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2nd Quarter Review & Outlook

2026

Risk assets rallied sharply in the second quarter, supported by stronger-than-expected first-quarter earnings, continued momentum from AI-centric companies and semiconductor issuers, and easing concerns around the Middle East conflict. The S&P 500 reached new highs and benchmark high-yield corporate credit spreads tightened.

CCC-rated unsecured corporate credit spreads have widened year-to-date as investors reassessed lower-quality credit. The Federal Reserve's June Summary of Economic Projections reinforced a higher-for-longer rate backdrop, increasing refinancing risk for lower-rated issuers, floating-rate borrowers, private credit portfolio companies, and BDCs. Tighter bank financing terms and AI-related disruption risk further support our preference for selectivity over generic spread exposure.

Consumer fundamentals have remained broadly stable at the aggregate level. Household balance sheets appear healthier than corporate balance sheets, supported by relatively low leverage and residential mortgage debt largely locked in at low COVID-era rates. Consumption data remain resilient, though lower- and middle-income consumers face more visible pressure from inflation, slower income growth, depleted savings, and tighter budgets. Credit cards and BNPL facilities warrant close monitoring given their sensitivity to policy rates and potential vulnerability in a downturn.

Structured ABS and residential mortgage credit were among our strongest areas of performance. In ABS, new-issue subprime auto and unsecured consumer debt remained attractive, while 2025 vintage delinquency trends improved relative to weaker recent vintages, reinforcing the importance of security-level underwriting. Residential mortgage credit benefited from home price appreciation, deleveraging in seasoned legacy RMBS, and attractive HELOC/HELOAN RMBS opportunities.

Commercial real estate credit performance weakened, with 30+ delinquencies rising across most property types and multifamily showing the most notable deterioration. Still, national commercial property prices increased year-to-date, suggesting stress remains more property-specific than broad-based. We believe asset quality, location, sponsorship, and refinancing feasibility have become increasingly important determinants of performance. This environment favors rigorous asset-level underwriting, particularly in distressed seasoned CMBS and select SASB opportunities, while also requiring disciplined rotation away from exposures with unattractive extension-adjusted return profiles.

In non-dollar ABS and RMBS, European corporate credit outperformed U.S. credit as spreads compressed on easing recession concerns and lower energy prices. We remained active in ABS and favored shorter-duration RMBS.

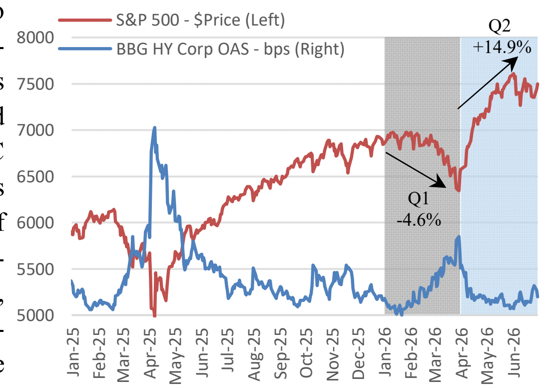
We maintained an underweight position in CLOs, where software exposure remains pressured by AI disruption risk and elevated floating-rate refinancing costs.

Looking ahead, we see limited room for broad multiple expansion or generic spread tightening given tight valuations, elevated issuance, persistent inflation pressure, and a less supportive Federal Reserve policy backdrop. We believe disciplined risk management, shorter-horizon relative-value strategies, and security-specific underwriting remain critical to generating attractive risk-adjusted returns.

The 1WS Credit Income Fund (the "Fund") is a closed-end interval fund launched in March 2019. As of June 30th, 2026, the Fund has gross assets under management of approximately $1.3 billion (approximately $915 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

Exhibit 1:
Q1 Deterioration of Risk Assets Reversed in Q2
S&P 500 Price and Bloomberg HY Corp OAS



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

Investors quickly moved past concerns around the Middle East conflict that had dominated market sentiment earlier in the year, as sentiment improved on easing tensions between the U.S. and Iran. First-quarter earnings also came in stronger than expected, with AI-centric companies and semiconductor issuers continuing to generate persistent earnings growth. Risk assets rallied, with the S&P 500 reaching new highs and benchmark high-yield corporate credit spreads tightening (Exhibit 1). However, year-to-date, CCC-rated unsecured corporate credit spreads have repriced wider (Exhibit 2), as investors have grown more skeptical of owning the riskiest segments of corporate credit. In addition, the Federal Reserve's June Summary of Economic Projections (SEP), which signaled a higher-for-longer rate backdrop, should increase refinancing risk for corporate credit, particularly for lower-rated issuers facing near-term maturities. While select investment-grade issuers have begun to reflect investors' skepticism around the quality of AI-related capital investment, we believe corporate credit spreads remain historically tight and the compensation investors are offered for moving down in credit quality is unattractive (Exhibit 2a). In our view, elevated investment-grade issuance should remain a headwind to IG corporate credit spreads. We believe maintaining long credit beta exposure solely in anticipation of further benchmark spread tightening is unlikely to generate attractive risk-adjusted returns.

