

## 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)

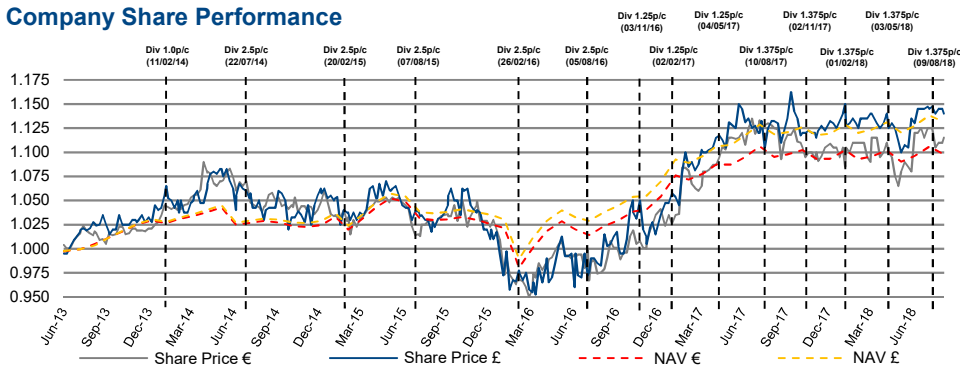
EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.8%	0.4%	0.2%	0.6%	0.2%	0.6%	0.9%	0.5%					4.3%
2017	2.1%	0.8%	0.6%	0.9%	1.2%	0.8%	1.0%	0.2%	0.2%	0.4%	0.4%	0.0%	8.8%
2016	-0.4%	-1.6%	2.2%	1.6%	1.0%	-0.8%	1.9%	0.9%	0.6%	0.9%	1.4%	1.3%	9.3%
2015	0.8%	1.2%	1.2%	1.2%	0.8%	-0.4%	0.8%	-0.2%	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%	1.0%	0.6%					4.9%
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

Geopolitical themes have continued to keep markets interesting. In August there was the reintroduction of US sanctions against Iran, Brexit negotiations stalling, new tensions between Turkey and the US, a deterioration of trade talks between the US and China, and volatility in the Italian government bond market (linked to Turkey foreign exchange and/or macro conditions). Despite this, whilst most risk assets moved around, the S&P 500 weathered these concerns supported by very strong economic data and low inflation data coming out of the US.

US Q2 2018 net trade and consumption both grew strongly with all indicators pointing to another robust print expected in Q3. Consumption should also support GDP growth in Q3 as retail sales rose more than expected in July (monthly growth of 0.5% versus consensus expectations of 0.1%) indicating fiscal reform and a strong labour market. In Europe, August data provided indication that H2 2018 should see an improvement in economic growth which was slower in H1 2018. Q2 2018 GDP growth was revised up to 2.2% on an annualised basis. Core inflation remains low at 1.0% year on year and as such the ECB, as indicated, is likely to keep interest rates on hold until this time next year.

### European Sub Investment Grade Highlights

- August leverage issuance was seasonally low at €1.5bn (€1.1bn Last Year ("LY")), split €0.4bn loans (€0.9bn) and €1.1bn High Yield ("HY") (€0.3bn). YTD loan volumes have been 72% acquisition, 21% refinancing with the balance being recaps. YTD bond volumes have been 59% refinancing, 31% acquisitions with the balance being recaps and general corporate purposes.<sup>a</sup>
- TL B new issue spreads in August were E+402bps, up 2bps month on month and compares with E+364 at the start of the year (August 2017 E+387bps). A trend we have seen since March 2018 is a steady increase in total leverage, up from 5.3x to 5.5x as at August 2018, albeit this has come with a widening of spreads, from E368bps to E+402bps.<sup>a</sup>
- In the HY space, single B new issue YTM's on a rolling 3 month basis widened out to 6.49% from 5.31% at the end of 2017 (+118bps), with BB new issue hitting 3.53% versus 2.91% (+62bps). YTD 2018 has seen 50% of single B deal prices at or wide of guidance versus 17% for YTD 2017 (40% versus 16% for BB deals). B versus BB spread differential has mostly remained in the region of 230bps throughout 2017 & H1 2018, albeit we have seen this widen to c. 300bps for August 2018.<sup>a</sup>

The Credit Suisse Western European HY Index hedged to Euro was up with a return of 0.17% for the month taking YTD returns to 0.17%. The Credit Suisse European Leveraged Loan Index hedged to Euro was up 0.36% for the month and up 1.78% year to date.

Market activity was extremely quiet with limited new issue volumes across loans and HY – although it has been well indicated that, starting September, a number of larger transactions are due to come to market in both the US and EU. The performing credit market remained well bid where spread widening experienced during mid-June through to July trended tighter, supporting the performance of the portfolio.

