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1WS Capital Advisors

3rd Quarter Review & Outlook 2023

Q3 2023 was punctuated by the uncomfortable market realization that "higher for longer" was the most likely base case scenario path, thus disregarding the soft landing (i.e. collapse in VIX & Credit volatility) expectation that defined Q2 just as quickly as Q2 disregarded SVB and the related banking concerns that defined Q1.

Given the 525bps rate increase by the Federal Reserve over the past 18 months, what seems most clear, in our opinion, is that the outlook for slower growth, credit contraction and associated credit tiering have remained on the horizon longer than most investors had anticipated. Heightened market volatility in connection with the Q3 Treasury sell-off and curve steepening (i.e. less inverted), coupled with increasing geopolitical risks, and mixed economic indicators has made the outlook entering Q4 additionally murky.

We have presented the case, throughout the challenging investment landscape of the past two years, that in spite of an expected change in consumer behavior, by design of Central Banks, and an increasingly constrained credit environment, securitized credit sectors with close proximity to consumer and real estate seem to have re-priced disproportionately wider relative to corporate credit.

We believe that the approach we have deployed to successfully navigate through this volatile period can essentially be attributed to the combination of sophisticated risk management tools, dynamic credit underwriting, and investment flexibility within our funds' mandate. Our platform seeks to optimize portfolio risk-adjusted returns through evolving markets, taking these into account. Today's investment landscape, in our view, is characterized by increasing asset dispersion across vintages, originators and evolving capital structures, necessitating a dynamic relative value approach to investing within and across markets.

In our opinion, what remains essential is flexibility across investment characteristics as: credit quality, interest rate and spread duration, yield, cash flow and liquidity (spanning public & private markets) to construct portfolios that target optimized risk-adjusted returns. Our goal is to provide enhanced exposure to credit markets in a disciplined framework, sourcing unique drivers of risk and return relative to traditional alternative corporate credit investing and/or corporate or structured credit long-only mandates.

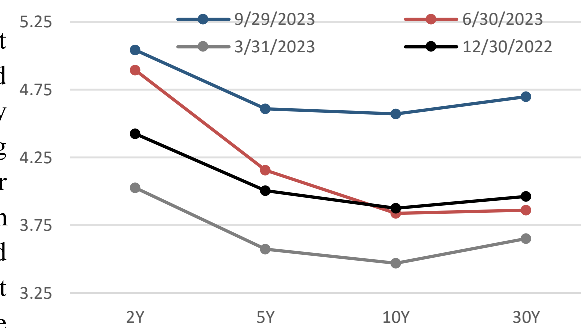
The 1WS Credit Income Fund (the "Fund") is a closed-end interval fund launched in March 2019. As of September 30, 2023, the Fund has gross assets under management of approximately $217 million (approximately $156 million net assets). The Fund is a non-diversified, closed-end investment management company 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

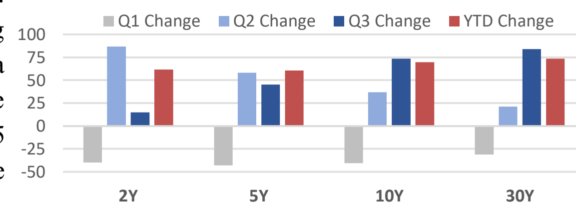
The level and direction of interest rates remain at the center of capital market volatility as investors continue to debate the path of future monetary policy and economic growth. Unlike Q2, which saw a material flattening of the Treasury yield curve led by rising short rates, Q3 was characterized by a bear steepening led by rising long term yields (Exhibit 1). While the Fed has been arguing for "higher for longer" all year, market participants were focused on the "higher" in Q2, with an expectation that the Fed would be quick to reverse course should the economy began to weaken. However, continued strength in the labor market has supported consumer spending, and economic growth has surprised to the upside, according to the Fed's most recent summary of economic projections. While the yield curve steepened throughout Q3, it gained momentum following the September FOMC meeting, at which the Fed revised its outlook to reflect a stronger-than-expected economy and, importantly, revised its forward guidance (dot plots) for the target Fed Funds rate by 50bps for year-end 2024 and 2025 (indicating higher for "longer") (Exhibit 2). The Feds' revised target funds rate for year-end 2024 is now 100 bps higher than at the beginning of the year.

