

FS Credit Income Fund

2018
Annual Report

FS Credit Income Fund

PORTFOLIO REVIEW

The following tables summarize the portfolio composition, industry classification and top 10 holdings of our investment portfolio as of October 31, 2018 (unaudited):

Portfolio composition (by fair value)

Senior Secured Loans—First Lien	12%
Senior Secured Loans—Second Lien	4%
Senior Secured Bonds	19%
Unsecured Bonds	40%
CLO/Structured Credit	22%
Emerging Markets Debt	3%
	<u>100%</u>

Top 10 Holdings (by fair value)

Puerto Rico Sales Tax Financing Corp.	5%
Frontier Communications Corp.	3%
Altice Europe N.V.	2%
Bausch Health Corp.	2%
Caixa Bank SA	2%
Verscend Holdings LLC	2%
AHP Health Partners, Inc.	2%
BPP Pristine US Mezz A LLC	2%
Nine Energy Service, Inc.	2%
Solocal Group	1%

Industry classification (by fair value)

USD CLO	11%
EUR CLO	11%
Municipal	8%
Media Entertainment	7%
Oil & Gas	6%
Chemicals	5%
Telecommunications	4%
Commercial Banks	4%
Oil & Gas Services	4%
Pharmaceuticals	3%
Internet	2%
Independent Oil & Gas	2%
Healthcare	2%
Other Financial	2%
Mining	2%
Healthcare-Services	2%
Transportation	2%
Retailers	2%
Healthcare-Products	1%
Technology	1%
Commercial Services	1%
Aerospace/Defense	1%
Pipelines	1%
Coal	1%
Other	<u>15%</u>
	<u>100%</u>

FS Credit Income Fund

OFFICERS AND BOARD OF TRUSTEES

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Chairman, Chief Executive Officer & President

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SEI Investments Company

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of FS Credit Income Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of FS Credit Income Fund (the “Fund”), including the schedule of investments, as of October 31, 2018, and the related statements of operations, cash flows, changes in net assets and the financial highlights for the year then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund at October 31, 2018, the results of its operations, its cash flows, changes in its net assets and its financial highlights for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2018, by correspondence with the custodians and others or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Ernst + Young LLP

We have served as auditor of one or more FS Investments investment companies since 2013.

Philadelphia, Pennsylvania
December 28, 2018

FS Credit Income Fund
Schedule of Investments
As of October 31, 2018
(in thousands, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Principal Amount ^(b)	Amortized Cost	Fair Value ^(c)
Senior Secured Loans—First Lien—13.5%					
Abaco Energy Technologies LLC, L + 950, 1.0% Floor, 11/20/2020	(d)	Independent Oil & Gas	\$ 451	\$ 449	\$ 453
AHP Health Partners, Inc., L + 450, 1.0% Floor, 6/30/2025	(d)	Healthcare	673	667	677
Aleris International, Inc., L + 475, 1.0% Floor, 2/27/2023	(d)	Metals and Mining	673	667	680
California Resources Corp., L + 475, 1.0% Floor, 12/31/2022	(d)	Independent Oil & Gas	1,168	1,195	1,189
Comet Bidco Limited, L + 500, 1.0% Floor, 9/30/2024	(d)	Consumer Cyclical Services	701	682	694
CONSOL Energy, Inc., L + 600, 1.0% Floor, 11/28/2022	(d)	Metals and Mining	245	251	252
East Valley Tourist Development Authority, L + 800, 1.0% Floor, 12/17/2021	(d)	Leisure	1,107	1,107	1,126
Financial & Risk US Holdings, Inc., L + 375, 10/1/2025	(d)	Technology	245	244	243
Genworth Financial, Inc., L + 450, 1.0% Floor, 3/7/2023	(d)	Life Insurance	189	188	193
Holland & Barrett International, E + 425, 1.0% Floor, 8/9/2024	(d)	Consumer Cyclical Services	€ 400	456	443
Jo-Ann Stores, Inc., L + 500, 1.0% Floor, 10/20/2023	(d)	Retailers	\$ 263	262	264
McDermott Technology Americas Inc., L + 500, 1.0% Floor, 5/12/2025	(d)	Oil Field Services	328	327	325
Modacin France SAS, E + 450, 1.25% PIK, 11/20/2020	(d)(e)	Retailers	€ 435	451	299
Neiman Marcus Group Ltd., LLC, L + 325, 1.0% Floor, 10/25/2020	(d)	Retailers	\$1,011	937	923
NMI Holdings, Inc., L + 475, 1.0% Floor, 5/17/2023	(d)	Property & Casualty Insurance	309	308	312
Onex TSG Holdings II Corp., L + 400, 1.0% Floor, 7/31/2022	(d)	Healthcare	88	88	88
Patterson Medical Holdings, Inc., L + 475, 1.0% Floor, 8/28/2022	(d)	Healthcare	910	874	876
Premier Oil plc, L + 500, 1.0% Floor, 5/31/2021	(d)(e)	Independent Oil & Gas	291	274	275
Premier Oil plc, L + 500, 1.0% Floor, 5/31/2021	(d)(e)	Independent Oil & Gas	955	899	900
Quorum Health Corp., L + 675, 1.0% Floor, 4/29/2022	(d)(e)	Healthcare	157	159	159
R.R. Donnelley & Sons Co., L + 500, 1/15/2024	(d)	Media Entertainment	775	767	770
R1 RCM, Inc., L + 525, 5/8/2025	(d)	Other Financial	713	708	713

See notes to financial statements.

FS Credit Income Fund
Schedule of Investments (continued)
As of October 31, 2018
(in thousands, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Principal Amount ^(b)	Amortized Cost	Fair Value ^(c)
Red Ventures, LLC, L + 400, 11/8/2024	(d)	Media Entertainment	\$ 262	\$ 260	\$ 263
Seadrill Partners Finco LLC, L + 600, 1.0% Floor, 2/21/2021	(d)	Oil Field Services	485	432	452
UTEX Industries Inc., L + 400, 1.0% Floor, 5/22/2021	(d)	Chemicals	562	560	553
Valeant Pharmaceuticals International, Inc., L + 300, 1.0% Floor, 6/2/2025	(d)	Pharmaceuticals	101	100	101
Verifone Systems, Inc., L + 400, 8/20/2025	(d)	Technology	250	249	250
Verscend Holding Corp., L + 450, 8/9/2025	(d)	Technology	570	566	575
VVC Holding Corp., L + 425, 1.0% Floor, 7/9/2025	(d)	Healthcare	570	559	567
Total Senior Secured Loans—First Lien				<u>14,686</u>	<u>14,615</u>
Senior Secured Loans—Second Lien—4.3%					
		Property & Casualty Insurance			
Asurion LLC, L + 650, 8/4/2025	(d)	Insurance	450	449	463
BPP Pristine US Mezz A LLC, L + 450, 1.0% Floor, 6/24/2020	(d)(k)	Other Financial	1,900	1,885	1,881
DG Investment Intermediate Holdings 2, Inc., L + 675, 0.8% Floor, 2/2/2026	(d)	Other Industrial	290	289	292
Jo-Ann Stores, Inc., L + 850, 1.0% Floor, 5/21/2024	(d)	Retailers	325	320	321
Onex TSG Holdings II Corp., L + 850, 1.0% Floor, 7/31/2023	(d)(e)	Healthcare	320	320	318
UTEX Industries Inc., L + 725, 1.0% Floor, 5/22/2022	(d)	Chemicals	960	944	940
Verifone Systems, Inc., L + 800, 8/20/2026	(d)	Technology	420	417	420
Total Senior Secured Loans—Second Lien				<u>4,624</u>	<u>4,635</u>
Senior Secured Bonds—21.1%					
ABG Orphan Holdco Sarl, 14.0%, 2/28/2021	(g)	Engineering & Construction	114	111	120
Altice Financing SA, 7.5%, 5/15/2026	(f)(g)	Media Entertainment	400	386	378
Altice France SA, 7.4%, 5/1/2026	(f)(g)	Media Entertainment	200	196	192
Altice France SA, 5.9%, 2/1/2027	(f)(g)	Media Entertainment	€ 215	251	251
Altice France SA, 8.1%, 2/1/2027	(f)(g)	Media Entertainment	\$1,685	1,711	1,670
Ambac LSNI LLC, 7.4%, 2/12/2023	(f)(g)	Insurance	1,001	1,014	1,012
Avantor, Inc., 4.8%, 10/1/2024	(g)	Healthcare-Products	€ 928	1,102	1,074
Avon International Operations, Inc., 7.9%, 8/15/2022	(f)(g)	Household Products	\$ 803	804	816
BCD Acquisition, Inc., 9.6%, 9/15/2023	(f)(g)	Auto Manufacturers	674	725	714
Belden, Inc., 3.4%, 7/15/2027	(g)	Electrical Compo & Equipment	€ 253	281	276
CGG Holding US, Inc., 7.9%, 5/1/2023	(f)(g)	Oil & Gas Services	105	129	127

See notes to financial statements.

FS Credit Income Fund
Schedule of Investments (continued)
As of October 31, 2018
(in thousands, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Principal Amount ^(b)	Amortized Cost	Fair Value ^(c)
Chembulk Holding LLC, 8.0%, 2/2/2023 . . .	(f)(g)	Transportation	\$ 400	\$ 401	\$ 406
CSI Compressco LP/CSI Compressco					
Finance, Inc., 7.5%, 4/1/2025	(f)(g)	Oil & Gas Services	1,432	1,442	1,453
Denbury Resources, Inc., 9.3%, 3/31/2022 . . .	(f)(g)	Oil & Gas	610	643	637
Denbury Resources, Inc., 5.5%, 5/1/2022 . . .		Oil & Gas	175	152	151
Denbury Resources, Inc., 7.5%, 2/15/2024 . . .	(f)(g)	Oil & Gas	534	534	524
Drax Finco Plc, 6.6%, 11/1/2025	(f)(g)	Electric	235	235	235
Eagle Bulk Shipco LLC, 8.3%, 11/28/2022 . . .	(g)	Transportation	846	855	870
EP Energy LLC/Everest Acquisition Finance, Inc., 7.8%, 5/15/2026	(f)(g)	Oil & Gas	390	391	390
Frontier Communications Corp., 8.5%, 4/1/2026	(f)(g)	Telecommunications	1,860	1,810	1,733
HCA, Inc., 6.5%, 2/15/2020	(g)	Healthcare-Services	599	621	619
HCA, Inc., 4.5%, 2/15/2027	(g)	Healthcare-Services	268	267	261
Hexion, Inc., 6.6%, 4/15/2020	(g)	Chemicals	154	143	136
Hexion, Inc., 10.4%, 2/1/2022	(f)(g)	Chemicals	1,008	998	910
Hot Topic, Inc., 9.3%, 6/15/2021	(f)(g)	Retail	621	587	616
Hudbay Minerals, Inc., 7.3%, 1/15/2023	(f)(g)	Mining	155	156	156
Hudbay Minerals, Inc., 7.6%, 1/15/2025	(f)(g)	Mining	208	209	209
JW Aluminum Continuous Cast Co., 10.3%, 6/1/2026	(f)(g)	Mining	27	27	27
L Brands, Inc., 6.9%, 11/1/2035	(g)	Retail	134	113	114
L Brands, Inc., 6.8%, 7/1/2036	(g)	Retail	271	221	224
Nomad Foods Bondco Plc, 3.3%, 5/15/2024	(g)	Food	€ 421	496	482
Northern Oil and Gas, Inc., 9.5%, 5/15/2023	(g)	Oil & Gas	\$ 67	70	69
Northern Oil and Gas, Inc., 9.5%, 5/15/2023	(f)(g)	Oil & Gas	181	188	186
Pacific Drilling First Lien Escrow Issuer Ltd., 8.4%, 10/1/2023	(f)(g)	Oil & Gas	602	607	609
Pacific Drilling Second Lien Escrow Issuer Ltd., 11.0%, 4/1/2024	(f)(g)	Oil & Gas	101	101	106
Perstorp Holding AB, 11.0%, 9/30/2021	(g)	Chemicals	547	593	590
Platin 1426 GmbH, 5.4%, 6/15/2023		Machinery-Diversified	€ 175	203	193
Solocal Group, 8.0%, 3/15/2022		Internet	1,358	1,593	1,535
Tendam Brands SAU, 5.0%, 9/15/2024	(g)	Retail	220	247	233
Teva Pharmaceutical Finance Netherlands III B.V., 6.0%, 4/15/2024	(g)	Pharmaceuticals	\$ 218	215	217
Transocean Phoenix 2 Ltd., 7.8%, 10/15/2024	(f)(g)	Oil & Gas Services	1,036	1,075	1,074
Urban One, Inc., 7.4%, 4/15/2022	(f)(g)	Media Entertainment	1,030	1,025	1,015
Wind Tre SpA, 5.0%, 1/20/2026	(f)	Telecommunications	313	266	266
Total Senior Secured Bonds				<u>23,194</u>	<u>22,876</u>

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FS Credit Income Fund
Schedule of Investments (continued)
As of October 31, 2018
(in thousands, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Principal Amount ^(b)	Amortized Cost	Fair Value ^(c)
Unsecured Bonds—44.4%					
ABN AMRO Bank N.V., 4.8%	(g)	Commercial Banks	€ 200	\$ 223	\$ 215
AHP Health Partners, Inc., 9.8%, 7/15/2026	(f)(g)	Healthcare-Services	\$1,223	1,206	1,246
American Tire Distributors, Inc., 10.3%, 3/1/2022	(f)(h)	Distribution/Wholesale	453	466	79
Apex Tool Group LLC/BC Mountain					
Finance, Inc., 9.0%, 2/15/2023	(f)(g)	Hand/Machine Tools	300	294	276
Aruba Investments, Inc., 8.8%, 2/15/2023 . . .	(f)(g)	Chemicals	1,389	1,429	1,426
Banco de Sabadell SA, 6.5%, 5/18/2022	(g)	Commercial Banks	€ 600	682	660
Banff Merger Sub, Inc., 9.8%, 9/1/2026	(f)(g)	IT Services	\$ 386	386	373
Banff Merger Sub, Inc., 8.4%, 9/1/2026	(g)	IT Services	€ 200	231	225
Bausch Health Companies, Inc., 4.5%, 5/15/2023	(g)	Pharmaceuticals	2,099	2,359	2,307
Bombardier, Inc., 7.8%, 3/15/2020	(f)(g)	Aerospace/Defense	\$ 465	489	482
CaixaBank SA, 5.3%, 3/23/2026	(g)	Commercial Banks	€2,200	2,343	2,280
CBS Radio, Inc., 7.3%, 11/1/2024	(f)(g)	Media Entertainment	\$1,075	1,040	1,017
Citigroup, Inc., 6.0%	(g)	Commercial Banks	74	75	73
Compass Group Diversified Holdings LLC,					
8.0%, 5/1/2026	(f)(g)	Investment Company Security	271	273	277
Consolidated Energy Finance SA, 6.5%, 5/15/2026	(f)(g)	Chemicals	300	298	299
CrownRock LP/CrownRock Finance, Inc., 5.6%, 10/15/2025	(f)(g)	Oil & Gas	331	316	315
Endeavor Energy Resources LP/EER					
Finance, Inc., 5.5%, 1/30/2026	(f)(g)	Oil & Gas	385	377	396
EnSCO PLC, 7.8%, 2/1/2026	(g)	Oil & Gas	1,380	1,312	1,288
Ferroglobe Plc/Globe Specialty Metals, Inc., 9.4%, 3/1/2022	(f)(g)	Mining	543	573	572
Frontier California, Inc., 6.8%, 5/15/2027 . . .	(g)	Telecommunications	2	2	2
Frontier Communications Corp., 9.0%, 8/15/2031	(g)	Telecommunications	2,740	1,859	1,702
Frontier Florida LLC, 6.9%, 2/1/2028	(g)	Telecommunications	4	4	4
Frontier North, Inc., 6.7%, 2/15/2028	(g)	Telecommunications	523	457	464
Hilcorp Energy I LP/Hilcorp Finance Co., 6.3%, 11/1/2028	(f)(g)	Oil & Gas	186	186	179
IAMGOLD Corp., 7.0%, 4/15/2025	(f)(g)	Mining	745	768	740
Intertape Polymer Group, Inc., 7.0%,					
10/15/2026	(f)(g)	Packaging & Containers	201	201	202
InterXion Holding N.V., 4.8%, 6/15/2025 . . .	(f)(g)	Software	€ 940	1,110	1,112
Intesa Sanpaolo SpA, 7.8%	(g)	Commercial Banks	410	511	477
Jaguar Holding Co. II/Pharmaceutical					
Product Development LLC, 6.4%, 8/1/2023	(f)(g)	Commercial Services	\$ 249	250	250

See notes to financial statements.

FS Credit Income Fund
Schedule of Investments (continued)
As of October 31, 2018
(in thousands, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Principal Amount ^(b)	Amortized Cost	Fair Value ^(c)
KLX, Inc., 5.9%, 12/1/2022	(f)(g)	Aerospace/Defense	\$ 952	\$ 989	\$ 981
LGI Homes, Inc., 6.9%, 7/15/2026	(f)(g)	Home Builders	1,110	1,102	1,052
Liberty Interactive LLC, 4.0%, 11/15/2029 . .	(g)	Media Entertainment	795	564	550
Liberty Interactive LLC, 3.8%, 2/15/2030 . . .	(g)	Media Entertainment	1,404	979	969
Lloyds Banking Group PLC, 7.5%	(g)	Commercial Banks	815	815	820
Mallinckrodt International Finance SA/ Mallinckrodt CB LLC, 5.6%, 10/15/2023 . .	(f)(g)	Healthcare-Products	505	426	436
Marriott Ownership Resorts, Inc./ILG LLC, 6.5%, 9/15/2026	(f)(g)	Lodging	274	274	277
Methanex Corp., 5.7%, 12/1/2044	(g)	Chemicals	1,019	992	954
Natural Resource Partners LP/NRP Finance Corp., 10.5%, 3/15/2022	(g)	Coal	600	639	641
Netflix, Inc., 3.6%, 5/15/2027	(g)	Internet	€ 213	249	240
Nine Energy Service, Inc., 8.8%, 11/1/2023	(f)(g)	Oil & Gas Services	\$1,820	1,820	1,854
Oasis Petroleum, Inc., 6.3%, 5/1/2026	(f)(g)	Oil & Gas	300	301	294
Parsley Energy LLC/Parsley Finance Corp., 5.4%, 1/15/2025	(f)(g)	Oil & Gas	100	102	98
Parsley Energy LLC/Parsley Finance Corp., 5.3%, 8/15/2025	(f)(g)	Oil & Gas	762	756	737
Performance Food Group, Inc., 5.5%, 6/1/2024	(f)(g)	Distribution/Wholesale	272	268	263
Puerto Rico Commonwealth Aqueduct & Sewer Auth., 5.0%, 7/1/2019	(g)	Municipal	460	403	425
Puerto Rico Commonwealth Aqueduct & Sewer Auth., 6.2%, 7/1/2038	(g)	Municipal	140	126	126
Puerto Rico Electric Power Auth., 5.3%, 7/1/2019	(g)(h)	Municipal	10	7	6
Puerto Rico Electric Power Auth., 5.0%, 7/1/2020	(g)(h)	Municipal	110	71	71
Puerto Rico Electric Power Auth., 5.0%, 7/1/2021	(g)(h)	Municipal	60	39	39
Puerto Rico Electric Power Auth., 5.0%, 7/1/2021	(g)(h)	Municipal	5	3	3
Puerto Rico Electric Power Auth., 3.8%, 7/1/2022	(g)(h)	Municipal	5	3	3
Puerto Rico Electric Power Auth., 5.3%, 7/1/2022	(g)(h)	Municipal	55	35	35
Puerto Rico Electric Power Auth., 5.3%, 7/1/2026	(g)(h)	Municipal	160	104	103
Puerto Rico Electric Power Auth., 5.3%, 7/1/2027	(g)(h)	Municipal	315	205	203
Puerto Rico Electric Power Auth., 5.0%, 7/1/2027	(g)(h)	Municipal	15	10	10

See notes to financial statements.

