

## CVC Credit Partners European Opportunities Limited

## Summary

CVC Credit Partners European Opportunities Limited (the “Company” or “CCPEOL”) is a Jersey closed-ended investment company limited by shares.

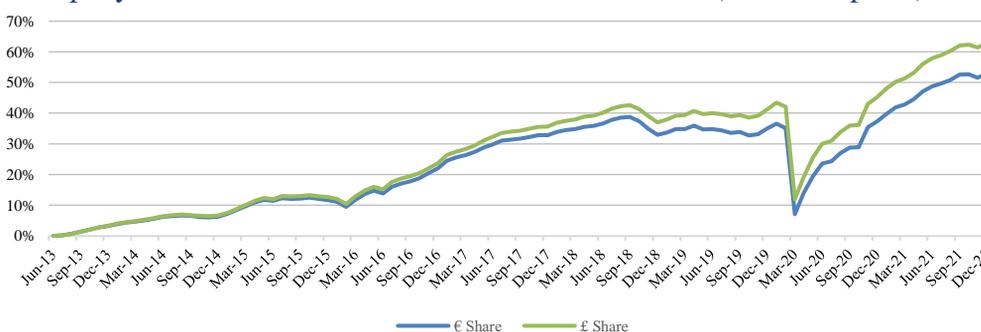
The Company’s shares are traded on the Main Market of the London Stock Exchange (LSE).

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.

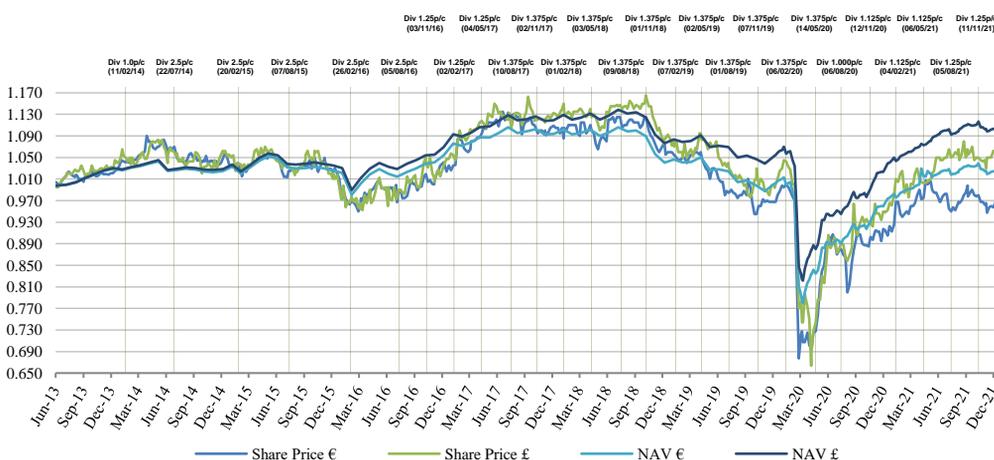
## Investment Objectives

- CCPEOL is focused on capital preservation, and it seeks to generate high cash income via a stable and attractive dividend, as well as offer the potential for capital appreciation.
- It aims to provide shareholders with security, low volatility, liquidity, and low correlation with equities by investing in European sub-investment grade credit.

Company NAV Total Return Cumulative Performance<sup>4</sup> (since inception)

|         | 1M    | 3M    | YTD    | 1YR    | 3YRS   | 5YRS   | ITD    |
|---------|-------|-------|--------|--------|--------|--------|--------|
| € Share | 0.94% | 0.29% | 11.41% | 11.41% | 15.09% | 25.36% | 52.97% |
| £ Share | 0.91% | 0.51% | 12.17% | 12.17% | 18.86% | 31.67% | 62.87% |

