



# 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).

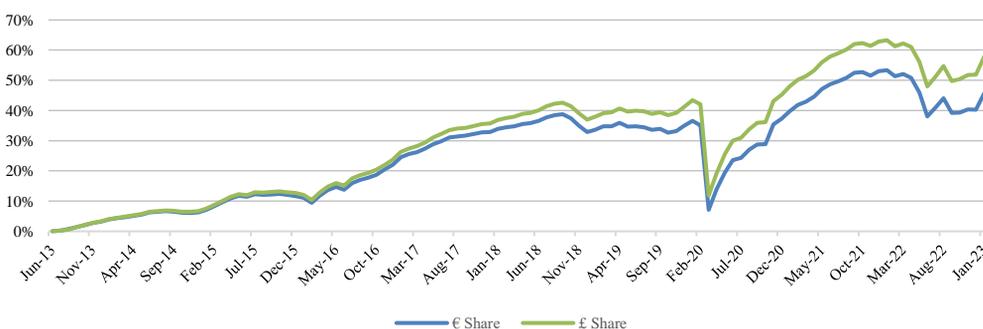
The Company’s investment policy is to invest predominantly in companies domiciled, or with material operations, in Western Europe across various industries. The Company’s investments are focused on Senior Secured Obligations of such companies, but investments are also made across the capital structure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

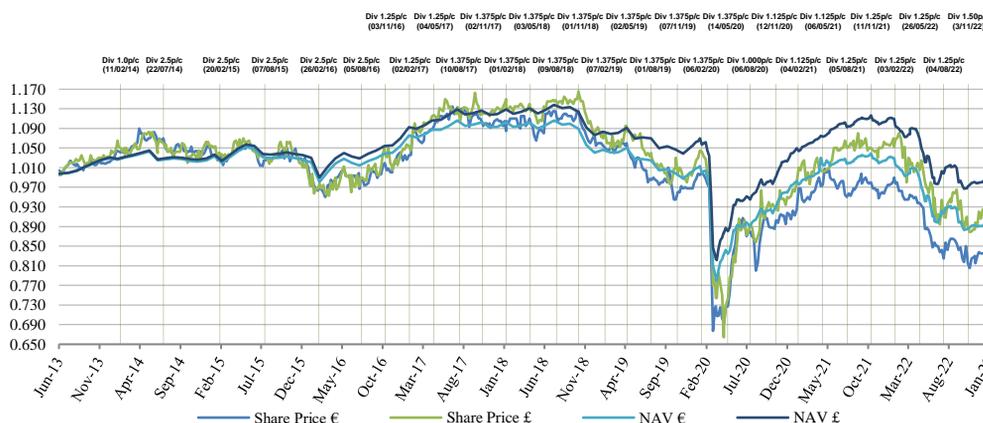
- CVCIG is focused on capital preservation, and it seeks to generate high cash income via a stable and attractive dividend, as well as offer the potential for capital appreciation.
- It aims to provide shareholders with security, low volatility, liquidity, and low correlation with equities by investing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

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



	1M	3M	YTD	1YR	3YRS	5YRS	ITD
€ Share	3.85%	4.57%	3.85%	-5.03%	6.66%	8.79%	45.66%
£ Share	3.88%	4.93%	3.88%	-3.38%	9.97%	15.27%	57.77%

