M&G Credit Income Investment Trust

M&G Investments

Quarterly review as at 31 March 2024

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 SONIA + 4% 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 SONIA 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.

Dividend Schedule

Period	Amount GBP
2019	3.74
2020	4.28
2021	4.04
2022	5.35
2023	7.96
2024 Q1	2.15

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	£130.91m
Number of holdings	127
Dividend dates	Quarterly: Feb, May, Aug and Nov
Yield to maturity	8.47%
Modified duration	1.16
Spread duration	3.12
Weighted Average Life	3.57
Gearing	0.00%

Please see the glossary for an explanation of terms used.

Charges

Annual management charge	0.70%
Ongoing Charges Figure (OCF)	1.28%

Portfolio overview (%)

	Trust
Cash on deposit	1.94
Public	**43.59**
Asset backed securities	16.37
Bonds	19.65
Funds*	7.57
Equity	0.01
Private	**54.58**
Asset backed securities	4.94
Bonds	2.20
Funds	14.69
Loans	18.63
Private Placements	2.30
Other	11.81
Derivatives	**(0.11)**
Debt derivatives	(0.09)
Forwards	(0.02)

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

Market review

The first quarter of the year saw further declines in inflation across most major economies, however with progress slower than expected, market sentiment turned to concern that the inflation fight would prove increasingly difficult for central banks over the final stretch. Robust economic growth in the US showed little signs of abating and investors were forced to reconsider assumptions on the path of global interest rates which resulted in a dramatic repricing in rate cut expectations. At the start of the year financial markets had anticipated six rate cuts from the US Federal Reserve (Fed), whilst the quarter closed with only two cuts fully priced in. Government bond yields rose in January and February before recovering somewhat in March when the Fed confirmed that it expected to cut rates three times this year. Comments from ECB President Lagarde and Bank of England Governor Baily also brought rate cuts firmly into view in Europe, which provided a supportive backdrop for risk appetite.

Manager commentary

Pleasingly the Company delivered another quarter of strongly positive performance. The Company's NAV total return in Q1 was +2.42% which outperformed the benchmark for the third consecutive quarter. The NAV total return also outperformed comparative investment grade fixed income indices such as the ICE BofA Sterling Corporate and Collateralised Index (+0.16%), the ICE BofA 1-3 Year BBB Sterling Corporate Index (+1.31%), and the ICE BofA European Currency Non-Financial High Yield 2% Constrained Index (+1.78%). Performance was driven by a combination of income accrued over the quarter and capital gains as the portfolio benefited from the rally in credit spreads, whilst we also realised notable gains from asset sales.

Credit markets appeared to shrug off the interest rate repricing as spreads continued to tighten over the quarter, supported by a strong demand for the asset class. Despite a historically large supply of investment grade corporate bonds, investors were able to easily absorb the excessive supply, pushing spreads lower, with most deals heavily oversubscribed and with little concession to secondary curves. Into the market strength we sold down a number of bonds where credit spreads had tightened significantly from where they were purchased to levels where, in our opinion, they looked expensive. These included some of our remaining European REIT exposure (NE Property, CTP, Balder), dollar denominated blue chips (Warner Brothers, General Motors) and European energy hybrids (SSE, Iberdrola). In selling these bonds we were able to crystalise healthy capital gains which contributed to the Company's outperformance versus the benchmark.

Whilst we still view investment grade credit as robust, in our opinion spreads now look expensive. Considering the challenging business conditions that corporate issuers face, including but not limited to higher borrowing costs and political uncertainty; we don't believe that at current spread levels investors are being adequately compensated for taking on risk. In addition, historical observation suggests that the potential for further aggressive spread tightening from current levels in Investment Grade is limited. On a relative value basis we favour the risk-return characteristics available in alternative asset classes such as ABS and CLOs where we have been able to invest in debt of a higher credit quality whilst achieving a greater return. Recent activity has seen us selling BBB corporate risk at +180bps and buying A-rated ABS tranches at +280bps. During the quarter we took an additional £8m of exposure to ABS or CLOs, including a further £2m investment into M&G Lion Credit Opportunity IV and an additional £1.8m in ICSL 2 B, a quasi-private securitisation of UK student loans sponsored by the Secretary of State for Education. £3.5m of this exposure was taken via further investment in the M&G Senior Asset Backed Credit Fund which we use as a short-term cash park vehicle but which actually offers a comparable yield to parts of the BBB-rated euro and sterling credit markets.

