

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES**

Investment Company Act file number 811-22554

Vertical Capital Income Fund

(Exact name of registrant as specified in charter)

80 Arkay Drive, Hauppauge, NY 11788

(Address of principal executive offices) (Zip code)

James Ash, Gemini Fund Services, LLC

17605 Wrigh Street, Omaha, Nebraska, 68130

(Name and address of agent for service)

Registrant's telephone number, including area code: 631-470-2616

Date of fiscal year end: 9/30

Date of reporting period: 9/30/13

**Item 1. Reports to Stockholders.**

# Vertical Capital Income Fund

Cusip: 92535C104

VCAPX

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**Annual Report**

September 30, 2013

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*Investor Information: 1-866-277-VCIF*



December 7, 2013

Dear Shareholders:

For the fiscal year ended September 30, 2013, the Vertical Capital Income Fund had a total return (load waived) of 7.42%, while the Fund's benchmark, the Barclays Capital Mortgage Backed Securities Index had total return of -1.20%. Including the maximum load, the Fund had a total return of 2.58%. The Fund's comparatively strong returns are primarily due to the high level of interest income and lower interest rate sensitivity when compared to the benchmark.

The third calendar quarter of 2013 has seen a mixture of positive and negative economic activity, but despite the inconsistencies, we expect the environment to have an overall positive effect on the performance of the Fund. The positive side of the economic activity has been highlighted with a surge in home prices. This surge has increased the amount of equity in many homes and also the collateral value for mortgage holders, which we believe will bode well for our long term outlook. The Federal Reserve Bank has stated the need to continue with Quantitative Easing, and that it will consider tapering at a gradual rate later this year or early next year, to avoid the unease from ending it too abruptly. Additionally, as interest rates have risen in anticipation of the Fed tapering, mortgage rates have risen substantially off their lows, but this has not yet deterred homebuilders, as we have seen homebuilding sentiment rising to its highest point since 2006.

Over the last couple of years, real estate investors have been snatching up foreclosures and bank-owned properties at an increasing pace, which has driven up home prices much faster than most analysts had predicted. In turn, the rise in home values has priced many of these same investors out of the market, and although this has resulted in a slowdown in home purchasing, home prices are still on the rise. We believe that housing will be directly affected by interest rates. For example, the most recent increase in the 10-Year Treasury note from 1.66% on May 1<sup>st</sup> to 2.98% on September 5<sup>th</sup> had a dramatic bearing on the 30-Year Fixed Mortgage rates that helped cool the real estate surge. As credit qualifications remain relatively tight, if a potential home buyer has trouble qualifying at 3.75%, they will find it nearly impossible to qualify at 4.75%. Thus, we expect housing to experience volatility until the Fed determines a clear exit strategy from the stimulus program.

Chairman Bernanke has recently stated that the Federal Reserve Bank intends to keep adding stimulus to the U.S. Economy, known as Quantitative Easing, to the tune of \$85 Billion per month of purchasing U.S. Government debt. *"He said that 6.5 percent unemployment is still the threshold for potentially stopping bond purchases, not the trigger, and when tapering does start, it will be done gradually to mitigate a paralyzing rise in interest rates."* – Doug Cubberley, Reporter, CNBC.com, 07-17-2013. The injection of Federal stimulus dollars has had a positive effect on the Fund in-so-much that it has been helping support low interest rates and increased home buying which thereby may lower risk as increases in home values should increase the value of collateral behind the mortgage notes. If the increase in collateral values translates to a reduction of risk, it may result in an increase in the value of the notes. When the Fed does taper off their purchases, we expect that the economic environment will be better stabilized, and therefore any impact to the price of Mortgage Notes should be minimal.

As previously mentioned, mortgage rates have been rising quickly, hitting a high of 4.66% on average for a 30-Year Fixed Rate. This rise in rates will likely lead to slower short term home buying from current homeowners, and therefore may slow the rate of early pay-offs in the Fund. While this will likely have little impact on the dividends being paid, it could lengthen the time horizon for realizing some of the potential Capital Gains the Fund might receive on a pay-off.

The potential for total return generated in the Fund may come in various ways. As previously mentioned, if an individual note is paid-off, either partially, or in full, the discount can be realized prior to maturity. Additionally, as the unpaid notes continue to perform, they will collectively have a positive effect on NAV. The Fund will have some sensitivity to interest rates, as they increase or decrease over time, but in the case of rising interest rates, we believe this inevitability will be directly correlated with a positive economic outlook, which will in turn lead to improving home values and activity, all of which may have a positive effect on the performance of the fund. Of course, there is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses.

In the Fund, there are currently 275 Mortgage Notes that have been purchased for a sum total of \$30,896,018 and represents an outstanding unpaid note/principal balance of \$44,388,013 and thereby a purchase discount on average of 70% of the unpaid principal balance on the notes. Additionally, the portfolio is regionally diversified over 40 states. During the last fiscal year, we had 8 notes that paid off at full value. Finally, the fund assets under management grew from \$11,756,271 on October 1, 2012 to \$39,986,708 on September 30, 2013.

Thank you for your investment in the Vertical Capital Income Fund.

Regards,



Gus Altuzarra  
Managing Member



Chris Chase  
Managing Member

Definitions:

**Barclays Mortgage Backed Securities Index** - a market value-weighted index which covers the mortgage-backed securities component of the Barclays U.S. Aggregate Bond Index. The index is composed of agency mortgage-backed passthrough securities of the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac) with a minimum \$150 million par amount outstanding and a weighted-average maturity of at least 1 year. The index includes reinvestment of income.

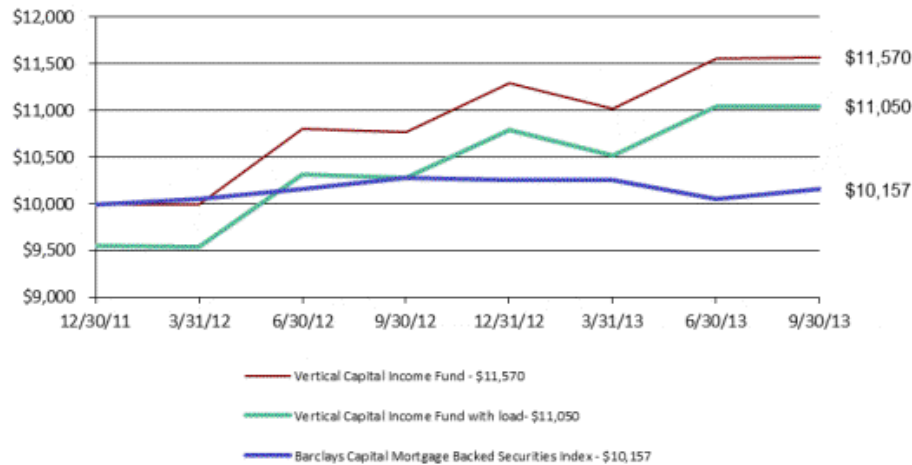
vcs0155-20131125 2933-NLD-11/25/2013

20 Pacifica, Suite 190, Irvine, CA 92618

866-224-8867

Vertical Capital Income Fund is distributed by Northern Lights Distributors, LLC, member FINRA (finra.org).  
Vertical Capital Asset Management, LLC is not affiliated with Northern Lights Distributors, LLC.

**Vertical Capital Income Fund**  
**PERFORMANCE OF A \$10,000 INVESTMENT (Unaudited)**  
**Since Inception through September 30, 2013\***



	One Year	Since Inception*
The Vertical Capital Income Fund	7.42%	8.67%
The Vertical Capital Income Fund with load	2.58%	5.86%
Barclays Capital Mortgage Backed Securities Index	(1.20)%	0.89%

\*The Fund commenced operations on December 30, 2011. The performance of the Fund is based on average annual returns.

The Barclays Capital Mortgage Backed Securities Index is an unmanaged index comprising 15 and 30 year fixed-rate securities backed by mortgage pools of Ginnie Mae, Freddie Mac and Fannie Mae. Investors cannot invest directly in an index or benchmark.

Past performance is not predictive of future results. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than the original cost. Total return is calculated assuming reinvestment of all dividends and distributions. Total returns would have been lower had the Adviser not waived its fees and reimbursed a portion of the Fund's expenses. The Fund's total gross annual operating expenses, including underlying funds, is 9.56% per the January 24, 2013 Prospectus. The graph does not reflect the deduction of taxes that a shareholder would have to pay on Fund distributions or the redemption of the Fund shares. For performance information current to the most recent month-end, please call 1-866-277-VCIF.

**PORTFOLIO COMPOSITION\* (Unaudited)**

Mortgage Notes	99.70%
Other Investments	0.30%
	<u>100.00%</u>

\*Based on Investments at Value as of September 30, 2013.

**Vertical Capital Income Fund**  
**PORTFOLIO OF INVESTMENTS**  
**September 30, 2013**

Principal		Loan Type	Interest Rate	Maturity	Value
	<b>MORTGAGE NOTES - 82.9 %</b>				
\$ 319,605	Loan ID 200001	Fixed	6.250%	4/1/2038	\$ 212,145
124,316	Loan ID 200003	Balloon	7.250%	9/1/2035	87,855
321,154	Loan ID 200004	Fixed	7.990%	10/1/2036	236,833
171,697	Loan ID 200005	Fixed	4.750%	8/1/2039	140,790
75,958	Loan ID 200006	ARM	7.990%	1/1/2036	56,218
38,868	Loan ID 200007	ARM	6.000%	2/1/2028	26,746
56,436	Loan ID 200008	ARM	3.875%	3/28/2035	33,642
154,954	Loan ID 200009	ARM	3.000%	4/1/2037	82,231
166,993	Loan ID 200010	ARM	3.000%	5/1/2034	94,580
142,561	Loan ID 200011	Fixed	6.850%	6/1/2035	98,276
53,333	Loan ID 200012	ARM	9.800%	7/1/2037	44,084
60,296	Loan ID 200013	Fixed	5.250%	9/1/2040	36,967
84,918	Loan ID 200014	Fixed	3.500%	3/1/2027	75,620
36,813	Loan ID 200015	Fixed	9.000%	8/1/2030	12,563
43,025	Loan ID 200016	ARM	10.375%	1/1/2031	37,578
53,335	Loan ID 200017	ARM	6.375%	8/1/2030	38,201
58,210	Loan ID 200018	Fixed	7.000%	1/1/2033	41,330
66,655	Loan ID 200019	Fixed	4.000%	12/1/2036	39,329
85,144	Loan ID 200020	Fixed	5.630%	7/1/2033	56,403
89,662	Loan ID 200021	ARM	4.000%	10/1/2033	54,974
97,946	Loan ID 200022	Fixed	4.100%	6/1/2039	56,713
103,169	Loan ID 200023	Fixed	5.875%	12/1/2050	66,832
105,386	Loan ID 200024	Fixed	7.000%	11/1/2034	75,498
151,731	Loan ID 200025	ARM	3.125%	3/1/2034	84,923
205,981	Loan ID 200026	Fixed	3.250%	1/1/2050	45,466
228,102	Loan ID 200028	Fixed	2.750%	6/1/2050	188,265
235,483	Loan ID 200029	Fixed	3.310%	7/1/2037	127,640
249,859	Loan ID 200030	ARM	5.750%	1/1/2038	160,168
289,018	Loan ID 200031	Fixed	5.000%	1/1/2051	242,398
321,842	Loan ID 200032	Fixed	3.130%	1/1/2051	266,501
433,500	Loan ID 200033	ARM	6.375%	6/1/2036	287,060
459,569	Loan ID 200034	Fixed	2.625%	10/1/2050	246,626
589,149	Loan ID 200035	Fixed	2.000%	11/1/2050	298,051
71,899	Loan ID 200036	Fixed	7.940%	1/12/2034	53,689
173,115	Loan ID 200037	Fixed	7.800%	5/1/2035	127,110
173,523	Loan ID 200038	ARM	6.540%	3/1/2037	111,012
28,234	Loan ID 200039	Fixed	11.500%	11/5/2033	26,014
130,835	Loan ID 200041	Fixed	4.875%	8/1/2039	78,472
43,977	Loan ID 200042	Fixed	7.000%	12/1/2037	30,870
67,238	Loan ID 200043	Fixed	6.125%	7/1/2039	43,850
128,949	Loan ID 200045	Fixed	5.625%	12/1/2038	82,386
44,047	Loan ID 200046	Fixed	8.000%	7/1/2027	35,557
56,568	Loan ID 200048	Fixed	5.500%	8/1/2039	35,136
253,317	Loan ID 200049	Fixed	3.875%	3/1/2042	203,744
177,128	Loan ID 200050	ARM	6.250%	11/1/2050	118,198

The accompanying notes are an integral part of these financial statements.

