



M&G Credit Income Investment Trust

June 2023 (AGM)

Marketing communication for investment professionals only

Regulatory Disclosures*

M&G Credit Income Investment Trust

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 prices or at all.

Please note this is not an exhaustive list, please refer to the risk section in the Prospectus for further details

- We are unable to give financial advice. If you are unsure about the suitability of your investment, speak to your financial adviser.
- The views expressed in this document should not be taken as a recommendation, advice or forecast

M&G Credit Income Investment Trust

Trust features are compelling in today's economic backdrop



**Floating
rate structure**

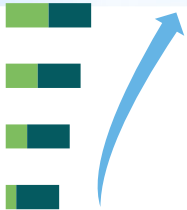
**Investment
grade quality**

**Low NAV
volatility**

**Diversifier to
public credit**

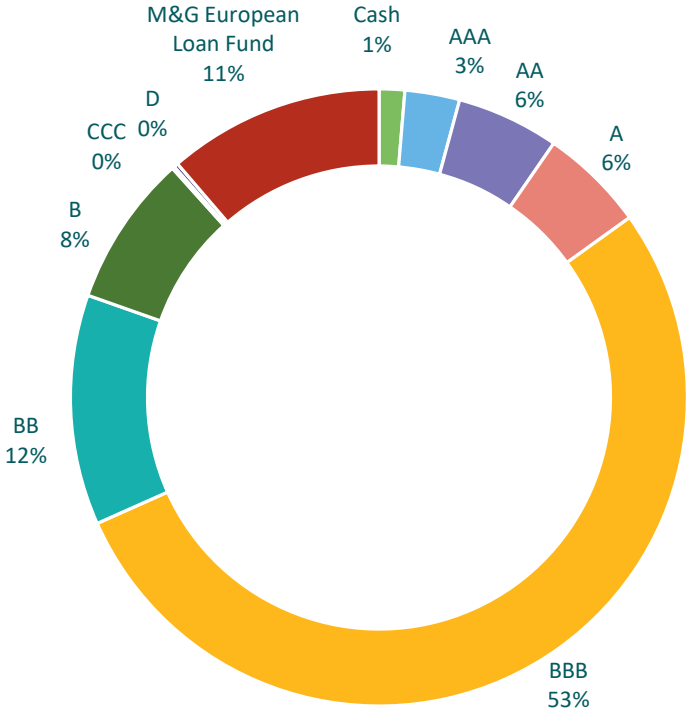
**Vast M&G
expertise**

**Cash+ stable
income stream**



We aim to deliver floating rate, high yield-like returns with investment grade risk

The UK's only fixed income investment trust with an overall investment grade rating



