

CVC Income & Growth Limited

Summary

CVC Income & Growth Limited (the “Company” or “CVCIG”) 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).

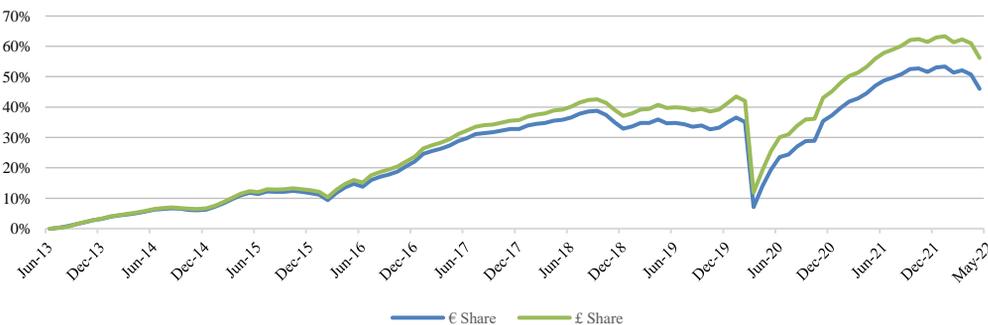
The Company’s investment policy is to invest predominantly in companies domiciled, or with material operations, in Western Europe across various industries. The Company’s investments are focused on Senior Secured Obligations of such companies, but investments are also made across the capital structure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

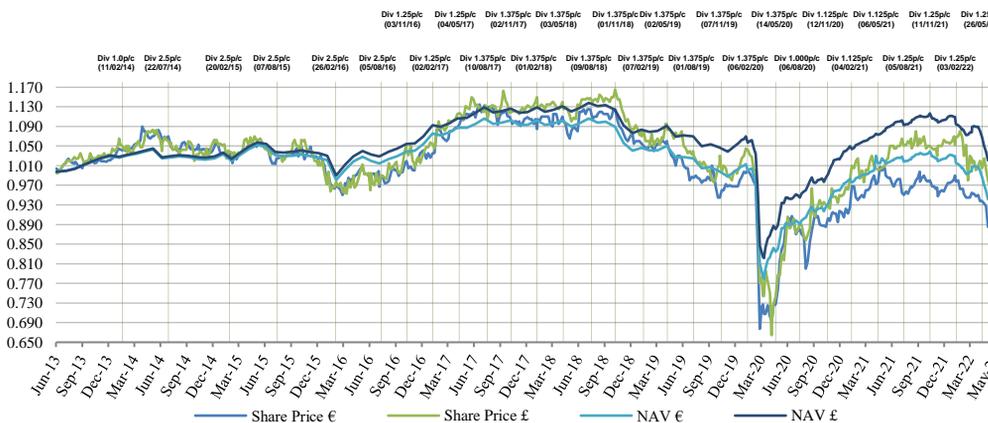
- CVCIG is focused on capital preservation, and it seeks to generate high cash income via a stable and attractive dividend, as well as offer the potential for capital appreciation.
- It aims to provide shareholders with security, low volatility, liquidity, and low correlation with equities by investing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

Company NAV Total Return Cumulative Performance⁴ (since inception)



| | 1M | 3M | YTD | 1YR | 3YRS | 5YRS | ITD |
|---------|--------|--------|--------|--------|--------|--------|--------|
| € Share | -3.18% | -3.57% | -4.58% | -0.76% | 8.39% | 13.31% | 45.97% |
| £ Share | -3.05% | -3.20% | -4.14% | 0.10% | 11.79% | 19.13% | 56.14% |

Company Share Performance



May 2022

| Share Price & NAV at 31 May 2022 | | |
|---|---------------------------------|------------------|
| | EUR | GBP |
| Share Price ¹ | 0.8850 | 0.9700 |
| NAV ² | 0.9550 | 1.0354 |
| Total Net Assets ³ | 102,578,389 | 138,549,265 |
| Market Capitalisation | 95,062,948 | 129,803,448 |
| Company Information | | |
| Vehicle Type | Closed-ended investment company | |
| Domicile | Jersey | |
| Inception Date | 25 June 2013 | |
| Market | London Stock Exchange | |
| LSE Identifier | EUR CVCE | GBP CVCG |
| ISIN Code | EUR JE00B9G79F59 | GBP JE00B9MRHZ51 |
| Website | ig.cvc.com | |
| Investment Vehicle Key Portfolio Statistics | | |
| Floating Rate Assets | 81.2% | |
| Fixed Rate Assets | 15.8% | |
| Other Assets | 3.0% | |
| Weighted Average Market Price ⁵ | 89.3 | |
| Yield to Maturity ⁶ | EUR | 10.9% |
| | GBP | 12.2% |
| Current Yield ⁶ | EUR | 8.3% |
| | GBP | 9.5% |
| Weighted Average Fixed Rate Coupon | 6.3% | |
| Weighted Average Floating Rate plus Margin | 5.2% | |