FS Credit Income Fund
Schedule of Investments (continued)
As of October 31, 2018
(in thousands, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Principal Amount ^(b)	Amortized Cost	Fair Value ^(c)
Puerto Rico Electric Power Auth., 5.4%, 7/1/2028	(g)(h)	Municipal	\$ 55	\$ 34	\$ 35
Puerto Rico Electric Power Auth., 5.3%, 7/1/2028	(g)(h)	Municipal	25	16	16
Puerto Rico Electric Power Auth., 5.0%, 7/1/2029	(g)(h)	Municipal	400	261	258
Puerto Rico Electric Power Auth., 6.0%, 7/1/2030	(g)(h)	Municipal	25	16	16
Puerto Rico Electric Power Auth., 5.3%, 7/1/2031	(g)(h)	Municipal	120	78	77
Puerto Rico Electric Power Auth., 5.3%, 7/1/2035	(g)(h)	Municipal	10	6	6
Puerto Rico Electric Power Auth., 6.8%, 7/1/2036	(g)(h)	Municipal	190	126	125
Puerto Rico Electric Power Auth., 5.5%, 7/1/2038	(g)(h)	Municipal	200	127	129
Puerto Rico Electric Power Auth., 6.3%, 7/1/2040	(g)(h)	Municipal	5	3	3
Puerto Rico Electric Power Auth., 6.1%, 7/1/2040	(g)(h)	Municipal	195	122	124
Puerto Rico Electric Power Auth., 7.0%, 7/1/2043	(g)(h)	Municipal	80	53	53
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.4%, 8/1/2020	(g)(h)	Municipal	50	24	25
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.5%, 8/1/2021	(g)(h)	Municipal	900	274	442
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.5%, 8/1/2023	(g)(h)	Municipal	25	8	12
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 0.0%, 8/1/2026	(g)(i)(j)	Municipal	25	11	11
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 0.0%, 8/1/2026	(g)(i)(j)	Municipal	5	2	2
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 6.1%, 8/1/2028	(g)(h)	Municipal	5	4	4
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 0.0%, 8/1/2028	(g)(i)(j)	Municipal	25	10	10
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.5%, 8/1/2028	(g)(h)	Municipal	30	9	15
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 6.1%, 8/1/2029	(g)(h)	Municipal	10	5	5
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 6.1%, 8/1/2029	(g)(h)	Municipal	75	37	37
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 0.0%, 8/1/2030	(g)(i)(j)	Municipal	5	2	2

See notes to financial statements.

FS Credit Income Fund
Schedule of Investments (continued)
As of October 31, 2018
(in thousands, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Principal Amount ^(b)	Amortized Cost	Fair Value ^(c)
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 0.0%, 8/1/2031	(g)(i)(j)	Municipal	\$ 10	\$ 3	\$ 3
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 6.8%, 8/1/2032	(g)(h)	Municipal	4,910	1,553	2,412
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 0.0%, 8/1/2034	(g)(i)(j)	Municipal	245	35	34
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 6.0%, 8/1/2034	(g)(h)	Municipal	5	4	4
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 0.0%, 8/1/2035	(g)(i)(j)	Municipal	10	3	3
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 4.9%, 8/1/2036	(g)(h)	Municipal	5	4	4
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 6.1%, 8/1/2036	(g)(h)	Municipal	1,330	928	1,071
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.8%, 8/1/2037	(g)(h)	Municipal	45	14	22
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.5%, 8/1/2037	(g)(h)	Municipal	75	36	36
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 6.1%, 8/1/2038	(g)(h)	Municipal	5	4	4
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 0.0%, 8/1/2039	(g)(i)(j)	Municipal	25	5	5
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 6.4%, 8/1/2039	(g)(h)	Municipal	45	14	22
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.4%, 8/1/2039	(g)(h)	Municipal	30	9	15
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.3%, 8/1/2040	(g)(h)	Municipal	90	75	73
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.0%, 8/1/2040	(g)(h)	Municipal	80	66	65
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.5%, 8/1/2040	(g)(h)	Municipal	15	7	7
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 0.0%, 8/1/2041	(g)(i)(j)	Municipal	5	1	1
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.3%, 8/1/2041	(g)(h)	Municipal	230	107	112
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 6.0%, 8/1/2042	(g)(h)	Municipal	265	121	130
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.5%, 8/1/2042	(g)(h)	Municipal	170	75	82
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 0.0%, 8/1/2043	(g)(i)(j)	Municipal	2,635	653	706
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.3%, 8/1/2043	(g)(h)	Municipal	55	17	27

See notes to financial statements.

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Portfolio Company ^(a)	Footnotes	Industry	Principal Amount ^(b)	Amortized Cost	Fair Value ^(c)
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.0%, 8/1/2043	(g)(h)	Municipal	\$ 50	\$ 24	\$ 24
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 6.5%, 8/1/2044	(g)(h)	Municipal	120	58	59
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 0.0%, 8/1/2044	(g)(i)(j)	Municipal	2,235	504	568
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 0.0%, 8/1/2046	(g)(i)(j)	Municipal	225	45	51
Puerto Rico Sales Tax Financing Corp. Sales Tax Rev., 5.3%, 8/1/2057	(g)(h)	Municipal	40	33	33
SemGroup Corp/Rose Rock Finance Corp., 5.6%, 11/15/2023	(g)	Pipelines	1,265	1,213	1,198
SemGroup Corp., 6.4%, 3/15/2025	(g)	Pipelines	245	234	235
Shelf Drill Holdings Ltd., 8.3%, 2/15/2025	(f)(g)	Oil & Gas Holding	882	895	885
Spectrum Brands Holdings, 7.8%, 1/15/2022	(g)	Companies-Diversified	204	211	209
Springleaf Finance Corp., 7.1%, 3/15/2026	(g)	Diversified Financial Services	251	252	238
Sprint Capital Corp., 8.8%, 3/15/2032	(g)	Telecommunications	395	431	431
Sprint Communications, Inc., 6.0%, 11/15/2022	(g)	Telecommunications	70	73	71
Sprint Corp., 7.9%, 9/15/2023	(g)	Telecommunications	125	135	134
Sprint Corp., 7.1%, 6/15/2024	(g)	Telecommunications	100	104	102
Sterling Entertainment Enterprises, LLC, 10.3%, 1/15/2025	(k)	Media Entertainment	813	801	863
SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., 7.5%, 6/15/2025	(f)(g)	Coal	736	749	753
Teck Resources Ltd., 6.1%, 10/1/2035	(g)	Mining	395	412	405
Teck Resources Ltd., 6.3%, 7/15/2041	(g)	Mining	197	207	197
Teck Resources Ltd., 5.4%, 2/1/2043	(g)	Mining	46	44	42
Teekay Shuttle Tankers LLC, 7.1%, 8/15/2022	(g)	Transportation	600	607	593
Tesla Energy Operations, Inc., 1.6%, 11/1/2019	(g)	Energy-Alternate Sources	389	357	368
Transocean, Inc., 9.0%, 7/15/2023	(f)(g)	Oil & Gas	460	495	484
Uber Technologies, Inc., 7.5%, 11/1/2023	(e)(f)	Internet	124	125	124
Uber Technologies, Inc., 8.0%, 11/1/2026	(e)(f)	Internet	1,080	1,080	1,085
Verscend Escrow Corp., 9.8%, 8/15/2026	(f)(g)	Commercial Services	1,218	1,218	1,223
Vizient, Inc., 10.4%, 3/1/2024	(f)(g)	Pharmaceuticals	969	1,070	1,057
XPO Logistics, Inc., 6.1%, 9/1/2023	(f)(g)	Transportation	245	252	251
Total Unsecured Bonds				<u>47,593</u>	<u>48,056</u>

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Portfolio Company ^(a)	Footnotes	Industry	Principal Amount ^(b)	Amortized Cost	Fair Value ^(c)
Collateralized Loan Obligation (CLO) /					
Structured Credit—24.7%					
Adagio V CLO DAC, 3.2%, 10/15/2031		EUR CLO	€ 200	\$ 235	\$ 227
ALM XVIII Ltd., 5.4%, 1/15/2028	(f)	USD CLO	\$ 290	290	291
Anchorage Capital Europe CLO 2 DAC, 3.5%, 5/15/2031	(f)	EUR CLO	€ 250	292	285
Ares European CLO B.V., 2.9%, 10/15/2030		EUR CLO	560	655	630
Ares European CLO B.V., 2.9%, 10/15/2030		EUR CLO	1,290	1,497	1,450
Ares XXXVII CLO Ltd., 5.1%, 10/15/2030	(f)	USD CLO	\$ 250	247	248
Ares XXXVR CLO Ltd., 5.3%, 7/15/2030	(f)	USD CLO	250	250	251
Atrium XII, 5.3%, 4/22/2027	(f)	USD CLO	250	250	250
Babson Euro CLO 2015-1 B.V., 1.5%, 10/25/2029		EUR CLO	€ 305	350	340
Bain Capital Credit CLO 2018-2, 4.3%, 7/19/2031	(f)	USD CLO	\$ 250	250	250
Battalion CLO IX Ltd., 5.7%, 7/15/2031	(f)	USD CLO	710	710	711
Black Diamond CLO 2014-1 Ltd., 7.7%, 10/17/2026		USD CLO	260	258	259
Black Diamond CLO 2017-2 DAC, 5.1%, 1/20/2032		EUR CLO	€ 200	223	216
BlueMountain CLO XXIII Ltd., 10/20/2031	(e)(f)(j)	USD CLO	\$ 300	300	300
BlueMountain Fuji EUR CLO III DAC, 3.1%, 1/15/2031		EUR CLO	€ 615	712	698
Cairn CLO IV B.V., 5.7%, 1/30/2028		EUR CLO	200	231	220
Cairn CLO VI B.V., 3.1%, 7/25/2029		EUR CLO	425	496	482
Canyon Capital CLO 2016-1 Ltd., 4.3%, 7/15/2031	(f)	USD CLO	\$ 250	250	250
Carlyle Global Market Strategies CLO 2014-4-R Ltd., 5.3%, 7/15/2030	(f)	USD CLO	250	250	250
Carlyle Global Market Strategies Euro CLO 2014-1 Ltd., 2.9%, 7/15/2031		EUR CLO	€ 340	396	380
Carlyle Global Market Strategies Euro CLO 2014-2 Ltd., 11/17/2031	(e)(j)	EUR CLO	€ 285	328	323
Carlyle Global Market Strategies Euro CLO 2015-2 DAC, 2.7%, 9/21/2029		EUR CLO	140	163	158
Carlyle Global Market Strategies Euro CLO 2015-3 DAC, 2.6%, 7/15/2030		EUR CLO	275	323	303
Cathedral Lake CLO 2013 Ltd., 4.7%, 10/15/2029	(f)	USD CLO	\$ 275	275	276
CFIP CLO 2017-1 Ltd., 4.5%, 1/18/2030	(f)	USD CLO	285	285	286

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Portfolio Company ^(a)	Footnotes	Industry	Principal Amount ^(b)	Amortized Cost	Fair Value ^(c)
Clarinda Park CLO DAC, 3.7%, 11/15/2029		EUR CLO	€280	\$327	\$317
Dartry Park CLO DAC, 3.0%, 4/28/2029		EUR CLO	100	116	113
Dartry Park CLO DAC, 5.7%, 4/28/2029		EUR CLO	100	116	114
Euro-Galaxy IV CLO B.V., 3.1%, 7/30/2030		EUR CLO	280	330	317
Grosvenor Place CLO 2015-1 B.V., 5.4%, 10/30/2029		EUR CLO	100	121	113
Grosvenor Place CLO 2015-1 B.V., 1.6%, 10/30/2029		EUR CLO	100	123	112
Grosvenor Place CLO 2015-1 B.V., 2.5%, 10/30/2029		EUR CLO	100	118	111
Harvest CLO IX DAC, 3.0%, 2/15/2030		EUR CLO	195	226	222
Harvest CLO X DAC, 4.7%, 11/15/2028		EUR CLO	117	139	133
Harvest CLO X DAC, 2.5%, 11/15/2028		EUR CLO	390	452	442
Harvest CLO XX DAC, 10/20/2031	(e)(j)	EUR CLO	380	437	432
Harvest CLO XX DAC, 10/20/2031	(e)(j)	EUR CLO	100	115	113
ICG US CLO Ltd. ICG 2014 1A CR 144A, 5.6%, 1/20/2030	(f)	USD CLO	\$250	250	251
Jubilee CLO 2014-XI B.V., 5.4%, 4/15/2030		EUR CLO	€130	150	143
Jubilee CLO 2014-Xii B.V., 2.9%, 4/15/2030		EUR CLO	155	175	175
Jubilee CLO 2015-XVI B.V., 6.9%, 12/15/2029		EUR CLO	250	284	276
Jubilee CLO 2016-XVII B.V., 3.5%, 4/15/2031		EUR CLO	100	116	114
Jubilee CLO 2017-XVIII B.V., 3.1%, 1/15/2030		EUR CLO	345	401	391
Kingsland IX Ltd., 4.3%, 4/28/2031	(f)	USD CLO	\$200	200	200
Kingsland IX Ltd., 4.9%, 4/28/2031	(f)	USD CLO	200	200	200
Kingsland IX Ltd., 5.7%, 4/28/2031	(f)	USD CLO	200	198	200
KKR CLO 16 Ltd., 6.6%, 1/20/2029	(f)	USD CLO	250	253	251
Madison Park Funding XX Ltd., 5.5%, 7/27/2030	(f)	USD CLO	350	350	351
Man GLG US CLO 2018-2 Ltd., 10/15/2028	(e)(f)(k)(j)	USD CLO	510	508	510
MP CLO VII Ltd., 5.1%, 10/18/2028	(f)	USD CLO	250	250	250
MP CLO VIII Ltd., 8.0%, 10/28/2027	(f)	USD CLO	250	251	250
Neuberger Berman CLO XV, 5.5%, 10/15/2029	(f)	USD CLO	670	672	671
Neuberger Berman CLO XX Ltd., 4.8%, 1/15/2028	(f)	USD CLO	250	250	249
OAK Hill European Credit Partners VII DAC, 10/20/2031	(e)(j)	EUR CLO	€100	116	113

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Portfolio Company ^(a)	Footnotes	Industry	Principal Amount ^(b)	Amortized Cost	Fair Value ^(c)
OAK Hill European Credit Partners VII DAC, 10/20/2031	(e)(j)	EUR CLO	€125	\$145	\$142
OCP CLO 2015-10 Ltd., 5.1%, 10/26/2027	(f)	USD CLO	\$250	250	249
OCP CLO 2015-8 Ltd., 4.3%, 4/17/2027	(f)	USD CLO	595	595	594
OCP CLO 2017-14 Ltd., 4.3%, 11/20/2030 . .	(f)	USD CLO	250	250	249
Octagon Investment Partners XXII Ltd., 4.4%, 1/22/2030	(f)	USD CLO	250	251	249
Orwell Park CLO Designated Activity Co., 4.5%, 7/18/2029		EUR CLO	€200	236	221
Park Avenue Institutional Advisers CLO Ltd. 2017-1, 4.5%, 11/14/2029	(f)	USD CLO	\$250	251	251
Phoenix Park CLO DAC, 2.5%, 10/29/2031		EUR CLO	€190	220	215
Preferred Term Securities XX Ltd./Preferred Term Securities XX, Inc., 2.8%, 3/22/2038 .	(f)	USD CDO	\$437	333	398
Preferred Term Securities XXIV Ltd./ Preferred Term Securities XXIV, Inc., 2.7%, 3/22/2037	(f)	USD CDO	438	330	390
Regatta XI Funding Ltd., 5.3%, 7/17/2031. . .	(f)	USD CLO	250	250	248
Rockford Tower Europe CLO 2018-1 DAC, 12/20/2031	(e)(f)(j)	EUR CLO	€250	284	283
RR 4 Ltd., 5.4%, 4/15/2030	(f)	USD CLO	\$250	250	249
Shackleton 2013-III CLO Ltd., 5.5%, 7/15/2030	(f)	USD CLO	250	250	248
Shackleton 2015-VII-R CLO Ltd., 5.7%, 7/15/2031	(f)	USD CLO	250	250	251
Sorrento Park CLO DAC, 2.7%, 11/16/2027		EUR CLO	€250	285	283
Sound Point CLO V-R Ltd., 5.4%, 7/18/2031	(f)	USD CLO	\$710	710	711
Sound Point CLO VI-R Ltd., 5.9%, 10/20/2031	(f)	USD CLO	320	320	321
Sound Point CLO XX Ltd., 5.3%, 7/26/2031	(f)	USD CLO	460	460	460
St Pauls CLO II DAC, 3.4%, 2/15/2030		EUR CLO	€225	263	256
Steele Creek CLO 2017-1 Ltd., 5.3%, 1/15/2030	(f)	USD CLO	\$250	247	248
Symphony CLO XIX Ltd., 5.0%, 4/16/2031	(f)	USD CLO	250	248	248
TCI-Cent CLO 2017-1 Income Note Issuer Ltd., 6.1%, 7/25/2030	(f)	USD CLO	500	503	503
Tikehau CLO B.V., 4.6%, 8/4/2028		EUR CLO	€170	198	188
Tikehau CLO B.V., 2.4%, 8/4/2028		EUR CLO	165	193	183
Tikehau CLO IV B.V., 3.3%, 10/15/2031		EUR CLO	215	249	245

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Portfolio Company ^(a)	Footnotes	Industry	Principal Amount ^(b)	Amortized Cost	Fair Value ^(c)
Toro European CLO 2 DAC, 3.3%, 10/15/2030		EUR CLO	€ 255	\$ 300	\$ 290
Toro European CLO 3 DAC, 3.3%, 4/15/2030		EUR CLO	180	209	204
Tymon Park CLO DAC, 6.8%, 1/21/2029		EUR CLO	250	285	277
Tymon Park CLO Ltd., 4.6%, 1/21/2029		EUR CLO	100	121	110
Vibrant CLO VI Ltd., 4.9%, 6/20/2029	(f)	USD CLO	\$ 425	427	427
VOYA CLO Ltd., 4.8%, 1/18/2029	(f)	USD CLO	250	250	249
Webster Park CLO Ltd., 5.4%, 7/20/2030	(f)	USD CLO	250	250	250
Willow Park CLO 1X C, 2.8%, 1/15/2031		EUR CLO	€ 270	309	304
York CLO-3 Ltd., 4.9%, 10/20/2029		USD CLO	\$ 288	288	288
Total Collateralized Loan Obligation / Structured Credit				<u>27,020</u>	<u>26,750</u>
Emerging Markets Debt—2.5%					
Oi S.A., 10.0%, 7/27/2025	(g)	Wirelines	597	599	631
Provincia de Entre Rios Argentina, 8.8%, 2/8/2025	(g)	Municipal	1,905	1,853	1,471
Provincia de la Rioja, 9.8%, 2/24/2025	(g)	Provincial	830	858	673
Total Emerging Markets Debt				<u>3,310</u>	<u>2,775</u>
Preferred Stock—0.2%					
Verscend Technologies, Inc., 12.3%	(k)	Healthcare-Software	200	194	195
Total Preferred Stock				<u>194</u>	<u>195</u>
Common Stock—0.3%					
Oi S.A. ADR		Wirelines	93,102	380	340
Total Common Stock				<u>380</u>	<u>340</u>
TOTAL INVESTMENTS—111.0%				<u>\$121,001</u>	<u>120,242</u>
LIABILITIES IN EXCESS OF OTHER ASSETS—(11.0)%	(l)				<u>(11,950)</u>
NET ASSETS—100.0%					<u>\$108,292</u>

