

M&G Credit Income Investment Trust plc

**Half Year Report and unaudited Condensed Financial Statements
for the six months ended 30 June 2023**

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, whilst 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 most 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%

Seeks to pay dividends of 4% above cash^a

currently offers a yield of 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 and private debt

£171 billion bonds AUM

M&G is one of the UK's largest credit investors, with leading positions in private lending 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 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.

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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 Gross Assets in collective investment vehicles in

Investment objective and policy

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.

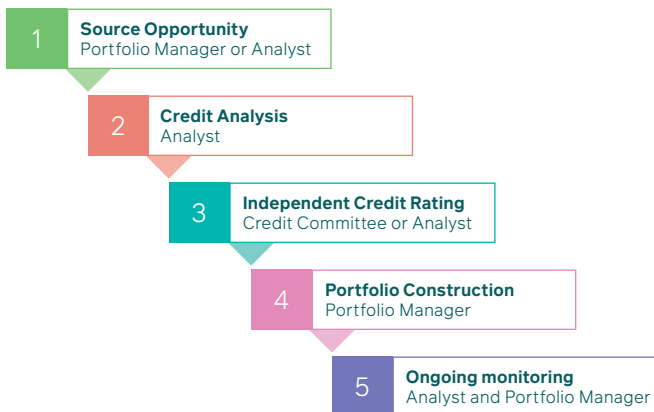
Investment objective and policy

Regular monitoring is carried out to assess if 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 fund 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 33 to 34 of the Annual Report and audited Financial Statements for the year ended 31 December 2022.

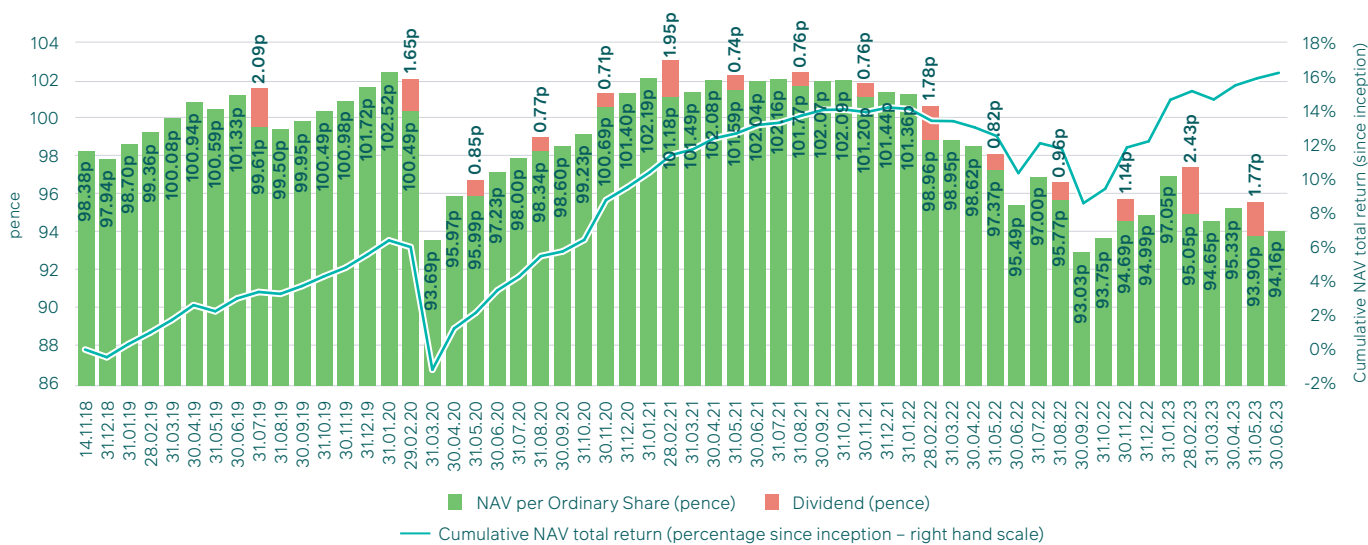
Investment process overview



Company highlights

NAV, dividend and NAV total return

The Company has continued to pay a dividend yield of SONIA plus 4%, with the distribution per share increasing notably over the period (on a like-for-like basis) as a result of rising interest rates.



Source: M&G and State Street as at 30 June 2023

Financial highlights

Key data

	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
Net assets (£'000)	133,828	135,109
Net asset value (NAV) per Ordinary Share	94.16p	94.99p
Ordinary Share price (mid-market)	89.5p	92.1p
Discount to NAV ^a	4.9%	3.0%
Ongoing charges figure ^a	1.23%	1.22%

Return and dividends per Ordinary Share

	Six months ended 30 June 2023 (unaudited)	Year ended 31 December 2022 (audited)
Capital return	0.7p	(6.0)p
Revenue return	2.6p	4.2p
NAV total return ^a	3.6%	(1.7)%
Share price total return ^a	1.6%	(2.8)%
Total dividends declared ^b	3.70p	5.35p

^a Alternative performance measure. Please see pages 31 to 32 for further information.

