

Summary

CVC Income & Growth Limited (the “Company” or “CVCIG”) is a Jersey closed-ended investment company limited by shares.

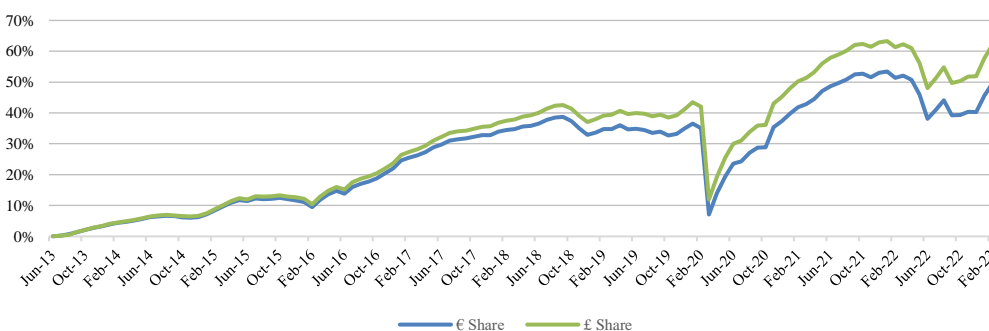
The Company’s shares are traded on the Main Market of the London Stock Exchange (LSE).

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.

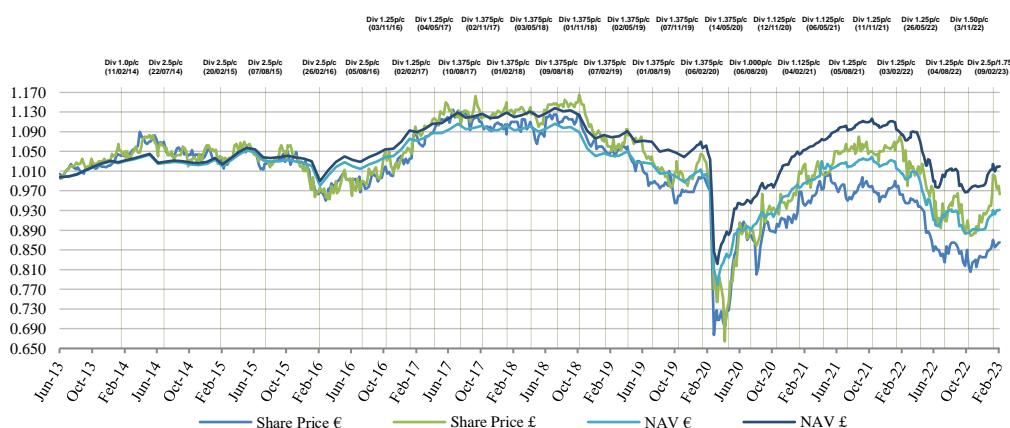
Investment Objectives

- 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	2.71%	6.56%	6.67%	-1.16%	10.73%	11.27%	49.61%
£ Share	2.76%	6.83%	6.74%	0.51%	14.15%	17.92%	62.12%

Company Share Performance



February 2023

Share Price & NAV at 28 February 2023		
	EUR	GBP
Share Price ¹	0.8650	0.9630
NAV ²	0.9319	1.0204
Total Net Assets ³	97,922,858	132,158,828
Market Capitalisation	90,891,031	124,726,419
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	83.2%	
Fixed Rate Assets	14.0%	
Other Assets	2.8%	
Weighted Average Market Price ⁵	88.3	
Yield to Maturity ⁶	EUR	17.3%
	GBP	19.0%
Current Yield ⁶	EUR	11.5%
	GBP	13.1%
Weighted Average Fixed Rate Coupon	6.2%	
Weighted Average Floating Rate plus Margin	7.7%	

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
21 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 a strong start to the year in January, February was a bit more mixed for risk assets. Core inflation remains higher than what the market was pricing in, as evidenced by the very strong jobs data and US unemployment at a 53-year low of 3.4%. The outlook for base rates is now “higher for longer”, which weighed on both equities and credit markets in February. However, European equities continue to outperform and generated small positive returns for the month as investors chose to ignore the inflation data and instead focus on the improving macro conditions, with Q4 earnings relatively benign.

European Sub Investment Grade Highlights

Primary levels in February reached €2.1bn of loans and €3.5bn HY issuance, up sequentially vs. January 2023 but below February 2022 levels at €5.6bn and €3.4bn respectively, partly driven by the lower underwriting activity in the last 6-9 months. Primary activity in 2023 has been dominated by refinancing’s, A&E’s and dividend recaps.^a

The Credit Suisse Western European Leveraged Loan Index return, hedged to Euro, was at +0.79% in February (Year to date (“YTD”) +3.53%). Defensives were +0.67% and cyclicals +0.9% in February (YTD +3.2%/+3.8%). CCCs returned +1.82%, single Bs +0.88% and BBs +0.3% (YTD +6.1% / +3.9% / +2.2%). As at the end of February, the 3-year discount margin on the index was 574bps.