Portfolio snapshot as at 30 April 2023

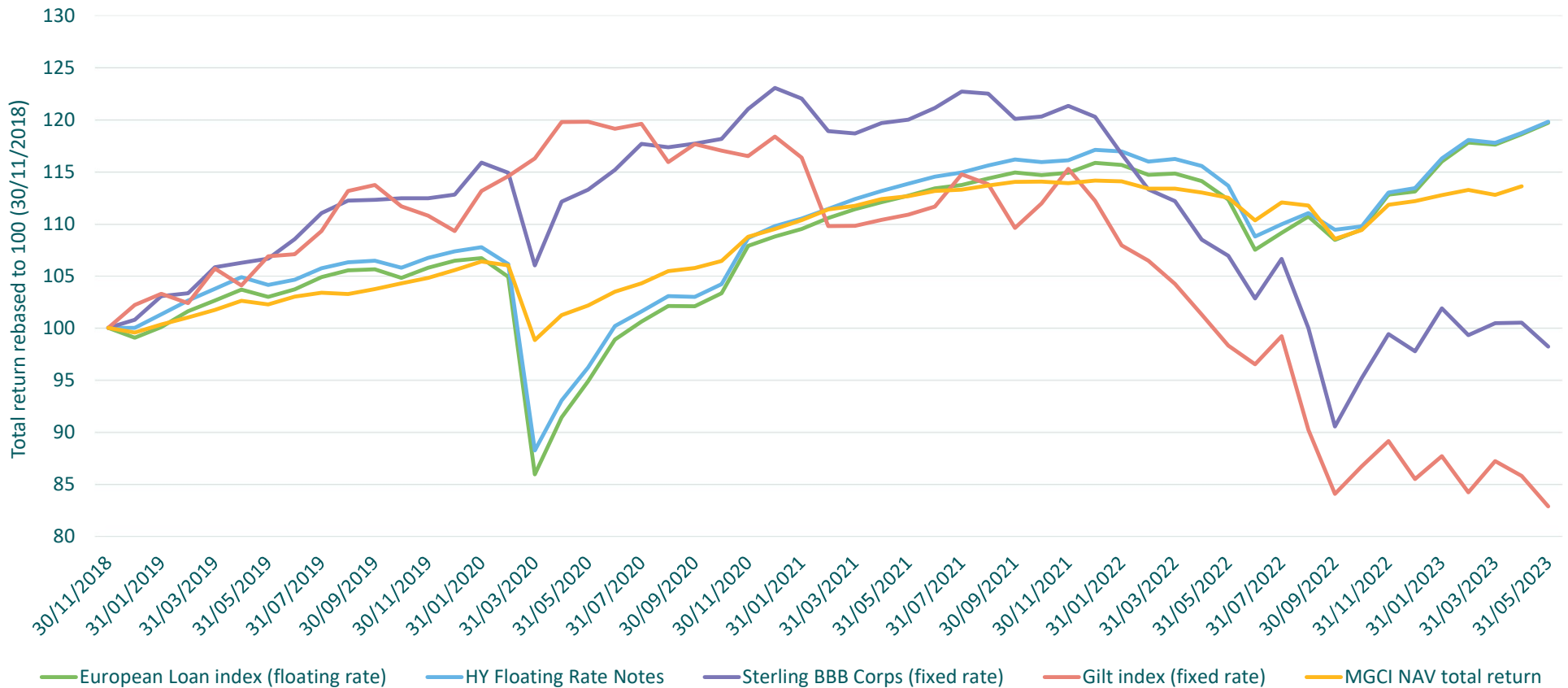
Name	Value
Number of Holdings	137
Yield to worst	9.11%
Weighted average coupon	6.7%
Modified duration	1.2
Spread duration	3.6
Weighted average life	4.4
Weighted average rating	BBB