Similarly, in private credit and business development companies (BDCs), elevated refinancing risk remains a key concern for the industry's predominantly floating-rate portfolio companies, as elevated interest expense may weigh on these often highly

Net Return Performance as of 6/30/26*	MTD	YTD	1 YR	3 YR (Ann.)	5 YR (Ann.)	ITD (3/4/19, Ann.)	ITD (3/4/19)
1WS Credit Income Fund (OWSCX) Class I shares	0.47%	3.50%	7.22%	9.85%	7.19%	7.66%	71.84%
1WS Credit Income Fund (OWSAX) Class A-2 shares	0.44%	3.19%	6.63%	9.22%	6.55%	6.96%	63.89%
Bloomberg U.S. Aggregate Bond Index[1]	0.24%	0.62%	3.79%	4.16%	0.08%	1.87%	14.56%
ICE BofAML U.S. High Yield Index[2]	0.24%	1.89%	5.74%	8.79%	4.13%	5.19%	44.93%

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

Past performance is not indicative of future returns.

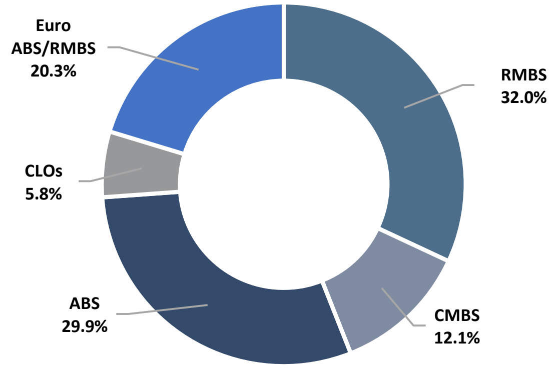
** OWSCX returns are presented net of all fees and expenses, benchmark returns are gross. Please see pp. 9-11 for important risk disclosures and definitions. OWSAX returns prior to May 2021 reflect the performance of Class I shares, adjusted to reflect the distribution and shareholder servicing fees applicable to Class A2 shares. Class I shares are not subject to an upfront sales load. Class A2 shares are subject to a maximum sales load of 3% and a maximum deferred sales load of 1.50%, neither of which are reflected in the returns shown above and, if applied, would lower such returns. Gross Annual Expenses for Class I and Class A2 are 3.74% and 4.34%, respectively, which are based on the expenses shown in the Fund's most recent prospectus, dated February 27, 2026. Actual expenses may differ.*

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. 9-11 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.*

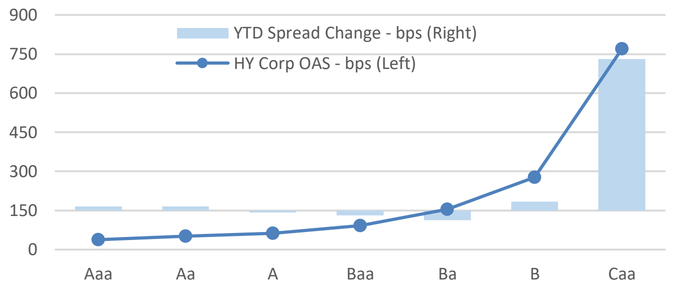
Portfolio Composition[1] and Net Return Attribution[2]



Asset Type	Net Return[2] Attribution YTD
Asset-Backed Securities (ABS)	0.78%
Collateralized Loan Obligations (CLOs)	0.24%
Commercial Mortgage-Backed Securities (CMBS)	0.34%
European ABS & RMBS	0.15%
Residential Mortgage-Backed Securities (RMBS)	0.41%
Other	1.01%
Interest Rate Hedges	0.57%
Total	**3.50%**

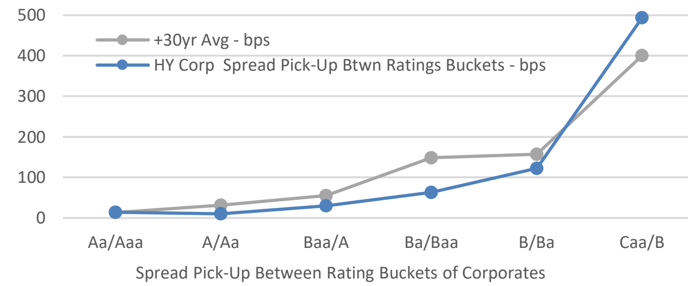
[1] *The Portfolio composition as of 6/30/26 differs from the portfolio composition for any point prior to such date and is subject to change at any time.*
[2] *Net performance data reflects the deduction of all fees and expenses. Net return attribution represents portfolio PnL by sector divided by the 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 9-11 for important risk disclosures and definitions.*

Exhibit 2:
Corporate Credit Curve &YTD Spread Change
Bloomberg U.S. Corp Average OAS - by Credit Rating



Sources: Bloomberg Finance L.P., OWS

Exhibit 2a:
Spread Pick-Up Between Corporate Rating Buckets
Bloomberg U.S. Corp Average OAS - Spread Pick-up of Credit Buckets

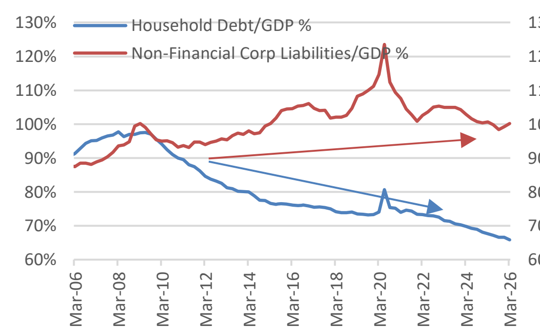


Sources: Bloomberg Finance L.P., OWS

levered firms. Concerns also persist around the sector's vulnerability to AI disruption, with many BDCs experiencing ongoing elevated redemption requests. In addition, large banks, including J.P. Morgan, Goldman Sachs, and Barclays, have begun tightening leverage arrangements with private credit funds by increasing financing costs and applying more conservative collateral marks, particularly on loans tied to sectors viewed as exposed to AI disruption, according to Bloomberg.

