

## Summary

CVC Credit Partners European Opportunities Limited (the "Company") is a Jersey closed-ended investment company limited by shares. The Company's shares are traded on the Main Market of the London Stock Exchange (LSE).

The Company's investment policy is to invest predominantly in companies domiciled, or with material operations, in Western Europe across various industries. The Company's investments are focused on Senior Secured Obligations of such companies, but investments are also made across the capital structure of such borrowers.

The Company invests through Compartment A of CVC European Credit Opportunities S.à r.l. (the "Investment Vehicle"), a European credit opportunities investment vehicle managed by CVC Credit Partners Investment Management Limited.

## Company NAV Total Return Performance<sup>4</sup> (since inception)

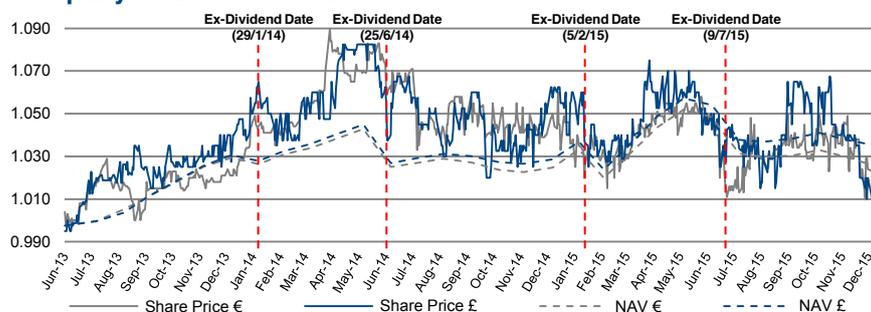
EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	0.8%	1.2%	1.2%	1.2%	0.8%	-0.4%	0.8%	-0.2%	0.1%	0.2%	-0.3%	-0.4%	5.1%
2014	0.7%	0.4%	0.3%	0.4%	0.4%	0.7%	0.2%	0.2%	-0.2%	-0.3%	-0.1%	0.2%	3.0%
2013							0.2%	0.5%	0.6%	0.7%	0.7%	0.4%	3.2%

GBP Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	0.8%	1.2%	1.2%	1.2%	0.8%	-0.3%	0.8%	-0.1%	0.1%	0.3%	-0.3%	-0.2%	5.6%
2014	0.7%	0.4%	0.3%	0.5%	0.4%	0.6%	0.2%	0.2%	-0.1%	-0.3%	-0.1%	0.2%	3.3%
2013							0.2%	0.4%	0.8%	0.7%	0.7%	0.5%	3.3%

<sup>4</sup> NAV Total Return includes dividends reinvested

## Company Share Performance



## Investment Vehicle Manager Market & Portfolio Commentary

2015 was an interesting year for markets – the ECB began the year announcing a substantial QE program which initially drove bonds yields to all time lows, quickly followed by a correction in early May. During the summer, the market endured another Greek crisis, the build up of concerns over China, further ECB stimulus in response to emerging markets and then finally a rate increase from the Fed in December. 2015 was also the fifth consecutive year of negative commodity price returns. Global risk assets had a turbulent year – equities started the year positively but ended with low single-digit returns, only narrowly outperforming government bonds. Opportunistic and HY credit fared poorly against this backdrop, in particular in the U.S., where energy continued to impact investor sentiment driving yields wider.

December was a pivotal month in the year for markets. Within two weeks of each other, the ECB provided more stimulus and lowered interest rates further into negative territory whilst the Fed took the opposite stance and increased interest rates. With global monetary policy diverging, government bond returns did not perform as poorly as most pessimistic forecasters had expected, with the asset class managing to deliver low but positive returns. The continued decline in oil prices underpinned much of the underperformance of U.S. high yield and inflation-linked bonds, as default risk in the energy sector rose and inflation remained weak.

