M&G Credit Income Investment Trust plc (MGCI)
Annual Financial Report

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M&G CREDIT INCOME INVESTMENT TRUST PLC

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

AND

NOTICE OF ANNUAL GENERAL MEETING

M&G Credit Income Investment Trust plc announces its annual results for the year ended 31 December 2024 and the publication of its annual report and accounts for the same period, which includes the notice of Annual General Meeting.

Chairman's statement

Performance
Your Company's opening NAV on 1 January 2024 (adjusted for the last dividend for 2023) was 94.07p per Ordinary Share and its NAV on 31 December 2024 (adjusted for the last dividend for 2024) was 93.02p per Ordinary Share. Including dividends paid, the NAV total return for the year to 31 December 2024 was 8.08%, compared to our benchmark return of 9.50%.

The Investment Manager kept the portfolio defensively positioned throughout the year because it believed, and continues to believe, that credit spreads are not compensating investors for longer term corporate risk; the Investment Manager has therefore focused on improving the credit quality of the portfolio rather than seeking higher yield. This strategic decision reduced shorter-term returns, concentrating instead on credits which should perform better through the cycle. Unfortunately, however, in the second half of the year, the portfolio did see write-downs which related to two idiosyncratic and unrelated instances of credit distress, which primarily accounted for the underperformance against the benchmark. Despite this, the Company's NAV total return significantly outperformed when compared with investment grade indices such as the ICE BofA Sterling Corporate and Collateralised Index (+1.87%) and the ICE BofA 1-3 Year BBB Sterling Corporate & Collateralized Index (+5.69%), whilst marginally underperforming the ICE BofA European Currency Non-Financial High Yield 2% Constrained Index (+8.74%).

Your Company's portfolio (including irrevocable commitments) at the year end was 52% invested in private (non-listed) assets, with an additional approximately 9% invested in illiquid publicly listed assets which are intended to be held to maturity. The Investment Manager saw a healthy pipeline of private opportunities during the year and expects to grow the private asset portion of the portfolio over time, in line with the Company's strategy. That said, having the flexibility to invest across all areas of the fixed income market is important to achieve the most attractive risk-adjusted returns for shareholders.

Share issues 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. Pleasingly, during the year, the Company resold all of the 4,126,532 shares held in treasury, which had previously been repurchased pursuant to our 'zero discount' policy. In addition, the Company issued a further 2,450,000 new shares at a small premium to NAV during the year. The Company's Ordinary Shares traded at an average discount to NAV of 0.7% during the year ended 31 December 2024. On 31 December 2024 the Ordinary Share price was 96.6p, representing a 1.6% premium to NAV as at that date.

High and sustained investor demand led the Company to issue so many new shares that it was necessary to renew the relevant shareholder issuance authorities at a General Meeting held in February 2025. The authorities were duly renewed and were followed by a placing and retail offer under which 6,647,969 new Ordinary Shares were issued. Including these, an additional 13,297,969 new Ordinary Shares have been issued since the year end.

Dividends
Your Company paid four quarterly interim dividends in respect of the year ended 31 December 2024 at the target annual rate of SONIA plus 4%, calculated by reference to the adjusted opening NAV as at 1 January 2024. These totalled 8.53p per Ordinary Share, which represented a dividend yield of 8.8% on the Ordinary Share price on 31 December 2024. Your Company's Investment Manager continues to believe that an annual total return, and thus ultimately a dividend yield, of SONIA plus 4% will continue to be achievable although there can be no guarantee that this will occur in any individual year.

Outlook
The technical backdrop in fixed income markets remains firm, with the amount of capital seeking to take advantage of historically high corporate bond yields, still exceeding supply. This is keeping sterling credit spreads anchored at multi-year lows. The level of compensation on offer for taking credit default risk is at odds with the outlook for the UK economy which faces a confluence of headwinds including higher business taxation, Trump 2.0 tariffs, and the prospect of reaccelerating inflation and higher-for-longer interest rates.

This hugely uncertain economic outlook warrants a cautious, patient and disciplined approach to investing and favours active management. In such times, the Investment Manager's ability to invest across the breadth of both public and private credit markets distinguishes the Company in being able to seek out attractive risk-adjusted returns for our investors. As it has done since inception, the Investment Manager will use capital gains to help achieve its return and dividend objectives, as set out above in the section entitled 'Dividends'. The currently undrawn £25 million credit facility is available to take advantage of opportunities as they occur.

