

## 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)

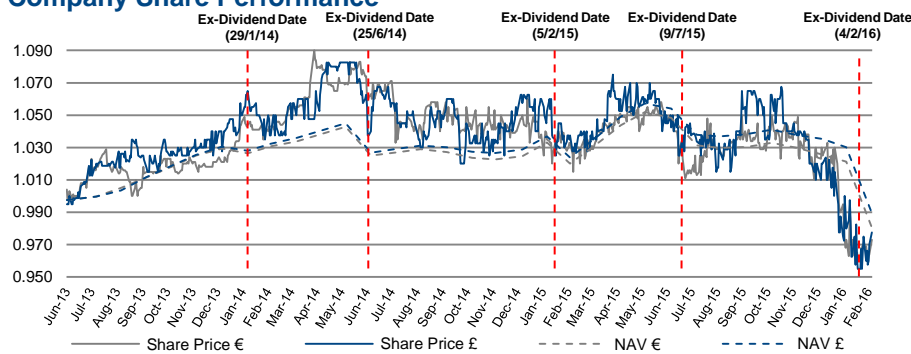
EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2016	-0.4%	-1.6%											-2.0%
2015	0.8%	1.2%	1.2%	1.2%	0.8%	-0.4%	0.8%	-0.2%	0.1%	0.2%	-0.3%	-0.4%	5.1%
2014	0.7%	0.4%	0.3%	0.4%	0.4%	0.7%	0.2%	0.2%	-0.2%	-0.3%	-0.1%	0.2%	3.0%
2013							0.2%	0.5%	0.6%	0.7%	0.7%	0.4%	3.2%

GBP Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2016	-0.5%	-1.5%											-2.0%
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

Overall, February was a challenging month with two weeks of negative indices followed by a sharp correction from mid-February, as markets rallied 6% off their lows. Nevertheless, sentiment continued to be extremely fragile, as concern persisted about the uncertain outlook for global economic growth, commodity prices and central bank policies.

In the U.S., economic releases during the month reinforced fears of a global slowdown. Although labour market data remained robust (the unemployment rate fell to 4.9% in January, its lowest level since 2008), consumer confidence fell to 91.7 in February (down from 92.0 in January), whilst the U.S. housing market showed signs of slowing too, as housing starts unexpectedly declined. Consequently investors have pushed out expectations for the next U.S. interest rate increase.

In Europe, political headwinds increased as the UK announced a referendum on the country's membership of the European Union (EU). The pound fell 1.7% against the U.S. dollar to its lowest level since 2009. The polls imply that the vote will be close and this has contributed to volatility in UK asset prices. Fears of a "Brexit" added to political pressures in Europe, as Spain continued to struggle to form a government, Portugal looked to carry out a U-turn on austerity deals and the migrant crisis continued to escalate. Another area of focus is the health of the European banking system. A poor fourth quarter earnings season for many large European lenders, combined with worries about the impact of negative interest rates on bank balance sheets, resulted in heavy selling of European financials in February.

As a result of these factors, and with consistent week-on-week outflows, February felt like the weakest credit market environment since 2011. The average bid for the most liquid flow European leveraged loans tracked by LCD fell by 169bps to 97.25 range. Low margin assets felt particularly weak as the month progressed. The liquid HY bond market seasawed even lower but managed to rebound to end the month only 87bps down. European leveraged loan new issuance priced its lowest volume in a number of quarters at €1.6bn after a strong January and the HY bond market managed to squeeze out €690m in a month where a few deals were pulled post launch, due to the increased market volatility and negative sentiment.

Structured finance CLO assets also experienced a significant market adjustment in the month where in particular, levels across the equity and mezzanine segments of the capital structure saw NAVs and discount margins widen. Single B and Double Bs yields widened out to 200 - 300bps driven by limited liquidity, a weak and widening U.S. market and concerns that NAVs to these structures would experience stress in line with U.S. credit markets.

The Credit Suisse Western European HY index was down with a return of -0.68% for the month and -1.83% for the year. The Credit Suisse Western European Leveraged loan index was down -0.93% for the month and -1.25% for the year.

Heading into February, the Investment Vehicle Manager was defensively positioned against what was anticipated to be a difficult period across credit markets through Q1'16. With central banks beginning to experiment with negative interest rates, yields in fixed income markets are being benchmarked in new territory. Some 27% of global government bonds are now yielding below 0%, while 65% of the global government bond market yields less than 1%. At the same time, gapping outflows in risk assets is inflating market movements, which was well highlighted in February.