Source: M&G 30 April 2023

A blend of public and private credit provides overall lower NAV volatility



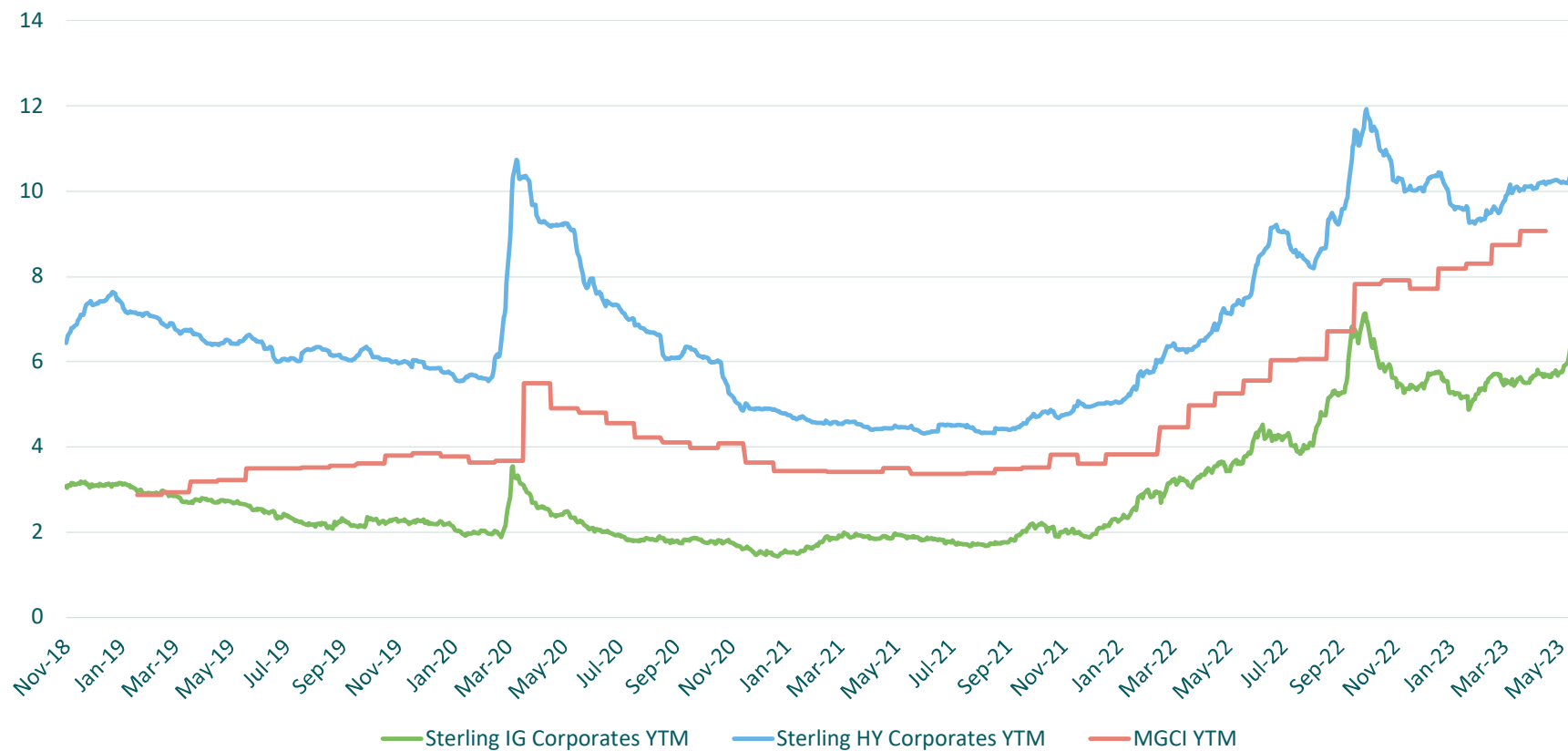
A trust that focuses on stable income streams