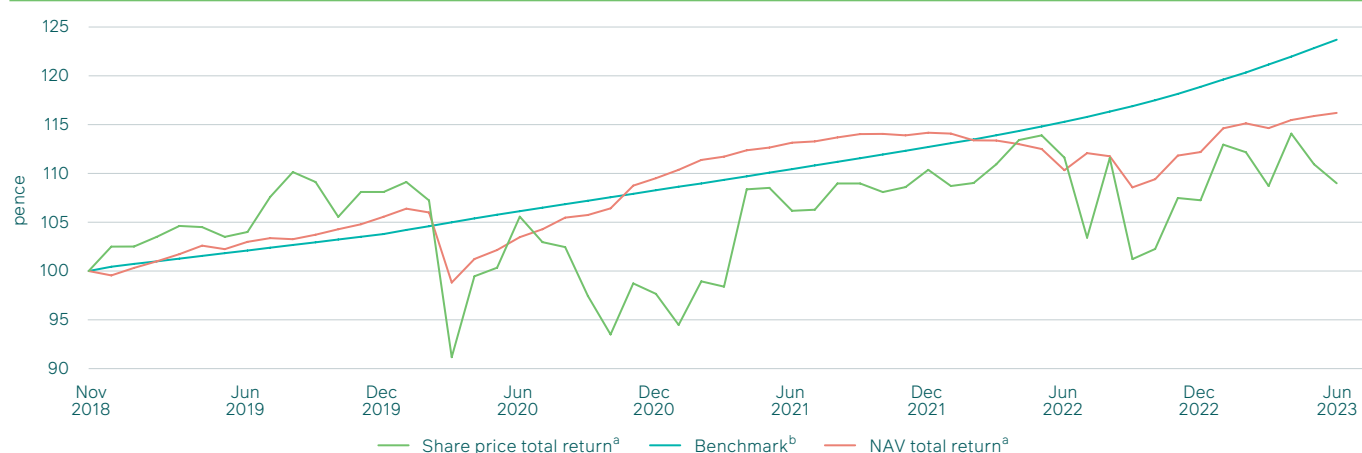
^b The total dividends declared in respect of each period equated to a dividend yield of SONIA plus 4% on the adjusted opening NAV of the relevant period.

Company highlights

Total returns

The NAV total return increased as a result of positive credit performance, whilst the negative drag from interest rate volatility was hedged.

14 November 2018 = 100



^a Alternative performance measure. Please see pages 31 to 32 for further information.

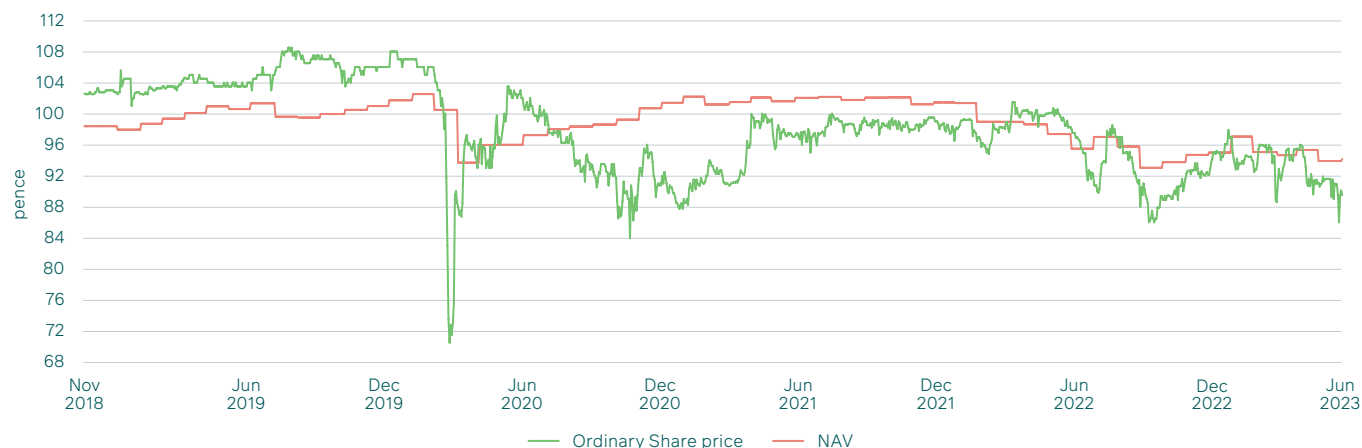
^b 3 Month LIBOR +2.5% from inception to 31 December 2019, 3 Month LIBOR +4% from 1 January 2020 to December 2021, thereafter SONIA +4%.

Source: M&G

Ordinary Share price (mid-market) vs NAV

Despite continued volatility, the average discount to NAV was managed using the ‘zero discount’ policy.

As at	NAV per share (cum income)	Share price (mid-market)
30 June 2023	94.16p	89.5p



Source: M&G and State Street as at 30 June 2023.

Chairman's statement

Performance

Your Company delivered a positive NAV total return of 3.58% for the six months to 30 June 2023. This compared favourably with the performance of investment grade fixed income indices such as the ICE BofA Sterling Corporate and Collateralized Index (-0.97%) and the ICE BofA 1-3 Year BBB Sterling Corporate & Collateralized Index (+0.49%).

The first half of the year saw forward-looking policy rate expectations continue to drive pricing in risk assets. Combined with a highly uncertain economic outlook this has resulted in persistent and elevated market volatility, although lower than was the case in 2022. There have been some issuer specific instances of deterioration in credit quality in the portfolio as the effects of higher interest rates and tightening financial conditions have started to materialise. In particular, our investment in the bonds of the French supermarket group, Casino, has had to be written down to a nominal amount (prior to the write down it represented 0.5% of the portfolio). This has been an outlier: our Investment Manager has constructed a diversified portfolio which is designed to protect long-run performance against idiosyncratic risk and credit incidents since inception have been limited.

The year began with speculation that central banks might be approaching the end of their rate hiking cycles, which sparked a renewed appetite for risk and fuelled a strong market rally across bonds and equities. However, optimism over a possible reprieve from interest rate hikes faded as the quarter progressed, with central banks remaining resolute in their fight to curb inflation. This was evident as interest rates were raised again in March despite pronounced market volatility arising from fears about the health of the global banking system.

By comparison, the second quarter was relatively calm as the feared contagion in the banking sector failed to materialise: this led to diminished volatility in bonds and equities and a tightening in credit spreads even though interest rates continued to rise. Volatility in sovereign bond markets and rate weakness persisted although the Investment Manager continued to hedge interest rate

risk and maintain low portfolio duration which mitigated the effect on your Company's performance. The first half of the year closed on a positive note for financial markets as opinion began to shift to the view that a future economic downturn would be less severe than previously feared.