Sector breakdown (%)

	Trust
Funds	22.26
ABS (Assorted)	15.44
Real Estate Dev and Mgt	13.26
Banking	9.53
Non-Agency CMBS	6.53
Mortgage Backed	4.12
Life-Insurance	2.98
Investments and Misc Financial Services	2.74
Cons/Comm/Lease Financing	2.59
REITs	2.13
Cash on Deposit	1.94
Telecom - Wireless	1.76
Support-Services	1.61
Electronics	1.20
Transport Infrastructure/Services	1.06
ABS Utilities	1.05
Media Content	1.04
Restaurants	0.95
ABS Credit Cards	0.87
Specialty Retail	0.85
Multi-Line Insurance	0.81
Health Services	0.75
Integrated Energy	0.72
ABS Automobiles	0.71
Food - Wholesale	0.59
Trucking and Delivery	0.53
Electric - Generation	0.50
Tech Hardware and Equipment	0.44
Oil Field Equipment and Services	0.40
Non-Electric Utilities	0.29
ABS Airline Leases	0.19
Gaming	0.18
Electric - Integrated	0.09
Food and Drug Retail	0.01
Forwards	(0.02)
Debt Derivatives	(0.09)

Source: All data contained within the Factsheet is sourced from the Company administrator, State Street as at 31 March 2024.

Outlook

Concerns about the pace of disinflation and the implication for the timing and depth of interest rate cuts from the Fed have been intensified by the release of three consecutive stronger than expected US CPI reports this year. In light of less upside inflation risk and more muted economic growth in Europe, a key question for markets is whether the ECB and Bank of England will be able to move ahead of the Fed if the latter is forced to delay the timing of its first rate cut. Until recently, this had done little to dampen investor enthusiasm for risk, however the US-led repricing of both short and long-term interest rates has contributed to a softening in equity and credit markets early in the second quarter. That said, the technical backdrop in fixed income remains strong, with all-in bond yields still screening favourably to other asset classes and the supply/demand imbalance in corporate bond markets keeping credit spreads well contained. There is also a lot of capital currently invested in money market funds which looks likely to make its way into corporate bond funds once overnight interest rates reduce, providing an additional tailwind which should see credit spreads remain anchored. It is in such market conditions, when bond spreads are looking expensive, that our flexibility in being able to invest across a diverse range of alternative asset classes and private credit has the potential to offer a particularly attractive return premium to public markets.

In a year full of electoral events across the globe, both domestic and foreign politics are poised to play a central role in financial markets in 2024. In the UK, a general election is expected in the second half of the year and recent events have shown how sensitive market participants can be to surprises in fiscal policy. In the US, the outcome of November's election has the potential to cause ripples on a global scale regarding issues such as trade, climate, and defence policy. Geopolitical tensions are as heightened as they have been for decades and the ongoing conflict between Israel and Hamas has recently drawn Iran into direct confrontation with Israel, resulting in attacks from both sides. An escalation into a wider conflict in the Middle East would have far-reaching human and economic consequences, with notable impacts already seen in commercial shipping and oil prices. The Russia-Ukraine war also moves into its third year, with the current "stalemate" precariously balanced amidst uncertainty about U.S. aid.

In terms of portfolio strategy, at current spread levels we continue to favour moving up in credit quality when investing in public markets. In addition, where opportunities permit we will look to sell existing public bond holdings, realising capital gains and reinvesting proceeds into new private investments. This rotation into higher yielding private assets with stronger structural protections would further improve the credit quality of the portfolio. Pricing in private credit markets remains competitive and we are happy to remain disciplined in adding assets into the portfolio only where we feel we are compensated appropriately for the level of risk taken. In such a well bid market, M&G's track record and scale is a competitive advantage that allows us to negotiate attractive terms and security packages with borrowers. We also have the experience and expertise to provide bespoke solutions in response to borrower requirements, with the added complexity of such deals allowing us to attract a higher return premium. We have entered the year with the portfolio cautiously positioned, with access to a £25m credit facility and a further £10m invested in a AAA-rated, daily dealing ABS fund, ready to be reallocated should market volatility present us with attractive opportunities.

Credit rating breakdown (%)

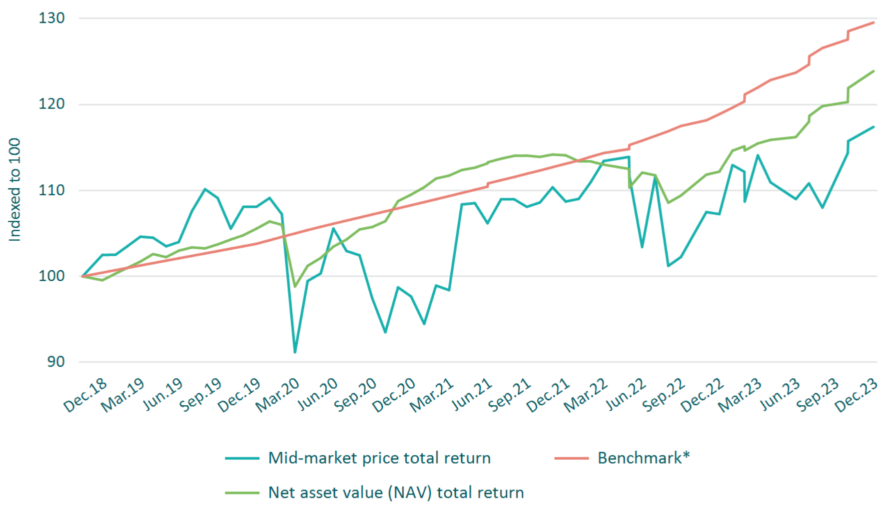
	Trust
Unrated	**(0.11)**
Derivatives	(0.11)
Cash and Investment grade	**78.76**
Cash on Deposit	1.94
AAA	8.68
AA	5.84
A+	1.44
A	2.65
A-	4.09
BBB+	11.35
BBB	15.05
BBB-	18.66
M&G European Loan Fund*	9.05
Non-investment grade	**21.35**
BB+	3.83
BB	4.35
BB-	2.46
B+	2.71
B	4.63
D	0.82
M&G European Loan Fund*	2.55

