

CVC Credit Partners European Opportunities Limited



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 Performance⁴ (since inception)

EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.8%	0.4%	0.2%										1.5%
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
2018	0.9%	0.5%	0.3%										1.6%
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%

⁴ NAV Total Return includes dividends reinvested

Company Share Performance



Investment Vehicle Manager Market & Portfolio Commentary

2018 has not lacked headlines to drive periods of volatility in equity markets. Despite this, the outlook remains the same as the start of the year - healthy global growth and accommodative monetary policy across developed economies will broadly support risk assets for 2018.

In the Eurozone, indicators of growth (PPIs etc) are still consistent with growth expectations of over 2% across the region. Consumer confidence, which has historically been positively correlated with Eurozone equities, has remained at sustained growth levels as the unemployment rate continues to decline. Inflation forecasts have been revised lower despite increasing growth forecasts. The removal of quantitative easing by the end of this year remains likely, but the ECB has expressed caution in raising interest rates so as not to impede the start of the economic recovery.

In the US growth remained steady while the market contemplated whether Trump's fiscal stimulus plan could overheat the economy. Consumer confidence is higher, jobless claims lower, job openings at the highest level on record, house prices continue to rise with building permits for new homes increasing and business investment remains strong. Under this backdrop the Fed seems confident that the US economy can withstand higher interest rates. In March, members of the Fed, under Jerome Powell's new leadership, revised up their expectations of the pace at which they will increase interest rates next year. The Fed's median expectation is now for 3 rate rises in 2019.

Highlights

- Issuance across the European leveraged loan market fell to just €7.6 billion in March, after supply in January and February of €14.8 billion and €13.3 billion, respectively. Overall, activity in Q1 2018 matched Q1 2017, with €35.7 billion of total loan issuance in the first three months of 2018, compared to €35.4 billion.^a
- In total for Q1 2018, 61.8% of activity in the loan market was M&A-related, 31.2% was earmarked to support refinancing, and 6.7% was used to finance a dividend recap.^a
- First-quarter activity in the European high-yield bond market fell to just €19.6 billion, compared to €24.9 billion in Q1 2017. March was the busiest month of the quarter, with €9.7 billion of volume reported, compared to €6 billion in January, and €3.8 billion in February.^a

Overall, despite the volatility, the outlook for global growth continues to look positive with the gradual removal of monetary policy; the road ahead may well be bumpy.

The Credit Suisse Western European HY Index hedged to Euro was down with a return of -0.31% for the month and down -0.75% for year to date. The Credit Suisse European Leveraged Loan Index hedged to Euro was up with a return of 0.10% for the month and up 0.90% year to date.

The portfolio performed well through the quarter as we remained defensively positioned into these periods of volatility – holding cash and remaining weighting to senior secured floating rate issuers in large liquid capital structures.

The European performing loan market, as per recent market commentary, remains very well bid given the strong fundamental outlook for the region, which has allowed issuers to continue to price new issue at the tight spread levels seen during Q4 2017. Much of the portfolio activity within this segment of the portfolio has been to actively trade this new issue flow to optimise the yield profile, as well as managing hedging costs associated with USD Term Loans which have been held for income/relative value as the basis between EUR and USD has widened.

Across Credit Opportunities, volumes and performance continues to be focused on existing positioning. There are a number of positions within the portfolio which, despite these short periods of volatility, are tracking to exits and will help stabilise and deliver market outperformance to this strategy. In addition, there remains a healthy pipeline of ideas flowing across the platform which have been identified as on-going opportunities for the portfolio.

Many market participants are asking at what level of interest rates in the US will we start to see a negative impact on economic activity. Though this question is always difficult to assess in real time, we are increasingly monitoring areas of the economy that have seen an increase in leverage. We are particularly mindful that leverage in the corporate sector is high by historic standards, and the corporate debt service ratio is rising. This could be the primary channel by which higher interest rates eventually pose a risk to the US economy and create volatility across the HY, loan and financing markets.

As at the end of March, Performing Credit held a 53% allocation with a weighted average price of 99.5 trading at a YTM of 4.6% delivering a 4.5% cash yield to the portfolio. Credit Opportunities maintained a 47% allocation to the strategy closing the month at a weighted average price of 91.9 trading at a YTM of 9.5% delivering a 6.6% cash yield to the portfolio.

As at the end of March, floating rate instruments comprised 91.6% of the portfolio. The current yield is 6.1% (gross) with a weighted average market price of 95.4. The cash position was 10.3%.