Provides high-yield like returns from **investment grade** assets

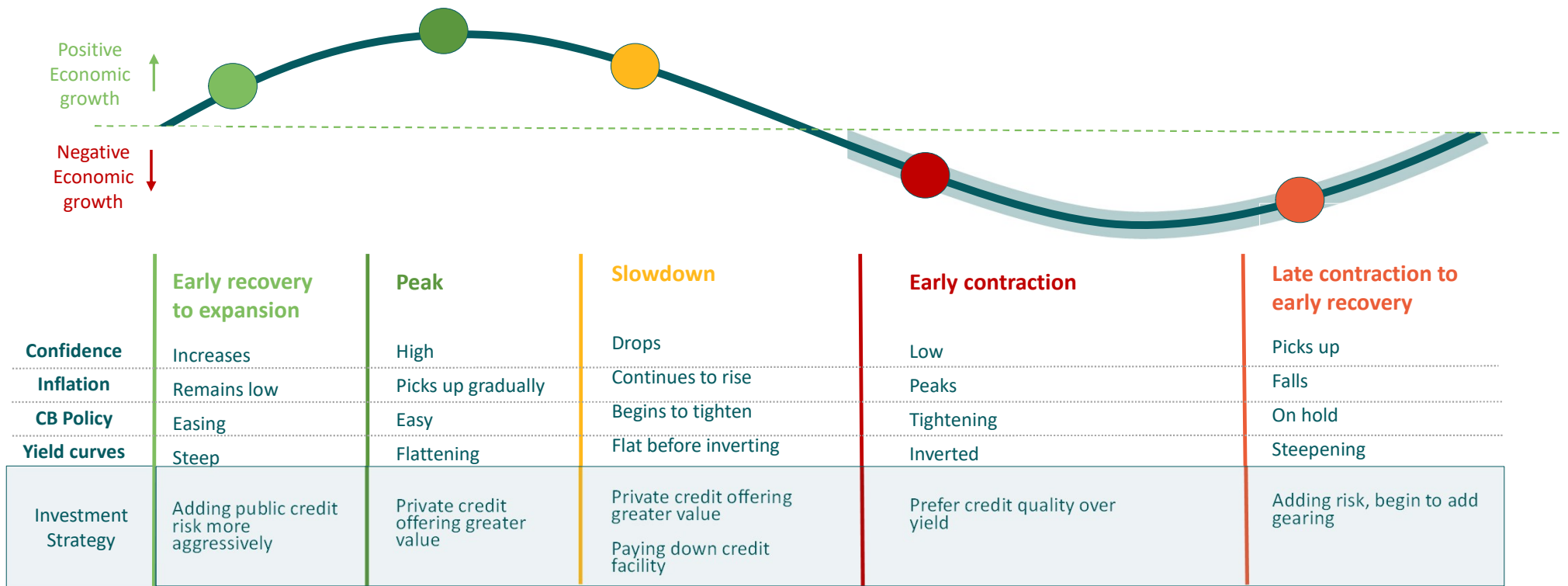
M&G Credit Income Investment Trust YTM vs fixed rate £BBBs