*See glossary

Share Price vs NAV

As at	NAV p/s (cum income)	Share price
31 March 2024	96.38	92.90

Total Return



NAV total return (%, p.a.)**	1 month	3 months	6 months	YTD	1 year	2 years	3 years	5 years	Since Inception***
M&G Credit Income Investment Trust	0.94%	2.42%	5.90%	2.42%	10.67%	5.78%	4.33%	4.52%	4.53%
Benchmark*	0.78%	2.32%	4.71%	2.32%	9.38%	7.86%	6.62%	5.52%	5.38%

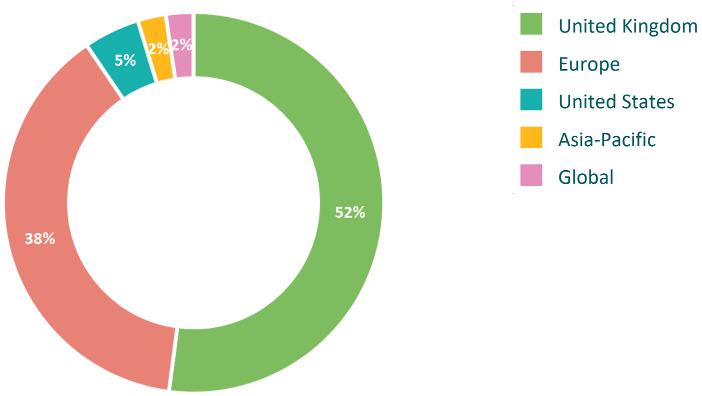
Calendar year NAV total return (%, p.a.)**	2023	2022	2021	2020	2019
M&G Credit Income Investment Trust	10.42%	-1.74%	4.25%	3.75%	6.04%
Benchmark*	8.96%	5.47%	4.09%	4.32%	3.34%

Source: Morningstar Inc, State Street and M&G, as at 31 March 2024. Returns stated in GBP terms.

*3 Month Libor +2.5% from inception to 31/12/2019, 3 Month Libor + 4% from 1st January 2020 to December 2021, thereafter SONIA + 4%.

**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 Split %



Source: M&G and State Street as at 31 March 2024.

Top 20 holdings (%)

	Trust
M&G European Loan Fund (Prvt)	11.60
M&G Senior Asset Backed Credit Fund	7.57
M&G Lion Credit Opportunity Fund IV (Prvt)	3.08
Cash on Deposit	1.94
ICSL 2 B RegS	1.78
Delamare Finance 1.3066% 19 Feb 2029	1.77
Project Hammond (Prvt)	1.42
BSAM 1 1 RegS	1.32
Signet GBP Stretch Term Loan (Prvt)	1.30
ATLAS 2020 1 Trust AUD Note A2 (Prvt)	1.28
Grover Term Loan A (Prvt)	1.20
Regenter Myatt Field North GBP Term Loan (Prvt)	1.20
GONGG 1 (A) A RegS	1.18
CBNA T12 Mezz (Prvt)	1.17
STCHB 7 A (Prvt)	1.16
Project Grey Senior Term Loan (Prvt)	1.16
Aria EUR Term Loan A (Prvt)	1.15
Whistler GBP Term Loan (Prvt)	1.12
RIN 2019-1A A	1.11
Finance for Residential Social Housing 8.569% 04 Oct 2058	1.07

(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.

CLO (Collateralised loan obligation)

Actively managed investment vehicle which issues rated tranches of debt from AAA-B and an unrated equity tranche. Underlying assets are predominantly made up of leveraged loans and high yield bonds.

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.

ECB (European Central Bank)

Central bank of the 19 European Union countries which have adopted the euro.

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.

SONIA (Sterling overnight index average)

Aninterest rate index administered by the Bank of England and based on actual transactions. It reflects the average interest rate that banks pay to borrow sterling overnight from other banks and institutional investors.

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

mandgcredit@linkgroup.co.uk

www.mandg.co.uk/CreditIncomeInvestmentTrust

M&G Investments