**Vertical Capital Income Fund**  
**PORTFOLIO OF INVESTMENTS (Continued)**  
**September 30, 2013**

Principal		Loan Type	Interest Rate	Maturity	Value
	<b>MORTGAGE NOTES (Continued) - 82.9 %</b>				
\$ 89,691	Loan ID 200051	Fixed	6.500%	10/1/2040	\$ 60,689
167,561	Loan ID 200052	Fixed	5.125%	5/1/2040	104,770
61,515	Loan ID 200053	Fixed	3.000%	9/1/2042	50,431

59,025	Loan ID 200054	Fixed	8.250%	3/1/2039	44,210
87,437	Loan ID 200055	Fixed	10.000%	1/5/2036	73,475
286,858	Loan ID 200056	Fixed	7.375%	12/1/2037	206,727
127,883	Loan ID 200057	ARM	2.750%	10/1/2036	104,758
30,235	Loan ID 200058	Fixed	8.100%	11/1/2032	22,992
62,914	Loan ID 200059	Fixed	6.000%	8/1/2039	40,600
37,397	Loan ID 200060	Fixed	5.750%	8/1/2039	23,679
39,829	Loan ID 200061	Fixed	5.750%	7/1/2024	30,166
283,320	Loan ID 200063	Fixed	5.750%	12/1/2048	172,334
195,627	Loan ID 200064	Fixed	4.875%	4/1/2034	164,498
28,446	Loan ID 200065	ARM	7.000%	1/1/2037	7,862
158,258	Loan ID 200066	ARM	5.000%	1/1/2037	131,413
705,808	Loan ID 200067	ARM	3.625%	7/1/2037	392,132
265,815	Loan ID 200068	ARM	3.125%	9/1/2037	145,239
142,181	Loan ID 200069	ARM	3.125%	9/1/2037	75,794
120,073	Loan ID 200070	ARM	3.125%	9/1/2037	64,008
96,787	Loan ID 200071	ARM	3.125%	8/1/2037	51,650
239,704	Loan ID 200072	Fixed	5.040%	2/1/2051	135,510
220,632	Loan ID 200073	Fixed	5.210%	2/1/2026	159,982
188,561	Loan ID 200074	Fixed	5.110%	2/1/2031	125,908
220,954	Loan ID 200075	Fixed	4.250%	2/1/2042	123,024
183,691	Loan ID 200076	Fixed	4.250%	12/1/2041	102,411
81,176	Loan ID 200077	Fixed	3.750%	8/1/2042	42,785
39,332	Loan ID 200078	Fixed	7.000%	8/1/2036	35,173
145,618	Loan ID 200079	Fixed	2.000%	8/1/2049	71,356
95,742	Loan ID 200080	ARM	8.250%	5/1/2037	73,444
83,490	Loan ID 200081	Fixed	2.000%	9/1/2037	67,718
71,861	Loan ID 200082	Fixed	2.500%	4/1/2040	37,346
121,899	Loan ID 200083	ARM	3.875%	10/1/2046	95,228
196,890	Loan ID 200084	Fixed	7.000%	3/1/2039	139,208
129,473	Loan ID 200085	Fixed	6.500%	11/1/2035	86,881
172,165	Loan ID 200086	Fixed	2.000%	11/1/2050	140,386
232,489	Loan ID 200087	Fixed	3.000%	3/1/2051	126,712
130,140	Loan ID 200088	Fixed	7.000%	6/1/2039	91,964
278,323	Loan ID 200089	Fixed	2.000%	3/1/2052	140,804
75,533	Loan ID 200090	Fixed	2.000%	11/1/2036	61,530
300,111	Loan ID 200091	Fixed	2.000%	11/1/2051	150,307
291,877	Loan ID 200092	Fixed	2.375%	5/1/2036	153,060
147,012	Loan ID 200093	Fixed	3.000%	2/1/2038	119,790
235,446	Loan ID 200094	ARM	2.625%	9/1/2037	191,742

The accompanying notes are an integral part of these financial statements.

**Vertical Capital Income Fund**  
**PORTFOLIO OF INVESTMENTS (Continued)**  
**September 30, 2013**

Principal		Loan Type	Interest Rate	Maturity	Value	
	<b>MORTGAGE NOTES (Continued) - 82.9 %</b>					
\$	490,461	Loan ID 200095	Fixed	2.000%	4/1/2051	\$ 404,626
	222,748	Loan ID 200096	ARM	4.375%	8/1/2037	131,008
	118,777	Loan ID 200097	ARM	2.625%	6/1/2035	62,857
	99,783	Loan ID 200098	ARM	3.375%	9/1/2033	58,629
	87,242	Loan ID 200099	Fixed	2.000%	3/1/2040	43,586
	389,137	Loan ID 200100	Fixed	2.000%	7/1/2037	194,654
	314,335	Loan ID 200101	ARM	3.000%	7/1/2051	257,131
	79,729	Loan ID 200102	Fixed	1.250%	3/1/2040	38,068
	112,157	Loan ID 200103	ARM	3.250%	9/1/2034	64,374
	59,281	Loan ID 200104	Fixed	2.500%	5/1/2039	49,405
	124,862	Loan ID 200105	Fixed	2.000%	12/1/2050	103,055
	99,609	Loan ID 200106	Fixed	2.000%	2/1/2052	82,882
	337,780	Loan ID 200107	Fixed	2.000%	7/1/2052	164,483
	198,227	Loan ID 200108	Fixed	3.000%	6/1/2047	94,430
	53,614	Loan ID 200109	ARM	3.000%	4/1/2038	43,649
	119,349	Loan ID 200110	Fixed	3.250%	8/1/2039	97,634
	191,847	Loan ID 200111	Fixed	3.000%	11/1/2050	104,114
	316,398	Loan ID 200112	Fixed	2.000%	9/1/2049	159,659
	214,057	Loan ID 200113	ARM	2.870%	7/1/2037	112,063
	120,030	Loan ID 200114	Fixed	2.000%	10/1/2051	99,242
	274,242	Loan ID 200115	Fixed	2.000%	11/1/2051	134,386
	157,886	Loan ID 200116	Fixed	2.000%	3/1/2039	78,784
	197,141	Loan ID 200117	ARM	3.125%	8/1/2037	107,827
	92,867	Loan ID 200118	ARM	2.625%	6/1/2035	50,329
	99,502	Loan ID 200119	ARM	2.750%	10/1/2034	54,984
	307,207	Loan ID 200120	Fixed	2.000%	2/1/2051	153,295
	105,216	Loan ID 200121	ARM	2.625%	1/1/2035	57,310
	154,343	Loan ID 200122	ARM	2.625%	6/1/2035	83,646

460,551	Loan ID 200123	ARM	2.625%	9/1/2037	235,903
147,566	Loan ID 200124	ARM	3.390%	6/1/2037	80,574
322,878	Loan ID 200125	Fixed	2.000%	5/1/2051	263,022
133,203	Loan ID 200126	Fixed	3.000%	8/1/2039	72,060
150,531	Loan ID 200127	Fixed	2.750%	8/1/2039	80,262
53,922	Loan ID 200128	Fixed	2.000%	7/1/2037	43,756
475,707	Loan ID 200129	Fixed	4.625%	3/1/2052	286,105
112,391	Loan ID 200130	Fixed	4.500%	8/1/2042	90,665
41,401	Loan ID 200131	Fixed	3.875%	11/1/2027	36,697
168,808	Loan ID 200132	Fixed	5.000%	6/1/2042	141,600
244,811	Loan ID 200133	Fixed	3.490%	1/1/2043	194,842
196,945	Loan ID 200134	Fixed	3.750%	12/1/2042	171,393
131,364	Loan ID 200135	Fixed	4.375%	12/1/2042	107,842
284,266	Loan ID 200136	Fixed	2.875%	10/1/2027	251,557
134,789	Loan ID 200137	Fixed	4.500%	9/1/2042	113,306
139,848	Loan ID 200138	Fixed	3.750%	10/1/2042	114,846

The accompanying notes are an integral part of these financial statements.

**Vertical Capital Income Fund**  
**PORTFOLIO OF INVESTMENTS (Continued)**  
**September 30, 2013**

Principal		Loan Type	Interest Rate	Maturity	Value
	<b>MORTGAGE NOTES (Continued) - 82.9 %</b>				
\$	57,887	Loan ID 200139	Fixed	4.625% 5/1/2027	\$ 40,512
	47,759	Loan ID 200140	Fixed	3.625% 12/1/2027	42,278
	84,947	Loan ID 200141	Fixed	4.250% 2/1/2042	68,638
	191,513	Loan ID 200142	Fixed	3.300% 1/1/2037	106,859
	135,476	Loan ID 200143	Fixed	3.000% 2/1/2037	107,820
	559,137	Loan ID 200144	ARM	2.750% 10/1/2036	300,154
	292,844	Loan ID 200145	Fixed	2.000% 8/1/2051	241,593
	256,711	Loan ID 200147	ARM	3.125% 9/1/2037	140,264
	140,549	Loan ID 200148	ARM	3.125% 9/1/2037	74,924
	164,249	Loan ID 200149	ARM	3.125% 9/1/2037	113,558
	223,326	Loan ID 200150	ARM	3.125% 9/1/2037	119,050
	110,025	Loan ID 200151	ARM	3.125% 8/1/2037	58,714
	100,325	Loan ID 200152	ARM	3.125% 9/1/2037	81,998
	1,826,159	Loan ID 200153	ARM	3.000% 4/1/2037	1,494,481
	103,457	Loan ID 200154	Fixed	5.625% 9/1/2037	65,887
	96,809	Loan ID 200155	ARM	3.000% 4/1/2037	81,036
	57,701	Loan ID 200156	Fixed	8.130% 9/19/2032	43,982
	129,602	Loan ID 200157	Fixed	3.750% 1/1/2043	109,343
	169,005	Loan ID 200158	Fixed	3.625% 12/1/2042	146,996
	197,653	Loan ID 200159	Fixed	3.750% 6/1/2042	161,942
	137,102	Loan ID 200160	Fixed	3.250% 2/1/2043	70,187
	503,251	Loan ID 200161	Fixed	3.875% 11/1/2041	405,638
	241,946	Loan ID 200162	Fixed	3.875% 7/1/2042	194,124
	128,376	Loan ID 200163	Fixed	4.000% 1/1/2042	103,489
	109,691	Loan ID 200164	Fixed	4.000% 7/1/2042	102,128
	211,547	Loan ID 200165	Fixed	4.375% 12/1/2041	171,217
	134,830	Loan ID 200166	Fixed	4.000% 2/1/2032	114,144
	556,790	Loan ID 200167	ARM	3.000% 5/1/2036	447,571
	142,860	Loan ID 200168	Fixed	3.750% 10/1/2042	114,251
	26,622	Loan ID 200169	Fixed	6.923% 9/1/2034	18,549
	451,622	Loan ID 200170	ARM	2.750% 10/1/2036	236,618
	106,447	Loan ID 200171	Fixed	6.500% 4/1/2036	90,260
	150,627	Loan ID 200172	Fixed	7.250% 2/1/2037	105,465
	203,807	Loan ID 200173	Fixed	3.575% 10/1/2046	72,574
	97,116	Loan ID 200174	Fixed	7.340% 4/1/2037	68,350
	56,804	Loan ID 200175	Fixed	9.600% 5/1/2037	44,528
	103,532	Loan ID 200176	Fixed	6.600% 3/1/2037	66,515
	77,600	Loan ID 200177	Fixed	8.000% 1/11/2022	66,667
	45,395	Loan ID 200178	Fixed	6.500% 5/10/2016	42,294
	37,603	Loan ID 200179	Fixed	7.250% 7/27/2019	18,830
	20,677	Loan ID 200180	Fixed	6.500% 7/8/2016	19,096
	115,976	Loan ID 200181	Fixed	7.500% 3/1/2016	108,592
	100,639	Loan ID 200182	Fixed	8.750% 10/10/2016	94,528
	291,909	Loan ID 200183	Fixed	4.125% 12/1/2032	229,906

The accompanying notes are an integral part of these financial statements.