## Company Share Performance



## December 2021

| Share Price & NAV at 31 December 2021                                   |                                 |                  |
|---|---------------------------------|------------------|
|   | EUR                             | GBP              |
| Share Price <sup>1</sup>  | 0.9675                          | 1.0575           |
| NAV <sup>2</sup>  | 1.0266                          | 1.1058           |
| Total Net Assets <sup>3</sup>   | 123,210,226                     | 159,089,778      |
| Market Capitalisation   | 116,116,027                     | 152,146,939      |
| 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                             |                                 |                  |
| Floating Rate Assets  | 78.1%                           |                  |
| Fixed Rate Assets   | 20.5%                           |                  |
| Other Assets  | 1.4%                            |                  |
| Weighted Average Market Price <sup>5</sup>                              | 96.5                            |                  |
| Yield to Maturity <sup>6</sup>  | 8.3%                            |                  |
| Current Yield <sup>6</sup>  | 7.9%                            |                  |
| Weighted Average Fixed Rate Coupon                                      | 6.3%                            |                  |
| Weighted Average Floating Rate plus Margin                              | 4.9%                            |                  |
| <i>Note: All metrics exclude cash unless otherwise stated</i>           |                                 |                  |
| Asset Classification by Pricing Category                                |                                 |                  |
| 3 <sup>rd</sup> Party Pricing Service                                   | 95%                             |                  |
| Broker Quotes   | 1%                              |                  |
| Model Price   | 4%                              |                  |
| Contact Us  |                                 |                  |
| <b>Richard Boleat, Chairman</b><br>richard.boleat@CCPEOL.com            |                                 |                  |
| <b>CVC Credit Investor Relations</b><br>creditinvestorrelations@cvc.com |                                 |                  |
| <i>Note: Disclaimer &amp; notes located at end of report</i>            |                                 |                  |

# CVC Credit Partners European Opportunities Limited

## Portfolio Manager



**Pieter Staelens**

Managing Director  
19 years experience

Pieter joined CVC Credit in 2018. Pieter joined from Janus Henderson Investors in London where he was involved in various High Yield strategies and a credit long/short strategy. Prior to this, Pieter was at James Caird Asset Management, CQS, Remus Partners and Bear Stearns. Pieter is a graduate of the Université Catholique de Louvain in Belgium. He also holds an MSc in Finance, Economics and Econometrics from the Cass Business School and an MBA from the University of Pennsylvania.

## Market and Portfolio Commentary

After the Omicron-led sell-off in November, we saw a bounce in risk assets in December. The hospitalisation and mortality rates appear to remain low even though it's highly infectious. Central banks also turned more hawkish in December, with an acceleration of tapering announced by the Fed and a first rate hike by the Bank of England. That didn't stop the rally in equities, with most US equity indices closing the year at or near all time highs. The travel sector was one of the stand-out performers in December as most of the November Omicron losses were erased, as evidenced by the 10.2% rise in Crude and 13.6% rise in WTI.<sup>a</sup>

### European Sub Investment Grade Highlights

December was a seasonally quiet month with only €0.71bn total loan issuance, compared to €1.43bn same month last year. The lower issuance levels during the month should be seen in the context of the full year activity. During 2021 loan issuance reached a record €129.5bn, beating the previous high water mark of €120.40bn in 2017. The average new issue spread in December was E+422.97 with 4.50% yield to maturity which compares to tighter levels seen early in the year +376bps and 3.92% in February 2021, respectively. On the HY side, we saw €1.40bn of bond issuance during the month, bringing year-to-date ("YTD") issuance to €124.40bn, another record when looking at the time series since 2010.<sup>b</sup>

The Credit Suisse Western European Leveraged Loan Index return, hedged to Euro, was at +0.42% for the month, which brings the full year returns to +4.63%. Defensives were (+0.43%) largely in line with cyclicals (+0.41%) in December. CCCs in December underperformed all other rating categories at -0.21%. In contrast, they were the strongest rating category when looking at the full year returns: BBs +2.42%; Bs +4.3%; CCCs +10.82%, Not Rated +7.66% and Distressed (CC or lower) +5.15%. As at the end of December, the 3-year discount margin on the index was 413bps.