Investments Sold Short

Portfolio Company ^(a)	Footnotes	Industry	Principal Amount ^(b)	Proceeds	Fair Value ^(c)
U.S. Treasury—(0.9)%					
U.S. Treasury Note, 2.4%, 5/15/2027	(j)	Sovereign	\$647	\$ (619)	\$ (611)
U.S. Treasury Note, 2.9%, 8/15/2028	(j)	Sovereign	94	(92)	(92)
U.S. Treasury Note, 2.8%, 8/15/2047	(j)	Sovereign	358	(336)	(316)
Total Investments Sold Short				<u>\$(1,047)</u>	<u>\$(1,019)</u>

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Forward Foreign Currency Exchange Contracts

Counterparty	Contract Settlement Date	Currency to be Received	Value	Currency to be Delivered	Value	Unrealized Appreciation	Unrealized Depreciation
JPMorgan Chase Bank, N.A.	12/19/2018	USD	6	BRL	23	\$ —	\$ —
JPMorgan Chase Bank, N.A.	12/19/2018	USD	5	BRL	18	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	10	BRL	38	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	8	BRL	31	—	—
State Street Bank and Trust Company	12/19/2018	USD	10	BRL	36	—	1
State Street Bank and Trust Company	12/19/2018	USD	8	BRL	29	—	—
JPMorgan Chase Bank, N.A.	11/26/2018	USD	35	BRL	130	—	3
JPMorgan Chase Bank, N.A.	11/26/2018	USD	42	BRL	158	—	3
JPMorgan Chase Bank, N.A.	12/19/2018	USD	23	BRL	85	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	19	BRL	70	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	107	BRL	401	—	7
JPMorgan Chase Bank, N.A.	12/19/2018	USD	130	BRL	487	—	9
JPMorgan Chase Bank, N.A.	12/19/2018	USD	150	BRL	561	—	2
JPMorgan Chase Bank, N.A.	12/19/2018	USD	182	BRL	682	—	2
JPMorgan Chase Bank, N.A.	12/19/2018	USD	497	EUR	437	2	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	750	EUR	659	14	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	630	EUR	554	13	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	308	EUR	271	6	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	379	EUR	333	12	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	508	EUR	446	16	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	357	EUR	314	12	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	539	EUR	474	14	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	364	EUR	320	9	—
State Street Bank and Trust Company	12/19/2018	USD	1,035	EUR	910	27	—
State Street Bank and Trust Company	12/19/2018	USD	364	EUR	320	4	—
State Street Bank and Trust Company	12/19/2018	USD	434	EUR	381	3	—
State Street Bank and Trust Company	12/19/2018	USD	572	EUR	503	4	—
State Street Bank and Trust Company	12/19/2018	USD	830	EUR	729	5	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	241	EUR	212	3	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	423	EUR	372	5	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	225	EUR	198	7	—
State Street Bank and Trust Company	12/19/2018	USD	401	EUR	352	10	—
State Street Bank and Trust Company	12/19/2018	USD	576	EUR	506	17	—
BNP Paribas Securities Co.	12/19/2018	USD	471	EUR	414	23	—
BNP Paribas Securities Co.	12/19/2018	USD	96	EUR	84	5	—
State Street Bank and Trust Company	12/19/2018	USD	44	EUR	39	2	—
State Street Bank and Trust Company	12/19/2018	USD	535	EUR	470	27	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	373	EUR	328	18	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	109	EUR	96	5	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	69	EUR	61	3	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	472	EUR	415	23	—

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<u>Counterparty</u>	<u>Contract Settlement Date</u>	<u>Currency to be Received</u>	<u>Value</u>	<u>Currency to be Delivered</u>	<u>Value</u>	<u>Unrealized Appreciation</u>	<u>Unrealized Depreciation</u>
State Street Bank and Trust Company	12/19/2018	USD	447	EUR	393	\$ 24	\$ —
State Street Bank and Trust Company	12/19/2018	USD	996	EUR	875	52	—
State Street Bank and Trust Company	12/19/2018	USD	343	EUR	301	16	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	196	EUR	172	7	—
State Street Bank and Trust Company	12/19/2018	USD	365	EUR	321	15	—
State Street Bank and Trust Company	12/19/2018	USD	390	EUR	343	15	—
State Street Bank and Trust Company	12/19/2018	USD	543	EUR	477	16	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	775	EUR	681	24	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	338	EUR	297	13	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	637	EUR	560	24	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	274	EUR	241	11	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	282	EUR	248	11	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	513	EUR	451	21	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	2,268	EUR	1,993	82	—
JPMorgan Chase Bank, N.A.	12/19/2018	USD	752	EUR	661	29	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	35	USD	9	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	29	USD	8	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	6	USD	2	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	7	USD	2	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	94	USD	25	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	76	USD	20	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	8	USD	2	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	7	USD	2	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	35	USD	9	1	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	43	USD	11	1	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	35	USD	9	1	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	48	USD	13	1	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	40	USD	11	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	231	USD	62	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	282	USD	75	1	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	119	USD	32	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	145	USD	39	1	—
JPMorgan Chase Bank, N.A.	11/26/2018	BRL	130	USD	35	—	—
JPMorgan Chase Bank, N.A.	11/26/2018	BRL	158	USD	42	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	15	USD	4	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	18	USD	5	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	50	USD	13	1	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	40	USD	11	1	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	46	USD	12	1	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	55	USD	15	2	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	43	USD	11	1	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	36	USD	10	1	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	26	USD	7	1	—

See notes to financial statements.

FS Credit Income Fund
Schedule of Investments (continued)
As of October 31, 2018
(in thousands, except share amounts)

Counterparty	Contract Settlement Date	Currency to be Received	Value	Currency to be Delivered	Value	Unrealized Appreciation	Unrealized Depreciation
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	32	USD	9	\$ 1	\$ —
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	43	USD	11	1	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	107	USD	29	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	BRL	129	USD	34	—	—
JPMorgan Chase Bank, N.A.	12/19/2018	EUR	1,079	USD	1,228	—	22
JPMorgan Chase Bank, N.A.	12/19/2018	EUR	796	USD	906	—	16
JPMorgan Chase Bank, N.A.	12/19/2018	EUR	902	USD	1,026	—	19
JPMorgan Chase Bank, N.A.	12/19/2018	EUR	570	USD	649	—	5
JPMorgan Chase Bank, N.A.	12/19/2018	EUR	686	USD	780	—	7
JPMorgan Chase Bank, N.A.	12/19/2018	EUR	1,393	USD	1,585	—	58
JPMorgan Chase Bank, N.A.	12/19/2018	EUR	2,811	USD	3,198	—	116
JPMorgan Chase Bank, N.A.	12/19/2018	EUR	2,094	USD	2,383	—	86
JPMorgan Chase Bank, N.A.	12/19/2018	EUR	4,130	USD	4,699	—	39
Total Forward Foreign Currency Exchange Contracts						<u>\$665</u>	<u>\$395</u>

Futures Contracts

Description	Number of Contracts	Position	Expiration Date	Notional Amount	Unrealized Appreciation	Unrealized Depreciation
U.S 10-Year Treasury Note	33	Short	12/19/2018	3,970	\$62	—
Total Interest Rate Futures					<u>\$62</u>	<u>—</u>

Cross-Currency Swaps

Counterparty	Fund Pays	Fund Receives	Notional Amount of Currency Delivered	Notional Amount of Currency Received	Expiration Date	Period Payment Frequency	Fair Value ^(c)	Unrealized Appreciation	Unrealized Depreciation
JPMorgan Chase Bank, N.A.	3 Month EURIBOR plus a spread of (0.19%)	3 Month USD LIBOR	EUR 5,312	USD 6,038	8/20/2023	Quarterly	\$ 26	\$ 26	—
JPMorgan Chase Bank, N.A.	3 Month EURIBOR plus a spread of (0.16375%)	3 Month USD LIBOR	EUR 6,206	USD 7,232	7/20/2023	Quarterly	200	200	—
JPMorgan Chase Bank, N.A.	3 Month EURIBOR plus a spread of (0.2335%)	3 Month USD LIBOR	EUR 963	USD 1,123	6/1/2023	Quarterly	35	35	—
JPMorgan Chase Bank, N.A.	3 Month EURIBOR plus a spread of (0.195%)	3 Month USD LIBOR	EUR 3,162	USD 3,642	10/5/2023	Quarterly	64	64	—
JPMorgan Chase Bank, N.A.	3 Month EURIBOR plus a spread of (0.33375%)	3 Month USD LIBOR	EUR 1,556	USD 1,872	1/16/2023	Quarterly	122	122	—
Total Cross-Currency Swaps							<u>\$447</u>	<u>\$447</u>	<u>—</u>

See notes to financial statements.

FS Credit Income Fund
Schedule of Investments (continued)
As of October 31, 2018
(in thousands, except share amounts)

Interest Rate Swaps

Counterparty	Fund Pays	Fund Receives	Notional Amount	Expiration Date	Period Payment Frequency	Fair Value ^(e)	Unrealized Appreciation	Unrealized Depreciation
JPMorgan Chase Bank, N.A.	2.88%	3 Month LIBOR	USD 1,204	7/9/2023	Semi-Annually	\$13	\$13	\$—
JPMorgan Chase Bank, N.A.	2.98%	3 Month LIBOR	USD 1,485	3/4/2029	Semi-Annually	35	35	—
JPMorgan Chase Bank, N.A.	3.23%	3 Month LIBOR	USD 137	4/29/2029	Semi-Annually	—	—	—
JPMorgan Chase Bank, N.A.	3.26%	3 Month LIBOR	USD 49	4/25/2029	Semi-Annually	—	—	—
JPMorgan Chase Bank, N.A.	3.25%	3 Month LIBOR	USD 130	4/26/2029	Semi-Annually	—	—	—
JPMorgan Chase Bank, N.A.	3.26%	3 Month LIBOR	USD 166	4/18/2029	Semi-Annually	—	—	—
JPMorgan Chase Bank, N.A.	3.26%	3 Month LIBOR	USD 138	4/26/2029	Semi-Annually	—	—	—
JPMorgan Chase Bank, N.A.	3.31%	3 Month LIBOR	USD 136	4/24/2029	Semi-Annually	(1)	—	1
JPMorgan Chase Bank, N.A.	3.29%	3 Month LIBOR	USD 280	4/23/2029	Semi-Annually	(1)	—	1
JPMorgan Chase Bank, N.A.	3.32%	3 Month LIBOR	USD 981	4/11/2029	Semi-Annually	(6)	—	6
JPMorgan Chase Bank, N.A.	3.33%	3 Month LIBOR	USD 74	4/11/2029	Semi-Annually	(1)	—	1
JPMorgan Chase Bank, N.A.	3.31%	3 Month LIBOR	USD 246	4/12/2029	Semi-Annually	(1)	—	1
JPMorgan Chase Bank, N.A.	3.17%	3 Month LIBOR	USD 498	4/1/2029	Semi-Annually	4	4	—
JPMorgan Chase Bank, N.A.	3.09%	3 Month LIBOR	USD 16	3/18/2029	Semi-Annually	—	—	—
JPMorgan Chase Bank, N.A.	3.08%	3 Month LIBOR	USD 31	3/18/2024	Semi-Annually	—	—	—
JPMorgan Chase Bank, N.A.	3.17%	3 Month LIBOR	USD 217	4/1/2029	Semi-Annually	2	2	—
JPMorgan Chase Bank, N.A.	2.86%	3 Month LIBOR	USD 864	6/29/2023	Semi-Annually	10	10	—
JPMorgan Chase Bank, N.A.	2.89%	3 Month LIBOR	USD 648	6/27/2023	Semi-Annually	7	7	—
JPMorgan Chase Bank, N.A.	2.87%	3 Month LIBOR	USD 1,512	7/2/2023	Semi-Annually	17	17	—
JPMorgan Chase Bank, N.A.	3.05%	3 Month LIBOR	USD 189	12/14/2048	Semi-Annually	9	9	—
Total Interest Rate Swaps						<u>\$87</u>	<u>\$97</u>	<u>\$10</u>

See notes to financial statements.

FS Credit Income Fund
Schedule of Investments (continued)
As of October 31, 2018
(in thousands, except share amounts)

Total Return Debt Swaps^(k)

Counterparty	Fund Pays	Fund Receives	Notional Amount	Expiration Date	Periodic Payment Frequency	Fair Value ^(e)	Unrealized Appreciation	Unrealized Depreciation
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.45%	South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Wyndham Pointe Apartments Project, 6.60%, 9/1/2048) Series 2004	USD 362	12/1/2021	Monthly	\$ 5	\$ 5	\$—
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.45%	Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Santora Villas Apartments, 5.80%, 5/1/2047) Series 2007	USD 619	6/1/2023	Monthly	3	3	—
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.45%	City of Los Angeles Multifamily Housing Revenue Bonds (Lexington Preservation Apartments, 6.50%, 9/1/2043), Series 2005D	USD 439	6/1/2022	Monthly	1	1	—
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.45%	California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Parkview Senior Apartments Project, 5.75%, 2/1/2049), Series 2005U	USD 178	9/1/2022	Monthly	—	—	—
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.30%	District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds (Galen Terrace Apartments Project, 6.00%, 2/1/2049), Series 2006	USD 221	3/1/2022	Monthly	—	—	—
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.30%	City of Los Angeles Multifamily Housing Revenue Bonds (Windward Preservation Apartments, 5.85%, 10/1/2044), Series 2006C	USD 403	6/1/2023	Monthly	—	—	—

See notes to financial statements.

FS Credit Income Fund
Schedule of Investments (continued)
As of October 31, 2018
(in thousands, except share amounts)

Counterparty	Fund Pays	Fund Receives	Notional Amount	Expiration Date	Periodic Payment Frequency	Fair Value ^(e)	Unrealized Appreciation	Unrealized Depreciation
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.45%	California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Rose of Sharon Senior Homes, 5.85%, 3/1/2045), Series 2006PP	USD 273	6/1/2023	Monthly	\$ (1)	\$—	\$ 1
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.30%	California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (La Mission Village Apartments Project, 5.75%, 6/1/2049), Series 2006Q	USD 223	6/1/2023	Monthly	(1)	—	1
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.30%	San Antonio Housing Finance Corporation Multifamily Housing Revenue Bonds (Artisan at Salado Heights, 5.80%, 5/1/2050), Series 2006	USD 700	6/1/2023	Monthly	(1)	—	1
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.45%	Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Churchill at Pinnacle Park, 6.55%, 7/1/2044), Series 2004	USD 494	9/1/2021	Monthly	(1)	—	1
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.45%	District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds (Carver Apartments Project, 5.88%, 10/1/2049), Series 2006	USD 369	6/1/2023	Monthly	(2)	—	2
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.45%	Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (The Crossings Apartments, 6.15%, 5/1/2048), Series 2006	USD 374	6/1/2023	Monthly	(2)	—	2

See notes to financial statements.

FS Credit Income Fund
Schedule of Investments (continued)
As of October 31, 2018
(in thousands, except share amounts)

Counterparty	Fund Pays	Fund Receives	Notional Amount	Expiration Date	Periodic Payment Frequency	Fair Value ^(e)	Unrealized Appreciation	Unrealized Depreciation
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.45%	City of Roseville, Minnesota Multifamily Housing Revenue Bonds (Centennial Apartments Project, 5.75%, 1/1/2051) Series 2007	USD 609	9/1/2025	Monthly	\$ (2)	\$—	\$ 2
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.30%	Sacramento Housing Authority Multifamily Revenue Bonds (Willow Glen Apartments, 5.75%, 4/1/2056), Series 2007F	USD 247	6/1/2023	Monthly	(2)	—	2
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.45%	San Antonio Housing Finance Corporation Multifamily Housing Revenue Bonds (The Villas at Costa Cadiz, 6.50%, 1/1/2049) Series 2004	USD 409	12/1/2021	Monthly	(2)	—	2
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.45%	San Antonio Housing Finance Corporation Multifamily Housing Revenue Bonds (Costa Miranda Apartments Project, 6.10%, 10/1/2050), Series 2006	USD 601	6/1/2023	Monthly	(2)	—	2
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.45%	Massachusetts Development Finance Agency Housing Revenue Bonds (East Canton Apartments Project, 5.90%, 5/1/2055) Series 2006A	USD 587	6/1/2023	Monthly	(4)	—	4
Bank of America, N.A.	SIFMA Municipal Swap Index plus a spread of 1.45%	Houston Housing Finance Corporation Multifamily Housing Revenue Bonds (Kensington Place Apartments, 6.50%, 2/1/2048), Series 2004	USD 631	9/1/2021	Monthly	(5)	—	5
Total Total Return Debt Swaps						<u>\$(16)</u>	<u>\$ 9</u>	<u>\$25</u>

- (a) Security may be an obligation of one or more entities affiliated with the named company.
- (b) Denominated in U.S. dollars unless otherwise noted.
- (c) Fair value is determined by the board of trustees of FS Credit Income Fund (the “Fund”). See Notes 2 and 8 for information on the Fund’s policy regarding valuation of investments, fair value hierarchy levels and other significant accounting policies.
- (d) Certain variable rate securities in the Fund’s portfolio bear interest at a rate determined by a publicly disclosed base rate plus a basis point spread. As of October 31, 2018, the one-month, two-month and three-month London Interbank Offered Rate (“L”) was 2.31%, 2.40% and 2.56%, respectively, and the three-month Euro Interbank Offered Rate (“E”) was (0.32)%.

See notes to financial statements.

FS Credit Income Fund
Schedule of Investments (continued)
As of October 31, 2018
(in thousands, except share amounts)

- (e) Position or portion thereof unsettled as of October 31, 2018.
- (f) Exempt from registration under Rule 144A of the Securities Act of 1933, as amended. Such securities may be deemed liquid by the investment adviser and may be resold, normally to qualified institutional buyers in transactions exempt from registration. Total market value of Rule 144A securities amounts to \$50,914, which represents approximately 47.0% of net assets as of October 31, 2018.
- (g) Security or portion thereof is pledged as collateral supporting the amounts outstanding under the prime brokerage facility with BNP Paribas Prime Brokerage International, Ltd. (“BNP”). Securities may be rehypothecated from time to time as permitted under Rule 15c-1(a)(1) promulgated under the Securities Exchange Act of 1934, as amended, subject to terms and conditions governing the prime brokerage facility with BNP. As of October 31, 2018, there were no securities rehypothecated by BNP.
- (h) Security is in default.
- (i) Issued with a zero coupon. Income is recognized through the accretion of discount.
- (j) Security is non-income producing.
- (k) Security is classified as Level 3 in the Fund’s fair value hierarchy (See Note 8).
- (l) Includes the effect of forward foreign currency exchange contracts, futures contracts, swap positions and investments sold short.

ADR—American Depositary Receipt.

EURIBOR—Euro Interbank Offered Rate (As of October 31, 2018, Three Month EURIBOR was (0.32)%)

LIBOR—London Interbank Offered Rate (As of October 31, 2018, Three Month LIBOR was 2.56%)

BRL—Brazilian Real.

EUR—Euro.

USD—U.S. Dollar.

SIFMA—Securities Industry and Financial Markets Association.

See notes to financial statements.