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. During the half year, the Company bought back 100,000 shares pursuant to the 'zero discount' policy initially announced on 30 April 2021. The Company's Ordinary Shares traded at an average discount to NAV of 0.83% during the period ended 30 June 2023. On 30 June 2023 the Ordinary Share price was 89.5p, representing a 4.9% discount to NAV as at that date. As at 30 June 2023, 2,612,749 shares were held in treasury with an additional 158,783 repurchased since the period end.

Amendment of Articles of Association

The success to date of our 'zero discount' policy gave our shareholders the confidence to defer the opportunity to realise the value of some or all of their Ordinary Shares at NAV per Ordinary Share less costs (the 'Liquidity Opportunity') in 2023 as set out in your Company's Articles of Association (the 'Articles'). The Articles were duly amended at a general meeting on 15 June and the next Liquidity Opportunity will now occur at, or within the twelve months prior to, the 2028 annual general meeting unless shareholders direct by way of a special resolution not to offer such Liquidity Opportunity. Our Investment Manager thus now has an extended window in which to take account of the attractive opportunities it expects to continue to occur in volatile markets.

Chairman's statement

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 2023. The Company paid dividends of 1.77p and 1.93p per Ordinary Share in respect of the quarters to 31 March 2023 and 30 June 2023 respectively. Together with the dividends of 1.14p and 2.43p per Ordinary Share paid by the Company in respect of the quarters to 30 September 2022 and 31 December 2022 respectively, the Company's shares offer a yield (based on share price at the time of writing) of 8.1%. 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.

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

20 September 2023

Outlook

So far in 2023, financial markets have been far less volatile than they were over the course of last year, which has been supportive for credit spreads. The Company's positive performance has been driven by the portfolio's low interest rate sensitivity as well as the additional income generated by higher yielding private assets. The pipeline of private asset opportunities looks healthy and our Investment Manager has been able to use its ability to invest across both public and private markets to improve the yield of the portfolio.

Your Company's portfolio (including irrevocable commitments) is now 57% invested in private assets, with additional investments of approximately 9% in illiquid publicly listed assets which are intended to be 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 Company's revolving credit facility was fully repaid over the period and as at 30 June 2023 remained undrawn and ready to be utilised to take advantage of any future episodes of market volatility.

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 year. In particular we discuss the performance and composition of the portfolio.

In the first half of 2023 investors were forced to navigate volatile market conditions as central banks pressed ahead with the sharpest and most aggressive interest rate hiking cycles seen since the 1980s. The year started positively, with optimism about China's reopening and hopes that inflation might be slowing fuelling a market rally. Into this strength, we sold investment grade bonds which had been purchased at significantly wider spreads, many in the wake of the mini-budget crisis. We redeployed proceeds into financial credits which priced with an attractive new issue premium and also paid down the outstanding loan balance on the Company's credit facility as we looked to reduce portfolio risk. Share prices retreated and bond yields increased in February amid concerns that central banks would keep raising interest rates to tackle persistently high inflation. In March, volatility spiked as the collapse of Silicon Valley Bank in the US and the emergency rescue of Credit Suisse in Switzerland sparked turmoil in the global banking sector. The diversified nature of the portfolio and relatively low allocation to debt issued by banks mitigated the effects of this stress episode on the Company's performance. We remained active in the private part of the fixed income market, reducing exposure to the M&G European Loan Fund and using redemption proceeds to fund a £2 million subscription in M&G Lion Credit Opportunity Fund IV ('Lion IV'). This was a strategic decision to take advantage of wider spreads and attractive yields available in the mezzanine ABS space in which Lion IV invests. Additional private activity in the early part of the year saw us add to an existing senior secured loan holding on a luxury, business-to-business retail asset, whilst we also purchased the mezzanine loan in a commercial real estate transaction secured over a freehold office building. An additional £1.2 million of commitments to existing private loans was also funded over the first quarter.

The impact of inflation and higher interest rates on economic activity remained in focus in the second quarter of the year. Core inflation (excluding food and energy) continued to prove stubbornly persistent whilst labour markets remained at undesirably tight levels. The European banking sector showed no signs of contagion following events in March which meant market volatility reduced and paved the way for investor sentiment to improve. At this time we took the opportunity to exit positions in troubled issuers Intu SGS and Boporan, both of which had materially underperformed. In May, CPI data in the US and Europe provided a downside surprise as disinflationary trends began to materialise, however the UK remained an outlier as its headline CPI reading came in notably higher than expected at 8.7%. This sparked a fresh sell-off in UK government bonds which continued to underperform peers, although the portfolio's duration hedge did its job and mitigated the drag on performance from the climb higher in risk-free rates. Portfolio activity increased as we rotated out of tighter yielding bonds, redeploying proceeds into comparable or higher rated asset backed securities (ABS) and collateralised loan obligations (CLOs) at new issue. This provided a significant spread pick-up and improved both the overall yield and credit quality of the portfolio. We continued to add attractively priced private assets into the portfolio as the pipeline of opportunities improved. Pleasingly, these included two secondary market loans in the infrastructure space, a sector where we are less active due to the lower returns typically on offer in primary market transactions. The first is an investment grade quality waste-to-energy (utility) asset, the second, a senior secured loan issued by a prominent player in the UK's fibre broadband space which we purchased at a notable discount to par, meaning the loan will return significantly in excess of our target return over its term.

We are currently seeing a healthy and diverse pipeline of private investment opportunities across a range of sectors. The funded private asset portion of the portfolio increased marginally over the period to 57.72% (versus 57.02% at 31 December 2022) as new private

Investment manager's report

asset purchases were offset by repayments approximating 5% since the start of the year. We actively monitor the portfolio for signs of distress and currently have two assets, amounting to 0.2% of the latest NAV, which are either in technical default or at some stage of a restructuring process. This is after a notable deterioration in bonds issued by French supermarket retailer Casino (written down by approximately 0.5% of NAV since purchase), for which recovery prospects at this stage look bleak. The position is already marked-to-market within your Company's latest NAV.

