M&G Credit Income Investment Trust

Quarterly review as at 30 September 2021

Company description

The Company aims to generate a regular and attractive level of income with low asset value volatility by investing in a diversified portfolio of public and private debt and debt-like instruments ('Debt Instruments'), of which at least 70% will be investment grade. Over the longer term, it is expected that the Company will be mainly invested in private Debt Instruments, which are those instruments not traded on a stock exchange. The Company currently proposes quarterly dividends at an annual rate of LIBOR + 3% on NAV per calendar year with a variable, fourth interim dividend to be determined after each year end, which will take into account the net income over the whole financial year and, if appropriate, any capital gains. The Company targets LIBOR plus 4% over the longer term.

The Company has the ability to borrow up to 30% of net asset value although it is expected that it will primarily be managed without borrowing and typically any borrowings will not exceed 20% of net asset value. Any borrowings may magnify any gains or losses made by the Company.

Risks associated with the company

The value of investments will fluctuate, which will cause share prices to fall as well as rise and you may not get back the original amount you invested. There is no guarantee that the Company's Investment Objective will be achieved.

The Company may be exposed to the possibility that a debtor will not meet its repayment obligations.

Changes in interest rates may adversely affect the market value of some of the Company's investments.

Debt Instruments may be repaid by issuers at short notice: as a result it may be difficult for the Company to reinvest capital at an attractive price or at all, which may affect it adversely.

A variety of factors, such as market conditions, liquidity concerns or Company performance may lead to a reduction in trading volume or shares trading at a discount to their net asset value. Shareholders may also be unable to realise their investment at quoted market prices or at all.

Please note that this is not an exhaustive list. Please refer to the Risk section in the Prospectus.

Key information

Portfolio manager	Adam English
Portfolio manager tenure from	14 November 2018
Deputy portfolio managers	Robert Whitten and Yiu-Wai Cheung
Launch date	14 November 2018
ISIN number	GB00BFYYL325
TIDM code	MGCI
Market capitalisation	£141.6m
Number of holdings	141
Dividend dates	Quarterly: Feb, May, Aug and Nov
Yield to maturity	3.50%
Modified duration	1.01
Spread duration	3.47
Weighted Average Life	4.33
Gearing	0.00%

Please see the glossary for an explanation of terms used.

Charges

Annual management charge	0.70%
Ongoing Charges Figure (OCF)	1.08%

Portfolio overview (%)

	Fund
Cash on deposit	2.94
Public	**43.93**
Asset backed securities	21.90
Bonds	22.03
Private	**52.95**
Asset backed securities	6.85
Bonds	2.45
Funds	12.20
Loans	20.36
Private Placements	1.62
Other	9.47
Derivatives	**0.19**
Debt derivatives	0.48
Forwards	(0.30)

Due to rounding, percentage figures displayed in the Factsheet may not add up to exactly 100%.

Market review

The third quarter was characterised by sharp moves in sovereign bond markets as investor concerns over the spread of the Delta variant and a slowdown in economic growth were overtaken by those of "sticky" inflation and higher bond yields. A risk-off tone in July saw a strong rally in core rates markets led by the US, whilst a sell-off at the end August was prompted by hawkish commentary from ECB officials regarding the tapering of asset purchase programmes as well as their concerns over long term implications of "lower for longer" monetary policy. September saw a jittery mood across equity and bond markets with higher inflation expectations and a hawkish pivot from central banks contributing to the sharpest sell-off in sovereign bond markets since February earlier this year. The 10 year UK gilt climbed above one percent for the first time since the onset of the pandemic and ensuing market turmoil in March 2020, closing the month at a yield of 1.04% (vs 0.74% at August ME) as investors anticipated a hike in rates before year-end. A repricing of inflation expectations and global rates following the Fed meeting in the penultimate week of September saw European and US rates markets continue to climb higher. Half of the Fed's policy committee members indicated their preference for an increase in interest rates as soon as next year whilst at the same time growth forecasts were reduced. This reflected one of the main causes of concerns for investors – tightening monetary conditions accompanied by a deceleration in global growth, a scenario which would increase the risk of entering a period of stagflation. The 10 year US treasury ended the quarter at a yield of 1.49% with the 10 year bund at -0.20%, which whilst flat on a quarter-on quarter basis, represented moves of approximately +20bps and +30bps respectively from 6-month lows seen in early August.