With these market conditions, new issuance remained muted in December, with €1.4bn issued in the leveraged loan market and approximately €3bn in the HY bond market. Cumulatively, total leveraged loan new issuance totalled €63.7bn, down 20% yoy and HY bond new issuance totalled €64.3bn, down 10% yoy. The broad market conditions during the final month of 2015 pushed average Q4 loan new issuance yields wider to 5.71%, versus 4.97% in 3Q15. In the secondary market, flow names traded lower by 30bps to 99.05, whilst HY bonds experienced a significant price move in the month falling to 100.48 from 101.77 in November. In comparison, U.S. leveraged loan flow names closed at 94.98 and HY bonds at 85.19, down 122 bps and 324 bps on the month respectively, reflecting the unresponsive U.S. market technicals where there were significant outflows versus the European market. Year to date, the European HY bond market saw an inflow of €9.5bn versus the U.S. which experienced \$13.5bn of outflows.

The Credit Suisse Western European High Yield Index was down with a return of -1.95% for the month, but ended positive in 2015, up 1.36%. Similarly, the Credit Suisse Western European Leveraged Loan Index returned -0.32% for the month, closing up 3.14% for 2015.

The Investment Vehicle Manager expects another year of divergent monetary policy in 2016, with the BOE likely to join the Fed in increasing interest rates, whilst the ECB, Bank of Japan and People's Bank of China remain firmly set on monetary easing. Government bond yields should rise as the inflation outlook improves, particularly if U.S. rates rise faster than market expectations. Global growth and inflation remain low by historical standards, which combined with continued stimulus in Europe and Japan, should suppress Government bond yields from rising too far.

Through December, the Investment Vehicle Manager continued to focus on protecting the vehicle's NAV from the extreme volatility that was experienced in the broader credit markets. In the lead up to December, the Investment Vehicle Manager was positioned conservatively with cash balances inflated to reduce risk exposures as well as to facilitate the opportunistic purchase of assets being sold by European banks and institutional investors.

U.S. exposures again saw a further drawdown in the month and were managed through the period. The Investment Vehicle Manager feels many of these positions have traded to levels which are not due to credit performance, but due to unaccommodating market technicals experienced by the credit hedge fund universe whereby poor performance in 2015 has forced assets back into the market. In addition to this, as the year ended, the Investment Vehicle Manager reduced illiquid positions which may have experienced no market support into year-end given the lack of risk appetite and limited secondary liquidity.

The sell-off in HY bonds provides selective buying opportunities in both the U.S. and Europe, given that the Investment Vehicle Manager does not expect defaults to rise as much as current spreads imply. The Investment Vehicle Manager also anticipates that asset flows from European institutions will continue to support the thesis behind the regulatory changes facing European banks and will only accelerate in 2016. With this in mind, the Investment Vehicle Manager favours sourcing assets within markets that are likely to benefit from policy stimulus and have room for margin expansion and further domestic recovery.

As at the end of December, floating rate instruments comprised 82.4% of the portfolio. Current yield at month-end was 6.0%.

## December 2015

### Share Price & NAV at 31 December 2015

	EUR	GBP
Share Price <sup>1</sup>	1.0250	1.0200
NAV <sup>2</sup>	1.0257	1.0352
Total Net Assets <sup>3</sup>	200,482,379	280,059,081
Market Capitalisation	200,337,997	275,940,098

<sup>1</sup> Share price provided as at the closing month-end market mid-price  
<sup>2</sup> Opening NAV was 0.997, after initial costs  
<sup>3</sup> Includes the impact of the utilisation of the Investment Vehicle's leverage facility and its currency hedging strategy in relation to the underlying portfolio

### Company Information

Vehicle Type	Closed-ended investment company
Domicile	Jersey
Inception Date	25 June 2013
Market	London Stock Exchange
LSE Identifier	EUR CCPE GBP CCPG
ISIN Code	EUR JE00B9G79F59 GBP JE00B9MRHZ51
Website	www.ccpeol.com

### Investment Vehicle Key Portfolio Statistics

Percentage of Portfolio in Floating Rate Assets	82.4%
Percentage of Portfolio in Fixed Rate Assets	17.6%
Weighted Average Price <sup>5</sup>	89.2
Yield to Maturity	8.6%
Current Yield	6.0%
Weighted Average Fixed Rate Coupon	7.0%
Weighted Average Floating Rate plus Margin	5.1%