**Vertical Capital Income Fund**  
**PORTFOLIO OF INVESTMENTS (Continued)**  
**September 30, 2013**

Principal		Loan Type	Interest Rate	Maturity	Value	
<b>MORTGAGE NOTES (Continued) - 82.9 %</b>						
\$	78,913	Loan ID 200184	Fixed	4.375%	12/1/2042	\$ 59,874
	29,856	Loan ID 200185	Fixed	5.375%	6/1/2042	18,152
	57,020	Loan ID 200186	Fixed	5.125%	8/1/2042	48,489
	56,853	Loan ID 200187	Fixed	5.875%	12/1/2039	36,260
	160,934	Loan ID 200188	Fixed	3.875%	2/1/2043	128,586
	180,975	Loan ID 200189	Fixed	4.125%	8/1/2042	144,469
	362,883	Loan ID 200190	Fixed	3.625%	11/1/2042	316,828
	141,028	Loan ID 200191	Fixed	4.125%	11/1/2042	110,761
	200,158	Loan ID 200192	Fixed	4.250%	11/1/2042	175,215
	102,626	Loan ID 200193	Fixed	3.875%	6/1/2042	89,979
	175,512	Loan ID 200194	Fixed	4.750%	9/1/2041	147,587
	290,436	Loan ID 200195	Fixed	3.875%	3/1/2042	233,599
	107,342	Loan ID 200196	Fixed	4.500%	1/1/2043	88,586
	41,749	Loan ID 200197	Fixed	4.750%	11/1/2042	34,897
	43,433	Loan ID 200198	Fixed	5.250%	10/1/2042	35,207
	309,453	Loan ID 200199	Fixed	4.000%	9/1/2042	287,704
	263,909	Loan ID 200200	Fixed	3.875%	9/1/2042	204,791
	64,910	Loan ID 200201	Fixed	5.125%	8/1/2041	56,233
	63,185	Loan ID 200202	Fixed	4.375%	12/1/2042	57,809
	298,359	Loan ID 200203	Fixed	4.250%	8/1/2042	240,104
	155,417	Loan ID 200204	Fixed	3.875%	7/1/2042	121,259
	79,946	Loan ID 200205	Fixed	5.000%	11/1/2041	68,862
	26,844	Loan ID 200206	Fixed	3.990%	12/1/2042	21,489
	631,516	Loan ID 200207	ARM	3.625%	3/1/2042	589,287
	53,321	Loan ID 200208	Fixed	4.250%	1/1/2043	37,814
	227,113	Loan ID 200209	Fixed	3.875%	8/1/2042	197,835
	95,399	Loan ID 200210	Fixed	4.625%	5/1/2043	82,565
	228,774	Loan ID 200211	Fixed	3.750%	5/1/2042	205,479
	145,875	Loan ID 200212	Fixed	3.875%	2/1/2042	113,357
	311,211	Loan ID 200213	Fixed	4.125%	1/1/2038	198,389
	63,440	Loan ID 200214	Fixed	5.750%	7/1/2039	51,587
	123,640	Loan ID 200216	Fixed	5.750%	9/1/2039	94,925
	151,430	Loan ID 200217	Fixed	5.250%	7/1/2040	122,514
	81,069	Loan ID 200218	Fixed	4.250%	12/1/2041	48,206
	213,508	Loan ID 200219	Fixed	4.250%	4/1/2043	193,734
	230,581	Loan ID 200220	Fixed	3.875%	5/1/2043	178,795
	178,528	Loan ID 200221	Fixed	4.250%	4/1/2043	161,187
	135,275	Loan ID 200222	Fixed	4.125%	5/1/2043	105,588
	265,755	Loan ID 200223	Fixed	4.125%	5/1/2043	233,057
	229,246	Loan ID 200224	Fixed	4.000%	7/1/2043	183,324
	120,805	Loan ID 200225	Fixed	3.750%	3/1/2043	74,735
	87,634	Loan ID 200226	Fixed	5.250%	7/1/2041	78,756
	116,436	Loan ID 200227	Fixed	6.000%	1/1/2038	97,653

The accompanying notes are an integral part of these financial statements.

**Vertical Capital Income Fund**  
**PORTFOLIO OF INVESTMENTS (Continued)**  
**September 30, 2013**

Principal		Loan Type	Interest Rate	Maturity	Value	
<b>MORTGAGE NOTES (Continued) - 82.9 %</b>						
\$	55,332	Loan ID 200228	Fixed	4.625%	8/1/2042	\$ 46,474
	175,883	Loan ID 200229	Fixed	3.750%	7/1/2042	150,448
	158,024	Loan ID 200230	Fixed	3.500%	2/1/2043	126,168
	140,768	Loan ID 200231	Fixed	3.625%	12/1/2042	75,481
	74,482	Loan ID 200232	Fixed	3.875%	8/1/2042	56,375
	213,784	Loan ID 200233	Fixed	2.990%	11/1/2027	173,602
	199,927	Loan ID 200234	Fixed	3.250%	1/1/2043	130,172
	100,442	Loan ID 200235	Fixed	3.750%	12/1/2042	87,411
	174,444	Loan ID 200236	Fixed	4.250%	10/1/2042	148,086
	519,692	Loan ID 200237	ARM	2.875%	9/1/2033	440,124
	348,681	Loan ID 200238	ARM	3.625%	7/1/2035	320,242
	110,434	Loan ID 200239	ARM	4.000%	5/1/2036	92,328
	125,299	Loan ID 200240	Fixed	4.000%	6/1/2042	96,362
	197,581	Loan ID 200241	Fixed	3.625%	9/1/2042	172,205
	156,423	Loan ID 200242	Fixed	3.250%	10/1/2042	117,166
	128,315	Loan ID 200243	Fixed	3.750%	4/1/2043	96,779
	31,185	Loan ID 200244	Fixed	5.000%	5/1/2042	25,123
	218,040	Loan ID 200245	Fixed	3.875%	3/1/2043	174,607
	106,986	Loan ID 200246*	ARM	3.875%	5/1/2035	34,125
	45,309	Loan ID 200247*	Fixed	0.000%	4/1/2036	28,151
	48,523	Loan ID 200248*	ARM	0.000%	6/1/2034	34,121

63,407	Loan ID 200249*	Fixed	0.000%	3/1/2051	34,039
73,282	Loan ID 200250*	Fixed	0.000%	12/3/2050	32,958
95,082	Loan ID 200251*	ARM	0.000%	8/1/2049	33,914
24,757	Loan ID 200252*	Fixed	0.000%	3/1/2017	21,853
84,047	Loan ID 200253*	Fixed	0.000%	5/1/2050	17,890
77,777	Loan ID 200254*	Fixed	0.000%	4/1/2035	34,111
82,635	Loan ID 200255*	Fixed	0.000%	6/1/2037	14,948
50,449	Loan ID 200256*	Fixed	0.000%	8/1/2039	11,835
39,614	Loan ID 200257*	Fixed	0.000%	5/1/2025	29,806
70,990	Loan ID 200258*	Fixed	0.000%	5/9/2036	37,690
85,707	Loan ID 200259*	Fixed	0.000%	12/1/2037	30,978
57,143	Loan ID 200261*	Fixed	0.000%	4/1/2036	26,831
95,743	Loan ID 200263*	Fixed	0.000%	5/17/2031	36,490
78,980	Loan ID 200264*	Fixed	0.000%	7/1/2039	39,506
61,687	Loan ID 200265*	Fixed	0.000%	11/15/2015	37,818
155,506	Loan ID 200267*	ARM	0.000%	8/1/2047	31,178
90,449	Loan ID 200269*	Fixed	0.000%	9/20/2027	23,488
74,110	Loan ID 200270*	Fixed	0.000%	10/1/2036	20,728
91,293	Loan ID 200271*	Fixed	0.000%	8/1/2035	39,439
88,257	Loan ID 200272*	Fixed	0.000%	3/1/2041	25,824
103,772	Loan ID 200273*	Fixed	0.000%	8/1/2035	37,314
92,197	Loan ID 200274*	Fixed	0.000%	11/1/2038	35,839
68,642	Loan ID 200275*	Fixed	0.000%	6/1/2038	37,528
70,164	Loan ID 200276*	Fixed	0.000%	7/1/2036	30,775

The accompanying notes are an integral part of these financial statements.

**Vertical Capital Income Fund**  
**PORTFOLIO OF INVESTMENTS (Continued)**  
**September 30, 2013**

Principal		Loan Type	Interest Rate	Maturity	Value	
	<b>MORTGAGE NOTES (Continued) - 82.9 %</b>					
\$	103,921	Loan ID 200277*	Fixed	0.000%	4/1/2036	\$ 38,753
	69,188	Loan ID 200278*	Fixed	0.000%	8/1/2037	27,890
	73,091	Loan ID 200279*	Fixed	0.000%	10/1/2033	37,317
	92,098	Loan ID 200282*	Fixed	0.000%	9/1/2050	19,765
	123,741	Loan ID 200284*	Fixed	0.000%	3/10/2014	27,181
	209,839	Loan ID 200285	Fixed	4.250%	10/1/2041	180,762
	99,603	Loan ID 200286	Fixed	4.500%	7/1/2043	84,816
	107,709	Loan ID 200287	Fixed	4.375%	7/1/2043	84,098
	363,374	Loan ID 200288	Fixed	4.375%	11/1/2041	279,861
	363,602	Loan ID 200289	Fixed	5.500%	9/1/2043	316,677
	310,558	Loan ID 200290	Fixed	4.250%	4/1/2043	261,581
	234,247	Loan ID 200291	Fixed	4.125%	11/1/2042	189,740
	472,187	Loan ID 200292	Fixed	3.875%	6/1/2043	387,194
	121,329	Loan ID 200293	Fixed	4.125%	3/1/2043	101,916
	192,676	Loan ID 200294	Fixed	3.875%	2/1/2043	154,141
	274,561	Loan ID 200295	Fixed	3.875%	6/1/2043	233,377
	225,669	Loan ID 200296	Fixed	3.250%	2/1/2043	162,482
	193,971	Loan ID 200297	Fixed	3.375%	10/1/2042	145,478
	155,661	Loan ID 200298	Fixed	3.250%	6/1/2043	112,076
	209,661	Loan ID 200299	Fixed	3.625%	10/1/2042	163,535
		<b>TOTAL MORTGAGE NOTES ( Cost - \$32,951,302)</b>			<b>33,146,827</b>	
		<b>OTHER INVESTMENTS ( Cost - \$80,232)(a)- 0.2 %</b>			<b>99,620</b>	
		<b>TOTAL INVESTMENTS ( Cost - \$33,031,534)(a)- 83.1 %</b>			<b>\$ 33,246,447</b>	
		<b>CASH AND OTHER ASSETS LESS LIABILITIES - 16.9 %</b>			<b>6,740,261</b>	
		<b>NET ASSETS - 100.0%</b>			<b>\$ 39,986,708</b>	

ARM - Adjustable Rate Mortgage

\* Non-Income Producing

(a) Represents cost for financial reporting purposes. Aggregate cost for federal tax purposes is the same as there are no book to tax differences.

The accompanying notes are an integral part of these financial statements.



<b>Assets:</b>	
Investments at Value (identified cost \$33,031,534)	\$ 33,246,447
Cash	6,325,232
Interest Receivable	278,232
Principal Paydown Receivable	67,833
Receivable for Fund Shares Sold	122,341
Prepaid Expenses and Other Assets	46,384
<b>Total Assets</b>	<u>40,086,469</u>
<b>Liabilities:</b>	
Accrued Advisory Fees	5,845
Accrued Shareholder Servicing Fees	31,056
Accrued Administration Fees	3,700
Accrued Fund Accounting Fees	2,401
Accrued Transfer Agency Fees	1,800
Accrued Security Servicing Fees	9,962
Accrued Expenses and Other Liabilities	44,997
<b>Total Liabilities</b>	<u>99,761</u>
<b>Net Assets</b>	<u>\$ 39,986,708</u>
<b>Composition of Net Assets:</b>	
At September 30, 2013, Net Assets consisted of:	
Paid-in-Beneficial Interest	\$ 39,406,604
Undistributed Net Investment Income	111,395
Accumulated Net Realized Gain From Investment Transactions	253,796
Net Unrealized Appreciation on Investments	214,913
<b>Net Assets</b>	<u>\$ 39,986,708</u>
<b>Net Asset Value Per Share</b>	
Net Assets	\$ 39,986,708
Shares of Beneficial Interest Outstanding (no par value; unlimited shares authorized)	3,677,096
Net Asset Value and Repurchase Price per Share	\$ 10.87
Offering Price per Share (Maximum sales charge of 4.50%)	\$ 11.38

The accompanying notes are an integral part of these financial statements.

**Vertical Capital Income Fund**  
**Statement of Operations**  
**For the Year Ended September 30, 2013**

<b>Investment Income:</b>	
Interest Income	\$ 1,440,007
Other Income	2,925
<b>Total Investment Income</b>	<u>1,442,932</u>
<b>Expenses:</b>	
Investment Advisory Fees	278,213
Administration Fees	49,600
Trustees' Fees	45,333
Shareholder Servicing Fees	55,644
Security Servicing Fees	55,644
Registration and Filing Fees	31,593
Transfer Agent Fees	35,698
Chief Compliance Officer Fees	26,999
Fund Accounting Fees	27,388
Legal Fees	19,074
Printing Expense	11,537
Audit Fees	38,000
Insurance Expense	13,852
Custody Fees	10,699
Non 12b-1 Shareholder Expense	5,930
Other Loan Servicing Fees	5,535
Line of Credit Fees	712
Miscellaneous Expense	1,630
<b>Total Expenses</b>	<u>713,081</u>
Less: Expenses Waived/Reimbursed by Adviser	(298,390)
<b>Net Expenses</b>	<u>414,691</u>
<b>Net Investment Income</b>	<u>1,028,241</u>

<b>Net Realized and Unrealized Gain (Loss) on Investments:</b>	
Net Realized Gain on Investments	353,673
Net Change in Unrealized Appreciation on Investments	58,630
<b>Net Realized and Unrealized Gain (Loss) on Investments</b>	<u>412,303</u>
<b>Net Increase in Net Assets Resulting From Operations</b>	<u>\$ 1,440,544</u>

The accompanying notes are an integral part of these financial statements.

