

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)

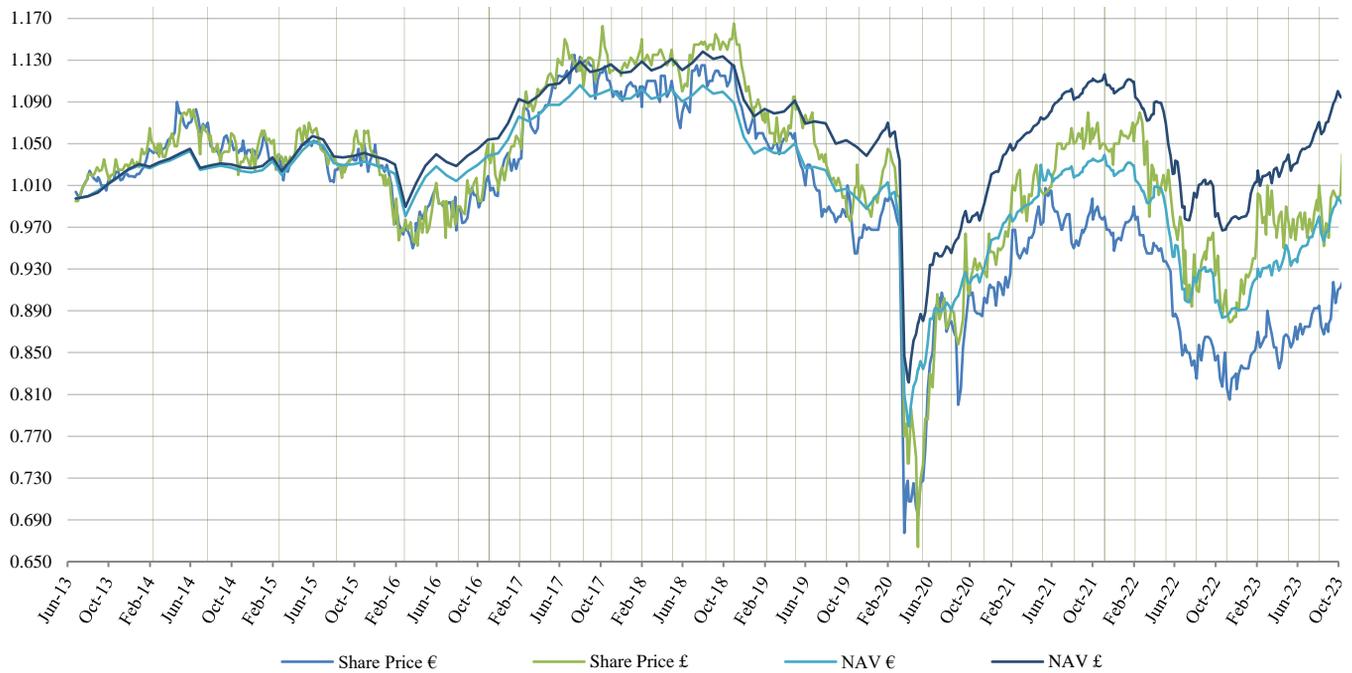
	1M	3M	YTD	1YR	3YRS	5YRS	ITD
€ Share	-0.31%	4.28%	18.17%	18.99%	28.62%	20.64%	65.74%
£ Share	-0.20%	4.62%	19.05%	20.25%	32.81%	27.90%	80.81%

October 2023

Share Price & NAV at 31 October 2023		
	EUR	GBP
Share Price ¹	0.9175	1.0475
NAV ²	0.9953	1.0981
Total Net Assets ³	96,099,420	130,579,325
Market Capitalisation	88,588,068	124,564,674
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	79.7%	
Fixed Rate Assets	17.7%	
Other Assets	2.7%	
Weighted Average Market Price ⁵	88.7	
Yield to Maturity ⁶	EUR	15.0%
	GBP	16.5%
Current Yield ⁶	EUR	12.9%
	GBP	14.4%
Weighted Average Fixed Rate Coupon	7.1%	
Weighted Average Floating Rate plus Margin	8.8%	
<i>Note: All metrics exclude cash unless otherwise stated</i>		
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<i>Note: Disclaimer & notes located at end of report</i>		

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Company Share Performance



Vertical lines in chart denote periodical dividend distributions. Please reference the table below for historical distribution information.