Note: All metrics exclude cash unless otherwise stated

Contact Us

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Note: Disclaimer & notes located at end of report

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

The combination of high inflation and slowing growth continues to impact financial markets. The flash May CPI for the Euro Area came out at +8.1%, which was the highest reading since the formation of the single currency.^a In the US, CPI came out at 8.3%, slightly below the 8.5% recorded in the previous month, as investors start to speculate that the US could be past peak inflation. Moreover, various Fed officials hinted towards a 50bps hike at the next meeting, effectively taking a 75bps hike off the table. This provided some relief to financial markets and 10yr treasuries recorded the first month of positive returns this year at +0.03%.^b After an initial sell-off, most large equity indices also managed to grind out a positive return for the month as sentiment turned more positive in the second half of the month. Retail in particular was weak during the month as a number of US retailers came out with meaningful profit warnings.

European Sub Investment Grade Highlights

May was another quiet month with only €0.4bn total loan issuance in Europe down from almost €10bn issuance in May 2021. Year-to-Date (“YTD”) issuance stands at €25.4bn, down materially from the record year 2021 when we had €64bn at the end of May or the historical 10-year average of €37.1bn for the first 5 months of the year. The difficult macro environment, and the overhang of a few large hung bridge loans is keeping activity low in the European loan market.

The HY market was virtually closed during March and April this year and showed a slight improvement during May reaching €2bn in new issuances (vs. €10bn May 2021) in Europe. The issuance was mainly in the BB ratings bracket as investors are focusing on higher quality.^c

The Credit Suisse Western European Leveraged Loan Index return, hedged to Euro, was at -2.9% for the month. Defensives were -2.8% and cyclicals -3.0% in May. CCCs in May were down -6.2%, single Bs -2.94% and BBs -2.54%. As at the end of May, the 3-year discount margin on the index was 574bps.

The Credit Suisse Western European High Yield Index, hedged to Euro, was down -1.08% the fifth consecutive negative return month (YTD -9.11%) on the back of investors’ concerns around recession, inflation and central bank policy.^d

Portfolio Commentary

As volatility in global risk markets remained elevated during the month of May, activity within the performing book was characterized by prudent risk management. We were extremely active on the trading front as secondary market volatility remained robust. Capital markets activity remains thin, and the slowdown in primary new issuance seen globally persisted during the month. In May, we participated in one new primary transaction backing an investment in the Spanish football ecosystem. Additionally, we added two new names to the book in the secondary market, both offering compelling return profiles with attractive current income at discounted prices. To fund this deployment, we reduced several larger positions while exiting six smaller positions. Four of these sales were in fixed-rate high yield bonds, which have drastically underperformed floating rate loans year-to-date. As of May close, performing credit (including cash) was 49.2% of the portfolio, trading at a weighted average price of 93.9 and a YTM of 6.4%, whilst delivering a 5.0% cash yield to the portfolio.

The credit opportunities book remains a diligent focus of the team as we constantly monitor the opportunity set while managing existing risk. Despite secondary market volatility, the opportunity set within stressed credit remains challenged, and as such, we did not add any new names to the book during the month of May. However, we remain focused on screening new opportunities in an effort to move quickly when attractive prospects arise. During the month, we exited one position, taking profit and capitalizing on liquidity in a name that trades sporadically. Within the structured products sleeve, we added one new name to the book during the month. Primary CLO activity remains slow, and challenging market dynamics have led to a widening of liability spreads. We participated in the new issuance of BB-rated CLO paper offering attractive spread and discount following extensive internal diligence. As of May close, credit opportunities was 50.8% of the portfolio, trading at a weighted average price of 85.3 and a YTM of 12.0%, whilst delivering an 8.6% cash yield to the portfolio.

Across the entire portfolio, as of May month end, the weighted average market price was 89.3, trading at a YTM of 10.9% (€ hedged) / 12.2% (£ hedged), and delivering 8.3% (€ hedged) / 9.5% (£ 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 81.2% of the portfolio. Senior Secured 71.4%. The portfolio had a cash position of 4.2% (including leverage) with leverage at 1.4x assets.

