

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.

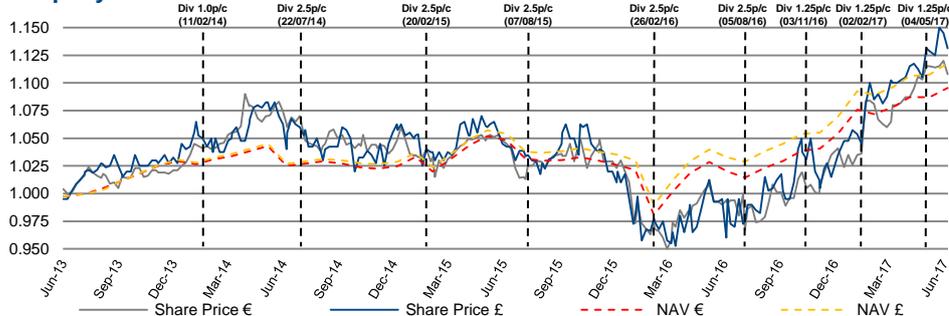
Company NAV Total Return Performance⁴ (since inception)

EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	2.1%	0.8%	0.6%	0.9%	1.2%	0.8%							6.4%
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%	0.9%							6.9%
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%

⁴NAV Total Return includes dividends reinvested

Company Share Performance



Investment Vehicle Manager Market & Portfolio Commentary

Government bond yields fell throughout Q2 but saw a sharp spike upwards at the end of June as investors responded to a less dovish tone from central bankers. Both equities and bonds saw negative performance following the ECB's suggestion that a reduction in QE purchases and a possible BoE rate rise this year on the back of post-Brexit vote inflation data. It is quite clear that the key question for the rest of 2017 will be the extent to which bond and equity markets can withstand a gradual reduction in monetary stimulus which has supported markets in recent years.

The ECB decision to reduce QE purchases is driven by the Eurozone economy performing well, where employment has been rising and is now 4% above its pre-crisis lows; consumer confidence is the highest since 2001 and businesses are upbeat about the economic outlook as seen in the manager purchase price indices.^a Under this backdrop, the outlook for European corporates earnings should remain positive. It feels unlikely, unless carelessly executed by the ECB, that the removal of central bank stimulus would lead to a sharp upward adjustment in corporate borrowing costs and further appreciation in the Euro, which would be a negative to the current underlying positive economic conditions experienced today. In the U.S., the economy continues to look healthy. The Fed raised rates again in June and announced that it is likely to start reducing the size of its balance sheet. Like the ECB, the Fed believes the factors weighing on inflation are most likely temporary and so it is likely to continue to gradually tighten monetary policy. In the UK, the economic and political outlook remains highly uncertain. Falling real wage growth and consumer confidence are not great signs for domestic consumption. The sharp fall in the savings rate and rising consumer credit may be able to support consumption in the short term, but raise questions about its sustainability. Against this, corporate investment has improved recently and will be key in determining whether the BoE feels the need to join the central bank tightening trend and raise rates. While it is still probably not the most likely scenario, recent comments from the BoE suggest the probability of a rate rise this year has increased.

Under this backdrop, the outlook for global government bonds remains cautious, with the ECB, BoE and The Fed likely to be reducing monetary stimulus simultaneously in the near future.

As the European leveraged credit market heads into the second half of 2017, a supply/demand imbalance in both loans and bonds is expected to continue to keep yields tight. The supply of assets is not low on an absolute level with leveraged loan and bond volumes up 49% and 60% on the prior 6 months. Rather, the strength of demand is boosted by non-traditional leverage investors. On the loan side, pension and insurance managers are allocating more capital in the asset class via managed accounts, and multi-strategy fund managers are also increasing loan allocations. In HY the dynamic is similar, with increasing demand from multi-asset, investment-grade and global HY funds allocating more to the asset class.^b

This increase in demand means declining yields for both asset classes where borrowers have refinanced or re-priced debt facilities and effectively recycled existing outstandings. In the primary market, YTM for new TLB issues has fallen at least 30 bps since the start of the year, although the rate of change has moderated in recent months. The rolling 3-month yield stood just below 4% in each of the last 3 months, resulting in a quarterly average of 3.97%, slightly down from 4.03% in Q1. In HY, the average single-B new-issue yield for Q2 fell to 5.43% being 22 bps lower than the previous quarter, and 80 bps tighter since the start of the year. The equivalent yield for double-Bs in Q2 also moved lower but by 13 bps, to 3.04% which is still 107 bps tighter since the start of the year.^b

The Credit Suisse Western European HY Index hedged to Euro was up with a return of 0.08% for the month and up 4.09% for year to date. The Credit Suisse European Leveraged Loan Index was up with a return of 0.06% for the month and up 2.06% year to date.

The performing credit book selectively participated in new issue supply as it flowed across the desk. Trading volumes in this segment of the portfolio were low through the month given the low spread and tightening re-pricing environment. Spreads in loans and HY across global cross border EUR and USD transactions in the current market environment are relatively tight, although, we are seeing a spread pick up in GBP loans which has been a focus in this segment's portfolio activity. As central banks reposition, the theme of moving between the multiple tranches of global issuers to pick up relative value opportunities is expected to present opportunity. The fixed rate allocation to performing credit remains light at 1.1% as we remain cautious, even more pronounced now as we sense the retraction of QE and rate increases impacting this segment of the market. The weighted average spread of this segment of the portfolio is 4.4% trading at a weighted average price of 100.1%.