and high yield credit



Source: M&G, Bloomberg, 31 May 2023 YTM Yield to Maturity

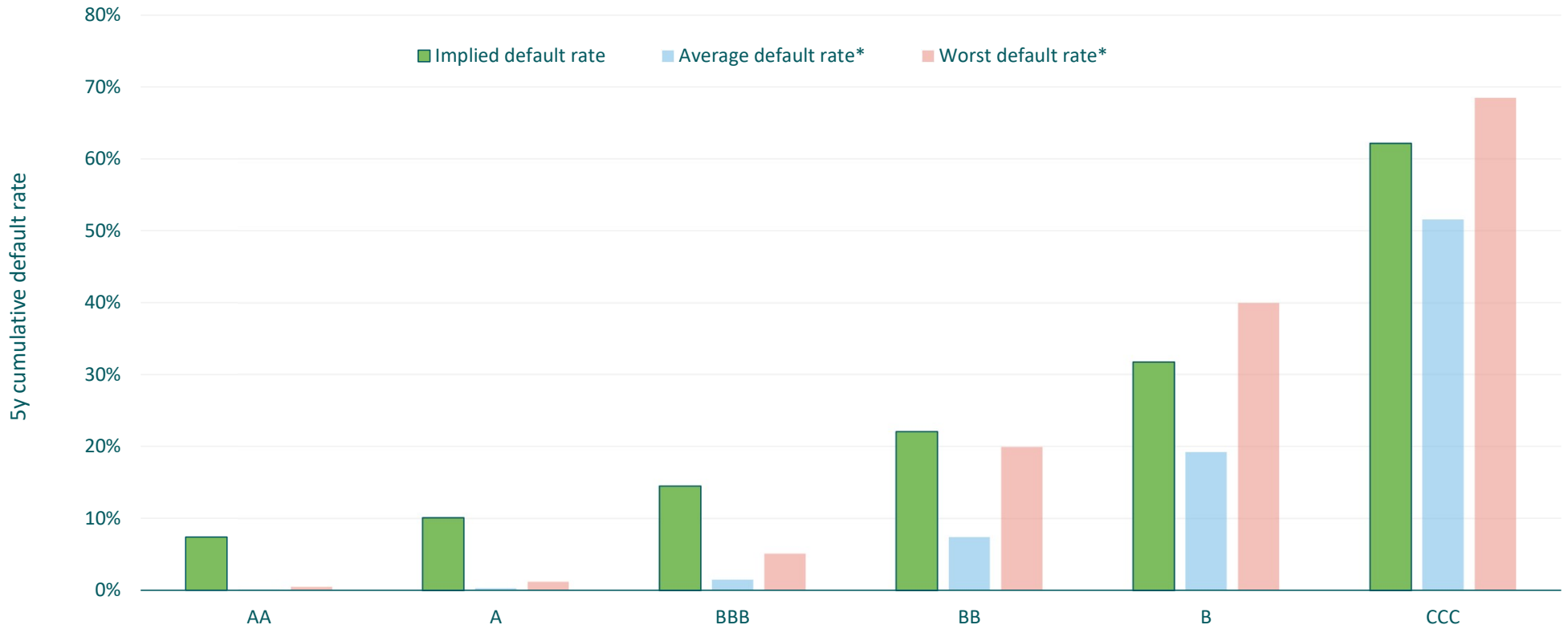
Where are we in the economic cycle?