FS Credit Income Fund
Statement of Assets and Liabilities
(in thousands, except share and per share data)

	October 31, 2018
Assets	
Investments, at fair value (amortized cost—\$121,001)	\$120,242
Cash	5,270
Restricted cash	1,233
Collateral held at broker ⁽¹⁾	1,239
Receivable for investments sold	584
Receivable from Fund shares sold	866
Reimbursement due from adviser ⁽²⁾	138
Interest receivable	1,292
Unrealized appreciation on forward foreign currency exchange contracts	665
Unrealized appreciation on swap contracts	553
Receivable for variation margin on open futures	62
Swap income receivable	96
Prepaid expenses and other assets	41
Total assets	\$132,281
Liabilities	
Financing arrangement payable	\$ 10,175
Investments sold short, at fair value (proceeds \$1,047)	1,019
Unrealized depreciation on forward foreign currency exchange contracts	395
Unrealized depreciation on swap contracts	35
Due to custodian	3,932
Payable for investments purchased	7,683
Swap income payable	74
Management fees payable	474
Administrative services expense payable	12
Accounting and administrative fees payable	38
Professional fees payable	88
Trustees' fees payable	2
Interest payable for short sales	10
Other accrued expenses and liabilities	52
Total liabilities	\$ 23,989
Net assets	\$108,292
Commitments and contingencies (\$230) ⁽³⁾	
Composition of net assets	
Common shares, \$0.001 par value, unlimited shares authorized	\$ 8
Capital in excess of par value	108,135
Accumulated earnings (deficit)	149
Net assets	\$108,292
Class A Shares	
Net Assets	\$ 900
Shares Outstanding	69,904
Net Asset Value Per Share (net assets ÷ shares outstanding)	\$ 12.87
Maximum Offering Price Per Share (\$12.87 ÷ 94.25% of net asset value per share)	\$ 13.66

See notes to financial statements.

FS Credit Income Fund
Statement of Assets and Liabilities (continued)
(in thousands, except share and per share data)

	<u>October 31, 2018</u>
Class I Shares	
Net Assets	\$ 107,317
Shares Outstanding	8,322,844
Net Asset Value Per Share (net assets ÷ shares outstanding)	\$ 12.89
Class T Shares	
Net Assets	\$ 75
Shares Outstanding	5,832
Net Asset Value Per Share (net assets ÷ shares outstanding)	\$ 12.90
Maximum Offering Price Per Share (\$12.90 ÷ 96.50% of net asset value per share)	\$ 13.37

-
- (1) Represents cash on deposit at broker.
 - (2) See Note 4 for a discussion of reimbursements payable to the Fund by its investment adviser and affiliates.
 - (3) See Note 11 for a discussion of the Fund's commitments and contingencies.

See notes to financial statements.

FS Credit Income Fund
Statement of Operations
(in thousands)

	<u>Year Ended</u> <u>October 31, 2018</u>
Investment income	
Interest income	\$3,430
Fee income	84
Total investment income	<u>3,514</u>
Operating expenses	
Management fees	1,007
Administrative services expenses	190
Accounting and administrative fees	101
Interest expense	101
Professional fees	285
Trustees' fees	6
Other general and administrative expenses	225
Total operating expenses	<u>1,915</u>
Less: Expense reimbursement ⁽¹⁾	<u>(698)</u>
Net operating expenses	<u>1,217</u>
Net investment income	<u>2,297</u>
Realized and unrealized gain/loss	
Net realized gain (loss) on investments	620
Net realized gain (loss) on forward foreign currency exchange contracts	(12)
Net realized gain (loss) on swap contracts	212
Net realized gain (loss) on investments sold short	9
Net realized gain (loss) on futures contracts	(47)
Net realized gain (loss) on foreign currency	23
Net change in unrealized appreciation (depreciation) on investments	(759)
Net change in unrealized appreciation (depreciation) on forward foreign currency exchange contracts	270
Net change in unrealized appreciation (depreciation) on swap contracts	518
Net change in unrealized appreciation (depreciation) on investments sold short	28
Net change in unrealized appreciation (depreciation) on futures contracts	62
Net change in unrealized gain (loss) on foreign currency	29
Total net realized gain (loss) and unrealized appreciation (depreciation)	<u>953</u>
Net increase (decrease) in net assets resulting from operations	<u>\$3,250</u>

(1) See Note 4 for a discussion of reimbursements payable to the Fund by its investment adviser and affiliates.

FS Credit Income Fund
Statement of Changes in Net Assets
(in thousands)

	<u>Year Ended</u> <u>October 31, 2018</u>
Operations	
Net investment income	\$ 2,297
Net realized gain (loss)	805
Net change in unrealized appreciation (depreciation) on investments	(759)
Net change in unrealized appreciation (depreciation) on forward foreign currency exchange contracts	270
Net change in unrealized appreciation (depreciation) on swap contracts	518
Net change in unrealized appreciation (depreciation) on investments sold short	28
Net change in unrealized appreciation (depreciation) on futures contracts	62
Net change in unrealized gain (loss) on foreign currency	<u>29</u>
Net increase (decrease) in net assets resulting from operations	<u>3,250</u>
Shareholder distributions⁽¹⁾	
Distributions to shareholders	
Class A	(9)
Class I	(3,095)
Class T	<u>(1)</u>
Total distributions to shareholders	<u>(3,105)</u>
Net decrease in net assets resulting from shareholder distributions	<u>(3,105)</u>
Capital share transactions⁽²⁾	
Net increase in net assets resulting from capital share transactions	<u>108,047</u>
Total increase in net assets	108,192
Net assets at beginning of year	100
Net assets at end of year	<u><u>\$108,292</u></u>

(1) See Note 5 for a discussion of the sources of distributions paid by the Fund.

(2) See Note 3 for a discussion of the Fund's common share transactions.

See notes to financial statements.

FS Credit Income Fund
Statement of Cash Flows
(in thousands)

	<u>Year Ended</u> <u>October 31, 2018</u>
Cash flows from operating activities	
Net increase (decrease) in net assets resulting from operations	\$ 3,250
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:	
Purchases of investments	(186,902)
Proceeds from sales and repayments of investments	66,560
Securities sold short, net	1,047
Net realized (gain) loss on investments	(620)
Net change in unrealized (appreciation) depreciation on investments	759
Net change in unrealized (appreciation) depreciation on forward foreign currency exchange contracts	(270)
Net change in unrealized (appreciation) depreciation on investments sold short	(28)
Net change in unrealized (appreciation) depreciation on swap contracts	(518)
Net change in unrealized (appreciation) depreciation on futures contracts	(62)
Accretion of discount/amortization of premium, net	(39)
(Increase) decrease in collateral held at broker	(1,239)
(Increase) decrease in receivable for investments sold	(584)
(Increase) decrease in reimbursement due from adviser ⁽¹⁾	(138)
(Increase) decrease in interest receivable	(1,292)
(Increase) decrease in swap income receivable	(96)
(Increase) decrease in prepaid expenses and other assets	(41)
Increase (decrease) in payable for subscriptions received in advance	(19,900)
Increase (decrease) in due to custodian	3,932
Increase (decrease) in payable for investments purchased	7,683
Increase (decrease) in management fees payable	474
Increase (decrease) in administrative services expenses payable	12
Increase (decrease) in accounting and administrative fees payable	38
Increase (decrease) in professional fees payable	88
Increase (decrease) in swap income payable	74
Increase (decrease) in interest payable for short sales	10
Increase (decrease) in trustees' fees payable	2
Increase (decrease) in other accrued expenses and liabilities	52
Net cash provided by (used in) operating activities	<u>(127,748)</u>
Cash flows from financing activities	
Issuance of common shares	105,476
Reinvestment of shareholder distributions	1,973
Repurchases of common shares	(268)
Shareholder distributions	(3,105)
Borrowings under financing arrangement ⁽²⁾	39,041
Repayments under credit facility ⁽²⁾	<u>(28,866)</u>
Net cash provided by financing activities	<u>114,251</u>
Total increase (decrease) in cash	(13,497)
Cash at beginning of year	20,000
Cash and restricted cash at end of year ⁽³⁾	<u>\$ 6,503</u>

- (1) See Note 4 for a discussion of reimbursements payable to the Fund by its investment adviser and affiliates.
- (2) See Note 9 for a discussion of the Fund's financing arrangement. During the year ended October 31, 2018, the Fund paid \$101 of interest expense on the financing arrangement.
- (3) Balance includes cash of \$5,270 and restricted cash of \$1,233. Restricted cash is the cash collateral required to be posted pursuant to the Fund's total return debt swap contracts.

See notes to financial statements.

FS Credit Income Fund

Financial Highlights—Class A Shares (in thousands, except share and per share data)

	<u>Period from June 1, 2018 (Commencement of Operations) through October 31, 2018</u>
Per Share Data: ⁽¹⁾	
Net asset value, beginning of period	\$ 12.89
Results of operations	
Net investment income ⁽²⁾	0.23
Net realized gain (loss) and unrealized appreciation (depreciation) on investments . . .	0.12
Net increase (decrease) in net assets resulting from operations	<u>0.35</u>
Shareholder Distributions ⁽³⁾	
Distributions from net investment income	<u>(0.37)</u>
Net decrease in net assets resulting from shareholder distributions	<u>(0.37)</u>
Net asset value, end of period	<u>\$ 12.87</u>
Shares outstanding, end of period	<u>69,904</u>
Total return ⁽⁴⁾⁽⁵⁾	<u>2.72%</u>
Ratio/Supplemental Data:	
Net assets, end of period	\$ 900
Ratio of net investment income to average net assets ⁽⁶⁾⁽⁷⁾	<u>4.30%</u>
Ratio of total expenses to average net assets ⁽⁶⁾	<u>4.28%</u>
Ratio of expense reimbursement from adviser to average net assets ⁽⁶⁾	<u>(1.59)%</u>
Ratio of net expenses to average net assets ⁽⁶⁾	<u>2.69%</u>
Portfolio turnover rate	114%
Asset coverage ratio per unit ⁽⁸⁾	11.64

- (1) Per share data may be rounded in order to compute the ending net asset value per share.
- (2) The per share data was derived by using the average number of common shares outstanding during the period.
- (3) The per share data for net decrease in net assets resulting from shareholder distributions reflects the actual amount of distributions declared per Class A common share during the period.
- (4) The total return is historical and is calculated by determining the percentage change in net asset value, assuming the reinvestment of all distributions in additional common shares of the same class of the Fund at such class' net asset value per share in accordance with the Fund's distribution reinvestment plan. The total return does not consider the effect of any selling commissions or charges that may be incurred in connection with the sale of the Fund's common shares. The historical calculation of total return in the table should not be considered a representation of the Fund's future total return, which may be greater or less than the total return shown in the table due to a number of factors, including, among others, the Fund's ability or inability to make investments that meet its investment criteria, the interest rates payable on the debt securities the Fund acquires, the level of the Fund's expenses, the amount of the expense limitation, if any, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which the Fund encounters competition in its markets and general economic conditions. As a result of these and other factors, results for any previous period should not be relied upon as being indicative of performance in future periods. The total return calculations set forth above represent the total return on the Fund's investment portfolio during the period on a per class basis and does not represent an actual return to shareholders.
- (5) Information presented is not annualized.
- (6) Average daily net assets is used for this calculation. Data is annualized.
- (7) If the adviser had not reimbursed certain expenses, the ratio of net investment income to average net assets would have been 2.71% for the period ended October 31, 2018. See Note 4 for a discussion of reimbursements payable to the Fund by its investment adviser and affiliates.
- (8) Asset coverage per unit is the ratio of the carrying value of the Fund's total assets available to cover senior securities, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness.

See notes to financial statements.

FS Credit Income Fund
Financial Highlights—Class I Shares
(in thousands, except share and per share data)

	<u>Year Ended</u> <u>October 31, 2018</u>
Per Share Data:⁽¹⁾	
Net asset value, beginning of year	\$ 12.50
Results of operations	
Net investment income ⁽²⁾	0.56
Net realized gain (loss) and unrealized appreciation (depreciation)	0.39
Net increase (decrease) in net assets resulting from operations	<u>0.95</u>
Shareholder distributions⁽³⁾	
Distributions from net investment income	<u>(0.56)</u>
Net decrease in net assets resulting from shareholder distributions	<u>(0.56)</u>
Net asset value, end of year	<u>\$ 12.89</u>
Shares outstanding, end of year	<u>8,322,844</u>
Total return ⁽⁴⁾	<u>7.68%</u>
Ratio/Supplemental Data:	
Net assets, end of year	\$ 107,317
Ratio of net investment income to average net assets ⁽⁵⁾⁽⁶⁾	<u>4.38%</u>
Ratio of total expenses to average net assets ⁽⁵⁾	<u>3.65%</u>
Ratio of expense reimbursement from adviser to average net assets ⁽⁵⁾	<u>(1.33)%</u>
Ratio of net expenses to average net assets ⁽⁵⁾	<u>2.32%</u>
Portfolio turnover rate	114%
Asset coverage ratio per unit ⁽⁷⁾	11.64

- (1) Per share data may be rounded in order to compute the ending net asset value per share.
- (2) The per share data was derived by using the average number of common shares outstanding during the year ended October 31, 2018.
- (3) The per share data for net decrease in net assets resulting from shareholder distributions reflects the actual amount of distributions declared per Class I common share during the period.
- (4) The total return is historical and is calculated by determining the percentage change in net asset value, assuming the reinvestment of all distributions in additional common shares of the same class of the Fund at such class' net asset value per share in accordance with the Fund's distribution reinvestment plan. The total return does not consider the effect of any selling commissions or charges that may be incurred in connection with the sale of the Fund's common shares. The historical calculation of total return in the table should not be considered a representation of the Fund's future total return, which may be greater or less than the total return shown in the table due to a number of factors, including, among others, the Fund's ability or inability to make investments that meet its investment criteria, the interest rates payable on the debt securities the Fund acquires, the level of the Fund's expenses, the amount of the expense limitation, if any, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which the Fund encounters competition in its markets and general economic conditions. As a result of these and other factors, results for any previous period should not be relied upon as being indicative of performance in future periods. The total return calculations set forth above represent the total return on the Fund's investment portfolio during the period on a per class basis and does not represent an actual return to shareholders.
- (5) Average daily net assets is used for this calculation.
- (6) If the adviser had not reimbursed certain expenses, the ratio of net investment income to average net assets would have been 3.05% for the year ended October 31, 2018. See Note 4 for a discussion of reimbursements payable to the Fund by its investment adviser and affiliates.
- (7) Asset coverage per unit is the ratio of the carrying value of the Fund's total assets available to cover senior securities, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness.

See notes to financial statements.

FS Credit Income Fund
Financial Highlights—Class T Shares
(in thousands, except share and per share data)

	Period from August 14, 2018 (Commencement of Operations) through October 31, 2018
Per Share Data: ⁽¹⁾	
Net asset value, beginning of period	\$13.03
Results of operations	
Net investment income ⁽²⁾	0.12
Net realized gain (loss) and unrealized appreciation (depreciation) on investments . . .	<u>(0.07)</u>
Net increase (decrease) in net assets resulting from operations	<u>0.05</u>
Shareholder distributions ⁽³⁾	
Distributions from net investment income	<u>(0.18)</u>
Net decrease in net assets resulting from shareholder distributions	<u>(0.18)</u>
Net asset value, end of period	<u>\$12.90</u>
Shares outstanding, end of period	<u>5,832</u>
Total return ⁽⁴⁾⁽⁵⁾	<u>0.39%</u>
Ratio/Supplemental Data:	
Net assets, end of period	\$ 75
Ratio of net investment income to average net assets ⁽⁶⁾⁽⁷⁾	<u>4.28%</u>
Ratio of total expenses to average net assets ⁽⁶⁾	<u>4.18%</u>
Ratio of expense reimbursement from adviser to average net assets ⁽⁶⁾	<u>(1.14)%</u>
Ratio of net expenses to average net assets ⁽⁶⁾	<u>3.04%</u>
Portfolio turnover rate	114%
Asset coverage ratio per unit ⁽⁸⁾	11.64

- (1) Per share data may be rounded in order to compute the ending net asset value per share.
- (2) The per share data was derived by using the average number of common shares outstanding during the period.
- (3) The per share data for net decrease in net assets resulting from shareholder distributions reflects the actual amount of distributions declared per Class T common share during the applicable period.
- (4) The total return is historical and is calculated by determining the percentage change in net asset value, assuming the reinvestment of all distributions in additional common shares of the same class of the Fund at such class' net asset value per share in accordance with the Fund's distribution reinvestment plan. The total return does not consider the effect of any selling commissions or charges that may be incurred in connection with the sale of the Fund's common shares. The historical calculation of total return in the table should not be considered a representation of the Fund's future total return, which may be greater or less than the total return shown in the table due to a number of factors, including, among others, the Fund's ability or inability to make investments that meet its investment criteria, the interest rates payable on the debt securities the Fund acquires, the level of the Fund's expenses, the amount of the expense limitation, if any, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which the Fund encounters competition in its markets and general economic conditions. As a result of these and other factors, results for any previous period should not be relied upon as being indicative of performance in future periods. The total return calculations set forth above represent the total return on the Fund's investment portfolio during the period on a per class basis and does not represent an actual return to shareholders.
- (5) Information presented is not annualized.
- (6) Average daily net assets is used for this calculation. Data is annualized.
- (7) If the advisor had not reimbursed certain expenses, the ratio of net investment income to average net assets would have been 3.14% for the period ended October 31, 2018. See Note 4 for a discussion of reimbursements payable to the Fund by its investment adviser and affiliates.
- (8) Asset coverage per unit is the ratio of the carrying value of the Fund's total assets available to cover senior securities, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness.

See notes to financial statements.

FS Credit Income Fund
Notes to Financial Statements
(in thousands, except share and per share amounts)

Note 1. Principal Business and Organization

FS Credit Income Fund (the “Fund”) was formed as a Delaware statutory trust under the Delaware Statutory Trust Act on October 27, 2016 and commenced investment operations on November 1, 2017. Prior to commencing investment operations, the Fund had no operations except for matters relating to its organization and registration as a non-diversified, closed-end management investment company.

The Fund is a continuously offered, non-diversified, closed-end management investment company that operates as an interval fund pursuant to Rule 23c-3 under the Investment Company Act of 1940, as amended (“1940 Act”). The Fund offers five classes of shares of beneficial interest—Class A Shares, Class I Shares, Class L Shares, Class M Shares and Class T Shares (as defined below), which are substantially the same except that each class of shares has different sales charges and expenses. The Fund has elected to be treated for U.S. federal income tax purposes, and intends to qualify annually, as a regulated investment company (“RIC”) as defined under Subchapter M of the Internal Revenue Code of 1986, as amended (“Code”).

The Fund’s investment objective is to provide attractive total returns, which will include current income and capital appreciation. Under normal investment conditions, the Fund will invest at least 80% of its assets (including borrowings for investment purposes) in debt obligations. The securities acquired by the Fund may include all types of debt and equity obligations and may have varying terms with respect to collateralization, seniority or subordination, purchase price, convertibility, interest payments and maturity. There is no geographical or currency limitation on securities acquired by the Fund. The Fund may purchase debt and equity securities of non-U.S. governments and corporate entities domiciled outside of the U.S., including emerging market issuers.

The investment adviser to the Fund, FS Credit Income Advisor, LLC (“FS Credit Income Advisor”), oversees the management of the Fund’s activities and is responsible for developing investment guidelines with the GoldenTree Sub-Advisor (as defined below) and overseeing investment decisions for the Fund’s portfolio. FS Credit Income Advisor has engaged GoldenTree Asset Management Credit Advisor LLC (the “GoldenTree Sub-Advisor”), a wholly owned subsidiary of GoldenTree Asset Management LP (“GoldenTree”), to act as the Fund’s investment sub-adviser and make investment decisions for the Fund’s portfolio, subject to the oversight of FS Credit Income Advisor.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation: The accompanying financial statements of the Fund have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). The Fund is considered an investment company under GAAP and follows the accounting and reporting guidance applicable to investment companies under Accounting Standards Codification Topic 946, *Financial Services—Investment Companies*. The Fund has evaluated the impact of subsequent events through the date the financial statements were issued.

Use of Estimates: The preparation of the Fund’s financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Many of the amounts have been rounded and all amounts are in thousands, except share and per share amounts.

Cash and Cash Equivalents: The Fund considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Fund invests its cash in an institutional money market fund, which is stated at fair value. The Fund’s uninvested cash is maintained with a high credit quality financial institution.