The transitory inflation narrative being adhered to by central banks started to be questioned by investors with consumer inflation expectations across major economies hitting record highs as the quarter progressed. Increasing energy prices showed no sign of abating as the period drew to a close and added to the difficult decision that central banks face regarding the timing of interest rate rises. UK consumer price inflation peaked in August at 3.2% (a 1.2% increase on July's 2% print and the largest month-on-month increase recorded dating back to 1997). Despite climbing down marginally in September (3.1%) there was a sense of "the calm before the storm", with the Bank of England forecasting inflation would reach above 4% by the end of the year, more than double their 2% target.

Manager commentary

In the third quarter of the year NAV total return was up by 0.78%, which compares well to the performance on fixed income indices such as the ICE BofA Sterling and Collateralised Index which fell by 0.99% and the ICE BofA European Currency Non-Financial High Yield 2% Constrained Index which rose by 0.67%. Underperformance of longer duration, investment grade assets (as a result of rising risk-free rates) was offset by our short position in the UK 10 year gilt which we use to maintain low overall portfolio duration (currently c.1 year), mitigating the effect of interest rate changes on the Company's NAV. The floating rate portion of the portfolio largely saw positive gains. Public credit spreads in Investment Grade ground tighter over the quarter whilst High Yield was a more mixed picture, although both ended largely unchanged over the period. However, this hid a general tightening up until September at which point spreads began to widen as the market started to worry about supply bottlenecks and increased energy prices reducing economic growth and company margins.

Bond purchases in the public market remained selective as valuations in both Investment Grade and High Yield continue to look expensive by historical standards, on a risk-adjusted basis. We continued to reduce risk, taking advantage of the strong market in credit to sell down bonds that were purchased at much wider spreads at an earlier stage of what has been a sustained rally in credit following the initial shock of the Covid-19 pandemic. These were bonds that had tightened in to offer yields well inside our long-term return objective and their sale also enabled us to realise good capital gains over the period. We reinvested proceeds from public bond sales into higher yielding private assets with stronger structural protections which improved the credit quality of the portfolio.

During the quarter the Trust transacted c.£5.5m across six private deals. These included £0.9m of senior and mezzanine financing as part of a securitisation to a New Zealand dairy farming company; the secondary market purchase (£0.9m) of a private placement note from a UK insurer with effective support from a large blue-chip corporate sponsor; £0.85m of a senior secured term loan and capex facility provided to the UK's largest artisanal bakery business; £0.75m of a super senior facility in the newly restructured entity of a UK shopping centre operator; and a £2.1m commitment providing NAV facility financing to a PE firm investing in debt and equity special situations across Europe.

Sector breakdown (%)

	Trust
ABS (Assorted)	18.21
Funds	12.20
Real Estate Dev and Mgt	10.13
Non-Agency CMBS	9.95
Mortgage Backed	7.60
Investments and Misc Financial Services	3.35
Cash on Deposit	2.94
Cons/Comm/Lease Financing	2.90
REITs	2.32
ABS Automobiles	2.03
ABS Credit Cards	2.03
Life-Insurance	1.92
Food and Drug Retail	1.91
Telecom - Wireless	1.84
Support-Services	1.63
Auto Loans	1.53
Beverage	1.53
Aerospace/Defense	1.42
Electric - Generation	1.41
Tech Hardware and Equipment	1.32
Food - Wholesale	1.13
ABS Consumer Loans	1.02
Diversified Capital Goods	0.94
Banking	0.85
Multi-Line Insurance	0.79
Integrated Energy	0.76
Health Services	0.66
Non-Electric Utilities	0.65
Environmental	0.64
Restaurants	0.57
ABS Airline Leases	0.51
Debt Derivatives	0.48
Personal and Household Products	0.48
Telecom - Wireline Integrated and Services	0.48
Electronics	0.45
Steel Producers/Products	0.43
Oil Field Equipment and Services	0.37
Printing and Publishing	0.26
Software/Services	0.23
Pharmaceuticals	0.16
Chemicals	0.15
Department Stores	0.12
Forwards	(0.30)

Source: All data contained within the Factsheet is sourced from the Company administrator, State Street as at 30 September 2021.

Outlook

The main risk to markets has shifted from the transmission of the Covid-19 virus and the potential for new, more infectious strains, to that of rising inflation, higher bond yields and interest rate shocks as central banks grapple with how to prevent inflation running out of control without derailing the economic recovery. Consensus estimates have UK inflation peaking at 5% in early 2022, playing catch-up with the US which has printed CPI consistently above 5% since May this year. Similarly, Eurozone inflation is at it's highest level since 2008 with CPI at 3.4% YoY in September (beating estimates).

