

## CVC Credit Partners European Opportunities Limited

### Summary

CVC Credit Partners European Opportunities Limited (the “Company” or “CCPEOL”) 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.

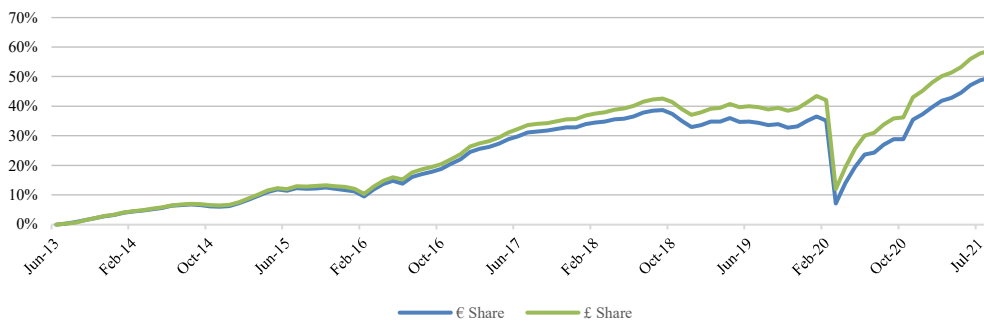
### Investment Objectives

- CCPEOL is focused on capital preservation, and it seeks to generate high cash income via a stable and attractive dividend, as well as offer the potential for capital appreciation.
- It aims to provide shareholders with security, low volatility, liquidity, and low correlation with equities by investing in European sub-investment grade credit.

### July 2021

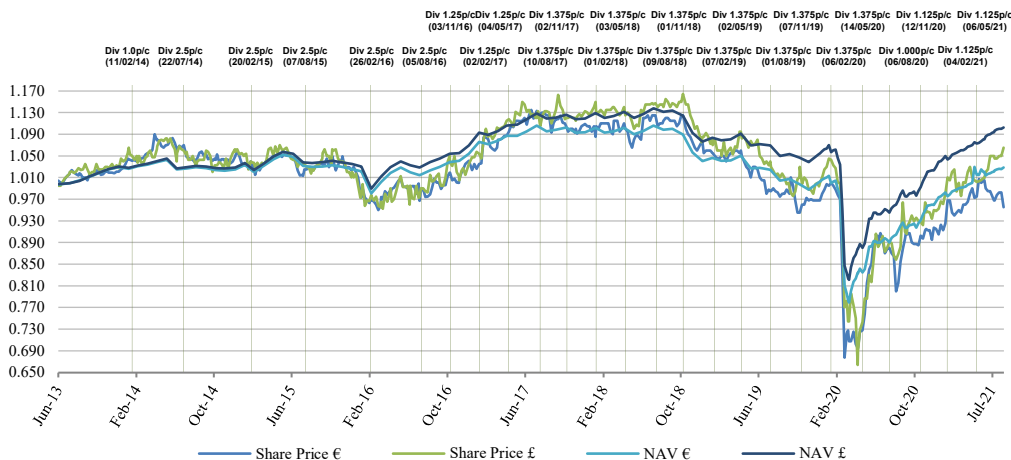
Share Price & NAV at 31 July 2021		
	EUR	GBP
Share Price <sup>1</sup>	0.9550	1.0650
NAV <sup>2</sup>	1.0292	1.1036
Total Net Assets <sup>3</sup>	120,789,429	171,685,773
Market Capitalisation	112,076,053	165,687,810
Company Information		
Vehicle Type	Closed-ended investment company	
Domicile	Jersey	
Inception 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		
Floating Rate Assets	78.3%	
Fixed Rate Assets	20.6%	
Other Assets	1.1%	
Weighted Average Market Price <sup>5</sup>	96.4	
Yield to Maturity <sup>6</sup>	8.6%	
Current Yield <sup>6</sup>	8.1%	
Weighted Average Fixed Rate Coupon	6.6%	
Weighted Average Floating Rate plus Margin	5.0%	
<i>Note: All metrics exclude cash unless otherwise stated</i>		
Contact Us		
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<b>CVC Credit Investor Relations</b> creditinvestorrelations@cvc.com		
<i>Note: Disclaimer &amp; notes located at end of report</i>		