Despite the sharp increase in longer-dated Treasury yields, corporate credit spreads were largely unchanged over the quarter as the surprising resilience of the economy continues to support the near term credit outlook, in our opinion. After surprising to the upside during the first half of the year, equity markets experienced a pull-back in Q3 - in part, we believe, due to the rise in longer-dated yields. After peaking near +19.5% in late July, the S&P 500 finished Q3

Exhibit 1:
Yield Curve Volatility Persists - *Treasury Rates %*
Bear Steepening in Q3 Led by Longer Maturities

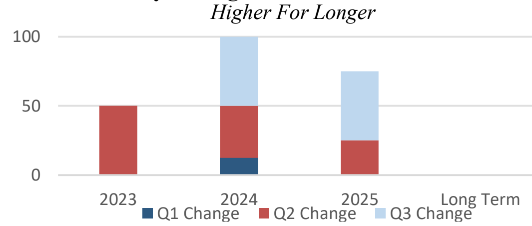


2023 Quarterly Change in Treasury Yield by Maturity (bps)



Sources for each: Markit, Bloomberg Finance L.P., OWS

Exhibit 2:
2023 Quarterly Change in Feds' Median Dot Plots - *bps*
Higher For Longer



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

Net Return Performance as of 9/30/23*	MTD	YTD	ITD (3/4/19)
1WS Credit Income Fund (**OWSCX**) Class I shares	0.79%	9.63%	34.56%
1WS Credit Income Fund (**OWSAX**) Class A-2 shares	0.75%	9.12%	30.46%
Bloomberg Barclays U.S. Aggregate Bond Index[1]	-2.54%	-1.21%	-1.89%
ICE BofAML U.S. High Yield Index[2]	-1.16%	5.97%	13.16%

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

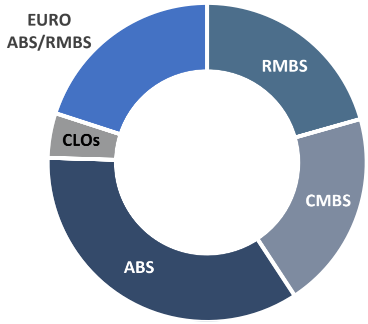
Past performance is not indicative of future returns.

* *OWSCX returns are presented net of all fees and expenses, benchmark returns are gross. Please see pp. 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 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. 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]

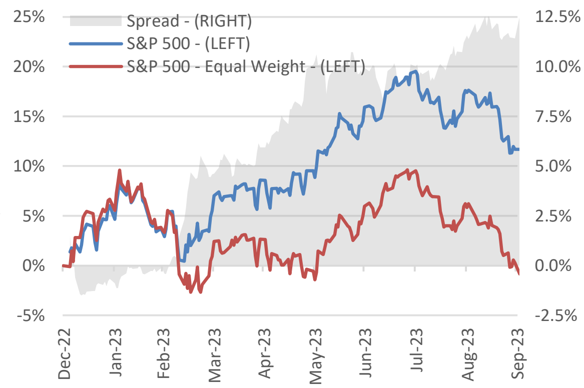


Asset Type	Portfolio Composition 9/30/2023	Net Return[2] Attribution YTD
Asset-Backed Securities (ABS)	0.19%	2.13%
Collateralized Loan Obligations (CLOs)	0.09%	0.87%
Commercial Mortgage-Backed Securities (CMBS)	0.15%	0.43%
European ABS & RMBS	-0.40%	1.44%
Residential Mortgage-Backed Securities (RMBS)	-0.37%	0.95%
Other	0.52%	1.69%
Interest Rate Hedges	0.61%	2.12%
Total	**0.79%**	**9.63%**

[1] *The Portfolio composition as of 9/30/23 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.*

with a YTD gain of +11.68% (Exhibit 3). However, equity gains have been heavily concentrated in the mega cap technology stocks driven by optimism over generative artificial intelligence (GenAI). For instance, the equal weighted S&P 500 closed Q3 with a modest –0.28% YTD decline.