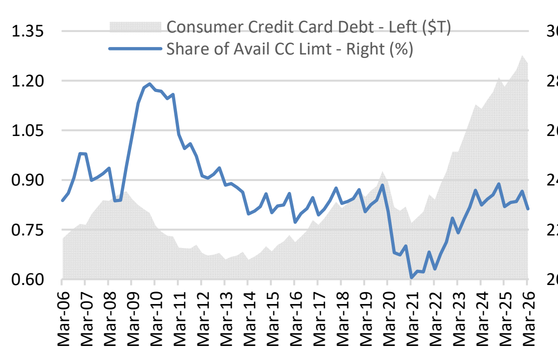
In our view, fundamentals across most consumer and real estate sectors remain steady, and structured credit continues to present attractive opportunities to uncover security- and deal-specific value through deep fundamental and structural underwriting. While persistently high interest rates may be a headwind to consumers, we believe consumers, in aggregate, maintain less levered balance sheets than corporates and should therefore be better insulated (Exhibit 3). Moreover, as we have expressed in previous commentaries, the bulk of consumer debt, namely residential mortgages, remains locked in at historically low COVID-era interest rates. Nonetheless, debt instruments such as credit cards and buy-now-pay-later (BNPL) facilities are particularly sensitive to policy rates and warrant close surveillance, given their increased utilization. Although credit card charge-offs have been trending downward for the past seven quarters (Exhibit 4), we expect these instruments to be particularly sensitive in an economic downturn and continue to closely monitor these segments, especially among lower-income consumer cohorts.

Exhibit 3:
Consumer & Non-Financial Corporate Debt
Debt as a % of GDP



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

Exhibit 4:
Credit Charge-Offs Have Been Trending Downward
Net Charge Off Rate (%) For Consumer Credit Cards



Source: Federal Reserve Board, Bloomberg, OWS

Exhibit 5:

Q2 2026 Benchmark Credit Sector Return Performance - *Through June 30, 2026*

U.S. Treasury, Equity, BDC, and Corporate Credit Sector Benchmarks

Bloomberg U.S. Treasury *Index & Bellwethers*	Yld	Chng	Total Rtn %
U.S. Trsy			
Index	4.37	0.23	0.32%
2yr	4.15	0.36	0.29%
5yr	4.20	0.26	-0.14%
10yr	4.44	0.12	0.18%
30yr	4.93	0.02	0.88%

Bloomberg Corporate Credit *(Rating Buckets)*	Sprd	Chng	Total Rtn %
Bloomberg Credit Indices			
Aaa	38	-3	0.75%
Aa	52	-3	0.73%
A	62	-12	1.27%
Baa	92	-18	1.67%
Ba	155	-42	2.26%
B	277	-68	2.84%
Caa	770	45	2.98%

Corporate Credit Benchmarks[1] *Bloomberg Cash Indices, Benchmark ETFs & Synthetic CDX*	Sprd	Chng	Total Rtn %	Excess[2] Rtn %
BB US AGG Index	26	-4	0.67%	0.38%
BB US IG Index	74	-15	1.40%	1.16%
CDX.IG.5YR	51	-12	0.71%	
iTraxx.Main.5YR	52	-20	1.12%	
BB US HY Index	270	-47	2.47%	2.22%
CDX.HY	303	-80	3.29%	
iTraxx.Xover.5YR	245	-109	5.64%	
SOFR Index			0.92%	

Equity, BDC & Leveraged Loan Indices	Prc	Chng	Total Rtn %
Equity Indices			
MSCI ACWI			15.06%
S&P 500 w/div			15.20%
CW BDC TR Index			4.41%
iBoxx LevLoan Index			1.70%
Morningstar/LSTA LevLoan Indices			
Index	94.96	0.33	1.88%
BB	99.28	0.32	1.82%
B	95.84	0.42	1.98%

Exhibit 5a: **2026 Year-to-Date Benchmark Credit Sector Return Performance -** *Through June 30, 2026*

U.S. Treasury, Equity, BDC, and Corporate Credit Sector Benchmarks

Bloomberg U.S. Treasury *Index & Bellwethers*	Yld	Chng	Total Rtn %
U.S. Trsy			
Index	4.37	0.48	0.28%
2yr	4.15	0.68	0.53%
5yr	4.20	0.49	-0.28%
10yr	4.44	0.29	-0.14%
30yr	4.93	0.10	0.74%

Bloomberg Corporate Credit *(Rating Buckets)*	Sprd	Chng	Total Rtn %
Bloomberg Credit Indices			
Aaa	38	4	0.04%
Aa	52	4	0.28%
A	62	-2	0.72%
Baa	92	-5	1.12%
Ba	155	-10	1.98%
B	277	9	2.18%
Caa	770	155	1.69%

