CVC Credit Partners European Opportunities Limited

CVC Credit Partners

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.àr.l. (the "Investment Vehicle"), a European credit opportunities investment vehicle managed by CVC Credit Partners Investment Management Limited.

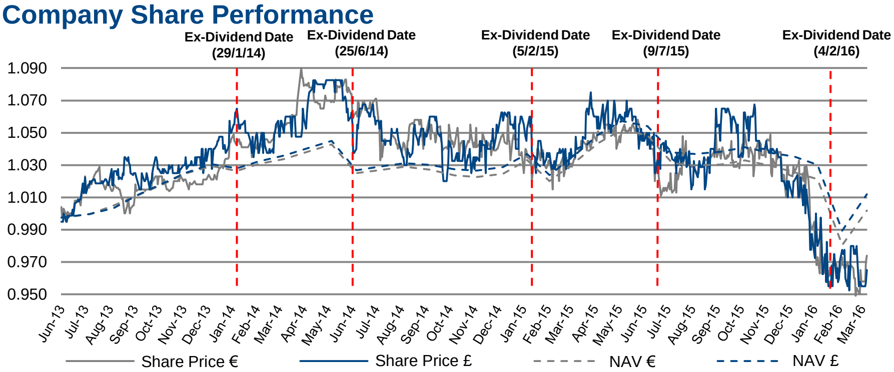
Company NAV Total Return Performance[4] (since inception)

EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2016	-0.4%	-1.6%	2.2%										**0.1%**
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
2016	-0.5%	-1.5%	2.3%										**0.2%**
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%**

[4] NAV Total Return includes dividends reinvested

Company Share Performance



Investment Vehicle Manager Market & Portfolio Commentary

The recent market turbulence in the last half of 2015 continued into Q1 2016. Equity markets closed the quarter near to where they started the year, due to the March rally. As described in the January and February monthly updates, on the back of concerns over global growth, China's slowdown and the significant drop in oil prices subsided in the latter part of the quarter as more stimulus from the European Central Bank and a less aggressive stance from the Fed, helped to restore some composure to the markets.

The ECB's announcement in March of plans to cut interest rates, expand its monthly asset purchases to €80 billion, and add investment grade euro-denominated bonds to the assets it can buy led to the biggest rally in more than a year for Eurozone credit markets in the days thereafter. The significant QE package was announced in the hope that its on-going actions will raise inflation back to target and support the recovery. The impact of this new stimulus measure will clearly underpin corporate bond prices in the eurozone and should allow for a cheaper funding environment. Potentially even more significant was the ECB's new scheme for encouraging bank lending directly; banks that can show they have increased their private non-mortgage lending will be able to borrow at negative interest rates.

There has been a lot of debate regarding Britain's referendum on its membership in the EU. According to bookmakers, the likelihood of a Brexit is only about 35%. However, should the UK vote to leave, economists expect UK growth to fall by as much as 50% over the coming few years, falling from 2% to around 1%, as uncertainty around the eventual outcome of negotiations about the UK's future relationship with the EU will discourage or delay investment and trade. Overall, the general consensus is that Britain will remain in the EU, but the Investment Vehicle Manager expects there will be opportunities to take of advantage UK market dislocation.

Buyout activity in January was strong on the back of a muted Q4'15, however, given the volatility in February and early March there was very little supply until the quarter-end. €13.3bn of European leveraged loan new issuance priced in the quarter, down 9% on Q1'15, making it the weakest reading for any Q1 since 2012. Single-B TLB all-in spreads also widened out to E + 6.05% on average, up 20 bps, from E + 5.85% in 4Q15. The driver of this was relative pricing versus the European secondary market and pricing of similar rated credit in the U.S. market. The movement in clearing levels came via an increase in OID as deals priced to clear syndication.

Q1 HY bond market primary issuance was extremely low as deals were postponed, secondary prices fell, liquidity was difficult and outflows dominated in the earlier part of the quarter. It was the worst opening quarter for primary volume since 2009, with just €7.1bn coming to market (€540m in Q1'09; €17.7bn in Q1'10). New-issuance yields rose during the first two months of the quarter, particularly for BB rated bonds where the 3-month rolling average new-issue yield rose from 4.23% at the end of December to 4.77% before the ECB's announcement in March, which initiated a dramatic shift in risk sentiment. After seeing an excess of €2bn outflows of the European HY bond market in January and February, high yield retail funds closed the quarter with total inflows of €0.6bn for Q1 and secondary markets tightened significantly.

The CS Western European HY Index was up with a return of 3.59% for the month and 1.70% year-to-date. The CS Western European Leveraged Loan Index was up with a return of 2.06% for the month and 1.03% year to date.

As discussed, the Investment Vehicle Manager was defensively positioned heading into March, with low HY bond exposure, a hedged book across energy positions, as well as running some cash on account ready to deploy into the market when the market stabilised.

