



# 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).

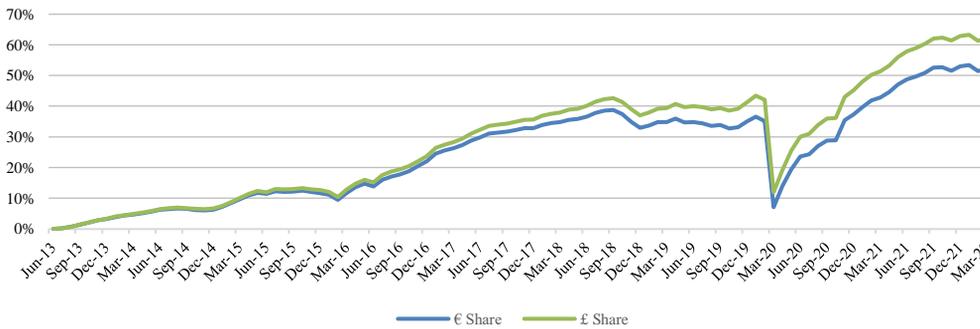
The Company’s investment policy is to invest predominantly in companies domiciled, or with material operations, in Western Europe across various industries. The Company’s investments are focused on Senior Secured Obligations of such companies, but investments are also made across the capital structure 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

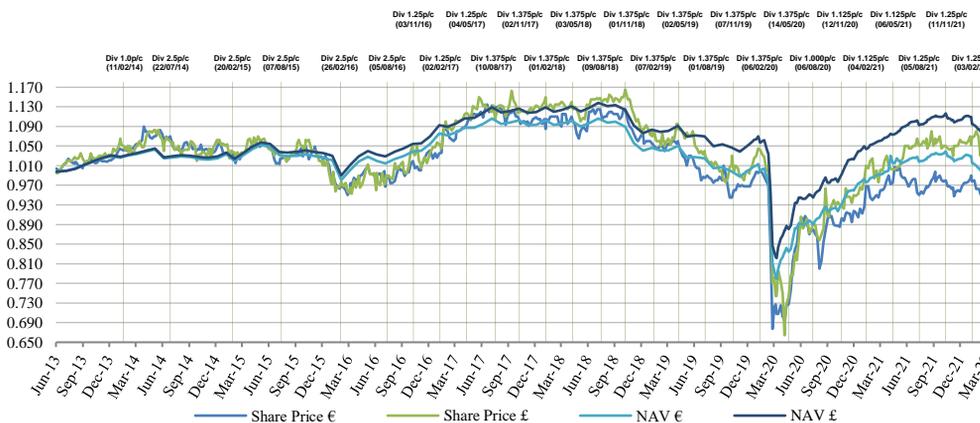
- CCPEOL is focused on capital preservation, and it seeks to generate high cash income via a stable and attractive dividend, as well as offer the potential for capital appreciation.
- It aims to provide shareholders with security, low volatility, liquidity, and low correlation with equities by investing 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	0.44%	-0.61%	-0.61%	6.44%	12.79%	20.42%	52.04%
£ Share	0.57%	-0.40%	-0.40%	7.18%	16.38%	26.50%	62.22%

## Company Share Performance



## March 2022

Share Price & NAV at 31 March 2022		
	EUR	GBP
Share Price <sup>1</sup>	0.9550	1.0250
NAV <sup>2</sup>	1.0079	1.0889
Total Net Assets <sup>3</sup>	110,107,846	148,676,286
Market Capitalisation	104,332,028	139,954,980
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	82.0%	
Fixed Rate Assets	16.2%	
Other Assets	1.8%	
Weighted Average Market Price <sup>5</sup>	93.9	
Yield to Maturity <sup>6</sup>	EUR	8.4%
	GBP	9.8%
Current Yield <sup>6</sup>	EUR	7.7%
	GBP	9.1%
Weighted Average Fixed Rate Coupon	6.4%	
Weighted Average Floating Rate plus Margin	5.1%	
<i>Note: All metrics exclude cash unless otherwise stated</i>		
Contact Us		
3rd Party Pricing Service	96%	
Broker Quotes	1%	
Model Price	3%	
Contact Us		
<b>Richard Boleat, Chairman</b> richard.boleat@CCPEOL.com		
CVC Client & Product Solutions		
cps@cvc.com		
<i>Note: Disclaimer &amp; notes located at end of report</i>		