Corporate Credit Benchmarks[1] *Bloomberg Cash Indices, Benchmark ETFs & Synthetic CDX*	Sprd	Chng	Total Rtn %	Excess[2] Rtn %
BB US AGG Index	26	-1	0.62%	0.30%
BB US IG Index	74	-4	0.86%	0.64%
CDX.IG.5YR	51	1	0.49%	
iTraxx.Main.5YR	52	1	0.53%	
BB US HY Index	270	4	1.96%	1.47%
CDX.HY	303	-11	1.55%	
iTraxx.Xover.5YR	245	1	3.07%	
SOFR Index			1.85%	

Equity, BDC & Leveraged Loan Indices	Prc	Chng	Total Rtn %
Equity Indices			
MSCI ACWI			11.49%
S&P 500 w/div			10.21%
CW BDC TR Index			-7.91%
iBoxx LevLoan Index			1.10%
Morningstar/LSTA LevLoan Indices			
Index	94.96	-1.68	1.31%
BB	99.28	-0.17	2.54%
B	95.84	-2.22	1.07%

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.

Second Quarter Review

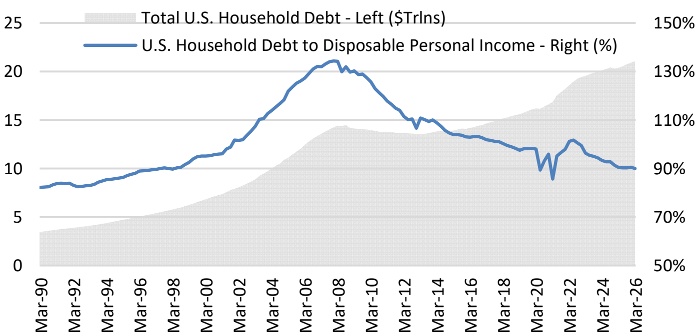
BDCs rebounded in the second quarter, with the Cliffwater BDC Total Return Index up approximately +4.41%, though the index remained down approximately -7.91% YTD (Exhibit 5a). Similarly, the Morningstar/LSTA Leveraged Loan Index returned approximately +1.88% (Exhibit 5), offsetting its first-quarter drawdown of -0.55%, bringing year-to-date performance to approximately +1.31%.

The U.S. Treasury yield curve flattened, as front-end yields rose after economic data released during the second quarter pointed to persistently elevated inflation and a strong labor market. This, in turn, resulted in the Federal Reserve signaling a more restrictive policy path than the market had been anticipating.

Looking ahead to the second half of 2026, uncertainty persists. A capital-investment-fueled growth impulse, elevated inflationary pressures from still-restrictive energy markets, and a historically tight labor market together create an unlikely backdrop for supportive Federal Reserve policy, pointing to less room for broad multiple expansion or general credit spread tightening from here. We believe disciplined risk management remains important and that selectivity will be critical, in our view, as generic market beta is unlikely to generate attractive risk-adjusted returns.

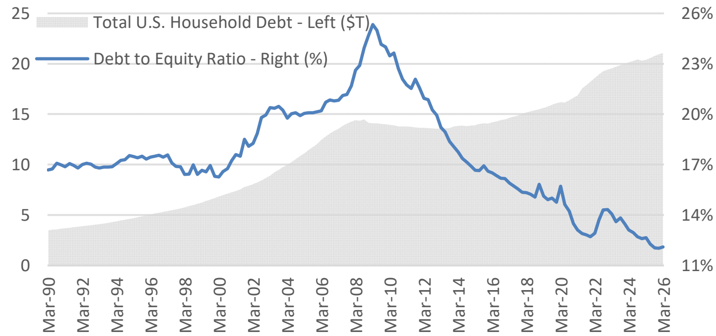
Consumer Outlook - There was no shortage of headlines in the second quarter addressing consumer debt levels reaching all-time highs. While true on a nominal basis, it is important to view these figures on a relative basis. For instance, total household debt relative to disposable personal income (DPI) remains relatively stable, and, setting aside the sharp decline during COVID, when generous government stimulus temporarily boosted DPI, debt-to-DPI remains near multi-decade lows. More recently, since its June 2022 local peak, debt-to-DPI has declined by approximately -12%, as disposable income has increased by approxi-

Exhibit 6:
Debt Service Ratios Have Stabilized Near Post-GFC Range
Household Debt Service Ratio



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

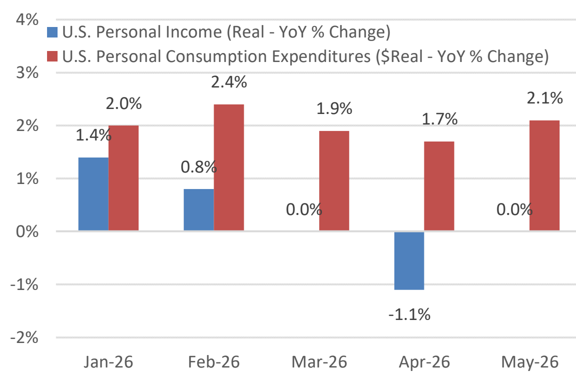
Exhibit 7:
Consumer Leverage Remains Low
Total Debt to Equity



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

mately +26%, outpacing the rise in household borrowing of approximately +11% over the same period (Exhibit 6). Similarly, household debt relative to equity remains near all-time lows (Exhibit 7). We are not suggesting that these data should be monitored any less closely; rather, we believe viewing them on a relative basis is critical to forming a nuanced assessment of consumer health.