The Investment Vehicle Manager's strategy in the month was to focus on the areas of the portfolio that were considered susceptible to these moves. As yields widened during the period, on the back of wider pricing in the primary market, these exposures were reduced to raise cash and reallocate to lower volatility names within the Performing Credit segment of the portfolio which had traded off through the month and presented attractive entry opportunities. In addition, the hedging activity sought to refocus on higher rated / cheaper positions across the energy segment which would see rating migration into sub-investment grade and not rise as energy prices started to see some stability.

The structured finance portion of the portfolio suffered negative mark-to-market moves; the exposures are being managed by seeking to move higher up the capital structure to reduce volatility and convexity when the market stabilised.

As of the end of February, floating rate instruments comprised 85.5% of the portfolio. Current yield at month-end was 6.3%.

## February 2016

### Share Price & NAV at 29 February 2016

	EUR	GBP
Share Price <sup>1</sup>	0.9730	0.9775
NAV <sup>2</sup>	0.9806	0.9895
Total Net Assets <sup>3</sup>	160,820,087	269,042,209
Market Capitalisation	159,566,976	265,781,920

<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	85.5%
Percentage of Portfolio in Fixed Rate Assets	14.5%
Weighted Average Price <sup>5</sup>	86.3
Yield to Maturity <sup>6</sup>	9.3%
Current Yield <sup>6</sup>	6.3%
Weighted Average Fixed Rate Coupon	8.6%
Weighted Average Floating Rate plus Margin	5.0%

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

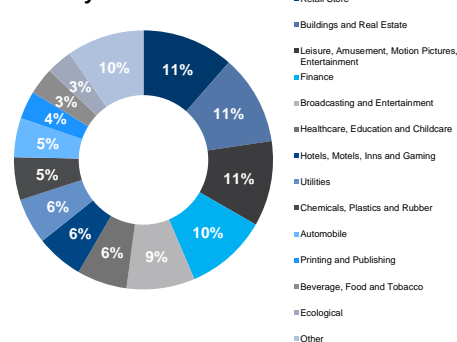
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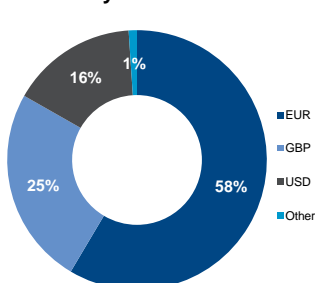
Note: Disclaimer overleaf

## Investment Vehicle Portfolio Statistics (as at 29 February 2016)<sup>3</sup>

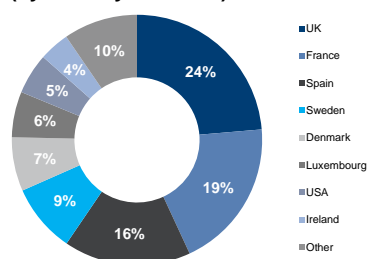
### Industry Breakdown



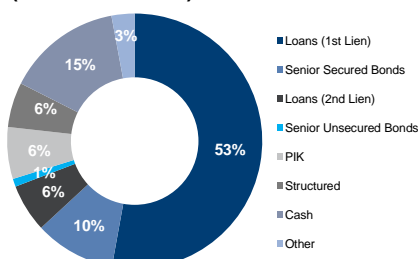
### Currency Breakdown



### Geographical Breakdown (by country of issuer)



### Asset Breakdown (incl. traded cash)



## Investment Vehicle Portfolio Statistics<sup>3</sup>

### 5 Largest Issuers

Issuer	% of GAV	Industry	Country
Icopal	4.5	Buildings / Real Estate	Denmark
Altice	3.7	Broadcasting / Entertainment	France
RAC	3.5	Automobile	UK
Cortefiel	3.5	Retail Store	Spain
Zodiac	3.4	Leisure	France

## Look Through Reporting<sup>6,8</sup>

### Spread Exposure

Rating	Average Spread Duration <sup>7</sup>	Market Value (EUR)	Market Value (%)
BB	5.03	26,041,456	5%
B	4.51	311,561,002	54%
CCC	2.97	14,211,654	2%
NR	3.39	222,347,478	39%

### FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	325,643,629	57%
GBP	134,747,988	23%
USD	108,141,765	19%
Other	5,628,208	1%

### Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.15	467,561,031	81%
Fixed	5.07	106,551,701	19%
Warrants	0.00	48,858	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.

<sup>6</sup> Data excludes cash

<sup>7</sup> Averages are weighted by market value

<sup>8</sup> Excluding short positions