Our thoughts on the current investment environment include:

- *The commercial real estate sector will continue to evolve. Tactical opportunities in bonds with attractive credit enhancement and CMBX relative value persist. We also expect to see increasing property sponsor recapitalizations.*
- *The consumer is essentially bifurcated into the "haves" and "have-nots". An attractive return characteristic of many consumer ABS structures which, as a result of high excess spread, is that they can build credit enhancement and de-leverage rapidly. Therefore, identifying positively seasoning deals can provide significant credit spread roll-down and upside excess return potential relative to spread and yield alone.*
- *Within residential credit sector, the strength in home prices and build-up of home equity wealth continues to be a primary driver of the current low level of aggregate delinquencies/defaults in the mortgage sector. Seasoned collateral with strong payment histories, which have de-leveraged due to prior home price appreciation, has presented an investment thesis across non-agency RMBS, re-performing pools, and various forms of credit risk transfer.*
- *CLOs have continued to trade cheap relative to unsecured corporate bonds. However, given our current skepticism regarding the general lack of risk being priced into corporate markets, we remain tactical within our CLO strategy.*

March 31st, 2024

The 1WS Credit Income Fund (the "Fund") is a closed-end interval fund launched in March 2019. As of March 31st, 2024, the Fund has gross assets under management of approximately $315 million (approximately $275 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.

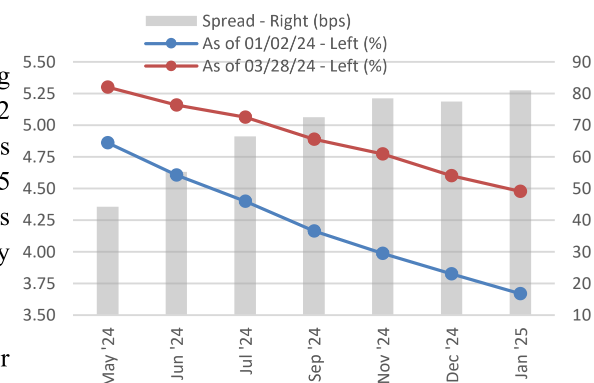
Overview

2024 began with markets pricing a fairly aggressive Federal Reserve easing path fueled by a dovish Fed meeting at the end of 2023. However, as Q2 2024 begins, market-implied expectations for future Fed interest rate cuts have repriced to be more in line with the Fed's expectations (dot plots) of 75 bps of rate cuts in 2024 (Exhibit 1). As a result, benchmark interest rates have moved higher over the quarter resulting in duration losses for many long-only fixed-income portfolios.

A resilient consumer and strong labor market buoyed growth estimates for the U.S. economy, tempered rate cut expectations for the Fed, and supported risk assets in Q1 2024. In a break from recent performance, equities continued to rally despite the market's reassessment of near-term rate cut expectations in 2024 (Exhibit 2). The Fed signaling a willingness to accept slightly higher inflation for a prolonged period in their latest Summary of Economic Projections (SEP) has supported the most optimistic scenarios for risk assets.

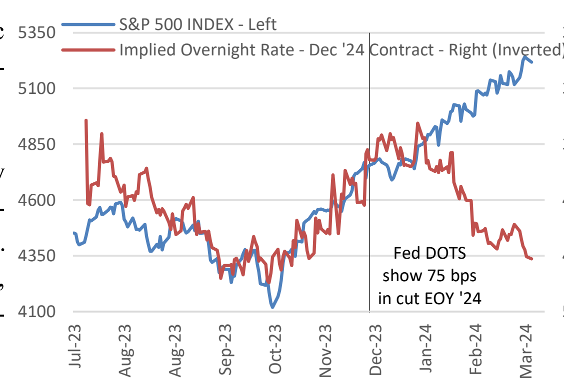
We began 2024 with many structured credit sectors having significantly lagged the relative outperformance of equities and corporate credit benchmarks in late 2023 (*see "1WS 2024 Outlook" - available upon request*). While many structured credit sectors have participated in the Q1 2024 rally, most sectors continue to look attractive on an outright basis and, in particu-

Exhibit 1:
Rate Expectations Have Adjusted Higher
Implied Future Overnight Rate in the U.S.



Sources: Bloomberg Finance L.P., OWS

Exhibit 2:
Recent Correlation has Broken Down Between Equity Valuations and Near Term Rate Expectations



Sources: Bloomberg Finance L.P., OWS

Net Return Performance as of 03/31/24*	MTD	YTD	1 YR	3 YR (Ann.)	5 YR (Ann.)	ITD (3/4/19)
1WS Credit Income Fund (**OWSCX**) Class I shares	1.09%	3.55%	13.90%	6.75%	7.28%	42.76%
1WS Credit Income Fund (**OWSAX**) Class A-2 shares	1.06%	3.46%	13.29%	6.11%	6.58%	38.04%
Bloomberg Barclays U.S. Aggregate Bond Index[1]	0.92%	-0.78%	1.70%	-2.46%	0.36%	3.98%
ICE BofAML U.S. High Yield Index[2]	1.19%	1..51%	11.04%	2.21%	4.03%	22.98%

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

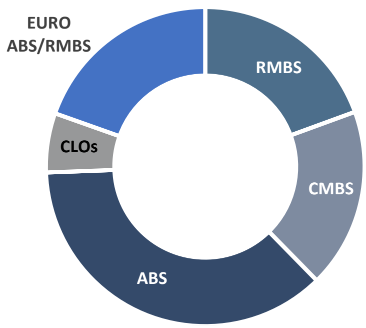
Past performance is not indicative of future returns.