Against a backdrop of inflationary pressures the market has brought forward its expectation for the timing of rate hikes, consensus being that the Bank of England will raise interest rates before the end of the year with the Fed to follow by the halfway point of 2022. Material shortages, supply chain disruption, higher wage growth, and higher energy prices are all set to put pressure on company margins and the ability to pass on cost input increases to consumers will become a key factor in corporate profitability in the short to medium term.

As we move into Q4 it is noticeable that tighter pricing in public markets is now being reflected in private credit transactions and the number of deals we are turning down where we have felt that the compensation and illiquidity premium wasn't sufficient for the associated risk, has increased. This is not the time to chase yield and we will continue to remain prudent and selective in the credits we add into the portfolio. From a supply perspective we would expect to see an increase in private deal activity as the fourth quarter progresses, with borrowers keen to lock in financing prior to year-end, particularly given the current macroeconomic backdrop and expected rise in global financing costs. It is also typical for banks to seek to remove risk from their balance sheets ahead of the new year and this can result in an increased volume of SRT (Significant Risk Transfer) or sometimes commonly known as "Regulatory Capital" transactions, an asset class in which the Trust has previously been an active investor.

Dividend Schedule

	Pay date	Amount GBp
First	23 August 2019	2.09
Second	28 February 2020	1.65
Third	28 May 2020	0.85
Fourth	28 August 2020	0.77
Fifth	27 November 2020	0.71
Sixth	26 February 2021	1.95
Seventh	28 May 2021	0.74
Eighth	27 August 2021	0.76
Ninth	26 November 2021	0.76

Credit rating breakdown (%)

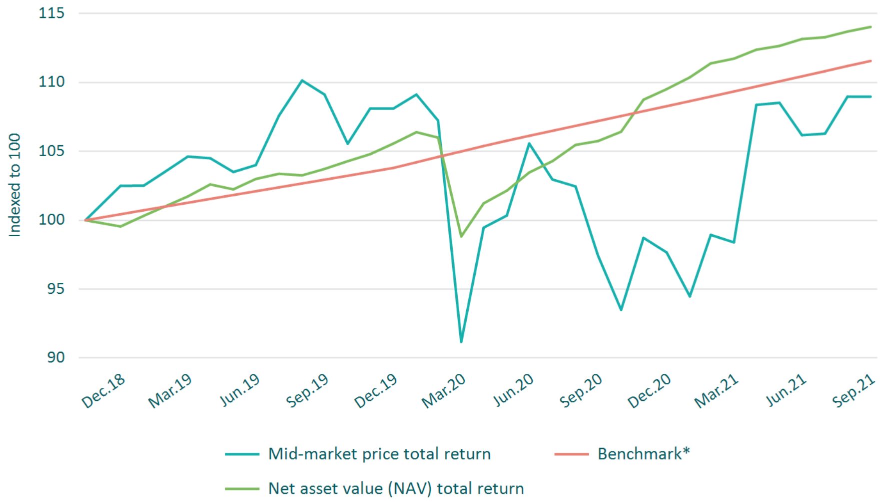
	Trust
Unrated	**0.19**
Derivatives	0.19
Cash and Investment grade	**76.08**
Cash On Deposit	2.94
AAA	6.02
AA+	1.65
AA	5.47
AA-	1.82
A+	0.20
A	0.65
A-	2.14
BBB+	8.78
BBB	11.79
BBB-	25.10
M&G European Loan Fund*	9.51
Non-investment grade	**23.73**
BB+	4.32
BB	5.02
BB-	3.16
B+	2.61
B	2.71
B-	1.92
CCC+	0.64
D	0.67
M&G European Loan Fund*	2.68

*See glossary

Share Price vs NAV

As at	NAV p/s (cum income)	Share price
30 September 2021	102.07	99.00

Total Return



NAV total return (%,p.a.)**	1 month	3 months	6 months	1 year	2 years	Since Inception***
M&G Credit Income Investment Trust	0.29%	0.78%	2.06%	7.83%	4.85%	4.67%
Benchmark *	0.33%	1.01%	2.02%	4.06%	4.10%	3.87%

Calendar year NAV total return (%,p.a.)**	2020	2019
M&G Credit Income Investment Trust	3.75%	6.04%
Benchmark *	4.32%	3.34%

Source: Morningstar Inc, State Street and M&G, as at 30 September 2021. Returns stated in GBP terms.