Exhibit 3:
Equity Gains in 2023 Have Been Concentrated
*S&P 500 vs Equal Weight S&P 500**



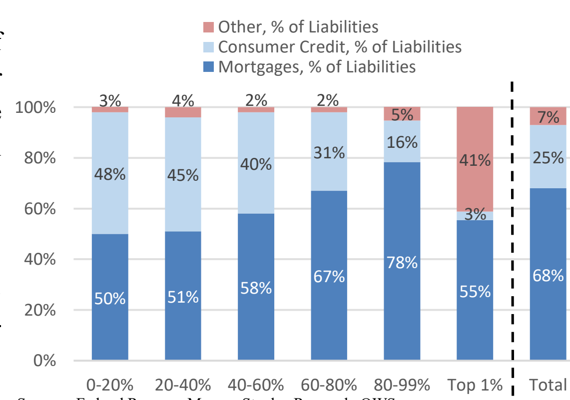
Sources: Bloomberg Finance L.P., OWS

As stated in our "*2023 Credit Outlook*": "Perhaps an underappreciated risk is if the consumer remains resilient and does not slow spending, which could force the Fed to raise rates even higher and keep them there for even longer." Thus far, the economy has withstood the Fed's monetary policy tightening quite well, in our opinion. In fact, we believe the surprising resilience of YTD economic growth has increased optimism for a so-called soft landing. Consumer spending. which accounts for approximately 70% of the U.S. economy, has remained strong - in part, we believe, due to continued strength in the labor market, accumulated excess savings from the pandemic, student loan moratorium, and the majority of consumer debt (mortgage debt) being locked in at low fixed rates rather than affected by the rapid rise in rates over the past 18 months. However, we believe headwinds are building, and tailwinds abating, for some consumer sectors. This could increase economic risk and the potential for higher market volatility in the future.

Consumers have been drawing down excess savings accrued during the pandemic for a couple of years now, and this is particularly true for the lowest-income cohorts. According to a recent publication from Morgan Stanley, the bottom quartile (income) of consumers has fully depleted accumulated excess savings by the end of Q3. In our opinion, this drawdown of excess savings will shift from a tail-wind to a head-wind for economic growth going forward.

In addition, while the majority of consumer debt (mortgage debt) is locked in at lower fixed rates, lower income groups have a higher share of consumer loans, often variable rate loans like credit cards. For instance, nearly 50% of total debt among the two lowest income quintiles is non-mortgage consumer credit, compared to just ~21% for the top-income quintile (Exhibit 4). We believe this is one of the reasons that subprime borrowers are seeing much more stress from higher interest rates.

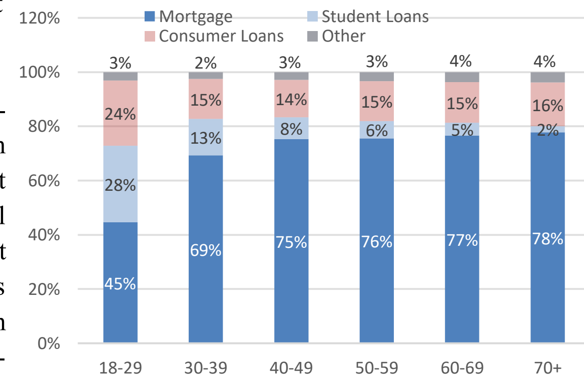
Exhibit 4:
Consumer Debt by Income Cohort
Percentage of Total Debt



Sources: Federal Reserve, Morgan Stanley Research, OWS

A similar dynamic can be said for younger borrowers versus older borrowers. More than 75% of total consumer debt for borrowers over the age of 40 is mortgage debt, the majority of which is fixed-rate and locked in at a low, below market rate (Exhibit 5). In contrast, for the youngest cohort, those between the age of 18 and 30, more than 50% of total debt is comprised of consumer loans (credit card, auto loans and personal loans), and ~28% are student loans, which have been in a payment moratorium for the past 3-1/2-years. In another example of a tailwind shifting to a headwind, the resumption of student loan payments begins in October.

