

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.

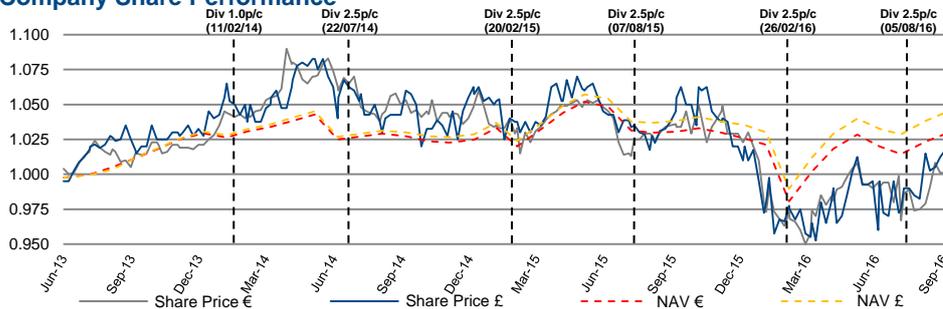
Company NAV Total Return Performance⁴ (since inception)

EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2016	-0.4%	-1.6%	2.2%	1.6%	1.0%	-0.8%	1.9%	0.9%	0.6%				5.5%
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%	2.3%	1.7%	1.0%	-0.7%	2.1%	0.9%	0.6%				6.0%
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%

⁴ NAV Total Return includes dividends reinvested

Company Share Performance



Investment Vehicle Manager Market & Portfolio Commentary

The combination of an improving US economy and a lack of policy tightening have supported markets over the quarter. Another factor supporting markets through the quarter has been the relatively benign initial response to Brexit from the UK economy and a growing confidence among investors that any fallout from the decision is likely to be local rather than global.

In Europe, the big concerns this quarter have focussed on the banking sector. Analysts view capital ratios within the Italian banking market as being at high stress levels, and the market started to react negatively to Deutsche Bank's prospects following disclosure of multi-billion dollar fines associated with its mortgage business in the U.S. Under this backdrop, to support the market, the European Central Bank and the Bank of England commenced their bond purchase programmes, helping drive European government and corporate funding costs to very low levels.

Total Q3'16 loan volume was €18.4bn, up 10% on Q2'16 levels of €16.7bn; this has put 2016's YTD total loan volume ahead of the same period last year, at €49.0bn versus €48.7bn. Volumes accelerated in Q3'16 enabling the market to cover the 20% shortfall of H1'16 against H1'15. This comeback in annual new issue volume was largely due to a surge in opportunistic transactions, with refinancings and dividend recaps up by 99% and 115% on Q2'16 respectively.^a

With the demand from ramping European CLOs and the growing Managed Account universe, the yield-to maturity ("YTM") on single-B rated Term Loan Bs ("TLBs") is now 77bps inside the levels of Q2'16 (at 4.73% - the lowest seen since July last year). In addition, the relative value between new issue loans versus High Yield ("HY") has switched. As at the end of Q2'16, the average TLB yield stood at 5.48% versus 4.99% for secured bonds. During Q3'16, secured bonds widened out to 5.60% versus 4.74% for loans.^a

Looking to Q4'16, the Investment Vehicle Manager believes economic risks in the UK remain, especially given the government's willingness to leave the Eurozone single market for goods and services. Market consensus is that businesses are more cautious and less likely to invest following the referendum; however data, including consumer confidence and Purchasing Managers' Index surveys, have bounced back after falling in the month immediately following the vote, and appear to be maintaining these levels. Another risk facing the Eurozone would be if the Italian referendum on constitutional reform were to lead to prime minister Matteo Renzi's resignation. This could lead to further stress to the European Union project, however, as it currently stands, Eurozone polling shows more than half the population is in favour of the Euro in France, Italy, Germany, Spain and Greece.

The Credit Suisse Western European HY Index hedged to Euro was down with a return of -0.42% for the month and up 7.27% year to date. The CS Western ELLI hedged to Euro was up with a return of 0.74% for the month and 5.14% year to date.

The portfolio's performance in September was good against the indices, and in line with expectations. Through the month (as with August) much of the portfolio activity in the performing segment was to take advantage of the strong demand technical in the secondary market, by trimming exposure across the segment at attractive secondary levels. In addition, with the volume of new supply increasing in the month the portfolio actively participated in the new issue primary market for both loans and HY. The current YTM across the performing segment of the portfolio is 5.3% trading at a market price of 100.2%.

