



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

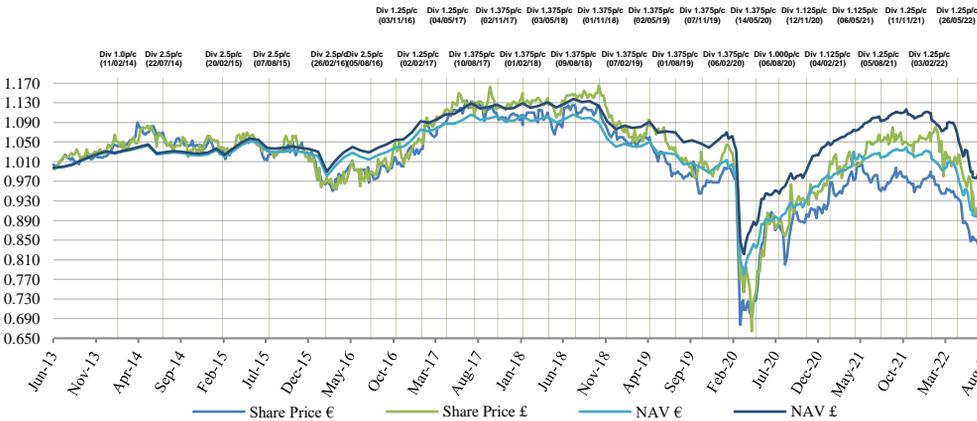
- CVCIG is focused on capital preservation, and it seeks to generate high cash income via a stable and attractive dividend, as well as offer the potential for capital appreciation.
- It aims to provide shareholders with security, low volatility, liquidity, and low correlation with equities by investing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

Company NAV Total Return Cumulative Performance⁴ (since inception)



	1M	3M	YTD	1YR	3YRS	5YRS	ITD
€ Share	2.18%	-1.31%	-5.83%	-4.50%	7.86%	9.62%	44.05%
£ Share	2.29%	-0.90%	-5.00%	-3.42%	11.38%	15.47%	54.73%

Company Share Performance



August 2022

Share Price & NAV at 31 August 2022		
	EUR	GBP
Share Price ¹	0.8650	0.9470
NAV ²	0.9298	1.0134
Total Net Assets ³	100,175,653	135,359,646
Market Capitalisation	93,190,479	126,488,885
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	83.4%	
Fixed Rate Assets	13.5%	
Other Assets	3.1%	
Weighted Average Market Price ⁵	87.2	
Yield to Maturity ⁶	EUR	13.7%
	GBP	15.5%
Current Yield ⁶	EUR	9.0%
	GBP	10.9%
Weighted Average Fixed Rate Coupon	6.1%	
Weighted Average Floating Rate plus Margin	5.5%	

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

August was another month of two halves. In the first half of the month, the rally that started in July continued. However, in the second half of the month, the mood in markets changed. Electricity prices across Europe started to skyrocket on the back of higher natural gas prices, low levels of water in the Rhine and issues with nuclear energy in France. Towards the end of the month, Fed Chairman Powell unambiguously rejected the Fed pivot that the market was anticipating in his Jackson Hole speech, resulting in renewed pressure on long duration assets.

European Sub Investment Grade Highlights

In line with usual seasonality, August was a quiet month leading to new loan issuance of €1.6bn and no HY issuance.^a The Credit Suisse Western European Leveraged Loan Index return, hedged to Euro, was at +0.9% for the month. Defensives were +0.78% and cyclicals +0.96% in July. CCCs in August were up +1.4%, single Bs +1% and BBs +0.7%. As at the end of August, the 3-year discount margin on the index was 595bps. The Credit Suisse Western European High Yield Index, hedged to Euro, was down -1.1% (Year to date (“YTD”) -12.1%) underpinned by the Fed Chairman Powell’s Jackson Hole speech.^b

Portfolio Commentary

The European loan market continued its recovery from the June lows. The market technical – which we discussed a number of times in the past – improved materially as new money came into the asset class through new CLO formation, which dealers desks were low on inventory and primary issuance came to a seasonal halt. With a number of motivated buyers in the market and not a lot of supply, the market rallied considerably in the first few weeks of August. As we approached a more active primary window in September, and equities and high yield started to sell off, we also saw some profit taking on loans, especially the loans with higher cash prices.

During the month, we added some risk both in the performing credit book and in the credit opportunities book. In the performing credit book, we participated in two new primary opportunities which were attractively priced. The first one came with a coupon of E+6.25% and an OID of 92, while the second one came at E+5.25% with a 91 OID. With 3m Euribor continuing to move up, these primary opportunities offer high single digit yield to maturity profiles for the performing credit book. This gives us confidence that over time, we may be able to increase the yield on the performing credit book further through attractively priced primary issuance. Towards month end, we did trim some risk in the performing credit book to have some cash to deploy in the primary calendar in September. For example, we took profit on a leisure name at 94.5 that we bought mid July at 90.5.