Exhibit 5:
Consumer Debt by Type and Age Cohort
Percentage of Total Debt



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

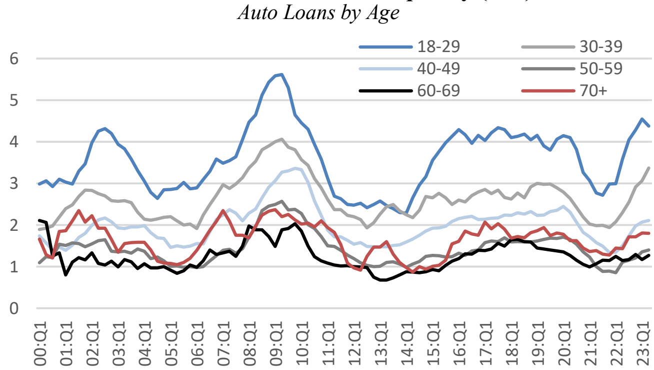
Continuing high inflation and the recent run-up in energy prices will increasingly burden the lowest-income consumers, in our opinion. In a recent article from CoreLogic's Economist, Yanling Mayer, "For the first time in decades, the rent-to-income ratio has reached 40%, marking one of the least affordable rental markets ever." In a separate note from Mark Zandi, Economist for Moody's, "it costs $734 more per month to buy the same goods and services as two years ago for U.S. households who earn the median income." We have already begun to see an increase in delinquencies across some consumer loan types, in particular auto loans, personal loans, and credit cards. Consistent with the demographic data described above, credit card and auto delinquencies show that for younger borrowers, delinquency rates are rising faster, nearing or surpassing their pre-pandemic rates, while for older borrowers, rates are rising but are still below pre-pandemic levels (Exhibits 6 & 7). With the resumption of student loan payments beginning next month, financial stresses on some consumer borrowers will likely only increase.

While recognizing the continuing elevated economic and fundamental uncertainty, we believe there are currently many attractive risk-adjusted return opportunities across structured credit - both outright and, even more so, relative to their corporate credit benchmarks. We believe many structured credit sectors currently trade at attractive discounts to historical valuations.

As we highlighted in our mid-year review, we believe that the market environment, which began with the Fed's transition to a more restrictive monetary policy stance, will likely play out in a multi-stage progression. We believe that the current, or first, phase is characterized by an expectation of slowing growth and increased market and fundamental uncertainty. Many investors who were encouraged to add risk in search of yield during the low-interest rate, low-volatility, and low-spread environment that prevailed during much of the past decade will, in our opinion, increasingly find themselves unwilling or unable to properly value and/or retain these legacy investments as classic "late cycle" factors unfold. As a result, we believe technical outflows driven by duration losses and increasing fundamental uncertainty have led to large portfolio rebalancing across "real money" portfolios. This has resulted in periods of stressed sector performance as well as general spread widening and greater credit tiering within and across credit sectors, in our opinion.

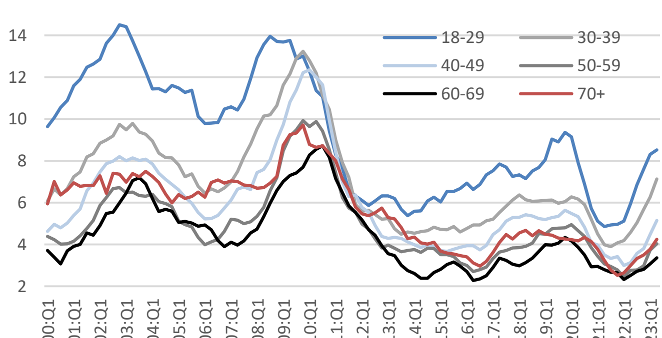
This elevated uncertainty has increased dispersion among investors regarding the appropriate pricing of securities across sectors, issuers, and vintages. Whether it be consumer credit tiering across loan types/issuers/vintages, deteriorating property specific fundamentals within commercial real estate (CRE), or relative performance across alternative asset types, we believe consensus surrounding expected default probabilities is in short supply. We believe that this has created attractive opportunities for us to leverage our infrastructure and underwriting capabilities. With a focus on underwriting asset price volatility in addition to asset fundamentals and differentiated structural characteristics, we believe we gain insight into identifying the most attractive risk-

