

## 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)

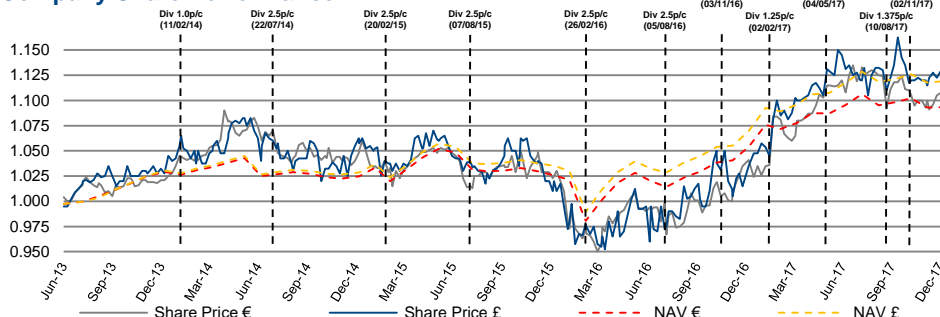
EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	2.1%	0.8%	0.6%	0.9%	1.2%	0.8%	1.0%	0.2%	0.2%	0.4%	0.4%	0.0%	8.8%
2016	-0.4%	-1.6%	2.2%	1.6%	1.0%	-0.8%	1.9%	0.9%	0.6%	0.9%	1.4%	1.3%	9.3%
2015	0.8%	1.2%	1.2%	1.2%	0.8%	-0.4%	0.8%	-0.2%	0.1%	0.2%	-0.3%	-0.4%	5.1%
2014	0.7%	0.4%	0.3%	0.4%	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%	0.9%	1.3%	0.9%	1.0%	0.3%	0.2%	0.5%	0.5%	0.1%	9.7%
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%

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

## Company Share Performance



## Investment Vehicle Manager Market & Portfolio Commentary

The macro environment in 2017 supported most asset markets. The recovery which started in 2016 strengthened by sector and geography. While deflation risks receded, inflation failed to accelerate enough to cause any concern. Central banks maintained an accommodative policy throughout 2017 supporting the markets' view of risk assets across the spectrum.

With the quiet primary market in December, the secondary market saw volatility into year end with a focus on TMT and UK consumer names, where price action was influenced by an illiquid market.

### Highlights:

- 2017 was a record-breaking year across both European HY and Loan markets.<sup>a</sup>
- 2017 loan volumes were the highest level since 2007, when the full-year supply hit €165.5bn.<sup>a</sup>
- European HY saw volumes increase 77% to €93.7bn of supply as borrowers took advantage of increased demand and tighter spreads to refinance capital structures.<sup>a</sup>
- Across the loan market, volumes were up 73% to €120.4bn, mainly driven by refinancings (44%), increased M&A volumes (41%) and recapitalisations (15%).<sup>a</sup>
- December was the second quietest month in 2017 where there was a visible slowdown in issuances of €6.1bn for HY and €4.4bn for Loans.<sup>a</sup>
- HY new issue spreads for the BB's averaged 3.1% for 2017 (2.9% for the month of Dec-17) versus 3.8% for 2016, while B's were at 5.4% (5.3% for Dec-17) versus 6.2% for 2016.<sup>a</sup>
- For loans, new issue spreads compressed to c.340bps for 2017 versus c.400bps for 2016.<sup>b</sup>
- Structurally, average net debt ratio crept up slightly from 5.0x for 2016 to 5.2x in 2017, however it remained c.50% of capital structures as purchase price multiples moved higher from 9.2x to 10.0x.<sup>b</sup>

The Credit Suisse Western European HY Index hedged to Euro was up with a return of +0.03% for the month, closing the year at 6.28%. The Credit Suisse European Leveraged Loan Index was flat for the month at 0.00%, closing up 3.30% for the year.

Looking towards 2018, the market anticipates that cyclical growth will be on-going for an extended period. There also appears to be scope for growth to broaden further across Europe and emerging markets. Macroeconomic risks across these regions have receded and there is upside potential if productivity picks up alongside trade and investment. In the US, where the cycle is more mature, the leading indicators remain strong and point to solid corporate earnings in 2018. Central banks will remain pivotal, where tapering in Europe, rate normalisation in the US and a 0% rate fix in Japan should help support market sentiment.

Performing credit maintained an average allocation of 47% to the strategy through the year closing with a weighted average price of 97.9%, trading at a YTM of 4.9%. Gross return attribution for this segment was 5.2% for the year which was in line with our expectations and a significant outperformance to the index. As per the monthly reports, this strategy allocated to the primary new issue market across large capital structures whilst opportunistically trading for relative value.

Credit opportunities maintained an average allocation of 44% to the strategy through the year, closing with a weighted average price of 92.0% trading at a YTM of 9.1%. Gross return attribution for this segment was 20.4%, emphasising its valuable contribution to the on-going strategy of this portfolio. As per the monthly reports, this segment saw positive momentum across a number of single name situations where the thesis driven approach seeking M&A/refinancing events or underlying improvement in cash flow performance saw mark to market gains as well as absolute exits.

At the end of December 2017 and leading into 2018, the portfolio remains relatively defensively positioned being light in fixed income HY at 9%, and 87.6% floating rate instruments (loans & bonds) as well as 14% cash. The current yield of the portfolio is 5.8%, trading at a weighted average market price of 94.9, maintaining convexity in the portfolio into 2018. Gross assets remained in line with previous months at 1.3x. To note, in December 2017, the non mark to market leverage facility at the Investment Vehicle level was refinanced at terms that the Investment Vehicle Manager believes to be more attractive in cost as well as flexibility.

