CVC Credit Partners European Opportunities Limited

Annual Financial Report 31 December 2021

CVC CREDIT PARTNERS

WHY INVEST IN CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES?

Generating income and growing your capital

The Company aims to provide shareholders with income and capital upside by focusing on opportunities within global leveraged finance markets, with a focus on European issuers.

The Investment Vehicle Manager has an excellent track record in investing in these asset classes, which provides the Company's investors with stability and an opportunity to benefit from rising interest rates through the largely floating rate nature of the underlying investments. The key features of the Company are its ability to provide attractive, risk-adjusted returns which includes a reliable income stream, with the opportunity for enhancement of capital. The Company also offers investors additional liquidity opportunities through its tender mechanism.

What we offer

Reliable income

The Company seeks to generate high cash income via a stable and attractive dividend, as well as offering the potential for capital appreciation. The Company currently distributes quarterly dividends to shareholders based on a target of 5p / 5c per GBP and EUR share respectively per annum.

Strong track record

The Company has a proven, long-term track record and has typically outperformed during periods of market volatility. Since the Company's listing in 2013, a net average total return per annum of 4.90%[1] and 5.63%[1] has been achieved per Euro Share and Sterling Share respectively.

Liquidity

In addition to the daily liquidity offered by the stock market, the Company offers shareholders alternative liquidity via a share tender programme. Please refer to the Company's latest tender circular, available on the Company's website www.ccpeol.com, for the detailed terms and conditions of the tender mechanism.

Interest rate protection

The Company, via the Investment Vehicle, invests mainly in loans, which are typically floating rate instruments, which offer investors an opportunity to benefit from a rising interest rate environment. We believe now more than ever, that floating rate assets are preferable to fixed rate, due to heightened inflation risk and growing expectations of rising central bank interest rates.

Capital Preservation

The Company's focus is on downside protection and capital preservation. The Investment Vehicle invests primarily in senior secured loans at the top of the capital structure, increasing the chance of strong recoveries in the event of a rise in defaults. The portfolio typically comprises around 100 positions in large companies diversified by geography and sector across the UK, continental Europe and the US. The Investment Vehicle's default rate is lower than the market.

Stability

Offering more security and less volatility than equity markets, the Company offers investors a way of accessing the wholesale corporate credit markets, typically an asset class dominated by institutional investors. Since its establishment in 1998, the Credit Suisse Leveraged Loan Index, which represents the closest index analogy to the underlying portfolio, has only had one down year, demonstrating the stability of the asset class.

WHY INVEST IN CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES? (CONTINUED)

What we offer (continued)

Attractive, risk-adjusted returns even in the current low-interest rate environment

The Company targets attractive risk-adjusted returns for its shareholders and has a medium-term (3-5 years) average annualised target total return of 8% per annum. The Company seeks to allocate and reallocate capital to a mix of performing senior secured loans and to issuers where the Investment Vehicle Manager perceives there to be a market driven mispricing opportunity based on fundamental credit assessment and technical market factors. The Investment Vehicle Manager seeks relative value opportunities, meaning it is able to simultaneously target a reliable income stream while maintaining the potential to generate capital upside for shareholders.

Part of the CVC Credit Platform

The Investment Vehicle is managed by CVC Credit Partners, a leading global investment management firm with over $32.8bn in AUM across performing credit and private credit strategies, allowing shareholders the opportunity to gain exposure to institutional-quality credit investments. CVC Credit Partners is part of the CVC platform, a world leader in private equity and credit investment with $106.9 billion of AUM, $120.0 billion of funds committed and a global network of 25 local offices.

In executing its investment strategy, the Investment Vehicle utilises leverage and its borrowings, as a percentage of the Investment Vehicle's NAV, as at 31 December 2021 stood at 30.29% (31 December 2020: 27.67%). The Investment Vehicle Manager is entitled to receive a management fee[2] and a performance fee[3].

1 - From inception to 31 December 2021.

2 - The Investment Vehicle management fee is 0.90%, which reduces by a further 5 basis points each time the Investment Vehicle's NAV exceeds €500m, €750m and €1bn respectively, to a minimum of 0.75% per annum.

3 - Refer to pages 12 and 13 of the Company's latest prospectus (https://www.ccpeol.com/media/1316/2019-03-29-prospectus.pdf) for detail on the basis of the Investment Vehicle performance fee.

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SUMMARY

Key performance indicators summary

As at 31 December 2021, the Company's Euro and Sterling NAV per share was €1.0266 and £1.1058 respectively and Euro and Sterling share price (bid price)[1] was €0.9500 and £1.0400 respectively, representing a 7.46% discount and 5.95% discount to NAV. The Company's ongoing charges ratio increased to 1.61% for the year ended 31 December 2021 (ongoing charges for year ended 31 December 2020: 1.54%[2]). The Company paid total dividends during the year of €0.0475 per Euro Share and £0.0475 per Sterling Share.

Further information in respect of the Company's key performance indicators, some of which the Board considers to be its alternative performance measures ("APMs"), can be found in the Financial Highlights and Performance Summary section on page 3, within the Executive Report on page 14 and within the Useful Information for Shareholders on pages 103 to 107.

Significant events during the year ended 31 December 2021

Refer to pages 14 and 15 for details regarding significant events during the year.

Purpose

The Company is an investment company, and its scope is restricted to that activity. In that context, the Company's purpose is to provide investors with sustainable long-term returns by investing in a diversified portfolio of principally European corporate debt. In fulfilling the Company's purpose, the Board seeks to consider the views of all stakeholders and is mindful of the impact that the Company has on the society in which it operates.

Investment objective, policy and strategy

The Company's investment objective is to provide shareholders with regular income returns and capital appreciation from a diversified portfolio of predominantly sub-investment grade debt instruments. The Company's investment policy is to invest predominantly in debt instruments issued by companies domiciled in, or with material operations in Western Europe across various industries. The Company's investments are focused on the senior secured obligations of such companies, but investments are also made across the capital structure of such borrowers. Refer to pages 15 to 17 for the Company's full investment objective, policy and strategy.

Going concern and viability

The Directors consider it appropriate to adopt the going concern basis in preparing the financial statements and have a reasonable expectation that the Company will continue to be viable for a period of at least three years from the date of this report. Refer to pages 19 to 20 and 73 for further details.

Investment Vehicle Manager's Report

Refer to pages 8 to 13 for the Investment Vehicle Manager's Report.

Directors' remuneration, Directors' Report and Report of the Audit Committee

David Wood stepped down from the Board of Directors on 31 August 2021.

Vanessa Neill, a specialist consultant on sustainability, joined the Board on 11 January 2022.

There were no changes to Directors' remuneration during the year, other than to reflect Mr Wood's retirement. Following Ms Neill's appointment on 11 January 2022, Ms Neill will receive £42,500, being the same base fee as the other Directors, and a fee of £5,000 per annum as the Chair of the Company's ESG Committee.