It's time for credit, especially investment grade



IG credit now offering very attractive risk-weighted returns

Market pricing c.13% default rate for BBB bonds, whilst history tells us this is highly improbable

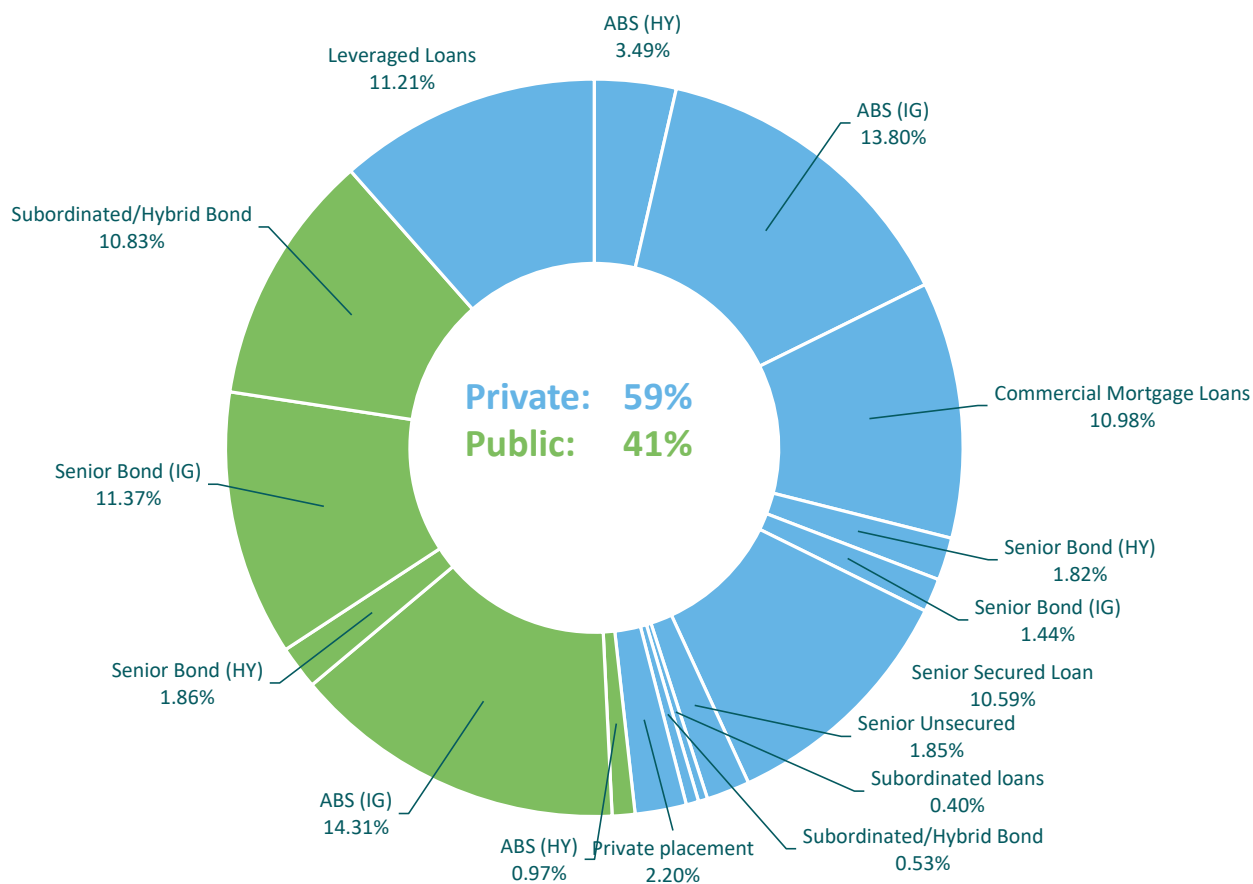


Source: Bloomberg, Deutsche Bank, ICE indices, S&P, 31 March 2023. *assuming 40% recovery rate for IG and 30% recovery rate for HY



M&G Credit Income Investment Trust (MGCI)

Diversified portfolio with a blend of public and private assets



Past performance is not a guide to future performance

*Excluding: (i) the investment made to the M&G European Leveraged Loans Fund, (ii) 'D' rated exposure = 0.3%
Source: M&G, portfolio data as at 30 April 2023.

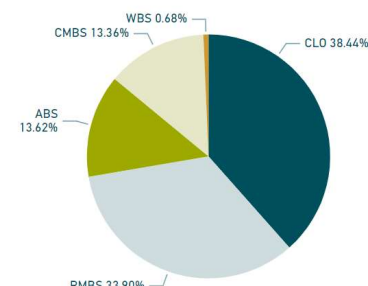
Recent Private Transactions

M&G Lion Credit Opportunity Fund IV

- We invested £2m into the M&G Lion Credit Opportunity Fund IV. The fund invests primarily in high grade European ABS and targets a net income to investors of SONIA/Euribor +1 - 3% for on average AA risk, although the discount to par price of our purchased units gives a YTM of c.7%.

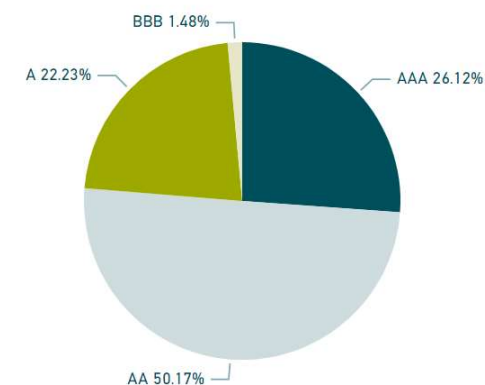
Strategy	Private
Issuance Type	Private collective (Investment Grade ABS)
CIIT Investment (GBP)	£2m
% of CIIT (as at 31/3/23)	1.4%
Key Aspects	<ul style="list-style-type: none"> Repricing in the ABS market during 2022 has meant that the fund entered 2023 with valuations looking as attractive as they have done at almost any point over the last decade, with the fund yielding c.7% in GBP for firmly investment grade risk. Favourable valuations, alongside the other key pillars of the ABS investment thesis – namely the floating rate nature of the asset class and its high levels of credit resiliency should ensure that the market attracts capital during 2023 (tailwinds for spreads / capital upside) Approximate YTM of 7% for AA-rated risk
Date of Investment	15/3/2023
M&G Credit Rating	Unrated
External Rating	N/A