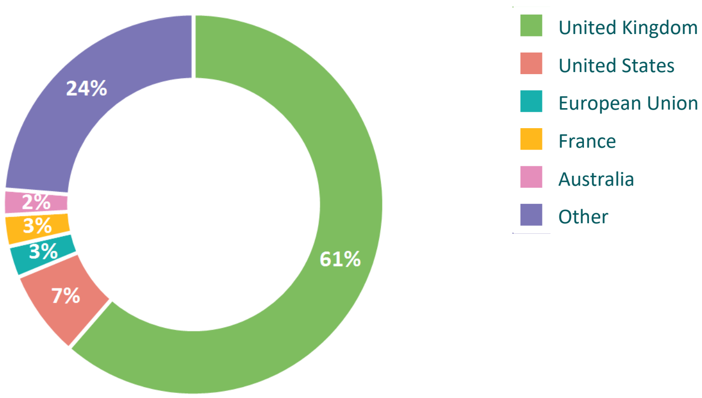
*3 Month Libor +2.50% from inception to 31 December 2019, thereafter 3 Month Libor +4.00%.

**The total return calculation assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

***Trust inception 14 November 2018.

The portfolio is actively managed. The Portfolio Manager has complete freedom in choosing which investments to buy, hold and sell in the fund.

Geographical Exposure %



Source: M&G and State Street as at 30 September 2021.

Top 20 holdings (%)

	Trust
M&G European Loan Fund (Prvt)	12.20
Cash on Deposit	2.94
Sonovate Limited Var. Rate 12 Apr 2021 (Prvt)	2.00
ATLAS 2020 1 Trust AUD Note A2 (Prvt)	1.60
Westbourne 2016 1 WR Senior Var. Rate 30 Sep 2023 (Prvt)	1.60
Delamare Finance 1.3066% 19 Feb 2029	1.59
Hall & Woodhouse Var. Rate 30 Dec 2023 (Prvt)	1.53
Finance For Residential Social FRSH 1 1 A2 RegS	1.51
Signet GBP Stretch Term Loan (Prvt)	1.40
NDPFT 2017-1 A RegS	1.39
Project Hammond (Prvt)	1.32
Regenter Myatt Field North GBP Term Loan (Prvt)	1.30
RIN II LTD (A) A 144A	1.29
Lewisham GBP Senior Fixed Note (Prvt)	1.26
DRAGN 1 C RegS	1.13
Finance For Residential Social FRSH 1 1 A1 RegS	1.10
MRSTNI 1 A4	1.08
Newriver REIT PLC 3.5% 07/03/2028 RegS	1.08
RIPON 1X B1 RegS	1.05
Luminis Ltd Mezz Var.Rate 23 Sep 2025 (Prvt)	1.04

(Prvt) – Private Investment

Glossary

This glossary provides an explanation of terms used in this factsheet and in our literature.

Asset

Anything having commercial or exchange value that is owned by a business, institution or individual.

Asset Backed Security (ABS)

A security whose income payments and value are derived from and collateralized by a specified pool of underlying assets.

Asset class

Category of assets, such as cash, company shares, fixed income securities and their sub-categories, as well as tangible assets such as real estate.

Basis points (bps)

A common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

Bond

A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid.

Capital

Refers to the financial assets, or resources, that a company has to fund its business operations.

Capitalisation

The total market value of all of a company's outstanding shares.

Comparative sector

A group of funds with similar investment objectives and/or types of investment, as classified by bodies such as the Investment Association (IA) or Morningstar™. Sector definitions are mostly based on the main assets a fund should invest in, and may also have a geographic focus. Sectors can be the basis for comparing the different characteristics of similar funds, such as their performance or charging structure.

Consumer Prices Index (CPI)

An index used to measure inflation, which is the rate of change in prices for a basket of goods and services. The contents of the basket are meant to be representative of products and services we typically spend our money on.

Corporate bonds

Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky.

Credit

The borrowing capacity of an individual, company or government. More narrowly, the term is often used as a synonym for fixed income securities issued by companies.

Credit Default Swaps (CDS)

Are a type of derivative, namely financial instruments whose value, and price, are dependent on one or more underlying assets. CDS are insurance-like contracts that allow investors to transfer the risk of a fixed income security defaulting to another investor.