Exhibit 8:
Consumer Spending Exhibiting Resilience
Inflation-Adjusted $PCE & Income (YoY% Change)



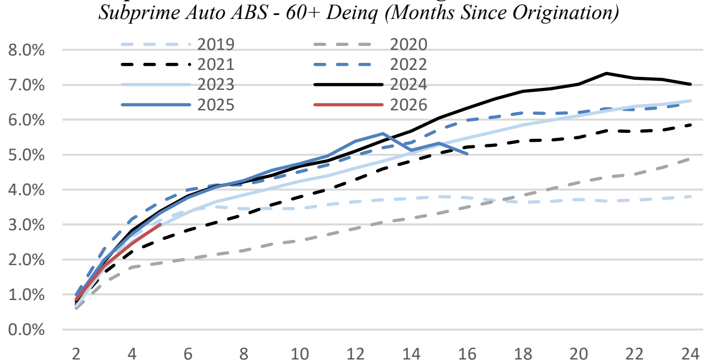
Sources: Bureau of Economic Analysis, Bloomberg Finance L.P., OWS

At the aggregate level, consumer balance sheets appear healthy, and measures of consumption continue to point to consumer resilience. For instance, although real wages have started to decline as inflation rises, personal consumption expenditures continue to reflect consumer resilience, including on an inflation-adjusted basis (Exhibit 8). Bank of America's June 2026 Consumer CheckPoint reinforces this view, showing that aggregate household spending increased across all income cohorts based on the bank's internal consumer data. While certain sentiment indicators may signal a more cautious outlook, to date the hard data have suggested otherwise.

As the "K-shaped economy" persists, meaningful dispersion and bifurcation will likely persist both within and across consumer segments, especially as elevated inflation and still-restrictive monetary policy affect certain consumer cohorts, with particular vulnerability among lower-income consumers. While higher-income and asset-owning consumers continue to support overall consumption, lower- and middle-income households face more visible pressure from inflation, slower income growth, depleted savings, and tighter budgets. Nonetheless, absent a material economic slowdown and related weakening in labor market conditions, we expect consumer credit performance to remain stable.

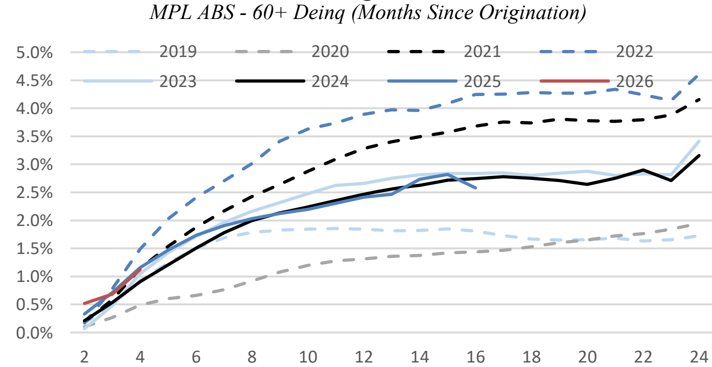
Structured ABS & Asset-Based Financing Opportunities - Our ABS strategies were among our strongest-performing sector strategies in the second quarter. We continued to identify opportunities within new-issue subprime auto and unsecured consumer

Exhibit 9:
'25 Subprime Auto ABS DQs Trending Better Than '23/'24...
Subprime Auto ABS - 60+ Deinq (Months Since Origination)



Sources: Intex, OWS

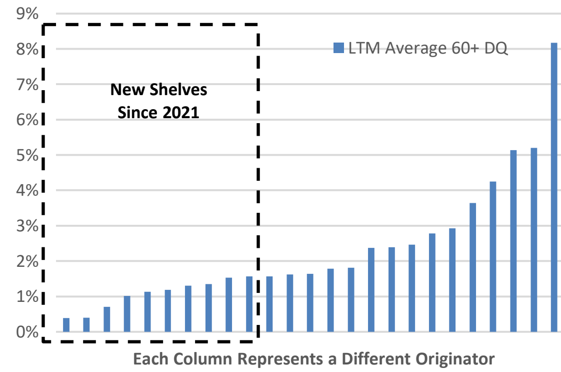
Exhibit 10:
...'25 MPL ABS DQs Trending Well Below Weakest Cohorts
MPL ABS - 60+ Deinq (Months Since Origination)



Sources: Intex, OWS

debt. Recent delinquency trends across subprime auto and marketplace lending (MPL) have shown improvement in the 2025 vintage relative to some of the weaker vintages in recent history. For instance, in subprime auto ABS, 2025 vintage 60+ delinquencies had previously been trending in line with 2024 vintage delinquencies, which were the worst-performing of recent vintages. To date, they are now approximately 130 basis points (bps) below the 2024 vintage when comparing both pools after 16 months of seasoning (Exhibit 9). Similarly, in MPL ABS, the 2025 vintage is performing meaningfully better than the weaker 2022 and 2021 vintages (Exhibit 10). Interestingly, according to an analysis conducted by Morgan Stanley, the improvement in 2025 vintage MPL ABS was not clearly attributable to better performance within each individual shelf. Instead, Morgan Stanley found that newer shelves introduced since 2021, which tend to have lower-than-average delinquency rates, were meaningfully improving the aggregate curve (Exhibit 11). As these issuers have become more prominent in the securitization market, they have begun to account for a larger portion of more recent securitizations and, in turn, have had a larger influence on aggregate vintage performance. In our view, this highlights the importance of security-level underwriting rather than generic exposure to ABS risk. Understanding the fundamental credit profile and structural features of an individual securitization is critical and, in our view, meaningfully more indicative of potential return than vintage year alone.