Asset Allocation*



Net Asset Value (Base)	681,971,345
Weighted Average Life (years)	2.6
Weighted Average Price	96.9
Number of Holdings	186
WA Portfolio Rating	AA
Est. Yield to Maturity (GBP)	7.0%

Credit Rating*



Transaction spotlight

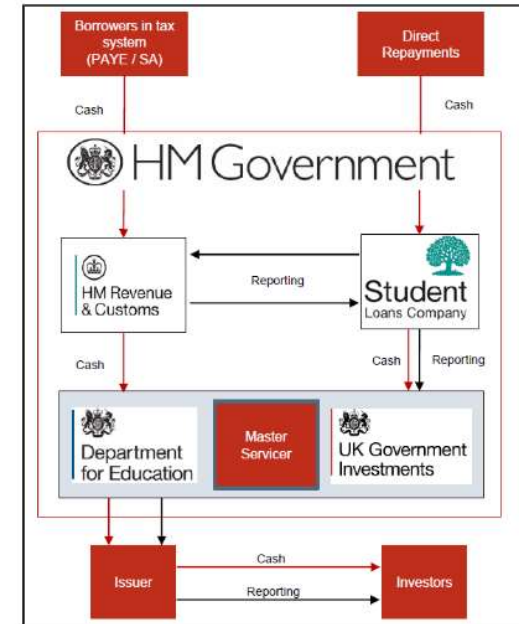
ICSL 2 B

- We hold £1.25m of ICSL 2 B, a quasi-private securitisation of UK student loans sponsored by the **Secretary of State for Education** in 2018. The transaction is an interesting piece of esoteric lending which acts as a good example of the type of income producing product that can be accessed with specialist credit expertise.

Year	Coupon	Nominal margin	RPI (year-on-year as of March of previous year)	M&G	Fitch	S&P
2019	4.75%	1.45%	3.30%	BBB-	BBB	BBB
2020	3.85%	1.45%	2.40%	BBB-	A	BBB
2021	4.05%	1.45%	2.60%	BBB-	A	BBB
2022	2.95%	1.45%	1.50%	BBB-	A	BBB
2023	10.45%	1.45%	9.00%	BBB+	A	BBB
2024	14.95%	1.45%	13.50%			

Source: Bloomberg, M&G plc

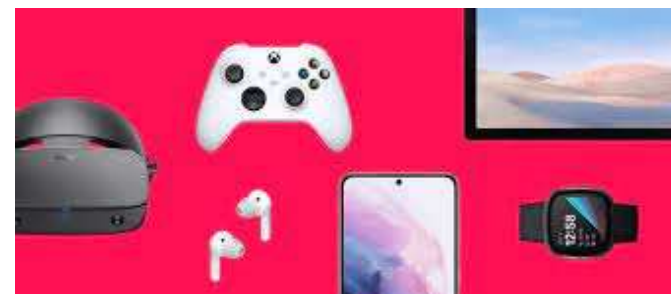
Strategy	Private
Issuance Type	Investment Grade ABS
CIIT Investment (GBP)	£1.25m
% of CIIT (as at 31/3/23)	0.8%
Key Aspects	<ul style="list-style-type: none"> RPI referencing of the Class B bonds means that the next 2 coupons are 10.45% (Jul-2023) and 14.95% (Jul-2024) The notes benefit from a high level of credit enhancement. The pool has been positively selected by HMG (His Majesty's Government) All compulsory repayments are collected by the HMRC through the PAYE or SA processes Pays a coupon of RPI+1.45%
Date of Investment	4/12/18
M&G Credit Rating	BBB+
External Rating	S&P: BBB, Fitch: A



Recent Private Transactions

XxxX 2022 (A)

- We purchased £2.2m of the senior tranche in a bilateral securitisation with a leading European tech subscription platform offering customers a unique way of leasing tech products such as phones, tablets and laptops, but also extending to drones and cameras. The asset is rated A- and pays 1M Euribor +325bps.