Historical Dividend Distribution

Date	Dividend	Date	Dividend
11/02/14	1.0 p/c	01/08/19	1.375 p/c
22/07/14	2.5 p/c	07/11/19	1.375 p/c
20/02/15	2.5 p/c	06/02/20	1.375 p/c
07/08/15	2.5 p/c	14/05/20	1.375 p/c
26/02/16	2.5 p/c	06/08/20	1.0 p/c
05/08/16	2.5 p/c	12/11/20	1.125 p/c
03/11/16	1.25 p/c	04/02/21	1.125 p/c
02/02/17	1.25 p/c	06/05/21	1.125 p/c
04/05/17	1.25 p/c	05/08/21	1.25 p/c
10/08/17	1.375 p/c	11/11/21	1.25 p/c
02/11/17	1.375 p/c	03/02/22	1.25 p/c
01/02/18	1.375 p/c	26/05/22	1.25 p/c
03/05/18	1.375 p/c	04/08/22	1.25 p/c
09/08/18	1.375 p/c	03/11/22	1.50 p/c
01/11/18	1.375 p/c	09/02/23	2.5 p/1.75 c
07/02/19	1.375 p/c	11/05/23	1.875 p/1.750c
02/05/19	1.375 p/c	10/08/23	1.875 p/1.750c

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

October was marked by further increase in geopolitical risk on the back of the tragic events in the Middle East. The S&P 500 fell for a 3rd consecutive month, while US treasuries were down for a 6th consecutive month. Macro economic data coming out of the US remains fairly robust, and investors are struggling to understand whether this is positive or negative news. On the one hand, strong data could point to a soft landing which is positive for risk assets, but on the other hand, stronger data mean rates could stay higher for longer which is negative for risk assets. Macro data coming out of Europe is definitely getting worse, with Q3 GDP in the Euro Area coming out at -0.1%

European Sub Investment Grade Highlights^{a,b}

Primary activity remained robust in October, particularly in the loan market with new issuances totaling €5.2 billion, compared to September 2023 and October 2022 levels of €5.4 billion and €4.8 billion, respectively. European HY issuance recorded the lowest October volume since 2011 with €0.6 billion, which compares to €5.2 billion in September 2023 and €2 billion in October 2022. This issuance drought was primarily driven by intense rate volatility. Primary activity in 2023 continues to be dominated by amend and extend transactions and refinancings, as new M&A activity remains muted. The average spread for Term Loan Bs stood at +429bps and yield to maturity at 8.92%. We are starting to hear that M&A activity is picking up as Sponsors are trying to exit businesses and realise their investments. As such, they have appointed banks on a number of sell side processes, which could translate into new primary deals in 1H24.

The Credit Suisse Western European Leveraged Loan Index return, hedged to Euro, was negative at -0.33% in October 2023 (Year to date (“YTD”) +10.08%). Defensives were -0.26% and cyclicals -0.4% in October (YTD +9.44% / +10.71%). BBs returned +0.25%, while single Bs return was -0.54% and CCCs -0.83% (YTD +6.75% / +10.75% / +10.64%). As at the end of October, the 3-year discount margin on the index was 539bps. The Credit Suisse Western European High Yield Index return, hedged to Euro, was negative at -0.65% in October 2023 (YTD +6.05%). The Yield to Worst on this index is now 8.43%.

Portfolio Commentary

October was another busy month for the fund in terms of repositioning. On the performing credit side, we were active both in the primary and the secondary market. We added some more fixed rate exposure through a GBP new issue in the automotive space, in a name we are very familiar with. In the secondary market, we added some short-dated loans to the portfolio at a discount to par where we think a refinancing could happen in the next few months. We also exited two positions in the performing credit sleeve, one name in the travel space and one cyclical chemicals name. We exited these in the mid/high 90s context as we believe earnings are going to deteriorate materially here, which could put pressure on credit ratings and lead to selling. We replaced this with another name where we have higher conviction on, and it also traded in a similar price context.