## Portfolio Manager

**Pieter Staelens**

Managing Director  
20 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

Financial markets were volatile again in March 2022, as the war between Ukraine and Russia continues. This puts further pressure on already fragile supply chains, resulting in accelerating inflation. This has led central banks across the globe to tighten monetary policy, despite the risk of a slowdown in the global economy, raising the fears of stagflation. The Fed hiked base rates by 25bps in March, with further rate hikes likely to come over the next few months<sup>a</sup>, while the ECB ended their Pandemic Emergency Purchase Program at the end of March.

**European Sub Investment Grade Highlights**

New loan issuance came close to a full stop whilst the market analysed the medium to long repercussions of the war in the Ukraine. During March we saw €0.39bn total loan new issuances in Europe which compares with €21bn last year. Year-to-date (“YTD”) issuance stood at €18.8bn or 54% below last year. We expect a gradual increase in new issuance post Easter which is likely to be at a wider yield in comparison with January and early February issuances. The HY market was closed during March in Europe with no bond issued in March and €10.8bn YTD (-72% vs. last year).<sup>b</sup>

The Credit Suisse Western European Leveraged Loan Index return, hedged to Euro, was at +0.09% for the month. Defensives +0.38% and cyclicals -0.20% in March. CCCs in March were down -2.33%, while BBs returned +0.25% and Bs returned +0.16%. As at the end of March, the 3-year discount margin on the index was 463bps.

The Credit Suisse Western European High Yield Index, hedged to Euro, was down -0.97%, marking the third consecutive negative return month (YTD -5.45%) on the back of investors’ concerns around inflation and central bank policy compounded by the market volatility on the back of the Russian-Ukrainian conflict.<sup>c</sup>

**Portfolio Commentary**

As volatility in global risk markets remains elevated, sentiment in leveraged credit markets remains similarly volatile, and as such, activity within the performing book remained elevated in March. Our trading activity sought to again capitalize on the volatility and further optimize positioning. Throughout the month, we reduced exposure to names trading at tight prices, offering limited discount or unattractive income at current levels. We also exited three names in the USD performing sleeve as hedging costs have risen, and will look to redeploy that capital into EUR-denominated opportunities in the coming weeks. We completed a switch out of a USD-denominated position into the pari passu EUR-denominated debt of the same issuer in an effort to optimize current income. As of March close, performing credit (including cash) was 50.0% of the portfolio, trading at a weighted average price of 98.0 and a YTM of 5.0%, whilst delivering a 4.6% cash yield to the portfolio.

We remain diligent in our investment approach to the credit opportunities market, and our activity within the credit opportunities book during the month of March reflects this diligence. The team continues to work through new ideas, and with the macroeconomic and geopolitical uncertainty facing markets globally, we will maintain our diligent investment approach. During the month of March, we received a partial repayment of a position that we have held across the CVC Credit platform for many years. Previous challenges that the issuer faced resulted in depressed trading levels in recent years, and we maintained conviction in our thesis which enabled us to add risk at a significant discount over time. The partial paydown – following a successful asset sale – serves as a testament to our proven investment approach. Additionally, we built a position in a new name in the low 90s during the month of March, further enhancing the convexity of the fund. We also added a new position during the month in the unsecured notes of an issuer that we have secured exposure to at a significant discount. Activity within the structured products sleeve remained elevated throughout the month. We participated in two primary issuances, acquiring new positions in the BB and B-rated paper of primary CLO deal. We also added a new name to the structured products sleeve at an attractive discount through successful participation in an auction. This brings our structured finance exposure to ~6% of the overall fund. As of March close, credit opportunities was 50.0% of the portfolio, trading at a weighted average price of 90.3 and a YTM of 9.6%, whilst delivering a 8.1% cash yield to the portfolio.

