

## 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)

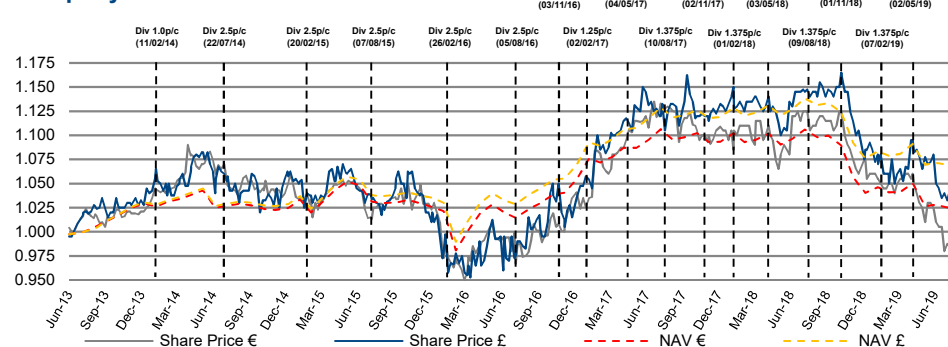
EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	0.5%	0.8%	0.0%	0.9%	-0.9%	0.1%	-0.3%						1.1%
2018	0.8%	0.4%	0.2%	0.6%	0.2%	0.6%	0.9%	0.5%	0.2%	-1.0%	-1.8%	-1.5%	0.1%
2017	2.1%	0.8%	0.6%	0.9%	1.2%	0.8%	1.0%	0.2%	0.2%	0.4%	0.4%	0.0%	8.8%
2016	-0.4%	-1.6%	2.2%	1.6%	1.0%	-0.8%	1.9%	0.9%	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
2019	0.7%	0.9%	0.2%	1.0%	-0.7%	0.2%	-0.2%						1.9%
2018	0.9%	0.5%	0.3%	0.6%	0.3%	0.6%	1.0%	0.6%	0.2%	-0.8%	-1.6%	-1.5%	1.0%
2017	2.2%	0.8%	0.6%	0.9%	1.3%	0.9%	1.0%	0.3%	0.2%	0.5%	0.5%	0.1%	9.7%
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

Interest rate cuts by central banks and speculation that a trade deal between the US and China would be difficult to close impacted global risk sentiment in July.

The first interest rate cut by the Federal Reserve in more than a decade was called by Jerome Powell as a mid-cycle adjustment to combat risks he sees to the economic outlook, rather than the start of a cutting cycle. The three main threats include: weakening global growth, trade policy developments and inflation running below target. In Europe, the ECB announced that an interest rate cut in September and another programme of Quantitative Easing in Q4 2019 were likely. In the UK, the BoE expressed its assessment of the impact of domestic politics with the new Prime Minister Boris Johnson increasing the likelihood of a no-deal Brexit from the European Union.

The German 10-year Government bond yield reached an all-time low of -0.44% by the end of July. The Italian Government bond yield briefly fell below 1.5% for the first time since October 2016, whilst US Treasury yields moved slightly higher on the month.

Against this backdrop of easier monetary policy, data from Deutsche Bank shows that €600bn worth of European corporate debt now has a negative yield versus none at the start of the year.

### European Sub Investment Grade Highlights

- July's leverage issuance was €16.78bn, materially ahead of €13.50bn Last Year ("LY") as risk off began to set in this time LY. Monthly volumes were €8.82bn in loans (€8.19bn LY) and €7.96bn in High Yield ("HY") (€5.31bn LY).<sup>a</sup>
- 2019 loan volumes have been 59% acquisition and 40% refinancing, with the balance for general corporate purposes. Euro denominated issuance comprised 96% of the volumes for the month, GBP 3% and 1% others.<sup>a</sup>
- 2019 bond volumes have been 65% refinancing and 18% M&A, with the balance for general corporate purposes. Sources of funding were 50% secured, 49% unsecured and 1% subordinated bonds. Composition was 90% Euro and 9% GBP, with the balance being others. YTD issuance has been 56.5% BB, 9.5% split and 29.5% B, with the balance being others.<sup>a</sup>
- TL B new issue spreads in July net were E+396bps, in a similar range to what has been seen throughout 2019. Pricing was 4bps lower than the equivalent month LY. Average net leverage was stable at 5.2x, which is 0.3x lower than LY and compares with 5.3-5.8x which we have seen through H1 2019.<sup>a</sup>
- In the HY space, single B debt issued in the last 3 months priced at a 5.16% yield, which compares with 6.24% for Q2 2018 and 6.74% for Q4 2018. For the BB space the YTM on a rolling 3-month basis was 3.50%, c.45bps tighter than the new issue for Q4 2018.<sup>a</sup>

The Credit Suisse Western European HY Index hedged to Euro was up with a return of 0.74% for the month taking YTD to 8.45%. The Credit Suisse European Leveraged Loan Index hedged to Euro was up 0.44% for the month taking YTD to 3.56%.

With the market heading into the summer, there was a spike of activity in the new issue leverage credit market. Given this activity, the portfolio was able to actively deploy cash balances as well as reposition weightings to performing assets into the summer as market liquidity becomes scarce.

