

Fund overview

- \$2.2 billion in total assets, ranking as one of the largest publicly traded credit-focused closed-end funds.
- FSCO's (the "Fund") common shares listed on the New York Stock Exchange ("NYSE") in November 2022.
- Management team assumed control of the Fund in January 2018; led by Andrew Beckman (DW Partners, Magnetar, Goldman Sachs) and Nick Heilbut (DW Partners, Magnetar, Goldman Sachs).

- Diversified credit strategy investing across public and private credit in loans, bonds, structured credit or highly structured equity investments and across fixed and floating rate assets.
- Focus on investments where return premiums exist due to complexity of company balance sheets, illiquidity of the asset or resulting from corporate events.
- \$1.31 billion market cap with average daily volume of 764,000 shares as of October 31, 2024.

Q3 2024 highlights

- Returned 3.35% in 3Q24. Net asset value ("NAV") rose \$0.06 per share and the Fund paid distributions of \$0.18 per share.¹
- Returned 12.31% year to date through Q3 2024.
- FSCO outperformed loans by 131bps and underperformed high yield bonds by 193bps during Q3.²
- NAV rose to \$7.21 per share as of September 30, 2024 compared to \$7.15 per share as of June 30, 2024.
- Net investment income on a generally accepted accounted principles ("GAAP") basis of \$0.21 per share.
- Performance was broad-based across the portfolio as contributors far outweighed detractors. The top 10 contributors based on issuer accounted for approximately 49% of the Fund's total return during the quarter.

Distributions

- Distributions were fully funded through net investment income as has been the case since Andrew Beckman and the FS Global Credit Team assumed management of FSCO in January 2018.¹
- Annualized distribution rate as of October 22, 2024:¹
 - 10.3% based on NAV
 - 11.1% based on stock price

Resources

- [FSCO webpage](#)
 - Q3 2024 earnings presentation
 - Q3 2024 earnings call replay
 - NAV performance
 - Distribution history
 - Portfolio highlights

Portfolio

- **\$2.1 billion** investment portfolio based on fair value.
- **76 portfolio companies** across **22 industries**.
- **Focus on senior secured debt:** Comprised 82% of the total portfolio on a fair value basis; 66% in first lien debt.³
- **Floating rate debt** represented approximately 63% of the portfolio's fair value.⁴
- Amid the declining yield environment during the third quarter, the portfolio was more heavily weighted toward **private credit investments (58%) vs 42% in public credit** based on fair value.
- 0.25x debt-to-equity (without preferred shares)/0.53x (with preferred shares) with \$190 million of undrawn leverage.
- 53% of capital structure comprised of fixed-rate, preferred debt, which provides flexibility in the types of assets FSCO can borrow against and offers favorable regulatory treatment vs. traditional term/revolving facilities.

Asset type as of September 30, 2024

Senior secured—first lien loans	66%
Senior secured—second lien loans	4%
Senior secured bonds	12%
Subordinated debt	6%
Asset-based finance	4%
Equity/other	9%

Outlook

Portfolio positioning

Our dynamic strategy provides the flexibility to invest across public and private credit based on what we believe are the best risk-adjusted return opportunities. Our current areas of focus include:

- **High quality, defensive investments:** We continue to defensively position the portfolio by adding what we believe are higher-quality investments that have low default risk with solid covenants given the competitive environment across credit markets.
- **Private structured solutions:** We remain focused on financings to unconventional credit profiles that are outside of the focus of banks, traditional business development companies ("BDCs") and other conventional lenders. Examples include transitional lending, lending to out-of-favor industries and companies, and non-sponsored lending. We believe our ability to structure highly customized solutions for our borrowers is differentiated in the marketplace and offers the potential for attractive total returns, especially as regulatory restrictions limit bank lending to companies with conventional credit profiles, and private debt strategies become more streamlined with respect to investment terms and structures.
- **Public credit markets:** Within public credit, our focus is on event-driven and opportunistic performing credit, as opposed to highly liquid credits commonly found in high yield funds and collateralized loan obligations ("CLOs"). Periods of market volatility often create attractive entry points for select public credits that we believe can compete with the yields offered in the private credit markets.

Note: All figures are as of September 30, 2024, unless otherwise noted and may be rounded. Returns shown are historical and based on past performance. Past performance is not indicative of future results. Effective March 23, 2022, the fund has been renamed FS Credit Opportunities Corp. Prior to that date, the fund operated under the name FS Global Credit Opportunities Fund.

The total return for each period presented is historical and is calculated by determining the percentage change in net asset value, assuming the reinvestment of all distributions in additional common shares of the Fund at the Fund's net asset value per share as of the share closing date occurring on or immediately following the distribution payment date. The total return does not consider the effect of broker sales charges, commissions or dealer manager fees, as applicable, in connection with the purchase or sales of Fund shares and includes the effect of any expense reductions.

- 1 The payment of future distributions on FSCO's common shares is subject to the discretion of FSCO's board of directors and applicable legal restrictions and, therefore, there can be no assurance as to the amount or timing of any such future distributions.
- 2 High yield bonds and senior secured loans represented by the ICE BofAML U.S. High Yield Index and Morningstar S&P/LSTA Leveraged Loan Index, respectively.
- 3 Senior secured debt includes first lien loans, second lien loans and senior secured bonds.
- 4 Includes floating rate assets on a look-through basis within the FSCO's Asset Based Finance investments.