Note: All metrics exclude cash unless otherwise stated  
<sup>5</sup> Average market price of the portfolio weighted against the size of each position

### Assets Classification by Pricing Category (Q4'15)

Market Pricing Service	59%
Broker Quotes	41%
Model Price	0%

## Contacts

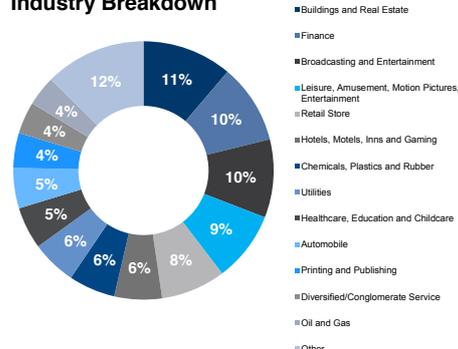
**Richard Boleat, Chairman**  
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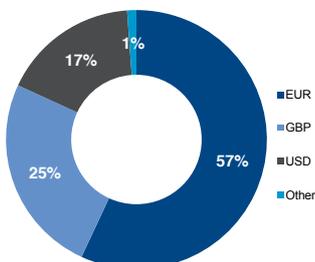
Note: Disclaimer overleaf

## Investment Vehicle Portfolio Statistics (as at 31 December 2015)<sup>3</sup>

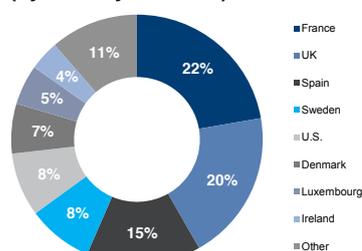
### Industry Breakdown



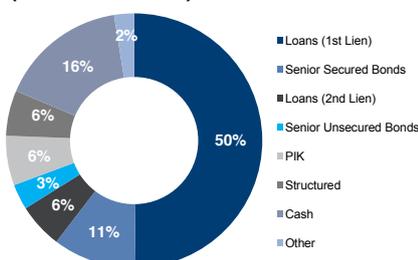
### Currency Breakdown



### Geographical Breakdown (by country of issuer)



### Asset Breakdown (incl. traded cash)



## Investment Vehicle Portfolio Statistics<sup>3</sup>

### 5 Largest Issuers

Issuer	% of GAV	Industry	Country
Icopal	4.1	Buildings / Real Estate	Denmark
RAC	3.5	Automobile	UK
Cortefiel	3.2	Retail Store	Spain
Zodiac	3.1	Leisure	France
Viridian	3.0	Utilities	Ireland

## Look Through Reporting<sup>6</sup>

### Spread Exposure

Rating	Average Spread Duration <sup>7</sup>	Market Value (EUR)	Market Value (%)
BB	5.50	32,319,752	5%
B	4.53	325,513,374	55%
CCC	2.97	20,840,156	4%
NR	3.96	217,575,423	36%

### FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	342,656,107	57%
GBP	146,022,201	25%
USD	101,830,046	17%
Other	5,740,351	1%

### Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.14	491,411,757	82%
Fixed	5.84	104,786,965	18%
Warrants	0.00	49,983	0%

#### Notes & Assumptions:

- The sum of the market values may be larger than the NAV due to the effect of the Investment Vehicle's leverage facility
- All duration and yield calculations are based on assets outstanding to maturity (no call or amortisation assumptions)
- Duration is calculated using DURATION function in Excel, and includes approximations for floating rate assets using comparable fixed rate assets
- Rating is based on the average corporate rating from S&P and Moody's
- Certain assets such as CLO equity tranches are assumed to have zero spread and interest rate duration
- The duration for non-equity CLO tranches is based on a WAL of 5 years after the end of the reinvestment period

#### Disclaimer

This Report is directed only at: (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and persons who receive this document who do not fall within (i) or (ii) above should not rely on or act upon this document.

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The Company is regulated by the Jersey Financial Services Commission.

<sup>6</sup> Data excludes cash

<sup>7</sup> Averages are weighted by market value