Across performing credit, the CLO bid continued to be the main technical driver as the issuance remained strong. This allowed for the portfolio to actively rotate into higher yielding new issue loans, supporting the stable yield targets in this segment of the portfolio.

Across credit opportunities, the portfolio maintained the focus on managing around the existing positions, as has been the theme for the last 9 months, as well as continuing to allocate marginally to the CLO new issue market.

As of July close, performing credit (including cash) is at 55.0% of the portfolio with a weighted average price of 99.9, trading at a YTM of 4.5%, delivering 4.5% cash yield to the portfolio. Credit opportunities at 45.0%, closing the month at a weighted average price of 85.3, trading at a YTM of 10.9%, and delivering 7.3% cash yield to the portfolio.

Floating rate instruments comprised 84.7% of the portfolio. Senior Secured 82.8%. The current yield is 6.3% (gross) with a weighted average market price of the portfolio of 92.5 versus 90.4 as at 31 December 2018. The cash position fell from 15.3% as of the start of the year to 6.6%.

### Sources

<sup>a</sup>S&P LCD – August 2019

## July 2019

### Share Price & NAV at 31 July 2019

	EUR	GBP
Share Price <sup>1</sup>	0.9850	1.0400
NAV <sup>2</sup>	1.0246	1.0696
Total Net Assets <sup>3</sup>	131,342,748	379,536,900
Market Capitalisation	126,272,221	369,032,723

<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 84.7%

Percentage of Portfolio in Fixed Rate Assets 12.5%

Percentage of Portfolio in Other 2.8%

Weighted Average Price<sup>5</sup> 92.5

Yield to Maturity<sup>5</sup> 7.6%

Current Yield 6.3%

Weighted Average Fixed Rate Coupon<sup>5</sup> 7.8%

Weighted Average Floating Rate plus Margin<sup>5</sup> 5.1%

Note: All metrics exclude cash unless otherwise stated

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

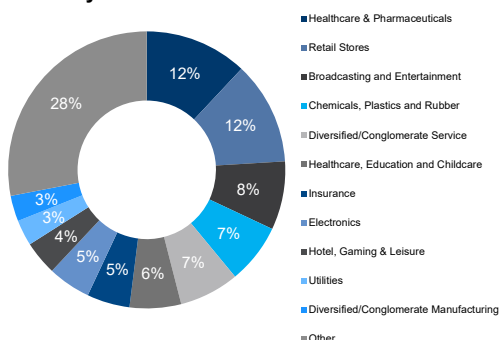
## Contacts

Richard Boleat, Chairman  
richard.boleat@CCPEOL.com

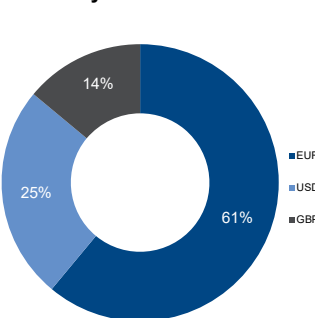
Note: Disclaimer & notes overleaf

## Investment Vehicle Portfolio Statistics (as at 31 July 2019)<sup>3</sup>

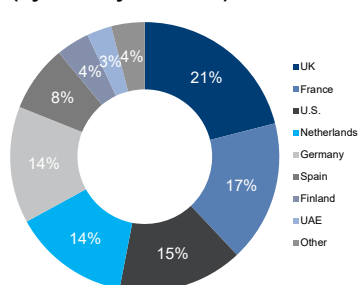
### Industry Breakdown



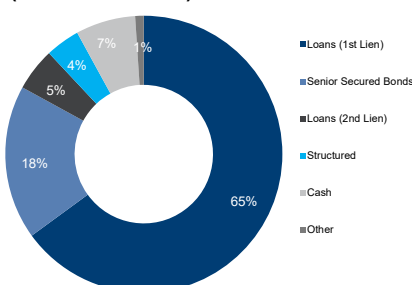
### Currency Breakdown



### Geographical Breakdown (by country of issuer)



### Asset Breakdown (incl. traded cash)



## Investment Vehicle Portfolio Statistics<sup>3</sup> (as at 31 July 2019)

### 5 Largest Issuers

Issuer	% of GAV	Industry	Country
Concordia	2.7	Healthcare & Pharmaceuticals	UK
Civica	2.5	Electronics	UK
Celsa	2.4	Metals & Mining	Spain
Promotora	2.4	Broadcasting & Entertainment	Spain
Kirk Beauty	2.3	Retail Stores	Germany

## Look Through Reporting<sup>6,8</sup> (as at 31 July 2019)

### Spread Exposure

Rating	Average Spread Duration <sup>7</sup>	Market Value (EUR)	Market Value (%)
BB	5.94	13,420,612	2%
B	4.54	414,856,907	66%
CCC	1.59	50,392,354	8%
NR	4.84	149,641,167	24%

### FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	387,373,211	62%
GBP	83,911,784	13%
USD	157,026,045	25%

### Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.23	510,698,628	81%
Fixed	4.89	101,065,667	16%
Other	0.00	16,546,745	3%

### 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.

<sup>6</sup> Data excludes cash

<sup>7</sup> Averages are weighted by market value

<sup>8</sup> Excluding short positions