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

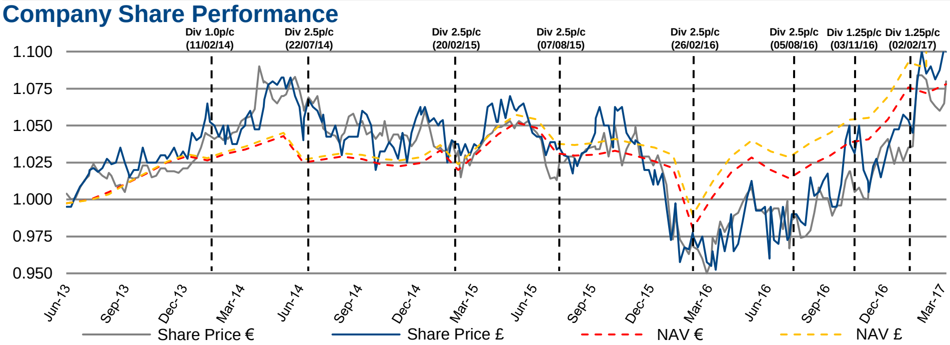
Company NAV Total Return Performance[4] (since inception)

EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	2.1%	0.8%	0.6%										**3.5%**
2016	-0.4%	-1.6%	2.2%	1.6%	1.0%	-0.8%	1.9%	0.9%	0.6%	0.9%	1.4%	1.3%	**9.3%**
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
2017	2.2%	0.8%	0.6%										**3.7%**
2016	-0.5%	-1.5%	2.3%	1.7%	1.0%	-0.7%	2.1%	0.9%	0.6%	0.9%	1.3%	1.4%	**9.8%**
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

Across the board risk assets have had a good start to the year. This follows on from strong performance in Q4 2016, which was fuelled by anticipation of U.S. led growth policies through tax cuts, increased fiscal stimulus and regulatory reform from the Trump administration, as well as U.S. business and consumer confidence surveys continuing to show a recovery from their weakness in 2015. Markets paused to consider the Trump administration's ability to effect policy change following its failure to repeal and replace the Affordable Care Act.

In Europe, the Purchasing Managers' Index rose to its highest level in over five years,[a] and consumer confidence has recovered close to pre-crisis highs. In addition, the first of the major European elections this year, in the Netherlands, rejected the anti-EU candidate, Geert Wilders, suggesting that the widely predicted break-up of the Eurozone may not be as imminent as some Eurosceptics would like to believe.

As in Q4 2016, the European loan market grappled with an accelerating supply/demand imbalance. Repricings have provided the volume through Q1 2017 as new buyout financings have been scarce, repayments have spiked, and new flows into non-CLO funds have added to a healthy CLO issuance. Q1 loan volume was up at €33.8bn being the highest quarterly volume since 2007.[b] As the market repriced, the average spread plus floor cut was 106 bps[b] pushing average yields-to-maturity lower. Yield to maturity ("YTM") for TLBs rated single-B reached 4.07% at the end of the quarter on a 3 month rolling basis, down from the 2016-high of 6.19% in April.[b] The market now presents a clear arbitrage between YTMs in Europe and the U.S. On average, dollar-denominated tranches of cross-border deals priced with a YTM of 4.17% in Q1, 44 bps wider than their euro- or sterling-denominated equivalents.[b] This move in relative yields has been a broadly consistent theme since October 2015, since which yields have compressed by 1.71% in Europe, and only 0.91% in the U.S.[b]

The HY market also began the year strongly, with €23.8bn of supply in Q1.[b] A number of strategies have evolved, with low-yielding double-Bs dominating; refinancing; bonds being replaced with loans; high sterling issuance; FRNs and debut issuers. All of this has taken place in a market of generally rising secondary prices, and inflows. The ECB's Corporate Sector Purchase Programme remained a key driver of falling yields, especially in the double-B space, where the average new-issue yield fell to 3.17% in Q1 2017, a new low since this data was first monitored in 2009.[b] Single-B new-issue yields also hit new lows of 5.64% in Q1 2017, down from 6.23% in Q4 2016, and 15 bps lower than the previous minimum of 5.79%, set in Q2 2016.[b]

Over the coming quarter, all eyes will turn to Western Europe to see whether Marine Le Pen's anti-EU stance find favour with the electorate, and to observe the volatility created by the snap election in the UK. Since the start of the year the UK has seen inflation pick up sharply and wage growth slow, putting pressure on real wages. In addition, with the UK invoking Article 50 at the end of March, there are at least two years of uncertainty as the nature of the relationship between the UK and the EU is redefined.

The Credit Suisse Western European HY Index hedged to Euro was up with a return of 0.05% for the month and 1.97% for year to date. The Credit Suisse European Leveraged Loan Index was down with a return of -0.29% for the month and up 1.18% year to date.

March was a very active month with increased levels of trading activity across both the performing credit and credit opportunities strategies.