Looking towards 2018, it is anticipated that the new issue market across loans and HY will remain supported by the macro economic environment and central bank positioning. Across credit opportunities, as per 2017, the positive market dynamics and stable/stronger fundamentals should lead to positive exit events in 2018. In addition, there remains a strong pipeline of single name issuers being monitored as prospective holdings for the portfolio.

## December 2017

### Share Price & NAV at 31 December 2017

	EUR	GBP
Share Price <sup>1</sup>	1.1090	1.1325
NAV <sup>2</sup>	1.0933	1.1190
Total Net Assets <sup>3</sup>	134,451,748	331,462,152
Market Capitalisation	136,376,595	335,448,595

<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 87.6%

Percentage of Portfolio in Fixed Rate Assets 12.3%

Percentage of Portfolio in Other 0.1%

Weighted Average Price<sup>5</sup> 94.9

Yield to Maturity<sup>8</sup> 7.1%

Current Yield 5.8%

Weighted Average Fixed Rate Coupon<sup>8</sup> 7.1%

Weighted Average Floating Rate plus Margin 5.0%

Note: All metrics exclude cash unless otherwise stated

<sup>5</sup> Average market price of the portfolio weighted against the size of each position

## Asset Classification by Pricing Category

3<sup>rd</sup> Party Pricing Service 95%

Broker Quotes 4%

Model Price 1%

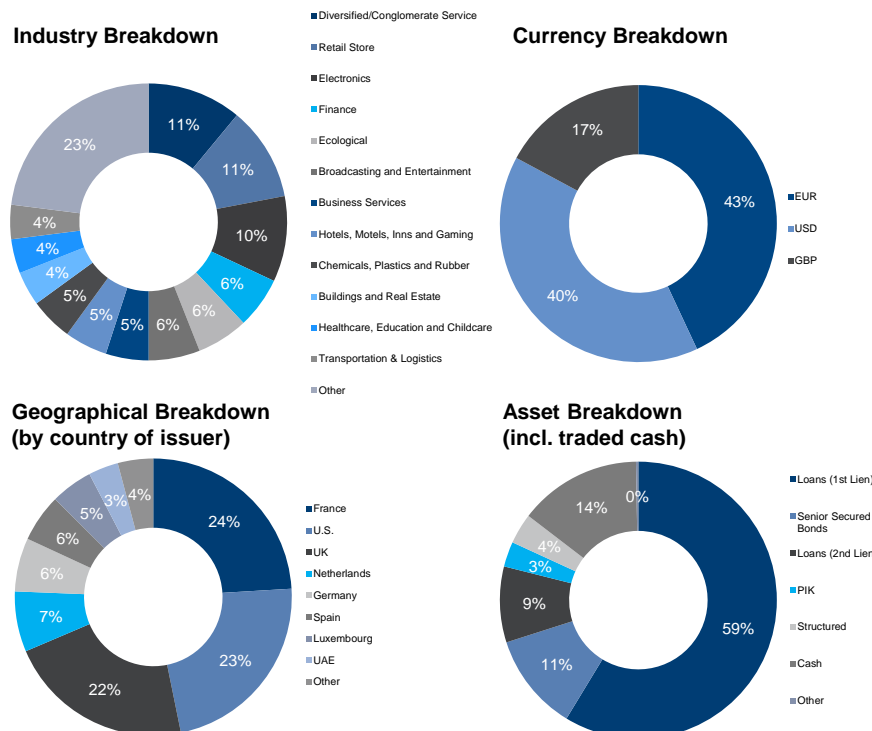
## Contacts

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Note: Disclaimer & notes overleaf

## Investment Vehicle Portfolio Statistics (as at 31 December 2017)<sup>3</sup>



## Investment Vehicle Portfolio Statistics<sup>3</sup> (as at 31 December 2017)

### 5 Largest Issuers

Issuer	% of GAV	Industry	Country
Saur	5.1	Ecological	France
Camaieu	3.2	Retail	France
Ambac	3.0	Finance	U.S.
Ceva	2.9	Transport & Logistics	UK
Dubai World	2.9	Diversified/Conglomerate Service	UAE

## Look Through Reporting<sup>6,8</sup> (as at 31 December 2017)

### Spread Exposure

Rating	Average Spread Duration <sup>7</sup>	Market Value (EUR)	Market Value (%)
BBB	2.86	20,533,082	3%
BB	5.83	30,918,230	6%
B	4.68	284,818,414	53%
CCC	2.37	57,810,294	11%
NR	3.43	146,051,781	27%

### FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	239,640,469	44%
GBP	89,694,556	17%
USD	210,796,776	39%

### Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.41	460,892,613	85%
Fixed	4.70	78,578,835	15%
Other	0.00	660,353	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

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The Company is regulated by the Jersey Financial Services Commission.

The Credit Suisse Western European HY Index and The Credit Suisse European Leveraged Loan Index, are monthly return indices designed to be an objective proxy for the investable universe for the Western European High Yield and Leveraged Loan markets. These indices may not necessarily be indicative of the investment strategies for the funds advised by CVC Credit. Assets and securities contained within indices are different than the assets and securities contained in CVC Credit's investment vehicles and will therefore have different risk and reward profiles. The returns of the indices are provided solely as an illustration of the market and economic conditions generally prevailing during the periods shown. Indices are not investments, are not professionally managed and do not reflect deductions for fees or expenses.

<sup>6</sup> Data excludes cash  
<sup>7</sup> Averages are weighted by market value  
<sup>8</sup> Excluding short positions