FS Credit Income Fund
Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 2. Summary of Significant Accounting Policies (continued)

Valuation of Portfolio Investments: The Fund determines the net asset value (“NAV”) of its common shares on each day that the New York Stock Exchange (“NYSE”) is open for business as of the close of the regular trading session. Each Class A share of beneficial interest (“Class A Share”), Class L share of beneficial interest (“Class L Share”) and Class T share of beneficial interest (“Class T Share”) is offered at NAV plus the applicable sales load, while each Class I share of beneficial interest (“Class I Share”) and Class M share of beneficial interest (“Class M Share”) is offered at NAV. The Fund calculates NAV per share on a class-specific basis. The NAV of a class of shares depends on the number of shares of the applicable class outstanding at the time the NAV is determined. As such, the NAV of each class of shares may vary if the Fund sells different amounts of shares per class, among other things. The Fund calculates NAV by subtracting liabilities (including accrued expenses and distributions) from the total assets of the Fund (the value of securities, plus cash or other assets, including interest and distributions accrued but not yet received) and dividing the result by the total number of outstanding common shares. The Fund’s assets and liabilities are valued in accordance with the principles set forth below.

FS Credit Income Advisor values the Fund’s assets in good faith pursuant to the Fund’s valuation policy and consistently applied valuation process, which was developed by the audit committee of the Fund’s board of trustees (“Board”) and approved by the Board. Portfolio securities and other assets for which market quotes are readily available are valued at market value. In circumstances where market quotes are not readily available, the Board has adopted methods for determining the fair value of such securities and other assets, and has delegated the responsibility for applying the valuation methods to FS Credit Income Advisor. On a quarterly basis, the Board reviews the valuation determinations made with respect to the Fund’s investments during the preceding quarter and evaluates whether such determinations were made in a manner consistent with the Fund’s valuation process.

Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (“ASC Topic 820”) defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, which includes inputs such as quoted prices for similar securities in active markets and quoted prices for identical securities where there is little or no activity in the market; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Fund expects that its portfolio will primarily consist of securities listed or traded on a recognized securities exchange or automated quotation system (“Exchange-Traded Security”) or securities traded on a privately negotiated OTC secondary market for institutional investors for which indicative dealer quotes are available (“OTC Security”).

For purposes of calculating NAV, the Fund uses the following valuation methods:

- The market value of each Exchange-Traded Security is the last reported sale price at the relevant valuation date on the composite tape or on the principal exchange on which such security is traded.
- If no sale is reported for an Exchange-Traded Security on the valuation date or if a security is an OTC Security, the Fund values such investments using quotations obtained from an independent third-party pricing service, which provides prevailing bid and ask prices that are screened for validity by the service from dealers on the valuation date. If a quoted price obtained from such service is deemed by FS Credit Income Advisor to be unreliable (and therefore, not readily available), FS Credit Income Advisor may recommend that the investment be fair valued by some other means, including, but not limited to, a valuation provided by an approved independent third

FS Credit Income Fund
Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 2. Summary of Significant Accounting Policies (continued)

party valuation firm. For investments for which an independent third-party pricing service is unable to obtain quoted prices, the Fund will obtain bid and ask prices directly from dealers who make a market in such investments. In all such cases, investments are valued at the mid-point of the average bid and ask prices obtained from such sources, unless there is a compelling reason to use some other value within the bid-ask range and the justification is documented and retained by FS Credit Income Advisor's management team.

- To the extent that the Fund holds investments for which no active secondary market exists and, therefore, no bid and ask prices can be readily obtained, the Fund will value such investments at fair value as determined in good faith by FS Credit Income Advisor, under supervision of the Board, in accordance with the Fund's valuation policy and pursuant to authority delegated by the Board. In making such determination, it is expected that FS Credit Income Advisor, under supervision of the Board, may rely upon valuations obtained from an approved independent third-party valuation firm.

With respect to these investments for which market quotations are not readily available, the Fund will undertake a multi-step fair valuation process each quarter, as described below:

- Weekly and as of each quarter end, FS Credit Income Advisor's management team will review and document preliminary valuations for each investment, which valuations may be obtained from an approved independent third-party valuation service, if applicable;
- Quarterly, FS Credit Income Advisor's management team will provide the audit committee of the Board with preliminary valuations for each investment;
- The preliminary valuations will then be presented to and discussed with the audit committee of the Board;
- The audit committee of the Board will review the preliminary valuations and FS Credit Income Advisor's management team, together with any approved independent third-party valuation service, if applicable, will respond to and supplement the preliminary valuations to reflect any comments provided by the audit committee of the Board;
- The audit committee of the Board will also be provided with the weekly valuations of each investment that had been fair valued throughout the most recently completed quarter;
- Following its review, the audit committee of the Board will approve the fair valuation of the Fund's investments and will recommend that the Board similarly approve the fair valuation of the Fund's investments; and
- The Board will discuss the valuation of the Fund's investments and will determine the fair value of each such investment in the portfolio in good faith based on various statistical and other factors, including the input and recommendation of FS Credit Income Advisor, the audit committee of the Board and any approved independent third-party valuation service, if applicable.

Determination of fair value involves subjective judgments and estimates. Accordingly, these notes to the Fund's financial statements refer to the uncertainty with respect to the possible effect of such valuations and any change in such valuations on the Fund's financial statements. In making its determination of fair value, FS Credit Income Advisor, under supervision of the Board, may use any approved independent third-party pricing or valuation services; provided that FS Credit Income Advisor, under supervision of the Board, shall not be required to determine fair value in accordance with the valuation provided by any single source, and FS Credit Income Advisor, under supervision of the Board, shall retain the discretion to use

FS Credit Income Fund
Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 2. Summary of Significant Accounting Policies (continued)

any relevant data, including information obtained by FS Credit Income Advisor, any investment sub-advisor or from any approved independent third-party valuation or pricing service, that FS Credit Income Advisor, under supervision of the Board, deems to be reliable in determining fair value under the circumstances.

Below is a description of factors that FS Credit Income Advisor, any approved independent third-party valuation service and the Board may consider when determining the fair value of the Fund's investments.

Valuation of fixed income investments, such as loans and debt securities, depends upon a number of factors, including prevailing interest rates for like securities, expected volatility in future interest rates, call features, put features and other relevant terms of the debt. For investments without readily available market prices, these factors may be incorporated into discounted cash flow models to arrive at fair value. Other factors that may be considered include the borrower's ability to adequately service its debt, the fair market value of the portfolio company in relation to the face amount of its outstanding debt and the quality of the collateral securing its debt investments.

For convertible debt securities, fair value will generally approximate the fair value of the debt plus the fair value of an option to purchase the underlying security (the security into which the debt may convert) at the conversion price. To value such an option, a standard option pricing model may be used.

For equity interests, various factors may be considered in determining fair value, including, but not limited to, multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA"), cash flows, net income, revenues or, in limited instances, book value or liquidation value. All of these factors may be subject to adjustments based upon the particular circumstances of a company or the Fund's actual investment position. For example, adjustments to EBITDA may take into account compensation to previous owners or an acquisition, recapitalization, restructuring or other related items.

FS Credit Income Advisor, any approved independent third-party valuation service and the Board may also consider private merger and acquisition statistics, public trading multiples discounted for illiquidity and other factors, valuations implied by third-party investments in the companies, the acquisition price of such investment or industry practices in determining fair value. FS Credit Income Advisor, any approved independent third-party valuation service and the Board may also consider the size and scope of a company and its specific strengths and weaknesses, and may apply discounts or premiums, where and as appropriate, due to the higher (or lower) financial risk and/or the size of the company relative to comparable firms, as well as such other factors as FS Credit Income Advisor, under supervision of the Board, and any approved independent third-party valuation service, if applicable, may consider relevant in assessing fair value.

When the Fund receives warrants or other equity securities at nominal or no additional cost in connection with an investment in a debt security, the cost basis in the investment will be allocated between the debt securities and any such warrants or other equity securities received at the time of origination. Such warrants or other equity securities will subsequently be valued at fair value. Portfolio securities that carry certain restrictions on sale will typically be valued at a discount from the public market value of the security, where applicable.

If events materially affecting the price of foreign portfolio securities occur between the time when their price was last determined on such foreign securities exchange or market and the time when the Fund's NAV was last calculated (for example, movements in certain U.S. securities indices which demonstrate strong correlation to movements in certain foreign securities markets), such securities may be valued at their fair value as determined in good faith in accordance with procedures established by the Board. For purposes of calculating NAV, all assets and liabilities initially expressed in foreign currencies will be converted into U.S. dollars at prevailing exchange rates as may be determined in good faith by FS Credit Income Advisor, under supervision of the Board, in consultation with any approved independent third-party valuation service, if applicable.

FS Credit Income Fund
Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 2. Summary of Significant Accounting Policies (continued)

Forward foreign currency exchange contracts typically will be valued at their quoted daily prices obtained from an independent third party. Interest rate futures traded on exchanges will be valued daily at their last sale price. Swaps typically will be valued at their daily prices obtained from an independent third party. The aggregate settlement values and notional amounts of the forward foreign currency exchange contracts, interest rate futures and swaps will not be recorded in the statement of assets and liabilities. Fluctuations in the value of the forward foreign currency exchange contracts, interest rate futures and swaps will be recorded in the statement of assets and liabilities as an asset (liability) and in the statement of operations as unrealized appreciation (depreciation) until closed, when they will be recorded as net realized gain (loss).

The Board is solely responsible for the valuation of the Fund's portfolio investments at fair value as determined in good faith pursuant to the Fund's valuation policy and consistently applied valuation process. The Board has delegated day-to-day responsibility for implementing the Fund's valuation policy to FS Credit Income Advisor's management team, and has authorized FS Credit Income Advisor's management team to utilize independent third-party valuation and pricing services that have been approved by the Board. The audit committee of the Board is responsible for overseeing FS Credit Income Advisor's implementation of the Fund's valuation process.

Revenue Recognition: Security transactions are accounted for on the trade date. The Fund records interest income on an accrual basis to the extent that it expects to collect such amounts. The Fund records dividend income and distributions on the ex-date. The Fund does not accrue as a receivable interest on loans or dividends on securities if it has reason to doubt its ability to collect such income. The Fund's policy is to place investments on non-accrual status when there is reasonable doubt the interest income will be collected. The Fund considers many factors relevant to an investment when placing it on or removing it from non-accrual status, including, but not limited to, the delinquency status of the investment, economic and business conditions, the overall financial condition of the underlying investment, the value of the underlying collateral, bankruptcy status, if any, and any other facts or circumstances relevant to the investment. If there is reasonable doubt that the Fund will receive any previously accrued interest, then the previously recognized interest income will be written-off. Payments received on non-accrual investments may be recognized as income or applied to principal depending upon the collectability of the remaining principal and interest. Non-accrual investments may be restored to accrual status when principal and interest become current and are likely to remain current based on the Fund's judgment.

Loan origination fees, original issue discount, and market discount are capitalized and such amounts are amortized as interest income over the respective term of the loan or security. Upon the prepayment of a loan or security, any unamortized loan origination fees and original issue discount are recorded as interest income. The Fund records prepayment premiums on loans and securities as fee income when it receives such amounts.

Net Realized Gains or Losses, Net Change in Unrealized Appreciation or Depreciation and Net Change in Unrealized Gains or Losses on Foreign Currency: Gains or losses on the sale of investments are calculated by using the specific identification method. The Fund measures realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized upfront fees. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized gains or losses, when gains or losses are realized. Net change in unrealized gains or losses on foreign currency reflects the change in the value of receivables or accruals during the reporting period due to the impact of foreign currency fluctuations.

Organization and Offering Costs: Organization costs include, among other things, the cost of formation as a Delaware statutory trust, including the cost of legal services and other fees pertaining to the Fund's

FS Credit Income Fund
Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 2. Summary of Significant Accounting Policies (continued)

organization. For the period from October 27, 2016 (Inception) through October 31, 2017, the Fund incurred organization costs of \$128, which were paid by Franklin Square Holdings, L.P. (“FS Investments”), the Fund’s sponsor and an affiliate of FS Credit Income Advisor (see Note 4). The Fund did not incur any organization costs during the year ended October 31, 2018. FS Investments has agreed to assume the Fund’s organization costs and will not seek reimbursement of such costs. Offering costs primarily include marketing expenses, salaries and other direct expenses of FS Credit Income Advisor’s and GoldenTree’s personnel and employees of their affiliates while engaged in registering and marketing the Fund’s common shares. Effective April 6, 2018, FS Investments has agreed to assume all of the Fund’s prior and future offering costs and will not seek reimbursement of such costs. For the periods from October 27, 2016 (Inception) through October 31, 2017 and from November 1, 2017 through April 6, 2018, the Fund incurred offering costs of \$934 and \$747, respectively, which were paid on its behalf by FS Investments (see Note 4).

Income Taxes: The Fund has elected to be treated for U.S. federal income tax purposes, and intends to qualify annually, as a RIC under Subchapter M of the Code. To maintain the Fund’s qualification as a RIC, the Fund must, among other things, meet certain source-of-income and asset diversification requirements and distribute to its shareholders, for each taxable year, at least 90% of its “investment company taxable income,” which is generally the Fund’s net ordinary income plus the excess, if any, of realized net short-term capital gains over realized net long-term capital losses. As a RIC, the Fund will not have to pay corporate-level U.S. federal income taxes on any income that it distributes to its shareholders. The Fund intends to make distributions in an amount sufficient to maintain its RIC status each year and to avoid any U.S. federal income taxes on income so distributed. The Fund will also be subject to nondeductible U.S. federal excise taxes if it does not distribute at least 98% of net ordinary income, 98.2% of capital gain net income, if any, and any recognized and undistributed income from prior years for which it paid no U.S. federal income taxes.

Uncertainty in Income Taxes: The Fund evaluates its tax positions to determine if the tax positions taken meet the minimum recognition threshold in connection with accounting for uncertainties in income tax positions taken or expected to be taken for the purposes of measuring and recognizing tax benefits or liabilities in the Fund’s financial statements. Recognition of a tax benefit or liability with respect to an uncertain tax position is required only when the position is “more likely than not” to be sustained assuming examination by taxing authorities. The Fund recognizes interest and penalties, if any, related to unrecognized tax liabilities as income tax expense on its statement of operations. During the year ended October 31, 2018, the Fund did not incur any interest or penalties.

The Fund has analyzed the tax positions taken on U.S. federal and state income tax returns for all open tax years, and has concluded that no provision for income tax for uncertain tax positions is required in the Fund’s financial statements. The Fund’s U.S. federal and state income and U.S. federal excise tax returns for tax years for which the applicable statutes of limitations have not yet expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Forward Foreign Currency Exchange Contracts: The Fund enters into forward foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to, or hedge exposure away from, foreign currencies (foreign currency exchange rate risk). A forward foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Forward foreign currency exchange contracts, when used by the Fund, help to manage the overall exposure to the currencies in which some of the investments and borrowings held by the Fund are denominated and in some cases, may be used to obtain exposure to a particular market. Non-deliverable forward foreign currency exchange contracts are settled with the counterparty in cash without the delivery of foreign currency.

FS Credit Income Fund

Notes to Financial Statements (continued) (in thousands, except share and per share amounts)

Note 2. Summary of Significant Accounting Policies (continued)

Interest Rate Futures Contracts: The Fund enters into interest rate futures contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to, or hedge exposure away from, changes in interest rates (interest rate risk). An interest rate futures contract is an agreement between the Fund and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and on a specified date. Interest rate futures contracts, when used by the Fund, help to manage the overall exposure to rising interest rates.

Cross-currency Swaps: The Fund enters into cross-currency swaps to gain or mitigate exposure on foreign currency exchange rate risk. Cross-currency swaps are contracts in which interest cash flows are exchanged between two parties based on the notional amounts of two different currencies. Cross-currency swaps, when used by the Fund, help to manage the overall exposure to the currencies in which some of the investments and borrowings held by the Fund are denominated. Cross-currency swaps involve an agreement to exchange notional amounts at a later date at either the same exchange rate, a specified rate or the then-current spot rate.

Interest Rate Swaps: The Fund enters into interest rate swaps to help hedge against interest rate risk exposure and to maintain the Fund's ability to generate income at prevailing market rates. An interest rate swap contract is an exchange of interest rates between counterparties. The value of the fixed rate bonds that the Fund holds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, the Fund may enter into interest rate swap agreements. Interest rate swap agreements involve the exchange by the Fund with another party for their respective commitment to pay or receive interest on the notional amount of principal.

Total Return Swaps: Total return swaps are entered into by the Fund to obtain exposure to a security or market without owning such security or investing directly in such market or to exchange the risk/return of one market with another market. Total return swaps are agreements in which there is an exchange of cash flows whereby one party commits to make payments based on the total return (distributions plus capital gains/losses) of an underlying instrument in exchange for fixed or floating rate interest payments. If the total return of the instrument or index underlying the transaction exceeds or falls short of the offsetting fixed or floating interest rate obligation, the Fund receives payment from or makes a payment to the counterparty.

Distributions: Distributions to the Fund's shareholders will be recorded as of the record date. Subject to the discretion of the Board and applicable legal restrictions, the Fund currently intends to authorize, declare and pay ordinary cash distributions on a quarterly basis. Subject to the Board's discretion and applicable legal restrictions, the Fund from time to time may also pay special interim distributions in the form of cash or shares. At least annually, the Fund intends to authorize and declare special cash distributions of net long-term capital gains, if any.

Recent Accounting Pronouncements: In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2018-13, *Fair Value Measurement — Disclosures Framework — Changes to Disclosure Requirements of Fair Value Measurement* (Topic 820), or ASU 2018-13, which introduces new fair value disclosure requirements and eliminates and modifies certain existing fair value disclosure requirements. ASU 2018-13 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Fund is currently evaluating the impact of ASU 2018-13 on its financial statements.

FS Credit Income Fund

Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 2. Summary of Significant Accounting Policies (continued)

In March 2017, FASB issued Accounting Standards Update 2017-08, *Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20)*, *Premium Amortization on Purchased Callable Debt Securities*, or ASU 2017-08, which amends the amortization period for certain purchased callable debt securities held at a premium, shortening such period to the earliest call date. ASU 2017-08 does not require any accounting change for debt securities held at a discount; the discount continues to be amortized to maturity. ASU 2017-08 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Fund is currently evaluating the impact of ASU 2017-08 on its financial statements.

Note 3. Share Transactions

Below is a summary of transactions with respect to the Fund's common shares during the year ended October 31, 2018:

	Period from June 1, 2018 (Commencement of Operations) through October 31, 2018	
	Shares	Amount
Class A Shares		
Gross Proceeds from Offering	69,741	\$915
Reinvestment of Distributions	163	2
Total Gross Proceeds	69,904	917
Commissions and Dealer Manager Fees	—	(8)
Net Proceeds from Class A Share Transactions	69,904	\$909
	For the Year Ended October 31, 2018	
	Shares	Amount
Class I Shares		
Gross Proceeds from Offering	8,182,579	\$105,350
Reinvestment of Distributions	152,312	1,970
Total Gross Proceeds	8,334,891	107,320
Share Repurchase Program	(20,047)	(258)
Net Proceeds from Class I Share Transactions	8,314,844	\$107,062
	Period from August 14, 2018 (Commencement of Operations) through October 31, 2018	
	Shares	Amount
Class T Shares		
Gross Proceeds from Offering	6,507	\$ 88
Reinvestment of Distributions	66	1
Total Gross Proceeds	6,573	89
Commissions and Dealer Manager Fees	—	(3)
Net Proceeds to the Fund	6,573	86
Share Repurchase Program	(741)	(10)
Net Proceeds from Class T Share Transactions	5,832	76
Net Proceeds to the Fund	8,390,580	\$108,047

FS Credit Income Fund
Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 3. Share Transactions (continued)

Status of Continuous Public Offering

Since commencing its continuous public offering and through December 12, 2018, the Fund sold 191,959, 8,864,495 and 10,738 of Class A Shares, Class I Shares and Class T Shares, respectively, for gross proceeds of \$2,475, \$114,102 and \$144, respectively, including shares issued pursuant to its distribution reinvestment plan (“DRP”). As of December 12, 2018, the Fund raised total gross proceeds of \$116,821, including \$100 of seed capital contributed by Michael C. Forman in June 2017 (see Note 4).