Financial statements

The Company's full financial results can be found in the accompanying financial statements on pages 67 to 102.

1 – Source: Bloomberg

2 – The Company's ongoing charges are considered to be APMs which are calculated according to the methodology outlined on pages 105 to 107 and differ to the ongoing costs disclosed within the Company's KID which follows the methodology prescribed by EU rules. For example, the ongoing costs disclosed in the Company's KID include interest expense and are based on average ongoing charges over the past three years whereas the ongoing charges ratio disclosed in this report do not include interest expense and are based on ongoing charges incurred during the year ended 2021 only. The Company's most current KID and an accompanying explanatory note reconciling the two different ratios are available on the Company's website (www.ccpeol.com/news-documents).

FINANCIAL HIGHLIGHTS AND PERFORMANCE SUMMARY

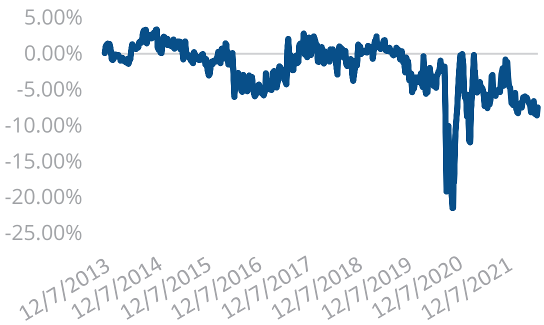
For the year under review, the NAV total return of 11.41% (Euro) and 12.17% (Sterling) compared favourably with the Company's medium term average annualised total return target of +8%.

Euro Shares	Sterling Shares
NAV total return[1] **31 December 2021: 11.41%** (31 December 2020: 1.71%)	**NAV total return[1]** **31 December 2021: 12.17%** (31 December 2020: 2.80%)
Dividend Yield[2] **31 December 2021: 5.00%** (31 December 2020: 5.42%)	**Dividend Yield[2]** **31 December 2021: 4.57%** (31 December 2020: 5.16%)
Discount[3] **31 December 2021: 7.46%** (31 December 2020: 6.80%)	**Discount[3]** **31 December 2021: 5.95%** (31 December 2020: 8.34%)
Share price[4,5] **31 December 2021: €0.9500** (31 December 2020: €0.9000)	**Share price[4,5]** **31 December 2021: £1.0400** (31 December 2020: £0.9440)
NAV per Share **31 December 2021: €1.0266** (31 December 2020: €0.9657)	**NAV per Share** **31 December 2021: £1.1058** (31 December 2020: £1.0299)

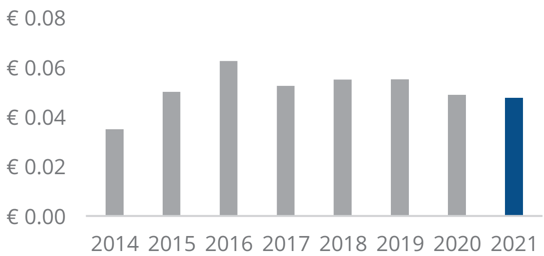
FINANCIAL HIGHLIGHTS AND PERFORMANCE SUMMARY (CONTINUED)

Euro Share Class

Premium / Discount[3]

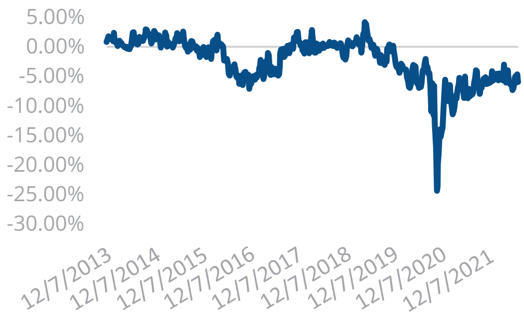


Dividend per Share

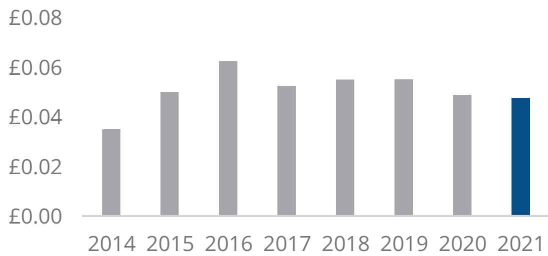


Sterling Share Class

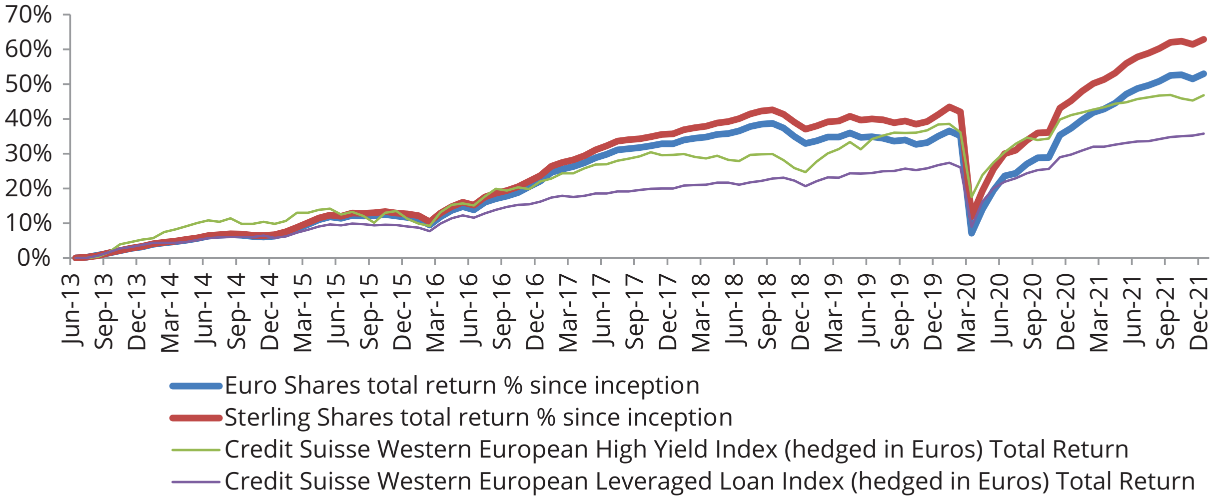
Premium / Discount[3]



Dividend per Share



NAV vs Monitored Indices Total Return



For further information on the Company's dividend history and total return metrics, please refer to the supplementary financial information section on page 103 to 105.

1 - "NAV total return" measures how the NAV per Euro Share and Sterling Share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders. Refer to pages 103 to 105 for further details on how NAV total return is calculated.

2 - Dividend yield expresses the return that dividends represent as a percentage of the Company's share price. Refer to page 107 for further details on how dividend yield is calculated.

3 - The Company's discount or premium is calculated by expressing the difference between the share price (bid price) and its NAV per share as a percentage of its NAV per share.