## Vertical Capital Income Fund Statements of Changes in Net Assets

	<b>For the Year Ended September 30, 2013</b>	<b>For the Period December 30, 2011* Through September 30, 2012</b>
<b>Operations:</b>		
Net Investment Income	\$ 1,028,241	\$ 140,653
Net Realized Gain on Investments	353,673	-
Net Change in Unrealized Appreciation on Investments	58,630	156,283
<b>Net Increase in Net Assets Resulting From Operations</b>	<u>1,440,544</u>	<u>296,936</u>
<b>Distributions to Shareholders From:</b>		
Net Investment Income (\$0.42 and \$0.19 per share, respectively)	(918,097)	(139,402)
Net Realized Gains (\$0.07 and \$0.00 per share, respectively)	(99,877)	-
<b>Total Distributions to Shareholders</b>	<u>(1,017,974)</u>	<u>(139,402)</u>
<b>Beneficial Interest Transactions:</b>		
Proceeds from Shares Issued	29,527,693	11,543,489
Distributions Reinvested	613,040	80,774
Cost of Shares Redeemed	(2,332,866)	(25,526)
<b>Total Beneficial Interest Transactions</b>	<u>27,807,867</u>	<u>11,598,737</u>
<b>Total Increase in Net Assets</b>	<u>28,230,437</u>	<u>11,756,271</u>
<b>Net Assets:</b>		
Beginning of Year or Period	11,756,271	-
End of Year or Period (including undistributed net investment income of \$111,395 and \$1,251, respectively)	<u>\$ 39,986,708</u>	<u>\$ 11,756,271</u>
* Commencement of Operations		
<b>Share Activity</b>		
Shares Issued	2,718,852	1,106,315
Shares Reinvested	56,432	7,611
Shares Redeemed	(209,750)	(2,364)
<b>Net Increase in Shares of Beneficial Interest Outstanding</b>	<u>2,565,534</u>	<u>1,111,562</u>

The accompanying notes are an integral part of these financial statements.

## Vertical Capital Income Fund Statement of Cash Flows For the Year Ended September 30, 2013

### Increase (Decrease) in Cash

Cash Flows Provided by/(Used for) Operating Activities:	
Net Increase in Net Assets Resulting from Operations	\$ 1,440,544

Adjustments to Reconcile Net Increase in Net Assets Resulting from Operations to Net Cash Used for Operating Activities:

Purchases of Long-Term Portfolio Investments	(26,279,419)
Proceeds from Long-Term Portfolio Investments and Principal Paydowns	2,251,020
Proceeds from Short-Term Portfolio Investments, Net	3,089,732
Increase in Interest Receivable	(180,346)
Increase in Principal Paydown Receivable	(51,432)
Increase in Receivable for Fund Shares Sold	(87,871)
Increase in Prepaid Expenses and Other Assets	(25,843)
Increase in Accrued Advisory Fees	115,370
Increase in Accrued Shareholder Servicing Fees	28,867
Increase in Accrued Administration Fees	260
Increase in Accrued Fund Accounting Fees	169
Decrease in Accrued Transfer Agency Fees	(2,331)
Increase in Accrued Security Servicing Fees	2,041
Decrease in Accrued Expenses and Other Liabilities	(4,308)
Net Amortization on Investments	(348,811)
Net Realized Gain on Investments	(353,673)
Change in Unrealized Appreciation on Investments	(58,630)
Net Cash Used for Operating Activities	<u>(20,464,661)</u>
Cash Flows Provided by (Used for) Financing Activities:	
Proceeds from Sale of Shares	29,527,693
Redemption of Shares	(2,332,866)
Dividends Paid to Shareholders, Net of Reinvestments	<u>(404,934)</u>
Net Cash Provided by Financing Activities	<u>26,789,893</u>
Net Increase in Cash	6,325,232
Cash at Beginning of Year	-
Cash at End of Year	<u>\$ 6,325,232</u>

Supplemental Disclosure of Cash Flow Information:

Non-Cash Financing Activities Included Reinvestment of Distributions During the Fiscal Year of \$613,040.

The accompanying notes are an integral part of these financial statements.

## Vertical Capital Income Fund Financial Highlights

The table below sets forth financial data for one share of beneficial interest outstanding throughout each period presented.

	Year Ended September 30, 2013	Period Ended September 30, 2012**
<b>Net Asset Value, Beginning of Period</b>	\$ 10.58	\$ 10.00
From Operations:		
Net investment income (a)	0.50	0.33
Net gain from investments (both realized and unrealized)	0.28	0.44
Total from operations	0.78	0.77
Distributions to shareholders from:		
Net investment income	(0.42)	(0.19)
Net realized gains	(0.07)	-
Total distributions	(0.49)	(0.19)
<b>Net Asset Value, End of Period</b>	<u>\$ 10.87</u>	<u>\$ 10.58</u>
<b>Total Return (b)</b>	7.42%	7.70%(d)
<b>Ratios/Supplemental Data</b>		
Net assets, end of period (in 000's)	\$ 39,987	\$ 11,756
Ratio of gross expenses to average net assets	3.20%	9.42%(c)
Ratio of net expenses to average net assets	1.85%	1.85%(c)
Ratio of net investment income to average net assets	4.61%	4.21%(c)
Portfolio turnover rate	11.68%	1.50%(d)

\*\*The Fund commenced operations on December 30, 2011.

(a) Per share amounts are calculated using the average shares method, which more appropriately presents the per share data for the period.

(b) Total returns are historical in nature and assume changes in share price, reinvestment of dividends and

capital gains distributions, if any, and excludes the effect of sales charges. Had the Adviser not waived and reimbursed expenses, total returns would have been lower.

(c) Annualized.

(d) Not annualized.

The accompanying notes are an integral part of these financial statements.

**Vertical Capital Income Fund**  
**Notes to Financial Statements**  
**September 30, 2013**

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**1. ORGANIZATION**

Vertical Capital Income Fund (the “Fund”), was organized as a Delaware statutory trust on April 8, 2011 and is registered under the Investment Company Act of 1940, as amended, (the “1940 Act”), as a diversified, closed-end management investment company that operates as an interval fund with a continuous offering of Fund shares. The investment objective of the Fund is to seek income. The Fund commenced operations on December 30, 2011. The Fund currently offers shares at net asset value plus a maximum sales charge of 4.50%.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies followed by the Fund in preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of financial statements 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 income and expenses for the period. Actual results could differ from those estimates.

*Security Valuation*

*Underlying Funds* - The Fund may invest in portfolios of open-end investment companies (the “underlying funds”). Underlying open-end funds are valued at their respective net asset values as reported by such investment companies. The underlying funds value securities in their portfolios for which market quotations are readily available at their market values (generally the last reported sale price) and all other securities and assets at their fair value by the methods established by the Boards of the underlying funds.

*Mortgage Notes* – The Fund utilizes a proprietary discounted cash flow model to value its Mortgage Notes. Vertical Capital Asset Management, LLC. (“the Adviser”) uses the model daily to calculate net present value of discounted cash flows based on a combination of servicing data (maturity dates, rates, loan type, etc.) that is fed into the pricing model along with various readily available inputs including yield curves, prepayment speeds, default rates and loss severity assumptions. The future expected cash flows and related treasury yields are also utilized to compare with each individual Mortgage Note yield in the model. That yield is determined as a spread to the interpolated treasury curve, based on market knowledge of the collateral type, prepayment history, average life, and credit quality. The combination of loan level criteria and daily market adjustments produces a daily price for each Mortgage Note relative to current public market conditions.

Prior to purchase, each Mortgage Note goes through a due diligence process that includes considerations such as underwriting borrower credit, employment history, property valuation, and delinquency history with an overall emphasis on repayment of the Mortgage Notes. The purchase price of the Mortgage Notes reflects the overall risk relative to the findings of this due diligence process.

The Fund will invest primarily in Mortgage Notes secured by residential real estate. The market or liquidation value of each type of residential real estate collateral may be adversely affected by numerous factors, including rising interest rates; changes in the national, state and local economic climate and real estate conditions; perceptions of prospective buyers of the safety, convenience and attractiveness of the properties; maintenance and insurance costs; changes in real estate taxes and other expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; and other factors beyond the control of the borrowers.

The Fund's investments in Mortgage Notes are subject to liquidity risk because there is a limited secondary market for Mortgage Notes. Liquidity risk exists when particular investments of the Fund would be difficult to purchase or sell, possibly preventing the Fund from selling such illiquid securities at an advantageous time or price, or possibly requiring the Fund to dispose of other investments at unfavorable times or prices in order to satisfy its obligations.

**Vertical Capital Income Fund**  
**Notes to Financial Statements (Continued)**  
**September 30, 2013**

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Securities for which current market quotations are not readily available, such as the Mortgage Notes the Fund invests in, or for which quotations are not deemed to be representative of market values are valued at fair value as determined in good faith by or under the direction of the Trust's Board of Trustees (the “Board”) in accordance with the Trust's Portfolio Securities Valuation Procedures (the

“Procedures”). The Procedures consider, among others, the following factors to determine a security’s fair value: the nature and pricing history (if any) of the security; whether any dealer quotations for the security are available; and possible valuation methodologies that could be used to determine the fair value of the security. As described above, the Mortgage Notes, which are fair valued daily, are priced by the Adviser and through a proprietary discounted cash flow model, under the direction of the Board.

The Fund’s senior management contracted with LCAP Advisors to create an asset valuation model along with policies and maintenance procedures for the Fund. The valuation procedures and the Model are reviewed and maintained on a daily basis within the management of the Fund. Any calibrations and adjustments to the model, that may be necessary are done on an as needed basis to ensure accurate pricing. Financial markets are monitored daily by the Adviser relative to interest rate environment along with third party data from the U.S. Department of the Treasury, Reuters and Moody’s which is uploaded into the pricing model along with a daily loan servicing tape. In addition to the readily available data from the financial markets, the Adviser uses a number of pricing criteria that represent the Adviser’s 30 years of credit and collateral underwriting experience related to mortgage notes to accurately value the Notes.

The Fund utilizes various methods to measure the fair value of most of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of input are:

- Level 1** – Unadjusted quoted prices in active markets for identical assets and liabilities that the Fund has the ability to access.
- Level 2** – Other significant observable inputs other than quoted prices included in Level 1 for the asset or liability, either directly or indirectly. These inputs may include quoted prices for similar investments or identical investments in an active market, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3** – Significant unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments. The following tables summarize the inputs used as of September 30, 2013 for the Fund’s assets measured at fair value:

**Vertical Capital Income Fund  
Notes to Financial Statements (Continued)  
September 30, 2013**

Assets	Level 1	Level 2	Level 3	Total
Mortgage Notes	\$ -	\$ -	\$ 33,146,827	\$ 33,146,827
Other Investments	-	-	99,620	\$ 99,620
Short-Term Investments	-	-	-	\$ -
Total	\$ -	\$ -	\$ 33,246,447	\$ 33,246,447

There were no transfers between levels during the current period presented. It is the Fund’s policy to record transfers into or out of levels at the end of the reporting period.

The following is a reconciliation of assets in which Level 3 inputs were used in determining value:

Vertical Capital Income Fund			
	Mortgage Notes	Other Investments	Total
Beginning Balance	\$ 8,456,934	\$ -	\$ 8,456,934
Net realized gain (loss)	353,673	-	353,673
Change in unrealized appreciation (depreciation)	39,242	19,388	58,630
Cost of purchases	26,199,187	80,232	26,279,419
Proceeds from sales and principal paydowns	(2,251,020)	-	(2,251,020)
Amortization	348,811	-	348,811
Net Transfers in/out of level 3	-	-	-
Ending balance	\$ 33,146,827	\$ 99,620	\$ 33,246,447

The total change in unrealized appreciation (depreciation) included in the Statement of Operations attributable to Level 3 investments still held at September 30, 2013 is \$(34,118).

The following table provides quantitative information about the Fund's Level 3 values, as well as its inputs, as of September 30, 2013. The table is not all-inclusive, but provides information on the significant Level 3 inputs.

