CVC Credit Partners European Opportunities Limited

CVC Credit Partners

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.

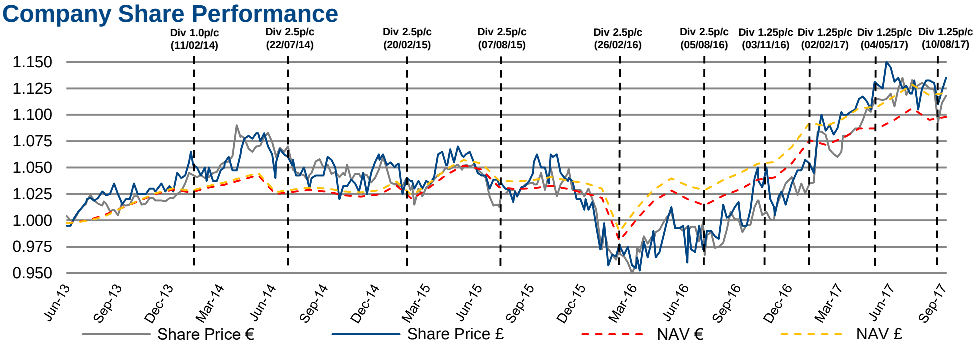
The Company invests through Compartment A of CVC European Credit Opportunities S.à r.l. (the "Investment Vehicle"), a European credit opportunities investment vehicle managed by CVC Credit Partners Investment Management Limited.

Company NAV Total Return Performance[4] (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%	1.0%	0.2%	0.2%				**7.9%**
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%	1.0%	0.3%	0.2%				**8.5%**
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%**

[4] NAV Total Return includes dividends reinvested

Company Share Performance



Investment Vehicle Manager Market & Portfolio Commentary

The theme of global monetary policy support that started nearly a decade ago is in the process of receding. Central banks have injected more than $12 trillion[a] of liquidity into the global financial markets, supporting asset prices and dampening volatility. In recent months the Federal Reserve started the slow process of balance sheet reduction and remains on a gradual path to raise rates. The European Central Bank has indicated it will start tapering its asset purchases in 2018. Furthermore, the Bank of England has hinted at a rate rise in November on the back of increased inflation. Only the Bank of Japan stands firm in its commitment to ultra-expansionary monetary policy. It appears the period of declining long-term interest rates is moving into its final chapter.

Political events have also been in the limelight. Whilst the events in North Korea provided some market volatility, risk assets recovered due to rising company earnings and improving global growth. In Europe, despite the rise of the far right in Germany, markets remained positive due to the health of the German Economy and the return of Chancellor Merkel for another term (albeit in a coalition government). Moreover, even with the recent demonstrations on the streets of Catalonia, market reaction has so far been muted given that support for the Euro is high in Spain. Political events matter, but investors need to be able to tune out the noise and maintain a razor-sharp focus on the outlook for company profits.

The leverage finance market was very busy in September, both across HY and loans, recording the second highest monthly volumes for 2017. This can be attributed to large new money transactions. HY volumes hit €10.9bn while loans reached €13.8bn of total supply. This shift in supply pushed YTD volumes across loans and HY, to €149.6bn versus €92.4bn, a 62% increase year on year. Despite the increase in issuance volume, new issue spreads across loans remained within range for the quarter at around 375bps on average. Therefore the increase in supply did help reduce some of the downward pressure on spreads and repricing activity in the quarter.[b] Funds continue to flow into the loan asset class both from CLO and institutional investors keeping liquidity strong.

Indicators of stress remain relatively benign as the lagging 12-month default rate by principal amount fell for the fourth consecutive month to a 19-month low of 1.44%, from 1.54% in August. In the 12 months ended September 30, the European Leverage loan index tracked €1.5 billion of institutional loan defaults and restructurings. This was down from €2.3 billion at the end of 2016. In addition the share of performing loans trading below 80, a price often used as a benchmark of distress, was just 1.67% at the end of September after reaching 1.72% in August.[b]

Looking to Q4, the focus will remain on political developments across the globe, followed by the pace of US rate hikes in combination with tax cuts, ECB tapering, Brexit turbulence, stability of the Chinese currency and growth, valuations in the context of economic growth, low default expectations and, diminished market liquidity. The central bank purchases of high quality assets has helped push investors toward higher risk yielding and less-liquid asset markets. The Fed's unwinding of its balance sheet, and the ECB's likely tapering of asset purchases next year, could pose a liquidity challenge to markets.

The Credit Suisse Western European HY Index hedged to the Euro was up with a return of 0.53% for the month, and up 5.93% for year to date. Furthermore, The Credit Suisse European Leveraged Loan Index was up with a return of 0.34% for the month, and up 2.88% year to date.

September was a busy month across both the Performing Credit and Credit Opportunities strategies.