### Company NAV Total Return Cumulative Performance<sup>4</sup> (since inception)



	1M	3M	YTD	1YR	3YRS	5YRS	ITD
€ Share	0.66%	3.56%	9.02%	20.38%	8.65%	29.01%	49.68%
£ Share	0.68%	5.00%	9.45%	22.23%	13.45%	37.99%	58.92%

### Company Share Performance



*Note: Disclaimer & notes located at end of report*

# CVC Credit Partners European Opportunities Limited

## Portfolio Manager



**Pieter Staelens**  
Managing Director  
*13 years experience*

Pieter joined CVC Credit in 2018. Pieter joined from Janus Henderson Investors in London where he was involved in various High Yield strategies and a credit long/short strategy. Prior to this, Pieter was at James Caird Asset Management, CQS, Remus Partners and Bear Stearns. Pieter is a graduate of the Université Catholique de Louvain in Belgium. He also holds an MSc in Finance, Economics and Econometrics from the Cass Business School and an MBA from the University of Pennsylvania.

## Market and Portfolio Commentary

The month of July showed continued recovery across global economies as vaccine rollout accelerates and restrictions ease. However, the spread of the Delta variant weighed on risk sentiment and has called into question the path to – and the timing of – a full recovery. China recorded new infections in 15 out of 31 provinces leading to targeted lockdowns and further restrictions. As a result, we saw higher volatility in the equity market with drops of 2-3% in the major US/EU indices mid-July. However, by the end of July the US reached new all-time highs yet again, led by growth stocks, while Treasury yields continued their recent decline, falling below 1.2% during the month.<sup>a</sup> Most European equity indices also closed July above the levels seen at the end of June. Oil experienced a volatile month as the OPEC+ failure to reach an output agreement caused a sharp move lower, before eventually reaching a deal that caused an equally sharp pullback.<sup>b</sup> Meanwhile the reporting season has started and, on balance, it has so far shown a healthy set of results and positive outlook guidance entering the second half of 2021 supporting the gradual recovery.

### *European Sub Investment Grade Highlights*

The Credit Suisse Western European Leveraged Loan Index, hedged to Euro, was at +0.04% for the month, which brings YTD returns to +2.95%. Cyclical (+0.03%) marginally underperformed defensives (+0.05%). CCCs returned -1.26% while BBs returned -0.03% during the month, offset by +0.13% single B's and +0.37% for unrated companies. As at the end of July, the 3-year discount margin on the index was 414bps. The Credit Suisse Western European High Yield Index, hedged to Euro, was up 0.33% for the month bringing YTD returns to +3.60%.<sup>c</sup>

Total loan issuance during the month of July was €12.5bn, compared to €7.4bn in July 2020. The average new issue spread was E+384.33, 4.02% yield to maturity; which compares with E+424.07 and 4.91% last year, respectively. The YTD loan issuance now stands at €95.0bn, considerably more than the €45.0bn issuance we saw in the first seven months of 2020, and a historical record – since 2010 only 2017 & 2018 get close to the levels seen in 2021, at €70.0bn each year on a YTD basis, €15.0bn below current levels. On the High Yield side, we saw €8.9bn of bond issuance during the month, bringing YTD issuance to €85.5bn, also a record since the dataset provided by LCD (up to 2010).<sup>d</sup>

In the month of July, activity across the performing book continued to be driven by a healthy primary market. M&A and refinancing activity remain robust, and as a result, the performing book saw significant primary market participation and elevated trading activity throughout the month. We introduced six new names to the portfolio via the primary market, with half of these transactions backing M&A. In order to fund this deployment, we exited five positions during the month, coupled with small reductions across other select performing names. Each of these sales we made were across names trading at tight levels, as primary offered better relative value while maintaining a similar level of risk. The fund also participated in the first “blue bond” issuance during the month, which is a subset of green bonds, with designated use of proceeds to finance projects related to ocean conservation. As of July close, performing credit (including cash) was 45.0% of the portfolio, trading at a weighted average price of 99.6 and a YTM of 4.5%, whilst delivering a 4.4% cash yield to the portfolio.