Outlook

Risk sentiment in markets remains fragile, driven by a number of economic indicators which are closely watched by central banks to inform decision making on the path of interest rates. Two competing market narratives have been established. A 'hard landing' – in tightening rates to curb inflation a recession is triggered, and a 'soft landing' – economic growth slows enough to control inflation but remains high enough to avoid a recession. At present, the pricing of risk assets is being driven by perceived changes in the probability of each outcome.

Early summer optimism from a swifter than expected deceleration in inflation has now given way to concerns over the length of time it will take to return to the two percent average targeted by central banks. This has led to a growing acceptance by the market that interest rates will remain higher for longer and pushed out investor expectations for rate cuts. Recent key data points to divergent economic performance between Europe and the US. The former showing signs of a worse than expected contraction in both goods and services, whilst the latter proves more resilient and better positioned to engineer the much fabled 'soft landing'. The combination of deteriorating economic growth and expectations for a prolonged period of elevated interest rates has led to weakening macro sentiment as the third quarter has progressed.

Fundamentals in credit are generally supportive for now but look set to come under further pressure in the latter part of year as the effects of aggressive rate hiking cycles become more evident in the real economy and the capital structures of issuers are tested by the higher interest rate environment. Recent supply in investment grade has pushed credit spreads wider although they remain close to the tights of the year and the overall technical remains strong given the relative attractiveness of all-in bond yields.

Looking ahead, we anticipate interest rate volatility to continue as central banks struggle to return inflation to their desired two percent target in the face of a fundamental shift in price dynamics. We expect this to be driven by longer term structural trends including deglobalisation, a reduced labour supply, and decarbonisation which should support policy rates staying higher for longer. Ultimately, that would also see the Company's dividend (which has risen in line with SONIA) remain higher, with the dividend yield (based on share price at the time of writing) currently 8.1%. Uncertainty over monetary policy looks set to persist with central bank decisions remaining data dependent and markets seeking clearer signalling on the economic outlook. Against this backdrop the portfolio is cautiously positioned as we approach the latter part of the year, however we remain poised to add risk selectively when either issuer specific or wider market volatility presents itself.

We believe that the Company's investment strategy is well suited to the wider regime shift in financial conditions that we are witnessing. Sharp increases in interest rates retain the ability to hinder performance, hence we mitigate this risk by maintaining low portfolio duration. Furthermore, the additional yield that private assets have provided to our portfolio has boosted income returns. Prior to the onset of Covid-19, strong risk asset performance was driven by ultra-accommodative monetary policy, benefitting greatly from 'a rising tide lifts all boats' economic backdrop.

Investment manager's report

Waters are now far more choppy. Constructing bottom-up portfolios based on fundamental credit analysis is at the core of our investment philosophy. We see clear strategic advantages in this approach for navigating financial markets in the changing times ahead where there will be a far clearer demarcation between winners and losers within asset classes, sectors and regions. Maintaining flexibility to invest across both public and private markets whilst remaining sector agnostic will, in our opinion, be essential to pursuing the most attractive relative value opportunities.

M&G Alternatives Investment Management Limited

20 September 2023

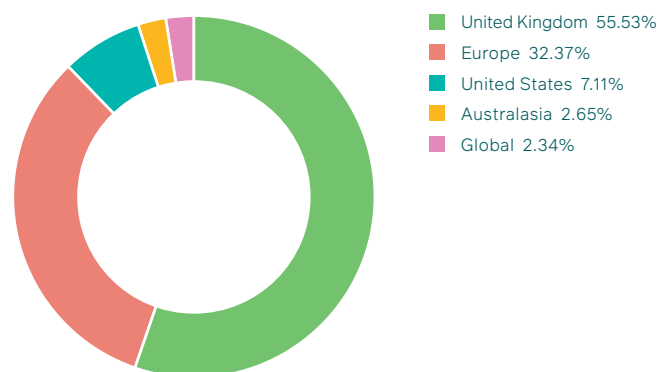
Portfolio analysis

Top 20 holdings

As at 30 June 2023	Percentage of portfolio of investments ^a
M&G European Loan Fund	11.25
Project Mercury Var. Rate 21 May 2024	1.86
Delamare Finance FRN 1.279% 19 Feb 2029	1.70
M&G Lion Credit Opportunity Fund IV	1.52
PE Fund Finance III Var. Rate 15 Dec 2023	1.51
RIN II FRN 1.778% 10 Sep 2030	1.44
Hammond Var. Rate 28 Oct 2025	1.41
Hall & Woodhouse Var. Rate 30 Dec 2023	1.39
Millshaw SAMS No. 1 Var. Rate 15 Jun 2054	1.39
Dragon Finance FRN 1.3665% 13 Jul 2023	1.34
Atlas 2020 1 Trust Var. Rate 30 Sep 2050	1.28
Regenter Myatt Field North Var. Rate 31 Mar 2036	1.27
Signet Excipients Var. Rate 20 Oct 2025	1.23
Grover Group Var. Rate 30 Aug 2027	1.20
Gongga 5.6849% 2 Aug 2025	1.16
Aria International Var. Rate 23 Jun 2025	1.15
Citibank FRN 0.01% 25 Dec 2029	1.15
Income Contingent Student Loans 1 2002-2006 FRN 2.76% 24 Jul 2056	1.14
STCHB 7 A Var. Rate 25 Apr 2031	1.13
Finance for Residential Social Housing 8.569% 04 Oct 2058	1.06
Total	36.58

^a Including cash on deposit and derivatives.

Geographical exposure Percentage of portfolio of investments as at 30 June 2023^a



^a Excluding cash on deposit and derivatives.

Source: M&G and State Street as at 30 June 2023

Portfolio overview

As at 30 June 2023	%
Cash on deposit	2.49
Public	39.50
Asset-backed securities	17.40
Bonds	22.10
Private	57.69
Asset-backed securities	5.16
Bonds	2.15
Investment funds	12.77
Loans	23.98
Private placements	2.19
Other	11.44
Derivatives	0.32
Debt derivatives	(0.01)
Forwards	0.33
Total	100.00

Source: State Street.