As we approach the summer months, geopolitical and macroeconomic uncertainty remain significant risks to global markets. The performing book remains well-positioned for current income, and the credit opportunities book continues to offer attractive convexity. We will maintain strict diligence in our analysis of new investment opportunities, while managing existing risk with great focus.

Commentary Sources:^a Bloomberg^b Deutsche Bank^c LCD, an offering of S&P Global Market Intelligence – June 2022^d Credit Suisse

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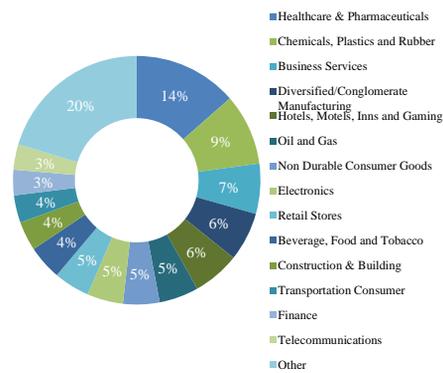
Investment Vehicle Portfolio Statistics as at 31 May 2022⁵

Largest 5 Issuers

| Issuer | % of Gross Assets | Industry | Country |
|-----------------|-------------------|--|----------------|
| Doncasters | 5.73% | Diversified/Conglomerate Manufacturing | United Kingdom |
| Civica | 3.46% | Electronics | United Kingdom |
| Wella | 3.02% | Cosmetics / Toiletries | Luxembourg |
| Colouroz | 2.63% | Chemicals, Plastics and Rubber | Germany |
| Drive DeVilbiss | 2.43% | Healthcare & Pharmaceuticals | U.S. |

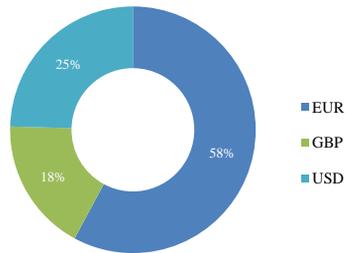
Industry Exposure

MV (%)



Currency Exposure

MV (%)



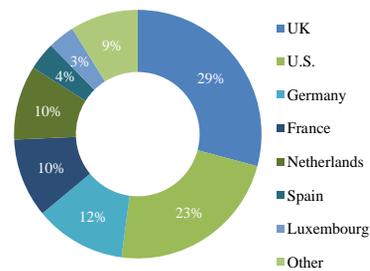
RepRisk ESG Rating⁷

MV (%)

| | |
|--------------|---------------|
| AAA | 21.7% |
| AA | 45.0% |
| A | 23.0% |
| BBB | 1.6% |
| BB | 0.5% |
| B | 0.0% |
| CCC | 0.0% |
| CC | 0.0% |
| C | 0.0% |
| D | 0.0% |
| NR | 8.1% |
| Total | 100.0% |

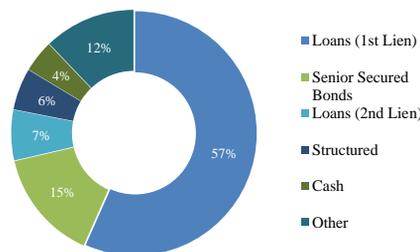
Geographic Exposure

MV (%)



Asset Exposure

MV (%)



Look Through Reporting^{6,8} as at 31 May 2022

Rating Exposure

| Rating | Average Spread Duration ⁹ | MV (€) | MV (%) |
|--------|--------------------------------------|--------|--------|
| BB | 5.51 | 13.8m | 4% |
| B | 4.01 | 218.3m | 64% |
| CCC | 2.52 | 74.8m | 22% |
| NR | 3.82 | 34.3m | 10% |

Interest Rate Exposure

| Type | Duration | MV (€) | MV (%) |
|----------|----------|--------|--------|
| Floating | 0.15 | 277.3m | 81% |
| Fixed | 3.15 | 53.8m | 16% |
| Warrants | 0.00 | 10.3m | 3% |

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

FX Exposure

| Currency | MV (€) | MV (%) |
|----------|--------|--------|
| EUR | 197.5m | 58% |
| GBP | 59.9m | 18% |
| USD | 83.9m | 25% |

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

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

- ⁷ 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 May 2022.
- ⁸ Data excludes cash
- ⁹ 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.