Exhibit 6:
Transition into Serious Delinquency (90+)
Auto Loans by Age



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

Exhibit 7:
Transition into Serious Delinquency (90+)
Credit Card Loans by Age



Sources: New York Fed Consumer Credit Panel/Equifax, OWS adjusted return opportunities across sectors and up and down the capital structure. We have been adding what we believe are attractive exposures, generally more senior in the capital structure. In our opinion, investor appetite first returns to high-quality, easy-to-underwrite assets while being more limited for deeper credits with more uncertain fundamental investment profiles. In particular, we have been adding senior exposure, investment-grade and what we believe are loss-remote, off of stressed/ distressed assets at historically attractive levels, in our opinion. We continue to target opportunities that are shorter in duration where we believe underlying fundamentals or structural characteristics will drive outperformance relative to current market pricing. We have been adding exposures outright and, increasingly, relative-to-corporate benchmarks in select sectors where we believe relative valuations will drive convergence over time.

As the cycle evolves, we believe the potential for continued market dislocations may result in increasing distressed securities and special situations. This could add to the opportunities we currently see, assuming risk premia adequately reflects the embedded risk profile. Eventually, with greater intermediate-term visibility into both the macro backdrop as well as evolving credit fundamentals, we will be more likely to extend portfolio spread duration and add specific asset profiles with greater structural leverage when we believe the risk is appropriately valued.

Third Quarter Review

Continued strength of the U.S economy, despite the historical rise in the Fed Funds target rate over the past 18 months, caused many investors to reassess their view on how quickly they believe the Federal Reserve will cut interest rates in the future. As a result, yields rose sharply in Q3, led by the back-end, causing the 2s–10s curve to dis-invert by 58 bps. While benchmark Treasury yields rose, credit spreads were largely unchanged to modestly tighter across structured credit sectors during the quarter. We would characterize much of structured credit markets as continuing to have significant dispersion within and across sectors and collateral pools, particularly in more credit-sensitive sectors of the capital structure. This re-enforces the need for comprehensive underwriting in order to identify the most attractive return opportunities and quantify embedded risks. We continued to realize positive return contribution across each of our broad sector investment strategies in Q3.

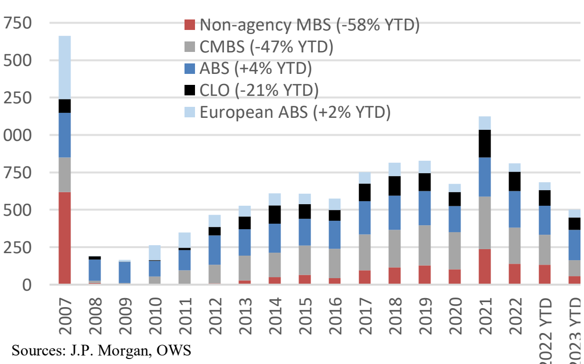
2023 YTD Securitized Credit Issuance

With the exception of US ABS and European ABS/RMBS, where YTD gross issuance volumes are roughly in line with the comparable period in 2022, other securitized credit sectors have seen fairly significant declines in gross volumes YTD (Exhibit 8). In aggregate, securitized credit gross issuance volumes are down roughly ~29% from the same period last year, led by declines in CMBS and non-agency RMBS. YTD gross issuance volumes are the lowest they have been since 2016. Higher and more volatile interest rates, along with wider credit spreads, have been significant contributing factors to the decline. While issuance was generally higher in Q3 relative to the first two quarters of the year, we believe the sharp increase in interest rates across the curve recently is likely to suppress issuance into year end. While total CMBS volumes are down roughly 49% YTD, select sectors are down significantly more. For instance, single-asset single-borrower (SASB) and commercial real estate (CRE) CLOs are down 73% and 83%, respectively, according to JPMorgan. Within the non-agency RMBS sector, credit risk transfer (CRT) issuance is 68% lower relative to the comparable period in 2022. While the ABS sector has been able to buck the trend experienced in other US securitization sectors, increasing ~3% YTD, the increase is largely attributable to prime autos (+42%) and auto leases (+28%). Subprime auto and unsecured consumer sectors are down roughly –5% and –20%, respectively, according to JPMorgan.