David Simpson

Chairman
26 March 2025

Financial highlights

Key data	As at 31 December 2024	As at 31 December 2023
Net assets (£'000)	139,995	135,285
Net asset value (NAV) per Ordinary Share	95.11p	96.21p
Ordinary Share price (mid-market)	96.6p	92.2p
Premium/(Discount) to NAV[a]	1.6%	(4.2)%
Ongoing charges figure[a]	1.28%	1.28%

Return and dividends per Ordinary Share	Year ended 31 December 2024	Year ended 31 December 2023
Capital return	1.5p	3.3p
Revenue return	6.0p	6.0p
NAV total return[a]	8.1%	10.4%
Share price total return[a]	14.6%	9.5%
Total dividends declared[b]	8.53p	7.96p

[a] Alternative performance measure. Further information can be found on pages 115 to 116 of the full Annual Report and Accounts.
[b] The total dividends declared in respect of each financial year equated to a dividend yield of SONIA +4% on the adjusted opening NAV.

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

Over the course of the year, inflation in core economies continued to cool and trend toward the key 2% target of central banks. However, the aggressive rate cutting expectations with which we entered 2024 unwound as economic performance in both the US and UK remained stronger than expected. Despite arriving later in the year than markets had anticipated, central banks did start to cut interest rates, led initially by the ECB in June, with the Bank of England and US Federal Reserve following suit shortly after in August and September respectively. Concern over rising fiscal deficits occupied investor thinking more and more in the second half of the year, driving political upheaval and affecting rates markets in Europe, and becoming a key topic of political debate during the US election campaign and in the aftermath of the Autumn budget in the UK.

In addition to monetary policy, it was geopolitical risk which functioned as a key driver of the market narrative during the year. A groundswell of support for populist political parties across core member states in the European Parliamentary elections preceded further political turmoil in France and Germany which eventually led to the collapse of their respective governments as we approached the year end. In the UK, a 'tax and spend' budget by the new Labour government, sparked concerns over growth and inflation, putting pressure on gilt yields and complicating future policy decisions for the Bank of England. Arguably the most significant event of the year was the US presidential election in November, resulting in a victory for Donald Trump, as well as Republican control of the House of Representatives and the Senate. This left financial markets digesting the implications for future US foreign and economic policy, with Trump announcing plans to impose tariffs on Europe, China, Mexico and Canada.

The technical backdrop in fixed income remained strong throughout the year. All-in bond yields continued to screen favourably to other asset classes and the supply/ demand imbalance in corporate bond markets resulted in a significant tightening in credit spreads. Rating bands also compressed, with investor risk appetite buoyed by easing financial conditions and resilient economic growth. This meant that as credit investors we weren't being compensated for taking risk and therefore we deliberately kept the portfolio defensively positioned.

Portfolio activity focused on reducing risk and increasing credit quality, rotating out of tighter yielding public bonds and redeploying proceeds into comparable or higher rated asset backed securities (ABS) and collateralised loan obligations (CLOs), as well as attractively priced private assets. In selling down public corporate bonds and reallocating capital into private and alternative sectors of the fixed income market, we were able to achieve a significant spread pick-up and improve both the overall yield and credit quality of the portfolio.

We continued to reduce our European real estate investment trust exposure throughout the year, and having purchased bonds at heavily discounted prices in 2022, the strong recovery from those levels allowed us to realise notable capital gains upon sale. The outstanding loan balance on the Company's credit facility remained undrawn over the course of the year.

The funded private asset portion of the portfolio decreased over the period to 52.4% (versus 53.8% at 31 December 2023). The portfolio's sub-investment grade holdings increased by some 5% from the start of the year (23.5% vs 18.8%). This was driven a number of private investment grade facilities repaying over the period, and market pricing leading us to find more attractive relative value in increasing our exposure to direct lending loans, which are typically sub-investment grade. In addition, some private credits previously rated BBB- (the lowest rung of investment grade) were downgraded to BB (the highest band of sub-investment grade). This was counterbalanced by improvements in quality in the public investment grade portion of the portfolio, where exposure to AA-rated credit increased by 6%.

We actively monitor the portfolio for signs of distress and currently have exposure to two issuers amounting to 0.7% of the latest published NAV, which are either in technical default or at some stage of a restructuring process. These are the two positions referred to in the Chairman's statement: they are already marked-to-market or otherwise reserved against in respect of non-public market instruments in your Company's latest published NAV. Looking ahead, we retain confidence in our credit analysis process and perceive these particular and regrettable examples of credit stress to have been idiosyncratic in nature.

