

## 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)

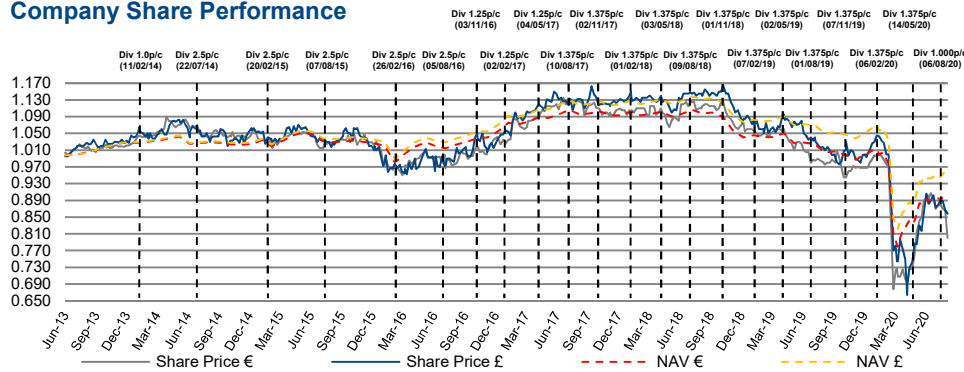
EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	1.2%	-1.1%	-20.7%	6.4%	4.8%	3.5%	0.6%	2.2%					-5.9%
2019	0.5%	0.8%	0.0%	0.9%	-0.9%	0.1%	-0.3%	-0.6%	0.2%	-0.9%	0.4%	1.4%	1.6%
2018	0.8%	0.4%	0.2%	0.6%	0.2%	0.6%	0.9%	0.5%	0.2%	-1.0%	-1.8%	-1.5%	0.1%
2017	2.1%	0.8%	0.6%	0.9%	1.2%	0.8%	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
2020	1.6%	-1.0%	-21.2%	6.6%	5.3%	3.5%	0.7%	2.2%					-5.2%
2019	0.7%	0.9%	0.2%	1.0%	-0.7%	0.2%	-0.2%	-0.6%	0.3%	-0.6%	0.5%	1.5%	3.1%
2018	0.9%	0.5%	0.3%	0.6%	0.3%	0.6%	1.0%	0.6%	0.2%	-0.8%	-1.6%	-1.5%	1.0%
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

August was another strong month for financial markets. Historically, we have sometimes seen volatility in August due to a lack of liquidity. This year however, we had a very firm August and the recovery that started late March continued for a 5th straight month. US equity markets powered through the all-time highs they reached in February and this risk-on tone spread to European sub-investment grade markets.

### European Sub Investment Grade Highlights

Loan issuance in Europe was seasonally slow in August with only €2.10bn of issuance, down from close to the €7.50bn mark in each of the previous two months. New issue spreads averaged E+426 during the quarter to date which is still 54bps wide of where they were in the beginning of the year. There was no high yield issuance during the month.<sup>a</sup>

The Credit Suisse Western European Leveraged Loan Index, hedged to Euro, returned 1.20% for the month. The Year to Date ("YTD") return on the index is now -1.85%. The average price on the index is now 94.13 and the 3-year discount margin is 564bps. The Credit Suisse Western European High Yield Index, hedged to Euro, returned 1.35% for the month and YTD returns are now at -2.73%.

As is seasonal, the month of August tends to be much quieter, and despite the backdrop of Covid-19, the interaction between the portfolio and the market did indeed slow.

During August the performing book: 1) participated in one new issue, a high quality and defensive TMT name pricing at attractive levels, 2) took profit in a grocer with a somewhat softer outlook, and 3) monetised a 'cash equivalent' position we had invested in at attractive levels during the peak of the volatility in order to recycle the capital, thus maintaining the recent theme across this segment. As we look at the existing book, we feel well positioned, generating good income across a diverse range of large stable issuers at attractive levels. The month saw general price appreciation across the assets held. We will continue to actively trade the portfolio as opportunities show themselves. As of August close, performing credit (including cash) was at 34.7% of the portfolio with a weighted average price of 97.1, trading at a YTM of 4.5%, delivering 4.1% cash yield to the portfolio.

Credit opportunities was a little more active, as is the nature of the strategy, and: 1) added to an already core position as the performance and outlook improved further, 2) took profit in a logistics provider where the relative value was becoming light compared with other opportunities in the book, and 3) actively traded the complex of a relatively new name to the strategy. The core positions in this segment of the portfolio performed exceptionally well again in the month, driving material outperformance to the wider indices, and continue to hold significant value which we believe will be unlocked in the coming quarters. We consolidated our short book while the structured finance positions further benefit from improvements in the value of the underlying collateral. As of August close, credit opportunities was 65.3% of the portfolio, trading at a weighted average price of 86.4 and a YTM of 10.0%, whilst delivering a 6.8% cash yield to the portfolio.