Exhibit 11:
MPL Shelves Originated Since ‘21 Are Outperforming
MPL ABS Last Twelve Months Average 60+ Delinq



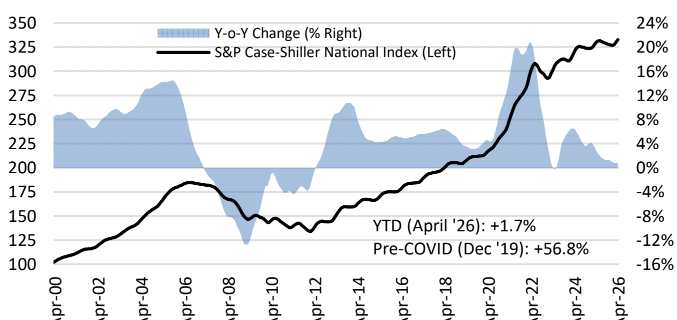
Sources: Morgan Stanley Research, Intex, OWS

During the quarter, we continued to identify attractive opportunities across specialty finance, with activity focused on privately negotiated facilities backed by diversified pools of consumer and small-business-related assets. New investments included a mezzanine warehouse facility supporting embedded financing solutions offered through software, marketplace, and payments platforms, structured with residual borrowing-base protection, delinquency-based safeguards, and contractual economics designed to enhance downside protection. We also entered into a repurchase facility collateralized by junior interests across consumer unsecured and subprime auto securitizations, with conservative collateral coverage, securitization-level performance triggers, and a cash-flow waterfall that directs collections toward facility repayment. Across these transactions, we emphasized asset coverage, performance-based protections, and structural control features intended to preserve capital while pursuing attractive risk-adjusted returns.

Residential Mortgage Credit - Our residential credit portfolio was our strongest-performing sector strategy in the second quarter. Our portfolio of seasoned legacy RMBS performed well, supported by continued home price appreciation (Exhibit 12), which has materially reduced underlying credit risk. Many seasoned loans and securitizations have benefited from significant credit deleveraging as rising property values have lowered loan-to-value ratios, strengthened collateral coverage, and improved overall credit quality. In turn, these stronger collateral profiles have supported higher cash-flow recoveries in legacy pools with accumulated forbearance-related losses.

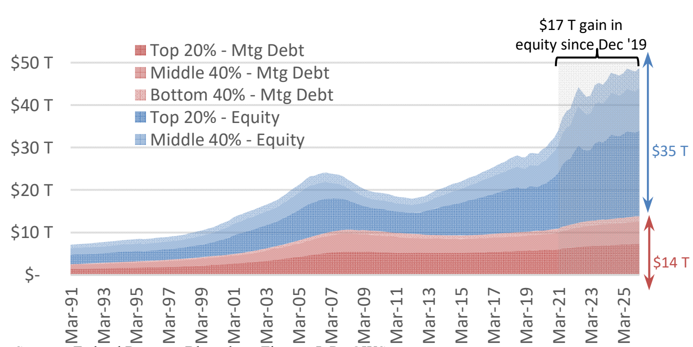
We continued to source what we believe to be attractive opportunities in home equity line of credit and home equity loan (HELOC/HELOAN) RMBS. With many homeowners locked into first mortgages carrying rates below 4% and supported by

Exhibit 12:
U.S. National Home Prices
Home Prices Continue to Increase (YoY % Change) - April 2026



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

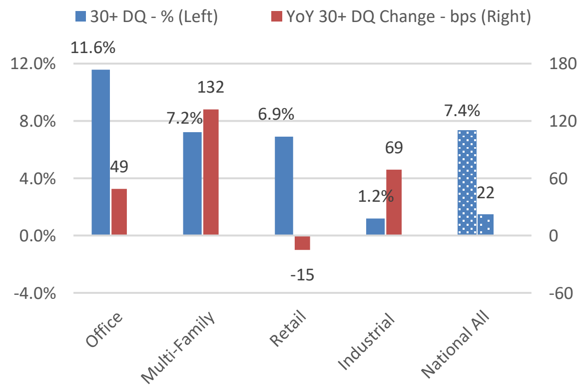
Exhibit 13:
Homeowners’ Substantial Equity Cushion
Consumer Real Estate Equity - ($T)



Sources: Federal Reserve, Bloomberg Finance L.P., OWS substantial equity cushions in their residential properties (Exhibit 13), borrowers increasingly opt to access accumulated home equity through second-lien products rather than refinance their existing mortgages. Furthermore, the average introductory rate on second-lien HELOCs has reached the most attractive level since late 2022, both outright and relative to a traditional 30-year fixed-rate mortgage (FRM), as the spread of a HELOC rate over a 30-year FRM continues to narrow, according to ICE Mortgage Technology's June Mortgage Monitor. Paired with projections for Federal Reserve policy rates to remain at their current levels through year-end, we expect this opportunity set to remain attractive for some time.