In the credit opportunities sleeve, we started adding some CLO exposure again after recent spread widening. To put it in perspective, discount margins on European BBs peaked in Q4'22 at around 1,100 and tightened to around 750 over the summer. On the back of this strong rally, we had taken some profit in August/September, but with discount margins now back at around 850, we believe we can start adding exposure again. We have added to a fixed rate bond in the packaging industry in the very low 90s where we believe the business could be put up for sale soon, and which should lead to a par take out due to the change of control provisions in the bond documentation. We added a small unsecured position in an instrument that pays E+7.5% and where we believe the loan-to-value offers considerable downside protection. Finally, we also participated in the Exit Financing for a chemicals company that has just gone through a refinancing. The loan pays SOFR +8% (~13.3%) and the security package offers considerable downside protection while we wait for earnings to recover once end markets improve.

Across the entire portfolio, as of October month end, the weighted average market price was 88.7, trading at a yield to maturity (“YTM”) of 15.0% (€ hedged) / 16.5% (£ hedged) and delivering a 12.9% (€ hedged) / 14.4% (£ 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 79.7% of the portfolio while 78.1% was invested in senior secured assets. The portfolio had a cash position of -0.2% (including leverage) at the end of the month.

Commentary Sources:

^a Credit Suisse

^b Pitchbook LCD – November 2023

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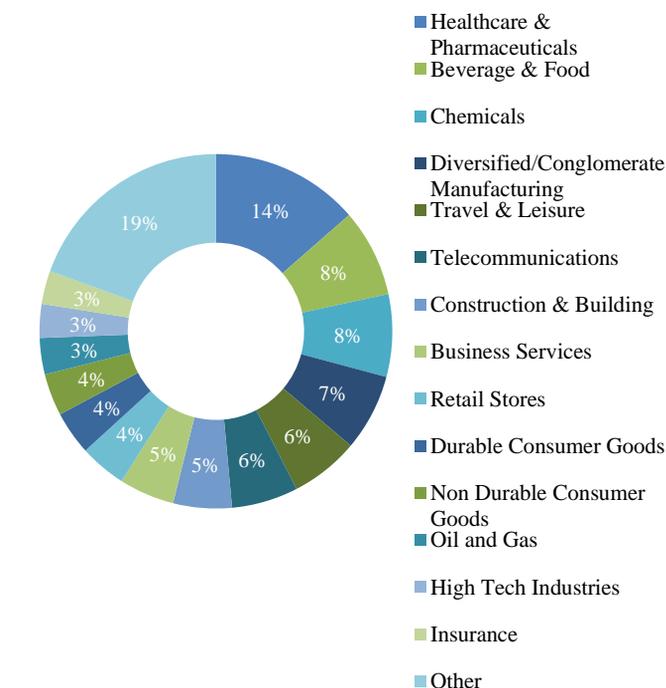
Investment Vehicle Portfolio Statistics as at 31 October 2023⁵

Top 10 Issuers

Issuer	% of Gross Assets	Industry	Country
Doncasters	6.54%	Diversified / Conglomerate Manufacturing	United Kingdom
Wella	3.28%	Non-Durable Consumer Goods	United Kingdom
Ekaterra	3.14%	Beverages & Food	Netherlands
Keter	3.10%	Durable Consumer Goods	Netherlands
Hotelbeds	2.65%	Travel & Leisure	Spain
Colouroz	2.65%	Chemicals	Germany
D&G	2.37%	Insurance	United Kingdom
Drive Devilbiss	2.23%	Healthcare & Pharmaceuticals	United States
Kirk Beauty	2.23%	Retail Store	Germany
Blackbrush Oil & Gas (preference shares)	2.10%	Oil & Gas	United States

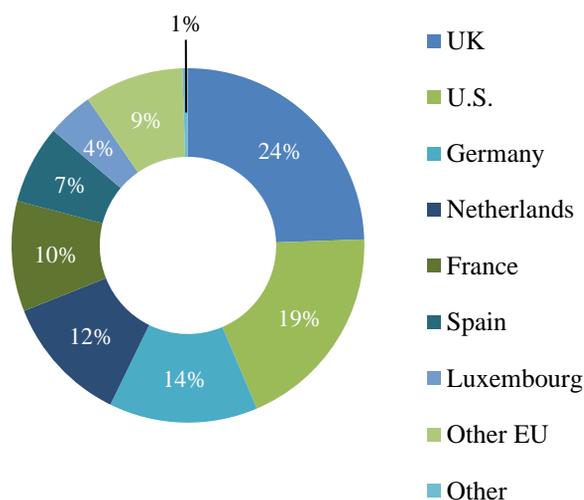
Industry Exposure

MV (%)