* *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]



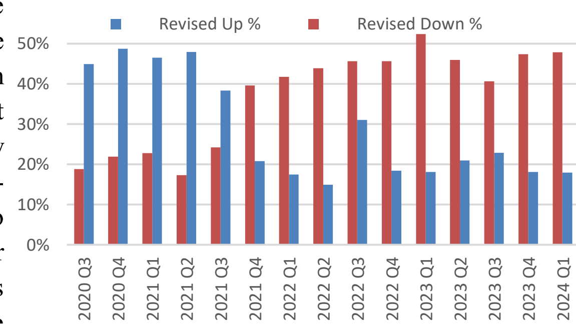
Asset Type	Portfolio Composition 3/31/2024	Net Return[2] Attribution YTD
Asset-Backed Securities (ABS)	36.75%	0.54%
Collateralized Loan Obligations (CLOs)	6.01%	0.32%
Commercial Mortgage-Backed Securities (CMBS)	18.23%	0.34%
European ABS & RMBS	19.58%	0.35%
Residential Mortgage-Backed Securities (RMBS)	19.43%	0.41%
Other	-	0.87%
Interest Rate Hedges	-	0.72%
Total	**100.0%**	**3.55%**

[1] The Portfolio composition as of 3/31/24 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.

lar, on a relative basis compared with corporate credit alternatives, in our opinion. Across many securitized credit sectors, we continue to underwrite to weaker expected fundamentals while still observing attractive historical risk-adjusted risk premia. This remains in contrast with broader corporate credit and equity markets, which, in our opinion, seem to be pricing in a much more favorable economic and credit backdrop with little downside risk.

With corporate credit and equity valuations continuing to set new highs, there seems to be little in the form of existing risk premia to drive further gains and/or to cushion downside in the event fundamentals deteriorate. While we believe that credit markets have been buoyed by expectations that future rate cuts would lessen fundamental risks, those rate cut expectations have been tempered recently. Several Wall Street analysts have expressed concern that even as the outlook for profits has been weakening, equities are setting new highs. The share of analyst revising down their EPS growth estimates continues to significantly outpace those revising higher (Exhibit 3). According to data from Bloomberg Intelligence, consensus S&P earnings estimates for 2024 have been revised lower over the past 5 months with current earnings per share (EPS) growth estimates now at approximately 9%, down from more than 11% five months ago.

Exhibit 3:
S&P 500 EPS Guidance Revisions
Equity Analysts Continue to Revise Lower EPS Guidance

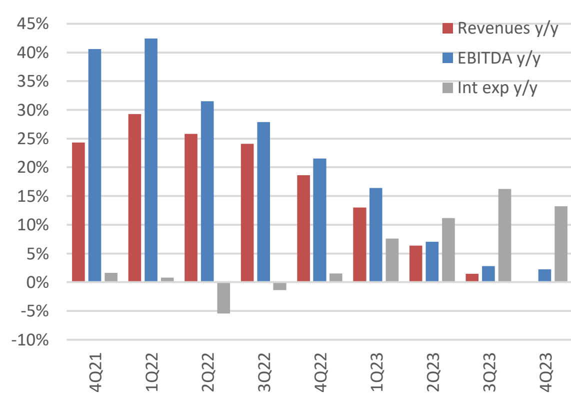


Sources: Bloomberg Finance L.P., OWS

Similarly, High-Yield corporate credit fundamentals have continued to deteriorate since the start of the Fed tightening cycle. Year-on-year growth in revenues and earnings before interest, taxes, depreciation, and amortization (EBITDA) have declined sharply, according to J.P. Morgan, while interest expense continues to rise (Exhibit 4). While corporate defaults have remained relatively constrained, a higher for longer Fed path could stress corporate finances further, particularly those with the highest leverage, floating rate liabilities, and near-term bond/loan maturities. While financial conditions and liquidity in the corporate debt markets have improved, raising debt capital is still challenging for those borrowers with high debt service burdens and those with less certain earnings visibility, in our opinion.

Despite relatively strong performance in Q1, we remain encouraged by the investment opportunities we currently see within structured credit. Fundamental uncertainty remains elevated in many consumer and commercial real estate sectors, which continues to lead to elevated levels of risk premia across many sectors, in our opinion. For investors with differentiated underwriting capabilities, we believe there continues to be attractive risk-adjusted return opportunities across securitized credit both outright and relative to corporate credit sectors. Benchmark spreads have narrowed, however, we believe that

Exhibit 4:
Corporate Credit Fundamentals Have Been Deteriorating
Annual Revenue, EBITDA, and Interest Expense Growth



Sources: J.P. Morgan, OWS

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many sectors remain attractive on a historical and relative basis. Opportunities are more nuanced and require greater underwriting to identify the best opportunities while protecting against downside risks should fundamentals meaningfully underperform.

We continue to see significant dispersion and inconsistencies across markets, sectors, and capital structures in terms of future fundamental expectations. Because we invest across a variety of credit sectors, capital structures, and risk profiles, we normalize risk across sectors in an attempt to identify the best risk-adjusted return opportunities across sectors and up and down the capital structure. We believe that a focus on underwriting asset price volatility as well as credit fundamentals and differentiated structural characteristics provides us greater visibility into both security selection as well as portfolio risk construction. In our opinion, this enhances our ability to generate attractive cross-cycle risk-adjusted returns.