The Credit Suisse Western European High Yield Index, hedged to Euro, was up +1.06%. YTD returns stand at +4.04%.<sup>c</sup>

### Portfolio Commentary

Despite the market slowdown brought forth by the holidays, December was another active month within the performing book across deployment and risk management. We sought to capitalize on the volatility in risk markets introduced by the Omicron variant, while also positioning the portfolio into year-end. During the month, we exited six individual positions trading at or above our view of fair value. As the primary market continues to offer attractively-priced risk at a discount, we partially re-deployed this capital into two new names in December and will look to continue deploying into primary opportunities in January. Additionally, in the secondary market, we topped up on an existing position at a discount, while also adding a new position in the GBP tranche of a European issuer that we have exposure to. As the new year begins, the book remains well-positioned for current income. As of December close, performing credit (including cash) was 50.8% of the portfolio, trading at a weighted average price of 99.6 and a YTM of 4.5%, whilst delivering a 4.5% cash yield to the portfolio.

The credit opportunities book was similarly active while crystallizing a very strong year in terms of performance. During the month, we received full repayment in a core position backing a contract logistics provider following a successful sale of the business. This position was held in the fund for many years, throughout which we led a successful restructuring and maintained conviction during periods of weakness; this repayment further validates our proven investment approach. Separately, we took profit on a position that we entered into less than a year prior at significantly lower levels, as the issuer has proactively reduced its debt load thanks to robust cash generation. We redeployed this capital by introducing one new name to the credit opportunities book, while topping up on an existing position at an attractive level. Within the structured products book, we continued re-deploying capital that was raised following our successful auction in October. During the month of December, we added two new positions in BB-rated CLO paper, both offering attractive risk profiles relative to comparable opportunities. As of December close, credit opportunities was 49.2% of the portfolio, trading at a weighted average price of 93.3 and a YTM of 9.0%, whilst delivering a 7.8% cash yield to the portfolio.

Across the entire portfolio, as of December month end, the weighted average market price was 96.5, trading at a YTM of 8.3%, and delivering 7.9% 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 78.1% of the portfolio. Senior Secured 78.1%. The portfolio had a cash position of -0.3% (including leverage) with leverage at 1.3x assets.

As the new year kicks off, we remain wary of the macroeconomic backdrop as COVID cases break new records and central banks work to gain control of consumer prices. Ahead of potential future volatility in credit markets, the performing book remains well-positioned for current income, and the credit opportunities book continues to offer convexity. The fund recorded significant outperformance against relevant benchmarks during 2021, and we will maintain our proven investment approach in targeting continued outperformance in 2022.

### Commentary Sources:

<sup>a</sup> Bloomberg

<sup>b</sup> LCD, an offering of S&P Global Market Intelligence – December 2021

<sup>c</sup> Credit Suisse

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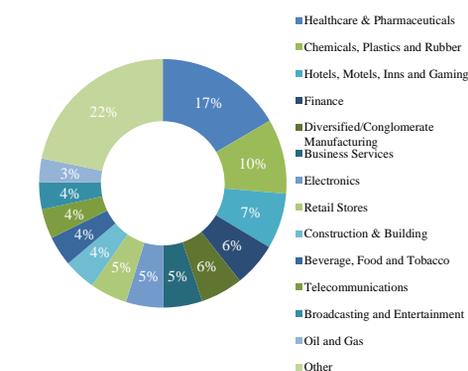
Investment Vehicle Portfolio Statistics as at 31 December 2021<sup>5</sup>

### Top 5 Issuers

| Issuer     | % of Gross Assets | Industry                               | Country        |
|------------|-------------------|--|----------------|
| Doncasters | 5.3%              | Diversified/Conglomerate Manufacturing | United Kingdom |
| Colouroz   | 3.7%              | Chemicals, Plastics and Rubber         | Germany        |
| Civica     | 3.4%              | Electronics                            | United Kingdom |
| D&G        | 2.5%              | Financial Intermediaries               | United Kingdom |
| Douglas    | 2.4%              | Retail                                 | Germany        |