Across the entire portfolio, as of March month end, the weighted average market price was 93.9, trading at a YTM of 8.4% (€ hedged) / 9.8% (£ hedged), and delivering 7.7% (€ hedged) / 9.1% (£ hedged) cash yield (on a levered basis) versus a weighted average price of 96.5, YTM of 8.3% and cash yield of 7.9% as of December 2021. Floating rate instruments comprised 82.0% of the portfolio. Senior Secured 72.8%. The portfolio had a cash position of 3.6% (including leverage) with leverage at 1.3x assets.

As geopolitical and macroeconomic uncertainty remain significant risks to global markets, we will remain diligent in our investment approach across both performing and credit opportunities books. The fund is performing well against relevant benchmarks, and we will continue to work as a global team in managing the fund.

**Commentary Sources:**<sup>a</sup> Bloomberg<sup>b</sup> LCD, an offering of S&P Global Market Intelligence – April 2022<sup>c</sup> Credit Suisse

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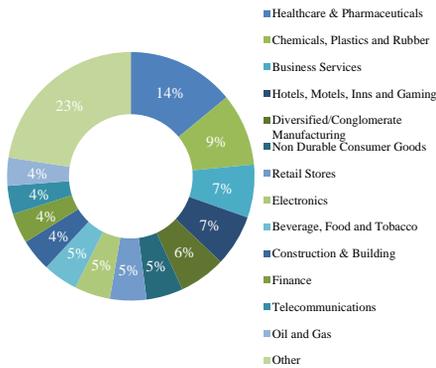
### Investment Vehicle Portfolio Statistics as at 31 March 2022<sup>5</sup>

#### Top 5 Issuers

Issuer	% of Gross Assets	Industry	Country
Doncasters	5.52%	Diversified/Conglomerate Manufacturing	United Kingdom
Civicia	3.37%	Electronics	United Kingdom
Wella	3.07%	Cosmetics / Toiletries	Luxembourg
Colouroz	2.57%	Chemicals, Plastics and Rubber	Germany
Hotelbed	2.32%	Leisure	Spain

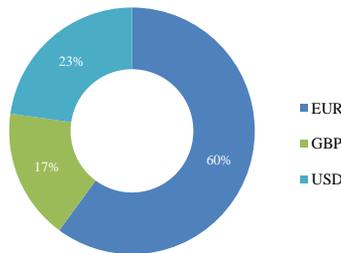
#### Industry Exposure

MV (%)



#### Currency Exposure

MV (%)



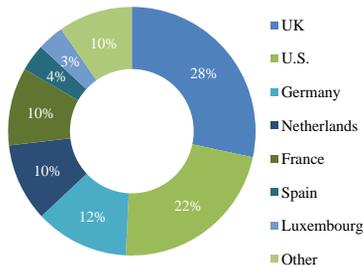
#### RepRisk ESG Rating<sup>7</sup>

MV (%)

AAA	20.7%
AA	41.9%
A	24.2%
BBB	6.6%
BB	0.7%
B	0.0%
CCC	0.0%
CC	0.0%
C	0.0%
D	0.0%
NR	5.8%
<b>Total</b>	<b>100.0%</b>

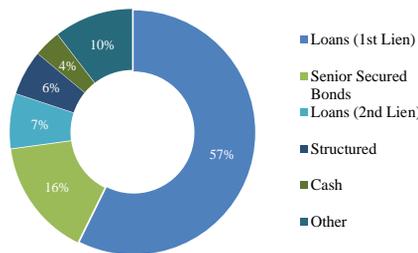
#### Geographic Exposure

MV (%)



#### Asset Exposure

MV (%)



### Look Through Reporting<sup>6,8</sup> as at 31 March 2022

#### Rating Exposure

Rating	Average Spread Duration <sup>9</sup>	MV (€)	MV (%)
BB	7.16	11.1m	3%
B	4.26	246.9m	67%
CCC	2.66	76.6m	21%
NR	4.76	34.3m	9%

#### Interest Rate Exposure

Type	Duration	MV (€)	MV (%)
Floating	0.20	302.6m	82%
Fixed	3.31	59.7m	16%
Warrants	0.00	6.7m	2%

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

#### FX Exposure

Currency	MV (€)	MV (%)
EUR	221.7m	60%
GBP	63.3m	17%
USD	84.0m	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



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## 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 March 2022.
- <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.