While consensus expectations seem to be growing for an economic soft landing, the timing and extent of future Fed rate cuts seem to be increasingly questioned. Will inflation continue its downward trend allowing the Fed to lower rates and relieve the building pressure in many interest-sensitive sectors of the economy, all while consumer spending and the economy continue to grow? Perhaps, and yet, the current high-interest rate environment relative to the past decade should continue to chip away at credit fundamentals of the most vulnerable borrowers, assets, and structures across credit sectors. While we are not forecasting a systemic deterioration in credit fundamentals, we do believe that there remain meaningful risks to the current economic, inflation, and interest rate outlook which could result in increasing uncertainty and market volatility. With market risk premia across many credit and equity sectors on the lower end of historical ranges, our preference is to limit generic market beta across our portfolios. We believe that hedged investments relative to corporate credit benchmarks should offer attractive total returns, given what we believe continues to be a meaningful divergence in current valuations.

Within structured credit where we continue to see attractive risk-adjusted return opportunities, we believe the best way to optimize our current portfolio positioning is to leverage our fundamental credit underwriting. Continued uncertainty across many structured credit sectors translates into attractive risk premia currently and increasing fundamental return opportunities, in our opinion. Structured credit is not a generic market. The risk profile of seemingly similar securities can vary dramatically. Because of the many nuanced structural characteristics within and across structured credit, we believe it is the ideal sector in which to identify and leverage differentiated fundamental views. The challenge, we believe, is having the credit expertise and underwriting skills to differentiate between risks and opportunities. While current fundamentals may appear solid, underwriting to a range of future economic outcomes and understanding the asset's future performance in those scenarios is critical to evaluating security-specific risks and identifying the most attractive opportunities in the current environment.

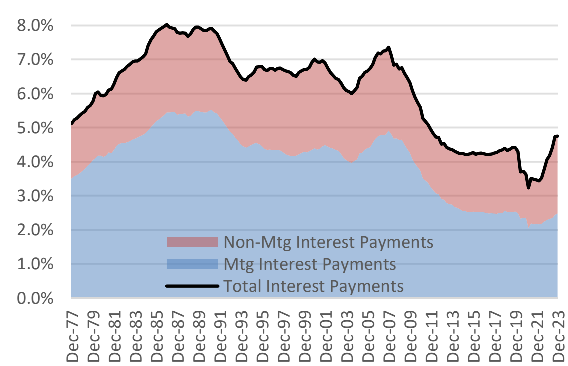
First Quarter Review

Despite modestly higher interest rates, the risk-on sentiment that propelled corporate credit and equity prices higher at the end of 2023 continued into the first quarter of this year. Structured credit sectors recovered some of the underperformance relative to corporates at the end of 2023, and we realized positive first-quarter gains across each of our broad sector-level investment strategies.

While benchmark credit spreads generally tightened across most structured credit sectors in Q1, the tightening continues to lag that seen in the corporate sector, in our opinion. On a historical basis, overall spreads remain elevated, driven in part by i) unwinding secular trends enabled by a decade of low interest rates and ii) the credit dispersion that exists across individual securities, requiring investors to have the capacity to analyze individual collateral portfolios and deal structures to capture the true excess return opportunities.

Consumer ABS - As we highlighted in our *"1WS 2024 Outlook"*, we believe consumer fundamentals remain robust, in aggregate. While non-mortgage interest payments have risen fairly dramatically since the Fed began raising interest rates in 2022, the majority of mortgage payments are locked in at low fixed rates. As such, in aggregate, the total household debt burden is still relatively small by historical standards (Exhibit 5). However, as we have high-

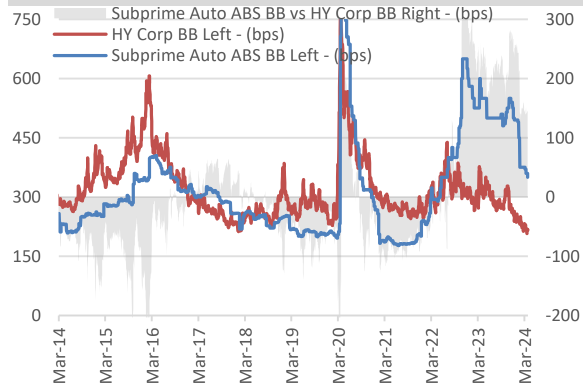
Exhibit 5:
Consumer Interest Payments Have Risen
(As a % of Personal Income)



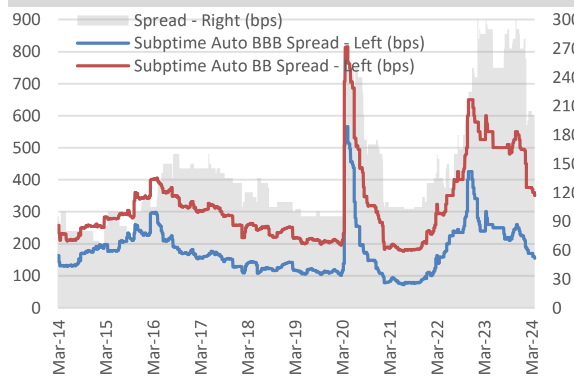
Sources: Bureau of Economic Analysis, Bloomberg Finance L.P., OWS lighted, the burden is not evenly distributed. For instance, nearly 50% of total debt among the two lowest income quintiles is non-mortgage consumer debt, compared to just ~27% for the top two quintiles[1] (*see 1WS 2024 Outlook).* A similar dynamic can be seen with younger borrowers versus older borrowers. More than 75% of total consumer debt for borrowers over the age of 40 is mortgage debt, while more than 50% of total debt for consumers between the ages of 18 and 30 is comprised of non-mortgage consumer debt[2]. As such, younger borrowers and those with lower incomes are experiencing the greatest burden from higher interest costs. As a result, we believe that deal-level underwriting is becoming even more important in quantifying embedded risks and identifying the most attractive risk-adjusted return opportunities in the current environment.

