

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.

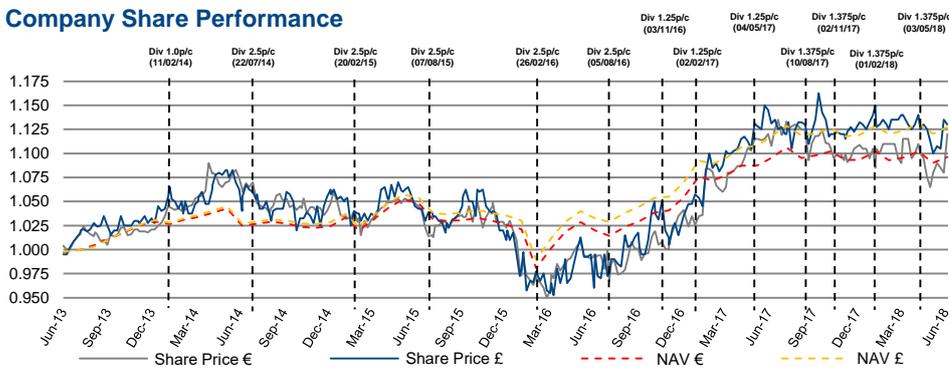
Company NAV Total Return Performance⁴ (since inception)

EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.8%	0.4%	0.2%	0.6%	0.2%	0.6%							2.8%
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%	0.6%	0.3%	0.6%							3.3%
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

Through the first half of the year, the divergent monetary policy across the US and Europe continued to impact markets. A strong US economy gave the Fed the reason to raise interest rates again in June and signal 2 further hikes to come this year, followed by 3 more next year. In contrast, after more disappointing data and low core inflation, the ECB guided that while quantitative easing would come to an end, interest rates will be held until mid-2019. In the UK, the BoE was expected to raise rates in May following positive UK retail sales and the lowest unemployment measure since 1975 indicating firming wage pressure, however, the BoE expressed that rates will only rise if Brexit negotiations prove successful.

Despite a sharp increase in Italian government borrowing, costs post elections (and expected fiscal largesse from the new government), contagion to other European bond markets was minimal. Surveys suggest that support for the Euro in Italy has actually risen, with only 29% in favour of leaving the Euro, 61% in favour of staying and the rest unsure. As a result, it feels as though Italian politics is unlikely to become a systemic issue for European markets but it could remain a source of volatility in the near term. The other area of weight on markets through 2018 has been the initiation of protectionist trade policies. This impacted emerging market equities and European equities, specifically in automobiles which are suffering from fears that US tariffs could be applied to car imports. The conclusion of this posturing is hard to predict, but the longer this drags on the greater the risk that it starts to impact sentiment more broadly.

European Sub Investment Grade Highlights

- June leverage issuance remains strong at €18.0bn (€20.3bn LY), split €10.4bn loans (€10.5bn) and €7.5bn HY (€9.8bn). YTD issuance of €104.5bn (€104.5bn LY) comprises €62.5bn loans (€58.4bn) and €42.0bn HY (€46.1bn). YTD loan volumes have been 70% acquisition, 23% refinancing with the balance being recaps. YTD bond volumes have been 59% refinancing, 31% acquisitions with the balance being recaps and general corporate purposes.^a

- TL B new issue spreads in June were E+375 which compares with E+364 at the start of the year (Jun'18 YTM 4.06% vs. 3.75% Jan'18) while total leverage stats have actually declined, from 5.56x to 5.16x (first lien leverage down from 4.84x to 4.48x).^a

- In the HY space, single B new issue YTM's on a rolling 3 month basis widened out to 6.24% from 5.31% at the end of 2017 (+93bps), with BB new issue hitting 3.80% versus 2.91% (+89bps). YTD'18 has seen 47% of single B deal prices at or wide of guidance versus 15% for YTD'17 (42% versus 17% for BB deals). Again, as seen in loans, the actual leverage for bond deals have declined over the period, being 4.5x for Q2'18, 5.2x for Q4'17 and 4.85x Q2'17. B versus BB spread differential has remained at 240-245bps throughout the period.^a

Overall, economic growth still looks broadly healthy across geographies and corporate earnings are growing, but we see a number of risks going into H2 2018, particularly political and rate risks. Both of these are building opportunities across the credit spectrum for the strategy.

The Credit Suisse Western European HY Index hedged to Euro was down with a return of (0.31)% for the month and down (1.37)% for year to date. The Credit Suisse European Leveraged Loan Index hedged to Euro was down with a return of (0.49)% for the month and up 0.90% year to date.

As the new issue loan market began to reprice in June following weakness in secondary markets, the performing credit portfolio focused on rotating out of lower spread assets and into the higher yielding new issue. The pipeline for issuance remains strong and with widening liabilities across the CLO capital structure, it is anticipated that new issue will price at higher yields in the coming quarter. There continues a theme to reduce USD performing credit positions as hedging costs are expected to increase into H2 2018 given rate differentials. The focus for this segment remains to be allocating to high quality and liquid floating rate senior secured capital structures to generate stable income and to maintain a defensive position in the current market environment. The current cash yield to the performing portfolio is 4.4%, trading at a weighted average market price of 98.4 and a YTM of 4.6%.