Commercial Real Estate & CMBS - Aggregate fundamental credit performance across CRE property types generally showed signs of weakening in the second quarter, with 30+ delinquencies increasing across all property types except retail (Exhibit 14). Aggregate multifamily delinquencies showed the most severe deterioration, rising by approximately +132 basis points (bps) year-over-year (YoY). Multifamily property prices have also declined by approximately -1.4% year-to-date (YTD). However, the aggregate national commercial property price index (CPPI) continued to rise by approximately +1.1% YTD (Exhibit 15), suggesting this is less a reflection of broad-based fundamental deterioration and more the result of specific properties undergoing refinancing stress as COVID-era loans mature and face higher borrowing costs. As these loans mature, many borrowers will encounter refinancing rates that are considerably higher than their original financing costs, materially increasing debt service obligations. Properties that have not generated sufficient growth in net operating income (NOI) to offset the higher cost of debt may be unable to refinance on economically viable terms, resulting in payment delinquencies, loan modifications, or maturity defaults.

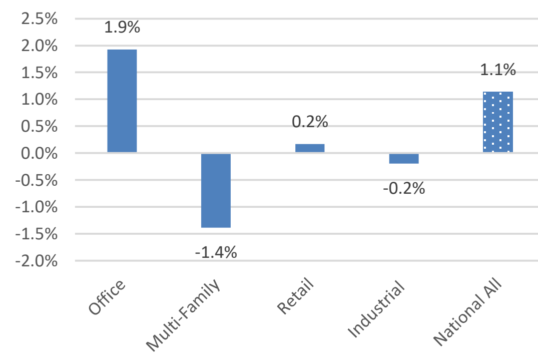
Exhibit 14:
DQs Have Risen Across Most Property Types
30+ Delinq by Property Type & YoY% Change - June 2026



Source: Trepp OWS

We view this as indicative of widening divergence in an increasingly bifurcated market, in which property-specific fundamentals, asset quality, sponsorship, and location have become far more important determinants of credit performance than broader commercial real estate market trends. We believe this environment favors investors capable of rigorous asset-level underwriting, as increasing dispersion across collateral types creates opportunities to identify fundamentally attractive investments while avoiding areas of persistent credit deterioration. This is consistent with our view that distressed seasoned CMBS continues to present attractive investment opportunities, particularly where borrowers face refinancing challenges and require loan modifications, fresh capital, or new sponsorship to reset the capital structure. These situations provide opportunities to develop, what we believe to be, differentiated views on property valuations and the timing of cash flows.

Exhibit 15:
YTD CCPI by Property Type
RCA Commercial Property Price Index (CPPI) - May 2026



Sources: RCA, Federal Reserve Senior Loan Office Survey, Bloomberg Finance L.P., OWS

Within our portfolio, CRE assets performed well in the second quarter, with single-asset single-borrower (SASB) exposures generally outperforming our conduit portfolio. Within SASB, our hospitality and mezzanine office exposures contributed more meaningfully than other property types. Over the course of the second quarter, we were active within new and recently issued single-asset single-borrower (SASB) CMBS, identifying several opportunities that we found attractive across office, retail, hospitality, and multifamily. We recently purchased two RAKE tranches off of a 2025-vintage mixed-use retail and office CMBS backed exclusively by a 10-story, 250,000-square-foot mixed-use property located in Midtown Manhattan. The property is approximately 96% leased, all of which is leased through the loan's initial maturity. We purchased the fulcrum tranches (BBB and BB rated), with a tranche-level loan-to-value (LTV) of 63.7% through the BB-rated tranche, at spreads we view as attractive relative to comparable securitizations. Furthermore, we were actively looking to rotate out of exposures where we believed there was outsized risk of the loan's final maturity being extended and where, at a fully extended valuation, the all-in return did not appear as attractive. To date, we have seen maturity extensions come in above initial market expectations, and we have been reducing exposure where we view the risk of the asset's duration extending beyond our desired exposure.

Non-Dollar ABS & RMBS - In the second quarter, European corporate credit indices outperformed their U.S. counterparts, as European corporate credit experienced greater spread compression than U.S. equivalents (Exhibit 16). As tensions in the Middle East eased, investors repriced European credit default risk on an improving fundamental outlook, as recession fears eased and energy prices fell. However, European equities underperformed U.S. equities, as first-quarter earnings growth among U.S. companies outpaced European firms.

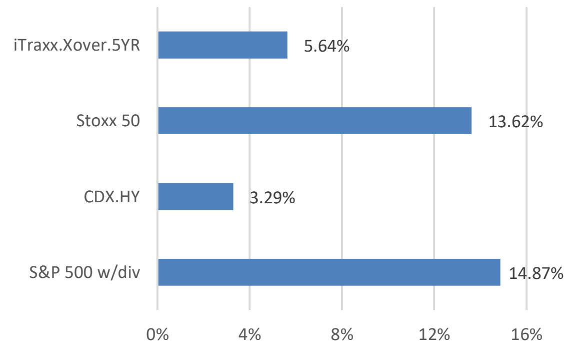
In our non-dollar strategy, we continued to identify what we believe to be attractive investment opportunities across markets during the quarter. We were active in the ABS sector, favoring exposure to new-issue auto ABS and deploying capital from recent paydowns within the sector into new opportunities that we viewed as attractive. In RMBS, we continue to favor shorter-duration assets, as we seek to maintain limited duration risk in an effort to lessen sensitivity to geopolitical risks associated with a potentially prolonged conflict in the Middle East, given that Europe remains particularly exposed to the effects any flare-up in the conflict may have on energy prices.