Exhibit 6:
Consumer ABS - Subprime Auto

6a: Spreads Remain Wide vs Unsecured Corporate Credit
BB-Rated Subprime Auto vs BB-Rated Unsecured Corporate



6b: Credit Curves Remain Steep
BB-rated vs BBB-Rated Spread Curve

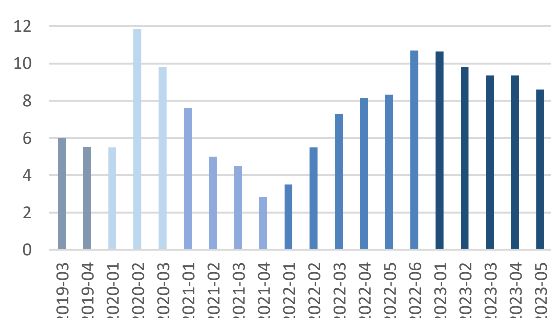


Sources for both Charts: J.P. Morgan, OWS

In Q1, benchmark ABS spreads narrowed. However, they continue to trade wider than prior to the current Fed hiking cycle, and materially wider than unsecured corporate debt (Exhibit 6a). For instance, the current spread advantage for moving out of BB-rated corporates into BB-rated subprime auto is more than +210 bps relative to the average spread differential that prevailed during the decade leading up to the current Fed cycle. In addition, while credit curves have come in from their absolute wides, they continue to remain historically steep (Exhibit 6b) which can, as deals season and de-leverage, provide significant credit spread roll-down and upside excess return potential relative to spread and yield alone. This is an attractive return characteristic of many consumer ABS structures which, as a result of high excess spread, can build credit enhancement and de-leverage rapidly.

Having said that, certain consumer ABS securitizations from some 2021 and 2022 vintage subprime auto and unsecured consumer (marketplace lending) securitizations suffered fundamental underperformance relative to market expectations. In the case of these particular deals, we believe it was largely the result of several originators lowering underwriting standards during the pandemic in order to gain market share. We believe rating agencies were slow to recognize changes in collateral characteristics and to make adjustments to structural credit enhancement. This resulted in the downgrade of a number of mezzanine bonds associated with these underperforming deals. In response, we believe originators have been relatively quick to tighten lending standards. As a result, we have seen improvement in newer 2023 vintage security underwriting metrics and credit enhancement (Exhibit 7). Moreover, fundamentally, 2023 vintage consumer loans have been performing better than the 2021 and 2022 vintages, with 30+ delinquencies coming in lower for both subprime auto and unsecured consumer ABS (Exhibit 8&9).

Exhibit 7:
Initial Credit Enhancement Has Increased
BB-Rated Credit Enhancement of Downgraded Originator
(At Origination - by Deal Vintage)



Sources: J.P. Morgan, Intex, OWS

From a trading perspective, we were relatively active within consumer ABS over the quarter, across all primary sectors. Spreads were generally trending tighter and bond liquidity, in our opinion, is perhaps as good as we have observed since pre-COVID. ABS issuance is at record highs. The improvement in liquidity extends to the most esoteric sectors and securities. Late in the quarter, we were able to take advantage of the sharp increase in liquidity and new buyers to sell a large private student loan residual at a significant premium to recent valuations. In general, we were adding exposures at the start of the year on a strong belief that consumer ABS were significantly undervalued relative to corporates and would eventually converge. We added exposure in the subprime auto and unsecured consumer sectors. Following strong outperformance in January and early February - particularly within the subprime auto sector - we began selling out of a number of our more seasoned exposures that had already realized significant de-leveraging. We re-invested in newer issue mezzanine tranches as well as well-structured, over collateralized unsecured consum-

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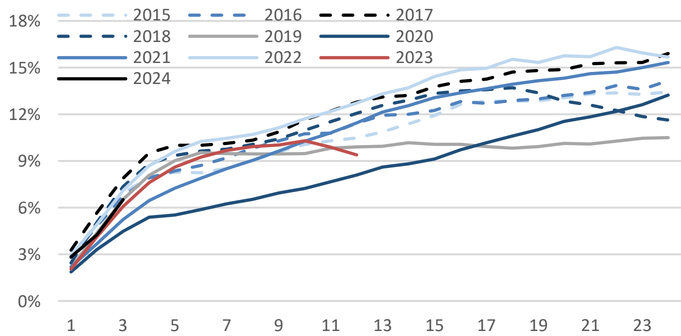
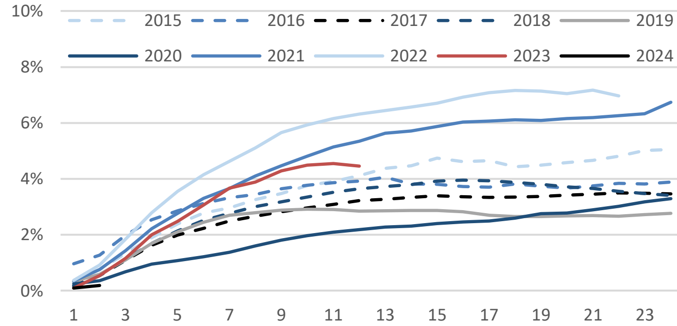
Exhibit 8:
Subprime Auto ABS - *30+ Delinquencies*
(Months Since Origination)