We also added to some positions in the credit opportunities sleeve where we took the opportunity to build out some positions at attractive levels. Given the slow new issue calendar in the CLO space, we didn’t deploy in that part of the book during the month.

Across the entire portfolio, as of August month end, the weighted average market price was 87.2, trading at a YTM of 13.7% (€ hedged) / 15.5% (GBP hedged) and delivering a 9.0% (EUR hedged)/ 10.9% (GBP hedged) running cash yield, versus a weighted average price of 96.5, YTM of 8.3% and 7.9% as of December 2021. The increase in YTM is partially due to an increase in base rates, and partially due to the lower average cash price across the portfolio. Floating rate instruments comprised 83.4% of the portfolio while 71.9% was invested in senior secured assets. The portfolio had a cash position of 2.7% (including leverage) with leverage at 1.4x assets. Market consensus is for further central bank hikes across all major geographies, which should lead to further upside to the yield on the portfolio.

Commentary Sources:

^a LCD – September 2022

^b Credit Suisse

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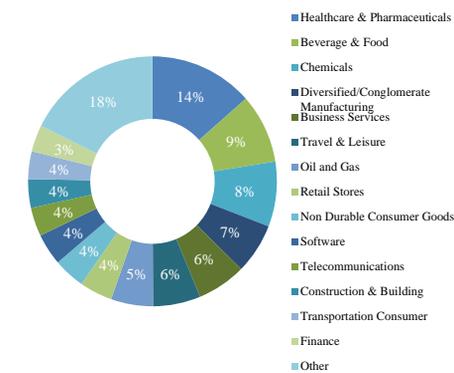
Investment Vehicle Portfolio Statistics as at 31 August 2022⁵

Largest 5 Issuers

Issuer	% of Gross Assets	Industry	Country
Doncasters	5.94%	Diversified/Conglomerate Manufacturing	United Kingdom
Civica	3.41%	Software	United Kingdom
Ekaterra	3.28%	Beverages & Food	Netherlands
Wella	3.02%	Non-Durable Consumer Goods	United Kingdom
Drive DeVilbiss	2.61%	Healthcare & Pharmaceuticals	U.S.

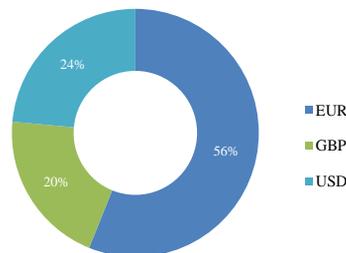
Industry Exposure

MV (%)



Currency Exposure

MV (%)

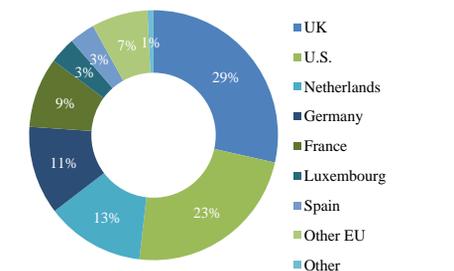
RepRisk ESG Rating⁷

MV (%)

AAA	25.9%
AA	35.3%
A	26.9%
BBB	2.8%
BB	0.0%
B	0.0%
CCC	0.0%
CC	0.0%
C	0.0%
D	0.0%
NR	9.1%
Total	100.0%

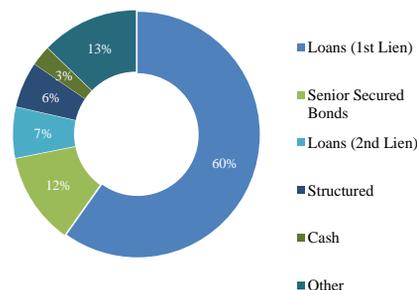
Geographic Exposure

MV (%)



Asset Exposure

MV (%)

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

Rating Exposure

Rating	Average Spread Duration ⁹	MV (€)	MV (%)
BB	8.03	11.7m	3%
B	3.98	219.7m	64%
CCC	2.29	73.0m	21%
NR	3.19	37.6m	11%

Interest Rate Exposure

Type	Duration	MV (€)	MV (%)
Floating	0.18	285.1m	83%
Fixed	3.08	46.2m	14%
Warrants	0.00	10.7m	3%

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

FX Exposure

Currency	MV (€)	MV (%)
EUR	191.9m	56%
GBP	69.5m	20%
USD	80.6m	24%

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 August 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.