4 - Bid price.

5 - Source: Bloomberg.

STRATEGIC REPORT
CHAIRMAN'S STATEMENT

Introduction

I am pleased to have the opportunity to report to you on the Company's performance in respect of the year ended 31 December 2021.

NAV total returns for the Sterling and Euro share classes issued by the Company for the year ended 31 December 2021 were 12.17% and 11.41% respectively. Your Board is very pleased with this outcome, which comfortably exceeds the Company's total return target. Allocations to the Company's two sub-strategies, being performing credit and credit opportunities, ended the period at 50.8% (42.1% at 31 December 2020) and 49.2% (57.9% at 31 December 2020). The Investment Vehicle Manager's report, with which the Board agrees, appears on pages 8 to 13 and provides a detailed analysis of the performance of the Company during 2021, alongside its views on the market outlook, although any conclusions must be tempered by the, at this stage, unquantifiable impact of the recent Russian invasion of Ukraine alongside the significant market volatility that this aggression has generated.

Performance in Context

Market conditions remained challenging for risk assets during 2021, with significant volatility arising from market perception of Covid-19 pandemic impacts from time to time. This was tempered by a realisation on the part of governments and central banks that the significant accommodation provided during 2020 could likely be materially reduced over time as pharmaceutical development successes and widespread take-up of vaccination in developed markets accelerated. New variants of Covid-19 became decreasingly impactful on the population as a whole, notwithstanding the continuing tragic loss of life that the pandemic continues to engender. On balance, these features led to a positive market backdrop for our chosen asset class during 2021.

As reported in this statement last year, the Investment Vehicle portfolio was significantly repositioned during the mid-to-latter part of 2020 to take advantage of the significant value opportunities generated by the Covid-19 induced market selloff earlier that year. The repositioning comprised both an increased allocation to the credit opportunities portion of the portfolio as well as a rotation of individual positions in recognition of certain sectors and geographies that were anticipated to perform either positively or negatively because of the market impacts arising from the pandemic. As I have said previously, the credit opportunities portion of the portfolio is generally comprised of assets where value generation can take many months to play out fully, and the performance from this portion of the portfolio in 2021 reflects much of the hard allocation work undertaken in 2020. In addition, the modest allocation to structured finance, in the form of CLO debt and equity, returned 24% during 2021, which is indicative of the Investment Vehicle Manager's market leading expertise in this area.

In my interim statement published in September last year, I noted that our base case assumptions around risk free rate expectations in our chosen markets was changing rapidly, as inflation expectations seemed to increase month on month. We continue to expect inflation trends to remain upward in the near to medium term and note many commentators' views that central banks' "wait and see" approach carries the risk of policy misstep and potentially sharper adjustments to monetary policy to contain inflation than might otherwise have been required. Time will tell whether this problem will manifest itself. Notwithstanding that, a rising risk-free rate environment, as is now anticipated by markets, is largely positive for the Company and its future performance given its predominantly floating rate exposure.

Current Market Conditions and Outlook

Had this statement been written a month previously, I suspect it may have held a materially different emphasis. The shocking invasion of Ukraine by Russia, and the daily images of death and destruction, have horrified us all. The necessary imposition of financial sanctions on Russia and many of its leaders and banks, alongside the direct impacts of the conflict, have generated

STRATEGIC REPORT (CONTINUED)
CHAIRMAN'S STATEMENT (CONTINUED)

Current Market Conditions and Outlook (continued)

unavoidable turmoil in commodity markets and have the potential to see Russia itself and Russian corporate debt issuers default on their international obligations. Many commercial sectors have also been materially affected, such as oil and gas, food manufacturers, aircraft leasing and commercial shipping. It is too early to tell how these impacts will affect global markets in the medium term, let alone the impact on securities markets, and much will depend on whether there is a swift cessation to hostilities. To date, leveraged loan markets have been particularly resilient to drawdown, in contrast to equity markets which have experienced volatility. One market feature that does seem clear already, however, is that there will be a negative impact on global growth expectations, which has the potential to feed through to a gentler approach to interest rate rises. We, and the Investment Vehicle Manager, will continue to update our views to investors as conditions dictate.

Corporate Activities & Liquidity

There is nothing material to report currently in relation to either issuance or the operation of the Company's tender programme.

Distribution Policy

On 23 April 2021, the Board announced that it would be increasing its annual dividend by 0.5 pence per Sterling Share / 0.5 cents per Euro Share to 5 pence per Sterling Share / 5 cents per Euro Share, with effect from the dividend payments for quarter ended 30 June 2021. This policy change represents the Board's current position, and as noted at the time of the announcement, this policy position was designed to last for a 12-month period.

At the same time, the Board announced a reduction in the Investment Vehicle Manager's management fee, which was reduced by 0.1% from 1% to 0.9% per annum of net asset value, effective 1 May 2021.

Corporate Governance and Social Responsibility Considerations

Investors will have noted the appointment to the Board of Vanessa Neill on 11 January 2022. I and my colleagues are delighted to welcome her.

ESG

The Board recognises the importance of incorporating ESG factors into the investment decision-making process and through active ownership.

Investors will appreciate that, unlike equity investors, which can be much more active owners through continuous engagement with their investee companies and voting, it is much harder for a Company, which holds non-voting debt positions in private, albeit economically substantial issuers. The greatest opportunity for debt investors to push for conditions and disclosures around ESG factors is likely to be pre-issuance.

Whilst there are greater challenges with consistent ESG disclosure on privately owned companies, the Board's objective is to ensure that the Company aims for best-in class ESG policies and processes. Following the appointment of Ms Neill to the Board on 11th January 2022, the Board established an ESG Committee. The purpose of the ESG Committee is to assist the Board in developing and reviewing strategies, policies and performance of the Company in relation to ESG matters generally, identifying ways to drive improvement in these areas, and to provide meaningful reporting to investors.

I look forward to updating you in the Interim Report on some ESG initiatives currently underway including a proprietary CVC Credit Partners ESG Score Card and improved data collection from issuers through external providers including the European Leveraged Finance Association (ELFA)

STRATEGIC REPORT (CONTINUED)
CHAIRMAN'S STATEMENT (CONTINUED)

ESG (continued)

ESG issuer questionnaire. The Company also continues to support the Jersey National Park, details of which can be found on page 34 and continues to support diversity, including gender diversity.

At the time of writing, female representation on the Board is 50%, with the Board consisting of two female Directors and two male Directors.

Current Investor Consultation

On 9 March 2022, the Board announced that it "*is considering amending the Company's investment policy to provide more flexibility to the Investment Vehicle and CVC Credit Partners to allow them to capitalise further on their core strengths. In conjunction with, and because of, the potential changes to the Company's (and the Investment Vehicle's) investment policy, the Board is also considering increasing the target dividend, amending the target total return, and is reviewing the parameters of the Company's contractual quarterly tender mechanism.*"

The Board is currently taking soundings from certain larger shareholders in relation to the above, and such soundings remain incomplete. Once the soundings process is complete, a further announcement may be made, which will likely accompany the Company's annual general meeting circular, which is due to be published towards the end of March 2022.