Exhibit 8:

Securitized Credit Gross Issuance Volume ($bn)

Gross Issuance & YTD % Change by Sector



Sources: J.P. Morgan, OWS

Commercial Real Estate Debt - Challenges faced within the CRE market due to increased fundamental uncertainty, continue to garner daily headlines. While the greatest challenges are faced by the office sector due to post pandemic increases in vacancies, all major CRE sectors are struggling with valuation pressures due to higher interest rates, increasing operating expenses, and increased return requirements among investors. As existing loans mature, many sponsors are struggling with their ability to refinance without adding significant new equity and generally at much higher borrowing rates. We recently highlighted in greater detail a number of the challenges facing CRE, and in particular the office sector, in our mid-year quarterly update (*see*

"2nd Quarter Review & Outlook"). These general themes continue - and have arguably intensified - as the steepening of the yield curve reduces expectations of any near-term rate relief for borrowers. Higher long-term rates puts greater pressure on cap rates as investors must model higher return requirements in their terminal valuations.

Despite the macro market headwinds facing CRE, it is important to remember that it is not a homogeneous market, it is property specific, or at least that is how we have generally approached investments within the sector. Even within the office sector, where challenges are currently greatest, there is significant dispersion with respect to property-specific performance and fundamentals. It is for this reason that, historically, we have had limited exposure to pooled conduit CMBS and have favored single-asset single-borrower (SASB) structures and direct property lending. We want to be targeted when choosing our exposures.

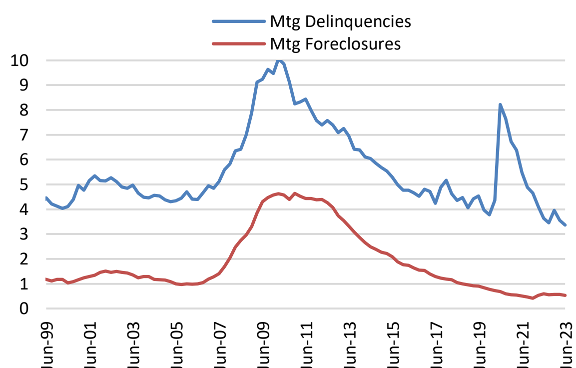
We continue to tactically invest within the CRE sector. Due to recent headline risk and growing investor anxiety with respect to CRE generally, we believe that there are many attractive investment opportunities for those positioned to deploy capital and those with the requisite underwriting skills at both the property and structure level. Given the significant repricing in securities markets, significant reduction in CRE property sales transactions, and early refinancing transactions, our portfolio has been more active in CMBS relative to direct lending in 2023. Since late last year, and accelerating this year following the regional banking crisis, we have seen greater selling of CMBS from money managers looking to reduce aggregate exposure to the sector generally. In many cases, this has been securities higher in the capital structure where investors can affect a reduction in aggregate CRE exposure with lower realized mark-to-market losses than selling lower-rated tranches.

One strategy we continue to employ within the sector is targeting well-collateralized, short-duration SASB tranches. These are currently being priced in the market to punitive extension scenarios, in many instances where we believe there are strong underlying fundamentals that would support a refinancing or sale notwithstanding the current market environment. In addition to what we believe are attractive current spreads, the discount dollar prices offer upside convexity and excess return potential, outperforming via the market's current repayment timing assumptions without having to take material risk of principal loss. We have highlighted a number of specific examples over the past year, and we continue to add exposures. For example, in Q2, we highlighted a resort property, in which we recently invested. The underlying sponsor has recently announced the sale of the property, whose underlying net cash flows are up more than 30% from loan origination. Given the underlying loan is non-assumable, a sale would result in an early payoff, enhancing the realized return on these discount dollar price tranches.