Outlook

Geopolitical risk, which became the predominant driver of market moves in the latter part of last year, has continued to ratchet up in the early part of 2025. The trade and defence policy shifts of the Trump administration have upended the well established international order, creating a global economic realignment which is seeing historical alliances reshaped. The already rapid escalation of President Trump's tariff war has seen a notable weakening in US equity and credit, with uncertainty on the extent of the tariffs, their permanence and the scope of retaliatory action, spooking investors and causing market volatility to spike. Additionally, a change in the supportive stance for Ukraine in its war against Russia seen under the Biden administration, and Trump's apparent hostile position on NATO, has catalysed a paradigm shift in Europe with an urgent reprioritisation of defence spending which will require looser fiscal policy going forward. This has caused increased volatility and widening in European government yields.

The volatile backdrop to the first quarter of this year has also seen a softening in sterling credit spreads. However, this should viewed in the context of retracing the grind tighter seen over the last few months, during which multi-decade lows were reached, rather than anything more notable at this stage. Viewed over a longer term horizon, public sterling credit is still screening expensively on a spread basis, despite the attraction for all-in yield buyers remaining strong given the elevated rates component. Given the lack of compensation for default risk currently priced into public credit spreads, and our expectation for wider macro uncertainty to continue to weigh on markets, we intend to keep the portfolio defensively positioned. Our focus will be to derisk where possible, still opting for credit quality over adding yield. As the public corporate bond market currently offers scant risk-adjusted value relative to our return target, we will sell down tighter yielding public credits and redeploy proceeds into higher yielding private investments. Under these market conditions, we believe that our flexibility in being able to invest across the breadth of both public and private markets can be a powerful differentiator in generating what we feel are the most attractive risk-adjusted returns for our shareholders. We begin 2025 with a healthy and diverse pipeline of private investment opportunities which we hope to add to the portfolio in the coming months. Should further volatility present us with attractive opportunities, we have access to a £25 million credit facility and a further £23 million invested in two AAA/AA-rated, daily dealing ABS funds, ready to be reallocated should the right risk-reward opportunities arise.

M&G Alternatives Investment Management Limited
26 March 2025

Portfolio analysis

Geographical exposure
Percentage of portfolio of investments
as at 31 December 2024 (2023)*

	Percentage of portfolio of investments
United Kingdom	50.90% (53.60%)
Europe	41.80% (35.55%)
United States	4.24% (6.31%)
Australasia	1.97% (2.26%)
Global	1.09% (2.28%)

* Excluding cash on deposit and derivatives.

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

Portfolio overview

As at 31 December	2024 %	2023 %
Cash on deposit	**0.97**	**0.90**
Public	**46.57**	**45.59**
Asset-backed securities	24.62	17.50
Bonds	14.50	23.20
Investment funds	7.45	4.89
Private	**52.38**	**53.80**
Asset-backed securities	4.57	5.08
Bonds	2.06	2.35
Investment funds	11.40	13.05
Loans	23.06	18.89
Private placements	1.25	2.28
Other	10.04	12.15
Derivatives	**0.08**	**(0.29)**
Debt derivatives	0.05	(0.33)
Forwards	0.03	0.04
Total	**100.00**	**100.00**

Source: State Street

Credit rating breakdown

As at 31 December	2024 %	2023 %
Unrated	0.08	(0.29)
Cash and investment grade	76.40	81.48
Sub-investment grade	23.52	18.81
Total	**100.00**	**100.00**

Source: State Street

For the detailed breakdown of the credit ratings of the investment portfolio, please refer to page 101 of the full Annual Report and Accounts in note 13 to the Financial Statements.

