

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
2019	0.5%	0.8%	0.0%	0.9%	-0.9%	0.1%	-0.3%	-0.6%	0.2%	-1.0%	-1.8%	-1.5%	0.7%
2018	0.8%	0.4%	0.2%	0.6%	0.2%	0.6%	0.9%	0.5%	0.2%	0.4%	0.4%	0.0%	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%	-0.6%	0.3%	-0.8%	-1.6%	-1.5%	1.7%
2018	0.9%	0.5%	0.3%	0.6%	0.3%	0.6%	1.0%	0.6%	0.2%	0.5%	0.5%	0.1%	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%

⁴ NAV Total Return includes dividends reinvested

Company Share Performance



Investment Vehicle Manager Market & Portfolio Commentary

In September, there was a partial reversal of some of the price actions we saw in August. The European Central Bank (ECB) and the Federal Reserve (Fed) both loosened monetary policy further in September. The ECB lowered the deposit rate by 10bps with tiering and re-introduced QE at €20bn/month in an open-ended manner, while the Fed cut its benchmark rate by 25bps for the second time in three months. This resulted in a risk-on tone and equities were generally up during the month, with bank equities outperforming.

European Sub Investment Grade Highlights

- September leverage issuance was €18.36bn, short of €20.25bn of Last Year ("LY"). Monthly volumes were €9.29bn in loans (€12.10bn LY) and €9.08bn in High Yield ("HY") (€8.15bn LY).^a
- 2019 loan volumes have been 59% acquisition and 40% refinancing, with the balance for general corporate purposes. Euro denominated issuance comprised 93% of the volumes for the month, GBP 6% and 1% others. Deal volume has been 20% France, 15% UK, 14% United States, 12% Spain and 9% Germany.^a
- 2019 bond volumes have been 69% refinancing and 14% M&A, with the balance for general corporate purposes. Sources of funding were 50% secured, 49% unsecured, with the balance being subordinated bonds. Composition was 91% Euro, 8% GBP, with the balance being others. YTD issuance has been 57% BB, 30% B and 7% split, with the balance being others. Deal volume has been 18% France, 17% UK, 14% Germany, 9% Netherlands and 7% Italy.^a
- TL B new issue spreads in September were E+397bps, in a similar range to what has been seen throughout 2019. Average net leverage was stable at 5.29x, which is 0.26x lower than LY and compares with 5.3-5.8x which we have seen through H1 2019.^a
- In the HY space, single B debt issued in the last 3 months priced at 4.82% yield, which compares with 6.61% for Q3 2018 and 6.74% for Q4 2018. For the BB space the YTM on a rolling 3-month basis was 2.88%, c.107bps tighter than the new issue for Q4 2018.^a

The Credit Suisse Western European Leveraged Loan Index hedged to Euro was up with a return of 0.56% in September, 1.05% in Q3 and 4.19% YTD. This compared to a return of 0.57% in September 2018, 1.45% in Q3 2018 and 2.37% YTD in 2018. On an LTM basis, the Index was up 2.34%.

The Credit Suisse Western European HY Index hedged to Euro was down with a return of -0.04% in September, up 1.33% in Q3 and up 9.08% YTD. In September 2018, the same index was only up 0.05%. On an LTM basis, the Index was up 4.7%.

The new issue market came back to life after its summer lull of August. The portfolio continued with the theme of allocating senior secured positions in defensible sectors whilst taking advantage of the strength in the broader loan market to rotate out of lower spread, lower rated issuers in sectors exposed to global macro concerns. In addition, secondary activity in the performing segment continued to rotate HY names on relative value positioning given the strong performance post Central Banks' support while also reducing HY GBP exposure in consideration of Brexit volatility.

The credit opportunities portfolio continues to see a strong flow of ideas and initiated a new position into a name which has been followed by the platform for a while. As discussed in previous monthly reports, there have been a number of restructuring processes which have been actively worked on, which are expected to drive performance in the future. Leading into the end of the month, one of these positions exited its balance sheet restructuring with a change of control to the lenders.

As of September close, performing credit (including cash) was at 56.6% of the portfolio with a weighted average price of 100.1, trading at a YTM of 4.8%, delivering 4.5% cash yield to the portfolio. Credit opportunities was at 43.4%, closing the month at a weighted average price of 85.1, trading at a YTM of 8.9%, and delivering 7.2% cash yield to the portfolio.

Floating rate instruments comprised 85.3% of the portfolio. Senior Secured 81.5%. The current yield is 6.4% (gross) with a weighted average market price of the portfolio of 92.8 versus 90.4 as at 31 December 2018. The cash position was at 5.0% compared to 15.3% as of the start of the year.

Sources

^aS&P LCD – October 2019

September 2019

Share Price & NAV at 30 September 2019

	EUR	GBP
Share Price ¹	0.9800	0.9910
NAV ²	1.0070	1.0535
Total Net Assets ³	130,367,254	372,811,898

Market Capitalisation	126,869,610	350,696,665
-----------------------	-------------	-------------

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 85.3%

Percentage of Portfolio in Fixed Rate Assets 12.1%

Percentage of Portfolio in Other 2.6%

Weighted Average Price⁵ 92.8

Yield to Maturity⁸ 6.8%

Current Yield 6.4%

Weighted Average Fixed Rate Coupon⁸ 7.8%

Weighted Average Floating Rate plus Margin⁸ 5.0%

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 1%

Model Price 3%

Contacts

Richard Boleat, Chairman
richard.boleat@CCPEOL.com

Note: Disclaimer & notes overleaf