We also continue to look for opportunities to acquire AAA-rated tranches off of distressed, cross-collateralized multi-property office deals approaching or already past final maturity. We are targeting deals that we believe the investment risk at the senior-most AAA-rated tranche is timing of cash flows (extension risk) as opposed to principal shortfall risk due to lack of collateral coverage, even under extreme stress valuation assumptions. The owner of the most senior tranche, in a sequential pay CMBS structure, will be first to receive principal back from any property sales in these multi-property deals. We believe that the related securities are trading at excessive discounts due to the distressed nature of office-backed CMBS market, even if our liquidation thesis extends as much as five years in many cases. In our opinion, these discount, high-quality securities offer total return upside from any level of early property sales within the portfolio. See *2nd Quarter Review & Outlook*, for more descriptive investment thesis. One such AAA-rated investment tranche that we began purchasing in the second quarter has already factored down to 0.68 factor, having amortized 20% in the third quarter alone.

Residential Credit - Supported by a continuing strong labor market and sharp increase in home prices over the past several years, residential mortgage credit fundamentals remain strong. Unlike other sectors of consumer credit, which are seeing increases in delinquencies off of recent lows, mortgage delinquencies continue to decline. The seasonally-adjusted mortgage delinquency rate declined to 3.37% in the second quarter (Exhibit 9), the lowest level since the mortgage bankers association's (MBA) survey began in 1979. Residential mortgage foreclosures are also near historic lows. The majority of homeowners with existing mortgages are paying fixed rates that are well below current mortgage rates and are not subject to resetting higher. In addition to being a credit positive for existing homeowners, these low fixed-rate mortgages are

Exhibit 9:
Mortgage Delinquencies & Foreclosures
as % of Total Loans



Sources: Mortgage Bankers Association, Bloomberg Finance L.P., OWS also supporting home prices by reducing the supply of homes available for sale. Borrowers are reluctant to sell their existing home and move as the cost to finance a new home purchase would be at a significantly higher mortgage rate. After peaking in June of last year, the Case-Shiller national home price index declined for seven consecutive months from its high. However, since January of this year, home prices have again been increasing, with the latest (July) index reading setting a new all-time record.

We remain active across the legacy residential mortgage sector when we can identify securities that we believe will realize higher and quicker cash flow recoveries relative to market assumptions. The majority of seasoned RMBS have experienced meaningful home price appreciation (HPA), which has deleveraged the embedded credit risk in outstanding securities. However, the bulk of securitizations has been written down due to past losses and forbearance modifications. In the case of forbearance modifications, these cash flows can be recovered if the underlying mortgage is eventually paid off. A larger and quicker recovery of cash flows can have a material impact on the realized return of these discount bonds.

We also continue to be active across the CRT sector following the large dislocation last year. The sector has performed strongly in 2023 as home prices have recovered, fundamentals have remained strong, and supply has been limited. We have generally favored more seasoned securities with built-up HPA lower in the capital structure while adding less seasoned exposures higher in the capital structure. In addition to our outright portfolio exposures, we have been more actively trading these securities, generally investment-grade exposures, on a hedged basis relative to CDX.

Consumer ABS - As highlighted earlier, delinquencies have been increasing across many consumer loan types. We believe, that risk of intensifying headwinds could cause accelerating deterioration in performance metrics. As a result, we believe that thorough analysis of the underlying collateral (both collateral composition and underwriting integrity), along with discrete deal structures, are increasingly paramount to uncovering value and identifying potential risks. While underwriting is always important, particularly for investors in the fulcrum and lower credit supported tranches, it becomes even more critical in periods of increasing fundamental uncertainty and a desire to maintain volumes among the originator community, in our opinion. There is no one-size-fits-all that applies to the analysis and performance forecasting of consumer ABS - or any structured credit asset class, for that matter. As we have highlighted over time, there is significant dispersion in collateral performance across various collateral loan products, credit grades, originators/issuers, vintages, and deal structures. While we believe consumer ABS structures have historically been (and continue to be) generally strong, with rated tranches generally holding up to global financial crisis (GFC)-like stresses, there are exceptions. For instance, certain deals relating to 2021/2022 vintage subprime auto and unsecured marketplace term loan sub-sectors saw fundamental performance underperform meaningfully relative to market expectations.