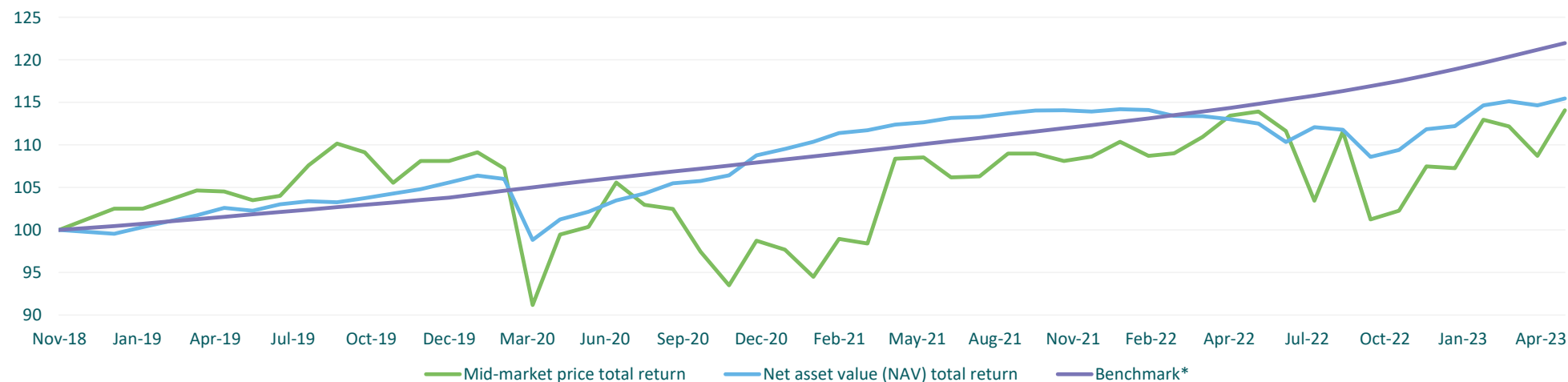
Strategy	Private
Issuance Type	Senior secured bilateral loan
CIIT Investment (GBP)	£2.2m
% of CIIT (as at 30/6/22)	1.6%
Key Aspects	<ul style="list-style-type: none"> Significant structural controls drive strong IG rating on senior tranche High cash yield and excess spread to drive overcollateralisation; M&G only facility which provides us with significant controls; Customer default mitigated through a thorough underwriting process
Date of Investment	31/8/22
M&G Credit Rating	A-
External Rating	N/A

M&G Credit Income Investment Trust (MGCI)

Trust performance since inception



Total return



NAV total return (% p.a.)**	1 month	3 months	6 months	YTD	1 year	2 years	3 years	Since Inception***
M&G Credit Income Investment Trust (MGCI)	0.72%	0.74%	5.54%	2.92%	2.19%	1.37%	4.49%	3.28%
Benchmark*	0.67%	1.97%	3.81%	2.61%	6.67%	5.45%	5.00%	4.56%

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

Past performance is not a guide to future performance

Source: M&G, 30 April 2023. * 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.



Market Outlook

- Headwinds remain but the risk-adjusted returns offered by investment grade credit provide good downside protection and make this area of the market look attractive right now
- Technical elements (supply/demand imbalance, attractive all-in yields) remain supportive for credit spreads
- Growing dispersion in performance of European credit - selectivity and fundamental credit analysis now more important than ever
- Relative calm has returned to markets after banking turmoil in March – volatility and signs of market stress have eased
- Using volatility to source attractive opportunities

Company outlook



- Dividends to increase as SONIA rises in line with rates, mitigating rising inflation (85% of portfolio is floating rate)
- Focus on investing into BBB public corporates and higher quality ABS/CLO tranches
- Continue to add private assets where attractive returns are available – ability to invest across diverse range of public and private asset classes
- Paid down £25m debt facility: Maximum flexibility for future episodes of market volatility

Disclaimer

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