

M&G Credit Income Investment Trust plc

**Half Year Report and unaudited Condensed Financial Statements
for the six months ended 30 June 2024**

M&G Credit Income Investment Trust

An investment trust from the fixed income experts

M&G Credit Income Investment Trust plc (the 'Company') seeks to generate high-quality, reliable income from a diversified credit portfolio, while seeking to preserve investors' capital through low net asset value (NAV) volatility. The Company has the flexibility to invest in both public and private debt, which allows individual investors to access potential opportunities normally only available to large institutions. By investing in these specialised areas, we can construct a predominantly investment grade-quality portfolio with the potential to produce superior income to traditional bond funds without compromising on credit quality. This is thanks to M&G's leading market position and decades of experience in private lending, which enables them to source deals unavailable to many other asset managers. Through the Company's closed-ended structure, investors can benefit from holding these private assets to their maturity, whilst retaining access to their capital via the Company's public listing.

Why invest in the Company?

8.8%

Seeks to pay dividends of 4% above cash^a

offers a yield of 8.8% based on the period end share price



High-quality, reliable income

sourced primarily from private credit, with 70%+ of the portfolio invested in investment grade-quality assets



Stable capital value

of private assets, which are typically held to maturity, compared to other investments that can offer similar income, such as equities and high yield bonds



Higher income potential

than comparably rated bond portfolios thanks to M&G's ability to source private credit deals



Investment trust structure

allows investors to buy and sell the Company's shares to suit their circumstances without affecting the underlying portfolio



Zero discount policy^b

designed to enable investors to buy and sell shares at close to NAV

M&G's track record in public debt and private markets

£212 billion in credit and private investments under management

M&G is one of the UK's largest credit investors, with a leading position in private markets, creating potential opportunities unavailable to other managers

Since 1997

M&G has developed a rigorous and selective investment process based on more than two decades' experience in private debt markets

130 analysts

M&G has built one of Europe's largest in-house credit research teams, which provides extensive resources required to identify and analyse potential deals

^a Based on the SONIA (Sterling Overnight Index Average) interest rate benchmark administered by the Bank of England.

^b Please refer to the Glossary on page 38 for more details on the zero discount policy.

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Investment objective and policy

Investment objective

The Company aims to generate a regular and attractive level of income with low asset value volatility.

Investment policy

The Company seeks to achieve its investment objective by investing in a diversified portfolio of public and private debt and debt-like instruments ('Debt Instruments'). Over the longer term, it is expected that the Company will be mainly invested in private Debt Instruments, which are those instruments not quoted on a stock exchange.

The Company operates an unconstrained investment approach and investments may include, but are not limited to:

- Asset-backed securities, backed by a pool of loans secured on, amongst other things, residential and commercial mortgages, credit card receivables, auto loans, student loans, commercial loans and corporate loans;
- Commercial mortgages;
- Direct lending to small and mid-sized companies, including lease finance and receivables financing;
- Distressed debt opportunities to companies going through a balance sheet restructuring;
- Infrastructure-related debt assets;
- Leveraged loans to private equity owned companies;
- Public Debt Instruments issued by a corporate or sovereign entity which may be liquid or illiquid;
- Private placement debt securities issued by both public and private organisations; and
- Structured credit, including bank regulatory capital trades.

The Company invests primarily in Sterling denominated Debt Instruments. Where the Company invests in assets not denominated in Sterling, it is generally the case that these assets are hedged back to Sterling.

Investment restrictions

There are no restrictions, either maximum or minimum, on the Company's exposure to sectors, asset classes or geography. The Company, however, achieves diversification and a spread of risk by adhering to the limits and restrictions set out below.

The Company's portfolio comprises a minimum of 50 investments.

The Company may invest up to 30% of Gross Assets in below investment grade Debt Instruments, which are those instruments rated below BBB- by S&P or Fitch or Baa3 by Moody's or, in the case of unrated Debt Instruments, which have an internal M&G rating below BBB-.

The following restrictions will also apply at the individual Debt Instrument level which, for the avoidance of doubt, does not apply to investments to which the Company is exposed through collective investment vehicles:

Rating	Secured Debt Instruments (% of Gross Assets) ^a	Unsecured Debt Instruments (% of Gross Assets)
AAA	5%	5% ^b
AA/A	4%	3%
BBB	3%	2%
Below investment grade	2%	1%

^a Secured Debt Instruments are secured by a first or secondary fixed and/or floating charge.

^b This limit excludes investments in G7 Sovereign Instruments.

For the purposes of the above investment restrictions, the credit rating of a Debt Instrument is taken to be the rating assigned by S&P, Fitch or Moody's or, in the case of unrated Debt Instruments, an internal rating by M&G. In the case of split ratings by recognised rating agencies, the second highest rating will be used.

The Company typically invests directly, but it also invests indirectly through collective investment vehicles which are managed by an M&G Entity. The Company may not invest more than 20% of Gross Assets in any one collective investment vehicle and not more than 40% of

Investment objective and policy

Gross Assets in collective investment vehicles in aggregate. No more than 10% of Gross Assets may be invested in other investment companies which are listed on the Official List.

Unless otherwise stated, the above investment restrictions are to be applied at the time of investment.

Borrowings

The Company is managed primarily on an ungeared basis although the Company may, from time to time, be geared tactically through the use of borrowings.

Borrowings will principally be used for investment purposes, but may also be used to manage the Company's working capital requirements or to fund market purchases of shares. Gearing represented by borrowing will not exceed 30% of the Company's Net Asset Value, calculated at the time of draw down, but is typically not expected to exceed 20% of the Company's Net Asset Value.

Hedging and derivatives

The Company will not employ derivatives for investment purposes. Derivatives may however be used for efficient portfolio management, including for currency hedging.

Cash management

The Company may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market-type funds ('Cash and Cash Equivalents').

There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position. For the avoidance of doubt, the restrictions set out above in relation to investing in collective investment vehicles do not apply to money market-type funds.

Changes to the investment policy

Any material change to the Company's investment policy set out above will require the approval of Shareholders by way of an ordinary resolution at a general meeting and the approval of the Financial Conduct Authority (FCA).

Investment strategy

The Company seeks to achieve its investment objective by investing in a diversified portfolio of public and private debt and debt-like instruments of which at least 70% is investment grade. The Company is mainly invested in private debt instruments. This part of the portfolio generally includes debt instruments which are nominally quoted but are generally illiquid. Most of these will be floating rate instruments, purchased at inception and with the intention to be held to maturity or until prepaid by issuers; Shareholders can expect their returns from these instruments to come primarily from the interest paid by the issuers.

The remainder of the Company's portfolio is invested in cash, cash equivalents and quoted debt instruments, which are more readily available and which can generally be sold at market prices when suitable opportunities arise. These instruments may also be traded to take advantage of market conditions. Fixed rate instruments will often be hedged in order to protect the portfolio from adverse changes in interest rates. Shareholders can expect their returns from this part of the portfolio to come from a combination of interest income and capital movements.

Investment process

The investment process for the Company consists principally of three stages: the decision to invest, monitoring and ongoing engagement and finally divestment.

Investment decision-making is undertaken by the Investment Manager, based on extensive research and credit analysis by the Investment Manager's large and experienced teams of 130 in-house analysts who specialise in public and private debt markets. This rigorous in-depth analysis is fundamental to understanding the risk and return profile of potential investments.

Investment objective and policy

Regular monitoring is carried out to ensure that continued holding of an investment remains appropriate. This includes monitoring the performance of investments by fund managers, analysts and internal control and governance processes. The Investment Manager engages with relevant stakeholders on any issues which may, potentially, affect an investment’s ability to deliver sustainable performance in line with those expectations.

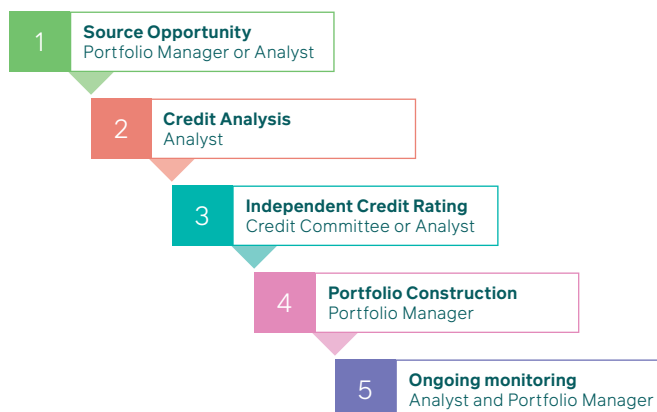
At some point, the Investment Manager may decide to divest from an investment (or the investment may complete in line with agreed terms, including pre-payment), although typically, private investments are held to their full maturity. Divestment can occur for a variety of reasons including; the investment being no longer suitable for the investment mandate, the outcome of engagement being unsatisfactory, or as a result of the investment team’s valuation assessment. Investment decision making is only undertaken by the portfolio managers designated by the Investment Manager.

As part of the investment process, full consideration is given to sustainability risks, as set out in more detail on pages 34 to 35 of the Annual Report and audited Financial Statements for the year ended 31 December 2023.