The good news, in today's market, is that this elevated uncertainty has increased dispersion among investors regarding the appropriate modeling assumptions (and therefore pricing) of securities across sectors, issuers, and vintages. Whether it be credit tiering across loan types/issuers/vintages, or relative performance across alternative sub-sectors, we believe consensus surrounding expected default probabilities is in short supply. In this type of market, that we believe the best risk-adjusted return opportunities are often found. We continue to be active within and across consumer ABS sectors within our securities and private credit portfolios. We rely on our underwriting to identify the best risk-adjusted opportunities and do not shy away from distressed opportunities if we believe the risk is appropriately priced. While benchmark spread levels have recovered from their wides nominally, we believe many structured credit sectors remain undervalued, particularly relative to corporate benchmarks. In addition, the credit curve remains steep within ABS, and one of the total return investment strategies we deploy is to identify securities that we believe will rapidly build credit enhancement, thereby deleveraging and attracting demand from investors looking for less risky assets trading at lower risk premia.

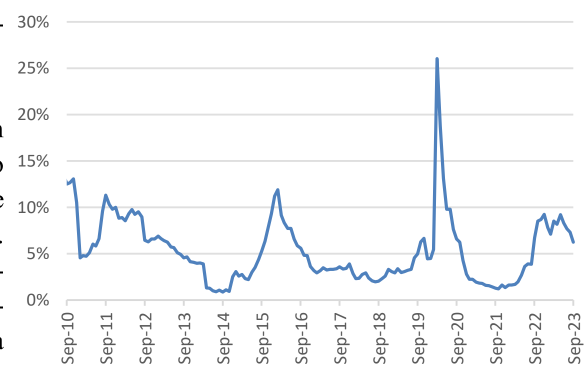
Non-Dollar ABS - YTD non-dollar ABS/RMBS issuance has been roughly in line with 2022, following particularly strong issuance in September to end the third quarter. September issuance accounted for approximately one-quarter of the YTD supply and the busiest September since 2010. Heavy supply in September has been bolstered by banks looking to execute risk-transfer trades.

We continue to be active in the non-dollar ABS sector, within which we continue to believe valuations are attractive relative to comparable sectors in the U.S. As in the U.S, growing uncertainty regarding consumer fundamentals has been increasing and dispersion across originators/issuers/vintages necessitates a sharp focus on underwriting to differentiate across collateral pools and deal structures. We were particularly active in September, given the record issuance volumes. We believe we were able to identify attractive opportunities across the consumer, auto, and RMBS sectors. We were active across the capital structure, and in some cases, purchased senior bonds of a new issue securitization in order to secure larger allocations to mezzanine tranches we particularly liked. In our Q2 commentary, we highlighted that we were able to source a number of legacy RMBS securities at what we believe were attractive levels relative to less seasoned vintages. In addition to these being very seasoned, low-LTV collateral pools, our investment thesis is that these securities have a high likelihood of being called by the rights holder at the optional 10% clean-up call date due to large non-amortizing reserve funds within the securitizations. An early call would offer significant upside return potential for these discount securities. We were able to add a number of similar legacy RMBS securities during Q3.

Collateralized Loan Obligations (CLOs) - CLOs turned in a strong performance during the third quarter in the midst of the significant bear steepening in Treasury yields. Evidence of distress within the leveraged loan market has been declining all year, as seen by the ~32% decline in the share of loans trading at a dollar price of less than $80 (Exhibit 10).

Across our portfolios, CLOs outperformed other broad asset sector returns on both a nominal and risk-adjusted basis in Q3. While not adding outright risk to the CLO sector this year, we have been much more actively trading relative value opportunities within the sector and up and down the capital structure. This is true both outright and relative to corporate CDX. While outright defaults within the leveraged loan universe continue to remain modest, we believe rising debt burdens as a result of higher interest rates continues to be a headwind that will present a better entry point for increasing exposure.

Exhibit 10:
Distressed Pricing in Leveraged Loans Has Declined
Share % of Leveraged Loans Trading Below $80



Sources: J.P. Morgan, 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 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.*

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.*

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