Portfolio analysis

Credit rating breakdown

As at 30 June 2023	%
Unrated	0.32
Derivatives	0.32
Cash and investment grade	77.46
Cash on deposit	2.49
AAA	2.83
AA+	0.14
AA	4.94
AA-	0.28
A+	1.37
A	1.47
A-	3.63
BBB+	12.25
BBB	15.83
BBB-	23.46
M&G European Loan Fund (ELF) (see note)	8.77
Sub-investment grade	22.22
BB+	5.31
BB	2.63
BB-	4.14
B+	3.34
B	3.94
B-	0.12
CCC+	-
CCC	-
CCC-	-
CC	0.03
D	0.23
M&G European Loan Fund (ELF) (see note)	2.48
Total	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 2023	Company description
M&G European Loan Fund 11.25%	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)
Project Mercury Var. Rate 21 May 2024 1.86%	Floating-rate, senior secured tranche of a real estate loan to fund the construction and development of a residential led luxury scheme in Bayswater, West London. (Private)
Delamare Finance FRN 1.279% 19 Feb 2029 1.70%	Floating-rate, senior tranche of a CMBS secured by the sale and leaseback of 33 Tesco superstores and 2 distribution centres. (Public)
M&G Lion Credit Opportunity Fund IV 1.52%	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)
PE Fund Finance III Var. Rate 15 Dec 2023 1.51%	Senior secured commitment providing NAV facility financing to a private equity firm investing in debt and equity special situations across Europe. (Private)
RIN II FRN 1.778% 10 Sep 2030 1.44%	Mixed CLO (AAA). Consists primarily of senior secured infrastructure finance loans managed by RREEF America L.L.C. (Public)
Hammond Var. Rate 28 Oct 2025 1.41%	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)
Hall & Woodhouse Var. Rate 30 Dec 2023 1.39%	Bilateral loan to a regional UK brewer that manages a portfolio of 219 freehold and leasehold pubs. (Private)
Millshaw SAMS No. 1 Var. Rate 15 Jun 2054 1.39%	Floating-rate, single tranche of an RMBS backed by shared-appreciation mortgages. (Public)
Dragon Finance FRN 1.3665% 13 Jul 2023 1.34%	Floating-rate, subordinated tranche of a securitisation of the sale and leaseback of 10 supermarket sites sponsored by J Sainsbury plc ('Sainsbury's'). (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)
Regenter Myatt Field North Var. Rate 31 Mar 2036 1.27%	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)
Signet Excipients Var. Rate 20 Oct 2025 1.23%	Fixed-rate loan secured against 2 large commercial premises in London, currently leased to 2 FTSE listed UK corporations. (Public)
Grover Group Var. Rate 30 Aug 2027 1.20%	Floating-rate, senior tranche of a securitisation of receivables originated by a leading European technology subscription platform. (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 2023	Company description
Aria International Var. Rate 23 Jun 2025 1.15%	Floating-rate, senior tranche of a securitisation of invoice receivables originated by a specialist digital recruitment platform. (Private)
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)
Income Contingent Student Loans 1 2002-2006 FRN 2.76% 24 Jul 2056 1.14%	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)
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)
Finance for Residential Social Housing 8.569% 4 Oct 2058 1.06%	High grade (AA/Aa3), fixed-rate bond backed by cash flows from housing association loans. (Public)

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 7 to 11.

Following a competitive audit tender process led by the Audit Committee, the Board recommended for shareholder approval the appointment of BDO LLP as auditor of the Company. This was approved on 15 June 2023.

Principal risks

The principal risks faced by 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 cyber 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 2022, which can be found in the Strategic Report on pages 17 to 22 and in note 13 on pages 95 to 99 and which are available on our website at: www.mandg.co.uk/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 8.

The Company holds an investment in M&G European Loan Fund and M&G Lion Credit Opportunity Fund IV which are managed by M&G Investment Management Limited. At the period end M&G European Loan Fund represented 11.25% of the Company's investment portfolio and M&G Lion Credit Opportunity Fund IV represented 1.52% of the Company's investment portfolio.

Interim management report and statement of directors' responsibilities

The Directors of the Company are related parties. The Chairman receives an annual fee of £47,000, the Chairman of the Audit Committee receives an annual fee of £41,000 and each non-executive Director receives an annual fee of £35,500.

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.

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 2023 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 2023 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 20 September 2023 and the above responsibility statement was signed on its behalf by:

David Simpson
Chairman

20 September 2023

Condensed financial statements (unaudited)

Condensed income statement

	Note	Six months ended 30 June 2023 (unaudited)			Six months ended 30 June 2022 (unaudited)			Year ended 31 December 2022 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net losses on investments	7	–	(1,273)	(1,273)	–	(5,875)	(5,875)	–	(8,044)	(8,044)
Net gains/(losses) on derivatives	7	–	2,209	2,209	–	(1,164)	(1,164)	–	(289)	(289)
Net currency (losses)/gains		(286)	102	(184)	216	(278)	(62)	294	(207)	87
Income	3	4,965	–	4,965	3,174	–	3,174	7,530	–	7,530
Investment management fee		(470)	–	(470)	(487)	–	(487)	(964)	–	(964)
Other expenses		(367)	–	(367)	(351)	–	(351)	(688)	–	(688)
Net return on ordinary activities before finance costs and taxation		3,842	1,038	4,880	2,552	(7,317)	(4,765)	6,172	(8,540)	(2,368)
Finance costs	5	(97)	–	(97)	(57)	–	(57)	(205)	–	(205)
Net return on ordinary activities before taxation		3,745	1,038	4,783	2,495	(7,317)	(4,822)	5,967	(8,540)	(2,573)
Taxation on ordinary activities		–	–	–	–	–	–	–	–	–
Net return attributable to Ordinary Shareholders after taxation		3,745	1,038	4,783	2,495	(7,317)	(4,822)	5,967	(8,540)	(2,573)
Net return per Ordinary Share (basic and diluted)	2	2.63p	0.73p	3.36p	1.77p	(5.19)p	(3.42)p	4.21p	(6.03)p	(1.82)p

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 22 to 29 form an integral part of these condensed financial statements.