Environmental, social and governance (ESG)

The Company has no employees, property or activities other than investments, and the day-to-day management of the Company’s investing activities is delegated to the Investment Manager. The Company does not invest with a specific ESG strategy or sustainable objective but complies with the minimum requirements covered by the delegated Investment Manager’s house policies. For further information, please refer to page 34 of the Company’s Annual Report and Financial Statements for the year ended 31 December 2023.

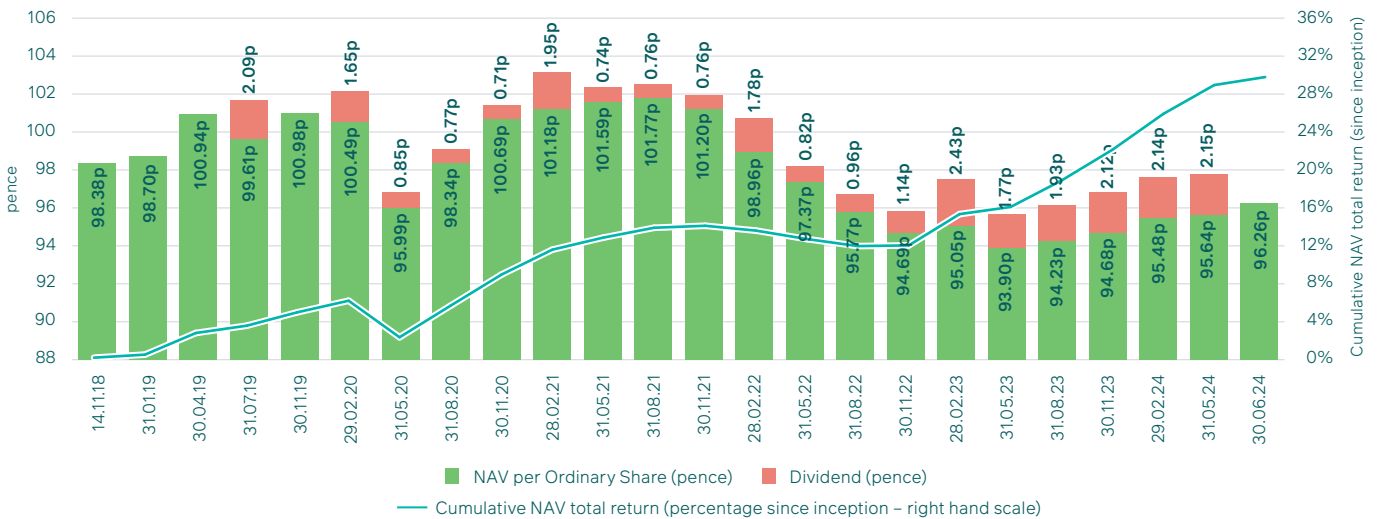
Investment process overview



Company highlights

NAV, dividend and NAV total return

SONIA remained high during the period and the Company's dividend remained elevated as a consequence.



Source: M&G and State Street as at 30 June 2024

Financial highlights

Key data

	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
Net assets (£'000)	136,640	135,285
Net asset value (NAV) per Ordinary Share	96.26p	96.21p
Ordinary Share price (mid-market)	97.0p	92.2p
Premium/(discount) to NAV ^a	0.8%	(4.2)%
Ongoing charges figure ^a	1.29%	1.28%

Return and dividends per Ordinary Share

	Six months ended 30 June 2024 (unaudited)	Year ended 31 December 2023 (audited)
Capital return	1.3p	3.3p
Revenue return	3.1p	6.0p
NAV total return ^a	4.6%	10.4%
Share price total return ^a	10.0%	9.5%
Total dividends declared ^b	4.30p	7.96p

^a Alternative performance measure. Please see pages 33 to 34 for further information.

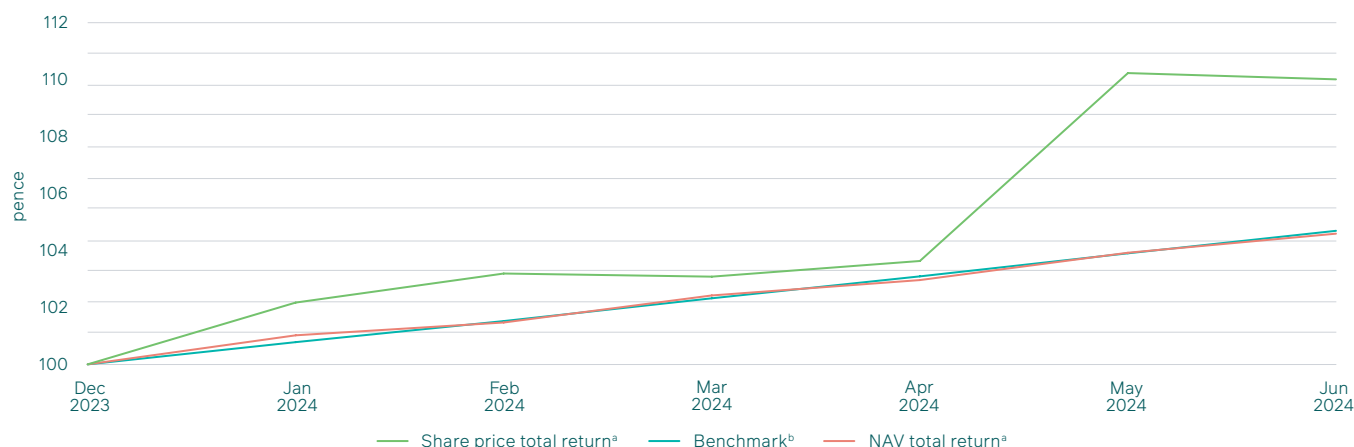
^b The total dividends declared in respect of each period equated to a dividend yield of SONIA plus 4% on the adjusted opening NAV.

Company highlights

Total return (six months)

NAV total return closely tracked the SONIA +4% benchmark.

31 December 2023 = 100



^a Alternative performance measure. Please see pages 33 to 34 for further information.

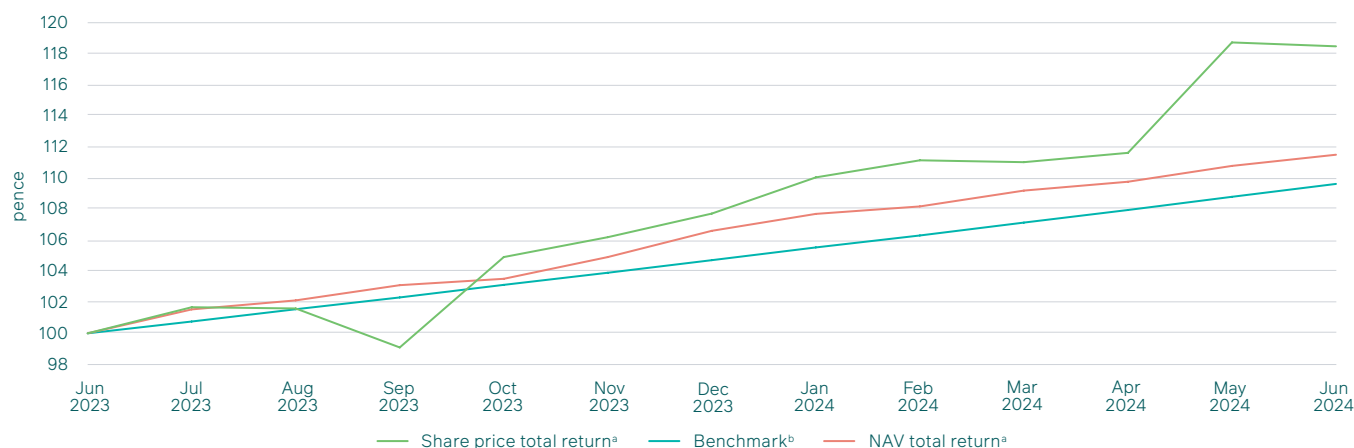
^b SONIA +4%.

Source: M&G and Morningstar

Total return (one year)

NAV total return significantly outperformed the SONIA +4% benchmark as the portfolio captured positive spread performance.

30 June 2023 = 100



^a Alternative performance measure. Please see pages 33 to 34 for further information.