Value	Valuation Technique	Unobservable Inputs	Range of Unobservable	Weighted Average of
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				Inputs	Unobservable Inputs
Mortgage Notes	\$ 33,146,827	Comprehensive pricing model with emphasis on discounted cash flows	Constant prepayment rate	3% - 66%	9%
			Comparability adjustment	7% - 33%	5%
Closing Balance	\$ 33,146,827				

A change to the unobservable input may result in a significant change to the value of the investment as follows:

Unobservable Input	Impact to Value if Input	
	Increases	Impact to Value if Input Decreases
Constant prepayment rate	Increase	Decrease
Comparability adjustment	Decrease	Increase

**Vertical Capital Income Fund**  
**Notes to Financial Statements (Continued)**  
**September 30, 2013**

*Cash and Cash Equivalents* – Cash and cash equivalents include cash and overnight investments in interest-bearing demand deposits with a financial institution with maturities of three months or less. The Fund maintains deposits with a high quality financial institution in an amount that is in excess of federally insured limits.

*Security Transactions and Investment Income* – Investment security transactions are accounted for on a trade date basis. Cost is determined and gains and losses are based upon the specific identification method for both financial statement and federal income tax purposes. Interest income is recorded on the accrual basis. Paydown gains and losses are recorded as interest income. Purchase discounts and premiums on securities are accreted and amortized over the life of the respective securities.

*Federal Income Taxes* – The Fund intends to continue to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and will distribute all of its taxable income, if any, to shareholders. Accordingly, no provision for Federal income taxes is required in the financial statements.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Fund’s tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken by the Fund in its 2012 tax return or expected to be taken in the Fund’s 2013 tax return. The Fund identified its major tax jurisdictions as U.S. Federal, and foreign jurisdictions where the Fund makes significant investments; however, the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

*Distributions to Shareholders* – Distributions from investment income, if any, are declared and paid monthly and are recorded on the ex-dividend date. The Fund will declare and pay net realized capital gains, if any, annually. The character of income and gains to be distributed is determined in accordance with federal income tax regulations, which may differ from GAAP. These “book/tax” differences are considered either temporary (i.e., deferred losses, capital loss carry forwards) or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the composition of net assets based on their federal tax-basis treatment; temporary differences do not require classification.

*Indemnification* – The Trust indemnifies its officers and Trustees for certain liabilities that may arise from the performance of their duties to the Trust. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Fund’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, management of the Fund expects the risk of loss due to these warranties and indemnities to be remote.

**3. ADVISORY FEE AND OTHER RELATED PARTY TRANSACTIONS**

The business activities of the Fund are overseen by the Board, which is responsible for the overall management of the Fund. Vertical Capital Asset Management, LLC serves as the Fund’s Investment Adviser. The Fund has employed Gemini Fund Services, LLC (“GFS”) to provide administration, fund accounting, and transfer agent services. A Trustee and certain officers of the Fund are also officers of GFS, and are not paid any fees directly by the Fund for serving in such capacities.

*Advisory Fees* - Pursuant to an Advisory Agreement with the Fund, the Adviser, under the oversight of the Board, directs the daily operations of the Fund and supervises the performance of administrative and professional services provided by others. As compensation for its services and the related expenses borne by the Adviser, the Fund pays the Adviser a management fee, computed and accrued daily and paid monthly, at an annual rate of 1.25% of the average daily net assets of the Fund. For the year ended September 30, 2013, the Adviser earned advisory fees of \$278,213.

The Adviser has contractually agreed to waive all or part of its management fees and/or make payments to limit Fund expenses (exclusive of any front-end or contingent deferred loads, taxes, leverage interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, expenses of investing in Underlying Funds, or extraordinary expenses such as litigation) at least until January 31, 2014, so that the total annual operating expenses of the Fund do not exceed 1.85% of the average daily net assets of the Fund and 2.50% through at least January 31, 2023. Waivers and expense reimbursements may be recouped by the Adviser from the Fund, to the extent that overall expenses fall below the expense limitation, within three years of when the amounts were waived. For the year ended September 30, 2013, the Adviser waived advisory fees of \$278,213, and reimbursed expenses of \$20,177. Expenses subject to recapture by the Adviser amounted to \$252,754 that will expire on September 30, 2015 and \$298,390 and that will expire on September 30, 2016.

Pursuant to separate servicing agreements with GFS, the Fund pays GFS customary fees for providing administration, fund accounting and transfer agency services to the Fund.

In addition, certain affiliates of GFS provide ancillary services to the Fund as follows:

*Northern Lights Compliance Services, LLC (“NLCS”)* - NLCS, an affiliate of GFS, provides a Chief Compliance Officer to the Trust, as well as related compliance services, pursuant to a consulting agreement between NLCS and the Trust. Under the terms of such agreement, NLCS receives customary fees from the Fund.

*Gemcom, LLC (“Gemcom”)* - Gemcom, an affiliate of GFS, provides EDGAR conversion and filing services as well as print management services for the Fund on an ad-hoc basis. For the provision of these services, Gemcom receives customary fees from the Fund.

*Distributor* – The distributor of the Fund is Northern Lights Distributors, LLC (the “Distributor”), an affiliate of GFS. The Board of Trustees of the Fund has adopted, on behalf of the Fund, a Shareholder Servicing Plan to pay for certain shareholder services. Under the Plan, the Fund will pay 0.25% per year of its average daily net assets for such distribution and shareholder service activities. For the year ended September 30, 2013, the Fund incurred shareholder servicing fees of \$55,644.

*Security Servicing Agent* – The Fund pays Vertical Recovery Management, LLC (“VRM”) a fee equal to 0.25% of the Fund’s average daily net assets for the collections from and maintenance of its securities by providing services such as contacting delinquent borrowers and managing the foreclosure process or other recovery processes for the Fund in the event of a borrower's default. VRM is an affiliate of the Adviser. For the year ended September 30, 2013, the Fund incurred security servicing fees of \$55,644.

*Trustees* – The Fund pays each Trustee who is not affiliated with the Trust or Adviser a quarterly fee of \$2,500, as well as reimbursement for any reasonable expenses incurred attending meetings. The “interested persons” who serve as Trustees of the Trust receive no compensation for their services as Trustees. None of the executive officers receive compensation from the Trust.

#### **4. INVESTMENT TRANSACTIONS**

The cost of purchases and proceeds from sales and paydowns of securities, other than U.S. Government securities and short-term investments, for the year ended September 30, 2013 amounted to \$26,279,419 and \$2,251,020, respectively.

**5. REPURCHASE OFFERS**

Pursuant to Rule 23c-3 under the Investment Company Act of 1940, as amended, the Fund offers shareholders on a quarterly basis the option of redeeming shares, at net asset value, of no less than 5% and no more than 25% of the shares outstanding. There is no guarantee that shareholders will be able to sell all of the shares they desire in a quarterly repurchase offer, although each shareholder will have the right to require the Fund to purchase up to and including 5% of such shareholder's shares in each quarterly repurchase. Limited liquidity will be provided to shareholders only through the Fund's quarterly repurchases.

During the year ended September 30, 2013, the Fund completed four quarterly repurchase offers. In those offers, the Fund offered to repurchase up to 5% of the number of its outstanding shares as of the Repurchase Pricing Dates. The results of those repurchase offers were as follows:

	<u>Repurchase Offer #1</u>	<u>Repurchase Offer #2</u>	<u>Repurchase Offer #3</u>	<u>Repurchase Offer #4</u>
Commencement Date	12/14/12	03/15/13	06/14/13	09/16/13
Repurchase Request Deadline	01/14/13	04/12/13	07/12/13	10/11/13
Repurchase Pricing Date	01/14/13	04/12/13	07/12/13	10/11/13
Net Asset Value as of Repurchase Pricing Date	\$ 10.86	\$ 11.43	\$ 10.99	\$ 10.86
Amount Repurchased	\$ 382,833	\$ 846,865	\$ 1,091,762	\$ 656,329
Percentage of Outstanding Share Repurchased	2.32%	3.50%	3.72%	1.53%

**6. DISTRIBUTIONS TO SHAREHOLDERS AND TAX COMPONENTS OF CAPITAL**

The tax character of distributions paid for the following periods was as follows:

	<u>Fiscal Year Ended</u> <u>September 30, 2013</u>	<u>Fiscal Period Ended</u> <u>September 30, 2012</u>
Ordinary Income	\$ 1,017,974	\$ 139,402

As of September 30, 2013, the components of accumulated earnings/(deficit) on a tax basis were as follows:

<u>Undistributed</u> <u>Ordinary</u> <u>Income</u>	<u>Undistributed</u> <u>Long-Term</u> <u>Gains</u>	<u>Capital Loss</u> <u>Carry</u> <u>Forwards</u>	<u>Post October</u> <u>&amp; Late Year</u> <u>Losses</u>	<u>Unrealized</u> <u>Appreciation/</u> <u>(Depreciation)</u>	<u>Total</u> <u>Accumulated</u> <u>Earnings/(Deficits)</u>
\$ 235,800	\$ 129,391	\$ -	\$ -	\$ 214,913	\$ 580,104

**7. SUBSEQUENT DISTRIBUTIONS TO SHAREHOLDERS**

On October 30, 2013, the Fund paid an ordinary income dividend of \$0.0386 per share to shareholders of record on October 29, 2013.

On November 27, 2013, the Fund paid an ordinary income dividend of \$0.0627 per share to shareholders of record on November 26, 2013.



## 8. AFFILIATED BROKER COMMISSIONS

During the year ended September 30, 2013, Vertical Recovery Management LLC, an affiliate of the Adviser, provided execution support and trade settlement services on behalf of the Fund. Vertical Recovery Management, LLC received \$256,339 in trade-related payments and fees (brokerage commissions).

## 9. RECENT ACCOUNTING PRONOUNCEMENTS

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-11 related to disclosures about offsetting assets and liabilities. In January 2013, the FASB issued ASU No. 2013-01 which gives additional clarification to ASU 2011-11. The amendments in this ASU require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The ASU is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The guidance requires retrospective application for all comparative periods presented. Management is currently evaluating the impact these amendments may have on the Fund's financial statements.

## 10. SUBSEQUENT EVENTS

The Fund is required to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the Statement of Assets and Liabilities. For non-recognized subsequent events that must be disclosed to keep the financial statements from being misleading, the Fund is required to disclose the nature of the event as well as an estimate of its financial effect, or a statement that such an estimate cannot be made. Management has determined that there were no subsequent events to report through the issuance of these financial statements in addition to the distributions disclosed in Note 7.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

### To the Board of Trustees of Vertical Capital Income Fund, Inc. and the Shareholders of Vertical Capital Income Fund

We have audited the accompanying statement of assets and liabilities of Vertical Capital Income Fund (the "**Fund**"), a series of shares of Vertical Capital Income Fund, Inc. including the portfolio of investments, as of September 30, 2013, and the related statements of operations and cash flows for the year then ended, and the statements of changes in net assets and the financial highlights for the year then ended and for the period December 30, 2011 (commencement of operations) through September 30, 2012. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of September 30, 2013 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Vertical Capital Income Fund as of September 30, 2013, the results of its operations and its cash flows for the year then ended and the changes in its net assets and financial highlights for the year then ended and for the period December 30, 2011 through September 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

*BBD, LLP*

**BBD, LLP**

**Vertical Capital Income Fund**  
**Disclosure of Fund Expenses (Unaudited)**  
**September 30, 2013**

As a shareholder of the Fund, you incur ongoing costs, including management fees, distribution and/or service fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds. Please note, the expenses shown in the tables are meant to highlight ongoing costs only and do not reflect any transactional costs.

This example is based on an investment of \$1,000 invested for the period of time as indicated in the table below.

**Actual Expenses:** The first line of the table provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During the Period" to estimate the expenses you paid on your account during the period.

**Hypothetical Examples for Comparison Purposes:** The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs which may be applicable to your account. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	<b>Beginning Account Value (4/1/13)</b>	<b>Ending Account Value (9/30/13)</b>	<b>Expenses Paid During the Period* (4/1/13 to 9/30/13)</b>
Actual	\$1,000.00	\$1,050.06	\$ 9.51
Hypothetical (5% return before expenses)	\$1,000.00	\$1,015.79	\$ 9.35

\* Expenses Paid During the Period are equal to the average account value over the period, multiplied by the Fund's annualized expense ratio of 1.85% multiplied by the number of days in the period (183) divided by the number of days in the fiscal year (365).

**Vertical Capital Income Fund**

Supplemental Information (Continued)  
September 30, 2013 (Unaudited)

Following is a list of the Trustees and executive officers of the Trust and their principal occupation over the last five years. Unless otherwise noted, the address of each Trustee and Officer is 80 Arkay Drive, Hauppauge, NY 11788.