Share Repurchase Program

The Fund operates as an interval fund under Rule 23c-3 of the 1940 Act and, as such, provides a limited degree of liquidity to shareholders. As an interval fund, the Fund has adopted a fundamental policy to offer to repurchase at regular intervals a specified percentage of its outstanding shares at the NAV of the applicable class.

Once each quarter, the Fund will offer to repurchase at NAV no less than 5% and no more than 25% of the outstanding shares of the Fund, unless such offer is suspended or postponed in accordance with regulatory requirements (as discussed below). The offer to purchase shares is a fundamental policy that may not be changed without the vote of the holders of a majority of the Fund’s outstanding voting securities (as defined in the 1940 Act). Shareholders will be notified in writing of each quarterly repurchase offer and the date the repurchase offer ends (“Repurchase Request Deadline”). Shares will be repurchased at the respective NAV per share determined as of the close of regular trading on the NYSE no later than the 14th day after the Repurchase Request Deadline, or the next business day if the 14th day is not a business day.

The Board, or a committee thereof, in its sole discretion, will determine the number of shares for each share class that the Fund will offer to repurchase (“Repurchase Offer Amount”) for a given Repurchase Request Deadline. The Repurchase Offer Amount, however, will be no less than 5% and no more than 25% of the total number of shares outstanding on the Repurchase Request Deadline. Typically, the Repurchase Offer Amount will be 5% of the shares outstanding on the Repurchase Request Deadline. Repurchase offers in excess of this amount will be made solely at the discretion of the Board.

If shareholders tender for repurchase more than the Repurchase Offer Amount for a given repurchase offer, the Fund may, but is not required to, repurchase an additional amount of shares not to exceed 2% of the outstanding shares of the Fund on the Repurchase Request Deadline. If the Fund determines not to repurchase more than the Repurchase Offer Amount, or if shareholders tender shares in an amount exceeding the Repurchase Offer Amount plus 2% of the outstanding shares on the Repurchase Request Deadline, the Fund will repurchase the shares on a pro rata basis. However, the Fund may accept all shares tendered for repurchase by shareholders who own less than one hundred shares and who tender all of their shares, before prorating other amounts tendered. In addition, the Fund will accept the total number of shares tendered in connection with required minimum distributions from an individual retirement account or other qualified retirement plan.

The Fund may suspend or postpone a repurchase offer only: (a) if making or effecting the repurchase offer would cause the Fund to lose its status as a RIC under the Code; (b) for any period during which the NYSE or any market on which the securities owned by the Fund are principally traded is closed, other than customary weekend and holiday closings, or during which trading in such market is restricted; (c) for any period during which an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable, or during which it is not reasonably practicable for the Fund fairly to determine the value of its net assets; or (d) for such other periods as the U.S. Securities and Exchange Commission (“SEC”) may by order permit for the protection of shareholders of the Fund.

FS Credit Income Fund

Notes to Financial Statements (continued) (in thousands, except share and per share amounts)

Note 3. Share Transactions (continued)

During the fiscal year ended October 31, 2018, the fund engaged in repurchase offers as follows:

Repurchase Request Deadline	Repurchase offer Amount (as a percentage of outstanding shares)	Number of Shares Repurchased (all classes)	Percentage of Outstanding Shares Tended (all classes)
January 31, 2018.	5%	—	—
April 30, 2018	5%	—	—
July 30, 2018	5%	—	—
October 29, 2018	5%	<u>20,788</u>	0.25%
Total.		<u>20,788</u>	

Distribution Plan

The Fund, with respect to its Class L, Class M and Class T Shares, is authorized under a distribution plan to pay to the Fund's distributor a distribution fee for certain activities relating to the distribution of shares to investors and maintenance of shareholder accounts. These activities include marketing and other activities to support the distribution of the Class L, Class M and Class T Shares. The plan operates in a manner consistent with Rule 12b-1 under the 1940 Act, which regulates the manner in which an open-end investment company may directly or indirectly bear the expenses of distributing its shares. Although the Fund is not an open-end investment company, it has undertaken to comply with the terms of Rule 12b-1 as a condition of an exemptive order under the 1940 Act which permits it to have asset-based distribution fees. Under the distribution plan, the Fund pays a distribution fee at an annual rate of 0.25% of average daily net assets attributable to the applicable share classes for remittance to financial intermediaries, as compensation for distribution and/or maintenance of shareholder accounts performed by such financial intermediaries for beneficial shareholders of the Fund.

Shareholder Service Expenses

The Fund has adopted a shareholder services plan with respect to its Class A, Class L and Class T Shares under which the Fund may compensate financial industry professionals or firms for providing ongoing services in respect of clients with whom they have distributed shares of the Fund. Such services may include (i) electronic processing of client orders, (ii) electronic fund transfers between clients and the Fund, (iii) account reconciliations with the Fund's transfer agent, (iv) facilitation of electronic delivery to clients of Fund documentation, (v) monitoring client accounts for back-up withholding and any other special tax reporting obligations, (vi) maintenance of books and records with respect to the foregoing, (vii) responding to customer inquiries of a general nature regarding the Fund; (viii) responding to customer inquiries and requests regarding Statements of Additional Information, shareholder reports, notices, proxies and proxy statements, and other Fund documents; (ix) assisting customers in changing account options, account designations and account addresses, and (x) such other information and liaison services as the Fund or FS Credit Income Advisor may reasonably request. Under the shareholder services plan, the Fund, with respect to Class A, Class L and Class T Shares, may incur expenses on an annual basis up to 0.25% of its average daily net assets attributable to Class A, Class L and Class T Shares, respectively.

Note 4. Related Party Transactions

Compensation of the Investment Adviser, Sub-Adviser and their Affiliates

Pursuant to the investment advisory agreement, (as amended, "Investment Advisory Agreement"), dated as of September 18, 2017, by and between the Fund and FS Credit Income Advisor, FS Credit Income Advisor is entitled to a management fee in consideration of the advisory services provided by FS Credit Income Advisor to the Fund. FS Credit Income Advisor is registered as an investment adviser under the Investment Advisers Act of 1940, as amended, and is an affiliate of the Fund.

FS Credit Income Fund
Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 4. Related Party Transactions (continued)

Pursuant to the investment sub-advisory agreement (“Sub-Advisory Agreement”), dated as of September 18, 2017, by and among the Fund, FS Credit Income Advisor and the GoldenTree Sub-Advisor, the GoldenTree Sub-Advisor is entitled to receive a sub-advisory fee (payable out of the management fee) equal to 0.775% (on an annualized basis) of the Fund’s average daily gross assets.

The management fee is calculated and payable quarterly in arrears at the annual rate of 1.60% of the Fund’s average daily gross assets during such period. Prior to April 6, 2018, the management fee was 1.75% of the Fund’s average daily gross assets. All or any part of the management fee not taken as to any quarter will be deferred without interest and may be taken in any such other quarter as FS Credit Income Advisor may determine. The management fee for any partial quarter will be appropriately prorated.

Pursuant to an Administration Agreement, dated as of September 18, 2017, entered into between the Fund and FS Credit Income Advisor (as amended, the “Administration Agreement”), the Fund reimburses FS Credit Income Advisor and the GoldenTree Sub-Advisor, as applicable, for their respective actual costs incurred in providing administrative services to the Fund, including the allocable portion of the compensation and related expenses of certain personnel of FS Investments and the GoldenTree Sub-Advisor providing administrative services to the Fund on behalf of FS Credit Income Advisor, subject to the limitations set forth in the Administration Agreement and the New Expense Limitation Agreement (as defined below). Such services include general ledger accounting, fund accounting, legal services, investor relations and other administrative services. FS Credit Income Advisor also performs, or oversees the performance of, the Fund’s corporate operations and required administrative services, which includes being responsible for the financial records that the Fund is required to maintain and preparing reports to the Fund’s shareholders and reports filed with the SEC. In addition, FS Credit Income Advisor assists the Fund in calculating its NAV, overseeing the preparation and filing of its tax returns and the printing and dissemination of reports to the Fund’s shareholders, and generally overseeing the payment of the Fund’s expenses and the performance of administrative and professional services rendered to the Fund by others. FS Credit Income Advisor is required to allocate the cost of such services to the Fund based on factors such as assets, revenues, time allocations and/or other methods.

The Fund’s Board reviews the methodology employed in determining how the expenses are allocated to the Fund and the proposed allocation of the administrative expenses among the Fund and certain affiliates of FS Credit Income Advisor. The Fund’s Board then assesses the reasonableness of such reimbursements for expenses allocated to the Fund based on the breadth, depth and quality of such services as compared to the estimated cost to the Fund of obtaining similar services from third-party service providers known to be available. In addition, the Fund’s Board considers whether any single third-party service provider would be capable of providing all such services at comparable cost and quality. Finally, the Fund’s Board, among other things, compares the total amount paid to FS Credit Income Advisor for such services as a percentage of the Fund’s net assets to the same ratios reported by other comparable investment companies. The Fund will not reimburse FS Credit Income Advisor for any services for which it receives a separate fee or for any administrative expenses allocated to a controlling person of FS Credit Income Advisor.

Reimbursements of administrative expenses to FS Credit Income Advisor are subject to the terms of the Administration Agreement and applicable expense limitation (as defined below), and the GoldenTree Sub-Advisor has agreed, pursuant to the Sub-Advisory Agreement, to defer amounts owed to it for certain administrative services during periods in which FS Credit Income Advisor is waiving expenses or making payments pursuant to the New Expense Limitation Agreement. Reimbursement of administrative expenses is ultimately subject to the limitations contained in the Administration Agreement and the New Expense Limitation Agreement and FS Credit Income Advisor and the GoldenTree Sub-Advisor have agreed to share such reimbursements pro rata, with priority being given to the then-oldest unreimbursed expenses.

Pursuant to the Administration Agreement, FS Credit Income Advisor will be reimbursed for the administrative services performed by it on behalf of the Fund; provided, however, that (1) such costs are

FS Credit Income Fund
Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 4. Related Party Transactions (continued)

reasonably allocated by FS Credit Income Advisor to the Fund on the basis of assets, revenues, time allocations and/or other method; (2) such reimbursement shall be subject to any expense limitation of the Fund in effect at the time at which such reimbursement is otherwise payable; and (3) FS Credit Income Advisor shall not be entitled to reimbursement for any expenses relating to the salaries and direct expenses of administrative personnel paid by FS Credit Income Advisor (and the Fund shall have no obligation to pay any such expenses) to the extent that certain third-party expenses incurred by the Fund, whether directly or indirectly by FS Credit Income Advisor or GoldenTree, in connection with administering the Fund's business exceed 0.25% of the average net assets attributable to each class of shares.

FS Investments funded the Fund's offering costs in the amount of \$934 and \$747 for the period from October 27, 2016 (Inception) through October 31, 2017 and for the period from November 1, 2017 through April 6, 2018, respectively. Effective April 6, 2018, FS Investments agreed to assume all of the Fund's prior and future offering costs and will not seek reimbursement of such costs.

The following table describes the fees and expenses accrued under the Investment Advisory Agreement and the Administration Agreement during the year ended October 31, 2018:

<u>Related Party</u>	<u>Source Agreement</u>	<u>Description</u>	<u>Amount</u>
FS Credit Income Advisor . . .	Investment Advisory Agreement	Management Fee ⁽¹⁾	\$1,007
FS Credit Income Advisor . . .	Administration Agreement	Administrative Services Expenses ⁽²⁾	\$ 190

- (1) During the year ended October 31, 2018, \$533 in management fees were paid to FS Credit Income Advisor. As of October 31, 2018, \$474 in management fees were payable to FS Credit Income Advisor.
- (2) During the year ended October 31, 2018, \$167 of the accrued administrative services expenses related to the allocation of costs of administrative personnel for services rendered to the Fund by FS Credit Income Advisor and the remainder related to other reimbursable expenses. The Fund paid \$178 in administrative services expenses to FS Credit Income Advisor during the year ended October 31, 2018.

Capital Contributions by FS Investments and GoldenTree

In June 2017, pursuant to a private placement, Michael C. Forman, a principal of FS Credit Income Advisor, contributed \$100 to purchase approximately 8,000 Class I common shares at \$12.50 per share ("Seed Investment").

In November 2017, FS Investments, GoldenTree and their affiliates collectively purchased \$19,900 of Class I Shares and in June 2018, FS Investments purchased \$17,283 of Class I Shares. As of December 12, 2018, the Board, individuals and entities affiliated with FS Credit Income Advisor and GoldenTree held approximately \$66 million of Class I Shares. FS Investments, GoldenTree, and their respective employees, partners, officers and affiliates may own a significant percentage of the Fund's outstanding shares for the foreseeable future. This ownership will fluctuate as other investors subscribe for shares in the Fund's continuous public offering and any other offerings the Fund may determine to conduct in the future, and as the Fund repurchases shares pursuant to its quarterly repurchase offers. Depending on the size of this ownership at any given point in time, it is expected that these affiliates will, for the foreseeable future, either control the Fund or be in a position to exercise a significant influence on the outcome of any matter put to a vote of shareholders.

Expense Limitation Agreement

Pursuant to the expense limitation agreement (the "2017 Expense Limitation Agreement"), dated as of September 18, 2017, by and between FS Credit Income Advisor and the Fund, FS Credit Income Advisor agreed to pay or waive, on a quarterly basis, the "ordinary operating expenses" (as defined below) of the Fund to the extent that such expenses exceed 0.00% per annum of the Fund's average daily net assets attributable to the applicable class of shares for the twelve months beginning October 3, 2017, the date of

FS Credit Income Fund

Notes to Financial Statements (continued) (in thousands, except share and per share amounts)

Note 4. Related Party Transactions (continued)

effectiveness of the Fund's initial registration statement on Form N-2. The 2017 Expense Limitation Agreement remained in effect until April 5, 2018. For the purpose of the 2017 Expense Limitation Agreement, "ordinary operating expenses" for a class of shares consist of all ordinary expenses of the Fund attributable to such class, including administration fees, transfer agent fees, organization and offering expenses, fees paid to the Fund's trustees, administrative services expenses, and related costs associated with legal, regulatory compliance and investor relations, but excluding the following: (a) investment advisory fees, (b) portfolio transaction and other investment-related costs (including brokerage commissions, dealer and underwriter spreads, commitment fees on leverage facilities, prime broker fees and expenses, and dividend expenses related to short sales), (c) interest expense and other financing costs, (d) taxes, (e) distribution or shareholder servicing fees and (f) extraordinary expenses.

On April 6, 2018, FS Credit Income Advisor and the Fund amended and restated the 2017 Expense Limitation Agreement (as so amended and restated, the "New Expense Limitation Agreement") under which FS Credit Income Advisor agreed to pay or waive, on a quarterly basis, the "ordinary operating expenses" (as defined below) of the Fund to the extent that such expenses exceed 0.25% per annum of the Fund's average daily net assets attributable to the applicable class of Shares (the "Expense Limitation"). The Expense Limitation may be adjusted for other classes of shares to account for class-specific expenses. In consideration of FS Credit Income Advisor's agreement to limit the Fund's expenses, the Fund has agreed to repay FS Credit Income Advisor in the amount of any Fund expenses paid or waived, subject to the limitations that: (1) the reimbursement for expenses will be made only if payable not more than three years following the time such payment or waiver was made; and (2) the reimbursement may not be made if it would cause the Fund's then-current expense limitation, if any, and the expense limitation that was in effect at the time when FS Credit Income Advisor waived or reimbursed the ordinary operating expenses that are the subject of the repayment, to be exceeded. The New Expense Limitation Agreement will continue indefinitely until terminated by the Board on written notice to FS Credit Income Advisor. The New Expense Limitation Agreement may not be terminated by FS Credit Income Advisor. For the purposes of the New Expense Limitation Agreement, "ordinary operating expenses" for a class of shares shall consist of all ordinary expenses of the Fund attributable to such class, including administration fees, transfer agent fees, fees paid to the Fund's trustees, legal expenses relating to the Fund's registration statements (and any amendments or supplements thereto) and other filings with the SEC (whether incurred by counsel to the Fund, FS Credit Income Advisor or the GoldenTree Sub-Advisor), administrative services expenses, and related costs associated with legal, regulatory compliance and investor relations, but excluding the following: (a) investment advisory fees, (b) portfolio transaction and other investment-related costs (including brokerage commissions, dealer and underwriter spreads, commitment fees on leverage facilities, prime broker fees and expenses and dividend expenses related to short sales); (c) interest expense and other financing costs, (d) taxes, (e) distribution or shareholder servicing fees and (f) extraordinary expenses.

The specific amount of expenses waivable and/or payable by FS Credit Income Advisor pursuant to the New Expense Limitation Agreement, if any, is determined at the end of each fiscal quarter. The conditional obligation of the Fund to reimburse FS Credit Income Advisor pursuant to the terms of the New Expense Limitation Agreement shall survive the termination of such agreement for any reason.

During the year ended October 31, 2018, the Fund accrued \$698 of expense reimbursements from the adviser that FS Investments has agreed to pay, \$230 of which pertained to the New Expense Limitation Agreement and \$468 of which pertained to the 2017 Expense Limitation Agreement. Such amounts may be subject to conditional reimbursement as described above.

FS Credit Income Fund

Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 5. Distributions

During the year ended October 31, 2018, the Fund declared and paid gross distributions in the amount of \$0.5625 (as adjusted for the applicable share class expenses) per share in the total amount of \$3,105. The timing and amount of any future distributions to shareholders are subject to applicable legal restrictions and the sole discretion of the Board.

Shareholders automatically participate in the Fund's DRP, unless and until an election is made to withdraw from the plan on behalf of such participating shareholder. Under the DRP, the Fund's cash distributions to shareholders are reinvested in full and fractional shares of the same class of shares of the Fund. To the extent that shareholders reinvest their cash distributions, the Fund will use the proceeds to purchase additional common shares of the Fund. As such, a portion of the cash distributions paid by the Fund may be reinvested in additional common shares of the Fund.

The following table reflects the sources of the cash distributions on a tax basis that the Fund paid on its common shares during the year ended October 31, 2018:

<u>Source of Distribution</u>	<u>Distribution Amount</u>	<u>Percentage</u>
Net investment income ⁽¹⁾	\$2,793	100%
Short-term capital gains proceeds from the sale of assets	312	—
Return of capital	—	—
Total	<u>\$3,105</u>	<u>100%</u>

(1) The Fund's net investment income on a tax basis for the year ended October 31, 2018 was \$2,793. The determination of the tax attributes of the Fund's distributions is made annually as of the end of the calendar year and based upon the Fund's taxable income for the full year and distributions paid for the full year. Therefore, a determination made on an interim basis may not be representative of the actual tax attributes of the Fund's distributions for a full year. The actual tax characteristics of distributions to shareholders are reported to shareholders annually on Form 1099-DIV.

The Fund may make certain adjustments to the classification of net assets as a result of permanent book-to-tax differences. During the year ended October 31, 2018, the Fund increased accumulated earnings (deficit) by \$4 and decreased capital in excess of par value by \$4. This reclassification has no impact on the net assets of the Fund.

As of October 31, 2018, the components of accumulated earnings (loss) on a tax basis were as follows:

Distributable ordinary income	\$(306)
Distributable long-term capital gains	20
Net unrealized appreciation (depreciation) of investments and derivatives	(177)
Total	<u>\$ 149</u>

The aggregate cost of the Fund's investments for U.S. federal income tax purposes totaled \$121,009 as of October 31, 2018. Aggregate net unrealized appreciation (depreciation), on a tax basis was \$(205), which was comprised of gross unrealized appreciation of \$2,606 and gross unrealized depreciation of \$2,811, as of October 31, 2018.

