

## 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)

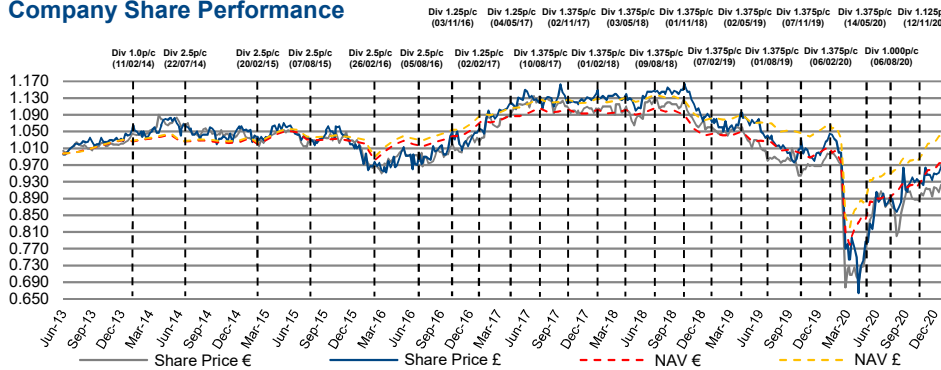
EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	1.8%												1.8%
2020	1.2%	-1.1%	-20.7%	6.4%	4.8%	3.5%	0.6%	2.2%	1.4%	0.1%	5.1%	1.4%	1.7%
2019	0.5%	0.8%	0.0%	0.9%	-0.9%	0.1%	-0.3%	-0.6%	0.2%	-0.9%	0.4%	1.4%	1.6%
2018	0.8%	0.4%	0.2%	0.6%	0.2%	0.6%	0.9%	0.5%	0.2%	-1.0%	-1.8%	-1.5%	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
2021	1.9%												1.9%
2020	1.6%	-1.0%	-21.2%	6.6%	5.3%	3.5%	0.7%	2.2%	1.6%	0.2%	5.1%	1.5%	2.8%
2019	0.7%	0.9%	0.2%	1.0%	-0.7%	0.2%	-0.2%	-0.6%	0.3%	-0.6%	0.5%	1.5%	3.1%
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

January was a mixed month for risk assets. There were some clear underperformers, such as southern European equity indices, with examples being the Greek Athex -7.4%, Spain's IBEX 35 -3.9% and Italy's FTSE MIB -3.0%. Other equity markets performed better such as Nasdaq +1.4% in the month. This however was well off the intra-month highs, as we saw some weakness towards month end. The travel and leisure space in particular showed weakness as financial markets focused on some of the difficulties associated with the vaccine distribution as well as new lockdown measures across most of Europe. However, the month was dominated with headlines on single stock moves as a result of traders from the Reddit forum WallStreetBets. Finally, US Treasuries also came under some pressure with 10-year yields rising to the highest levels since March 2020, as a result of the election results and expected stimulus.

### European Sub Investment Grade Highlights

Loan issuance totalled €11.83bn during the month, below the €17.22bn issued in January 2020. The average January loan issuance in the last 5 years is €10.72bn, hence we still believe 2021 started on a healthy note. High Yield ("HY") issuance was €12.28bn for the month meaning the year closed 6% below the €13.00bn issuance in January 2020. New issue spreads continue to look attractive versus historical levels with average loan spreads of E+395bps and average yields of 4.19%. This compares to average spreads of E+353bps and yields of 3.70% in January 2020.<sup>a</sup>

The Credit Suisse Western European Leveraged Loan Index, hedged to Euro, was up 0.91% for the month. Cyclical (1.10%) again outperformed defensives (0.73%). CCCs returned 3.42% while single Bs returned 0.82% and BBs returned 0.45% during the month. As at the end of January, the 3-year discount margin on the index was 438bps. The Credit Suisse Western European High Yield Index, hedged to Euro, was up 0.52% for the month.

Our performing book continues to be well-positioned to generate income across 84 positions. As secondary spreads tighten, we have maintained diligent focus on the primary market as a source of investment opportunity across both Europe and the US, resulting in a number of new positions. We have also initiated positions in the secondary market in select performing names that we believe offer attractive risk-adjusted returns. These purchases have been funded through a combination of select sales in low-coupon names at attractive levels, in addition to realized gains in credit opportunities assets. As of January close, performing credit (including cash) was 54.4% of the portfolio, trading at a weighted average price of 100.1 and a YTM of 5.6%, whilst delivering a 4.3% running yield to the portfolio.

The credit opportunities portfolio has remained an active focus for the team from a trading, idea-generation, and portfolio management perspective. In the month of January, we crystallized gains across three separate positions trading at or above our view of fair value, and exited one US-based retail position near par. All four of these line items traded at deeply discounted levels at various points throughout 2020, and our willingness to hold conviction positions in spite of volatility paid off. Within the credit opportunities book, January marked a new level of primary market engagement. We participated in the refinancing of a UK-based roadside assistance portfolio company, while also initiating a position in a UK-based mortgage and loan originator in the primary market. The secondary market remains a key focus, and the team screens several new opportunities each week. We initiated a position in a freight carrier bond within a capital structure we are intimately familiar with, while also adding selectively to existing positions when attractive opportunities arise. Across our structured products book, we held a successful BWIC (Bid Wanted in Competition) on a number of assets that were acquired when spreads were materially wider. We will look to redeploy this capital into the primary structured products market in order to pick up convexity. As of January close, credit opportunities was 45.6% of the portfolio, trading at a weighted average price of 88.8 and a YTM of 8.5%, whilst delivering a 7.2% cash yield to the portfolio.