<b>Independent Trustees</b>	<b>Number of Portfolios in Fund Complex Overseen by Trustee**</b>
<b>Name (Year of Birth)</b> <b>Position held with the Fund</b> <b>Principal Occupations and Other Directorships During Past 5 Years</b> Robert J. Boulware (1956) Trustee since August 2011 Managing Director, Pilgrim Funds, LLC (private equity fund), Sept. 2006 to present. Other Directorships: Trustee, Met Investors Series Trust (70 portfolios), March 2008 to present; Director, Gainsco Inc. (auto insurance) May 2005 to present.	1
Mark J. Schlafly (1961) Trustee since August 2011 President and Chief Executive Officer, FSC Securities Corporation, July 2008 to April 2011; Senior Vice President, LPL Financial Corporation, July 2006 to July 2008. Other Directorships: Big Brothers Big Sisters of Massachusetts Bay, Inc., Oct. 2006 to July 2009; Invest In Others Charitable Foundation, Inc., Oct. 2006 to July 2008.	1

T. Neil Bathon (1961) Trustee since August 2011 Managing Director, Managing Partner, FUSE Research Network, LLC, Aug. 2008 to present; Managing Director, PMR Associates LLC, July 2006 to Present; Financial Research Corp, Oct. 1987 to May 2006. Other Directorships: Financial Investors Variable Insurance Trust (5 portfolios), Jan. 2007 to Feb. 2010.	1
Jeffrey F. O'Donnell (1960) Trustee since August 2011 Executive Chairman of the Board, NB Therapeutics, April 2011 to present; Managing Director, BioStar Ventures, July 2009 (Venture Partner) to present; Chairman of the Board and Chief Executive Officer, Embrella Cardiovascular, Inc., July 2009 to March 2011; President and Chief Executive Officer, Photomedex, Inc. Jan, 2000 to July 2009. Other Directorships: Director, Endologix, Inc., 1998 to May 2011; Director, Replication Medical 1997 to 2010.	1
<b>Interested Trustees and Officers</b>	
A. Bayard Closser ***(1960) Trustee, Chairman of Board of Trustees, President, each since August 2011 President, Vertical Capital Markets Group, LLC (broker-dealer holding company), Sept. 2010 to present; President, MAC Adventures, Inc., Feb. 2009 to Aug. 2011; Executive Vice President, ING Funds Distributor, LLC (and successor affiliated entities), Dec. 1998 to Feb. 2009. Other Directorships: None	1

## Vertical Capital Income Fund

Supplemental Information (Continued)  
September 30, 2013 (Unaudited)

<b>Interested Trustees and Officers (Continued)</b>	
<b>Name (Year of Birth)</b> <b>Position held with the Fund</b> <b>Principal Occupations and Other Directorships During Past 5 Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Trustee**</b>
Christopher R. Chase ***(1953) Trustee Since August 2011 Managing Member, Vertical Capital Asset Management, LLC, July 2011 to present; Managing Member, Vertical Recovery Management, LLC (asset management), Oct. 2008 to present; Managing Member, Vertical Capital Markets Group, LLC (broker-dealer holding company), Oct. 2008 to present; President, Vertical Fund Group, Inc. (investment holding company), Aug. 2007 to present; President, Chase Pacific Capital Advisors (commercial real estate mortgage brokerage), 1996 to present. Other Directorships: None	1
Gustavo A. Altuzarra (1957) Treasurer since August 2011 Managing Member, Vertical Capital Asset Management, LLC, July 2011 to present; Managing Member, Vertical Recovery Management, LLC (asset management), Oct. 2008 to present; Principal and Secondary Marketing Officer, Vertical Financial Group, Inc. (mortgage brokerage), July 2004 to present. Other Directorships: N/A	N/A
Harris Cohen (1981) Assistant Treasurer since 2011 Manager of Fund Administration, Gemini Fund Services, LLC, Nov. 2004 to present. Other Directorships: N/A	N/A
James P. Ash (1976) Secretary since 2011 Senior Vice President, Gemini Fund Services, LLC from 2012 to present; Vice President, Gemini Fund Services, LLC from 2011 to 2012; Director of Legal Administration, Gemini Fund Services LLC from 2009 to 2011; Assistant Vice President of Legal Administration, Gemini Fund Services, LLC from 2008 to 2011. Law Clerk, Oct 2005 to May 2008. Other Directorships: N/A	N/A
Emile R. Molineaux (1962) Chief Compliance Officer and Anti-Money Laundering Officer Since August 2011 Northern Lights Compliance Services, LLC (Secretary since 2003 and Senior Compliance Officer since 2011); General Counsel, CCO and Senior Vice President, Gemini Fund Services, LLC; Secretary and CCO, Northern Lights Compliance Services, LLC (2003-2011). Other Directorships: N/A	N/A

\*\* The term "Fund Complex" refers to the Vertical Capital Income Fund.

\*\*\* Mr. Closser is an interested Trustee because he is also an officer (President) of the Fund. Mr. Chase is an interested Trustee because he owns a controlling (co-controlling 50%) interest in the Fund's investment adviser.

The Fund's Statement of Additional Information includes additional information about the Trustees and is available free of charge, upon request, by calling toll-free at 1-866-277-VCIF.

## PRIVACY NOTICE

### FACTS **WHAT DOES VERTICAL CAPITAL INCOME FUND DO WITH YOUR PERSONAL INFORMATION?**

**Why?** Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

**What?** The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- § Social Security number
- § Purchase History
- § Assets
- § Account Balances
- § Retirement Assets
- § Account Transactions
- § Transaction History
- § Wire Transfer Instructions
- § Checking Account Information

When you are *no longer* our customer, we continue to share your information as described in this notice.

**How?** All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Vertical Capital Income Fund chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Vertical Capital Income Fund share?	Can you limit this sharing?
<b>For our everyday business purposes –</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes –</b> to offer our products and services to you	No	We don't share
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes –</b> information about your transactions and experiences	No	We don't share
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	No	We don't share
<b>For nonaffiliates to market to you</b>	No	We don't share

**Questions?** Call 1-866-277-VCIF

### Who we are

**Who is providing this notice?** Vertical Capital Income Fund

### What we do

**How does Vertical Capital Income Fund protect my personal information?** To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

**How does Vertical Capital Income Fund collect my personal information?** Our service providers are held accountable for adhering to strict policies and procedures to prevent any misuse of your nonpublic personal information.

We collect your personal information, for example, when you

- § Open an account
- § Provide account information
- § Give us your contact information
- § Make deposits or withdrawals from your account
- § Make a wire transfer
- § Tell us where to send the money
- § Tells us who receives the money
- § Show your government-issued ID
- § Show your driver's license

We also collect your personal information from other companies.

**Why can't I limit all sharing?** Federal law gives you the right to limit only

- Sharing for affiliates' everyday business purposes – information about your creditworthiness
- Affiliates from using your information to market to you

- Sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

## Definitions

<b>Affiliates</b>	Companies related by common ownership or control. They can be financial and nonfinancial companies. § <i>Vertical Capital Income Fund does not share with our affiliates.</i>
<b>Nonaffiliates</b>	Companies not related by common ownership or control. They can be financial and nonfinancial companies § <i>Vertical Capital Income Fund does not share with nonaffiliates so they can market to you.</i>
<b>Joint marketing</b>	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. § <i>Vertical Capital Income Fund doesn't jointly market.</i>

## How to Obtain Proxy Voting Information

Information regarding how the Fund votes proxies relating to portfolio securities for the 12 month period ended June 30th as well as a description of the policies and procedures that the Fund used to determine how to vote proxies is available without charge, upon request, by calling 1-866-277-VCIF by referring to the Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>.

## How to Obtain 1st and 3rd Fiscal Quarter Portfolio Holdings

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. Form N-Q is available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (1-800-SEC-0330). The information on Form N-Q is available without charge, upon request, by calling 1-866-277-VCIF.

## Investment Adviser

Vertical Capital Asset Management, LLC  
20 Pacifica, Suite 190  
Irvine, CA 92618

## Administrator

Gemini Fund Services, LLC  
80 Arkay Drive  
Hauppauge, NY 11788

## Item 2. Code of Ethics.

(a) As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.

(b) For purposes of this item, "code of ethics" means written standards that are reasonably designed to deter wrongdoing and to promote:

- (1) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (2) Full, fair, accurate, timely, and understandable disclosure in reports and documents that a registrant files with, or submits to, the Commission and in other public communications made by the registrant;
- (3) Compliance with applicable governmental laws, rules, and regulations;
- (4) The prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and
- (5) Accountability for adherence to the code.

(c) Amendments: During the period covered by the report, there have not been any amendments to the provisions of the code of ethics.

(d) Waivers: During the period covered by the report, the registrant has not granted any express or implicit waivers from the provisions of the code of ethics.

**Item 3. Audit Committee Financial Expert.**

The registrant's board of trustees has determined that the registrant does not have an audit committee financial expert serving on its audit committee.

**Item 4. Principal Accountant Fees and Services****(a) Audit Fees**

	<u>Registrant</u>	<u>Advisor</u>
FYE 09/30/13	\$30,250	N/A
FYE 09/30/12	\$30,000	N/A

**(b) Audit-Related Fees**

	<u>Registrant</u>	<u>Advisor</u>
FYE 09/30/13	\$0	N/A
FYE 09/30/12	\$0	N/A

**(c) Tax Fees**

	<u>Registrant</u>	<u>Advisor</u>
FYE 09/30/13	\$3,000	N/A
FYE 09/30/12	\$3,000	N/A

Preparation of Federal & State income tax returns, assistance with calculation of required income, capital gain and excise distributions and preparation of Federal excise tax returns.

**(d) All Other Fees**

	<u>Registrant</u>	<u>Advisor</u>
FYE 09/30/13	\$0	N/A
FYE 09/30/12	\$0	N/A

**(e) (1) Audit Committee's Pre-Approval Policies**

The registrant's Audit Committee is required to pre-approve all audit services and, when appropriate, any non-audit services (including audit-related, tax and all other services) to the registrant. The registrant's Audit Committee also is required to pre-approve, when appropriate, any non-audit services (including audit-related, tax and all other services) to its adviser, or any entity controlling, controlled by or under common control with the adviser that provides ongoing services to the registrant, to the extent that the services may be determined to have an impact on the operations or financial reporting of the registrant. Services are reviewed on an engagement by engagement basis by the Audit Committee.

**(2) Percentages of Services Approved by the Audit Committee**

	<u>Registrant</u>	<u>Advisor</u>
Audit-Related Fees:	N/A	N/A
Tax Fees:	N/A	N/A
All Other Fees:	N/A	N/A

(f) During the audit of registrant's financial statements for the most recent fiscal year, less than 50 percent of the hours expended on the principal accountant's engagement were attributed to work performed by persons other than the principal accountant's full-time, permanent employees.

(g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant:

	<u>Registrant</u>	<u>Advisor</u>
FYE 09/30/2013	\$3,000	N/A
FYE 09/30/2012	\$3,000	N/A

(h) The registrant's audit committee has considered whether the provision of non-audit services to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant, that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X, is compatible with maintaining the principal accountant's independence.

**Item 5. Audit Committee of Listed Companies.** Not applicable.

**Item 6. Schedule of Investments.** See Item 1.

**Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Funds.**

Pursuant to the adoption by the Securities and Exchange Commission (the “Commission”) of Rule 206(4)-6 (17 CFR 275.206(4)-6) and amendments to Rule 204-2 (17 CFR 275.204-2) under the Investment Adviser Act of 1940 (the “Act”), it is a fraudulent, deceptive, or manipulative act, practice or course of business, within the meaning of Section 206(4) of the Act, for an investment adviser to exercise voting authority with respect to client securities, unless (i) the adviser has adopted and implemented written policies and procedures that are reasonably designed to ensure that the adviser votes proxies in the best interests of its clients, (ii) the adviser describes its proxy voting procedures to its clients and provides copies on request, and (iii) the adviser discloses to clients how they may obtain information on how the adviser voted their proxies.

In order to fulfill its responsibilities under the Act, Vertical Capital Asset Management, LLC (hereinafter, “we” or “our”) has adopted the following policies and procedures for proxy voting with regard to direct investments in companies held in investment portfolios of our clients.

## **KEY OBJECTIVES**

The key objectives of these policies and procedures recognize that a company’s management is entrusted with the day-to-day operations and longer term strategic planning of the company, subject to the oversight of the company’s board of directors. While “ordinary business matters” are primarily the responsibility of management and should be approved solely by the corporation’s board of directors, these objectives also recognize that the company’s shareholders must have final say over how management and directors are performing, and how shareholders’ rights and ownership interests are handled, especially when matters could have substantial economic implications to the shareholders.

Therefore, we will pay particular attention to the following matters in exercising our proxy voting responsibilities as a fiduciary for our clients:

*Accountability.* Each company should have effective means in place to hold those entrusted with running a company’s business accountable for their actions. Management of a company should be accountable to its board of directors and the board should be accountable to shareholders.

*Alignment of Management and Shareholder Interests.* Each company should endeavor to align the interests of management and the board of directors with the interests of the company’s shareholders. For example, we generally believe that compensation should be designed to reward management for doing a good job of creating value for the shareholders of the company.

*Transparency.* Promotion of timely disclosure of important information about a company’s business operations and financial performance enables investors to evaluate the performance of a company and to make informed decisions about the purchase and sale of a company’s securities.