Conclusion

As always, I would like to express my sincere thanks to my Board colleagues, our advisors, our service providers, and the entire team at the Investment Vehicle Manager for the help, support, and guidance that they have provided during 2021. Finally, I'd like to thank all our shareholders for their continued loyal support of the Company.

Richard Boléat
Chairman
5 April 2022

STRATEGIC REPORT (CONTINUED)
INVESTMENT VEHICLE MANAGER'S REPORT

Summary

2021 was a very strong year for European leveraged loan markets, despite some of the remaining Covid-19 overhang. The loan market grew significantly in the year, driven by mergers and acquisitions activity, refinancing, and some dividend recapitalisations for companies that emerged strongly out of the Covid-19 period.

The portfolio was fully invested during the year with minimal cash balances, in order to fully capture the opportunities provided. At the start of the year the credit opportunities sleeve comprised 58% of the portfolio and the Investment Vehicle Manager gradually reduced this to just under 50% by the end of the year as a result of natural repayment on some opportunities, whilst actively taking profit on other opportunities.

Looking towards 2022, the Investment Vehicle Manager remains constructive on the outlook for loans. With a combination of strong anticipated GDP growth and high inflation, we anticipate various central banks globally to start hiking rates. At the same time, default rates are anticipated to remain below the long-term average due to the strong real GDP growth forecasted by most economists. However, at the time of writing, the conflict arising from the Russian invasion of Ukraine has escalated materially. Not only is this leading to a tragic loss of human lives, it will also have an impact on economic conditions. A sharp rise in the price of oil and natural gas, as well as some other commodities (including but not limited to wheat, corn, fertiliser, palladium, or aluminium) will have an impact on the global economy. The effects will be felt through consumer confidence, further food price inflation, and additional supply chain problems. It is too early to determine the actual impact, as this will partially depend on the duration of the confrontation and the measures taken by various governments. For the avoidance of doubt, the Investment Vehicle portfolio has no direct exposure to the Ukraine, Russia or Belarus.

Portfolio

As at 31 December 2021 the Investment Vehicle portfolio was invested in-line with the investment policy, was diversified with 107 issuers[1] (31 December 2020: 106) across 29 (31 December 2020: 24) different industries and 17 (31 December 2020: 13) different countries, and had exposure of no more than 5.3% (31 December 2020: 3.1%) to any single issuer.

Portfolio Statistics[2]

	As at 31 December 2021	As at 31 December 2020
Percentage of Portfolio in Floating Rate Assets	78.1%	83.5%
Percentage of Portfolio in Fixed Rate Assets	20.5%	14.7%
Percentage of Portfolio in Other	1.4%	1.8%
Weighted Average Price[3]	96.5	93.6
Yield to Maturity ("YTM")	8.3%	7.0%
Current Yield	7.9%	6.6%
Weighted Average Fixed Rate Coupon	6.3%	7.5%
Weighted Average Floating Rate plus Margin	4.9%	5.2%

STRATEGIC REPORT (CONTINUED)
INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

Portfolio Statistics[2] (continued)

5 Largest Issuers as at 31 December 2021

Issuer	% of Gross Assets	Industry	Country
Doncasters	5.3	Diversified/Conglomerate Manufacturing	UK
Colouroz	3.7	Chemicals, Plastics and Rubber	Germany
Civica	3.4	Electronics	UK
D&G	2.5	Financial Intermediaries	UK
Douglas	2.4	Retail	Germany

5 Largest Issuers as at 31 December 2020

Issuer	% of Gross Assets	Industry	Country
Colouroz	3.1	Chemicals, Plastics and Rubber Manufacturing	Germany
Civica	2.9	Electronics	UK
Keter Group	2.9	Chemicals, Plastics and Rubber	Netherlands
Concordia	2.6	Healthcare and Pharmaceuticals	UK
Doncasters	2.5	Diversified/Conglomerate Manufacturing	UK

5 Largest Industry Positions as at 31 December 2021[1]

Healthcare & Pharmaceuticals	16.6%
Chemicals, Plastics and Rubber	9.7%
Hotels, Motels, Inns and Gaming	7.2%
Finance	5.7%
Diversified/Conglomerate Manufacturing	5.5%

5 Largest Industry Positions as at 31 December 2020[1]

Healthcare and Pharmaceuticals	15.0%
Hotels, Motels, Inns and Gaming	10.7%
Chemicals, Plastics and Rubber	10.1%
Retail Stores	7.6%
Telecommunications	6.3%

STRATEGIC REPORT (CONTINUED)
INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

Portfolio Statistics[2] (continued)

Geographical Breakdown by issuer country[1]	As at 31 December 2021	As at 31 December 2020
UK	25.4%	27.2%
U.S.	20.9%	12.5%
Germany	13.5%	11.4%
France	11.6%	11.3%
Netherlands	11.0%	18.6%
Luxembourg	3.3%	3.1%
Spain	2.7%	5.2%
Finland	2.3%	3.2%
Sweden	0.7%	2.2%
Other	8.6%	5.3%

Currency Breakdown	As at 31 December 2021	As at 31 December 2020
EUR	60.3%	66.2%
USD	23.5%	17.7%
GBP	16.2%	16.1%

Asset Breakdown	As at 31 December 2021	As at 31 December 2020
Loans (1st Lien)	59.0%	68.5%
Senior Secured Bonds	19.1%	15.3%
Loans (2nd Lien)	7.7%	2.8%
Structured	3.7%	4.7%
Senior Unsecured Bonds	3.5%	2.6%
Cash	-0.3%	4.4%
Other	7.3%	1.7%

Performance

The Euro Shares and Sterling Shares NAV total returns for 2021 were 11.41% (31 December 2020: 1.71%) and 12.17% (31 December 2020: 2.80%) respectively.

The performing credit segment of the portfolio returned 6.2% gross[4] during 2021 (31 December 2020: 6.0%), while the credit opportunities segment returned 22.2% gross during 2021 (31 December 2020: 2.8%). Based on an average allocation of 47% (31 December 2020: 41%) to performing credit and 53% (31 December 2020: 59%) to credit opportunities, this resulted in a gross contribution of 2.8% (31 Dec 2020: 2.0%) from the performing credit segment and 11.8% (31 Dec 2020: 1.6%) from the credit opportunities segment.

The Credit Suisse Western European Leveraged Loan Index ("CS WELLI"), hedged to EUR, was up 4.63% in 2021, as compared to being up 2.38% for the year ended 31 December 2020. The Credit Suisse Western European High Yield Index ("CS WEHYI"), hedged to EUR, was up 4.04% in 2021, as compared to being up 1.95% for the year ended 31 December 2020.