Collateralized Loan Obligations (CLOs) - Leveraged loans rebounded in the second quarter despite ongoing concerns around the sector's software-heavy composition. The Morningstar/LSTA Leveraged Loan Index returned approximately +1.88% (Exhibit 5), offsetting its first-quarter drawdown of -0.55% and bringing year-to-date performance to approximately +1.31% (Exhibit 5a). The software-heavy sector remained under pressure as investors questioned the long-term impact of AI on the software-as-a-service (SaaS) business model, raising concerns that greater disruption could impair issuers' ability to service their debt. To date, software loans are down approximately -6.5% (Exhibit 17), by far the worst-performing sector in CLOs. Nonetheless, consistent with our existing underweight positioning, our CLO portfolio underperformed our other sector strategies.

Within the software sector, dispersion remains, as investors have begun to differentiate between subsectors that are more insulated from AI-related threats and those that are more vulnerable to disruption. For instance, subsectors such as cloud infrastructure, travel tech, insurtech, and IP licensing continued to hold up well, generating positive returns. Meanwhile, data management and analytics, graphic design, and document management all experienced double-digit drawdowns, as the market identified these sectors as among the most exposed to AI disruption (Exhibit 18).

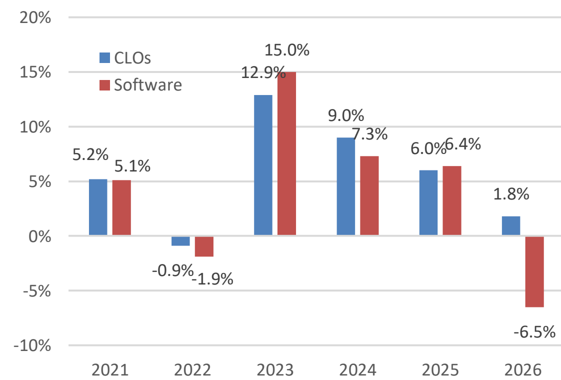
Going forward, we continue to maintain an underweight position within CLOs, as we view risks in the sector as skewed toward the downside given continued uncertainty around AI-related disruption. Furthermore, similar to the risks facing private credit and BDCs, in our view, elevated refinancing risk remains a key concern for the industry's predominantly floating-rate portfolio companies, as persistently high financing costs could constrain cash-flow generation and challenge the debt-servicing capacity of these highly leveraged issuers.

Exhibit 16:
Q2 European Asset Performance Mixed vs U.S.
U.S. & European Equity & Credit Indices - Q2% Change



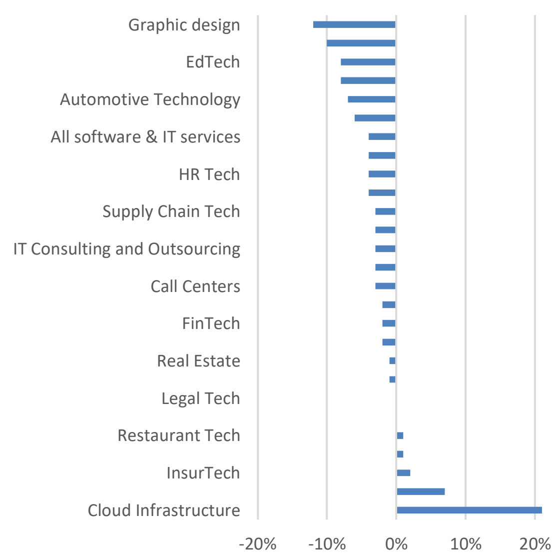
Sources: STOXX, Standard & Poor's, J.P. Morgan, Bloomberg Finance L.P., OWS
*CDX and iTraxx Indices are representative of unfunded returns.
*Euro Stoxx 50 Index & iTraxx Crossover index returns are not currency-adjusted.

Exhibit 17:
YTD Software Loans Drove CLO Underperformance
CLO Portfolio & Software Loans YTD Returns (June 2026)



Sources: Nomura, Intex, Markit, OWS
Based on most commonly reported S&P sector classification; carry returns based on all-in coupon of non-defaulted loans as a % of market value

Exhibit 18:
Dispersion in Performance of Software Loans
YTD Loan Returns by Subsector (Through April 2026)



Sources: Nomura, Intex, Pitchbook, Markit, OWS
YTD loan returns of software & IT services issuers by subsector

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 June 30th, 2026.

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.*
CDX High Yield Index: *An equal-weight index composed of 100 non-investment grade credit default swaps on entities domiciled in North America.*
CDX Investment Grade Index: *An equal-weight index composed of 125 investment grade credit default swaps on entities domiciled in North America.*
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 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.*
Home Equity Line of Credit / Loan (HELOC / HELOAN): *A loan that allows a homeowner to borrow against the equity in their home. A HELOC is a revolving line of credit with a defined draw period, whereas a HELOAN is a loan received upfront in its entire amount.*
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.*
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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