Geographic Exposure

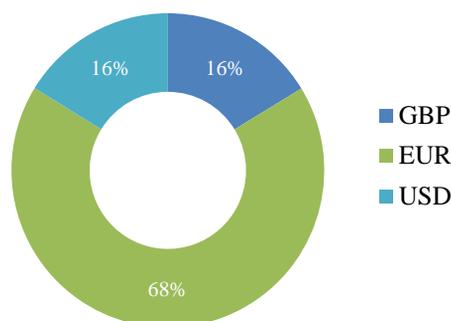
MV (%)



Investment Vehicle Portfolio Statistics as at 31 October 2023⁵

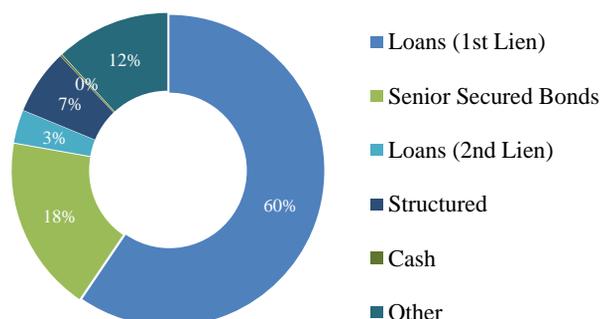
Currency Exposure

MV (%)

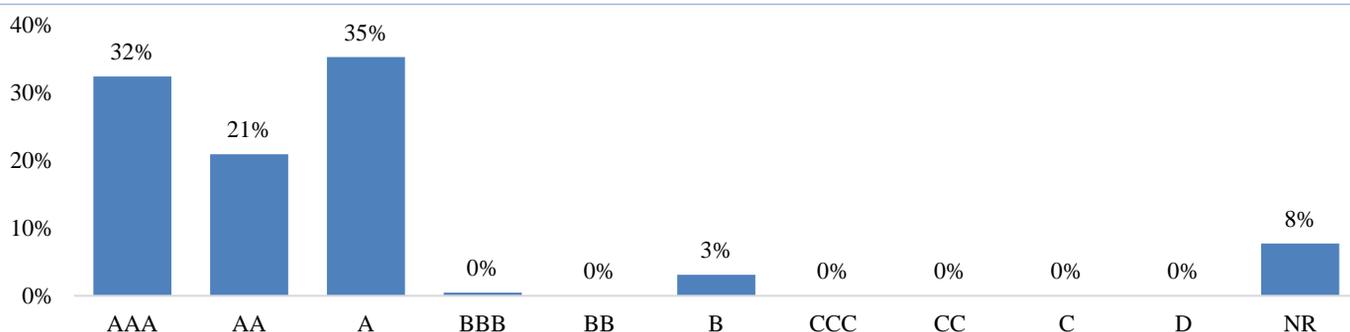


Asset Exposure

MV (%)

RepRisk ESG Rating⁸

MV (%)

Look Through Reporting⁹ as at 31 October 2023

Rating Exposure

Rating	Average Spread Duration ¹⁰	MV (€)	MV (%)
BBB	4.19	1.4m	0%
BB	5.73	21.7m	7%
B	3.62	201.2m	62%
CCC	1.67	67.5m	21%
NR	3.70	31.8m	10%

Rating Exposure

Type	Duration	MV (€)	MV (%)
Floating	0.18	257.9m	80%
Fixed	2.63	57.1m	18%
Warrants	0.00	8.6m	3%

FX Exposure

Currency	MV (€)	MV (%)
EUR	218.5m	68%
GBP	52.7m	16%
USD	52.5m	16%

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.

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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 October 2023.
- ⁸ Data excludes cash
- ⁹ 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.