Credit rating

An independent assessment of a borrower's ability to repay its debts. A high rating indicates that the credit rating agency considers the issuer to be at low risk of default; likewise, a low rating indicates high risk of default. Standard & Poor's, Fitch and Moody's are the three most prominent credit rating agencies. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of security's life.

Credit spread

The difference between the yield of a corporate bond, a fixed income security issued by a company, and a government bond of the same life span. Yield refers to the income received from an investment and is expressed as a percentage of the investment's current market value, and a bond is a fixed income security.

Default

When a borrower does not maintain interest payments or repay the amount borrowed when due.

Derivatives

Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded over the counter.

Developed economy / market

Well-established economies with a high degree of industrialisation, standard of living and security.

Dividend

Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

Emerging economy or market

Economies in the process of rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

Episode

A phase during which investors allow their emotions to affect their decision making, which can cause financial markets to move irrationally.

Equities

Shares of ownership in a company.

Ex-dividend, ex-distribution or XD date

The date on which declared distributions officially belong to underlying investors.

Exposure

The proportion of a fund invested in a particular share/fixed income security, sector/region, usually expressed as a percentage of the overall portfolio.

Fixed income security

A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid.

Floating rate notes (FRNs)

Securities whose interest (income) payments are periodically adjusted depending on the change in a reference interest rate.

Gearing

Is a measure of financial leverage that demonstrates the degree to which the Investment Trust's operations are funded by equity capital versus creditor financing.

Gilts

Fixed income securities issued by the UK government.

Government bonds

Fixed income securities issued by governments, that normally pay a fixed rate of interest over a given time period, at the end of which the initial investment is repaid.

Hard currency (bonds)

Refers to bonds denominated in a highly traded, relatively stable international currency, rather than in the bond issuer's local currency. Bonds issued in a more stable hard currency, such as the US dollar, can be more attractive to investors where there are concerns that the local currency could lose value over time, eroding the value of bonds and their income.

Hedging

A method of reducing unnecessary or unintended risk.

High yield bonds

Fixed income securities issued by companies with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default than better quality, ie higher-rated fixed income securities but have the potential for higher rewards. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of security's life.

Index

An index represents a particular market or a portion of it, serving as a performance indicator for that market.

Index-linked bonds

Fixed income securities where both the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. Also referred to as inflation-linked bonds.

Inflation

The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.

Investment Association (IA)

The UK trade body that represents fund managers. It works with investment managers, liaising with government on matters of taxation and regulation, and also aims to help investors understand the industry and the investment options available to them.

Investment grade bonds

Fixed income securities issued by a company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk from default than those issued by companies with lower credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Investment trust

An investment trust is a form of collective investment found mostly in the United Kingdom. Investment trusts are closed-end funds and are constituted as public limited companies.

Issuer

An entity that sells securities, such as fixed income securities and company shares.

Leverage

When referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.

LIBOR

The three-month GBP London Interbank Borrowing Rate is the rate at which banks borrow money from each other (in UK pounds) for a three-month period.

Liquidity

A company is considered highly liquid if it has plenty of cash at its disposal. A company's shares are considered highly liquid if they can be easily bought or sold since large amounts are regularly traded.

Local currency (bonds)

Refers to bonds denominated in the currency of the issuer's country, rather than in a highly traded international currency, such as the US dollar. The value of local currency bonds tends to fluctuate more than bonds issued in a hard currency, as these currencies tend to be less stable.

Long position

Refers to ownership of a security held in the expectation that the security will rise in value.

M&G European Loan Fund ("ELF")

An open-ended fund managed by M&G that invests in leveraged loans issued by, generally, substantial private companies located in the UK and Continental Europe. ELF is not rated and the Investment Manager has determined an implied rating for this investment, utilising rating methodologies typically attributable to collateralised loan obligations. On this basis, 78% of the Company's investment in ELF has been ascribed as being investment grade, and 22% has been ascribed as being sub-investment grade. These percentages have been utilised on a consistent basis for the purposes of determination of the Company's adherence to its obligation to hold no more than 30% of its assets in below investment grade securities.

Macroeconomic

Refers to the performance and behaviour of an economy at the regional or national level. Macroeconomic factors such as economic output, unemployment, inflation and investment are key indicators of economic performance. Sometimes abbreviated to 'macro'.