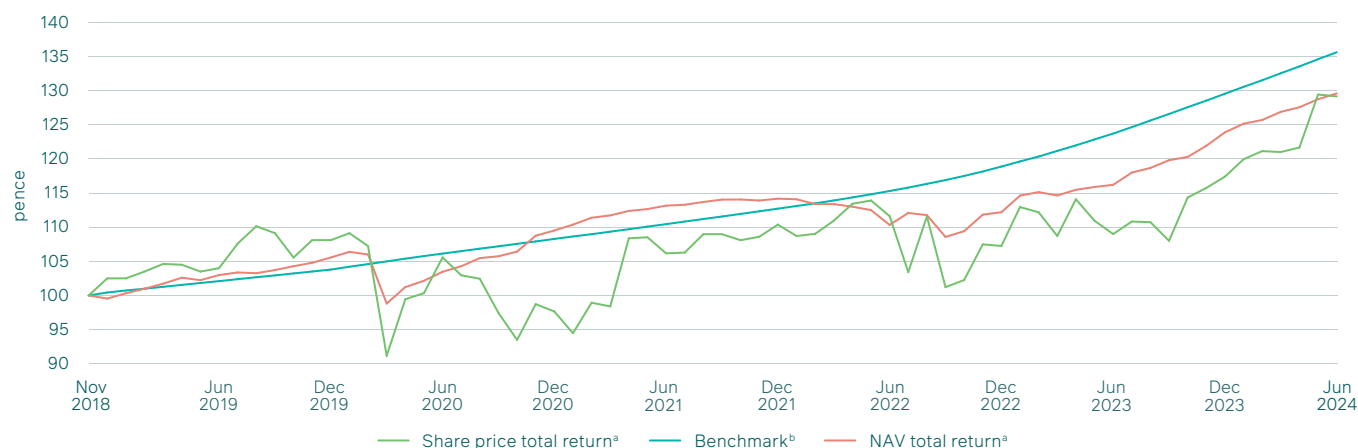
^b SONIA +4%.

Source: M&G and Morningstar

Company highlights

Total return (since inception)

14 November 2018 = 100



^a Alternative performance measure. Please see pages 33 to 34 for further information.

^b 3 Month LIBOR +2.5% from inception to 31 December 2019, 3 Month LIBOR +4% from 1 January 2020 to 31 December 2021, thereafter SONIA +4%.

Source: M&G and Morningstar

NAV total return (% pa) ^a	Six months ^b	1 year	2 years	3 years	5 years	Since Inception ^c
M&G Credit Income Investment Trust	4.59%	11.50%	8.36%	4.62%	4.70%	4.71%
Benchmark ^d	4.69%	9.62%	8.45%	7.08%	5.84%	5.56%

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

Source: M&G and Morningstar, 30 June 2024

^a Alternative performance measure. Please see pages 33 to 34 for further information.

^b Not annualised.

^c Company inception 14 November 2018.

^d 3 Month LIBOR +2.5% from inception to 31 December 2019, 3 Month LIBOR +4% from 1 January 2020 to 31 December 2021, thereafter SONIA +4%.

Chairman's statement

Performance

I am pleased to report that your Company delivered a NAV total return of 4.59% for the six months to 30 June 2024. This was broadly in line with the benchmark of SONIA plus 4% (return of 4.69%) and compared favourably not only to the performance of investment grade fixed income indices such as the ICE BofA Sterling Corporate and Collateralized Index (-0.01%) and the ICE BofA 1-3 Year BBB Sterling Corporate & Collateralized Index (+2.40%), but also to high yield indices such the ICE BofA European Currency Non-Financial High Yield 2% Constrained Index (+3.03%).

Financial markets entered 2024 anticipating an aggressive path of interest rate cuts from central banks. However, economic data released during the period proved inconsistent with these expectations. The unravelling of the dovish pivot which had fuelled the late rally in 2023 actually saw all-in bond yields climb higher over the first half of 2024 with interest rate markets remaining vulnerable to data-driven volatility. That said, credit markets performed well, as spreads continued to tighten supported by a strong demand for the asset class. This scenario benefitted your Company's portfolio, with returns driven by positive spread performance and earned income and protected by our strategy of hedging against interest rate sensitivity.

Share buybacks and discount management

Your board remains committed to seeking to ensure that the Ordinary Shares trade close to NAV in normal market conditions through buybacks and issuance of Ordinary Shares. I am delighted to say that, although the Company's Ordinary Share price traded at an average discount of 2.3% during the half year, there were extended periods during which the shares traded at a premium. The Company was able to undertake numerous share issuances without the need for

buybacks, with 1,325,000 shares sold from treasury over the half year. These issuances help to improve liquidity in your Company's shares as well as reducing the ongoing charges ratio.

On 30 June 2024 the Ordinary Share price was 97.0p, representing a 0.8% premium to NAV as at that date.

Dividends

Your Company is currently paying four, quarterly interim dividends at an annual rate of SONIA plus 4%, calculated by reference to the adjusted opening NAV as at 1 January 2024. The Company paid a dividend of 2.15p per Ordinary Share in respect of each quarter to 31 March 2024 and 30 June 2024. The Company's shares offer a yield (based on share price at the time of writing) of 8.8%. Your Company's Investment Manager continues to believe that an annual total return, and thus ultimately a dividend yield, of SONIA plus 4% will continue to be achievable although there can be no guarantee that this will occur in any individual year.

Outlook

In public bond markets there has been a divergent performance between interest rates and credit spreads in the first half of the year. While interest rates have notably widened over the period, credit spreads have closed to historically tight levels which has helped to drive positive NAV performance. The current macroeconomic environment remains supportive for investment grade credit which is constructive for your Company's portfolio. The pipeline of private asset opportunities looks healthy and our Investment Manager is negotiating on a number of new facilities which it hopes to transact in the coming months.

Your Company's portfolio (including irrevocable commitments) is now 55% invested in private assets, with additional investments of approximately 10% in illiquid publicly listed assets which are intended to be

Chairman's statement

held to maturity. The Investment Manager will continue to deploy capital into both public and private areas of the fixed income market, depending on where it sees the most attractive relative value. The currently undrawn £25 million credit facility together with an additional £10 million which is invested in a liquid, high grade ABS fund (held in lieu of cash) is available to take advantage of opportunities as they occur.

Since the period end, the Company has issued an additional 700,000 shares from treasury.

Your board believes that the Company remains well positioned to achieve its return and dividend objectives, as set out above in the section entitled 'Dividends'.

David Simpson

Chairman

17 September 2024

Investment manager's report

Investment manager's report

We are pleased to provide commentary on the factors that have had an impact on our investment approach since the start of the financial year. In particular we discuss the performance and composition of the portfolio.

The first half of 2024 saw further declines in inflation across most major economies, however during the first quarter progress was slower than expected. The wave of market exuberance which carried investors into the year was broken by a series of strong economic data releases, which suggested the assumptions for interest rate cuts underpinning December's dovish pivot were incompatible with the inflation mandate of policymakers. Robust economic growth in the US showed little signs of abating and prompted a dramatic repricing of global interest rates. 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. As a result, sovereign bond yields climbed significantly higher, although this did little to dampen investor appetite for risk. The technical backdrop in fixed income remained strong, as all-in bond yields screened favourably to other asset classes and the continued supply/demand imbalance in corporate bond markets resulted in a significant tightening in credit spreads. Into this strength we sold down 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, dollar denominated blue chips and European energy hybrids. We reduced risk in the portfolio by redeploying proceeds into ABS funds of AAA and AA-rated credit quality which offered comparable returns to parts of the BBB-rated Euro and Sterling credit markets. During this time the portfolio performed well. By hedging interest rate risk and maintaining low duration we were able to negate the effect of rising risk-free rates on portfolio returns, allowing us to capture positive credit spread performance.

The second quarter of the year got off to a shaky start as US CPI for March showed a third straight month of higher-than-expected inflation which pushed back the probability of rate cuts from the Fed as well as other central banks. April saw a softening in investment grade credit spreads driven by an escalation in geopolitical tensions in the Middle East, higher for longer rate concerns and the first real signs of indigestion from the high volume of new issuance. Economic data released in May and June evidenced slowing US inflation and a cooling labour market which lent support to Fed rate cuts. In the UK, headline CPI also notably fell to 2.0% year-on-year in May, returning to the Bank of England's inflation target for the first time since July 2021. The ECB became the first major central bank to deliver an initial interest rate cut but warned against the expectation that this would be the beginning of a sustained easing cycle. Amidst the more sanguine backdrop for policy easing, central bankers struck a hawkish tone, emphasising a cautious approach to cutting interest rates would be adopted and accordingly, market pricing shifted to predict a shallower path for rates ahead. Whilst geopolitical tensions arising from the ongoing conflicts in Ukraine and the Middle East remained a lingering concern during the period, it was political events closer to home in Europe, which had the greater bearing on financial markets. Major gains by far-right parties in the European parliamentary elections also saw Marine Le Pen's National Rally party dominate the French polls, prompting the surprise decision by French President Macron to call a snap legislative election. The raised spectre of future disruption to the Euro-market status quo spooked financial markets and led to a sizeable bond and equity sell-off across Europe with France at the epicentre. During the second quarter, we added bonds selectively, continuing to favour the up-in-quality trade and in particular the additional return that could be earned by rotating from BBB corporate bonds into A-rated CLO tranches. As part of this rotation, we sold down banking and insurance paper that had tightened significantly since initial purchase. We also sold our remaining exposure from defaulted issuer Intu at a level

Investment manager's report

in line with book value. A notable pick up in private market activity saw us take additional exposure to existing issuers in the portfolio whilst also lending to new borrowers in niche sectors, which provided a nice diversification benefit.

The funded private asset portion of the portfolio increased over the period to 54.7% (versus 53.8% at 31 December 2023), as the improved pipeline of private opportunities saw new facilities outweigh repayments. We actively monitor the portfolio for signs of distress and currently have exposure to two issuers amounting to 0.99% of the latest published NAV, which are either in technical default or at some stage of a restructuring process. These positions are already marked-to-market or otherwise reserved against in respect of non-public markets instruments in your Company's latest published NAV. The increase in exposure since the end of the last financial year (0.60%) is due to the addition of two private assets (from the same issuer) being downgraded and which at this stage look likely to be impaired.