Given the low volumes in the primary markets, much of the portfolio activity through the month was focused on positioning across the credit opportunities strategy where we initiated a new name as well as adding in small size to existing positions.

As of August close, performing credit holds a 54.2% allocation with a weighted average price of 99.1, trading at a YTM of 4.6%, delivering 4.5% cash interest to the portfolio. Credit opportunities maintained a 45.8% allocation to the strategy closing the month at a weighted average price of 92.5, trading at a YTM of 10.2%, delivering 6.4% cash interest to the portfolio.

At the end of August, floating rate instruments comprised 88.9% of the portfolio. The current yield is 5.8% (gross) with a weighted average market price of the portfolio of 95.7. Cash position was 9.9%.

## August 2018

### Share Price & NAV at 31 August 2018

	EUR	GBP
Share Price <sup>1</sup>	1.1150	1.1400
NAV <sup>2</sup>	1.0980	1.1313
Total Net Assets <sup>3</sup>	134,495,106	373,687,580
Market Capitalisation	136,576,933	376,555,731

<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 88.9%

Percentage of Portfolio in Fixed Rate Assets 11.0%

Percentage of Portfolio in Other 0.1%

Weighted Average Price<sup>5</sup> 95.7

Yield to Maturity<sup>8</sup> 7.5%

Current Yield 5.8%

Weighted Average Fixed Rate Coupon<sup>8</sup> 7.5%

Weighted Average Floating Rate plus Margin 4.8%

Note: All metrics exclude cash unless otherwise stated

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

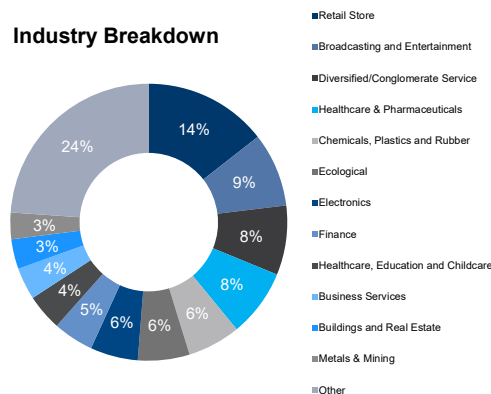
## Contacts

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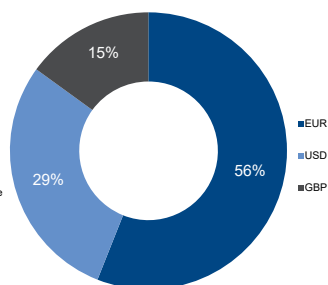
Note: Disclaimer & notes overleaf

## Investment Vehicle Portfolio Statistics (as at 31 August 2018)<sup>3</sup>

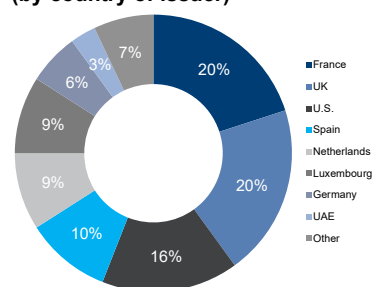
### Industry Breakdown



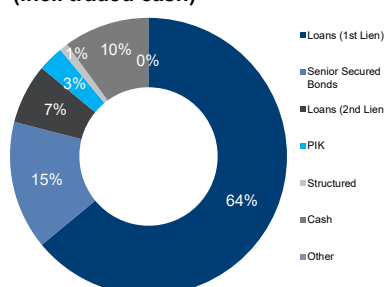
### Currency Breakdown



### Geographical Breakdown (by country of issuer)



### Asset Breakdown (incl. traded cash)



## Investment Vehicle Portfolio Statistics<sup>3</sup> (as at 31 August 2018)

### 5 Largest Issuers

Issuer	% of GAV	Industry	Country
Saur	5.3	Ecological	France
Altice	2.9	Broadcasting/Entertainment	Luxembourg
Ambac	2.9	Finance	U.S.
Camaieu	2.8	Retail Store	France
Celsa	2.7	Metals & Mining	Spain

## Look Through Reporting<sup>6,8</sup> (as at 31 August 2018)

### Spread Exposure

Rating	Average Spread Duration <sup>7</sup>	Market Value (EUR)	Market Value (%)
BB	5.73	25,822,487	4%
B	4.56	333,821,253	54%
CCC	2.02	60,043,396	10%
NR	3.72	195,677,984	32%

### FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	339,481,970	55%
GBP	96,165,329	16%
USD	179,717,821	29%

### Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.11	522,842,745	85%
Fixed	4.88	92,135,307	15%
Other	0.00	387,068	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

This Report is directed only at: (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and persons who receive this document who do not fall within (i) or (ii) above should not rely on or act upon this document.

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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