Note 6. Financial Instruments

The Fund may trade in financial instruments with off-balance sheet risk in the normal course of its investing activities. These financial instruments may include forward foreign currency exchange contracts, futures contracts, swap contracts and written options, among others, and may involve, to a varying degree, elements of risk in excess of the amounts recognized for financial statement purposes. The notional or

FS Credit Income Fund
Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 6. Financial Instruments (continued)

contractual amounts of these instruments represent the investment the Fund has in particular classes of financial instruments and do not necessarily represent the amounts potentially subject to risk. The measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered.

The Fund is subject to foreign currency exchange rate risk and interest rate risk in the normal course of pursuing its investment objectives. The Fund may enter into cross-currency swaps and forward foreign currency exchange contracts to gain or reduce exposure to foreign currencies and interest rate futures and/or swaps to gain or reduce exposure to fluctuations in interest rates.

Cross-currency swaps are contracts in which interest cash flows are exchanged between two parties based on the notional amounts of two different currencies. The notional amounts are typically determined based on the spot exchange rates at the inception of the trade. Cross-currency swaps involve an agreement to exchange notional amounts at a later date at either the same exchange rate, a specified rate or the then-current spot rate. Periodic payments are made between the parties based on benchmark rates plus a spread, if applicable, in the two currencies.

Each cross-currency swap is marked-to-market daily and the change in market value is recorded as unrealized appreciation (depreciation) in the statement of assets and liabilities. When a swap is closed, a realized gain or loss is recorded in the statement of operations equal to the difference between the value at the time it was opened and the value at the time it was closed. The use of cross-currency swaps contains the risk that the value of a cross-currency swap changes unfavorably due to movements in the value of the referenced foreign currencies, as well as the risk that the counterparty to the swap will default on its contractual delivery obligations.

An interest rate swap contract is an exchange of interest rates between counterparties. An interest rate swap generally involves one party making payments based on a fixed interest rate in return for payments from a counterparty based on a variable or floating interest rate. The Fund may enter into either side of such a swap contract. Interest rate swaps may be used to adjust the Fund's sensitivity to interest rates or to hedge against changes in interest rates.

Each interest rate swap is marked-to-market daily and the change in market value is recorded as unrealized appreciation (depreciation) in the statement of assets and liabilities. When a swap is closed, a realized gain or loss is recorded in the statement of operations equal to the difference between the value at the time it was opened and the value at the time it was closed. The use of interest rate swaps contains the risk that the value of an interest rate swap changes unfavorably due to movements in interest rates, as well as the risk that the counterparty to the swap will default on its contractual delivery obligations. Counterparty risk is mitigated for cleared swaps by trading these instruments through a central counterparty.

Total return swaps are entered into to obtain exposure to a security or market without owning such security or investing directly in such market or to exchange the risk/return of one market with another market. Total return swaps are agreements in which there is an exchange of cash flows whereby one party commits to make payments based on the total return (distributions plus capital gains/losses) of an underlying instrument in exchange for fixed or floating rate interest payments. If the total return of the instrument or index underlying the transaction exceeds or falls short of the offsetting fixed or floating interest rate obligation, the Fund receives payment from or makes a payment to the counterparty.

Each total return swap is marked semi-monthly and the change in market value is recorded as unrealized appreciation (depreciation) in the statement of assets and liabilities. When a swap is closed, a realized gain or loss is recorded in the statement of operations equal to the difference between the value at the time it was opened and the value at the time it was closed. The use of total return swaps contains the risk that the underlying security defaults (credit risk).

FS Credit Income Fund

Notes to Financial Statements (continued) (in thousands, except share and per share amounts)

Note 6. Financial Instruments (continued)

An interest rate futures contract is an agreement between the Fund and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and on a specified date. The Fund may invest in interest rate futures contracts to hedge the Fund's existing portfolio securities against fluctuations in value caused by changes in interest rates or market conditions; as a cash management tool; to hedge interest rate risks associated with the Fund's investments; to facilitate investments in portfolio securities; and to reduce cost. In addition, the Fund may take long or short positions in futures to seek to stabilize overall portfolio volatility and to hedge overall market risk.

Upon entering into an interest rate futures contract, the Fund is required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on a contract's size and risk profile. The initial margin deposit must then be maintained at an established level over the life of the contract. Cash deposited as initial margin receivable is shown as collateral held at broker in the statement of assets and liabilities. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract ("variation margin"). Variation margin is recorded as receivable (or payable) for variation margin on open futures in the statement of assets and liabilities. When the contract is closed, a realized gain or loss is recorded in the statement of operations equal to the difference between the notional amount of the contract at the time it was opened and the notional amount at the time it was closed. Risks of entering into interest rate futures contracts include interest rate risk and the possibility of an illiquid secondary market for these instruments. When investing in futures, there is reduced counterparty credit risk to the Fund because futures are exchange-traded and the exchange's clearinghouse, as counterparty to all exchange-traded futures, guarantees against default.

A forward foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. These contracts help to manage the overall exposure to the currencies in which some of the investments and borrowings held by the Fund are denominated and, in some cases, may be used to obtain exposure to a particular market.

Each forward foreign currency exchange contract is marked-to-market daily and the change in market value is recorded as unrealized appreciation (depreciation) in the statement of assets and liabilities. When a contract is closed, a realized gain or loss is recorded in the statement of operations equal to the difference between the value at the time it was opened and the value at the time it was closed. Non-deliverable forward foreign currency exchange contracts are settled with the counterparty in cash without the delivery of foreign currency. The use of forward foreign currency exchange contracts contains the risk that the value of a forward foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies, and the risk that counterparties are unable to fulfill their obligations under the contracts. The fund mitigates its counterparty risk by entering into forward currency contracts only with a diverse group of prequalified counterparties, monitoring their financial strength, entering into master netting arrangements with its counterparties, and requiring its counterparties to transfer collateral as security for their performance.

The fund is subject to credit risk in the normal course of pursuing its investment objectives. The Fund may enter into credit default swap contracts to manage its credit risk, to gain exposure to a credit in which it may otherwise invest or to enhance its returns. The Fund may also purchase and write call and put contracts in an effort to manage risk and/or generate gains from options premiums.

FS Credit Income Fund

Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 6. Financial Instruments (continued)

The fair value of open derivative instruments (which are not considered to be hedging instruments for accounting disclosure purposes) by risk exposure as of October 31, 2018 is as follows:

	Fair Value	
	Asset Derivative	Liability Derivative
Foreign Currency Risk		
Forward foreign currency exchange contracts	\$665 ⁽¹⁾	\$395 ⁽²⁾
Cross-currency swaps	\$447 ⁽³⁾	—
Interest Rate Risk		
Interest rate futures	\$ 62 ⁽⁴⁾	—
Interest rate swaps	\$ 97 ⁽³⁾	\$ 10 ⁽⁵⁾
Credit Risk		
Total return debt swaps	\$ 9 ⁽³⁾	\$ 25 ⁽⁵⁾

The Fund's derivative assets and liabilities at fair value by risk, presented in the table above, are reported on a gross basis on the Fund's statement of assets and liabilities and located as follows:

- (1) Unrealized appreciation on forward foreign currency exchange contracts.
- (2) Unrealized depreciation on forward foreign currency exchange contracts.
- (3) Unrealized appreciation on swap contracts.
- (4) Receivable for variation margin on open futures.
- (5) Unrealized depreciation on swap contracts.

The following tables present the Fund's derivative assets and liabilities by counterparty, net of amounts available for offset under a master netting agreement and net of the related collateral received by the Fund for assets or pledged by the Fund for liabilities as of October 31, 2018:

Counterparty	Derivative Assets Subject to Master Netting Agreement	Derivatives Available for Offset	Non-cash Collateral Received ⁽¹⁾	Cash Collateral Received ⁽¹⁾	Net Amount of Derivative Assets ⁽²⁾
Bank of America, N.A.	\$ 9	\$ 9	—	—	—
BNP Paribas Securities Co.	\$ 28	—	—	—	\$ 28
JPMorgan Chase Bank, N.A.	\$944	\$404	—	—	\$540
State Street Bank and Trust Company	\$237	\$ 1	—	—	\$236

Counterparty	Derivative Liabilities Subject to Master Netting Agreement	Derivatives Available for Offset	Non-cash Collateral Pledged ⁽¹⁾	Cash Collateral Pledged ⁽¹⁾	Net Amount of Derivative Liabilities ⁽³⁾
Bank of America, N.A.	\$ 25	\$ 9	—	\$16	—
BNP Paribas Securities Co.	—	—	—	—	—
JPMorgan Chase Bank, N.A.	\$404	\$404	—	—	—
State Street Bank and Trust Company	\$ 1	\$ 1	—	—	—

- (1) In some instances, the actual amount of the collateral received and/or pledged may be more than the amount shown due to overcollateralization.
- (2) Net amount of derivative assets represents the net amount due from the counterparty to the Fund in the event of default.
- (3) Net amount of derivative liabilities represents the net amount due from the Fund to the counterparty in the event of default.

FS Credit Income Fund

Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 6. Financial Instruments (continued)

The effect of derivative instruments (which are not considered to be hedging instruments for accounting disclosure purposes) on the Fund's statement of operations by risk exposure for the year ended October 31, 2018 was as follows:

	Realized Gain (Loss) on Derivatives Recognized in Income	Net Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income
Foreign Currency Risk		
Forward foreign currency exchange contracts	\$ (12) ⁽¹⁾	\$270 ⁽²⁾
Cross-currency swaps	\$138 ⁽³⁾	\$447 ⁽⁴⁾
Interest Rate Risk		
Interest rate futures	\$ (47) ⁽⁵⁾	\$ 62 ⁽⁶⁾
Interest rate swaps	\$ (2) ⁽³⁾	\$ 87 ⁽⁴⁾
Credit Risk		
Total return debt swaps	\$ 76 ⁽³⁾	\$ (16) ⁽⁴⁾

The Fund's derivative instruments at fair value by risk, presented in the table above, are reported on the Fund's statement of operations and located as follows:

- (1) Net realized gain (loss) on forward foreign currency exchange contracts.
- (2) Net change in unrealized appreciation (depreciation) on forward foreign currency exchange contracts.
- (3) Net realized gain (loss) on swap contracts.
- (4) Net change in unrealized appreciation (depreciation) on swap contracts.
- (5) Net realized gain (loss) on futures contracts.
- (6) Net change in unrealized appreciation (depreciation) on futures contracts.

The average notional amounts of forward foreign currency exchange contracts, futures contracts, cross-currency swaps, interest rate swaps and total return debt swaps outstanding during the year ended October 31, 2018, which are indicative of the volumes of these derivative types, were \$14,717, \$1,584, \$4,865, \$2,126 and \$2,580, respectively.

Note 7. Investment Portfolio

The following table summarizes the composition of the Fund's investment portfolio at cost and fair value as of October 31, 2018:

	Amortized Cost ⁽¹⁾	Fair Value	Percentage of Portfolio
Senior Secured Loans—First Lien	\$ 14,686	\$ 14,615	12%
Senior Secured Loans—Second Lien	4,624	4,635	4%
Senior Secured Bonds	23,194	22,876	19%
Unsecured Bonds	47,593	48,056	40%
CLO/Structured Credit	27,020	26,750	22%
Emerging Markets Debt	3,310	2,775	3%
Preferred Stock	194	195	0%
Common Stock	380	340	0%
Total Investments	\$121,001	\$120,242	100%
Investments Sold Short	\$ (1,047)	\$ (1,019)	

FS Credit Income Fund

Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 7. Investment Portfolio (continued)

(1) Amortized cost represents the original cost adjusted for the amortization of premiums and/or accretion of discounts, as applicable, on investments.

In general, under the 1940 Act, the Fund would be presumed to “control” a portfolio company if it owned more than 25% of its voting securities or had the power to exercise control over the management or policies of such portfolio company, and would be an “affiliated person” of a portfolio company if it owned 5% or more of its voting securities.

As of October 31, 2018, the Fund did not “control” any of its portfolio companies and was not an “affiliated person” of any of its portfolio companies, each as defined in the 1940 Act.

The table below describes investments by industry classification and enumerates the percentage, by fair value, of the total portfolio assets in such industries as of October 31, 2018:

<u>Industry Classification</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
USD CLO	\$ 13,298	11%
EUR CLO	12,664	11%
Municipal	9,475	8%
Media Entertainment	7,938	7%
Oil & Gas	7,348	6%
Chemicals	5,808	5%
Telecommunications	4,909	4%
Commercial Banks	4,525	4%
Oil & Gas Services	4,508	4%
Pharmaceuticals	3,682	3%
Internet	2,984	2%
Independent Oil & Gas	2,817	2%
Healthcare	2,685	2%
Other Financial	2,594	2%
Mining	2,348	2%
Healthcare-Services	2,126	2%
Transportation	2,120	2%
Retailers	1,807	2%
Healthcare-Products	1,510	1%
Technology	1,488	1%
Commercial Services	1,473	1%
Aerospace/Defense	1,463	1%
Pipelines	1,433	1%
Coal	1,394	1%
Retail	1,187	1%
Consumer Cyclical Services	1,137	1%
Leisure	1,126	1%
Software	1,112	1%
Home Builders	1,052	1%
Insurance	1,012	1%
Wirelines	971	1%
Metals and Mining	932	1%

FS Credit Income Fund

Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 7. Investment Portfolio (continued)

<u>Industry Classification</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Household Products	816	1%
USD CDO	788	1%
Oil Field Services	777	1%
Property & Casualty Insurance	775	1%
Auto Manufacturers	714	1%
Provincial	673	1%
IT Services	598	1%
Food	482	0%
Energy-Alternate Sources	368	0%
Distribution/Wholesale	342	0%
Other Industrial	292	0%
Investment Company Security	277	0%
Lodging	277	0%
Electrical Compo & Equipment	276	0%
Hand/Machine Tools	276	0%
Diversified Financial Services	238	0%
Electric	235	0%
Holding Companies-Diversified	209	0%
Packaging & Containers	202	0%
Healthcare-Software	195	0%
Life Insurance	193	0%
Machinery-Diversified	193	0%
Engineering & Construction	120	0%
	<u>\$120,242</u>	<u>100%</u>

Purchases and sales of securities during the year ended October 31, 2018, other than short-term securities and U.S. government obligations, were \$186,902 and \$66,560, respectively.

Note 8. Fair Value of Financial Instruments

Under existing accounting guidance, fair value is defined as the price that the Fund would receive upon selling an investment or pay to transfer a liability in an orderly transaction to a market participant in the principal or most advantageous market for the investment. This accounting guidance emphasizes that valuation techniques maximize the use of observable market inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the Fund. Unobservable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances. The Fund classifies the inputs used to measure these fair values into the following hierarchy as defined by current accounting guidance:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs that are quoted prices for similar assets or liabilities in active markets.

Level 3: Inputs that are unobservable for an asset or liability.

FS Credit Income Fund

Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 8. Fair Value of Financial Instruments (continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As of October 31, 2018, the Fund's investments and derivatives were categorized as follows in the fair value hierarchy:

<u>Asset Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Senior Secured Loans—First Lien	\$ —	\$ 14,615	\$ —	\$ 14,615
Senior Secured Loans—Second Lien	—	2,754	1,881	4,635
Senior Secured Bonds	—	22,876	—	22,876
Unsecured Bonds	—	47,193	863	48,056
CLO/Structured Credit	—	26,240	510	26,750
Emerging Markets Debt	—	2,775	—	2,775
Preferred Stock	—	—	195	195
Common Stock	340	—	—	340
Total Investments	<u>340</u>	<u>116,453</u>	<u>3,449</u>	<u>120,242</u>
Forward Foreign Currency Exchange Contracts	—	665	—	665
Interest Rate Futures	62	—	—	62
Cross-Currency Swaps	—	447	—	447
Interest Rate Swaps	—	97	—	97
Total Return Debt Swaps	—	—	9	9
Total	<u>\$402</u>	<u>\$117,662</u>	<u>\$3,458</u>	<u>\$121,522</u>
Liability Description	Level 1	Level 2	Level 3	Total
Investments Sold Short	—	\$(1,019)	\$ —	\$(1,019)
Forward Foreign Currency Exchange Contracts	—	(395)	—	(395)
Cross-Currency Swaps	—	—	—	—
Interest Rate Swaps	—	(10)	—	(10)
Total Return Debt Swaps	—	—	(25)	(25)
Total	<u>—</u>	<u>\$(1,424)</u>	<u>\$(25)</u>	<u>\$(1,449)</u>

The Fund's investments consist primarily of debt securities that are traded on a private over-the-counter market for institutional investors. Except as described below, the Fund values its investments daily by using the midpoint of the prevailing bid and ask prices from dealers, which are provided by an independent third-party pricing service approved by the Board and screened for validity by such service. Investments and futures that are traded on an active public market are valued daily at their closing price. Forward foreign currency exchange contracts and swaps are valued at their quoted daily prices obtained from an independent third party. Debt investments where prices from dealers are not available are valued using broker quotes. Debt investments for which broker quotes are not available would be valued by an independent third-party valuation firm approved by the Board, which determines the fair value of such investments by considering, among other factors, the borrower's ability to adequately service its debt, prevailing interest rates for like investments, expected cash flows, call features, anticipated prepayments and other relevant terms of the investments. Except as described above, the Fund's preferred stock investment is also valued by the same independent valuation firm, which determines the fair value of such investments by considering, among other factors, contractual rights ascribed to such investments, as well as various income scenarios and multiples of earnings before interest, taxes, depreciation and amortization, or EBITDA, cash flows, net income, revenues or, in limited instances, book value or liquidation value.

FS Credit Income Fund

Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 8. Fair Value of Financial Instruments (continued)

The Fund periodically benchmarks the bid and ask prices it receives from the independent third-party pricing service and/or dealers, as applicable, against the actual prices at which it purchases and sells its investments. Based on the results of the benchmark analysis and the experience of the Fund's management in purchasing and selling these investments in other investment funds managed by the sponsor, the Fund believes that these prices are reliable indicators of fair value. The Fund may also use other methods, including the use of an independent third-party valuation service approved by the Board, to determine fair value for securities for which it cannot obtain prevailing bid and ask prices through independent third-party pricing services or independent dealers, or where the Board otherwise determines that the use of such other methods is appropriate. The Fund will periodically benchmark the valuations provided by the independent third-party valuation service against the actual prices at which the Fund purchases and sells its investments. The Fund's audit committee and Board reviewed the valuation determinations made with respect to these investments and determined that they were made in a manner consistent with the Fund's valuation policy.

