

## 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)

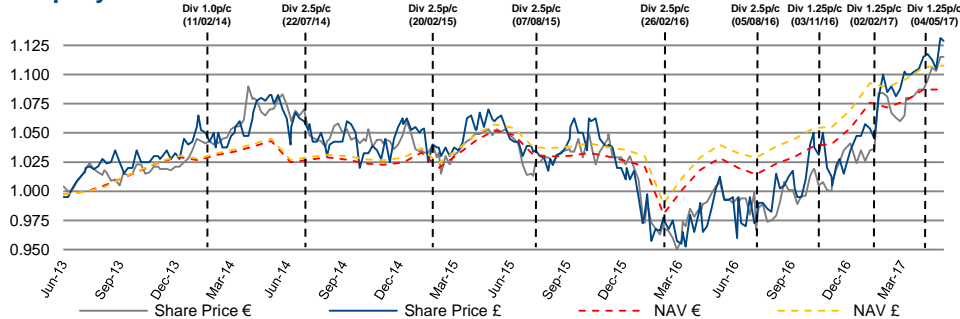
EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	2.1%	0.8%	0.6%	0.9%	1.2%								5.6%
2016	-0.4%	-1.6%	2.2%	1.6%	1.0%	-0.8%	1.9%	0.9%	0.6%	0.9%	1.4%	1.3%	9.3%
2015	0.8%	1.2%	1.2%	1.2%	0.8%	-0.4%	0.8%	-0.2%	0.1%	0.2%	-0.3%	-0.4%	5.1%
2014	0.7%	0.4%	0.3%	0.4%	0.4%	0.7%	0.2%	0.2%	-0.2%	-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%	0.8%	0.6%	0.9%	1.3%								6.0%
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 a year that has been dominated by the potential impact of politics, the theme of which continued into May. In Europe, the region's largest potential market-mover and political hurdle, was the French election, which commenced in April and ended in May. A victory for Emmanuel Macron has meant that the fear of nationally led Euroscepticism within the country has been put on hold. In April, Theresa May unexpectedly called a June general election for the UK, with the initial announcement causing a strengthening of sterling. However, as campaigning commenced and polling data showed a narrowing Conservative majority, sterling retreated into month end. In Italy, the four major Italian political parties have started moving towards a purely proportional system, which commentators believe will increase the possibility of stronger Eurosceptic sentiment given the lower degree of support for the Euro in Italy vs. its Eurozone peers. The anticipated early Italian elections in the autumn will create another focal point for this year.

Despite all of this, risk assets continued their upward momentum. Over the course of May, the FTSE 100, the S&P 500 and European stocks all gained: 5.0%, 1.4% and 3.3% respectively. The bond market also showed positive performance, as Euro and US Treasuries both delivered 0.5%, and global investment-grade bonds delivered close to 1.7%.<sup>a</sup>

The driver of this risk on sentiment has been the concurrent recovery across the developed markets. Strong purchasing managers' indices, bullish market sentiment, and strong GDP figures validated the positive momentum in the US and European economies.

In European HY, May saw the lowest monthly volume since February 2016 at €3.7bn of issuance from only 12 transactions. Given this limited supply, the month set a record low for spreads, with the average new-issue yield for single B rated bonds falling to 5.22% on a rolling 3-month basis, down from 5.65% in April, and 101 bps tighter than average yield at the end of 2016.<sup>b</sup>

In European Loans, May volumes also fell to their lowest this year at €5.1bn of issuance. The primary theme of this limited activity was refinancing / repricing, making up 56% of volume in the month. Despite the technical remaining firmly on the demand side for new issue loans (new issue CLOs at €6.7bn YTD versus €22.6bn ELLI repayments), the weighted average spread seems to have found a floor, remaining range bound though the last 3 months through to May at 363bps context.<sup>b</sup>

The Credit Suisse Western European HY Index hedged to Euro was up with a return of 0.89% for the month and 4.02% for year to date. The Credit Suisse European Leveraged Loan Index was up with a return of 0.52% for the month and up 2.00% year to date.

The performing credit book continued to actively allocate and trade new issue volumes, and seek out relative value across capital structures in this segment of the portfolio. The theme of moving between the tranches of global issuers to pick up relative value opportunities is expected to continue. Through the last few months, the repricing activity seems to have found a floor in the E+375 range. This has been driven by the squeeze on the CLO arbitrage which is challenged to generate proper equity returns on portfolio collateral below c. 4% on a levered basis. The fixed rate allocation to performing credit remains light at 1.7% of the entire portfolio, as we remain cautious of the opportunities in this segment which is very tight. The weighted average spread of this segment of the portfolio is 4.6%, trading at a weighted average price of 100.8%.

