
M&G CREDIT INCOME INVESTMENT TRUST PLC

(the “Company”)

LEI: 549300E9W63X1E5A3N24

Quarterly Review

The Company announces that its quarterly review as at **30 June 2025** is now available, a summary of which is provided below. The full quarterly review is available on the Company's website at:

https://www.mandg.com/dam/investments/common/gb/en/documents/funds-literature/credit-income-investment-trust/mandg_credit-income-investment-trust_quarterly-review_gb_eng.pdf

Market Review

Global markets were roiled by significant volatility following President Donald Trump's tariff announcements on 2 April, also known as 'Liberation Day'. The proposals imposed a 10% baseline tariff on all imports, with elevated rates particularly for products from the EU, Japan and China, and led to fears of a global recession. This precipitated a swift and pronounced sell-off in both credit and equities. However, characterising the unpredictability of policymaking under the new Trump administration, a week later the announcement of a 90-day suspension of these tariffs catalysed a pronounced recovery which, by the end of the quarter, had seen credit spreads round-trip to completely retrace the post-Liberation Day widening. In the face of potential major trade disruption, inflationary impacts from Trump's tariffs failed to materialise, and despite pessimistic consumer sentiment, hard data in the US remained robust. US core inflation – which excludes the volatile food and energy sectors – held at 2.8% year-on-year in April and May, ticking up only slightly to 2.9% in June. In the UK, inflation remained relatively elevated, with the headline rate edging down slightly from 3.5% in the 12 months to April to 3.4% in May, before accelerating to 3.6% in June. In the eurozone, the disinflationary trend persisted as the inflation rate fell from 2.2% going in to the quarter to 2% by its close, just shy of the European Central Bank's (ECB) target of 2%. Outside of the tariff headlines, geopolitical risks flared further with the Iran-Israel conflict intensifying in mid-June. However, markets largely shrugged off conflict-related risk.

Manager Commentary

In the second quarter of the year the Company delivered a NAV total return of +1.59% compared to the +2.09% returned by the benchmark. Underperformance was driven predominantly by negative developments in two private credits. These were unrelated and idiosyncratic in nature and the timing of valuation adjustments is coincidental. The first credit is undergoing a business restructuring in response to significant (and unforeseen) changes in its target market / operating environment. The second credit has encountered a short term cash flow problem, which is expected to rectify over the medium term, but which has seen the sponsor commit additional equity to the business. Both price adjustments are reflected in the Company's latest published NAV.

During the quarter, the Company increased its market cap by c.£19m as sustained demand for share issuance continued to support Company growth. Given the attractive spread pick up versus corporate bonds of a similar credit quality, we continued to deploy new cash into the AA-rated M&G Investment Grade ABS fund whilst waiting for new private transactions to fund. We were also given an opportunity to reengage more meaningfully with the public bond market in April after the even harsher than anticipated reciprocal tariffs announced on 'Liberation Day'. We focussed our attention on investment grade UK names with little to no direct exposure to tariff risk. We added to existing holdings, or in some cases purchased bonds previously held, thereby being already comfortable and familiar with the credit profile and past performance. We added to our illiquid public exposure in two supermarket securitisations, Delamare (£0.8m) and Longstone (£0.3m), backed by Tesco and Sainsbury's shopping centre leases respectively. We also added a Centreparks issue (£1m) and a Scottish Widows Tier 2 bond (£1.2m).

We deployed £12m across nine new and existing private assets, including £4m into the M&G European Loan Fund. We allocated £3m to three new Regulatory Capital transactions backed by collateral made up of UK Project Finance and IPRE (Interest Payment Real Estate) loans, UK SME loans and large corporate US and European loans. Having been long term investors in these kind of securitisations (which are designed to remove risk from the balance sheet of banks), we like the security offered by structural features typical in these transactions, as well as the attractive risk-return characteristics which can reward investors for having the expertise and experience to analyse and model these deals. We were also pleased to close two transactions in parts of the private market where we are often less active due to tighter pricing. The first, an infrastructure transaction providing senior debt (£2.5m) in a securitisation backed by future receivables payable to the O&M (Operations & Maintenance) contractor for an Italian road PPP (Public-Private Partnership) project in North-East Italy. The second, a Private Placement transaction issued by a regional US school board, saw us purchase £1.5m of senior secured notes which are supported by future payments relating to wireless spectrum licenses leased to a blue-chip tenant. We also deployed c.£1m into existing private securitisations in the portfolio where there was either a tap of an existing issue or an opportunity to incrementally increase exposure.

Outlook

Markets have calmed since the turmoil of early April, but structural risks—like inflation, debt, and fiscal uncertainty—remain. Agreements have been reached between the US and key trading partners – UK, Europe, Japan, whilst negotiations with China are ongoing and remain fundamental to the global economic outlook. Whilst we now have more clarity on the framework of the new bilateral patchwork system taking shape, it has many more unknowns and is far more complex than the old WTO-based multilateral system. Consequently, tariff uncertainty will continue into the second half of the year, although we note that financial markets have already become largely immune to the associated chaos and headlines. US and UK equity markets recently reached record highs whilst sterling investment-grade credit spreads touched multi-decade tights, reflecting investors' strong appetite for risk. It is true that widespread fears about an inflation surge driven by tariffs have not yet materialised, however it is far too early to quantify (or even dismiss) the impact to global trade, which is characterised by being highly complex and interconnected in nature.

Whilst “tariff fatigue” is somewhat understandable given the constant suspending and extending of deadlines, current levels of market exuberance certainly feel overdone and in our opinion investors are being complacent in looking through the impact from tariffs. Additionally, a confluence of other

risks also weigh on the outlook for the remainder of the year, with upward pressure on inflation, high geopolitical and conflict risk, rising bond yield term premia, and the impacts of fiscal and broader policy dynamics all contributing to elevated levels of uncertainty, serving to create a challenging investment backdrop.

We feel it is now more important than ever to remain patient and disciplined in our investment approach and at current valuations we will continue to keep the portfolio defensively positioned, prioritising credit quality over reaching for yield. We will continue to sell down tighter yielding public credits and redeploy proceeds into higher yielding private investments, which can provide enhanced risk-adjusted returns and diversification benefits. We also remain poised to invest in public new issues or credit specific opportunities should valuations prove attractive to us. Should further market volatility give rise to attractive opportunities, we have access to a £25m credit facility and a further £33m invested in two AAA/AA-rated, daily dealing ABS funds, ready to be reallocated.

**MUFG Corporate Governance Limited
Company Secretary**

1 August 2025

- ENDS -

The content of the Company's web-pages and the content of any website or pages which may be accessed through hyperlinks on the Company's web-pages, other than the content of the Update referred to above, is neither incorporated into nor forms part of the above announcement.

Dissemination of a Regulatory Announcement, transmitted by EQS Group.
The issuer is solely responsible for the content of this announcement.

ISIN: GB00BFYYL325, GB00BFYYT831
Category Code:MSCL
TIDM: MGCI
LEI Code: 549300E9W63X1E5A3N24
Sequence No.: 397749
EQS News ID: 2178460

End of AnnouncementEQS News Service