The following is a reconciliation for the year ended October 31, 2018 of investments for which significant unobservable inputs (Level 3) were used in determining fair value:

	Senior Secured Loans— Second Lien	Unsecured Bonds	Collateralized Loan Obligation (CLO)/ Structured Credit	Preferred Stock	Total
Fair value at beginning of period	\$ —	\$ —	\$ —	\$ —	\$ —
Accretion of discount (amortization of premium)	4	—	—	—	4
Realized gain (loss)	—	—	—	—	—
Net change in unrealized appreciation (depreciation)	(4)	62	2	1	61
Purchases	1,881	801	508	194	3,384
Sales	—	—	—	—	—
Net transfers in or out of Level 3	—	—	—	—	—
Fair value at end of period	<u>\$1,881</u>	<u>\$863</u>	<u>\$510</u>	<u>\$195</u>	<u>\$3,449</u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to investments still held at the reporting date	<u>\$ (4)</u>	<u>\$ 62</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 61</u>

The following is a reconciliation for the year ended October 31, 2018 of the total return debt swaps for which significant unobservable inputs (Level 3) were used in determining the fair value:

Fair value at beginning of period	\$ —
Accretion of discount (amortization of premium)	—
Net realized gain (loss)	76
Net change in unrealized appreciation (depreciation)	(16)
Sales and repayments	(76)
Net transfers in or out of Level 3	—
Fair value at end of period	<u>\$(16)</u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to the total return debt swaps still held at the reporting date	<u>\$(16)</u>

FS Credit Income Fund

Notes to Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 8. Fair Value of Financial Instruments (continued)

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements as of October 31, 2018 are as follows:

Type of Investment	Fair Value at October 31, 2018	Valuation Technique ⁽¹⁾	Unobservable Input	Range	Weighted Average
Senior Secured Loans—Second Lien	\$1,881	Market Quotes	Indicative Dealer Quotes	99.0% – 99.0%	99.0%
Unsecured Bonds	863	Market Quotes	Indicative Dealer Quotes	105.8% – 106.5%	106.1%
CLO/Structured Credit	510	Market Quotes	Indicative Dealer Quotes	100.0% – 100.0%	100.0%
			EBITDA Multiples (x)	10.5x–12.5x	11.5x
Preferred Stock	195	Market Comparables	Market Yield (%)	12.8%–13.2%	13.0%
Total	<u>\$3,449</u>				
Total Return Debt Swaps	\$ (16)	Market Comparables	Market Yield (%)	4.1%–5.2%	4.6%

(1) Investments using a market quotes valuation technique were valued by using the midpoint of the prevailing bid and ask prices from dealers on the date of the relevant period end, which were provided by an independent third-party pricing service and screened for validity by such service. For investments using a market comparables valuation technique, a significant increase (decrease) in the market yield, in isolation, would result in a significantly lower (higher) fair value measurement, and a significant increase (decrease) in any of the valuation multiples, in isolation, would result in a significantly higher (lower) fair value measurement.

Note 9. Financing Arrangement

The following table presents summary information with respect to the Fund’s outstanding financing arrangement as of October 31, 2018:

Arrangement	Type of Arrangement	Rate	Amount Outstanding	Amount Available	Maturity Date
BNP Facility	Revolving Prime Brokerage	L+1.00%	\$10,175	\$32,407	April 28, 2019 ⁽¹⁾

(1) As described below, the BNP Facility generally is terminable upon 179 days’ notice by either party. As of October 31, 2018, neither the Fund nor BNP Paribas had provided notice of its intent to terminate the facility.

BNP Facility

On October 25, 2017, and effective November 1, 2017, the Fund entered into a committed facility arrangement (the “BNP Facility”) with BNP Paribas Prime Brokerage International, Ltd. (together with its affiliates “BNP Paribas”). The BNP Facility provides for borrowings on a committed basis up to a maximum amount equal to the average outstanding balance over the past ten business days or, if fewer, the number of business days since closing. The Fund may also borrow additional amounts on an uncommitted basis, at the discretion of BNP Paribas, to the extent the pledged collateral provides sufficient coverage for such additional borrowings. Borrowings are available in U.S. Dollars (“USD”), Canadian Dollars (“CAD”), Euro (“EUR”), British Pounds (“GBP”), Swiss Francs (“CHF”), Australian Dollars (“AUD”), Japanese Yen (“JPY”), Swedish Kronor (“SEK”), and Danish Kroner (“DKK”). Borrowings under the BNP Facility accrue interest at a rate equal to the London Interbank Offered Rate (“LIBOR”) for a one-month interest period plus 1.00% per annum on USD borrowings, the Canadian Dollar Offered Rate (“CDOR”) for a one-month interest period plus 1.00% per annum on CAD borrowings, the British Pound Sterling London Interbank Offered Rate (“GBP LIBOR”) for a one-month interest period plus 1.00% per annum on GBP borrowings, the Swiss Franc London Interbank Offered Rate (“CHF LIBOR”) for a one-month interest period plus 1.00% per annum on CHF borrowings, the Bank Bill Swap Reference Rate (“BBSW”) for a one-month interest period plus 1.00% per annum on AUD borrowings, the Japanese Yen

FS Credit Income Fund

Notes to Financial Statements (continued) (in thousands, except share and per share amounts)

Note 9. Financing Arrangement (continued)

London Interbank Offered Rate (“JPY LIBOR”) for a one-month interest period plus 1.00% per annum on JPY borrowings, the Stockholm Interbank Offered Rate (“STIBOR”) for a one-month interest period plus 1.00% per annum on SEK borrowings, or the Copenhagen Interbank Offered Rate (“CIBOR”) for a one-month interest period plus 1.00% per annum on DKK borrowings. Interest is payable monthly in arrears. The Fund may terminate the facility at any time. Absent a default or facility termination event (or the ratings decline described in the following sentence), BNP Paribas is required to provide the Fund with 179 days’ notice prior to terminating or materially amending the BNP Facility. BNP Paribas has a cancellation right if BNP Paribas’ long-term credit rating declines three or more notches below its highest rating by any of Moody’s Investors Service, Inc., Standard & Poor’s Ratings Services or Fitch IBCA, Inc. during the term of the BNP Facility. Upon any such termination, BNP Paribas is required to pay the Fund a fee equal to 1.00% of the maximum amount of financing available on the termination date.

In connection with the BNP Facility, the Fund has made certain representations and warranties and is required to comply with various covenants and reporting requirements customary for facilities of this type. The BNP Facility agreements contain the following events of default and termination events, among others: (a) the occurrence of a default or similar condition under certain third-party contracts of the Fund; (b) any change in BNP Paribas’ interpretation of applicable law that, in the reasonable opinion of counsel to BNP Paribas, has the effect of impeding or prohibiting the BNP Facility; (c) certain events of insolvency or bankruptcy by the Fund; (d) specified material reductions in the Fund’s NAV; (e) any change in the Fund’s fundamental or material investment policies; and (f) the termination of the Investment Advisory Agreement or if FS Credit Income Advisor otherwise ceases to act as the Fund’s investment adviser and is not immediately replaced by an affiliate or other investment adviser acceptable to BNP Paribas.

The carrying amount outstanding under the BNP Facility approximates its fair value. For the year ended October 31, 2018, the total interest expense for the BNP Facility was \$101.

For the year ended October 31, 2018, the cash paid for interest expense, average borrowings, effective interest rate and weighted average interest rate for the BNP Facility were as follows:

Cash paid for interest expense ⁽¹⁾	\$ 101
Average borrowings ⁽²⁾	\$3,551
Effective interest rate on borrowings	3.31%
Weighted average interest rate	3.14%

(1) Interest under the BNP Facility is payable quarterly in arrears.

(2) Average borrowings are calculated for the period since the Fund commenced borrowings thereunder to October 31, 2018.

Under the terms of the BNP Facility, BNP Paribas has the ability to borrow a portion of the pledged collateral (collectively, “the rehypothecated securities”), subject to certain limits, in exchange for paying to the Fund a fee equal to 70% of the difference between the fair market rate (as determined by BNP Paribas) and the overnight Fed Funds rate. The Fund may, in its sole discretion for any valid business reason, designate any security within the pledged collateral as ineligible to be a rehypothecated security, provided there remain securities eligible to be rehypothecated within the segregated custody account in an amount equal to the outstanding borrowings owed by the Fund to BNP Paribas. The Fund may recall any rehypothecated security at any time and BNP Paribas must return such security or an equivalent security within a commercially reasonable period. In the event BNP Paribas does not return the security, the Fund will have the right to, among other things, apply and set off an amount equal to 100% of the then-current fair market value of such rehypothecated securities against any outstanding borrowings owed to BNP Paribas under the facility. Rehypothecated securities are marked-to-market daily and if the value of all rehypothecated securities exceeds 100% of the outstanding borrowings owed by the Fund under the BNP

FS Credit Income Fund

Notes to Financial Statements (continued) (in thousands, except share and per share amounts)

Note 9. Financing Arrangement (continued)

Facility, BNP Paribas may either reduce the amount of rehypothecated securities to eliminate such excess or deposit into the segregated custody account an amount of cash equal to such excess. The Fund will continue to receive interest and the scheduled repayment of principal balances on rehypothecated securities. For the year ended October 31, 2018, the Fund did not receive any fees from BNP Paribas for securities that had been rehypothecated pursuant to the BNP Facility. As of October 31, 2018, there were no securities rehypothecated by BNP Paribas.

Note 10. Concentration of Risk

Investing in the Fund involves risks, including, but not limited to, those set forth below. The risks described below are not, and are not intended to be, a complete enumeration or explanation of the risks involved in an investment in the Fund. For a more complete discussion of the risks of investing in the Fund, see the section entitled “Types of Investments and Related Risks” in the Fund’s prospectus and the Fund’s other filings with the SEC.

Credit Risk: The Fund’s debt investments are subject to the risk of non-payment of scheduled interest or principal by the borrowers with respect to such investments. Such non-payment would likely result in a reduction of income to the Fund and a reduction in the value of the debt investments experiencing non-payment.

Although the Fund may invest in investments that FS Credit Income Advisor and GoldenTree believe are secured by specific collateral, the value of which may exceed the principal amount of the investments at the time of initial investment, there can be no assurance that the liquidation of any such collateral would satisfy the borrower’s obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, the Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing an investment. Under certain circumstances, collateral securing an investment may be released without the consent of the Fund. Moreover, the Fund’s investments in secured debt may be unperfected for a variety of reasons, including the failure to make required filings by lenders, trustees or other responsible parties and, as a result, the Fund may not have priority over other creditors as anticipated. The Fund’s right to payment and its security interest, if any, may be subordinated to the payment rights and security interests of more senior creditors. Certain of these investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In this case, a portfolio company’s ability to repay the principal of an investment may be dependent upon a liquidity event or the long-term success of the company, the occurrence of which is uncertain.

Companies in which the Fund invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or an economic downturn. As a result, companies that the Fund expected to be stable may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress.

Non-U.S. Securities Risk: Investments in certain securities and other instruments of non-U.S. issuers or borrowers (“non-U.S. securities”), involve factors not typically associated with investing in the United States or other developed countries, including, but not limited to, risks relating to: (i) differences between U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements; and less government supervision and regulation; (ii) other differences in law and regulation, including fewer investor protections, less stringent fiduciary duties, less developed

FS Credit Income Fund

Notes to Financial Statements (continued) (in thousands, except share and per share amounts)

Note 10. Concentration of Risk (continued)

bankruptcy laws and difficulty in enforcing contractual obligations; (iii) certain economic and political risks, including potential economic, political or social instability; exchange control regulations; restrictions on foreign investment and repatriation of capital, possibly requiring government approval; expropriation or confiscatory taxation; other government restrictions by the United States or other governments; higher rates of inflation; higher transaction costs; and reliance on a more limited number of commodity inputs, service providers and/or distribution mechanisms; and (iv) the possible imposition of local taxes on income and gains recognized with respect to securities and assets. Certain non-U.S. markets may rely heavily on particular industries or non-U.S. capital and are more vulnerable to diplomatic developments, the imposition of economic sanctions against a particular country or countries, organizations, entities and/or individuals, changes in international trading patterns, trade barriers and other protectionist or retaliatory measures. International trade barriers or economic sanctions against non-U.S. countries, organizations, entities and/or individuals may adversely affect the Fund's non-U.S. holdings or exposures. Certain non-U.S. investments may become less liquid in response to social, political or market developments or adverse investor perceptions, or become illiquid after purchase by the Fund, particularly during periods of market turmoil. Certain non-U.S. investments may become illiquid when, for instance, there are few, if any, interested buyers and sellers or when dealers are unwilling to make a market for certain securities. When the Fund holds illiquid investments, its portfolio may be harder to value, especially in changing markets. The risks of investments in emerging markets, including the risks described above, are usually greater than the risks involved in investing in more developed markets. Because non-U.S. securities may trade on days when the Fund's common shares are not priced, NAV may change at times when common shares cannot be sold.

Foreign Currency Risk: Investments made by the Fund, and the income received by the Fund with respect to such investments, may be denominated in various non-U.S. currencies. However, the books of the Fund are maintained in U.S. dollars. Accordingly, changes in currency values may adversely affect the U.S. dollar value of portfolio investments, interest and other revenue streams received by the Fund, gains and losses realized on the sale of portfolio investments and the amount of distributions, if any, made by the Fund. In addition, the Fund may incur substantial costs in converting investment proceeds from one currency to another. The Fund may enter into derivative transactions designed to reduce such currency risks. Furthermore, the portfolio companies in which the Fund invests may be subject to risks relating to changes in currency values. If a portfolio company suffers adverse consequences as a result of such changes, the Fund may also be adversely affected as a result.

Note 11. Commitments and Contingencies

The Fund enters into contracts that contain a variety of indemnification provisions. The Fund's maximum exposure under these arrangements is unknown; however, the Fund has not had prior claims or losses pursuant to these contracts. Management of FS Credit Income Advisor has reviewed the Fund's existing contracts and expects the risk of loss to the Fund to be remote.

The Fund is not currently subject to any material legal proceedings and, to the Fund's knowledge, no material legal proceedings are threatened against the Fund. From time to time, the Fund may be a party to certain legal proceedings in the ordinary course of business, including proceedings related to the enforcement of the Fund's rights under contracts with its portfolio companies. While the outcome of any legal proceedings cannot be predicted with certainty, to the extent the Fund becomes party to such proceedings, the Fund would assess whether any such proceedings will have a material adverse effect upon its financial condition or results of operations.

See Note 4 for a discussion of the Fund's commitments to FS Credit Income Advisor, GoldenTree and their respective affiliates (including FS Investments).

Supplemental Information (Unaudited)

Changes in Accountants and Disagreements with Accountants on Accounting and Financial Disclosure

The Fund has not had any changes in its independent registered public accounting firm or disagreements with its independent registered public accounting firm on accounting or financial disclosure matters since its inception.

Board of Trustees

Information regarding the members of the Board is set forth below. The trustees have been divided into two groups—interested trustees and independent trustees. The address for each trustee is c/o FS Credit Income Fund, 201 Rouse Boulevard, Philadelphia, Pennsylvania 19112. As set forth in the Fund’s amended and restated declaration of trust, each trustee’s term of office shall continue until his or her death, resignation or removal.

Name	Age	Trustee Since	Title	Principal Occupation(s) During the Past Five Years	Number of Registered Investment Companies in Fund Complex* Overseen by Trustee	Other Directorships Held by Trustee
<i>Interested Trustees</i>						
Michael C. Forman ⁽¹⁾	57	October 2016	Chairman	Chairman and Chief Executive Officer of FS Investments	10	FS Series Trust (since 2016); FS Energy Total Return Fund (since 2016); FS Credit Real Estate Income Trust, Inc. (since 2016); FS Investment Corporation IV (since 2015); FS Global Credit Opportunities Fund (since 2013 and including its affiliated feeder funds); FS Investment Corporation III (since 2013); FS Investment Corporation II (since 2011); FS Energy and Power Fund (since 2010); and FS KKR Capital Corp. (formerly FS Investment Corporation) (since 2007)
Steven Shapiro ⁽²⁾	51	September 2017	Trustee	Partner and Executive Committee Member of GoldenTree Asset Management	1	None
<i>Independent Trustees</i>						
Holly E. Flanagan	47	September 2017	Trustee	Managing Director of Gabriel Investments (since 2013)	3	FS Multi-Alternative Income Fund (since 2018); FS Energy Total Return Fund (since 2017)
Brian R. Ford	69	September 2017	Trustee	Partner of Ernst & Young LLP (1971–2008)	3	FS KKR Capital Corp. (since 2018); FS Investment Corporation II (since 2018); FS Investment Corporation IV (since 2018); FS Multi-Alternative Income Fund (since 2018); FS Energy Total Return Fund (since 2016); FS Investment

Name	Age	Trustee Since	Title	Principal Occupation(s) During the Past Five Years	Number of Registered Investment Companies in Fund Complex* Overseen by Trustee	Other Directorships Held by Trustee
Joseph P. Ujobai	57	September 2017	Trustee	Executive Vice President of SEI Investments Company (since 2003); Chief Executive Officer and Managing Director of SEI Investments (Europe) Limited (since 2000)	3	Corporation III (since 2013); Clearway Energy Inc. (formerly NRG Yield, Inc.) (since 2013); and AmeriGas Propane, Inc. (since 2013) FS Multi-Alternative Income Fund (since 2018); FS Energy Total Return Fund (since 2016); FS KKR Capital Corp. (formerly FS Investment Corporation) (since 2015)

* The “Fund Complex” consists of the Fund, FS Series Trust, FS Energy Total Return Fund, FS Multi-Alternative Income Fund and FS Global Credit Opportunities Fund (and its affiliated feeder funds).

- (1) Mr. Forman is deemed to be an “interested person” of the Fund, as defined in Section 2(a)(19) of the 1940 Act, due to his role as a controlling person of FS Credit Income Advisor.
- (2) Mr. Shapiro is deemed to be an “interested person” of the Fund, as defined in Section 2(a)(19) of the 1940 Act, due to his role as a partner and executive committee member of the parent company to GoldenTree Asset Management Credit Advisor LLC, the investment sub-advisor to the Fund.

Executive Officers

Information regarding the executive officers of the Fund is set forth below. The address for each executive officer is c/o FS Credit Income Fund, 201 Rouse Boulevard, Philadelphia, Pennsylvania 19112.

Name	Age	Position Held with Registrant	Length of Time Served	Principal Occupation(s) During the Past Five Years
Michael C. Forman	57	Chief Executive Officer & President	Since 2016	Chairman and Chief Executive Officer, FS Investments
Edward T. Gallivan, Jr.	56	Chief Financial Officer	Since 2017	Chief Financial Officer, FS Energy and Power Fund, FS Multi-Alternative Income Fund, FS Energy Total Return Fund, FS Global Credit Opportunities Fund and its affiliated feeder funds, FS Credit Real Estate Income Trust, Inc.
Stephen S. Sypherd	41	Vice President, Treasurer & Secretary	Since 2016	General Counsel, FS Investments
James F. Volk	56	Chief Compliance Officer	Since 2016	Senior Vice President of Fund Compliance, FS Investments; and Chief Compliance Officer, Chief Accounting Officer and Head of Traditional Fund Operations at SEI’s Investment Manager Services market unit (1996–2014)

Statement of Additional Information

The Fund’s statement of additional information contains additional information regarding the Fund’s trustees and executive officers and is available upon request and without charge by calling the Fund collect at 215-495-1150 or by accessing the Fund’s “SEC Filings” page on FS Investments’ website at www.fsinvestments.com.

Form N-Q Filings

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund’s Forms N-Q are available on the SEC’s website at

<http://www.sec.gov>. The Fund's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room located at 100 F Street, NE, Washington, DC 20549. Shareholders may obtain information on the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330.

Proxy Voting Policies and Procedures

The Fund has delegated its proxy voting responsibility to FS Credit Income Advisor, the Fund's investment adviser. In addition, FS Credit Income Advisor has delegated the responsibilities of voting and administering proxies received by the Fund to GoldenTree Asset Management Credit Advisor LLC (the "GoldenTree Sub-Adviser"), the investment sub-adviser to the Fund. Shareholders may obtain a copy of the proxy voting policies and procedures of FS Credit Income Advisor and the GoldenTree Sub-Adviser upon request and without charge by calling the Fund collect at 215-495-1150 or on the SEC's website at <http://www.sec.gov>.

Proxy Voting Record

Information regarding how the GoldenTree Sub-Adviser voted proxies relating to the Fund's portfolio securities during the most recent twelve-month period ended June 30 is available upon request and without charge by making a written request to the Fund's Chief Compliance Officer at FS Credit Income Fund, 201 Rouse Boulevard, Philadelphia, Pennsylvania 19112, Attn: Chief Compliance Officer, by calling the Fund collect at 215-495-1150 or on the SEC's website at <http://www.sec.gov>.