## Company Share Performance



## January 2023

Share Price & NAV at 31 January 2023		
	EUR	GBP
Share Price <sup>1</sup>	0.8625	0.9680
NAV <sup>2</sup>	0.9245	1.0176
Total Net Assets <sup>3</sup>	97,141,555	131,801,427
Market Capitalisation	90,628,340	125,374,012
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	84.4%	
Fixed Rate Assets	12.7%	
Other Assets	2.9%	
Weighted Average Market Price <sup>5</sup>	86.4	
Yield to Maturity <sup>6</sup>	EUR	18.1%
	GBP	19.8%
Current Yield <sup>6</sup>	EUR	11.7%
	GBP	13.4%
Weighted Average Fixed Rate Coupon	6.2%	
Weighted Average Floating Rate plus Margin	7.6%	
<i>Note: All metrics exclude cash unless otherwise stated</i>		
Contact Us		
<b>Richard Boleat, Chairman</b> richard.boleat@ig.cvc.com		
<b>CVC Client &amp; Product Solutions</b> 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 got off to a very strong start in 2023 with positive returns across equities, sovereign bonds and credit.<sup>a</sup> The positive sentiment was driven by declining natural gas and oil prices, a re-opening of the Chinese economy and lower inflation in most developed markets. Given these developments, the macro outlook has improved, in particular for the Asian and European economies. For example, consumer confidence in the Euro Area rose to an 11-month high in January.<sup>a</sup> The only negative for the month was that some macro data are pointing to a faster than expected slowdown in the US economy, as ISM readings showed that December was the first month since May 2020 that both the services and manufacturing components were in contractionary territory.<sup>b</sup>

**European Sub Investment Grade Highlights**

The Credit Suisse Western European Leveraged Loan Index return, hedged to Euro, was at +2.73%. Defensives were +2.55% and cyclicals +2.91% in January. CCCs returned +4.21%, single Bs +3.01% and BBs +1.93%. As at the end of January, the 3-year discount margin on the index was 581bps. The Credit Suisse Western European High Yield Index, hedged to Euro, returned +3.14% in January 2023.<sup>c</sup>

Primary levels started the year below 2022 average with €2.7Bn loan and €1Bn HY issuance. The average Term Loan (“TL”) B spread was 455bps with a yield to maturity of 8%. These included Restaurant Brands Iberia which priced and upsized a €310m non-fungible TL add-on to fund M&A, Inetum which placed a €344m fungible loan (upsized from €100-150m) to refinance TLA held by banks and Verisure which completed the issuance of €450m 5-yr SSN (upsized from €350m initially targeted). We have also seen a handful of successful amend & extend in January e.g. Altice France, Nord Anglia Education, SafetyKleen and PortAventura as issuers continue focusing on liability management. Demand was generally strong across the board with most issuers upsizing deals.<sup>d</sup>

**Portfolio Commentary**

January was a fairly active month on the trading side, both across the performing credit sleeve and the credit opportunities sleeve. On the performing credit side, we added to a position in a pharmaceutical company at 97.25 and a spread of E+525. We also initiated a position in a French care home operator, and we swapped out of the loans of a telecom company and into the short dated fixed rate bonds that were trading c. 2.5 points lower. With the High Yield market reopening, we believe these bonds could be targeted for a refinancing by the company.

In the credit opportunities sleeve, we added to a position in a UK holiday operator in the low 90s as news came out that banks were willing to extend their Revolving Credit Facility, which is a first step of a larger refinancing exercise. We exited a position in a US medical transport company as the combination of wage inflation and top line pressure from new regulations means a recovery will take a lot longer than originally expected. We also added a few more positions to our CLO BB positions in the mid 80s and we initiated a position in a gym operator.

Across the entire portfolio, as of January month end, the weighted average market price was 86.4, trading at a yield of 18.1% (€ hedged) / 19.8% (GBP hedged), and delivering a 11.7% (€ hedged) / 13.4% (GBP hedged) running cash yield. With the market rally we saw in January, the weighted average market price was up from 83.6 at the beginning of January. However, this is still well below the average price of 96.5 on 1 January 2022 on the portfolio. Floating rate instruments comprised 84.4% of the portfolio while 73.3% was invested in senior secured assets. The portfolio had a cash position of 0.2% (including leverage) at the end of the month. Base rates continue to move up with 3M Euribor ending January at c. 2.5% (vs -0.5% a year earlier) and O/N SONIA at 3.4% (vs 0.4% a year earlier). Both the ECB and the Bank of England hiked base rates by a further 0.5% in the first days of February.