The credit opportunities book continues to be a key focus of the team, from screening opportunities to adding new names while managing existing positions. Despite compression in stressed credit markets globally, we continue to have success in sourcing new ideas while several existing positions still offer convexity. During the month of July, we added two new names to the credit opportunities book. We initiated a position in the secured debt of a Norwegian shipping company via the secondary market, and also participated in a primary market transaction backing the merger of two US-based freight brokers. Both names offer attractive current income, convexity, and risk-reward profiles. In terms of trading activity, during the month, we made small sales across two credit opportunities positions trading at or above our view of fair value. As of July close, credit opportunities was 55.0% of the portfolio, trading at a weighted average price of 93.9 and a YTM of 8.5%, whilst delivering a 7.4% cash yield to the portfolio.

Across the entire portfolio, as of July month end, the weighted average market price was 96.4, trading at a YTM of 8.6%, and delivering 8.1% cash yield (on a levered basis) versus a weighted average price of 93.6, YTM of 7.0% and cash yield of 6.6% as of December 2020. Floating rate instruments comprised 78.3% of the portfolio. Senior Secured 79.0%. The portfolio had a cash position of -0.1% (including leverage) with leverage at 1.3x assets.

The fund continues to outperform relevant benchmarks heading into the final month of summer. The performing book is well-positioned for current income and capital appreciation, and we are confident in the convexity of the credit opportunities book. We continue to parse through opportunities in both segments of the portfolio, and will continue to remain diligent with our proven investment approach.

### Commentary Sources:

<sup>a</sup> JP Morgan

<sup>b</sup> Bloomberg

<sup>c</sup> Credit Suisse

<sup>d</sup> LCD, an offering of S&P Global Market Intelligence – August 2021

## CVC Credit Partners European Opportunities Limited

### Investment Vehicle Portfolio Statistics<sup>3</sup> as at 31 July 2021

#### Top 5 Issuers

Issuer	% of Gross Assets	Industry	Country
Doncasters	4.9%	Diversified/Conglomerate Manufacturing	United Kingdom
Colouroz	3.6%	Chemicals, Plastics and Rubber	Germany
Civica	3.4%	Electronics	United Kingdom
European Camping Group	2.7%	Leisure	France
D&G	2.4%	Financial Intermediaries	United Kingdom

Industry Exposure	MV (%)	Currency Exposure	MV (%)	RepRisk ESG Rating <sup>7</sup>	MV (%)
				AAA	39.3%
				AA	37.2%
				A	10.6%
				BBB	4.8%
				BB	1.6%
				B	1.9%
				CCC	0.0%
				CC	0.0%
				C	0.0%
				D	0.0%
				NR	4.6%
				<b>Total</b>	<b>100.0%</b>

### Look Through Reporting<sup>6,8</sup> as at 31 July 2021

#### Rating Exposure

Rating	Average Spread Duration <sup>9</sup>	MV (€)	MV (%)
BB	7.93	8.3m	2%
B	4.34	257.1m	61%
CCC	2.86	107.6m	26%
NR	4.11	45.5m	11%

#### Interest Rate Exposure

Type	Duration	MV (€)	MV (%)
Floating	0.20	327.6m	78%
Fixed	3.42	86.2m	21%
Other	0.00	4.8m	1%

#### FX Exposure

Currency	MV (€)	MV (%)
EUR	252.0m	60%
GBP	66.2m	16%
USD	100.4m	24%

#### Notes & Assumptions:

- The sum of the market values may be larger than the NAV due to the effect of the investment vehicle leverage facility
- All duration and yield calculations are based on assets outstanding to maturity (no call or amortisation assumptions)
- Duration is calculated using the DURATION function in Excel, and includes approximations for interest rate duration for floating 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

# CVC Credit Partners European Opportunities Limited

## Important Information

### Footnotes

<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

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

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

<sup>6</sup> Current Yield including Investment Vehicle leverage

<sup>7</sup> The RepRisk Rating is a letter rating (AAA to D) that facilitates benchmarking and integration of ESG and business conduct risks. NR indicates exposure to issuers not currently monitored by RepRisk. Data as at 31 July 2021.

<sup>8</sup> Data excludes cash

<sup>9</sup> Averages are weighted by market value

### Disclaimers

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.