Across the Credit Opportunities segment of the book, portfolio management was also focused on balancing the portfolio into month end. This included reducing positions within this portfolio which may create volatility into year end, as well as increasing lower risk positions where pre year-end events were becoming clearer. As discussed in previous monthly reviews there are a few exit events anticipated which the Investment Vehicle Manager believes may drive the NAV into year-end. The current YTM across the Credit Opportunities segment of the portfolio is 10.9% trading at a market price of 82.0%.

Returns for many asset classes between now and the end of the year are expected to remain relatively flat, driven by the strong performance we have already seen in 2016 and continued global central bank stimulus. Relative to other asset classes, European HY remains attractive given that default rate expectations remain low and the enterprise multiple has continued to be stable. The strategy remains to create a pool of high cash yielding assets senior secured against large corporate balance sheets and, through the combination of Performing Credit and discounted Credit Opportunities, this should provide a strong risk adjusted return relative to other yield strategies.

Gross invested assets at Investment Vehicle level ended the month at 1.3x to net asset value. Performing Credit including cash available closed the month at 54.8% of the portfolio and Credit Opportunities at 45.2%. The YTM of the total portfolio remains within our target return range at 8.2%, built up through a cash yield of 6.6% and a weighted average market value of 90.3.

At the end of September floating rate instruments comprised 88.4% of the portfolio and the current yield was 6.6%.

^aLCD European Quarterly Wrap - Q3 2016

September 2016

Share Price & NAV at 30 September 2016

	EUR	GBP
Share Price ¹	0.9960	1.0025
NAV ²	1.0295	1.0449
Total Net Assets ³	140,458,594	265,567,072
Market Capitalisation	135,892,333	254,793,449

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	88.4%
Percentage of Portfolio in Fixed Rate Assets	11.6%
Weighted Average Price ⁵	90.3
Yield to Maturity ⁸	8.2%
Current Yield	6.6%
Weighted Average Fixed Rate Coupon ⁸	8.6%
Weighted Average Floating Rate plus Margin	5.1%

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 (Q3'16)

Market Pricing Service	90%
Broker Quotes	9%
Model Price	1%

Contacts

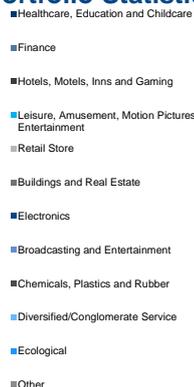
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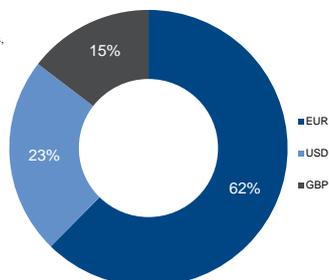
Note: Disclaimer overleaf

Investment Vehicle Portfolio Statistics (as at 30 September 2016)³

Industry Breakdown



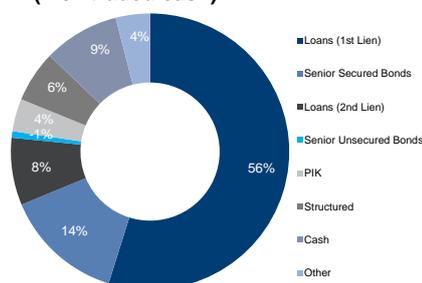
Currency Breakdown



Geographical Breakdown (by country of issuer)



Asset Breakdown (incl. traded cash)



Investment Vehicle Portfolio Statistics³

5 Largest Issuers

Issuer	% of GAV	Industry	Country
Zodiac	4.6	Leisure	France
Consolis	3.0	Buildings & Real Estate	France
Dell	2.8	Electronics	U.S.
Ambac	2.7	Finance	U.S.
FCC	2.7	Buildings & Real Estate	Spain

Look Through Reporting^{6,8}

Spread Exposure

Rating	Average Spread Duration ⁷	Market Value (EUR)	Market Value (%)
BB	4.36	41,798,696	8%
B	4.52	291,008,164	57%
CCC	2.52	16,132,634	3%
NR	3.46	165,469,369	32%

FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	310,576,831	60%
GBP	71,693,697	14%
USD	132,138,334	26%

Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.14	435,283,294	85%
Fixed	5.75	79,021,316	15%
Warrants	0.00	104,251	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.

⁶ Data excludes cash
⁷ Averages are weighted by market value
⁸ Excluding short positions