The Credit Suisse Western European High Yield Index, hedged to Euro, returned -0.09% in February 2023 (YTD +3.04%), which reversed the positive trend observed in January (+3.14%).^b

Portfolio Commentary

February was another very busy month, in both the performing credit and credit opportunities sleeves. On the performing credit side, we brought some short-dated bonds in a UK budget gym operator. The company recently received a £300m cash injection to fund growth and continues to perform well. We saw a new issue from a Scandinavian logistics operator which came at E+675 and bought into a Scandinavian telco operator where loans pay E+650. This means that the all-in coupons on these performing names are in the high single digit/low double digit area which looks very attractive compared to where all-in coupons were just over a year ago, in the 3.5-4.5% area. We also added to our position in a discount retailer just below par as we would expect a near term refinancing. While the existing coupon is only E+300, we anticipate this coupon to increase materially post refinancing.

On the opportunistic credit side, we sold out of a US cruise operator. Results continued to disappoint to the downside, while management seems unable to explain the poor performance. There is obviously input cost pressure from labour and fuel that is well flagged, but management continues to overpromise and underdeliver, which makes it very difficult to take a longer-term view in the recovery while liquidity is tight. We used the proceeds to add to some existing higher conviction positions and initiate some new ones. With capital markets re-opening and European equities up considerably this year, we initiated a position in an Italian gaming operator which is looking to IPO. This could result in the bonds being redeemed at a premium to par if an IPO were to happen. We also initiated a position in a containership lessor. This is a business we know well and held a position about 2 years ago as a performing credit asset and later sold out at a profit. The bonds have since sold off to the mid-70s and seem very cheap, while the company has long term predictable cash flows that should hold up even in a recessionary scenario. We added to our position in a French nursing home operator, which we started building in January. We added to this position in the high 80s as we believe the structure is oversold on the back of financial struggles at one of its competitors. Finally, we added to a position in a travel business. This is a name we initially bought in 2020 on the back of Covid and have monitored very closely since. The business has performed very well but earnings were held back by China’s zero-covid policy. With China’s travel industry re-opening, and the loans maturing in 2025, the risk/reward at 93.25 and all-in coupon of c.8% still looks very good.

Across the entire portfolio, as of February month end, the weighted average market price was 88.3, trading at a yield of 17.3% (€ hedged) / 19.0% (£ hedged), and delivering a 11.5% (€ hedged) / 13.1% (£ hedged) running cash yield. This compares to a weighted average price of 83.6 and YTM of 18.5% (€ hedged) / 20.2% (£ hedged) as of December 2022. Floating rate instruments comprised 83.2% of the portfolio while 74.1% was invested in senior secured assets. The portfolio had a cash position of -0.9% (including leverage) at the end of the month.

Commentary Sources:

^a Pitchbook LCD – March 2023

^b Credit Suisse

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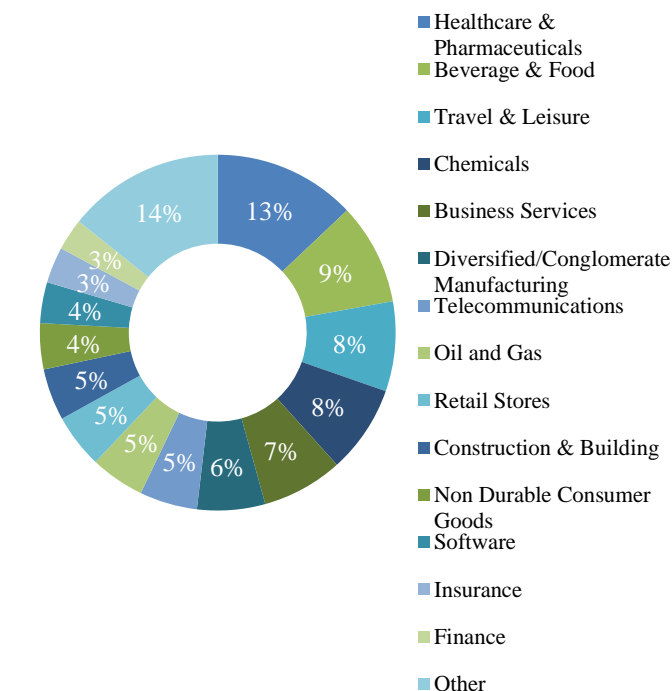
Investment Vehicle Portfolio Statistics as at 28 February 2023⁵

Top 10 Issuers

Issuer	% of Gross Assets	Industry	Country
Doncasters	5.66%	Diversified / Conglomerate Manufacturing	United Kingdom
Wella	3.09%	Non-Durable Consumer Goods	United Kingdom
Civica	3.07%	Software	United Kingdom
Ekaterra	3.02%	Beverages & Food	Netherlands
Hotelbeds	2.88%	Travel & Leisure	Spain
Drive Devilbiss	2.44%	Healthcare & Pharmaceuticals	United States
Flora Foods	2.41%	Beverages & Food	Netherlands
Cirsa	2.28%	Travel & Leisure	Spain
Saphilux	2.17%	Business Services	Luxembourg
Blackbrush Oil & Gas (Preferred Units)	2.04%	Oil & Gas	United States