On a total portfolio basis, as of August month end, the weighted average market price was 90.0, trading at a YTM of 8.0%, and delivering 7.7% cash yield (on a levered basis) versus a weighted average price of 94.7, YTM of 6.6% and cash yield of 5.7% as of December 2019. Floating rate instruments comprised 84.3% of the portfolio. Senior Secured 87.2%. The portfolio had a cash position of 1.2% (including leverage) with leverage at 1.3x assets.

We remain pleased with the portfolio performance and recovery on a YTD basis. Since March, the portfolio has outperformed the market due to our active management at the height of the volatility as well as through the recovery of the credit opportunities segment of the portfolio, which we continue to see playing out. New situations in credit opportunities are abundant, however we are being very selective on industries, geographies and individual issuers as we feel that the recovery in credit is still at an early stage.

## Sources

<sup>a</sup> LCD, an offering of S&P Global Market Intelligence - September 2020

## August 2020

### Share Price & NAV at 31 August 2020

	EUR	GBP
Share Price <sup>1</sup>	0.8000	0.8580
NAV <sup>2</sup>	0.9043	0.9600
Total Net Assets <sup>3</sup>	112,812,524	197,579,274
Market Capitalisation	99,798,254	176,593,446

<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 84.3%

Percentage of Portfolio in Fixed Rate Assets 13.9%

Percentage of Portfolio in Other 1.8%

Weighted Average Price<sup>5</sup> 90.0

Yield to Maturity<sup>8</sup> 8.0%

Current Yield<sup>9</sup> 7.7%

Weighted Average Fixed Rate Coupon<sup>8</sup> 7.7%

Weighted Average Floating Rate plus Margin<sup>8</sup> 5.1%

Note: All metrics exclude cash unless otherwise stated  
<sup>5</sup> Average market price of the portfolio weighted against the size of each position

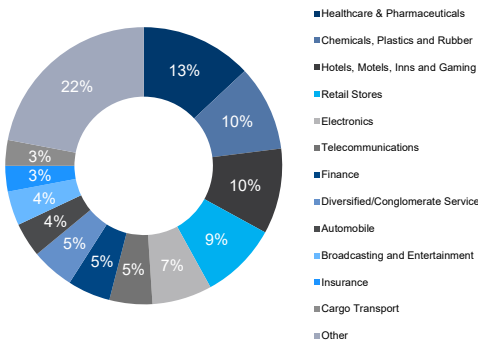
## Contacts

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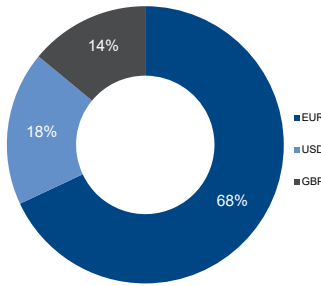
Note: Disclaimer & notes overleaf

## Investment Vehicle Portfolio Statistics (as at 31 August 2020)<sup>3</sup>

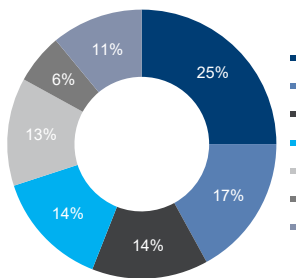
### Industry Breakdown



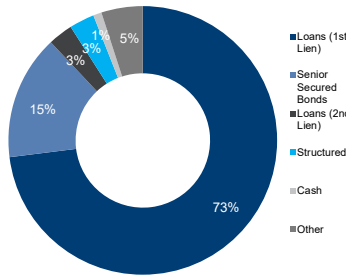
### Currency Breakdown



### Geographical Breakdown (by country of issuer)



### Asset Breakdown (incl. traded cash)



## Investment Vehicle Portfolio Statistics<sup>3</sup> (as at 31 August 2020)

### 5 Largest Issuers

Issuer	% of GAV	Industry	Country
Keter Group	3.4	Chemicals, Plastics and Rubber	Netherlands
Concordia	3.1	Healthcare & Pharmaceuticals	UK
Colouroz	2.9	Chemicals, Plastics and Rubber	Germany
Tipico	2.9	Hotels, Motels, Inns and Gaming	Germany
Civica	2.8	Electronics	UK

## Look Through Reporting<sup>6,8</sup> (as at 31 August 2020)

### Spread Exposure

Rating	Average Spread Duration <sup>7</sup>	Market Value (EUR)	Market Value (%)
BB	6.70	19,480,468	5%
B	4.20	291,633,060	69%
CCC	2.85	73,595,095	17%
NR	6.41	35,923,937	9%

### FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	285,001,127	68%
GBP	57,025,932	13%
USD	78,605,501	19%

### Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.13	354,014,384	84%
Fixed	4.50	59,082,436	14%
Other	0.00	7,535,740	2%

### 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.

<sup>9</sup> Current Yield including Investment Vehicle leverage