Across credit opportunities, performance of this segment of the portfolio continues to drive the outperformance of the strategy, against the index. In June, a number of positions in this segment moved towards exit events or repriced in the secondary market following credit positive recovery events underwritten at the time of investment. Portfolio management here continues to be to active across existing and new positions. The current cash yield to the credit opportunities portfolio ended at 6.5%, trading at a weighted average market price of 92.7 and a YTM of 11.1%.

Performing credit closed the month at 48.6% of the portfolio (including cash), and credit opportunities at 51.4%. Our exposure to HY fixed rate remains very low at net 7.4% (including shorts).

At the end of June, floating rate instruments comprised 91.5% of the portfolio. The current yield was 6.3% (gross) with a weighted average market price of the portfolio of 95.3. The cash position was 3.7%.

Sources

^a S&P LCD - July 2018

June 2018

Share Price & NAV at 30 June 2018

	EUR	GBP
Share Price ¹	1.1200	1.1300
NAV ²	1.0962	1.1273
Total Net Assets ³	133,019,761	339,272,439
Market Capitalisation	135,905,427	340,072,024

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 91.5%

Percentage of Portfolio in Fixed Rate Assets 8.5%

Percentage of Portfolio in Other 0.0%

Weighted Average Price⁵ 95.3

Yield to Maturity^a 8.2%

Current Yield 6.3%

Weighted Average Fixed Rate Coupon^a 7.6%

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%

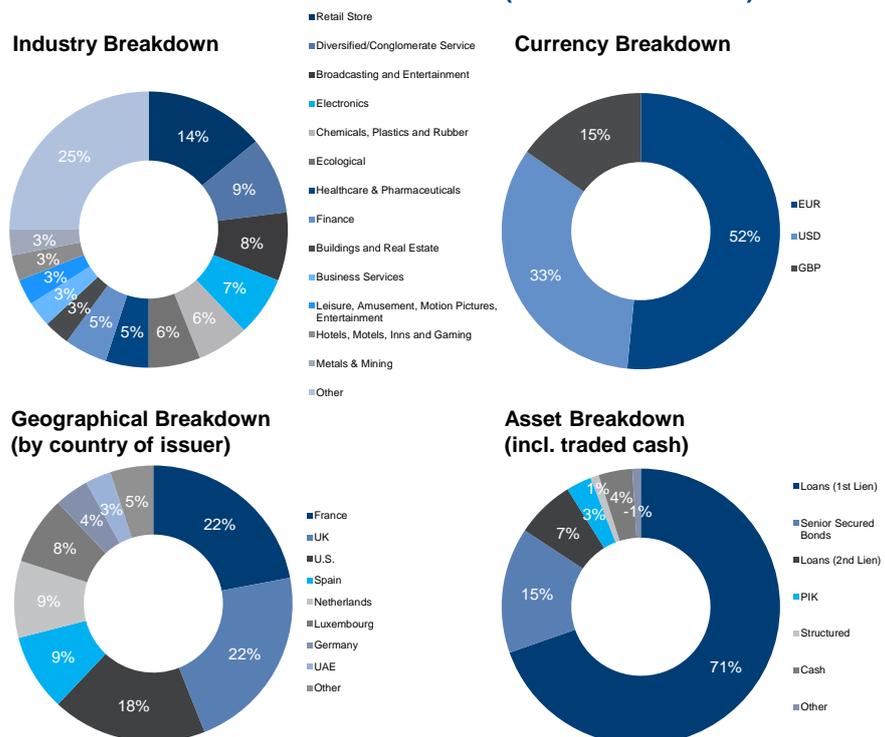
Model Price 1%

Contacts

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Note: Disclaimer & notes overleaf

Investment Vehicle Portfolio Statistics (as at 30 June 2018)³



Investment Vehicle Portfolio Statistics³ (as at 30 June 2018)

5 Largest Issuers

Issuer	% of GAV	Industry	Country
Saur	5.2	Ecological	France
Camaieu	3.1	Retail	France
Zodiac	3.1	Leisure	France
Ambac	3.0	Finance	U.S.
Celsa	2.9	Metals & Mining	Spain

Look Through Reporting^{6,8} (as at 30 June 2018)

Spread Exposure

Rating	Average Spread Duration ⁷	Market Value (EUR)	Market Value (%)
BB	5.48	27,331,900	4%
B	4.41	351,423,172	57%
CCC	2.15	54,653,183	9%
NR	3.33	187,108,359	30%

FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	318,638,387	51%
GBP	96,788,385	16%
USD	205,089,842	33%

Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.16	540,221,306	87%
Fixed	4.75	80,034,088	13%
Other	0.00	261,220	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.

⁶ Data excludes cash

⁷ Averages are weighted by market value

⁸ Excluding short positions