STRATEGIC REPORT (CONTINUED)
INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

Market Review

In 2021, the European sub investment grade markets continued the rebound that started in April 2020. Macro-economic conditions were favourable, boosted by a successful roll-out of vaccination programs and supported by both fiscal and monetary policies. This resulted in real GDP growth for the Eurozone being in the region of 5%[5], despite several Covid-related restrictions remaining in place at various times throughout the year. As a result of the strong economic growth, we saw inflation pick up materially throughout the year. Initially this was mainly a result of supply chain issues as different countries came out of lockdown at a different pace. Central banks brushed this inflation off as transitory and did not really react. However, as the year progressed, it became clear that inflation was more than transitory and central banks across the world started changing their tone in the second half of the year.

Default rates in Europe (based on principal amount) remained very low throughout the year and ended at 0.62%, with only three defaults during the year. This compares to a peak default rate of 2.61% in October 2020 as a result of Covid-19. The average default rate in the S&P European Leveraged Loan Index is now 1.12% over the last five years.[6]

The CS WELLI, hedged to EUR, returned 4.63% for the year. However, digging slightly deeper into where the returns came from, we note that double BBs returned 2.42%, single Bs returned 4.30% while CCCs returned 10.82%[7]. This outperformance by CCC rated assets was a result of the low default rates, driven by a strong economic recovery. In particular, a large number of the travel and leisure names that underperformed in 2020 had a very strong 2021 as economies gradually re-opened. Even the new Omicron variant detected towards the end of 2021 did not really impact returns for this sub-segment of the market materially.

One of the main themes in 2021 was the growth we saw in the European leveraged loan market. The size of this market, as measured by the CS WELLI, grew from €321bn at the end of 2020 to €387bn at the end of 2021, a circa 20% growth[7]. This was driven by the high mergers and acquisitions and leveraged buyout volumes we saw during the year. 2021 was a record year for mergers and acquisitions activity in general, and private equity activity in particular.[8]

Another theme that the Investment Vehicle Manager observed in 2021 was the increased focus on environmental, social and governance ("ESG") in the European loan market. We noted an increasing number of companies issuing loans with an ESG margin ratchet. This means that the coupon effectively steps up or down, depending on how a company performs against certain pre-defined ESG key performance indicators. We also noticed an increasing number of borrowers publish an ESG report, or pro-actively look for an external ESG rating.

Portfolio Overview

As the global post Covid-19 recovery gathered pace, the Investment Vehicle Manager proactively remained overweight in the credit opportunities basket. As the year progressed and the recovery in the travel and leisure sector continued, the Investment Vehicle Manager gradually took profit on some of the investments in this sector, through a combination of selling loans or bonds in the secondary market, and repayments. The Investment Vehicle Manager recycled this capital into new opportunities in other sectors.

As of December 2021 close, performing credit (including cash) was at 50.8% of the portfolio with a weighted average price of 99.6, trading at a YTM of 4.5%, delivering 4.5% cash yield to the portfolio.

Credit opportunities was at 49.2% of the portfolio, trading at a weighted average price of 93.3 and a YTM of 9.0%, whilst delivering a 7.8% cash yield to the portfolio.

Across the entire portfolio, as of December 2021 month end, the weighted average market price was 96.5, trading at a YTM of 8.3%, and delivering 7.9% cash yield (on a levered basis) versus a weighted average price of 93.6, YTM of 7.0% and cash yield of 6.6% as of December 2020.

STRATEGIC REPORT (CONTINUED)
INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

Portfolio Overview (continued)

Floating rate instruments comprised 78.1% of the portfolio. Senior Secured 78.1%. The portfolio had a cash position of -0.3% (including leverage) with leverage at 1.3x assets. The percentage of floating rate assets in the portfolio has come down, partially as a result of some new fixed rate, low cash price, investments in the credit opportunities sleeve, and partially because of an increase in the market value of some of the fixed rate instruments in 2021.

The portfolio managed to outperform both the CS WELLI (hedged to EUR) and the CS WEHYI (hedged to EUR) considerably during the year through a combination of active portfolio management, strong performance from the credit opportunities sleeve, and high income generation from the performing credit sleeve with minimal credit losses.

Conclusion and Outlook

2021 was a strong year for sub investment grade credit after a volatile 2020. In the early stages of 2022, the outlook for growth looked strong and inflation remained high. The high levels of inflation are anticipated to put pressure on central banks to hike interest rates, which should benefit floating rate credit as an asset class. The Investment Vehicle Manager believes that it is well positioned with 78.1% of the portfolio invested in floating rate assets at the start of 2022. However, at the time of writing, global growth is being revised downwards as a result of the Russian invasion of Ukraine, and commodity prices are experiencing wild price swings. It is too early to ascertain the exact impact on default rates in the European sub investment grade market, resulting in a volatile price environment. This allows the Investment Vehicle Manager to actively identify opportunistic investments that can create both income and capital upside. At the same time, pricing on new issues will have to reflect the additional uncertainty and will lead to higher new issue spreads, which will benefit the performing credit portfolio.

CVC Credit Partners Investment Management Limited

Investment Vehicle Manager

Pieter Staelens

Managing Director, Portfolio Manager
5 April 2022

Pieter Staelens joined CVC in 2018. He is a member of the Performing Credit team and based in London. Prior to joining CVC, he worked at Janus Henderson Investors in London where he was involved in various high yield strategies and a credit long/short strategy.

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.

STRATEGIC REPORT (CONTINUED)
INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

Past performance is not indicative of future results. There can be no assurance that the Investment Vehicle will be able to implement its investment strategy, achieve its investment objective or avoid substantial losses.

The indices referred to herein (including the Credit Suisse Western European HY Index hedged to Euro and the Credit Suisse Western ELLI hedged to Euro) are widely recognised, unmanaged indices of market activity and have been included as general indicators of market performance. The Credit Suisse Western European HY Index is a market cap weighted benchmark index designed as an objective proxy for the investable universe of the Western European high yield debt market. The Credit Suisse Western European Leveraged Loan indices are designed to mirror the investable universe of the Western European leveraged loan market. There are significant differences between the types of investments made or expected to be made by the Investment Vehicle and the investments covered by the indices, and the methodology for calculating returns. For example, the Credit Suisse Western European HY Index does not take transaction costs (bid-offer spreads) into account and for the month during which a coupon is paid, the cash flow is reinvested at a fixed money-market rate until the end of the month. Additionally, the Credit Suisse Western ELLI assumes that coupon payments are reinvested into an index at the beginning of each period. In contrast, the Investment Vehicle Manager may have discretion whether to reinvest such payments during any relevant investment period. It should not be assumed that the Investment Vehicle will invest in any specific equity or debt investments, such as those that comprise the indices, nor should it be understood that there will be a correlation between the Investment Vehicle's returns and those of the indices. It should not be assumed that correlations to the indices based on historical returns will persist in the future. No representation is made that the Investment Vehicle will replicate the performance of any of the indices. The indices are included for general, background informational purposes only and recipients should use their own judgment to appropriately weight or discount their relevance to the Investment Vehicle.