Condensed financial statements (unaudited)

Condensed statement of financial position

	Note	As at 30 June 2023 (unaudited)		As at 30 June 2022 (unaudited)		As at 31 December 2022 (audited)	
		£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets							
Investments at fair value through profit or loss	7		130,818		135,398		137,584
Current assets							
Derivative financial assets held at fair value through profit or loss	7	433		-		859	
Receivables	8	2,931		1,534		2,100	
Cash and cash equivalents	8	3,555		4,221		3,672	
		6,919		5,755		6,631	
Current liabilities							
Derivative financial liabilities held at fair value through profit or loss	7	-		(293)		-	
Payables	8	(3,909)		(4,181)		(9,106)	
		(3,909)		(4,474)		(9,106)	
Net current assets/(liabilities)			3,010		1,281		(2,475)
Net assets			133,828		136,679		135,109
Capital and reserves							
Called up share capital	9		1,447		1,447		1,447
Share premium			42,257		42,257		42,257
Special distributable reserve			96,107		97,027		96,198
Capital reserve	9		(7,891)		(5,473)		(6,696)
Revenue reserve			1,908		1,421		1,903
Total shareholders' funds			133,828		136,679		135,109
Net Asset Value per Ordinary Share (basic and diluted)	2		94.16p		95.49p		94.99p

The notes on pages 22 to 29 form an integral part of these condensed financial statements.

Approved and authorised for issue by the Board of Directors on 20 September 2023 and signed on its behalf by:

David Simpson

Chairman

Company registration number: 11469317

20 September 2023

Condensed financial statements (unaudited)

Condensed statement of changes in equity

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	6	–	–	(2,233)	(3,740)	(5,973)
Balance at 30 June 2023	1,447	42,257	96,107	(7,891)	1,908	133,828

Six months ended 30 June 2022 (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 2021	1,447	42,217	95,670	3,473	952	143,759
Ordinary Shares issued from treasury	–	40	2,681	–	–	2,721
Purchase of Ordinary Shares to be held in treasury	–	–	(1,324)	–	–	(1,324)
Net return attributable to shareholders	–	–	–	(7,317)	2,495	(4,822)
Dividends paid	6	–	–	(1,629)	(2,026)	(3,655)
Balance at 30 June 2022	1,447	42,257	97,027	(5,473)	1,421	136,679

Year ended 31 December 2022 (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 2021		1,447	42,217	95,670	3,473	952	143,759
Ordinary Shares issued from treasury		–	40	2,729	–	–	2,769
Purchase of Ordinary Shares to be held in treasury		–	–	(2,201)	–	–	(2,201)
Net return attributable to shareholders		–	–	–	(8,540)	5,967	(2,573)
Dividends paid	6	–	–	–	(1,629)	(5,016)	(6,645)
Balance at 31 December 2022		1,447	42,257	96,198	(6,696)	1,903	135,109

^a These reserves form the distributable reserves of the Company and may be used to fund distributions to investors via dividend payments.

The notes on pages 22 to 29 form an integral part of these condensed financial statements.

Condensed financial statements (unaudited)

Condensed cash flow statement

	Note	Six months ended 30 June 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
Cash flows from operating activities				
Net profit/(loss) before finance costs and taxation		4,880	(4,765)	(2,368)
Adjustments for:				
Net losses on investments	7	1,273	5,875	8,044
Net (gains)/losses on derivatives	7	(2,209)	1,164	289
Increase in receivables		(35)	(293)	(859)
Increase in payables		458	517	1,019
Purchases of investments ^a	7	(16,903)	(21,608)	(54,740)
Sales of investments ^a	7	25,580	22,173	48,096
Net cash inflow/(outflow) from operating activities		13,044	3,063	(519)
Financing activities				
Finance costs	5	(97)	(57)	(205)
Ordinary Shares issued from treasury		-	2,721	2,769
Proceeds from loan facility		-	-	8,000
Repayment of loan facility		(7,000)	-	(1,000)
Purchase of Ordinary Shares to be held in treasury		(91)	(1,324)	(2,201)
Dividend paid	6	(5,973)	(3,655)	(6,645)
Net cash (outflow)/inflow from financing activities		(13,161)	(2,315)	718
(Decrease)/increase in cash and cash equivalents		(117)	748	199
Cash and cash equivalents at the start of the period/year		3,672	3,473	3,473
(Decrease)/increase in cash and cash equivalents as above		(117)	748	199
Cash and cash equivalents at the end of the period/year	8	3,555	4,221	3,672

^a 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.

Reconciliation of net debt

	As at 31 December 2022 (audited) £'000	Net cash flows £'000	As at 30 June 2023 (unaudited) £'000
Cash and cash equivalents			
Cash and cash equivalents	3,672	(117)	3,555
Borrowings			
Borrowings due within one year	(7,000)	7,000	-
	(3,328)	6,883	3,555

The notes on pages 22 to 29 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 2022.

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 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Revenue return			
Revenue return attributable to Ordinary Shareholders (£'000)	3,745	2,495	5,967
Weighted average number of shares in issue during the period/year	142,182,746	141,027,443	141,741,337
Revenue return per Ordinary Share (basic and diluted)	2.63p	1.77p	4.21p
Capital return			
Capital return attributable to Ordinary Shareholders (£'000)	1,038	(7,317)	(8,540)
Weighted average number of shares in issue during the period/year	142,182,746	141,027,443	141,741,337
Capital return per Ordinary Share (basic and diluted)	0.73p	(5.19)p	(6.03)p
Net return			
Net return per Ordinary Share (basic and diluted)	3.36p	(3.42)p	(1.82)p
NAV per Ordinary Share			
Net assets attributable to Ordinary Shareholders (£'000)	133,828	136,679	135,109
Number of shares in issue at period/year end	142,133,022	143,138,022	142,233,022
NAV per Ordinary Share	94.16p	95.49p	94.99p

Condensed financial statements (unaudited)

Notes to the condensed financial statements (continued)

3 Income

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Income from investments			
Interest income from debt instruments	4,344	2,809	6,580
Distributions from investment funds	496	306	765
Management fee rebate	47	51	101
	4,887	3,166	7,446
Other income			
Interest from cash and cash equivalents	49	8	39
Other income	29	–	45
	4,965	3,174	7,530

4 Expenses

There were no non-audit fees payable to the auditor as of 30 June 2023 and 30 June 2022.