Sources: Intex, OWS

Exhibit 9:
Unsecured Consumer ABS - *30+ Delinquencies*
(Months Since Origination)



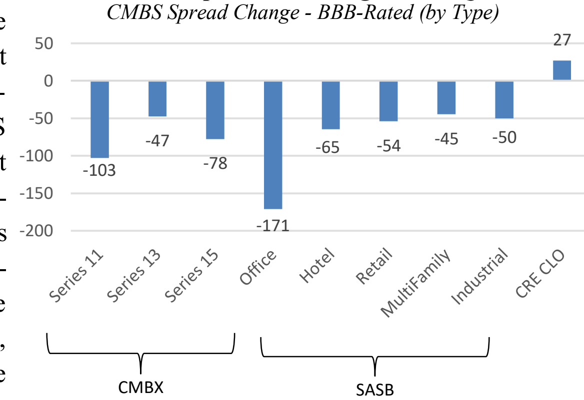
Sources: Intex, OWS

er mezzanine, which has lagged the tightening seen in subprime auto. After rigorous underwriting and stress testing, we also added a residual exposure off of a new issue "prime" auto securitization. We believe we were able to purchase the exposure at roughly double the spread level of similar exposures prior to the pandemic.

Commercial Real Estate Debt - An underlying concern within the commercial real estate (CRE) sector was revisited in February, as New York Community Bancorp increased their provisions for losses by greater than 10x what analysts expected last quarter. Around the same time, Deutsche Bank AG increased its U.S. CRE loss provisions by 4x, and Tokyo-based Aozora Bank warned of losses tied to its U.S. CRE exposure. This led to renewed angst as to whether CRE exposure poses a growing risk to the banking sector overall. As for now, we believe it is more idiosyncratic rather than broad-based banking sector stress.

In the meantime, the majority of benchmark commercial mortgage-backed securities (CMBS) continued to recover from recent lows reached in 2023. The benchmark single-asset single-borrow (SASB) office sector, perhaps the most impacted by the underperformance in 2023, realized the largest nominal recovery in Q1 (Exhibit 10). Despite the spread tightening, many benchmark CMBS continue to trade at significant discounts relative to unsecured corporate credit (Exhibit 11). For instance, investment grade (single A-rated) CMBX benchmarked to 2018 vintage CMBS (CMBX.12) are currently trading ~250 bps wide of their average spread, relative to non-investment grade BB-rated unsecured corporates, prior to the start of the Fed rate hiking cycle. We recognize that fundamental uncertainty has increased within the CRE sector. However, we believe risk premia has widened across the sector as a whole and that there are attractive risk-adjusted relative value opportunities for diligent underwriters as a result.

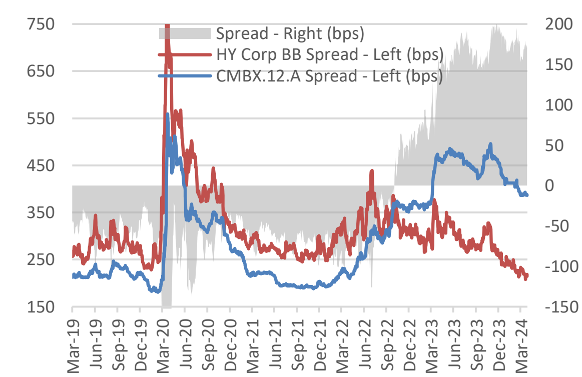
Exhibit 10:
BBB CMBS Spreads Have Tightened - *Q1 2024*
CMBS Spread Change - BBB-Rated (by Type)



Sources: J.P. Morgan, Bloomberg Finance L.P., OWS

There is also a rising concern within the CRE CLO sector. CRE CLOs are generally collateralized by short-term transitional loans on multifamily properties (~72%) and office properties (~13%), according to Trepp. Sponsors typically use the debt to purchase multifamily complexes with the intention to renovate and flip them at a profit or refinance them into longer-term fixed-rate debt. However, many of them are now struggling, as many loans are coming up to their initial maturity and need to refinance or extend their maturities. Transitional loans typically have 2- or 3-year initial maturities. In 2021, when interest rates were near record lows, CRE CLO issuance exploded (Exhibit 12). According to CRED iQ, there are about $80bn CRE CLOs outstanding. In addition to rising costs associated with floating rate loans, many borrowers are facing rising insurance and maintenance costs as well as falling property values in some markets.