Maturity

The length of time until the initial investment amount of a fixed income security is due to be repaid to the holder of the security.

Modified duration

A measure of the sensitivity of a fixed income security, also called a bond, or bond fund to changes in interest rates. The higher a bond or bond fund's modified duration, the more sensitive it is to interest rate movements.

Monetary policy

A central bank's regulation of money in circulation and interest rates.

Morningstar™

A provider of independent investment research, including performance statistics and independent fund ratings.

NAV Total Return

A measure showing how the net asset value (NAV) per share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders.
NAV total return is expressed as a percentage change from the start of the period. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.
NAV total return shows performance which is not affected by movements in share price discounts and premiums. It also takes into account the fact that different investment companies pay out different levels of dividends.

Near cash

Deposits or investments with similar characteristics to cash.

Net

The proportion of a fund invested in, for example, different sectors. Derivatives are included. The latter are financial instruments whose value, and price, are dependent on one or more underlying assets.

Net Asset Value (NAV)

A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.

Non-Executive Director (NED)

A non-executive director is a member of a company's board of directors who is not part of the executive team. A non-executive director typically does not engage in the day-to-day management of the organization, but is involved in policymaking and planning exercises.

Ongoing Charges Figure (OCF)

Ongoing charges figure (as a percentage of shareholders' funds) is an annualised rate calculated using average net assets over the period in accordance with the AIC's recommended methodology.

Options

Financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

Overweight

If a fund is 'overweight' a stock, it holds a larger proportion of that stock than the comparable index or sector.

Payment date

The date on which distributions will be paid by the fund to investors, usually the last business day of the month.

Physical

The fund's exposure excluding derivatives, which are financial instruments whose value, and price, is dependent on one or more underlying securities.

Private

Refers to assets that are not listed or traded on a recognized exchange.

Public

Refers to assets that are listed on and can be traded on a recognized exchange.

REIT (Real Estate Investment Trust)

A REIT is a company that owns, operates or finances income-producing real estate.

Retail Prices Index (RPI)

A UK inflation index that measures the rate of change of prices for a basket of goods and services in the UK, including mortgage payments and council tax.

Securitise/Securitisation

The creation and issuance of tradable securities, such as bonds, that are backed by the income generated by an illiquid asset or group of assets. By pooling a collection of illiquid assets, such as mortgages, securities backed by the mortgages' income payments can be packaged and sold to a wider range of investors.

Share price total return

Total return to shareholders, assuming all dividends received were reinvested at the mid-market price without transaction costs into the shares of the Company at the time the shares were quoted ex-dividend.

Short position

A way for a fund manager to express his or her view that the market might fall in value.

Short-dated corporate bonds

Fixed income securities issued by companies and repaid over relatively short periods.

Short-dated government bonds

Fixed income securities issued by governments and repaid over relatively short periods.

Spread duration

A measure of the portfolio's sensitivity to changes in credit spreads. The higher a bond or bond fund's spread duration, the more sensitive it is to changes in credit spreads.

Sub-investment grade bonds

Fixed income securities issued by a company with a low rating from a recognised credit rating agency. They are considered to be at higher risk from default than those issued by companies with higher credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Swap

A swap is a derivative contract where two parties agree to exchange separate streams of cashflows. A common type of swap is an interest rate swap to hedge against interest rate risk.

Synthetic inflation-linked bonds

Refers to securities created using a combination of assets to simulate the characteristics of inflation-linked bonds. By buying inflation-linked government bonds and selling protection against companies defaulting on their debts, using credit default swaps, the combined synthetic investment will behave similarly to a physical inflation-linked bond, had one had been issued. Synthetic inflation-linked bonds are usually created where a company does not have any inflation-linked bonds in issue.

Total return

The term for the gain or loss derived from an investment over a particular period. Total return includes income (in the form of interest or dividend payments) and capital gains.

Valuation

The worth of an asset or company based on its current price.

Volatility

The degree to which a given security, fund, or index rapidly changes. It is calculated as the degree of deviation from the norm for that type of investment over a given time period. The higher the volatility, the riskier the security tends to be.

Weighted Average Life (WAL)

The asset-weighted average number of years to final maturity of the portfolio, based on the final maturity for all assets/exposures.

Yield

This refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.

Yield to maturity

The total return anticipated on the portfolio if the underlying bonds are held until maturity.

Contacts

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M&G Investments