

## 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)

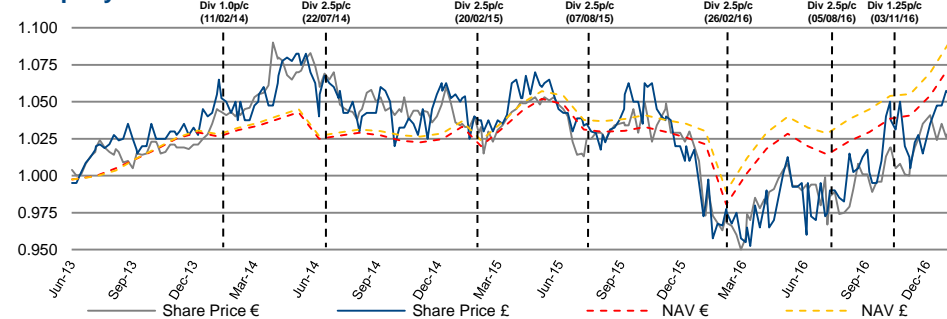
EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	2.1%												2.1%
2016	-0.4%	-1.6%	2.2%	1.6%	1.0%	-0.8%	1.9%	0.9%	0.6%	0.9%	1.4%	1.3%	9.3%
2015	0.8%	1.2%	1.2%	1.2%	0.8%	-0.4%	0.8%	-0.2%	0.1%	0.2%	-0.3%	-0.4%	5.1%
2014	0.7%	0.4%	0.3%	0.4%	0.4%	0.7%	0.2%	0.2%	-0.2%	-0.3%	-0.1%	0.2%	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
2017	2.2%												2.2%
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

2017 is expected to be a year of political headlines and January did not disappoint. The inauguration of President Trump was followed by executive orders which spanned topics from immigration to financial regulation. In the UK, the Supreme Court ruled on the mechanism by which Article 50 could be triggered, and Theresa May outlined her plans to divorce Britain from the European Union. Despite increasing political volatility, there remained a trend of underlying positive economic data, underscored by the global Purchasing Managers' Index reaching 52.7 in December 2016, the highest level since February 2014.<sup>a</sup> Against this backdrop risk assets across the board moved higher.

The other theme for 2017 was expected to be the potential divergence in the monetary policies of the U.S. and the rest of the world. The difference between the yield on the U.S. 10-year Treasury and the German 10-year Bund reached its largest in over two decades. Despite this, stronger growth indicators, higher inflation, and the ECB's announcement that it would begin tapering its bond purchasing programme put upward pressure on European government bond yields. The German 10-year Bund yield reached 0.4% in January, its highest level since January 2016, and the percentage of Eurozone government bonds trading at negative yields fell from a high of 52% in September 2016, to below 25% in January 2017.<sup>a</sup>

2017 European primary loan issuance had a strong start, with €9.4bn hitting the market in January alone. Given the increased demand from ramping CLOs and unlevered loan funds, the repricing activity experienced into the end of 2016 continued, with €10.2bn of existing loans repricing in January. Adding January's repricing activity to that of 2016, 40% of S&P's European Leveraged Loan Index repriced within 13 months. This brought the average new yield to maturity down to 4.01%, from 4.14% for the whole of 2016.<sup>b</sup>

In High Yield ("HY"), new issue topped €5.4bn, which was ahead of the average January volume for 2010-16 of €4.8bn. Despite the forthcoming ECB tapering (in April 2017), credit spreads moved tighter for another month. The strong technical demand was driven by HY inflows and an increase in the trend of HY to loan refinancing. Primary single-B average yield to maturities moved tighter to 4.28%, which was the tightest level recorded since S&P began tracking this data in Q4 2012, versus 4.5% at the end of December 2016 (on a rolling 3 month basis). This was nearly 2 points tighter than the widest level recorded in 2016 at 6.19%, which was seen in April 2016.<sup>b</sup>

The Credit Suisse Western European HY Index hedged to Euro was up with a return of 0.70% for the month and year to date. The Credit Suisse Western ELLI hedged to Euro was up with a return of 1.00% for the month year to date.

The strategy maintained an active approach to allocating to new issue, seeking relative value across loan and HY capital structures and actively trading the positioning of the portfolio. Much of the month was spent working through the new issue pipeline and the seemingly relentless wave of re-pricing activity. The all in spread of the performing portfolio following January's re-pricing activity tightened from 5.3% as of 30 September 2016 to 4.9%. The current yield to maturity ("YTM") across the segment remained in-line with our target at 4.8% trading at a market price of 100.7%.

The credit opportunities segment was very active through the month as trading activity focused on scaling a number of new positions which were anticipated to perform through 2017. The positive momentum from positions accumulated through 2015/16 in this segment of the portfolio has continued. The current YTM across the credit opportunities segment of the portfolio was 10.5% trading at a market price of 89.2%.