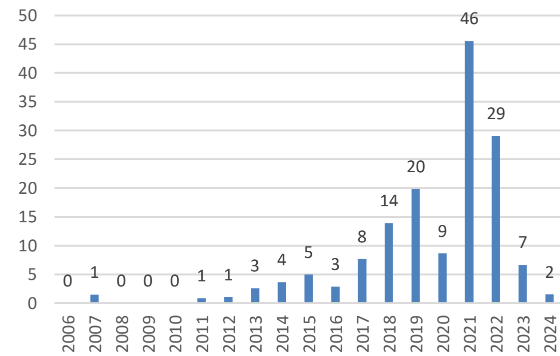
Exhibit 11:
CMBS Spreads Remain Near Wides vs Unsecured Corp
IG CMBX.12.A vs BB-Rated Corporate



Sources: J.P. Morgan, Bloomberg Finance L.P., OWS

As of February, CRED iQ found that 7.4% of CRE CLO loans were 30+ days delinquent or in special servicing, up from 1.5% in February of last year. However, longer-dated distress (i.e. 90+ delinquent) has not increased to the same extent as the CRE lenders are often the issuer/manager of the CLOs and hold the equity/first loss exposure of the loans. As a result, many managers are buying out delinquent loans in order to protect the integrity of their CRE CLO structures. J.P. Morgan estimates that delinquent (DLQ) buyouts totaled about $1.3bn in 2023, a similar amount to the prior three years combined. About 36% of the buyouts in 2023 were from the 2021 vintage, and most were backed by multifamily collateral.

Exhibit 12:
CRE CLO Issuance Hit Record Highs While Interest Rates Were Near All-Time Lows - *$Blns*



Sources: J.P. Morgan, OWS

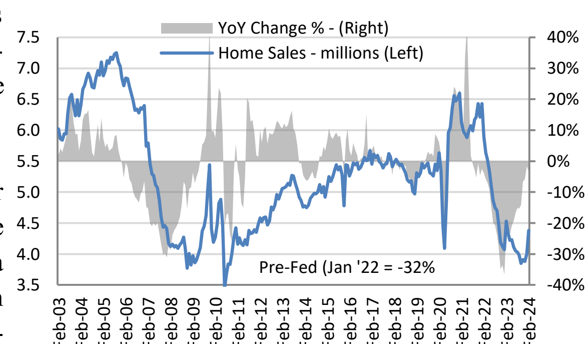
While we have not historically been a material buyer of CRE CLOs, we do evaluate opportunities across the sector and would be in position to take advantage of distressed situations assuming risk premia is appropriately priced. It is worth noting that we invest in commercial real estate debt (rather than equity), which helps to provide significant credit enhancement and mitigate risks associated with a first-order reduction in commercial real estate property values. Our strategy for commercial real estate investments revolves around acting as individual property underwriters, emphasizing disciplined loan structures. Consequently, we have strategically minimized our exposure to pooled CMBS conduit structures for many years. Our approach involves careful asset selection based on property type, specific property characteristics, geography, and sponsor strength, along with updated underwriting metrics - all of which are pivotal in our underwriting and investment processes. We believe that current market conditions present attractive opportunities for risk-adjusted returns, especially for investors strategically positioned to deploy capital and proficiently underwrite property-specific collateral exposures and structures.

Our investment activity within the CMBS market remains consistent with the themes highlighted in our *"1WS 2024 Outlook"*. We continue to look for attractive credit exposures with strong collateral coverage, property sponsors, and property fundamentals. We also continue to look for distressed situations in the office sector by investing at the top of the capital structure where loss of principle is not a material risk, but rather, the timing of cash flows is the investment thesis. While active across the sector during Q1, our aggregate exposure was largely unchanged.

One transaction of note during Q1 was the negotiation of a loan modification on a large loan in a CMBS deal for which we were the Controlling Class Representative (CCR). We underwrote the asset, which was scheduled to mature in January 2024, and recognized that there was substantial value above the debt amount. With this knowledge and acting as a steward for the CMBS trust, we were able to negotiate a lender-friendly loan modification that required a substantial fresh equity infusion and other credit enhancements from the sponsor in exchange for 3, 1-year extensions of the loan term. In addition to what we believe were positive economics for the deal structure, OWS as CCR class holder, shared in the modification fees and default interest recovered from the modification, resulting in upside economics for our position.

Residential Credit - Overriding themes within the mortgage credit market continue to be centered around affordability and supply. While having rebounded from near-record lows in October of last year, existing home sales remain down ~32% since the Fed embarked on their recent rate hiking cycle (Exhibit 13). Inventories remain low with many homeowners locked in with low fixed mortgage rates and unwilling to sell. This limited supply has continued to support home prices despite the lack of affordability. Home prices are higher by 6% over the past year and up 46% since the COVID-19 pandemic.

Exhibit 13:
U.S. Existing Home Sales
Total SAAR & YoY Change



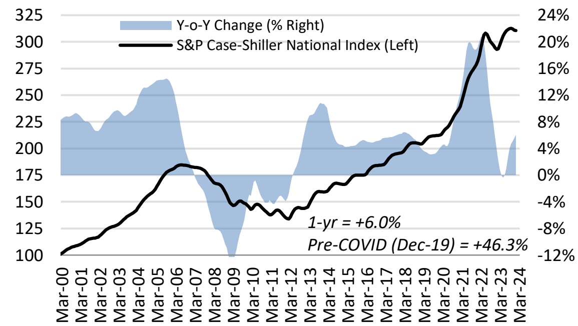
Sources: National Association of Realtors, Bloomberg Finance L.P., OWS

It is of little surprise that aggregate mortgage credit remains strong, in our opinion. As we highlighted in our *"1WS 2024 Outlook"*, we believe the strength in home prices (Exhibit 14) and build-up of home equity wealth is a primary driver of the current low level of aggregate delinquencies/defaults in the mortgage sector. In addition, underwriting standards have improved significantly since the global financial crisis (GFC) with the majority of new mortgages being made to the highest quality FICO borrowers. The number of new mortgage foreclosures has been roughly 50% of pre-COVID-19 levels, which were already near historical lows (Exhibit 15).