## **DECISION METHODS**

We generally believe that portfolio managers that invest in and track particular companies have a unique perspective to make decisions with regard to proxy votes. Therefore, we rely on that perspective to make the final decisions on how to cast proxy votes.

No set of proxy voting guidelines can anticipate all situations that may arise. In special cases, we may seek insight and expertise from outside sources as to how a particular proxy proposal will impact the financial prospects of a company, and vote accordingly.

In some instances, a proxy vote may present a conflict between the interests of a client, on the one hand, and our interests or the interests of a person affiliated with us, on the other. In such a case, we will abstain from making a voting decision and will forward all of the necessary proxy voting materials to the client to enable the client to cast the votes.

## **SUMMARY OF PROXY VOTING GUIDELINES**

### **Election of the Board of Directors**

We believe that good corporate governance generally starts with a board composed primarily of independent directors, unfettered by significant ties to management, all of whose members are elected annually. We also believe that some measure of turnover in board composition typically promotes more independent board action and fresh perspectives on governance. Of greater importance is the skill set of the proposed board member. We will also look at the backgrounds of the directors to gauge their business acumen and any special talent or experience that may add value to their participation on the board.

The election of a company’s board of directors is one of the most fundamental rights held by shareholders. Because a classified board structure prevents shareholders from electing a full slate of directors annually, we will pay special attention to efforts to declassify boards or other measures that permit shareholders to remove a majority of directors at any time.

### **Approval of Independent Auditors**

We believe that the relationship between a company and its auditors should be limited primarily to the audit engagement, although it may include certain closely related activities that do not raise an appearance of impaired independence.

We will evaluate on a case-by-case basis instances in which the audit firm has a substantial non-audit relationship with a company to determine whether we believe independence has been, or could be, compromised.

### **Equity-based compensation plans**

We believe that appropriately designed equity-based compensation plans, approved by shareholders, can be an effective way to align the interests of shareholders and the interests of directors, management, and employees by providing incentives to increase shareholder value. Conversely, we are opposed to plans that substantially dilute ownership interests in the company, provide participants with excessive awards, or have inherently objectionable structural features.

We will generally support measures intended to increase stock ownership by executives and the use of employee stock purchase plans to increase company stock ownership by employees. These may include:

1. Requiring senior executives to hold stock in a company.
2. Requiring stock acquired through option exercise to be held for a certain period of time.

These are guidelines, and we consider other factors, such as the nature of the industry and size of the company, when assessing a plan's impact on ownership interests.

### **Corporate Structure**

We view the exercise of shareholders' rights, including the rights to act by written consent, to call special meetings and to remove directors, to be fundamental to good corporate governance.

Because classes of common stock with unequal voting rights limit the rights of certain shareholders, we generally believe that shareholders should have voting power equal to their equity interest in the company and should be able to approve or reject changes to a company's by-laws by a simple majority vote.

We will generally support the ability of shareholders to cumulate their votes for the election of directors.

### **Shareholder Rights Plans**

There are arguments both in favor of and against shareholder rights plans, also known as poison pills. For example, such measures may tend to entrench or provide undue compensation to current management, which we generally consider to have a negative impact on shareholder value. Therefore, our preference is for a plan that places shareholder value in a priority position above interests of management.

### **SUMMARY OF PROXY VOTING PROCEDURES**

As a fiduciary to its investors, we recognize the need to actively manage and vote proxies and other shareholder actions and consents that may arise in the course of its investment advisory activities on behalf of its clients. However, due to the nature of the investments of the Fund and indirect exposure to underlying equity investments, we believe that it would be rare that we would be in a position to cast a vote or called upon to vote a proxy.

In the event that we do receive a proxy notice, shareholder consent, or is otherwise entitled to vote on any issue related to the investments of its advisory client accounts, we will process and vote all shareholder proxies and other actions in a timely manner insofar as we can determine based on the facts available at the time of its action, in the best interests of the affected advisory client(s). Although we expect that proxies will generally be voted in a manner consistent with the guidelines set forth in this policy, there may be individual cases where, based on facts available, voting according to policy would not be in the best interests of the fund and its shareholders. In such cases, we may vote counter to the stated policy.

#### Proxy Voting Procedure

- 1) Notices received are reviewed by the Compliance Department;
- 2) Forwarded to the Investment Department for review and voting decision;
- 3) Vote or consent entered according to our best judgment under the facts and circumstances presented. Such decision shall be made and documented;
- 4) Final review and sign-off by Compliance Department and filing with a copy in the Proxy Voting Log.

We may at any time, outsource Proxy Voting responsibilities to Institutional Shareholder Services ("ISS") or similar service provider that we may approve, provided that such service provider votes each proxy based on decisions made by us.

### **CLIENT INFORMATION**

A copy of these Proxy Voting Policies and Procedures is available to our clients, without charge, upon request, by calling 1-866-277-VCIF. We will send a copy of these Proxy Voting Policies and Procedures within three business days of receipt of a request, by first-class mail or other means designed to ensure equally prompt delivery.

In addition, we will provide each client, without charge, upon request, information regarding the proxy votes cast by us with regard to the client's securities.

### **Item 8. Portfolio Managers of Closed-End Management Investment Companies.**

Mr. Altuzarra, Managing Partner of the Adviser, and Mr. Chase, Managing Partner of the Adviser, are the Fund's co-portfolio managers. Each share primary responsibility for management of the Fund's investment portfolio and have served the Fund in this capacity since it commenced operations in 2011. Mr. Altuzarra and Mr. Chase are each compensated through their share of the profits, if any, of the Adviser. Because the portfolio managers may manage assets for other pooled investment vehicles and/or other accounts (including institutional clients, pension plans and certain high net worth individuals) (collectively "Client Accounts"), or may be affiliated with such Client Accounts, there may be an incentive to favor one Client Account over another, resulting in conflicts of interest. For example, the Adviser may, directly or indirectly, receive fees from Client Accounts that are higher than the fee it receives from the Fund, or it may, directly or indirectly, receive a performance-based fee on a Client Account. In those instances, a portfolio manager may have an incentive to not favor the Fund over the Client Accounts. The Adviser has adopted trade allocation and other policies and procedures that it believes are reasonably designed to address these and other conflicts of interest. As September 30, 2013, Mr. Altuzarra and Mr. Chase each owned \$50,000 to \$100,000 of Fund shares.

As of September 30, 2013, Mr. Altuzarra was responsible for the management of the following types of accounts in addition to the Fund:

Other Accounts By Type	Total Number of Accounts by Account Type	Total Assets By Account Type	Number of Accounts by Type Subject to a Performance Fee	Total Assets By Account Type Subject to a Performance Fee
Registered Investment	0	\$0	0	\$0



Companies				
Other Pooled Investment Vehicles	3	\$65,372,861	2	\$56,352,861
Other Accounts	0	\$0	0	\$0

As of September 30, 2013, Mr. Chase was responsible for the management of the following types of accounts in addition to the Fund:

Other Accounts By Type	Total Number of Accounts by Account Type	Total Assets By Account Type	Number of Accounts by Type Subject to a Performance Fee	Total Assets By Account Type Subject to a Performance Fee
Registered Investment Companies	0	\$0	0	\$0
Other Pooled Investment Vehicles	3	\$65,372,861	2	\$56,352,861
Other Accounts	0	\$0	0	\$0

**Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.** Not applicable.

**Item 10. Submission of Matters to a Vote of Security Holder.** None.

**Item 11. Controls and Procedures.**

(a) Based on an evaluation of the Registrant's disclosure controls and procedures as of a date within 90 days of filing date of this Form N-CSR, the principal executive officer and principal financial officer of the Registrant have concluded that the disclosure controls and procedures of the Registrant are reasonably designed to ensure that the information required in filings on Form N-CSR is recorded, processed, summarized, and reported by the filing date, including that information required to be disclosed is accumulated and communicated to the Registrant's management, including the Registrant's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) There were no significant changes in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report (in the registrant's second fiscal half-year in the case of an annual report) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 12. Exhibits.**

(a)(1) Code of Ethics filed herewith.

(a)(2) Certification(s) required by Section 302 of the Sarbanes-Oxley Act of 2002 (and Item 11(a)(2) of Form N-CSR) are filed herewith.

(a)(3) Not applicable.

(b) Certification(s) required by Section 906 of the Sarbanes-Oxley Act of 2002 (and Item 11(b) of Form N-CSR) are filed herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Vertical Capital Income Fund

By (Signature and Title)

\* /s/ Bayard Closser  
Bayard Closser, President

Date 12/9/13

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)

\* /s/ Bayard Closser  
Bayard Closser, President

Date 12/9/13

By (Signature and Title)

\* /s/ Gustavo A. Altuzarra  
Gustavo A. Altuzarra Treasurer

Date 12/9/13

\* Print the name and title of each signing officer under his or her signature.

## CERTIFICATIONS

I, Bayard Closser, certify that:

1. I have reviewed this report on Form N-CSR of the Vertical Capital Income Fund;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows (if the financial statements are required to include a statement of cash flows) of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 ) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940 for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation;
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report (in the registrant's second fiscal half-year in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 12/9/13

/s/Bayard Closser  
Bayard Closser, President

I, Gustavo A. Altuzarra, certify that:

1. I have reviewed this report on Form N-CSR of the Vertical Capital Income Fund;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows (if the financial statements are required to include a statement of cash flows) of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 ) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940 for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation;
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report (in the registrant's second fiscal half-year in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 12/9/13

/s/Gustavo A. Altuzarra  
Gustavo A. Altuzarra, Treasurer

**CERTIFICATION**

Bayard Closser, President, and Gustavo A. Altuzarra, Treasurer of the Vertical Capital Income Fund (the "Registrant"), each certify to the best of his or her knowledge that:

1. The Registrant's periodic report on Form N-CSR for the period ended September 30, 2013 (the "Form N-CSR") fully complies with the requirements of Sections 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Form N-CSR fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

President  
Vertical Capital Income Fund

Treasurer  
Vertical Capital Income Fund

/s/Bayard Closser  
Bayard Closser

/s/Gustavo A. Altuzarra  
Gustavo A. Altuzarra

Date: 12/9/13

Date: 12/9/13

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Vertical Capital Income Fund and will be retained by the Vertical Capital Income Fund and furnished to the Securities and Exchange Commission (the "Commission") or its staff upon request.

This certification is being furnished to the Commission solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Form N-CSR filed with the Commission.

## Vertical Capital Income Fund

### CODE OF ETHICS

August 2, 2011

The Vertical Capital Income Fund (the "Trust") has adopted this Code of Ethics (the "Code") in order to set forth guidelines and procedures that promote ethical practices and conduct by all of its Access Persons and to ensure that all Access Persons comply with the federal securities laws. Although this Code contains a number of specific standards and policies, there are four key principles embodied throughout the Code.

#### **THE INTERESTS OF THE FUND MUST ALWAYS BE PARAMOUNT**

Access Persons have a legal, fiduciary duty to place the interests of the Fund ahead of their own. In any decision relating to their personal investments, Access Persons must scrupulously avoid serving their own interests ahead of those of the Trust.

#### **Access Persons may not take advantage of their relationship with the Fund**

Access Persons should avoid any situation (unusual investment opportunities, perquisites, accepting gifts of more than token value from persons seeking to do business with the Fund) that might compromise, or call into question, the exercise of their fully independent judgment in the interests of the Fund.

#### **All Personal Securities Transactions should avoid any actual, potential, or apparent conflicts of interest**

Although all Personal Securities Transactions by Access Persons must be conducted in a manner consistent with this Code, the Code itself is based on the premise that Access Persons owe a fiduciary duty to the Fund, and should avoid any activity that creates an actual, potential, or apparent conflict of interest. This includes executing transactions through or for the benefit of a third party when the transaction is not in keeping with the general principles of this Code.

Access Persons must adhere to these general principles as well as comply with the specific provisions of this Code. Technical compliance with the Code and its procedures will not automatically prevent scrutiny of trades that show a pattern of abuse of an individual's fiduciary duty to the Fund.

#### **Access Persons must comply with all applicable laws**

In both work-related and personal activities, Access Persons must comply with all applicable laws, including the federal securities laws.

**Any violations of this Code should be reported promptly to the Chief Compliance Officer. Failure to do so will be deemed a violation of the Code.**

#### **DEFINITIONS**

**"Access Person"** shall have the same meaning as set forth in Rule 17j-1 under the Investment Company Act of 1940, as amended (the "1940 Act") and shall include:

1. all officers and directors (or persons occupying a similar status or performing a similar function) of the Fund;
2. all officers and directors (or persons occupying a similar status or performing a similar function) of each Adviser or Sub-Adviser with respect to its corresponding series of the Trust (together, the "Advisers");
3. any employee of the Trust or the Adviser (or of any company controlling or controlled by or under common control with the Trust or the Adviser) who, in connection with his or her regular functions or duties, makes, participates in, or obtains information regarding the purchase or sale of Covered Securities by the Funds, or whose functions relate to the making of any recommendations with respect to the purchase or sale; and
4. any other natural person controlling, controlled by or under common control with the Trust or the Adviser who obtains information concerning recommendations made to the Fund with regard to the purchase or sale of Covered Securities by the Fund.