5 Finance costs

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Commitment fee	34	37	66
Arrangement fees	6	6	13
Legal fees	2	14	23
Interest on loan facility	55	–	103
	97	57	205

On 19 October 2020 the Company entered into a £25 million revolving credit facility agreement with State Street Bank International GmbH. On 18 October 2022 the Company renewed the credit facility on the existing terms, with the new credit facility expiring on 16 October 2023. During the period £7 million was repaid; as at 30 June 2023 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)

6 Dividends

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Revenue			
2021 fourth interim interest distribution of 0.67p	–	941	941
2022 first interim interest distribution of 0.77p	–	1,085	1,085
2022 second interim interest distribution of 0.96p	–	–	1,368
2022 third interim interest distribution of 1.14p	–	–	1,622
2022 fourth interim interest distribution of 1.33p	1,892	–	–
2023 first interim interest distribution of 1.3p	1,848	–	–
	3,740	2,026	5,016
Capital			
2021 fourth interim dividend of 1.11p	–	1,558	1,558
2022 first interim dividend of 0.05p	–	71	71
2022 second interim dividend of 0p	–	–	–
2022 third interim dividend of 0p	–	–	–
2022 fourth interim dividend of 1.1p	1,565	–	–
2023 first interim dividend of 0.47p	668	–	–
	2,233	1,629	1,629

On 26 July 2023 the Board declared a second interim dividend of 1.93p per Ordinary Share for the year ending 31 December 2023, which was paid on 25 August 2023 to Ordinary Shareholders on the register on 4 August 2023. The ex-dividend date was 3 August 2023.

In accordance with FRS 102, Section 32, 'Events After the End of the Reporting Period', the 2023 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)

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

	As at 30 June 2023 £'000	As at 30 June 2022 £'000	As at 31 December 2022 £'000
Opening valuation	138,443	140,132	140,132
Analysis of transactions made during the period/year			
Purchases at cost	18,248	24,185	54,740
Sale proceeds	(26,376)	(22,173)	(48,096)
Gains/(losses) on investments	936	(7,039)	(8,333)
Closing valuation	131,251	135,105	138,443
Closing cost	139,526	141,583	145,846
Closing investment holding losses	(8,275)	(6,478)	(7,403)
Closing valuation	131,251	135,105	138,443

The Company received £26,376,000 from investments sold in the six month period ended 30 June 2023 (six months ended 30 June 2022: £22,173,000). The book cost of these investments when they were purchased was £29,838,000 (six months ended 30 June 2022: £22,209,000). 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.

	As at 30 June 2023 £'000	As at 30 June 2022 £'000	As at 31 December 2022 £'000
Gains/(losses) on investments			
Net losses on disposal of investments	(1,273)	(5,875)	(8,044)
Net gains/(losses) on derivatives	2,209	(1,164)	(289)
Net gains/(losses) on investments	936	(7,039)	(8,333)

	As at 30 June 2023 £'000	As at 30 June 2022 £'000	As at 31 December 2022 £'000
Closing valuation			
Investments at fair value through profit or loss	130,818	135,398	137,584
Derivative financial assets/(liabilities) held at fair value through profit or loss	433	(293)	859
Closing valuation	131,251	135,105	138,443

Condensed financial statements (unaudited)

Notes to the condensed financial statements (continued)

8 Receivables, cash and cash equivalents and payables

	As at 30 June 2023 £'000	As at 30 June 2022 £'000	As at 31 December 2022 £'000
Receivables			
Sales for future settlement	835	–	39
Accrued income	1,848	1,380	1,855
Prepaid expenses	20	23	26
Management fee rebate	228	131	180
Total receivables	2,931	1,534	2,100
Cash and cash equivalents			
Cash at bank	(114)	3,670	2,938
Amounts held at futures clearing houses	313	551	234
Cash on deposit	3,356	–	500
Total cash and cash equivalents	3,555	4,221	3,672
Payables			
Purchases for future settlement	1,345	2,577	–
Expenses payable and deferred income	294	344	239
Management fee payable	2,205	1,258	1,736
Loan facility interest payable	23	–	74
Bank loan	–	–	7,000
Other payables	42	2	57
Total payables	3,909	4,181	9,106

Condensed financial statements (unaudited)

Notes to the condensed financial statements (continued)

9 Called up share capital

	As at 30 June 2023		As at 30 June 2022		As at 31 December 2022	
	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	142,233,022	1,422	141,723,022	1,417	141,723,022	1,417
Ordinary Shares issued during the period/year	–	–	2,765,000	28	2,815,000	28
Purchase of Ordinary Shares held in treasury	(100,000)	(1)	(1,350,000)	(14)	(2,305,000)	(23)
Ordinary Shares in issue at the end of the period/year	142,133,022	1,421	143,138,022	1,431	142,233,022	1,422
Treasury Shares (Ordinary Shares of 1p)						
Treasury Shares at the beginning of the period/year	2,512,749	25	3,022,749	30	3,022,749	30
Ordinary Shares issued from treasury during the period/year	–	–	(2,765,000)	(28)	(2,815,000)	(28)
Purchase of Ordinary Shares held in treasury	100,000	1	1,350,000	14	2,305,000	23
Treasury Shares at the end of the period/year	2,612,749	26	1,607,749	16	2,512,749	25
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

The analysis of the capital reserve is as follows:

	Six months ended 30 June 2023			Six months ended 30 June 2022			Year ended 31 December 2022		
	Realised capital reserve £'000	Investment holding (losses) £'000	Total capital reserve £'000	Realised capital reserve £'000	Investment holding (losses) £'000	Total capital reserve £'000	Realised capital reserve £'000	Investment holding (losses) £'000	Total capital reserve £'000
Capital reserve at the beginning of the period/year	707	(7,403)	(6,696)	3,189	284	3,473	3,189	284	3,473
Gains/(losses) on realisation of investments at fair value	1,808	–	1,808	(277)	–	(277)	(646)	–	(646)
Realised currency gains/(losses) during the period/year	102	–	102	(278)	–	(278)	(207)	–	(207)
Movement in unrealised losses	–	(872)	(872)	–	(6,762)	(6,762)	–	(7,687)	(7,687)
Dividends paid	(2,233)	–	(2,233)	(1,629)	–	(1,629)	(1,629)	–	(1,629)
Capital reserve at the end of the period/year	384	(8,275)	(7,891)	1,005	(6,478)	(5,473)	707	(7,403)	(6,696)

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.

Condensed financial statements (unaudited)

Notes to the condensed financial statements (continued)

10 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 in note 3, amounts outstanding at the period end are shown in note 8.

The Company holds an investment in M&G European Loan Fund which is managed by M&G Investment Management Limited. At the period end this was valued at £15,148,795 (30 June 2022: £16,101,058) and represented 11.25% (30 June 2022: 11.92%) of the Company's investment portfolio.

The Company holds an investment in M&G Lion Credit Opportunity Fund IV which is managed by M&G Investment Management Limited. At the period end this was valued at £2,049,917 (30 June 2022: £nil) and represented 1.52% (30 June 2022: nil%) of the Company's investment portfolio.

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 page 16 to 17.

11 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 2023				As at 30 June 2022				As at 31 December 2022			
	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												
Debt Instruments	-	45,339	68,280	113,619	-	47,723	71,574	119,297	-	52,155	69,131	121,286
Investment in funds	-	17,199	-	17,199	-	16,101	-	16,101	-	16,298	-	16,298
Derivatives	-	448	-	448	338	65	-	403	996	-	-	996
Financial liabilities at FVTPL												
Derivatives	(15)	-	-	(15)	-	(696)	-	(696)	-	(137)	-	(137)
Net fair value	(15)	62,986	68,280	131,251	338	63,193	71,574	135,105	996	68,316	69,131	138,443

Condensed financial statements (unaudited)

Notes to the condensed financial statements (continued)

Valuation techniques for Level 3

The debt investments within the Company utilise a number of valuation methodologies such as a discounted cash flow model, which will use the relevant credit spread and underlying reference instrument to calculate a discount rate. Unobservable inputs typically include spread premiums and internal credit ratings.

Some debt instruments are valued 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 market price movements, including impairment or any upcoming refinancing.

In addition, some are priced by a single broker quote, which is typically the traded broker, who provides an indicative mark.

12 Capital commitments

There were outstanding unfunded investment commitments of £650,000 (30 June 2022: £2,812,000) at the period end.

	As at 30 June 2023 £'000	As at 30 June 2022 £'000	As at 31 December 2022 £'000
Project Grey Var. Rate 30 Apr 2025 (Senior)	386	642	574
Project Grey Var. Rate 30 Apr 2025 (Junior)	243	371	311
Kaveh Ventures LLC Var. Rate 22 Mar 2024	21	82	49
Grover Group Var. Rate 30 Aug 2027	–	–	1,109
Bayswater RD Mercury Var. Rate 31 May 2024	–	1,293	–
Intu (SGS) Finco Limited Var. Rate 31 Mar 2024	–	229	–
Bayswater RD Mercury Var. Rate 1 May 2024	–	137	–
Jamshid Ventures Var. Rate 23 Jul 2023	–	58	–
Project Mercury Mercury Var. Rate 1 May 2024	–	–	75
	650	2,812	2,118

13 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 2023 and 30 June 2022 has not been reviewed or audited by the Company's auditors.

The figures and financial information for the year ended 31 December 2022 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, effective 26 April 2023)
Jane Routledge

AIFM and Investment Manager

M&G Alternatives Investment Management Limited (MAGAIM)^a
10 Fenchurch Avenue, London EC3M 5AG
Website: mandg.co.uk
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
6th Floor, 65 Gresham Street, London, EC2V 7NQ
Telephone: 07936 332 503

Broker

Winterflood Securities Limited^a
The Atrium, Cannon Bridge House,
25 Dowgate Hill, London EC4R 2GA

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
10th Floor, 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

www.mandg.co.uk/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 the 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 2023 £'000	Year ended 31 December 2022 £'000
Ongoing charges are calculated with reference to the following figures:		
Investment management fee	470	964
Other expenses ^a	355	754
Total expenses for the period/year	825	1,718
Annualised expenses	1,664	1,666
Average net assets over the period/ year	135,092	137,058
Ongoing charges figure	1.23%	1.22%

^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 2023	Year ended 31 December 2022
Opening share price	92.10p	99.5p
Dividend paid	4.20p	4.70p
Effect of dividend reinvested	(0.10)p	(0.12)p
Closing share price	89.50p	92.1p
Adjusted closing share price	93.60p	96.7p
Share price total return	1.6%	(2.8)%

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 2023	Year ended 31 December 2022
Opening NAV per share	94.99p	101.44p
Dividend paid	4.20p	4.70p
Effect of dividend reinvested	0.03p	(0.01)p
Closing NAV per share	94.16p	94.99p
Adjusted closing NAV per share	98.39p	99.68p
NAV total return	3.6%	(1.7)%

Dividend yield

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

	Six months ended 30 June 2023	Year ended 31 December 2022
Dividends declared per Ordinary Share ^a	7.27p	5.35p
Ordinary Share price	89.5p	92.1p
Dividend yield	8.1%	5.8%

^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.

Glossary

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

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

Developed economy 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, ie higher rated fixed income securities but have the potential for higher rewards. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of security's life.

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

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

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

Investment 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.

Glossary

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

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

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

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

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.

Glossary

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.

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, ie 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.