Outlook

We remain positive on the outlook for investment grade credit, and given its yield benefits and defensive characteristics, it is, in our opinion, an attractive asset class to be invested in at this point in the economic cycle. In fact, contained within the short episode seen in early August was a rather compelling endorsement of credit markets, as the small move wider in spreads remained relatively contained despite wider market tumult. 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 anchored. Although credit spreads in public bond markets remain at historically tight levels, our flexibility in being able to invest across a diverse range of alternative asset classes and private credit can help continue to deliver a particularly attractive return premium to public

markets. We are currently seeing a strong pipeline of private investment opportunities, a number of which are moving through to late stage and which we hope to hope to transact on in the coming months.

Current market pricing is implying approximately five interest rate cuts by June 2025 which would take the Bank of England base rate (tracked by SONIA) to 3.7%. Even if this does transpire, the Company's SONIA +4% dividend target would remain in the high single digits for the foreseeable future. We believe this is an attractive return for a strongly diversified portfolio with an average credit rating profile of BBB (considered firmly investment grade). Indeed, on a year-to-date basis to the end of August, the NAV total return (+5.9%) has outperformed the ICE BofA European Currency Non-Financial High Yield 2% Constrained Index (+5.8%) whilst carrying inherently less volatility and risk.

M&G Alternatives Investment Management Limited

17 September 2024

Portfolio analysis

Top 20 holdings

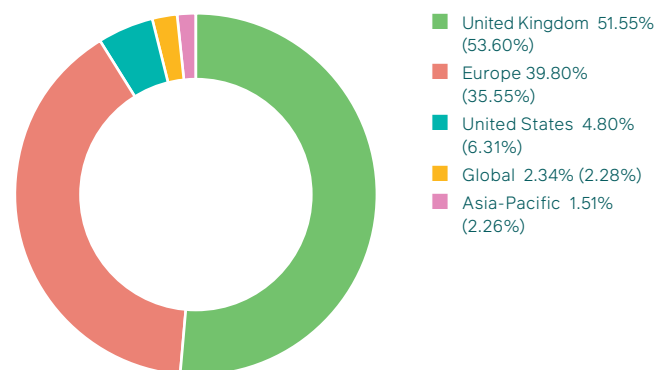
As at	Percentage of portfolio of investments ^a	
	31 June 2024	31 December 2023
M&G European Loan Fund	11.36	11.48
M&G Senior Asset Backed Credit Fund	7.43	4.89
M&G Lion Credit Opportunity Fund IV	3.08	1.57
Income Contingent Student Loans 14.95% 24/07/2058	1.77	-
Delamare Finance FRN 1.279% 19 Feb 2029	1.76	1.76
Project Energy from Waste UK Var. Rate 29 Nov 2041	1.59	-
Aria International Var. Rate 23 Jun 2025	1.41	1.16
Hammond Var. Rate 28 Oct 2025	1.39	1.42
Signet Excipients Var. Rate 20 Oct 2025	1.28	1.29
Atlas 2020 1 Trust Var. Rate 30 Sep 2050	1.28	1.32
Millshaw SAMS No. 1 Var. Rate 15 Jun 2054	1.26	1.33
Regenter Myatt Field North Var. Rate 31 Mar 2036	1.17	1.23
Grover Group Var. Rate 30 Aug 2027	1.16	1.21
Project Grey 1% 30 Apr 2025	1.16	1.11
Gongga 5.6849% 2 Aug 2025	1.16	1.17
Citibank FRN 0.01% 25 Dec 2029	1.15	1.15
STCHB 7 A Var. Rate 25 Apr 2031	1.13	1.15
Income Contingent Student Loans 1 2002-2006 FRN 2.76% 24 Jul 2056	1.12	1.17
Finance for Residential Social Housing 8.569% 4 Oct 2058	1.10	1.13
Whistler Finco 1% 30 Nov 2028	1.10	1.12
Total	43.86	

^a Including cash on deposit and derivatives.

Source: State Street

Geographical exposure

Percentage of portfolio of investments as at 30 June 2024 (31 December 2023)^a



^a Excluding cash on deposit and derivatives.

Source: M&G and State Street

Portfolio overview

As at	30 June 2024 %	31 December 2023 %
Cash on deposit	1.65	0.90
Public	43.72	45.59
Asset-backed securities	17.98	17.50
Bonds	18.30	23.20
Equities	0.01	-
Investment funds	7.43	4.89
Private	54.71	53.80
Asset-backed securities	5.06	5.08
Bonds	2.13	2.35
Investment funds	14.44	13.05
Loans	20.49	18.89
Private placements	1.24	2.28
Other	11.35	12.15
Derivatives	(0.08)	(0.29)
Debt derivatives	(0.01)	(0.33)
Forwards	(0.07)	0.04
Total	100.00	100.00

Source: State Street

Portfolio analysis

Credit rating breakdown

As at	30 June 2024 %	31 December 2023 %
Unrated	(0.07)	(0.29)
Equities	0.01	–
Derivatives	(0.08)	(0.29)
Cash and investment grade	76.87	81.48
Cash on deposit	1.65	0.90
AAA	8.34	7.56
AA+	–	0.15
AA	2.81	5.13
AA-	3.08	–
A+	1.33	1.73
A	4.59	1.86
A-	4.01	3.86
BBB+	9.50	12.15
BBB	14.74	17.70
BBB-	17.96	21.49
M&G European Loan Fund (ELF) (see note)	8.86	8.95
Sub-investment grade	23.20	18.81
BB+	4.20	3.96
BB	4.68	1.98
BB-	2.44	3.24
B+	3.54	2.22
B	5.24	4.07
D	0.60	0.81
M&G European Loan Fund (ELF) (see note)	2.50	2.53
Total	100.00	100.00

Source: State Street

Note: ELF is 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.

Portfolio analysis

Top 20 holdings % as at 30 June 2024	Company description
M&G European Loan Fund 11.36%	Open-ended fund managed by M&G which invests in leveraged loans issued by, generally, substantial private companies located in the UK and Continental Europe. The fund's objective is to create attractive levels of current income for investors while maintaining relatively low volatility of NAV. (Private)
M&G Senior Asset Backed Credit Fund 7.43%	Open-ended fund managed by M&G investing in a diversified pool of investment grade ABS. In usual market conditions, the fund will invest predominantly in senior tranches of ABS, with 80% expected to be of a credit rating of at least AA- or higher. The latest average credit rating of the underlying portfolio is AAA. The daily dealing fund is used by the Investment Manager as an alternative to holding cash. (Public)
M&G Lion Credit Opportunity Fund IV 3.08%	Open-ended fund managed by M&G which invests primarily in high grade European ABS with on average AA risk. The fund seeks to find value in credits which offer an attractive structure or price for their risk profile. (Private)
Income Contingent Student Loans 14.95% 24/07/2058 1.77%	Floating-rate, junior mezzanine tranche of a portfolio comprised of income contingent repayment student loans originally advanced by the UK Secretary of State for Education. (Public)
Delamare Finance FRN 1.279% 19 Feb 2029 1.76%	Floating-rate, senior tranche of a CMBS secured by the sale and leaseback of 33 Tesco superstores and 2 distribution centres. (Public)
Project Energy from Waste UK Var. Rate 29 Nov 2041 1.59%	Floating-rate, senior secured infrastructure loan funding the design, build, maintain, operate and finance contract of a residual waste treatment facility (Private)
Aria International Var. Rate 23 Jun 2025 1.41%	Floating-rate, senior tranche of a securitisation of invoice receivables originated by a specialist digital recruitment platform. (Private)
Hammond Var. Rate 28 Oct 2025 1.39%	Secured, bilateral real estate development loan backed by a combined portfolio of 2 office assets leased to an underlying roster of global corporate tenants. (Private)
Signet Excipients Var. Rate 20 Oct 2025 1.28%	Fixed-rate loan secured against 2 large commercial premises in London, currently leased to 2 FTSE listed UK corporations. (Public)
Atlas 2020 1 Trust Var. Rate 30 Sep 2050 1.28%	Floating-rate, senior tranche of a bilateral RMBS transaction backed by a pool of Australian equity release mortgages. (Private)
Millshaw SAMS No. 1 Var. Rate 15 Jun 2054 1.26%	Floating-rate, single tranche of an RMBS backed by shared-appreciation mortgages. (Public)
Regenter Myatt Field North Var. Rate 31 Mar 2036 1.17%	PFI (Private Finance Initiative) floating-rate, amortising term loan relating to the already completed refurbishment and ongoing maintenance of residential dwellings and communal infrastructure in the London borough of Lambeth. (Private)
Grover Group Var. Rate 30 Aug 2027 1.16%	Floating-rate, senior tranche of a securitisation of receivables originated by a leading European technology subscription platform. (Private)
Project Grey 1% 30 Apr 2025 1.16%	Floating-rate, senior secured position in a bilateral real estate loan to fund the acquisition and refurbishment of an office block in the London CBD. (Private)
Gongga 5.6849% 2 Aug 2025 1.16%	Structured Credit trade by Standard Chartered referencing a US\$2bn portfolio of loans to companies domiciled in 36 countries. (Private)