The credit opportunities portfolio has seen strong momentum in mark to market movements, as fundamentals improved and the events within certain positions began to signal an exit. At the same time there remains a good flow of trading activity to add to existing positions, as well as new investment ideas - the pipeline of credit opportunities remains healthy. The weighted average spread of this segment of the portfolio is 6.4%, trading at a weighted average price of 89.3%.

Gross invested assets ended the month at 1.3x. Performing credit allocation closed the month at 58% of the portfolio, and credit opportunities at 42%. The YTM of the portfolio of 7.9% remains within our target return range. At the end of May, floating rate instruments comprised 90.6% of the portfolio and the current yield was 6.2% (gross).

Performing credit contributed 0.34% to the overall 1.41% gross return in May (1.23% YTD). Credit opportunities contributed 1.09% to overall 1.41% gross return in May (5.65% of 6.73% return YTD).

### Sources

<sup>a</sup> JP Morgan, 1<sup>st</sup> June 2017

<sup>b</sup> LCD, an offering of S&P Global Market Intelligence, 5<sup>th</sup> June 2017

## May 2017

### Share Price & NAV at 31 May 2017

	EUR	GBP
Share Price <sup>1</sup>	1.1150	1.1287
NAV <sup>2</sup>	1.0872	1.1077
Total Net Assets <sup>3</sup>	127,365,911	224,438,712

Market Capitalisation	130,619,412	228,697,131
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<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 90.6%

Percentage of Portfolio in Fixed Rate Assets 9.4%

Weighted Average Price<sup>5</sup> 95.0

Yield to Maturity<sup>8</sup> 7.9%

Current Yield 6.2%

Weighted Average Fixed Rate Coupon<sup>8</sup> 6.8%

Weighted Average Floating Rate plus Margin 5.3%

Note: All metrics exclude cash unless otherwise stated

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

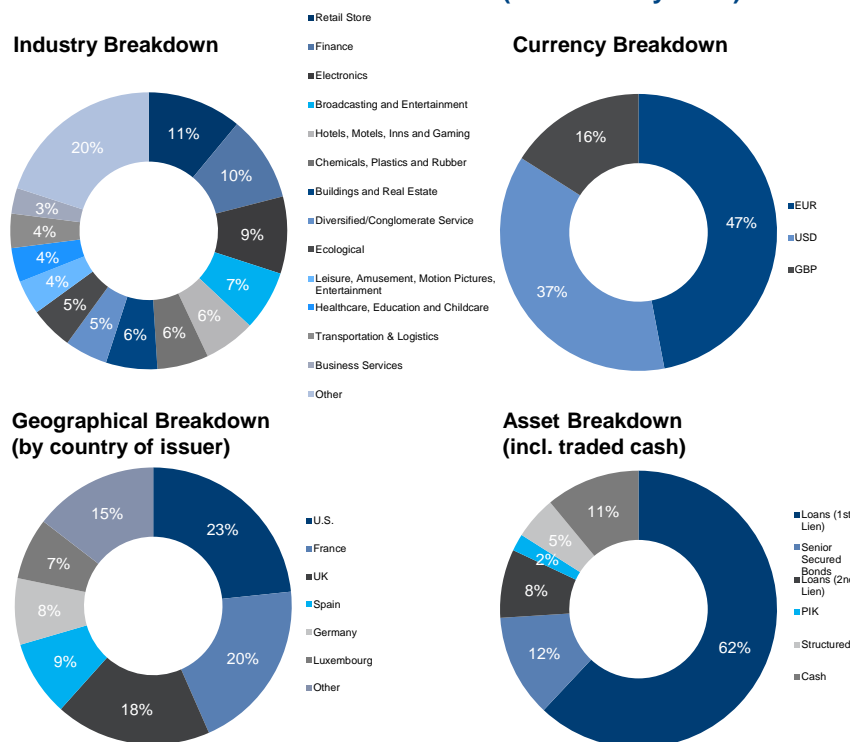
## Contacts

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Note: Disclaimer overleaf

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



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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.

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

### 5 Largest Issuers

Issuer	% of GAV	Industry	Country
Saur	3.8	Ecological	France
Ambac	3.6	Finance	U.S.
Ceva	3.1	Transport & Logistics	UK
Tipico	2.9	Gaming	Luxembourg
Cortefiel	2.8	Retail	Spain

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

### Spread Exposure

Rating	Average Spread Duration <sup>7</sup>	Market Value (EUR)	Market Value (%)
BB	4.17	31,433,788	7%
B	4.79	266,127,713	58%
CCC	2.61	27,196,638	6%
NR	3.73	130,322,942	29%

### FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	219,297,588	48%
GBP	66,981,487	15%
USD	168,802,006	37%

### Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.17	392,726,790	86%
Fixed	5.26	62,291,854	14%
Other	0.00	62,437	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

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