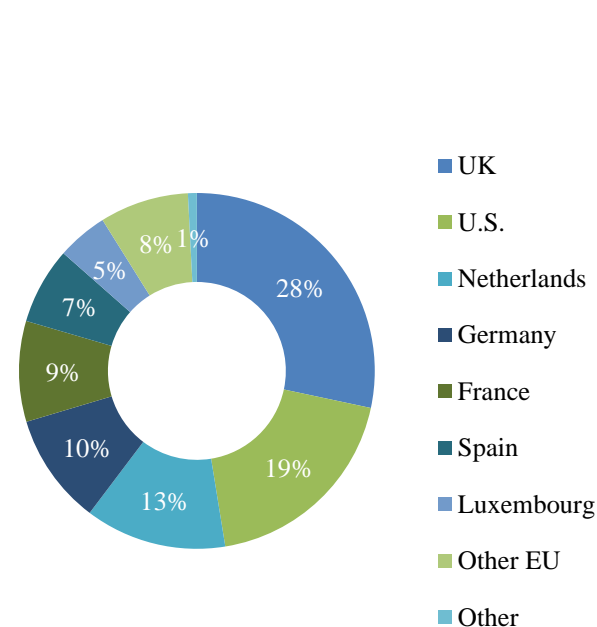
Industry Exposure

MV (%)



Geographic Exposure

MV (%)

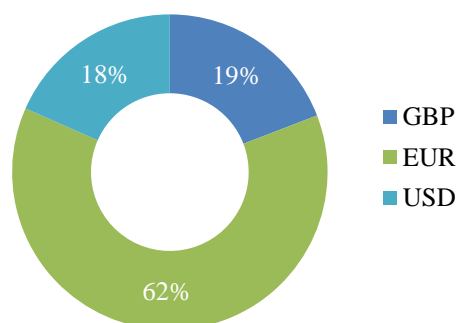


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Investment Vehicle Portfolio Statistics as at 28 February 2023⁵

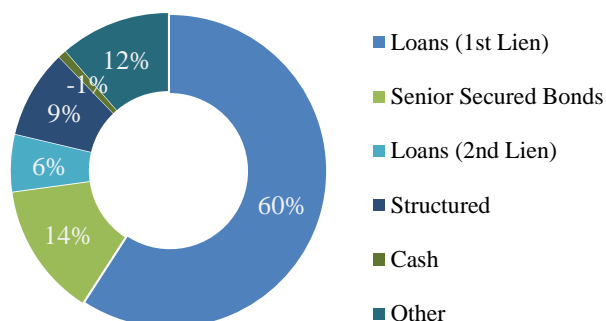
Currency Exposure

MV (%)

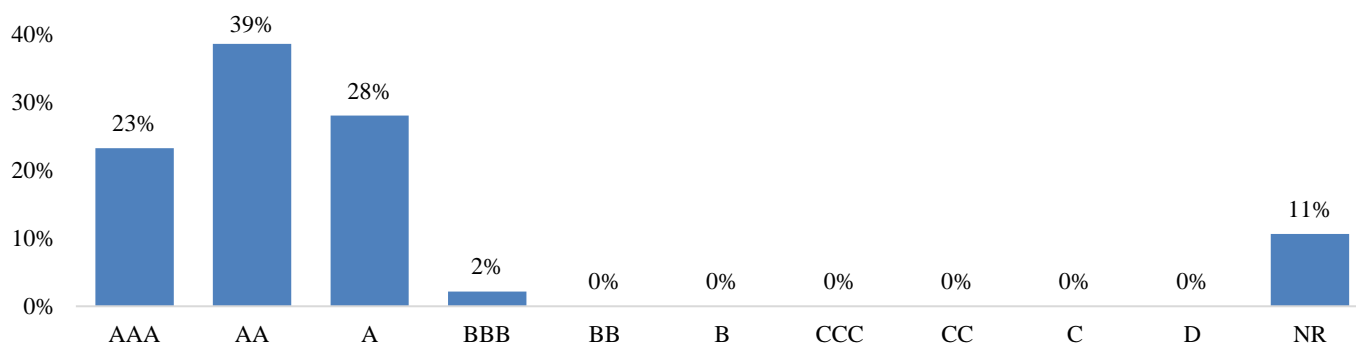


Asset Exposure

MV (%)

RepRisk ESG Rating⁸

MV (%)

Look Through Reporting⁹ as at 28 February 2023

Rating Exposure

Rating	Average Spread Duration ¹⁰	MV (€)	MV (%)
BB	8.33	23.1m	7%
B	3.62	223.3m	66%
CCC	1.89	60.9m	18%
NR	3.07	31.6m	9%

Rating Exposure

Type	Duration	MV (€)	MV (%)
Floating	0.18	281.9m	83%
Fixed	2.88	47.4m	14%
Warrants	0.00	9.6m	3%

FX Exposure

Currency	MV (€)	MV (%)
EUR	211.7m	62%
GBP	64.9m	19%
USD	62.3m	18%

Notes & Assumptions:

- The sum of the market values may be larger than the NAV due to the effect of the 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

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



CVC Income & Growth Limited

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 28 February 2023.
- 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.