Portfolio analysis

Top 20 holdings % as at 30 June 2024	Company description
Citibank FRN 0.01% 25 Dec 2029 1.15%	Floating-rate, mezzanine tranche of a regulatory capital transaction backed by a portfolio of loans to large global corporates, predominantly in North America. (Private)
STCHB 7 A Var. Rate 25 Apr 2031 1.13%	Floating-rate, mezzanine tranche in a regulated capital securitisation where the portfolio consists of 36 loans, secured on the undrawn Limited Partner (LP) investor capital commitments. (Private)
Income Contingent Student Loans 1 2002-2006 FRN 2.76% 24 Jul 2056 1.12%	Floating-rate, mezzanine tranche of a portfolio comprised of income contingent repayment student loans originally advanced by the UK Secretary of State for Education. (Public)
Finance for Residential Social Housing 8.569% 4 Oct 2058 1.10%	High grade (AA/Aa3), fixed-rate bond backed by cash flows from housing association loans. (Public)
Whistler Finco 1% 30 Nov 2028 1.10%	Floating-rate, senior secured term loan lending to an outdoor media infrastructure owner which invests and manages a large billboard portfolio in the UK, Netherlands, Spain, Ireland and Germany. (Private)

Interim management report and statement of directors' responsibilities

Interim management report

The important events that have occurred during the period under review, the key factors influencing the financial statements and the principal factors that could impact the remaining six months of the financial period are set out in the Chairman's statement and the investment manager's report on pages 8 to 12.

Principal risks

The principal risks facing the Company during the remaining six months of the year can be divided into various areas as follows:

- Market risk;
- Credit risk;
- Investment management performance risk;
- Liquidity risk;
- Dividend policy risk;
- Operational risk (including cybersecurity risk);
- Regulatory, legal and statutory risk: changes in laws, government policy or regulations; and
- Sustainability risk.

These are consistent with the principal risks described in more detail in the Company's Annual Report and Financial Statements for the year ended 31 December 2023, which can be found in the Strategic Report on pages 18 to 23 and in note 13 on pages 96 to 102 and which are available on our website at: mandg.com/creditincomeinvestmenttrust

Going concern

In accordance with the latest guidance issued by the Financial Reporting Council, the Directors have undertaken and documented a rigorous assessment of whether the Company is a going concern. The Directors considered all available information when undertaking the assessment.

The Directors believe that the Company has appropriate financial resources to enable it to meet its day-to-day working capital requirements and the Directors believe that the Company is well placed to continue to manage its business risks.

The Directors consider that the Company has adequate resources to continue in operational existence for the next 12 months. For this reason they continue to adopt the going concern basis of accounting in preparing these condensed financial statements.

Related party disclosure and transactions with the Investment Manager

M&G Alternatives Investment Management Limited, as Investment Manager, is a related party to the Company. The management fee due to the Investment Manager for the period is disclosed in the condensed income statement and in note 3, and amounts outstanding at the period end are shown in note 7.

The Company holds investments in M&G European Loan Fund, M&G Senior Asset Backed Credit Fund and M&G Lion Credit Opportunity Fund IV which are managed by M&G Investment Management Limited. At the period end these were valued at £29,922,000 (30 June 2023: £17,199,000) and represented 21.87% (30 June 2023: 12.77%) of the Company's investment portfolio.

The Directors of the Company are related parties. The Chairman receives an annual fee of £49,000, the Chairman of the Audit Committee receives an annual fee of £43,000 and each non-executive Director receives an annual fee of £37,000.

There are certain situations where the Company undertakes purchase and sale transactions with other M&G managed funds. All such transactions are subject to the provisions of M&G's fixed income dealing procedures and prior approval by senior fixed income managers authorised by M&G to approve such trades. Trades are conducted on liquidity and pricing terms which at the relevant time are no worse than those available to the Company from dealing with independent third parties.

Interim management report and statement of directors' responsibilities

Statement of directors' responsibilities

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- this Interim management report, together with the Chairman's statement, investment manager's report and the condensed set of financial statements include a fair review of the information required by:
 - a. DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the six months ended 30 June 2024 and their impact on the condensed set of financial statements; and a description of the principal risks for the remaining six months of the period; and
 - b. DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place during the six months ended 30 June 2024 and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions that could do so.

The Half Year Report and unaudited condensed set of financial statements were approved by the Board of Directors on 17 September 2024 and the above responsibility statement was signed on its behalf by:

David Simpson
Chairman

17 September 2024

Condensed financial statements (unaudited)

Condensed income statement

	Note	Six months ended 30 June 2024 (unaudited)			Six months ended 30 June 2023 (unaudited)			Year ended 31 December 2023 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains/(losses) on investments	6	–	1,139	1,139	–	(1,273)	(1,273)	–	2,792	2,792
Net gains on derivatives	6	–	663	663	–	2,209	2,209	–	1,869	1,869
Net currency gains/(losses)		(69)	29	(40)	(286)	102	(184)	(263)	86	(177)
Income	3	5,240	–	5,240	4,965	–	4,965	10,701	–	10,701
Investment management fee		(454)	–	(454)	(470)	–	(470)	(943)	–	(943)
Other expenses		(368)	–	(368)	(367)	–	(367)	(781)	–	(781)
Net return on ordinary activities before finance costs and taxation		4,349	1,831	6,180	3,842	1,038	4,880	8,714	4,747	13,461
Finance costs	4	(54)	–	(54)	(97)	–	(97)	(147)	–	(147)
Net return on ordinary activities before taxation		4,295	1,831	6,126	3,745	1,038	4,783	8,567	4,747	13,314
Taxation on ordinary activities		–	–	–	–	–	–	–	–	–
Net return attributable to Ordinary Shareholders after taxation		4,295	1,831	6,126	3,745	1,038	4,783	8,567	4,747	13,314
Net return per Ordinary Share (basic and diluted)	2	3.05p	1.30p	4.35p	2.63p	0.73p	3.36p	6.04p	3.35p	9.39p

The total column of this statement represents the Company's profit and loss account. The 'Revenue' and 'Capital' columns represent supplementary information provided under guidance issued by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

The Company has no other comprehensive income and therefore the net return on ordinary activities after taxation is also the total comprehensive income for the period.

The notes on pages 23 to 31 form an integral part of these condensed financial statements.

Condensed financial statements (unaudited)

Condensed statement of financial position

	Note	As at 30 June 2024 (unaudited)		As at 30 June 2023 (unaudited)		As at 31 December 2023 (audited)	
		£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets							
Investments at fair value through profit or loss	6		134,667		130,818		133,392
Current assets							
Derivative financial assets held at fair value through profit or loss	6	75		454 ^a		285	
Receivables	7	2,279		2,931		2,526	
Cash and cash equivalents	7	3,355		3,555		2,838	
		5,709		6,940		5,649	
Current liabilities							
Derivative financial liabilities held at fair value through profit or loss	6	(201)		(21) ^a		(684)	
Payables	7	(3,535)		(3,909)		(3,072)	
		(3,736)		(3,930)		(3,756)	
Net current assets			1,973		3,010		1,893
Net assets			136,640		133,828		135,285
Capital and reserves							
Called up share capital	8		1,447		1,447		1,447
Share premium			42,276		42,257		42,257
Special distributable reserve			90,836		96,107		91,276
Capital reserve	8		(118)		(7,891)		(1,949)
Revenue reserve			2,199		1,908		2,254
Total shareholders' funds			136,640		133,828		135,285
Net Asset Value per Ordinary Share (basic and diluted)	2		96.26p		94.16p		96.21p

^a Reclassification of the derivative financial assets and derivative liabilities to align with current period presentation.

The notes on pages 23 to 31 form an integral part of these condensed financial statements.

Approved and authorised for issue by the Board of Directors on 17 September 2024 and signed on its behalf by:

David Simpson

Chairman

Company registration number: 11469317

17 September 2024

Condensed financial statements (unaudited)

Condensed statement of changes in equity

Six months ended 30 June 2024 (unaudited)	Called up Ordinary Share capital	Share premium	Special distributable reserve ^a	Capital reserve ^a	Revenue reserve ^a	Total
Note	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2023	1,447	42,257	91,276	(1,949)	2,254	135,285
Ordinary Shares issued from treasury	–	19	1,249	–	–	1,268
Net return attributable to shareholders	–	–	–	1,831	4,295	6,126
Dividends paid	5	–	(1,689)	–	(4,350)	(6,039)
Balance at 30 June 2024	1,447	42,276	90,836	(118)	2,199	136,640

Six months ended 30 June 2023 (unaudited)	Called up Ordinary Share capital	Share premium	Special distributable reserve ^a	Capital reserve ^a	Revenue reserve ^a	Total
Note	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2022	1,447	42,257	96,198	(6,696)	1,903	135,109
Purchase of Ordinary Shares to be held in treasury	–	–	(91)	–	–	(91)
Net return attributable to shareholders	–	–	–	1,038	3,745	4,783
Dividends paid	5	–	–	(2,233)	(3,740)	(5,973)
Balance at 30 June 2023	1,447	42,257	96,107	(7,891)	1,908	133,828

Year ended 31 December 2023 (audited)	Note	Called up Ordinary Share capital	Share premium	Special distributable reserve ^a	Capital reserve ^a	Revenue reserve ^a	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2022		1,447	42,257	96,198	(6,696)	1,903	135,109
Purchase of Ordinary Shares to be held in treasury		–	–	(1,444)	–	–	(1,444)
Net return attributable to shareholders		–	–	–	4,747	8,567	13,314
Dividends paid	5	–	–	(3,478)	–	(8,216)	(11,694)
Balance at 31 December 2023		1,447	42,257	91,276	(1,949)	2,254	135,285

^a These reserves form the distributable reserves of the Company and may be used to fund distributions to investors via dividend payments. For the detailed analysis of the realised and investment holding gains and losses of the capital reserve, please refer to note 8 on pages 28 to 29.