1 - Excludes 18 (31 December 2020: 23) structured finance positions.

2 - Note: all metrics exclude cash unless otherwise stated.

3 - Average market price of the portfolio weighted against the size of each position.

4 - Excluding management and performance fees.

5 - Bloomberg.

6 - S&P European Leveraged Loan Index.

7 - Credit Suisse Western European Leveraged Loan Index.

8 - Reuters - 31 December 2021.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE REPORT

This Executive Report is designed to provide information about the Company's business and results for the year ended 31 December 2021. It should be read in conjunction with the Chairman's Statement and the Investment Vehicle Manager's report which gives a detailed review of investment activities for the year and an outlook for the future.

Corporate summary

The Company is a closed-ended investment company limited by shares, registered and incorporated in Jersey under the Companies (Jersey) Law 1991 on 20 March 2013, with registration number 112635. The Company's Share capital consists of Euro Shares and Sterling Shares which are denominated in Euro and Sterling respectively. The Company's Euro Shares and Sterling Shares are listed on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange. The Company also has two Management Shares in issue, which are unlisted. Details of the shares in issue are detailed on page 39.

The Company is self-managed and the Directors have invested the net proceeds from share issues into Compartment A of an existing European credit opportunities investment vehicle, the Investment Vehicle, managed by the Investment Vehicle Manager.

The Company is a member of the AIC and is regulated by the Jersey Financial Services Commission.

Significant events during the year ended 31 December 2021

Contractual quarterly tenders

The Company completed the following tenders under its Contractual Quarterly Tender mechanism during the period. All of the shares tendered were transferred into the Company's name and held in treasury.

Quarterly tender	Settlement date	Euro Shares tendered	Euro Share tender price	Sterling Shares tendered	Sterling Share tender price
December 2020	18/02/2021	4,804,474	€0.9557	23,256,443	£1.0199
March 2021	17/05/2021	5,926,910	€0.9832	8,710,330	£1.0521
June 2021	16/08/2021	3,468,577	€1.0125	1,732,113	£1.0861
September 2021	20/12/2021	290,323	€1.0261	9,402,308	£1.1026

On 10 November 2021, the Company announced that it had received tender applications in respect of the December 2021 tender for 6,167,976 Euro Shares and 10,918,578 Sterling Shares. Refer to note 16 for details regarding the settlement of the December 2021 tender.

A description of the current quarterly tender mechanism can be found on pages 97 to 98.

On 6 December 2021 the Company held an EGM at which a Resolution was proposed and approved to amend the terms of the Contractual Quarterly Tender facility. The changes to the Contractual Quarterly Tender facility implemented a maximum limit (subject only to Pro Rata Scaling Back) in respect of the number of Shares a Shareholder is permitted to tender, and requires Shareholders to provide a representation and warranty to the Company that they have held the Shares tendered continuously between the relevant Tender Record Date and the date and time of receipt by the Company of their Tender Request and that none of the Shares tendered were acquired by such Shareholder after the relevant Tender Record Date.

Voluntary conversions

Following requests made by shareholders, the Company converted a total of 2,625,562 Euro Shares into 2,091,786 Sterling Shares and 9,945,620 Sterling Shares into 12,363,657 Euro Shares under the monthly conversion facility during the year ended 31 December 2021.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE REPORT (CONTINUED)

Dividend target

On 23 April 2021 the Board announced that the Company had increased its annual dividend by 0.5 pence per Sterling Share / 0.5 cents per Euro Share to 5 pence per Sterling Share / 5 cents per Euro Share, with effect from the dividend payments for quarter ended 30 June 2021. This increase followed a review of the Company's distribution policy with the Investment Vehicle Manager as detailed in the Company's annual financial report for the year ended 31 December 2020, with a key focus being the determination of a stable level of dividends that, based on current market conditions and expected cash yield, could reasonably be declared without recourse to capital for a forward looking period of 12 months. The Company's distribution policy is reviewed on an ongoing basis.

Purpose

The Company is an investment company, and its scope is restricted to that activity. In that context, the Company's purpose is to provide investors with sustainable long-term returns by investing in a diversified portfolio of principally European corporate debt. In fulfilling the Company's purpose, the Board seeks to consider the views of all stakeholders and is mindful of the impact that the Company has on wider society.

Investment Objective

The Company's investment objective is to provide shareholders with regular income returns and capital appreciation from a diversified portfolio of predominantly sub-investment grade European corporate debt instruments.

Investment Policy

The Company's investment policy is to invest predominantly in debt instruments issued by companies domiciled, or with material operations, in Western Europe across various industries.

The Company's investments are focused on the senior secured obligations of such companies, but investments are also made across the capital structure of such borrowers.

The investment policy of the Investment Vehicle is subject to the following Investment Limits:

- A minimum of 50% of the Investment Vehicle's gross assets will be invested in senior secured obligations (which, for the purposes of this investment limit will include cash and cash equivalents).
- A minimum of 60% of the Investment Vehicle's gross assets will be invested in obligations of companies/borrowers domiciled, or with material operations, in Western Europe.
- A maximum of 7.5% of the Investment Vehicle's gross assets will be invested at any given time in obligations of a single borrower subject to a single exception at any one time permitting investment of up to 15% in order to participate in a loan to a single borrower, provided the exposure is sold down to a maximum of 7.5% within 12 months of acquisition.
- A maximum of 7.5% of the Investment Vehicle's gross assets will be invested in credit loan obligation securities.
- A maximum of 25% of the Investment Vehicle's gross assets will be invested in CVC Capital Portfolio Company debt obligations calculated as invested cost as a percentage of the Investment Vehicle's gross assets.

The Investment Vehicle is permitted to borrow up to an amount equal to 100% of the NAV of the Investment Vehicle at the time of borrowing. The Investment Vehicle's borrowings as a percentage of the Investment Vehicle's NAV as at 31 December 2021 stood at 30.29% (31 December 2020: 27.67%).

STRATEGIC REPORT (CONTINUED)
EXECUTIVE REPORT (CONTINUED)

Investment Policy (continued)

General

The investment objective and investment policy of the Investment Vehicle are consistent with the investment objective and investment policy of the Company. In the event that changes are made to the investment objective or investment policy of the Company or of the Investment Vehicle (including the investment limits and/or the borrowing limit), the Directors will seek Shareholder approval for changes which are either (a) material in their own right or, (b) when viewed as a whole, together with previous non-material changes, constitute a material change from the published investment objective or policy of the Company.

Company borrowing limit

The Company may borrow up to 15% of the NAV of the Company for the sole purpose of purchasing or redeeming its own shares otherwise than pursuant to Contractual Quarterly Tenders. As at 31 December 2021, the Company did not have any borrowings (31 December 2020: no borrowings).