March 2018

Share Price & NAV at 31 March 2018

	EUR	GBP
Share Price ¹	1.1150	1.1400
NAV ²	1.0955	1.1235
Total Net Assets ³	137,468,073	337,856,597
Market Capitalisation	139,911,113	342,817,424

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 91.6%

Percentage of Portfolio in Fixed Rate Assets 8.3%

Percentage of Portfolio in Other 0.1%

Weighted Average Price⁵ 95.4

Yield to Maturity⁸ 7.2%

Current Yield 6.1%

Weighted Average Fixed Rate Coupon⁸ 7.7%

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

3rd Party Pricing Service 96%

Broker Quotes 3%

Model Price 1%

Contacts

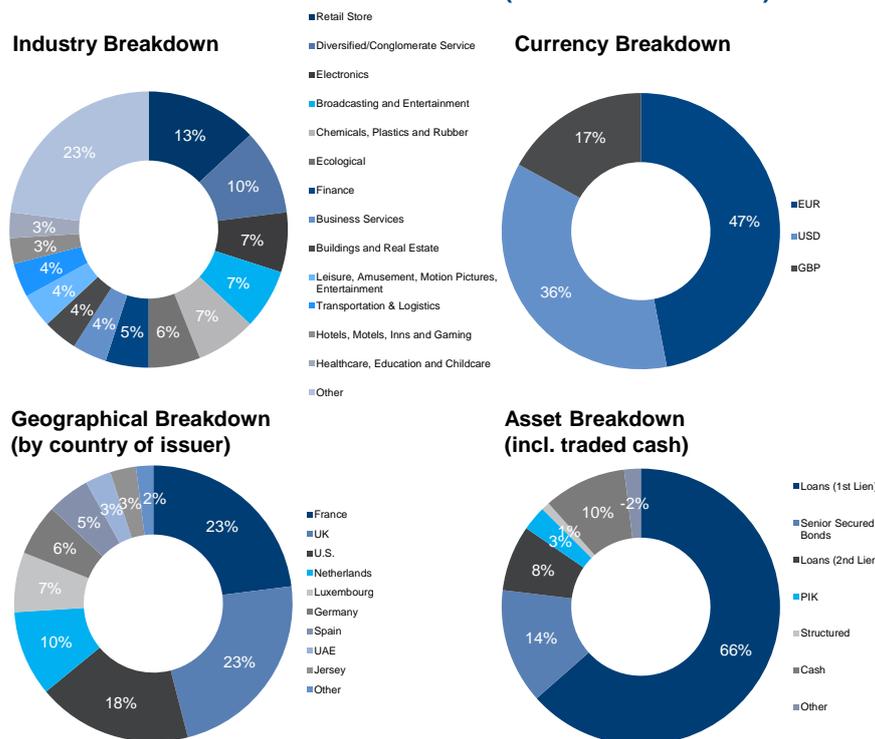
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Note: Disclaimer & notes overleaf

Sources

^a LCD European Playbook – 3 April 2018

Investment Vehicle Portfolio Statistics (as at 31 March 2018)³



Disclaimer

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The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act") and, as such, holders of the Company's securities will not be entitled to the benefits of the Investment Company Act. The securities discussed herein have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US persons absent registration or an exemption from registration under the US Securities Act in a manner that would not require the Company to register under the US Investment Company Act 1940. No public offering of securities will be made in the United States. No securities may be offered or sold, directly or indirectly, into the United States to US persons absent registration or an exemption from registration under the US Securities Act and in a manner that would not require the Company to register under the US Investment Company Act of 1940.

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.

Investment Vehicle Portfolio Statistics³ (as at 31 March 2018)

5 Largest Issuers

Issuer	% of GAV	Industry	Country
Saur	5.1	Ecological	France
Ceva	3.4	Transport & Logistics	UK
Camaieu	3.1	Retail	France
Dubai World	2.8	Diversified/Conglomerate Service	UAE
Ambac	2.8	Finance	U.S.

Look Through Reporting^{6,8} (as at 31 March 2018)

Spread Exposure

Rating	Average Spread Duration ⁷	Market Value (EUR)	Market Value (%)
BBB	3.88	12,682,860	2%
BB	6.02	20,342,776	4%
B	4.64	316,162,530	55%
CCC	2.21	78,995,468	14%
NR	3.58	143,973,233	25%

FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	272,916,552	48%
GBP	91,244,066	16%
USD	207,996,249	36%

Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.17	504,256,859	88%
Fixed	5.09	67,509,435	12%
Other	0.00	390,573	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