**Commentary Sources:**<sup>a</sup> Bloomberg<sup>b</sup> Deutsche Bank<sup>c</sup> Credit Suisse<sup>d</sup> LCD – February 2023

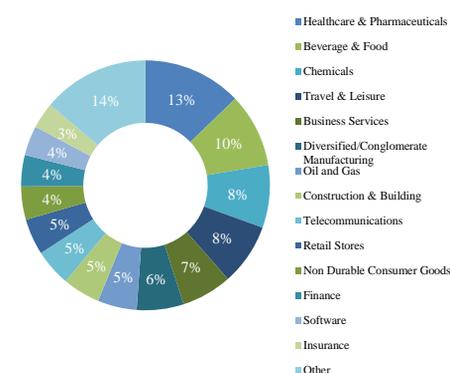
Investment Vehicle Portfolio Statistics as at 31 January 2023<sup>5</sup>

## Largest 5 Issuers

Issuer	% of Gross Assets	Industry	Country
Doncasters	5.49%	Diversified/Conglomerate Manufacturing	United Kingdom
Civica	3.12%	Software	United Kingdom
Wella	3.11%	Non-Durable Consumer Goods	United Kingdom
Ekaterra	3.10%	Beverages & Food	Netherlands
HotelBeds	2.50%	Travel & Leisure	Spain

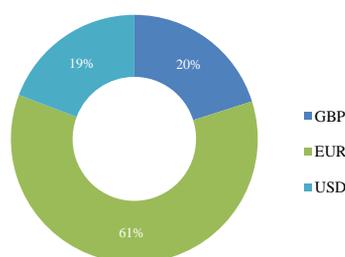
## Industry Exposure

MV (%)



## Currency Exposure

MV (%)

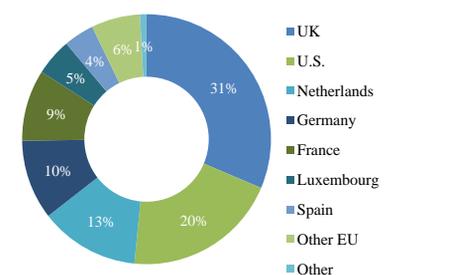
RepRisk ESG Rating<sup>7</sup>

MV (%)

AAA	22.8%
AA	41.0%
A	25.0%
BBB	2.2%
BB	0.0%
B	0.0%
CCC	0.0%
CC	0.0%
C	0.0%
D	0.0%
NR	9.1%
<b>Total</b>	<b>100.0%</b>

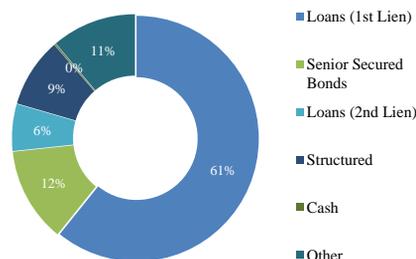
## Geographic Exposure

MV (%)



## Asset Exposure

MV (%)

Look Through Reporting<sup>6,8</sup> as at 31 January 2023

## Rating Exposure

Rating	Average Spread Duration <sup>9</sup>	MV (€)	MV (%)
BB	6.96	21.2m	7%
B	3.49	211.2m	66%
CCC	1.92	59.7m	19%
NR	3.07	30.3m	9%

## Interest Rate Exposure

Type	Duration	MV (€)	MV (%)
Floating	0.20	272.0m	84%
Fixed	2.84	40.8m	13%
Warrants	0.00	9.5m	3%

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

## FX Exposure

Currency	MV (€)	MV (%)
EUR	195.5m	61%
GBP	64.8m	20%
USD	62.0m	19%

## Notes &amp; 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 Income & Growth 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 January 2023.
- <sup>8</sup> Data excludes cash
- <sup>9</sup> Averages are weighted by market value

### Disclaimers

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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.