Investment strategy and approach

The Company has given effect to its investment policy by subscribing for Preferred Equity Certificates, (the "PECs"), Series 4 and 5, issued by the Investment Vehicle. Series 4 and 5 PECs are denominated in Euro and Sterling respectively and are income distributing.

The Investment Vehicle Manager's investment strategy for the Investment Vehicle is to make investments across approximately 100 companies based on detailed fundamental analysis of the operations and market position of each company and its capital structure.

The Investment Vehicle Manager invests in the debt of larger companies and invests in companies with a minimum EBITDA of €50 million or currency equivalent at the time of investment. The Investment Vehicle Manager believes that the debt of larger companies offers a number of differentiating characteristics relative to the broader market:

(i) larger, more defensive market positions;

(ii) access to broader management talent;

(iii) multinational operations which may reduce individual customer, sector or geographic risk and provide diverse cashflow;

(iv) levers such as working capital and capital expenditure which can be managed in the event of a slowdown in economic growth; and

(v) wider access to both debt and equity capital markets.

Based on the market opportunity, the Investment Vehicle Manager invests in a range of different credit instruments across the capital structure of target companies (including, but not limited to: senior secured, second lien and mezzanine loans and senior secured, unsecured and subordinated bonds). Assets are sourced in both the new issue and secondary markets, using the sourcing networks of the Investment Vehicle Manager and in certain circumstances the CVC Group more broadly. The Investment Vehicle Manager's access to deals is supported by the network of contacts and relationships of its leadership team and investment professionals, as well as the strong positioning of the CVC Group in the European leveraged finance markets. CVC Capital Portfolio Companies are one of the largest sponsor-led issuers of leveraged loan deals in Europe[1].

Each investment considered by the Investment Vehicle Manager is built around an investment thesis and generally falls into one of two categories:

1. Performing Credit; and
2. Credit Opportunities.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE REPORT (CONTINUED)

Investment strategy and approach (continued)

The Investment Vehicle Manager analyses the risk of credit loss for each investment on the basis it will be held to maturity but takes an active approach to the sale of investments once the investment thesis has been realised.

Further information in respect of the Investment Vehicle portfolio and performance as at 31 December 2021 can be found in the Investment Vehicle Manager's report on pages 8 to 13.

KPIs

The Board meets regularly to review performance and risk against a number of key measures. With the exception of dividends, the Company considers the below KPIs to be Alternative Performance Measures. Further details of these can be found on pages 103 and 107.

NAV total return

The Board regularly reviews and compares the NAV and share price of the Company. The Directors regard the Company's NAV total return as being the overall measure of value delivered to shareholders over the long-term.

Total return reflects both NAV growth of the Company and also dividends paid to shareholders.

The NAV total return for Euro Shares and Sterling Shares has increased by 52.97% and 62.87% respectively from IPO. The Euro Shares and Sterling Shares NAV total return for the year ended 31 December 2021 was 11.41% (2020: 1.71%) and 12.17% (2020: 2.80%) respectively. Please refer to the Financial Highlights and Performance Summary on page 3 for the Euro Shares and Sterling Shares NAV total return analysis. The divergence in NAV per share performance between share classes principally derives from the risk-free rate differential between Euro and Sterling.

Dividend

The Company's present annual dividend level is €0.05000 and £0.05000 per Euro Share and Sterling Share respectively. During 2021, Shareholders received total dividends of €0.04750 and £0.04750 (2020: €0.04875 and £0.04875) per Euro Share and Sterling Share respectively. Please refer to page 103 for the Company's dividend history from inception.

Ongoing charges

The Board reviews and compares the Company's operating expenses against budget on a monthly basis and performs an analysis of deviations.

The Company's ongoing charges for the year ended 31 December 2021 were 1.61% (ongoing charges 31 December 2020: 1.54%[2]). The above ongoing charges figure includes the Company's pro-rata share of the Investment Vehicle management fee, custodian and administration expenses and other general expenses but excludes interest costs and performance fees. The ongoing charges for the Company's Euro and Sterling share classes individually are approximate to each other and therefore, the Company has chosen to disclose one ongoing charges figure.

In line with the recommended methodology for the calculation of an Ongoing Charge figure published by the AIC (and most recently updated in October 2020), the Board has also chosen to disclose an ongoing charges figure inclusive of the Investment Vehicle's performance fee. For the year ended 31 December 2021, the ongoing charges plus Investment Vehicle's performance fee ratio was 2.86% for the Company's Euro Shares (31 December 2020: 1.61%) and 2.72% for the Company's Sterling Shares (31 December 2020: 1.55%).

STRATEGIC REPORT (CONTINUED)
EXECUTIVE REPORT (CONTINUED)

KPIs (continued)

Premium/discount

The Directors review the trading prices of the Company's Euro Shares and Sterling Shares and compare them against their respective NAVs to assess volatility in the discount or premium of the share prices to their NAVs. As at 31 December 2021, the Company's discount to NAV per Euro Share was 7.46% (2020: 6.80% discount) and discount to NAV per Sterling Share was 5.95% (2020: 8.34% discount) respectively. Please refer to the Financial Highlights and Performance Summary on page 3 for NAV and share price analysis.

Please refer to pages 103 and 107 for further information on the calculation methodology applied to these KPIs.

Other measures

In addition to the above KPIs, the Board meets regularly to review the performance and risk against the below other measures:

Diversification

The Directors review the geographical, industry, asset and currency diversification of the underlying Investment Vehicle to ensure that holdings are in line with the prospectus and also to monitor the diversification risk of the underlying portfolio. Please refer to the Investment Vehicle Manager's Report on pages 8 to 13 for analysis of the Investment Vehicle portfolio and note 8 for further details regarding the Investment Vehicle's risk diversification policies.

Default rates in Europe and US

The Directors regularly discuss historic and emerging default risk in Europe and the US with the Investment Vehicle Manager to help assess and understand the performance and prospective performance of the Company. Performance of the Company may be affected by the default or perceived credit impairment of investments held by the Investment Vehicle. A withdrawal of investment capital, an economic downturn and/or rising interest rates could severely disrupt the European and US markets which could impact the ability of issuers to repay principal and interest and could adversely affect the value of the Company's investment in the Investment Vehicle and by extension, the Company's NAV and/or the market price of the Company's Shares. The Directors hold monthly discussions with representatives of the Investment Vehicle Manager to assist in monitoring the above indicator.

Life of the Company

The Company has an indefinite life. In accordance with the Articles, the Directors are required to propose an Ordinary Resolution that the Company continues its business as a closed-ended investment company (the "Continuation Resolution") if the following occur:

(i) the Company NAV falls below €75 million; or

(ii) the Directors are required to convene "class closure meetings" for all classes of shares in issue. A class closure meeting is required if a share class is delisted for any reason, or, if in any rolling 12 month period, the average daily closing market price (as derived from the market data published by Bloomberg or any successor market data service thereto) of any class of shares during such 12 month period is 10% or more below the average NAV per share (calculated inclusive of current year income).