The notes on pages 23 to 31 form an integral part of these condensed financial statements.

Condensed financial statements (unaudited)

Condensed cash flow statement

	Note	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Cash flows from operating activities				
Net return before finance costs and taxation ^a		6,180	4,880	13,461
Adjustments for:				
Net (gains)/losses on investments	6	(1,139)	1,273	(2,792)
Net gains on derivatives	6	(663)	(2,209)	(1,869)
Net currency losses		40	184	177
Decrease/(increase) in receivables		227	(35)	(440)
(Decrease)/increase in payables		(2,504)	458	966
Purchases of investments ^b	6	(15,157)	(16,903)	(34,621)
Sales of investments ^b	6	18,398	25,580	44,746
Net cash inflow from operating activities		5,382	13,228	19,628
Financing activities				
Finance costs	4	(54)	(97)	(147)
Ordinary Shares issued from treasury		1,268	-	-
Repayment of loan facility		-	(7,000)	(7,000)
Purchase of Ordinary Shares to be held in treasury		-	(91)	(1,444)
Dividends paid	5	(6,039)	(5,973)	(11,694)
Net cash outflow from financing activities		(4,825)	(13,161)	(20,285)
Increase/(decrease) in cash and cash equivalents		557	67	(657)
Cash and cash equivalents at the start of the period/year		2,838	3,672	3,672
Effect of foreign exchange rates		(40)	(184)	(177)
Increase/(decrease) in cash and cash equivalents as above		557	67	(657)
Cash and cash equivalents at the end of the period/year	7	3,355	3,555	2,838

^a Cash inflow from interest was £4,207,480 (30 June 2023: £4,218,327) and cash outflow from interest was £180 (30 June 2023: £948).

^b Receipts from the sale of, and payments to acquire investment securities have been classified as components of cash flows from operating activities because they form part of the Company's dealing operations.

Condensed financial statements (unaudited)

Analysis of changes in cash

	Note	As at 31 December 2023 (audited) £'000	Net cash flows £'000	As at 30 June 2024 (unaudited) £'000
Cash and cash equivalents				
Cash and cash equivalents	7	2,838	517	3,355
		2,838	517	3,355

The notes on pages 23 to 31 form an integral part of these condensed financial statements.

Condensed financial statements (unaudited)

Notes to the condensed financial statements

1 Accounting policies

The condensed financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value, and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 104 (FRS 104) Interim Financial Reporting issued by the Financial Reporting Council and the Statement of Recommended Practice (SORP) issued by the Association of Investment Companies (AIC) in July 2022 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'.

The annual Financial Statements were prepared in accordance with the Financial Reporting Standard 102 (FRS 102) and the AIC SORP.

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the Annual Report and Financial Statements for the year ended 31 December 2023.

The functional and presentational currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

All values are recorded to nearest thousands, unless otherwise stated.

2 Returns and net asset value (NAV)

	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 December 2023
Revenue return			
Revenue return attributable to Ordinary Shareholders (£'000)	4,295	3,745	8,567
Weighted average number of shares in issue during the period/year	140,963,882	142,182,746	141,789,016
Revenue return per Ordinary Share (basic and diluted)	3.05p	2.63p	6.04p
Capital return			
Capital return attributable to Ordinary Shareholders (£'000)	1,831	1,038	4,747
Weighted average number of shares in issue during the period/year	140,963,882	142,182,746	141,789,016
Capital return per Ordinary Share (basic and diluted)	1.30p	0.73p	3.35p
Net return			
Net return per Ordinary Share (basic and diluted)	4.35p	3.36p	9.39p
NAV per Ordinary Share			
Net assets attributable to Ordinary Shareholders (£'000)	136,640	133,828	135,285
Number of shares in issue at period/year end	141,944,239	142,133,022	140,619,239
NAV per Ordinary Share	96.26p	94.16p	96.21p

Condensed financial statements (unaudited)

Notes to the condensed financial statements (continued)

3 Income

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Income from investments			
Interest income from debt instruments	4,267	4,344	9,109
Distributions from investment funds	811	496	1,331
Management fee rebate	61	47	96
	5,139	4,887	10,536
Other income			
Interest from cash and cash equivalents	79	49	115
Other income	22	29	50
	5,240	4,965	10,701

4 Finance costs

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Commitment fee	37	34	72
Arrangement fees	12	6	15
Legal fees	5	2	5
Interest on loan facility	–	55	55
	54	97	147

On 19 October 2020 the Company entered into a £25 million revolving credit facility agreement with State Street Bank International GmbH. On 16 October 2023 the Company renewed the credit facility on the existing terms, with the new credit facility expiring on 14 October 2024. As at 30 June 2024 no amounts were drawn down. The Company intends to renew the credit facility agreement beyond the current expiration date.

Condensed financial statements (unaudited)

Notes to the condensed financial statements (continued)

5 Dividends

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Revenue			
2022 fourth interim interest distribution of 1.33p	–	1,892	1,892
2023 first interim interest distribution of 1.30p	–	1,848	1,848
2023 second interim interest distribution of 1.34p	–	–	1,903
2023 third interim interest distribution of 1.83p	–	–	2,573
2023 fourth interim interest distribution of 1.60p	2,250	–	–
2024 first interim interest distribution of 1.49p	2,100	–	–
	4,350	3,740	8,216
Capital			
2022 fourth interim dividend distribution of 1.10p	–	1,565	1,565
2023 first interim dividend distribution of 0.47p	–	668	668
2023 second interim dividend distribution of 0.59p	–	–	838
2023 third interim dividend distribution of 0.29p	–	–	407
2023 fourth interim dividend distribution of 0.54p	759	–	–
2024 first interim dividend distribution of 0.66p	930	–	–
	1,689	2,233	3,478

On 23 July 2024 the Board declared a second interim dividend of 2.15p per Ordinary Share for the year ended 31 December 2024, which was paid on 23 August 2024 to Ordinary Shareholders on the register on 2 August 2024. The ex-dividend date was 1 August 2024.

In accordance with FRS 102, Section 32, 'Events After the End of the Reporting Period', the 2024 second interim dividend has not been included as a liability in this condensed set of financial statements.

Condensed financial statements (unaudited)

Notes to the condensed financial statements (continued)

6 Investments held at fair value through profit or loss (FVTPL)

	As at 30 June 2024 £'000	As at 30 June 2023 £'000	As at 31 December 2023 £'000
Opening valuation	132,993	138,443	138,443
Analysis of transactions made during the period/year			
Purchases at cost	18,124	18,248	34,621
Sale proceeds	(18,378)	(26,376)	(44,732)
Gains on investments	1,802	936	4,661
Closing valuation	134,541	131,251	132,993
Closing cost	137,262	139,526	137,414
Closing investment holding losses	(2,721)	(8,275)	(4,421)
Closing valuation	134,541	131,251	132,993

The Company received £18,378,000 from investments sold in the six month period ended 30 June 2024 (30 June 2023: £26,376,000). The book cost of these investments when they were purchased was £19,003,000 (30 June 2023: £29,838,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments. Transaction costs on purchases during the period amounted to £7,981 (30 June 2023: £364) and transaction costs on sales during the period amounted to £91 (30 June 2023: £263).