We remain active across the mortgage credit sector, trading agency credit risk transfer (CRT) securities and, to a lesser degree, seasoned legacy mortgages when we find attractive opportunities. Agency CRT securities have been among the best-performing sectors within structured credit over the past year, in our opinion, owing to strong fundamentals backing mortgage credit and generally more limited supply. During the first quarter, we were generally selling more senior tranches, which have almost fully recovered from wider levels over the past year, and buying more junior mezzanine tranches off of moderately seasoned collateral with strong payment histories, which have deleveraged due to prior home price appreciation.

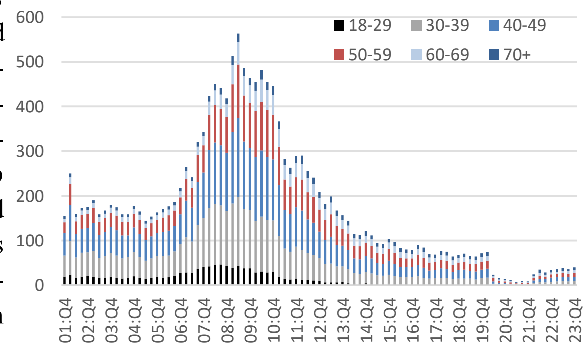
We also purchased several tranches of a recent residential transitional loans (RTLs) securitization at what we believe were attractive risk-adjusted spread levels. RTLs (also known as bridge loans, fix & flip loans, and business purpose loans (BPLs)) are short-term investor loans, typically originated to finance the renovation of a property to then later sell or rent. Underlying borrowers tend to be repeat borrowers, predominantly local investors in the fix & flip business. These are "commercial" non-owner-occupied investor loans secured by single and multifamily residential and/or a small portion of small business commercial properties. We have a long history with such loans, having purchased our first whole loan pool of RTLs in 2016. The first RTL securitization was issued in 2018, and there has been ~$2-3bn of annual issuance over the past several years.

Exhibit 14:
U.S. National Home Prices
Home Prices Continue to Increase



Sources: S&P/Case-Shiller, Bloomberg Finance L.P., OWS

Exhibit 15:
New Mortgage Foreclosures
By Age - Thousands

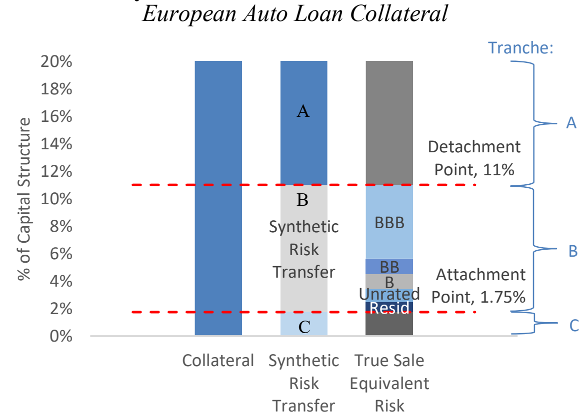


Sources: New York Fed Consumer Credit Panel/Equifax, OWS

Non-Dollar ABS - We continue to be active within the non-dollar ABS & RMBS sectors. We have been able to source several investment opportunities that, we believe, offer attractive risk-adjusted returns outright and relative to comparable securities across U.S. sectors. Having said that, new issuance has been relatively slow to start the year and so investment opportunities have been more constrained relative to the later half of last year when we added more significant risk exposure. After a fairly strong January, when spreads tightened, particularly for investment-grade exposures, spreads remained relatively flat over the later half of the quarter. While there was material tightening higher in the capital stack, non-investment grade securities have not participated to the same degree, and the credit curve is relatively steep, in our opinion. We were able to source a number of, in our evaluation, attractive opportunities in the non-dollar RMBS sector later in the quarter. We added exposures to our legacy RMBS portfolio, as well as several unseasoned and moderately seasoned securities across owner-occupied, buy-to-let (BTL), and re-performing loan (RPL) sectors.

Similar to the U.S. market sector dynamics, escalating uncertainty surrounding consumer fundamentals, and heightened dispersion across originators, issuers, and vintages underscore the importance of rigorous underwriting to distinguish between collateral pools and deal structures. Lower in the capital structure, we exercise great selectivity in our investments, stressing fundamental assumptions to GFC-era default levels. Having said this, we do not believe we are seeing a broad-based deterioration in collateral performance to date. In our opinion, the increase in delinquencies and defaults that we are seeing are more country-, collateral-, and originator-specific.