Risk factors

FS Credit Opportunities Corp. ("FSCO" or the "Company") is a non-diversified, closed-end management investment company that carries out the investment strategies generally described herein. An investment in FSCO involves a high degree of risk and may be considered speculative. The following are some of the risks an investment in the shares of common stock of the Company (the "Shares") involves; however, investors should carefully consider all of the risks discussed in FSCO's reports filed with the U.S. Securities and Exchange Commission (the "SEC") before deciding to invest in the Shares. Investors may obtain a copy of these filings free of charge at www.fsinvestments.com or by contacting FS Investments at 201 Rouse Boulevard, Philadelphia, PA 19112 or by phone at 877-628-8575. Shareholders of the Company (the "Shareholders") should consider that an investment in the Shares may result in loss of principal.

- Shareholders of the Company (the "Shareholders") should consider that an investment in the Shares may result in loss in principal.
- When a Shareholder sells their Shares, the Shareholder may receive less than their purchase price and the then-current net asset value ("NAV") per Share.
- Shares of closed-end funds frequently trade at a discount to NAV and this creates a risk of loss for investors who purchased Shares at the time of listing on the New York Stock Exchange. This risk is separate and distinct from the risk that FSCO's NAV will decrease.
- FSCO's distributions may be funded from unlimited amounts of offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to FSCO for investment. Any capital returned to Shareholders through distributions will be distributed after payment of fees and expenses, as well as the sales load.
- Senior secured debt is backed by a borrower's assets or cash flows and has the highest repayment priority. However, rising interest rates can increase loan defaults, and there's no guarantee of full repayment after a default, especially if collateral values drop. Additionally, security for these investments may not be recognized if required filings are not made, which may affect priority over other creditors.
- FSCO's investments in securities and other obligations of companies that are experiencing distress involve a substantial degree of risk, require a high level of analytical sophistication for successful investment and require active monitoring.
- FSCO's investments in various types of debt securities and instruments may be secured, unsecured, rated or unrated, are subject to non-payment risk, and may be speculative in nature.
- FSCO may invest in subordinated debt, which is subordinated in payment and/or lower in lien priority relative to first lien holders, and in the event of a default on such subordinated debt, first lien holders would have a first claim to the underlying collateral.
- Below investment grade instruments (commonly referred to as "high yield" securities or "junk bonds") may be particularly susceptible to economic recessions or downturns, which could cause losses.
- FSCO may invest in illiquid and restricted securities that may be difficult to dispose of at a fair price.
- FSCO's use of leverage could result in special risks for the Shareholders and can magnify the effect of any losses.
- Investments in certain securities or other instruments of non-U.S. issuers or borrowers may involve factors not typically associated with investing in the United States or other developed countries.
- Securities or other instruments of non-U.S. securities may be traded in underdeveloped, inefficient and less liquid markets and may experience greater price volatility, illiquidity and changes in value.
- FS Global Advisor, LLC and certain of its affiliates may experience conflicts of interest in connection with the management of FSCO.
- FSCO seeks to achieve its investment objectives by focusing on a limited number of opportunities across the investment universe.
- Certain local, regional or global events such as war (including Russia's invasion of Ukraine and the Israel-Hamas war), acts of terrorism, the spread of infectious illnesses and/or other public health issues, or other events may have a significant impact on a security or instrument and may adversely affect the performance of FSCO's investments and FSCO.
- Inflation increased substantially in 2022, and the Federal Reserve raised interest rates several times through 2024 to, among other things, control inflation. Elevated levels of inflation, and Federal Reserve rate increases to control inflation, may adversely affect the performance of FSCO's investments and FSCO.
- Future economic recessions or downturns could impair our portfolio companies and harm our operating results.

Cautionary Statement Concerning Forward-Looking Statements

Statements included herein may constitute "forward-looking" statements as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements with regard to future events or the future performance or operations of FSCO (the "Fund"). Words such as "intends," "will," "expects," and "may" or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements. Factors that could cause actual results to differ materially include changes in the economy, geopolitical risks, risks associated with possible disruption to the Fund's operations or the economy generally due to hostilities, terrorism, natural disasters or pandemics such as COVID-19, future changes in laws or regulations and conditions in the Fund's operating area, unexpected costs, the price at which the Fund's shares of common stock may trade on the New York Stock Exchange and such other factors that are disclosed in the Fund's filings with the Securities and Exchange Commission. The inclusion of forward-looking statements should not be regarded as a representation that any plans, estimates or expectations will be achieved. Any forward-looking statements speak only as of the date of this communication. Except as required by federal securities laws, the Fund undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

An investment in FS Credit Opportunities Corp. (FSCO) involves a high degree of risk and may be considered speculative. Investors are advised to consider the investment objectives, risks, and charges and expenses of FSCO carefully before investing. Investors should read and carefully consider all information found in FSCO's reports filed with the U.S. Securities and Exchange Commission before investing. Investors may obtain a copy of these filings free of charge at www.fsinvestments.com or by contacting FS Investments at 201 Rouse Boulevard, Philadelphia, PA 19112 or by phone at 877-628-8575. This FSCO quarterly update is for informational purposes only and does not constitute an offer to sell nor a solicitation of an offer to buy the securities described herein.