The credit opportunities segment through the month was once again very active across a number of existing positions in adding as well as positioning into the summer slowdown. This book continues to see good performance as fundamentals are improving and the financing markets remain available for refinancing events. The weighted average spread of this segment of the portfolio is 6.3%, trading at a weighted average price of 90.1%.

Gross invested assets ended the month at 1.3x. Performing credit closed the month at 59% of the portfolio, and credit opportunities at 41%. The YTM of the portfolio of 7.7% is in the target return range of our expectations for 2017.

Performing credit contributed 0.09% to the overall 0.86% gross return in June and credit opportunities contributed 0.77%. At the end of June, floating rate instruments comprised 91.0% of the portfolio and the current yield was 6.0% (gross). Cash represented 12%. Shareholders will be aware that the Company successfully completed a placing of treasury shares on 30th June 2017, raising £77.55 million and €13.87 million for the GBP and EUR share classes respectively.

Sources

^a JP Morgan – 3rd July 2017

^b LCD European Quarterly, an offering of S&P Global Market Intelligence – Second quarter 2017

June 2017

Share Price & NAV at 30 June 2017

	EUR	GBP
Share Price ¹	1.1080	1.1312
NAV ²	1.0954	1.1178
Total Net Assets ³	128,320,260	226,482,192

Market Capitalisation	129,799,380	229,203,659
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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 91.0%

Percentage of Portfolio in Fixed Rate Assets 9.0%

Weighted Average Price⁵ 95.2

Yield to Maturity⁸ 7.7%

Current Yield 6.0%

Weighted Average Fixed Rate Coupon⁸ 6.7%

Weighted Average Floating Rate plus Margin 5.2%

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

Market Pricing Service 96%

Broker Quotes 3%

Model Price 1%

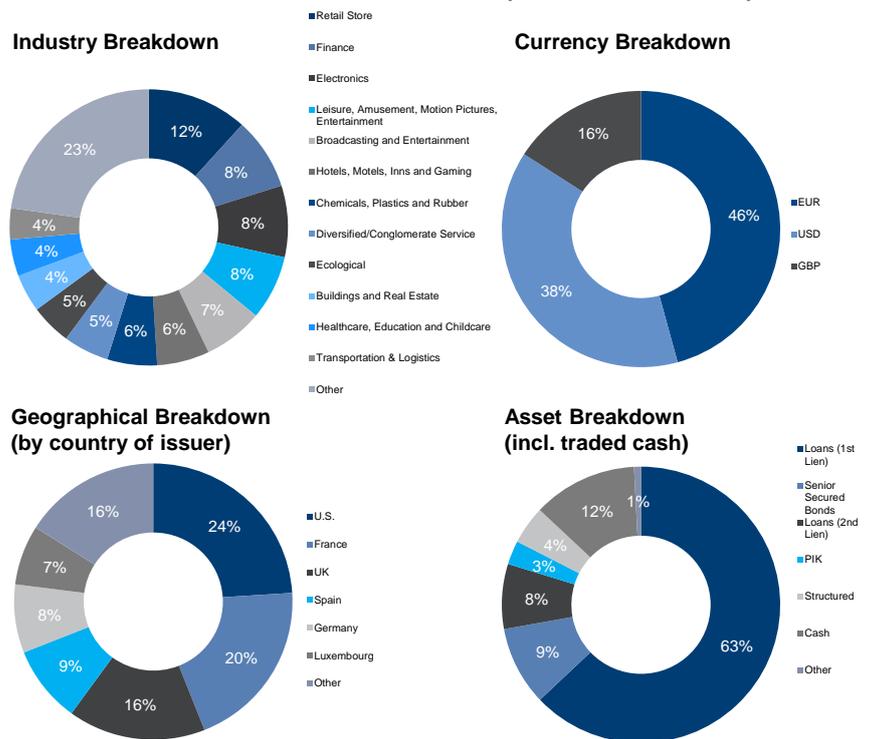
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Note: Disclaimer overleaf

Investment Vehicle Portfolio Statistics (as at 30 June 2017)³



Investment Vehicle Portfolio Statistics³

5 Largest Issuers

Issuer	% of GAV	Industry	Country
Saur	4.0	Ecological	France
Ambac	3.5	Finance	U.S.
Ceva	3.0	Transport & Logistics	UK
Cortefiel	2.9	Retail	Spain
Tipico	2.8	Gaming	Luxembourg

Look Through Reporting^{6,8}

Spread Exposure

Rating	Average Spread Duration ⁷	Market Value (EUR)	Market Value (%)
BB	4.11	32,295,509	7%
B	4.88	276,439,402	58%
CCC	2.50	28,258,566	6%
NR	3.64	139,187,372	29%

FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	223,545,995	47%
GBP	72,623,657	15%
USD	180,011,197	38%

Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.17	416,046,560	87%
Fixed	5.27	60,070,452	13%
Other	0.00	63,837	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.

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.

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