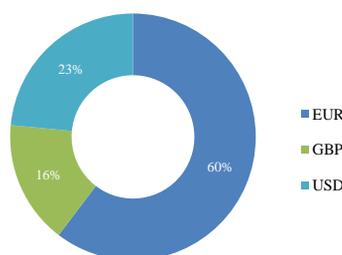
### Industry Exposure

MV (%)



### Currency Exposure

MV (%)



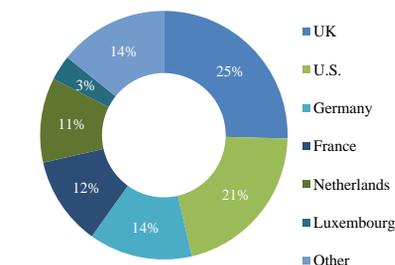
### RepRisk ESG Rating<sup>7</sup>

MV (%)

|              |               |
|--------------|---------------|
| AAA          | 26.9%         |
| AA           | 47.2%         |
| A            | 14.1%         |
| BBB          | 8.1%          |
| BB           | 0.0%          |
| B            | 0.0%          |
| CCC          | 0.0%          |
| CC           | 0.0%          |
| C            | 0.0%          |
| D            | 0.0%          |
| NR           | 3.7%          |
| <b>Total</b> | <b>100.0%</b> |

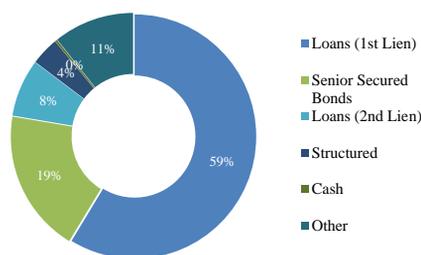
### Geographic Exposure

MV (%)



### Asset Exposure

MV (%)



## Look Through Reporting<sup>6,8</sup> as at 31 December 2021

### Rating Exposure

| Rating | Average Spread Duration <sup>9</sup> | MV (€) | MV (%) |
|--------|--------------------------------------|--------|--------|
| BB     | 6.70                                 | 7.4m   | 2%     |
| B      | 4.32                                 | 276.6m | 68%    |
| CCC    | 2.70                                 | 87.3m  | 22%    |
| NR     | 4.46                                 | 33.8m  | 8%     |

### Interest Rate Exposure

| Type     | Duration | MV (€) | MV (%) |
|----------|----------|--------|--------|
| Floating | 0.18     | 316.5m | 78%    |
| Fixed    | 3.75     | 83.0m  | 20%    |
| Warrants | 0.00     | 5.6m   | 1%     |

Note: Amounts may not add up to 100% due to rounding.

### FX Exposure

| Currency | MV (€) | MV (%) |
|----------|--------|--------|
| EUR      | 244.5m | 60%    |
| GBP      | 65.6m  | 16%    |
| USD      | 95.1m  | 23%    |

#### Notes & Assumptions:

- The sum of the market values may be larger than the NAV due to the effect of the investment vehicle leverage facility
- All duration and yield calculations are based on assets outstanding to maturity (no call or amortisation assumptions)
- Duration is calculated using the DURATION function in Excel, and includes approximations for interest rate duration for floating 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

# CVC Credit Partners European Opportunities Limited

## Important Information

### Footnotes

- <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
- <sup>4</sup> NAV Total Return includes dividends reinvested
- <sup>5</sup> Average market price of the portfolio weighted against the size of each position
- <sup>6</sup> Current Yield including Investment Vehicle leverage

- <sup>7</sup> The RepRisk Rating is a letter rating (AAA to D) that facilitates benchmarking and integration of ESG and business conduct risks. NR indicates exposure to issuers not currently monitored by RepRisk. Data as at 31 December 2021.
- <sup>8</sup> Data excludes cash
- <sup>9</sup> Averages are weighted by market value

### Disclaimers

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.