**"Beneficial Ownership"** means in general and subject to the specific provisions of Rule 16a-1(a)(2) under the Securities Exchange Act of 1934, as amended, having or sharing, directly or indirectly, through any contract arrangement, understanding, relationship, or otherwise, a direct or indirect "pecuniary interest" in the security.

**"Chief Compliance Officer"** means the Code of Ethics Compliance Officer of the Trust with respect to Trustees and officers of the Trust, or the CCO of the Adviser with respect to Adviser personnel.

**"Code"** means this Code of Ethics.

**"Covered Security"** means any Security, except (i) direct obligations of the U.S. Government, (ii) bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements, and (iii) shares issued by open-end mutual funds.

**"Decision Making Access Person"** means any Access Person who, in connection with his or her regular functions or duties, makes, participates in, or obtains information regarding the purchase or sale of a security by the Funds, or whose functions relate to the making of any recommendations with respect to such purchases or sales. Decision Makers typically are Adviser personnel.

**"Fund"** means the Trust.

**"Immediate family"** means an individual's spouse, child, stepchild, grandchild, parent, stepparent, grandparent, siblings, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law and should include adoptive relationships. For purposes of determining whether an Access Person has an "indirect pecuniary interest" in securities, only ownership by "immediate family" members sharing the same household as the Access Person will be presumed to be an "indirect pecuniary interest" of the Access Person, absent special circumstances.

**"Independent Trustees"** means those Trustees of the Trust that would not be deemed an "interested person" of the Trust, as defined in Section 2(a)(19)(A) of the 1940 Act.

**"Indirect Pecuniary Interest"** includes, but is not limited to: (a) securities held by members of the person's Immediate Family sharing the same household (which ownership interest may be rebutted); (b) a general partner's proportionate interest in portfolio securities held by a general or limited partnership; (c) a person's right to dividends that is separated or separable from the underlying securities (otherwise, a right to dividends alone will not constitute a pecuniary interest in securities); (d) a person's interest in securities held by a trust; (e) a person's right to acquire securities through the exercise or conversion of any derivative security, whether or not presently exercisable; and (f) a performance-related fee, other than an asset based fee, received by any broker, dealer, bank, insurance company, investment company, investment manager, trustee, or person or entity performing a similar function, with certain exceptions.

**"Pecuniary Interest"** means the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction in securities.

**"Personal Securities Transaction"** means any transaction in a Covered Security in which an Access Person has a direct or indirect Pecuniary Interest.

**"Purchase or Sale of a Security"** includes the writing of an option to purchase or sell a Security. A Security shall be deemed "being considered for Purchase or Sale" for the Trust when a recommendation to purchase or sell has been made and communicated by a Decision Making Access Person, and, with respect to the person making the recommendation, when such person seriously considers making such a recommendation. These recommendations are placed on the "Restricted List" until they are no longer being considered for Purchase or Sale, or until the Security has been purchased or sold.

**"Restricted List"** means the list of securities maintained by the Chief Compliance Officer in which trading by Access Persons is generally prohibited.

**"Security"** means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, pre-organization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, or, in general, an interest or instrument commonly known as "security", or any certificate or interest or participation in temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase (including options) any of the foregoing.

**"Sub-Adviser"** means the sub-adviser, if any, to the Trust.

**"Trust"** means the Vertical Capital Income Fund.

## **PROHIBITED ACTIONS AND ACTIVITIES**

A. No Access Person shall purchase or sell directly or indirectly, any Covered Security in which he or she has, or by reason of such transaction acquires, any direct or indirect beneficial ownership and which he or she knows or should have known at the time of such purchase or sale;

(1) is being considered for purchase or sale by the Fund, or

(2) is being purchased or sold by the Fund.

A. Decision-Making Access Persons may not participate in any initial public offering of Covered Securities in any account over which they exercise Beneficial Ownership. All other Access Persons must obtain prior written authorization from the Chief Compliance Officer prior to such participation;

B. No Access Person may purchase a Covered Security in which by reason of such transaction they acquire Beneficial Ownership in a private placement of a Security, without prior written authorization of the acquisition by the Chief Compliance

Officer;

C. Access Persons may not accept any fee, commission, gift, or services, other than *de minimis* gifts, from any single person or entity that does business with or on behalf of the Trust;

D. Decision-Making Access Persons may not serve on the board of directors of a publicly traded company without prior authorization from the Chief Compliance Officer based upon a determination that such service would be consistent with the interests of the Trust. If such service is authorized, procedures will then be put in place to isolate such Decision-Making Access Persons serving as directors of outside entities from those making investment decisions on behalf of the Trust.

Advanced notice should be given so that the Trust, Adviser, or Sub-Adviser may take such action concerning the conflict as deemed appropriate by the Chief Compliance Officer.

E.

Decision-Making Access Person may not execute a Personal Securities Transaction involving a Covered Security without authorization of the Chief Compliance Officer or such persons who may be designated by the Chief Compliance Officer from time to time.

F.

It shall be a violation of this Code for any Access Person, in connection with the purchase or sale, directly or indirectly, of any Covered Security held or to be acquired by a Fund:

a.

to employ any device, scheme or artifice to defraud the Trust;

b.

to make to the Trust any untrue statement of a material fact or to omit to state to the Trust a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;

c.

to engage in any act, practice or course of business that operates or would operate as a fraud or deceit upon the Trust; or

d.

to engage in any manipulative practice with respect to the Trust.

## EXEMPTED TRANSACTIONS

The provisions described above under the heading Prohibited Actions and Activities and the preclearance procedures under the heading Preclearance of Personal Securities Transactions do not apply to:

- Purchases or Sales of Securities effected in any account in which an Access Person has no Beneficial Ownership;
- Purchases or Sales of Securities which are non-volitional on the part the Access Person (for example, the receipt of stock dividends);
- Purchase of Securities made as part of automatic dividend reinvestment plans;
- Purchases of Securities made as part of an employee benefit plan involving the periodic purchase or company stock or mutual funds; and
- Purchases of Securities effected upon the exercise of rights issued by an issuer pro rata to all holders of a class of its Securities, to the extent such rights were acquired from such issuer, and sale of such rights so acquired.

## PRECLEARANCE OF PERSONAL SECURITIES TRANSACTIONS

All Decision-Making Access Persons wishing to engage in a Personal Securities Transaction must obtain prior authorization of any such Personal Securities Transaction from the Chief Compliance Officer or such person or persons that the Chief Compliance Officer may from time to time designate to make such authorizations. Personal Securities Transactions by the Chief Compliance Officer shall require prior authorization from the President or Chief Executive Officer of the Trust (unless such person is also the Chief Compliance Officer), who shall perform the review and approval functions relating to reports and trading by the Chief Compliance Officer. The Trust shall adopt the appropriate forms and procedures for implementing this Code of Ethics.

Any authorization so provided is effective until the close of business on the fifth trading day after the authorization is granted. In the event that an order for the Personal Securities Transaction is not placed within that time period, a new authorization must be obtained. If the order for the transaction is placed but not executed within that time period, no new authorization is required unless the person placing the order originally amends the order in any manner. Authorization for "good until canceled" orders are effective unless the order conflicts with a Trust order.

If a person wishing to effect a Personal Securities Transaction learns, while the order is pending, that the same Security is being considered for Purchase or Sale by a Fund, such person shall cancel the trade.



## **REPORTING AND MONITORING**

The Chief Compliance Officer or his designees shall monitor all personal trading activity of all Access Persons pursuant to the procedures established under this Code.

### **Disclosure of Personal Brokerage Accounts**

Within ten days of the commencement of employment or at the commencement of a relationship with the Trust, all Access Persons, except Independent Trustees, are required to submit to the Chief Compliance Officer a report stating the names and account numbers of all of their personal brokerage accounts, brokerage accounts of members of their Immediate Family, and any brokerage accounts which they control or in which they or an Immediate Family member has Beneficial Ownership. Such report must contain the date on which it is submitted and the information in the report must be current as of a date no more than 45 days prior to that date. In addition, if a new brokerage account is opened during the course of the year, the Chief Compliance Officer must be notified immediately.

The information required by the above paragraph must be provided to the Chief Compliance Officer on an annual basis, and the report of such should be submitted with the annual holdings reports described below.

Each of these accounts is required to furnish duplicate confirmations and statements to the Chief Compliance Officer. These statements and confirms for each series of the Trust may be sent to its respective Adviser.

### **INITIAL HOLDINGS REPORT**

Within ten days of becoming an Access Person (and with information that is current as of a date no more than 45 days prior to the date that the report was submitted), each Access Person, except Independent Trustees must submit a holdings report that must contain, at a minimum, the title and type of Security, and as applicable, the exchange ticker symbol or CUSIP number, number of shares, and principal amount of each Covered Security in which the Access Person has any direct or indirect Beneficial Ownership. This report must state the date on which it is submitted.

### **ANNUAL HOLDINGS REPORTS**

All Access Persons, except Independent Trustees, must supply the information that is required in the initial holdings report on an annual basis, and such information must be current as of a date no more than 45 days prior to the date that the report was submitted. Such reports must state the date on which they are submitted.

### ***Quarterly Transaction Reports***

All Access Persons shall report to the Chief Compliance Officer or his designees the following information with respect to transactions in a Covered Security in which such person has, or by reason of such transaction acquires, any direct or indirect Beneficial Ownership in the Covered Security:

- The date of the transaction, the title, and as applicable the exchange ticker symbol or CUSIP number, interest rate and maturity date, number of shares, and the principal amount of each Covered Security;
- The nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition);
- The price of the Covered Security at which the transaction was effected; and
- The name of the broker, dealer, or bank with or through whom the transaction was effected.
- The date the Access Person Submits the Report.

Reports pursuant to this section of this Code shall be made no later than 30 days after the end of the calendar quarter in which the transaction to which the report relates was effected, and shall include a certification that the reporting person has reported all Personal Securities Transactions required to be disclosed or reported pursuant to the requirements of this Code. Confirmations and Brokerage Statements sent directly to the appropriate address noted above is an acceptable form of a quarterly transaction report.

An Independent Trustee need only make a quarterly transaction report if he or she, at the time of the transaction, knew, or in the ordinary course of fulfilling his or her official duties as a Trustee, should have known that during the 15-day period immediately preceding or following the date of the transaction by the Independent Trustee, the Covered Security was purchased or sold by a Fund or was considered for purchase or sale by a Fund.

## **ENFORCEMENTS AND PENALTIES**

The Chief Compliance Officer or his designee shall review the transaction information supplied by Access Persons. If a transaction appears to be a violation of this Code, the transaction will be reported to the Fund's Board of Trustees.

Upon being informed of a violation of this Code, the Fund's Board of Trustees may impose sanctions as it deems appropriate, including but not limited to, a letter of censure or suspension, termination of the employment of the violator, or a request for disgorgement of any profits received from a securities transaction effected in violation of this Code. The Fund shall impose sanctions in accordance with the principle that no Access Person may profit at the expense of its clients. Any losses are the responsibility of the violator. Any profits realized on personal securities transactions in violation of the Code must be disgorged in a manner directed by the Board of Trustees.

Annually, the Chief Compliance Officer at each regular meeting of the Board shall issue a report on Personal Securities Transactions by Access Person. The report submitted to the board shall:

- Summarize existing procedures concerning Personal Securities investing and any changes in the procedures made during the prior year;
- Identify any violations of this Code and any significant remedial action taken during the prior year; and;
- Identify any recommended changes in existing restrictions or procedures based upon the experience under the Code, evolving industry practices or developments in applicable laws and regulations.

### **ACKNOWLEDGMENT**

The Trust must provide all Access Persons with a copy of this Code. Upon receipt of this Code, all Access Persons must do the following:

All new Access Persons must read the Code, complete all relevant forms supplied by the Chief Compliance Officer (including a written acknowledgement of their receipt of the Code in a form substantially similar to the example below), and schedule a meeting with the Chief Compliance Officer to discuss the provisions herein within two calendar weeks of employment.

I certify that I have read and understand the Code of Ethics of Vertical Capital Income Fund and recognize that I am subject to it. [if an employee of the Adviser] I further certify I will fulfill my personal securities holdings and transactions reporting obligations through the procedures of the Adviser with respect to covered securities.

Printed Name:

Signature:

Date:

Existing Access Persons who did not receive this Code upon hire, for whatever reason, must read the Code, complete all relevant forms supplied by the Chief Compliance Officer (including a written acknowledgement of their receipt of the Code), and schedule a meeting with the Chief Compliance Officer to discuss the provisions herein at the earliest possible time, but no later than the end of the current quarter.

All Access Persons must certify on an annual basis that they have read and understood the Code.