Exhibit 16:
Synthetic Risk Transfer Structure
European Auto Loan Collateral



Tranche	Size ($USD)	Credit Enhancement	Thickness	Spread
A	1,735,500,000	11.00%	89.00%	RETAINED
B	**180,375,000**	**1.75%**	**9.25%**	**SOLD**
C	34,125,000	0.00%	1.75%	RETAINED

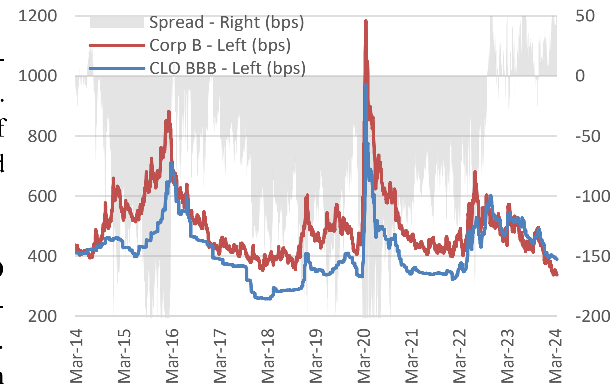
Source: OWS

Despite a relatively slow start to the year, we are seeing a more robust pipeline of new issue deals for the coming months. The pipeline seems to be building for both securitizations as well as more synthetic risk-transfer deals over the course of 2024. Synthetic credit-linked notes and other forms of capital relief trades can be valued similarly to a public sector securitization of similar assets. For example, we recently participated in a privately arranged synthetic mezzanine credit-linked note tied to a collection of prime Danish auto loans facilitated by a leading global bank (Exhibit 16). The transaction was aimed at transferring a fraction of these loans' credit risk to external investors, thereby providing the bank with the desired capital relief. We managed to secure what we consider to be an attractively priced mezzanine exposure (with 1.75% attachment and 11.00% detachment points) to a diversified portfolio of prime loans, while the bank maintained ownership of the senior and first-loss layers of exposure, as well as maintaining the direct customer relationships to the underlying borrowers. European banks have been active in these types of transactions for a number of years and, we believe, with increasing regulation in the U.S., including potential capital changes as a result of the so-called Basel III Endgame, we believe additional opportunities may arise.

Collateralized Loan Obligations (CLOs) - Within the CLO sector, spreads have continued to tighten. However, CLOs have continued to trade cheap relative to unsecured corporate bonds. For example, over the last decade, the average spread of benchmark investment-grade BBB-rated CLOs relative to single-B-rated unsecured corporate bonds was approximately -80bps. The relative spread is now +56bps, wider than the +32bps seen at the end of 2023, despite BBB-rated CLO spreads tightening ~30bps since 2023 year-end (Exhibit 17).

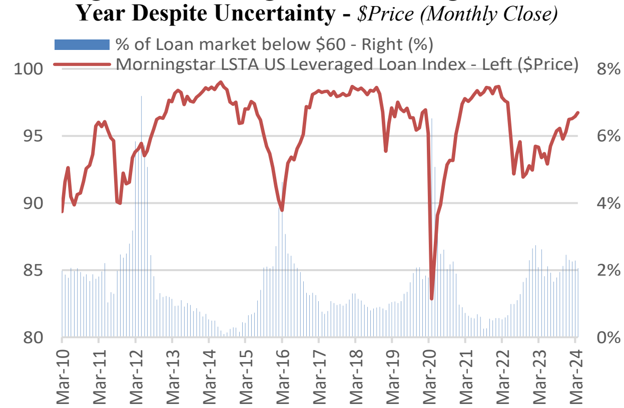
As we have previously stated, we remain cautious of aggregate corporate/CLO exposure as market pricing continues to discount the fundamental risks associated with increased interest rates and the remaining associated uncertainty. While CLOs continue to offer among the highest nominal spread and yield in the structured credit sector, on a risk-adjusted basis, we continue to favor overweighing other opportunities. As of the end of March, the average loan was priced at $96.7, the highest monthly close since April 2022, as indicated by the Morningstar LSTA US Leveraged Loan Index. According to J.P. Morgan, the percentage of the loan market trading below $60 is currently at 2.06%, versus 0.66% back in April (Exhibit 18). Given the lack of perceived risk the market is pricing in, in our opinion, we remain tactical within our CLO strategy.

Exhibit 17:
CLOs Near Absolute Wides Relative to Corp Bonds
Investment-Grade BBB-Rated CLOs vs B-Rated Unsecured Corp



Sources: J.P. Morgan, OWS

Exhibit 18:
Leveraged Loans Average Price Reach Highest Level In A Year Despite Uncertainty - *$Price (Monthly Close)*



Sources: Bloomberg Finance L.P., J.P. Morgan, Morningstar, LSTA, OWS

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 September 30th, 2023.

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).*
CDX.IG: *The Markit CDX North America Investment-Grade Index is composed of 125 equally weighted credit default swaps on investment-grade entities.*
CDX.HY: *The Markit CDX North America High-Yield Index is composed of 125 equally weighted credit default swaps on investment-grade entities.*
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.*

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: *The Markit iTraxx Crossover index comprises the 75 most liquid sub-investment grade entities. The European iTraxx indices trade 3, 5, 7 and 10-year maturities, and a new series is determined on the basis of liquidity every six months.*

iTraxx Main: *The Markit European iTraxx indices trade 3, 5, 7 and 10-year maturities, and a new series is determined on the basis of liquidity every six months. The benchmark iTraxx Europe index comprises 125 equally-weighted European names.*

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).*

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.*

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 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.*

U.K. Gilt: *A gilt is a U.K. Government liability in sterling, issued by HM Treasury and listed on the London Stock Exchange.*

Unsecured Corporate Credit (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.