As experienced in previous months, the new issue market saw strong demand pushing pricing tighter versus recent historic levels. Under this environment, allocations to the strategy have been limited. We sought to trade relative value opportunities across capital structures and currencies, as well as rolling positions into defensive positions which resultantly should present strong income and low volatility characteristics into year end. The current cash yield to the performing portfolio ended the quarter at 4.4%, trading at a weighted average market price of 100.2 and a YTM of 4.4%.

Credit Opportunities, through the month, continued to build and trade across positions which had already been allocated to the strategy. Despite the market concerns around retail, European retail has outperformed through the year, and is expected to continue to build positive momentum into year end. The current cash yield to the Credit Opportunities portfolio ended the quarter at 6.5%, trading at a weighted average market price of 91.2 and a YTM of 8.8%.

Performing Credit closed the month at 58.5% of the portfolio (including a cash position of 7.3%), and Credit Opportunities at 41.5%. The month on month closing position for Credit Opportunities has remained fairly constant whilst cash has increased slightly with a corresponding decrease in Performing Credit.

Our exposure to HY fixed rate remains very low at 5.8% (including shorts). At the end of the quarter, floating rate instruments comprised 90.9% of the portfolio and Senior Secured Assets at 83.5%. The current yield of the portfolio is 6.2% with a weighted average market price of the portfolio of 95.8.

September 2017

Share Price & NAV at 30 September 2017

	EUR	GBP
Share Price[1]	1.1180	1.1350
NAV[2]	1.0980	1.1208
Total Net Assets[3]	138,858,995	305,482,385
Market Capitalisation	141,392,278	309,350,878

[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	90.9%
Percentage of Portfolio in Fixed Rate Assets	9.1%
Weighted Average Price[5]	95.8
Yield to Maturity[8]	6.6%
Current Yield	6.2%
Weighted Average Fixed Rate Coupon[8]	6.9%
Weighted Average Floating Rate plus Margin	4.8%

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

3rd Party Pricing Service	96%
Broker Quotes	3%
Model Price	1%

Contacts

Richard Boleat, Chairman
richard.boleat@CCPEOL.com

Investment Vehicle Manager
vehiclemanager@cvc.com

Note: Disclaimer overleaf

Sources
[a] zerohedge.com – June 2017
[b] S&P LCD – October 2017

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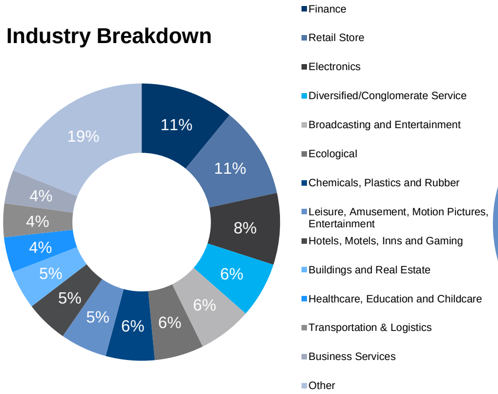
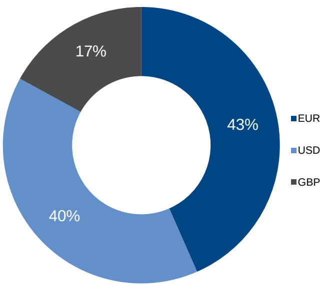
Investment Vehicle Portfolio Statistics (as at 30 September 2017)[3]

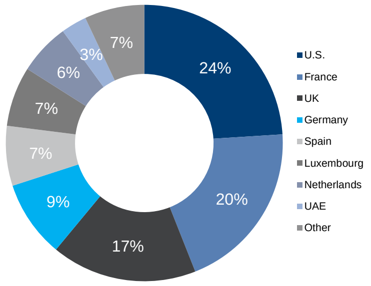
Industry Breakdown



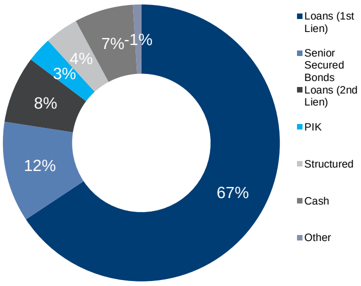
Currency Breakdown



Geographical Breakdown (by country of issuer)



Asset Breakdown (incl. traded cash)



Investment Vehicle Portfolio Statistics[3] (as at 30 September 2017)

5 Largest Issuers

Issuer	% of GAV	Industry	Country
Saur	4.9	Ecological	France
Ceva	3.3	Transport & Logistics	UK
Modacin	3.3	Retail	France
Dubai World	3.0	Finance	UAE
Ambac	2.9	Finance	U.S.

Look Through Reporting[6,8] (as at 30 September 2017)

Spread Exposure

Rating	Average Spread Duration[7]	Market Value (EUR)	Market Value (%)
BB	3.27	38,262,173	7%
B	4.97	327,984,944	60%
CCC	2.35	36,467,749	6%
NR	3.54	146,595,401	27%

FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	251,719,201	46%
GBP	88,821,041	16%
USD	208,770,025	38%

Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.23	476,539,547	87%
Fixed	5.03	72,710,184	13%
Other	0.00	60,536	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

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