Against this backdrop of dislocation, the strategy in March was to engage on relative value opportunities across the performing loan and structured finance segments of the portfolio. In addition, any activity within the Credit Opportunities segment would be limited to current exposures taking advantage of attractive prices if the assets came to market. Cash on account was reduced through the participation in a number of new performing names – both in the primary and secondary markets.

Following the ECB's actions mid-month, the portfolio mark-to-market pulled back much of the drawdown experienced through January and February. Portfolio performance is expected to be supported by the ECB's decisions across Performing Credit on new issue volume, as well the Credit Opportunities segment of the portfolio as corporates should be able to bolster balance sheets through financings, an active sponsor re-financing market and create a more supportive environment for M&A activity (i.e. realising exit opportunities).

As of the end of March, floating rate instruments comprised 88.3% of the portfolio. Current yield at month-end was 6.4%.

Source(s): S&P Leveraged Loan Review, J.P. Morgan.

March 2016

Share Price & NAV at 31 March 2016

	EUR	GBP
Share Price[1]	0.9740	0.9650
NAV[2]	1.0018	1.0119
Total Net Assets[3]	164,429,142	275,032,092
Market Capitalisation	159,868,321	262,278,026

[1] Share price provided as at the closing month-end market mid-price
[2] Opening NAV was 0.997, after initial costs
[3] 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	88.3%
Percentage of Portfolio in Fixed Rate Assets	11.7%
Weighted Average Price[5]	88.0
Yield to Maturity[8]	8.7%
Current Yield[8]	6.4%
Weighted Average Fixed Rate Coupon[8]	8.5%
Weighted Average Floating Rate plus Margin	5.2%

Note: All metrics exclude cash unless otherwise stated
[5] Average market price of the portfolio weighted against the size of each position

Assets Classification by Pricing Category (Q1'16)

Markit Pricing Service	90%
Broker Quotes	10%
Model Price	0%

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Note: Disclaimer overleaf

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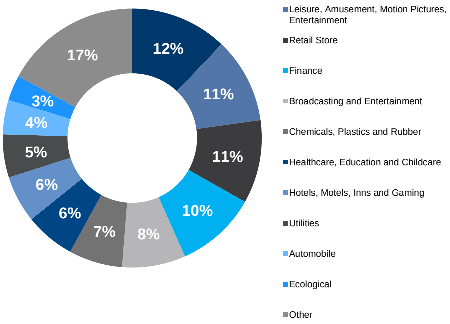
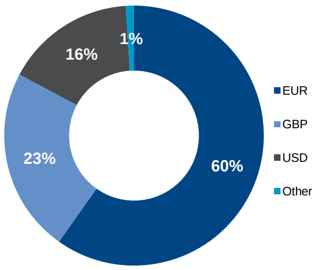
Investment Vehicle Portfolio Statistics (as at 31 March 2016)[3]

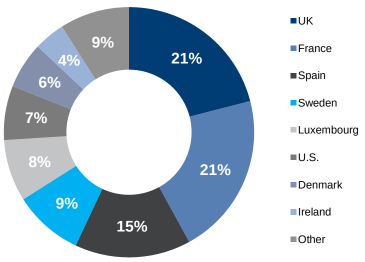
Industry Breakdown



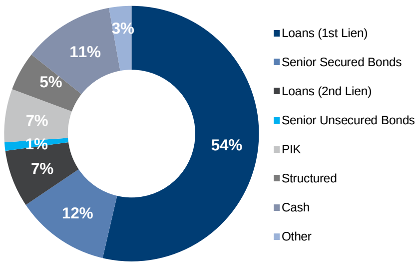
Currency Breakdown



Geographical Breakdown (by country of issuer)



Asset Breakdown (incl. traded cash)



Investment Vehicle Portfolio Statistics[3]

5 Largest Issuers

Issuer	% of GAV	Industry	Country
Icopal	4.3	Buildings / Real Estate	Denmark
Altice	3.8	Broadcasting / Entertainment	France
Zodiac	3.6	Leisure	France
Euro Garages	3.3	Retail Store	UK
RAC	3.2	Automobile	UK

Look Through Reporting[6,8]

Spread Exposure

Rating	Average Spread Duration[7]	Market Value (EUR)	Market Value (%)
BB	4.92	29,459,043	5%
B	4.51	332,765,368	56%
CCC	2.89	14,277,664	3%
NR	3.38	214,172,885	36%

FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	342,411,962	58%
GBP	129,031,507	22%
USD	113,578,237	19%
Other	5,653,254	1%

Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.14	496,848,943	84%
Fixed	5.25	93,779,498	16%
Warrants	0.00	46,519	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

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The Company is regulated by the Jersey Financial Services Commission.

[6] Data excludes cash
[7] Averages are weighted by market value
[8] Excluding short positions