	As at 30 June 2024 £'000	As at 30 June 2023 £'000	As at 31 December 2023 £'000
Gains/(losses) on investments			
Net gains/(losses) on investments	1,139	(1,273)	2,792
Net gains on derivatives	663	2,209	1,869
Net gains on investments	1,802	936	4,661

	As at 30 June 2024 £'000	As at 30 June 2023 £'000	As at 31 December 2023 £'000
Closing valuation			
Investments at fair value through profit or loss	134,667	130,818	133,392
Derivative financial (liabilities)/assets held at fair value through profit or loss	(126)	433	(399)
Closing valuation	134,541	131,251	132,993

Condensed financial statements (unaudited)

Notes to the condensed financial statements (continued)

7 Receivables, cash and cash equivalents and payables

	As at 30 June 2024 £'000	As at 30 June 2023 £'000	As at 31 December 2023 £'000
Receivables			
Sales for future settlement	5	835	25
Accrued income	2,224	1,848	2,193
Prepaid expenses	20	20	31
Management fee rebate	30	228	277
Total receivables	2,279	2,931	2,526
Cash and cash equivalents			
Cash at bank	956	(114)	907
Amounts held at futures clearing houses	144	313	717
Cash on deposit	2,255	3,356	1,214
Total cash and cash equivalents	3,355	3,555	2,838
Payables			
Purchases for future settlement	2,967	1,345	–
Expenses payable	282	294	341
Management fee payable	237	2,205	2,679
Loan facility interest payable	–	23	23
Other payables	49	42	29
Total payables	3,535	3,909	3,072

Condensed financial statements (unaudited)

Notes to the condensed financial statements (continued)

8 Called up share capital

	As at 30 June 2024		As at 30 June 2023		As at 31 December 2023	
	Number of shares	Nominal value £'000	Number of shares	Nominal value £'000	Number of shares	Nominal value £'000
Ordinary Shares of 1p						
Ordinary Shares in issue at the beginning of the period/year	140,619,239	1,406	142,233,022	1,422	142,233,022	1,422
Ordinary Shares issued during the period/year	1,325,000	13	–	–	–	–
Purchase of Ordinary Shares held in treasury	–	–	(100,000)	(1)	(1,613,783)	(16)
Ordinary Shares in issue at the end of the period/year	141,944,239	1,419	142,133,022	1,421	140,619,239	1,406
Treasury Shares (Ordinary Shares of 1p)						
Treasury Shares at the beginning of the period/year	4,126,532	41	2,512,749	25	2,512,749	25
Ordinary Shares issued from treasury during the period/year	(1,325,000)	(13)	–	–	–	–
Purchase of Ordinary Shares held in treasury	–	–	100,000	1	1,613,783	16
Treasury Shares at the end of the period/year	2,801,532	28	2,612,749	26	4,126,532	41
Total Ordinary Shares in issue and in treasury at the end of the period/year	144,745,771	1,447	144,745,771	1,447	144,745,771	1,447

Condensed financial statements (unaudited)

Notes to the condensed financial statements (continued)

The analysis of the capital reserve is as follows:

	Six months ended 30 June 2024			Six months ended 30 June 2023			Year ended 31 December 2023		
	Realised capital reserve	Investment holding gains and losses	Total capital reserve	Realised capital reserve	Investment holding gains and losses	Total capital reserve	Realised capital reserve	Investment holding gains and losses	Total capital reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital reserve at the beginning of the period/year	2,472	(4,421)	(1,949)	707	(7,403)	(6,696)	707	(7,403)	(6,696)
Gains on realisation of investments at fair value	102	-	102	1,808	-	1,808	1,679	-	1,679
Realised currency gains during the period/year	29	-	29	102	-	102	86	-	86
Movement in unrealised gains/ (losses)	-	1,700	1,700	-	(872)	(872)	-	2,982	2,982
Dividends paid	-	-	-	(2,233)	-	(2,233)	-	-	-
Capital reserve at the end of the period/year	2,603	(2,721)	(118)	384	(8,275)	(7,891)	2,472	(4,421)	(1,949)

The above split in capital reserve is shown in accordance with the provisions of the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', 2022.

9 Related party transactions

M&G Alternatives Investment Management Limited, as investment manager is a related party to the Company. The management fee payable to the Investment Manager for the period is disclosed in the condensed income statement, and amounts outstanding at the period end are shown in note 7.

Amounts paid to the Investment Manager in respect of rebate arrangements are shown in note 3 and the amounts outstanding at the year end from the Investment Manager in respect of these rebates are disclosed in note 7.

The Company holds investments in M&G European Loan Fund, M&G Senior Asset Backed Credit Fund and M&G Lion Credit Opportunity Fund IV which are managed by M&G Investment Management Limited. At the period end these were valued at £29,922,000 (30 June 2023: £17,199,000) and represented 21.87% (30 June 2023: 12.77%) of the Company's investment portfolio. The income earned from these investments of £811,000 (30 June 2023: £496,000) is included in note 3. Amounts receivable at the balance sheet date of £297,000 (30 June 2023: £257,000) are included within 'Accrued income' under 'Receivables' in note 7. The total purchase costs of these investments was £5,500,000 (30 June 2023: £2,000,000) and the total sales amounted to £nil (30 June 2023: £1,794,000).

The Directors of the Company are related parties. For further details of the annual fees payable to the Directors, please refer to the Related party disclosure and transactions with the Investment Manager section on pages 16 to 17.

Condensed financial statements (unaudited)

Notes to the condensed financial statements (continued)

10 Fair value hierarchy

Under FRS 102 an entity is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the levels stated below.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, spread premium, credit ratings etc).
- **Level 3:** significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments, discounted cashflow model or single broker quote).

The financial assets measured at FVTPL are grouped into the fair value hierarchy as follows:

	As at 30 June 2024				As at 30 June 2023				As at 31 December 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL												
Equities	9	-	-	9	-	-	-	-	-	-	-	-
Debt Instruments	-	44,582	60,154	104,736	-	45,339	68,280	113,619	-	50,301	59,015	109,316
Investment in funds	-	29,922	-	29,922	-	17,199	-	17,199	-	24,076	-	24,076
Derivatives – Forwards	-	75	-	75	-	448	-	448	-	285	-	285
Derivatives – Futures	-	-	-	-	6 ^a	-	-	6 ^a	-	-	-	-
Financial liabilities at FVTPL												
Derivatives – Forwards	-	(181)	-	(181)	-	-	-	-	-	(243)	-	(243)
Derivatives – Futures	(20)	-	-	(20)	(21) ^a	-	-	(21) ^a	(441)	-	-	(441)
Net fair value	(11)	74,398	60,154	134,541	(15)	62,986	68,280	131,251	(441)	74,419	59,015	132,993

^a Reclassification of the derivative financial assets and derivative liabilities to align with current period presentation.

Condensed financial statements (unaudited)

Notes to the condensed financial statements (continued)

Valuation techniques for Level 3

The Company utilises a number of valuation methodologies, including such as a discounted cash flow (DCF) model. Discount rates are applied to the cashflows of the debt instrument to determine fair value. The significant unobservable input within the fair value measurement is the credit spread component of the discount rate, which will be determined based on public comparable bonds of a similar sector and credit rating, as well as an appropriate additional spread premium. The market value of these investments was £21,872,000 representing 16.3% of the portfolio of investments excluding cash on deposit.

Additionally, some investments are priced monthly using a single quote from a broker, which the Investment Manager (in its capacity as AIFM) has designated as level 3 assets. The broker, typically either the lead manager and/or the broker where the deal was most recently traded through, will run a DCF model to arrive at a valuation. The market value of these investments was £10,148,000 representing 7.5% of the portfolio of investments excluding cash on deposit.

Private senior floating rate loans are valued initially at par and are monitored to ensure this represents fair value for these instruments. On a monthly basis these instruments are assessed to understand whether there is any evidence of valuation movements, including impairment or any upcoming refinancing. The market value of these investments was £26,603,000 representing 19.8% of the portfolio of investments excluding cash on deposit.

One loan valued on this basis within the portfolio is now priced below par and in line with observable broker quotes for the loan. The market value of this investment was £618,000 representing 0.4% of the portfolio of investments excluding cash on deposit.

One loan is valued at the price of recent investment. The market value of this investment was £913,000 representing 0.7% of the portfolio of investments excluding cash on deposit.

11 Capital commitments

There were outstanding unfunded investment commitments of £196,000 (30 June 2023: £650,000) at the period.

	As at 30 June 2024 £'000	As at 30 June 2023 £'000	As at 31 December 2023 £'000
Project Grey Var. Rate 30 Apr 2025 (Senior)	101	386	205
Project Grey Var. Rate 30 Apr 2025 (Junior)	95	243	171
Kaveh Ventures LLC Var. Rate 22 Mar 2024	–	21	–
	196	650	376

12 Half Year Report

The financial information contained in this Half Year Report does not constitute statutory accounts as defined in section 434 – 436 of the Companies Act 2006.

The financial information for the six months ended 30 June 2024 and 30 June 2023 has not been reviewed or audited by the Company's auditors.

The figures and financial information for the year ended 31 December 2023 have been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the Auditor on those accounts was unqualified and did not contain a statement under sections 498(2) or (3) of the Companies Act 2006.