Top 20 holdings Percentage of portfolio of investments[a] As at 31 December 2024 (2023)	Company description
M&G European Loan Fund **11.40% (11.48%)**	Open-ended fund managed by M&G which invests in leveraged loans issued by, generally, substantial private companies located in the UK and Continental Europe. The fund's objective is to create attractive levels of current income for investors while maintaining relatively low volatility of NAV. (Private)
M&G Investment Grade ABS Fund **8.50% (n/a)**	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. (Public)
M&G Senior Asset Backed Credit Fund **7.45% (4.89%)**	Open-ended fund managed by M&G investing in a diversified pool of investment grade ABS. In usual market conditions, the fund will invest predominantly in senior tranches of ABS, with 80% expected to be of a credit rating of at least AA– or higher. The latest average credit rating of the underlying portfolio is AAA. The daily dealing fund is used by the Investment Manager as an alternative to holding cash. (Public)
Income Contingent Student Loans 14.95% 24/07/2058 **2.00% (0.76%)**	Floating-rate, junior mezzanine tranche of a portfolio comprised of income contingent repayment student loans originally advanced by the UK Secretary of State for Education. (Public)
Delamare Finance FRN 1.279% 19 Feb 2029 **1.77% (1.76%)**	Floating-rate, senior tranche of a CMBS secured by the sale and leaseback of 33 Tesco superstores and 2 distribution centres. (Public)
Project Energy from Waste UK Var. Rate 29 Nov 2041 **1.54% (0.52%)**	Floating-rate, senior secured infrastructure loan funding the design, build, maintain, operate and finance contract of a residual waste treatment facility. (Private)
Millshaw SAMS No. 1 Var. Rate 15 Jun 2054 **1.43% (1.33%)**	Floating-rate, single tranche of an RMBS backed by shared-appreciation mortgages. (Public)
Hammond Var. Rate 28 Oct 2025 **1.39% (1.42%)**	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)
Aria International Var. Rate 23 Jun 2025 **1.38% (1.16%)**	Floating-rate, senior tranche of a securitisation of invoice receivables originated by a specialist digital recruitment platform. (Private)
Signet Excipients Var. Rate 20 Oct 2025 **1.27% (1.29%)**	Fixed-rate loan secured against 2 large commercial premises in London, currently leased to 2 FTSE listed UK corporations. (Public)
Income Contingent Student Loans 1 2002-2006 FRN 2.76% 24 Jul 2056 **1.22% (1.17%)**	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)
Atlas 2020 1 Trust Var. Rate 30 Sep 2050 **1.19% (1.32%)**	Floating-rate, senior tranche of a bilateral RMBS transaction backed by a pool of Australian equity release mortgages. (Private)
Citibank FRN 0.01% 25 Dec 2029 **1.16% (1.15%)**	Floating-rate, mezzanine tranche of a regulatory capital transaction backed by a portfolio of loans to large global corporates, predominantly in North America. (Private)
STCHB 7 A Var. Rate 25 Apr 2031 **1.15% (1.15%)**	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)

Regenter Myatt Field North Var. Rate 31 Mar 2036 **1.12% (1.23%)**	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)
Whistler Finco 1% 30 Nov 2028 **1.10% (1.12%)**	Floating-rate, senior secured term loan lending to an outdoor media infrastructure owner which invests and manages a large billboard portfolio in the UK, Netherlands, Spain, Ireland and Germany. (Private)
Project Grey 1% 30 Apr 2025 **1.04% (1.11%)**	Floating-rate, senior secured position in a bilateral real estate loan to fund the acquisition and refurbishment of an office block in the London CBD. (Private)
NewRiver REIT 3.5% 07/03/2028 **1.03% (1.02%)**	NewRiver REIT PLC operates as a real estate investment trust investing in retail properties throughout the United Kingdom. Fixed, callable bond. Senior Unsecured. (Public)
Finance for Residential Social Housing 8.569% 04 Oct 2058 **1.02% (1.13%)**	High grade (AA/Aa3), fixed-rate bond backed by cash flows from housing association loans. (Public)
Fontwell II Securities 2020 9.2208% 18/12/2028 **1.01% (1.02%)**	Floating-rate, mezzanine tranche in a regulated capital securitisation where the underlying portfolio is long-term mortgages for farms and rural businesses across the UK. (Private)

[a] Including cash on deposit and derivatives.

Annual General Meeting

The Company's Annual General Meeting will be held at the offices of M&G Alternatives Investment Management Limited, 10 Fenchurch Avenue, London EC3M 5AG at 10:00am on Wednesday, 21 May 2025. The formal Notice of AGM can be found within the Annual Report.

Further Information

The full Annual Report and Accounts can be obtained from the Company's website at www.mandg.co.uk/creditincomeinvestmenttrust or by contacting the Company Secretary at mandgcredit@cm.mpms.mufg.com.

A copy of the Annual Report and Accounts will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM, which is situated at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism, in accordance with DTR 6.3.5(1A) of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

ENDS

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on this announcement (or any other website) is incorporated into, or forms part of, this announcement.

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