The Investment Vehicle Manager expect pockets of volatility to occur throughout 2017, driven by political uncertainty and global central bank policy moves. Despite this outlook, with the weighted average market price of the portfolio at 95.9, in a mix of floating rate, senior secured, large liquid issuers across performing and opportunistic credits, we believe the strategy is positioned to continue to outperform the wider markets.

Gross invested assets ended the month at 1.2x. Performing credit closed the month at 50.8% of the portfolio and credit opportunities at 49.2%. The YTM of the total portfolio of 7.7% remained within our target return range.

At the end of January, floating rate instruments comprised 86.6% of the portfolio and the current yield was 6.7% (gross).

## January 2017

### Share Price & NAV at 31 January 2017

	EUR	GBP
Share Price <sup>1</sup>	1.0350	1.0538
NAV <sup>2</sup>	1.0759	1.0927
Total Net Assets <sup>3</sup>	132,006,657	226,048,670

Market Capitalisation	EUR	GBP
	126,985,274	217,996,211

<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 86.6%

Percentage of Portfolio in Fixed Rate Assets 13.4%

Weighted Average Price<sup>5</sup> 94.4

Yield to Maturity<sup>8</sup> 7.7%

Current Yield 6.7%

Weighted Average Fixed Rate Coupon<sup>8</sup> 7.1%

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

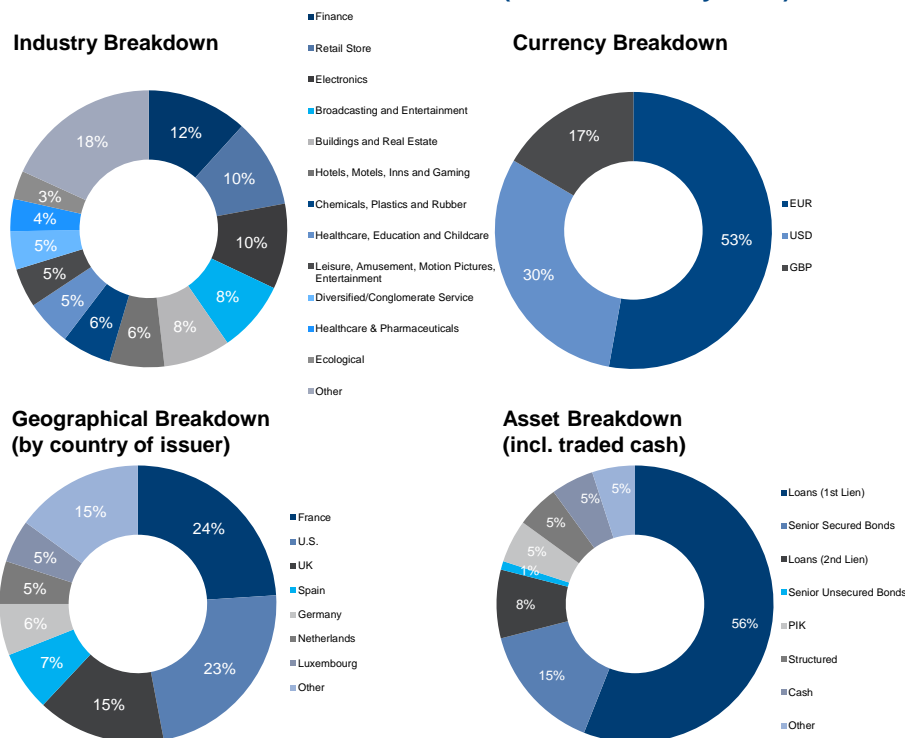
## Contacts

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Note: Disclaimer overleaf

## Investment Vehicle Portfolio Statistics (as at 31 January 2017)<sup>3</sup>



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

### 5 Largest Issuers

Issuer	% of GAV	Industry	Country
Ambac	3.6	Finance	US
Consolis	3.4	Buildings & Real Estate	France
Numericable	3.1	Broadcasting & Entertainment	France
Dell	3.1	Electronics	US
Saur	3.0	Ecological	France

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

### Spread Exposure

Rating	Average Spread Duration <sup>7</sup>	Market Value (EUR)	Market Value (%)
BB	4.35	34,478,989	7%
B	4.64	261,672,552	55%
CCC	2.50	21,352,706	5%
NR	3.83	155,657,471	33%

### FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	243,259,308	52%
GBP	76,389,933	16%
USD	153,512,477	32%

### Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.16	400,184,399	85%
Fixed	5.84	72,877,431	15%
Other	0.00	99,888	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.

<sup>6</sup> Data excludes cash  
<sup>7</sup> Averages are weighted by market value  
<sup>8</sup> Excluding short positions