Company information

Directors (all non-executive)

David Simpson (Chairman)
Richard Boléat (Chairman of the Audit Committee)
Barbara Powley (Senior Independent Director)
Jane Routledge

AIFM and Investment Manager

M&G Alternatives Investment Management Limited (MAGAIM)^a
10 Fenchurch Avenue, London EC3M 5AG
Website: mandg.com/investments/private-investor/en-gb
Telephone: +44 (0) 800 390 390

Administrator

State Street Bank and Trust Company^a
20 Churchill Place, London E14 5HJ

Company Secretary and registered office

Link Company Matters Limited
Central Square, 29 Wellington Street, Leeds LS1 4DL
Telephone: 07936 332 503

Broker

Winterflood Securities Limited^a
Riverbank House, 2 Swan Lane, London EC4R 3GA

Solicitors

Herbert Smith Freehills LLP^a
Exchange House, Primrose Street, London EC2A 2EG

Auditor

BDO LLP
55 Baker Street, London W1U 7EU

Registrar and transfer office

Link Group
Shareholder Services Department
Central Square, 29 Wellington Street, Leeds LS1 4DL
Telephone: 0371 664 0300
(Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).
Email: shareholderenquiries@linkgroup.co.uk
Website: linkgroup.eu

Depository

State Street Trustees Limited^a
20 Churchill Place, London E14 5HJ

Custodian

State Street Bank and Trust Company^a
20 Churchill Place, London E14 5HJ

Banker

State Street Bank International GmbH
Brienner Straße 59, 03333 Munich, Germany

Association of Investment Companies (AIC)

The Company is a member of the AIC, which publishes monthly statistical information in respect of member companies.

The AIC can be contacted on 020 7282 5555, enquiries@theaic.co.uk or visit the website: theaic.co.uk

Company website

mandg.com/creditincomeinvestmenttrust

^a Authorised and regulated by the Financial Conduct Authority.

Alternative performance measures

Net Asset Value (NAV) per Ordinary Share

The NAV, also described as shareholders' funds, is the value of the Company's assets less its liabilities. The NAV per Ordinary Share is calculated by dividing the NAV by the number of Ordinary Shares in issue (excluding treasury shares).

Ongoing charges

Ongoing charges represent the total of the investment management fee and all other operating expenses (excluding non-recurring items, certain finance costs and cost of buying back or issuing shares), expressed as a percentage of the average net assets (of the Company) over the reporting period.

	Six months ended 30 June 2024 £'000	Year ended 31 December 2023 £'000
Ongoing charges are calculated with reference to the following figures:		
Investment management fee	454	943
Other expenses ^a	405	853
Total expenses for the period/year	859	1,796
Annualised expenses	1,758	1,730
Average net assets over the period/year	135,915	134,798
Ongoing charges figure	1.29%	1.28%

^a Includes the commitment fee on the revolving credit facility.

Premium/discount to NAV

The premium is the amount by which the share price of an investment trust exceeds the NAV per Ordinary Share. The discount is the amount by which the NAV per Ordinary Share exceeds the share price of an investment trust. The premium/discount is normally expressed as a percentage of the NAV per Ordinary Share.

Total return

Total return is the return to shareholders that measures the combined effect of any dividends paid in the period with the increase or decrease in the share price or NAV per share.

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.

	Six months ended 30 June 2024	Year ended 31 December 2023
Opening share price	92.2p	92.1p
Dividends paid	4.29p	8.25p
Effect of dividend reinvested	0.14p	0.36p
Closing share price	97.0p	92.2p
Adjusted closing share price	101.4p	100.8p
Share price total return	10.0%	9.5%

Alternative performance measures

NAV total return

Total return on NAV per share assuming dividends paid by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

	Six months ended 30 June 2024	Year ended 31 December 2023
Opening NAV per share	96.21p	94.99p
Dividends paid	4.29p	8.25p
Effect of dividend reinvested	0.08p	0.43p
Closing NAV per share	96.26p	96.21p
Adjusted closing NAV per share	100.63p	104.89p
NAV total return	4.6%	10.4%

Dividend yield

The annual dividend expressed as a percentage of the share price.

	Six months ended 30 June 2024	Year ended 31 December 2023
Dividends declared per Ordinary Share ^a	8.56p	7.96p
Ordinary Share price	97.0p	92.2p
Dividend yield	8.8%	8.6%

^a Based on dividends declared in respect of the previous 12 months.

Glossary

Adjusted opening NAV The opening NAV, adjusted for the payment of the last dividend in respect of the previous financial year.

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

ABS (Asset backed security) A security whose income payments and value are derived from and collateralised 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.

Association of Investment Companies (AIC) The UK trade body that represents investment 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.

AUM Assets under management.

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.

Callable bond A bond that can be redeemed (in other words, called) by the issuer before its maturity date. The price at which the issuer buys back the bond is normally higher than its issue price. A bond is usually called when interest rates fall, so that the issuer can refinance its debt at the new, lower interest rates.

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.

CTA Corporation Tax Act.

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.

Closed-ended A term used to describe an investment company whose capital is fixed and whose shares are not generally redeemable at the option of a holder.

CMBS (Commercial mortgage-backed security) A type of asset-backed security which is collateralised by a commercial real estate asset, either a single property, or – more often – a portfolio of several properties.

Comparative sector A group of investment companies with similar investment objectives and/or types of investment, as classified by bodies such as the AIC or Morningstar™. Sector definitions are mostly based on the main assets an investment company should invest in, and may also have a geographic focus. Sectors can be the basis for comparing the different characteristics of similar investment companies, 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.

Convertible bonds Fixed income securities that can be exchanged for predetermined amounts of company shares at certain times during their life.

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 a 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.

Debt instrument A formal contract that a government, a business or an individual can use to borrow money. Debt instruments outline the detailed conditions of the loan, such as the amount and schedule of payment of interest, the length of time before the principal is paid back, or any guarantees (collateral) that the borrower offers. Any type of debt can be a debt instrument – from bonds and loans to credit cards.

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

Glossary

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 or 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 or dividends officially belong to underlying investors.

Exposure The proportion of an investment company 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, i.e. 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 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 fund found mostly in the United Kingdom. Investment trusts are closed-end funds and are constituted as public limited companies.

IRR Internal Rate of Return.

IPO Initial Public Offering. The process of offering shares of a private corporation to the public.

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 an investment company 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

Glossary

considered highly liquid if they can be easily bought or sold since large amounts are regularly traded.

Liquidity Opportunity The opportunity to the Shareholders to realise the value of some or all of their Ordinary Shares at NAV per Ordinary Shares less costs, as set out in the Company's Articles of Association unless the Board is directed by shareholders by way of a special resolution not to offer such Liquidity Opportunity.

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.

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.

Mezzanine tranche A generally small layer of corporate debt positioned between the senior tranche (mostly AAA) and a junior tranche (unrated, typically called equity tranche).

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 investment company ratings.

Near cash Deposits or investments with similar characteristics to cash.

Net asset value (NAV) An investment company's NAV is calculated by taking the current value of its assets and subtracting its liabilities.

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.

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 organisation, but is involved in policy making and planning exercises.

Official List The Official List (or UKLA Official List) is the list maintained by the Financial Conduct Authority in accordance with Section 74(1) of the Financial Services and Markets Act 2000 (the Act) for the purposes of Part VI of the Act.

Ongoing charges figure The ongoing charges figure includes charges for management of the fund; administration services; and services provided by external parties, which include depository, custody and audit, as well as incorporating the ongoing charges figure from funds held in the portfolio (taking into account any rebates). The 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 Association of Investment Companies' (AIC) 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.

Ordinary Share Ordinary Share is the only class of shares issued and benefits from all the income and capital growth in the portfolio.

Overweight If an investment company is 'overweight' in a stock, it holds a larger proportion of that stock than the comparable index or sector.

Payment date The date on which dividends will be paid by the investment company to investors.

Private debt instruments These instruments not traded on a stock exchange and typically issued to small groups of institutional investors.

Public debt instruments These instruments refers to assets that are listed on a recognised 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.

Revolving credit facility A line of credit (essentially a loan agreement) is established between a bank and a business from which the business can draw funds at any time as needed. The bank sets a ceiling for the loan.

Glossary

RMBS (Residential mortgage-backed security) A type of asset-backed security which is collateralised by a portfolio of residential properties.

Securitise/securitisation The creation and issuance of tradeable 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.

Senior tranche The highest tranche of a debt security, i.e. the one deemed least risky. Any losses on the value of the security are only experienced in the senior tranche once all other tranches have lost all their value. For this relative safety, the senior tranche pays the lowest rate of interest.

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 an Investment 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.

SMEs (Small and medium-sized enterprise) A business defined in the United Kingdom by reference to staff headcount (less than 250 employees) and annual turnover (less than £25 million).

SONIA (Sterling Overnight Index Average) SONIA is an interest 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.

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 cash flows. 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 been issued. Synthetic inflation-linked bonds are usually created where a company does not have any inflation-linked bonds in issue.

Tap issuance programme A method of share issuance whereby the company issues shares over a period of time, rather than in one sale. A tap issue allows the company to make its shares available to investors when market conditions are most favourable.

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.

Treasury shares Shares that the company bought back from the marketplace and it keeps in its treasury; they do not count for the distribution of dividends or the calculation of earnings per share or net asset value per share. Also known as treasury stock.

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

Volatility The degree to which a given security, investment company, 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.

Zero discount policy On 30 April 2021, the Company announced a zero discount policy (the 'Policy') to manage the discount or premium to NAV at which the Company's Ordinary Shares trade. The Policy has been adopted so that shareholders benefit appropriately from the Company's investment objective which is to generate a regular and attractive level of income with low asset value volatility. The Company seeks to ensure that the Ordinary Shares trade close to NAV in normal market conditions through a combination of Ordinary Share buybacks and the issue of new Ordinary Shares, or resale of Ordinary Shares held in treasury, where demand exceeds supply.