The performing segment of the portfolio continued to navigate through the accelerated repricing and new issue volume. Nearing the end of the month it became clear that there was a floor to which the new issue market would go. The strategy allocated to the USD tranches of cross border issuers to enhance the yield profile for the same corporate issuers. It is anticipated that this strategy will continue to be a theme for Q2 2017 given the aforementioned yield arbitrage. In addition, given the continued compression in HY across the spectrum and the volatility of fund flows through the quarter, the portfolio has remained relatively light on exposure in this segment. The weighted average spread of this segment of the portfolio is 4.60% trading at a weighted average price of 100.3%.

The credit opportunities segment of the portfolio had one of the most active months through the quarter driven by (i) continued strong momentum across existing exposures and (ii) additions to positions built up through the last 2 quarters, where positive developments are becoming more apparent. Under the tightening market conditions, the portfolio also actively turned over some of its CLO equity positions as the cashflows associated with a collateral pool delivering lower income would impact the mark to market value of these exposures. In addition, time was spent managing the short position of the portfolio to focus on the retail and pharma segments, where signs of stress are flowing through the fundamentals. This remains a small part of the total portfolio strategy at 4.1%. The weighted average spread of the credit opportunities segment of the portfolio is 5.99%, trading at a weighted average price of 89.4%.

Q1 2017 continued to show strong relative performance against the indices, driven by the active management and continued strong developments within the credit opportunities segment.

Gross invested assets ended the month at 1.2x. Performing credit closed the month at 51.2% of the portfolio, and credit opportunities at 48.8%. The YTM of the portfolio of 7.9% remained within our target return range.

At the end of March, floating rate instruments comprised 89.0% of the portfolio and the current yield was 6.4% (gross).

Sources
[a] BBC News
[b] S&P LCD

March 2017

Share Price & NAV at 31 March 2017

	EUR	GBP
Share Price[1]	1.0800	1.1000
NAV[2]	1.0779	1.0961
Total Net Assets[3]	132,243,340	227,752,323
Market Capitalisation	132,506,373	228,554,253

[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	89.0%
Percentage of Portfolio in Fixed Rate Assets	11.0%
Weighted Average Price[5]	94.4
Yield to Maturity[8]	7.9%
Current Yield	6.4%
Weighted Average Fixed Rate Coupon[8]	6.8%
Weighted Average Floating Rate plus Margin	5.0%

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

Asset Classification by Pricing Category

Markit Pricing Service	95%
Broker Quotes	4%
Model Price	1%

Contacts

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Note: Disclaimer overleaf

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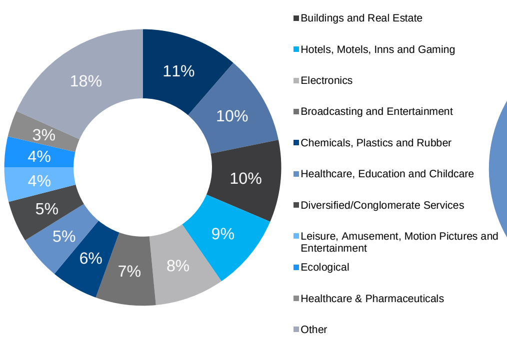
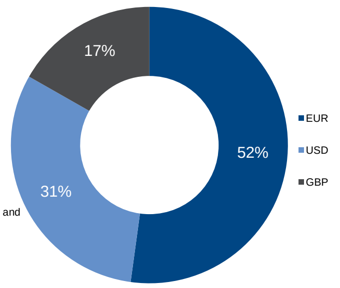
Investment Vehicle Portfolio Statistics (as at 31 March 2017)[3]

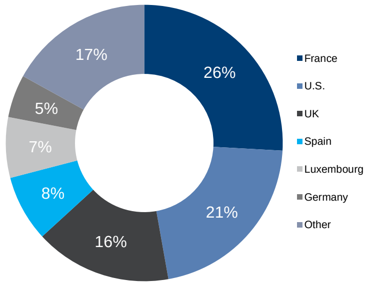
Industry Breakdown



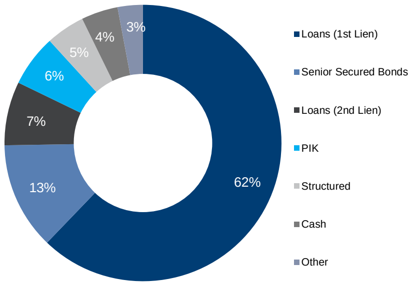
Currency Breakdown



Geographical Breakdown (by country of issuer)



Asset Breakdown (incl. traded cash)



Investment Vehicle Portfolio Statistics[3]

5 Largest Issuers

Issuer	% of GAV	Industry	Country
Consolis	4.0	Buildings & Real Estate	France
Tipico	3.7	Gaming	Luxembourg
Ambac	3.7	Finance	U.S.
Saur	3.3	Ecological	France
SFR	2.9	Broadcasting & Entertainment	France

Look Through Reporting[6,8]

Spread Exposure

Rating	Average Spread Duration[7]	Market Value (EUR)	Market Value (%)
BB	4.49	31,222,142	6%
B	4.63	294,869,608	58%
CCC	2.50	20,056,986	4%
NR	4.09	159,471,520	32%

FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	260,399,761	52%
GBP	81,403,948	16%
USD	163,816,547	32%

Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.15	434,325,199	86%
Fixed	5.50	71,194,503	14%
Other	0.00	100,554	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

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