Across the entire portfolio, as of January month end, the weighted average market price was 94.1, trading at a YTM of 7.1%, and delivering 6.5% cash yield (on a levered basis) versus a weighted average price of 93.6, YTM of 7.0% and cash yield of 6.6% as of December 2020. Floating rate instruments comprised 84.1% of the portfolio. Senior Secured 75.3%. The portfolio had a cash position of 9.6% (including leverage) with leverage at 1.3x assets.

The fund continues to outperform the market, even following a strong end to 2020. Our trading volumes remain elevated, and we constantly seek to optimize the portfolio while maintaining prudence in our investment decisions. Idea generation and positioning remain a key focus, and the team continues to seek opportunities across European and US markets. The portfolio is well-positioned heading into February as equity volatility, earnings, and macroeconomic developments gain speed.

## Sources

<sup>a</sup> LCD, an offering of S&P Global Market Intelligence - February 2021

## January 2021

### Share Price & NAV at 31 January 2021

	EUR	GBP
Share Price <sup>1</sup>	0.9250	0.9800
NAV <sup>2</sup>	0.9826	1.0496
Total Net Assets <sup>3</sup>	119,810,439	178,349,336
Market Capitalisation	112,787,666	166,522,317

<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 84.1%

Percentage of Portfolio in Fixed Rate Assets 14.5%

Percentage of Portfolio in Other 1.4%

Weighted Average Market Price<sup>5</sup> 94.1

Yield to Maturity<sup>8</sup> 7.1%

Current Yield<sup>9</sup> 6.5%

Weighted Average Fixed Rate Coupon<sup>8</sup> 6.6%

Weighted Average Floating Rate plus Margin<sup>8</sup> 4.7%

Note: All metrics exclude cash unless otherwise stated  
<sup>5</sup> Average market price of the portfolio weighted against the size of each position

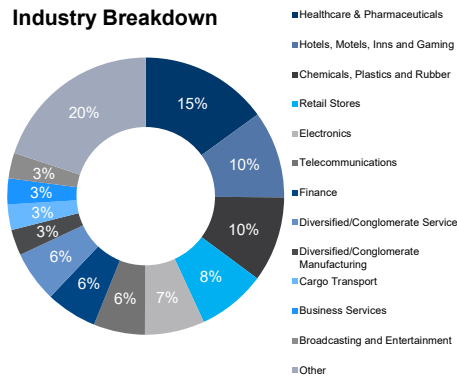
## Contacts

Richard Boleat, Chairman  
richard.boleat@CCPEOL.com

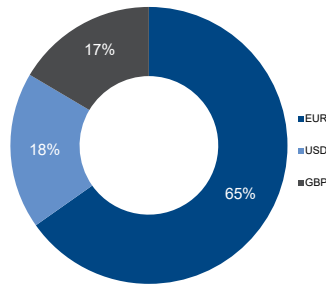
Note: Disclaimer & notes overleaf

## Investment Vehicle Portfolio Statistics (as at 31 January 2021)<sup>3</sup>

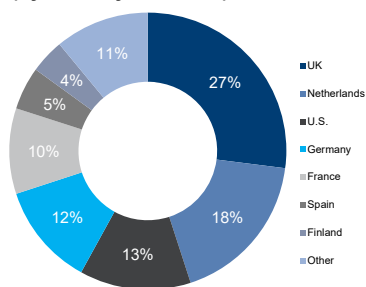
### Industry Breakdown



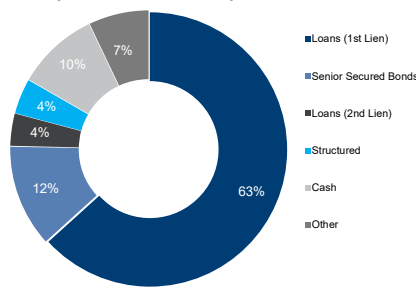
### Currency Breakdown



### Geographical Breakdown (by country of issuer)



### Asset Breakdown (incl. traded cash)



## Investment Vehicle Portfolio Statistics<sup>3</sup> (as at 31 January 2021)

### 5 Largest Issuers

Issuer	% of GAV	Industry	Country
Colouroz	3.2	Chemicals, Plastics and Rubber	Germany
Civica	3.0	Electronics	UK
Doncasters	2.9	Diversified/Conglomerate Manufacturing	UK
Concordia	2.4	Healthcare & Pharmaceuticals	UK
Keter Group	2.3	Chemicals, Plastics and Rubber	Netherlands

## Look Through Reporting<sup>6,8</sup> (as at 31 January 2021)

### Spread Exposure

Rating	Average Spread Duration <sup>7</sup>	Market Value (EUR)	Market Value (%)
BB	6.51	17,013,376	4%
B	4.17	260,603,358	67%
CCC	2.69	70,640,535	18%
NR	5.19	43,773,680	11%

### FX Exposure

Currency	Market Value (EUR)	Market Value (%)
EUR	255,613,839	65%
GBP	64,791,612	17%
USD	71,625,498	18%

### Interest Rate Exposure

Type	Duration	Market Value (EUR)	Market Value (%)
Floating	0.20	329,691,950	84%
Fixed	3.41	56,943,737	15%
Warrants	0.00	5,395,262	1%

### 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.

<sup>9</sup> Current Yield including Investment Vehicle leverage