Dear Shareholder,

Against the backdrop of the coronavirus pandemic, we present our mid-year update for the Vertical Capital Income Fund (the "Fund"). Consistent with the Fund's investment objective to seek income, the Fund made monthly distributions from operations aggregating approximately $0.18 per share for the six-month period ended March 31, 2020. In addition, a special distribution of approximately $0.19 per share was paid in December 2019 as a result of net capital gains realized on loan sales and loan payoffs during the Fund's last fiscal year ending September 30, 2019. The Fund has made a special distribution each year since inception.

For the six-month period ended March 31, 2020 the Fund produced a total return, based on its traded share price, of -19.19% compared to one of its key benchmarks, the Bloomberg Barclays U.S. Mortgage Backed Securities Index, which reported a total return of 3.55%. (Please see the definition of the index that accompanies the performance table that immediately follows this letter.) During the same period the S&P 500 Total Return Index was -12.31%. The SEC Yield per share as of March 31, 2020 totaled 2.53%. Obviously, the collapse of equity markets in March had a severe negative impact on the Fund's share price and performance. The Fund's traded share price was $10.68 at the beginning of the period. The shares traded down to just under $10.00 for a short period of time in October 2019, and then gained some traction trading up to a high of $11.00 in February 2020. At the bottom in March the share price fell to a low of $7.29 and then rebounded slightly, closing at $8.38 on March 31, 2020. Since then the share price recovered during April and early May, but not fully to pre-virus crisis levels.

In comparison the Fund produced a total return based on its net asset value ("NAV") per share for the same six-month period of -4.39% The Fund's NAV per share was $12.75 at September 30, 2019, and its NAV per share was $11.80 at March 31, 2020. Since inception, the Fund has produced an annualized total return of 0.94%, based on a hybrid calculation using NAV per share prior to its listing on the NYSE in May 2019 and using its traded share price thereafter. The Fund's total return since inception, based solely on NAV per share, was 6.88%.

Update on Economic Outlook

As we reported to you last November, the U.S. economy was expected to grow in the ranges of 1.1% and 1.4% for 2020 and 2021, respectfully; reflecting continued growth, albeit at a slower rate than in immediately prior years. The unemployment rate was generally projected to hover around 4.0% for both 2020 and 2021. In March, as awareness of a virus pandemic became known, economists began adjusting their forecasts to reflect slight downturns in GDP beginning in the third quarter. Within one month, as the full impact of the disease was becoming evident, revised forecasts began assuming a severe decline in economic activity and a substantial increase in unemployment.

Many economists believe that we will have a "v-shaped" recovery, one in which the U.S. will experience a sharp drop in GDP beginning in the second quarter of this year followed by a strong rebound recovery late in 2020 and into 2021. However, others see a "u-shaped" recovery where negative conditions will exist much longer. Either way the U.S. will suffer as we witness business closings and job losses.

In order to support the economy and provide liquidity to the U.S. banking system, the Federal Reserve has lowered its Fed Fund Rate to near zero with the likelihood that this benchmark rate will remain unchanged through 2021 and likely into 2022. At the same time, investors seeking safety have been reallocating funds from the equity markets to the capital markets, pushing the interest rate on the 10-year U.S. Treasury note to under 1%.

Update on the U.S. Mortgage Market

The U.S. housing market had been very strong prior to the crisis. Both starts of new construction homes and sales of existing homes were strong. Given the disruption in the economy, home starts in 2020 are expected to slow a bit and then rebound, generally mirroring the timeline and shape of the overall economic recovery. Home sales for 2020 are now expected to be about 2% less than previously projected. In absolute terms, the U.S. should have approximately 700,000 new housing starts and about five million home sales this calendar year – still relatively large numbers.

Total residential mortgage originations for 2020 are currently anticipated to be $2.4 trillion, a more than 10% increase over 2019 primarily as a result of a 30% increase in re-financings due to lower mortgage rates. Since the stability of the housing market is so fundamental to the U.S. economy, the Federal Reserve has interjected itself into the market, aggressively providing funds to purchase mortgage backed securities issued by the FHA, Freddie Mac and Fannie Mae (collectively the "GSEs").

Update on Fund Strategy

The Fund meets its investment objective primarily by investing in mortgage notes secured by first liens on residential real estate. These are "whole loans", not mortgage backed securities, which the Fund does not acquire. We pursue investment opportunities in many types of residential mortgage whole loans, including agency ineligible ("conforming" loans that would have otherwise qualified for funding by one of the GSEs, but were rejected for technical defects in the application or documentation process), non-qualified (loans that do not meet the criteria for purchase or origination by a GSE), performing, re-performing (loans that were non-performing at one point and have now become performing), long-term, short-term, fixed rate and adjustable.

The Fund primarily invests through participation in the secondary residential whole loan market and typically purchases loans at a discount to their current unpaid principal balances. The secondary residential whole loan market is part of the larger $11 trillion one- to four- family residential mortgage market and historically boasts a deep roster of institutional participants, along with a diverse universe of sellers and reasons for sale. As such, we are comfortable that we will continue to see an adequate supply of investment opportunities.

Update on Operations and Liquidity

Total net assets as of March 31, 2020 were approximately $122.5 million, comprised of 790 individual loan investments. Every one of the portfolio's key metrics, including current weighted average loan-to-value, weighted average effective interest rates, borrower FICO credit scores and percent of performing loans, are generally the same or better as of March 31, 2020 compared to six months ago. Through March, the percentage of non-performing loans (defined as more than 60-days past due, in bankruptcy or foreclosure), was generally consistent with the Fund's prior history.

Given the current struggling economic environment, it is expected that some borrowers whose financial situations are being negatively impacted by income and/or job loss, would begin seeking some form of debt relief. In April we did receive inquiries mostly questioning "what happens if I have a financial problem". A smaller number of those inquiries progressed to actual requests for assistance. In these situations, and in others that may arise, we intend to implement humanitarian solutions without compromising the financial viability of the Fund for borrowers that have legitimate needs arising out of the COVID-19 crisis.

We continue to employ a conservative approach to managing the Fund's balance sheet. At March 31, 2020 the Fund had approximately $10.5 million drawn on its line of credit, against $35 million of committed availability. This is equivalent to a leverage ratio of approximately 12% of total market capitalization and 8.5% of NAV. The line's term expires in July and contains a one-year extension option, which we intend to exercise. The line is used to fund short-term working capital needs, bridge transactional activity and increase investment in mortgage loans when such investment is accretive to the Fund's earnings.

The Fund also typically receives cash each month from loan payoffs as a result of borrowers selling their homes or refinancing. A typical 25- to 30- year mortgage loan has historically paid off in six-to-seven years on average, depending on market interest rates. Generally, the volume of re-financings is higher in a low interest rate environment. When received, this capital is typically redeployed into new investments.

We appreciate your support and look forward to reporting to you later this year.

Regards,

Robert J. Chapman
Chairman of the Board of Trustees and Portfolio Manager