If a Continuation Resolution is not passed, the Directors are required to put forward proposals within six months for the reconstruction or reorganisation of the Company to the shareholders for their approval.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE REPORT (CONTINUED)

Life of the Company (continued)

These proposals may or may not involve winding up the Company and, accordingly, failure to pass the Continuation Resolution will not necessarily result in the winding up of the Company. A failure to pass a Continuation Resolution may result in the redemption by the Company of its entire holding of PECs.

Going concern

Under the Listing Rules, the AIC Code and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern from the date of approval of the financial statements.

In making this assessment, the Directors have reviewed the Company's budget and cash flow forecast for the next 12 months from the date of approval of the financial statements and also considered information regarding climate-related matters in conjunction with other uncertainties. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months to 5 April 2023, being the period of assessment covered by the Directors. The Directors are also satisfied that no material climate related matters or uncertainties exist that cast significant doubt over the Company's ability to continue as a going concern. In making this assessment, the Board have considered the impact that COVID-19 may have on the Company. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Viability Statement

Under the AIC Code, the Directors are required to make a Viability Statement which explains how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, taking into account the Company's current financial position and principal risks. The principal risks faced by the Company are described on pages 24 to 29.

The prospects of the Company are driven by its investment objectives, investment policy and investment strategy as summarised on pages 15 to 17, and also by the conditions existing in the markets in which the Company's ordinary shares trade and in which the Investment Vehicle invests and financial markets generally.

In assessing the prospects of the Company, the Directors have, in addition to taking into account the principal and emerging risks facing the Company, taken into account the Company's current financial position. Their assessment has included a robust process encompassing an examination of the:

(i) the Investment Vehicle Manager's view of the investment opportunity and the conditions existing in the markets in which the Investment Vehicle is exposed and financial markets generally, including scenario analysis, stress tests and volatility and return comparisons;

(ii) liquidity and fundamental prospects of the underlying positions of the Investment Vehicle;

(iii) extent to which the Company directly or indirectly uses gearing;

(iv) liquidity of the PECs in which the Company invests;

(v) impact on the Company's viability under scenarios stemming from the application of the Contractual Quarterly Tender facility; and

(vi) topics discussed in detail in the Company's recent strategy day and to which the RNS announcement on 9 March 2022 refers.

Based on the results of their assessment of the above processes, and in the absence of any unforeseen circumstances, the Directors have concluded that a period of three years from the

STRATEGIC REPORT (CONTINUED)
EXECUTIVE REPORT (CONTINUED)

Viability Statement (continued)

date of this statement is an appropriate period over which to assess the prospects of the Company as the principal risks, mitigating controls and investment strategy and policy are not expected to materially change over this period. This period reflects the effect of significant redemption requests received from shareholders under the Contractual Quarterly Tender mechanism, coupled with no further issuances of ordinary shares by the Company, before a Continuation Resolution would be proposed as a result of the NAV falling below €75 million.

The Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due within at least this period of assessment. The Directors are also of the opinion that given the information available to them at the date of these financial statements, the Company will be able to continue to conduct its commercial activities in a manner consistent with its investment objectives for the foreseeable future.

Social and environmental responsibility

The Board acknowledges that the Company, in addition to utilising financial capital, is also a user of social capital, particularly in Jersey, the jurisdiction in which the Company operates. The Board further acknowledges that the Company has an environmental footprint that is in addition to and distinct from that of the Investment Vehicle and its portfolio companies. The Directors have considered the Company's use of social capital and the environmental impact of the operation of the Company upon wider society and in response has commenced a programme of support in favour of the Jersey National Park as further described on page 34. The Board has also established an ESG Committee chaired by Vanessa Neill, as referred to in the Chairman's Statement.

Modern slavery

The Company would not fall into the scope of the UK Modern Slavery Act 2015 (as the Company does not have any turnover derived from goods and services) if it was incorporated in the UK. Furthermore, as a closed-ended investment company, the Company has a non-complex structure, no employees and its supply chain is considered to be low risk given that suppliers are typically professional advisers based in either the Channel Islands or the UK. Based on these factors, the Board have considered that it is not necessary for the Company to make a slavery and human trafficking statement.

Investment Vehicle Manager's stewardship

Whilst the Investment Vehicle Manager does not formally commit to all 12 Principles of the FRC's Stewardship Code, certain aspects of the Code are crucial to its business activity. The group's investment policy is based on a disciplined and robust investment process, supported by strong relationships with associated parties, the team's knowledge and experience, and extensive monitoring of the investments.

Climate-related financial disclosures

The Board believes that climate change will have material impacts on the financial performance of companies in which the Investment Vehicle Manager invests and on the universe of companies in which the Investment Vehicle Manager may invest. The Company has been a formal supporter of the Task Force for Climate Related Financial Disclosures ("TCFD") recommendations since 2018 and expects the companies in which the Investment Vehicle Manager invests to make TCFD disclosures, if appropriate.

With effect from 24 January 2022 the Company has established an ESG Committee, chaired by Ms Neill who joined the Board with effect from 11 January 2022. As detailed in Ms Neill's biography on page 38, Ms Neill is also a consultant specialising in sustainability and advising global public

STRATEGIC REPORT (CONTINUED)
EXECUTIVE REPORT (CONTINUED)

Climate-related financial disclosures (continued)

and private companies on the integration of ESG factors into their core business strategy, with particular expertise in asset management and private equity.

The ESG Committee will have responsibility for the Company's climate-related financial disclosure implementation journey and it expects full implementation to be achieved through a multi-year process of collaboration with the Investment Vehicle Manager.

The Company plans to report on progress in this regard twice a year – through its Half Year and Annual Financial Reports.

Governance

The Company has integrated climate-related risks into its governance structure and continues to:

- promote climate change as an item for Directors' continued professional development in-line with the Board's belief that climate-related risks and opportunities are key developments in the credit industry that the Directors should keep up-to-date with;
- include climate as a priority agenda topic in regular discussions with the Investment Vehicle Manager at each quarterly board meeting with a view to exchanging climate-related views and increasing mutual awareness of climate-related issues. It is intended that this dialogue and any work streams that it generates will facilitate continual enhancement, year-on-year, of the Company's climate-related disclosures;
- receive climate-related policy and regulation updates from its legal advisors with a view to continually ensuring best practice.

Strategy

The Company continues to engage with the Investment Vehicle Manager in order to better understand and monitor climate-related risks and opportunities and to keep under review the Investment Vehicle Manager's ESG policies and practices.

The Investment Vehicle Manager's ESG and investment policies mandate that the investment management team includes ESG considerations in the investment process, where possible, before making an investment. ESG and responsible investing factors are considered at the following stages:

- Investment selection – Consider high level and material ESG and responsible investing issues as part of the overall due diligence process.
- Investment paper – Seek to include analysis on material ESG and responsible investing considerations, if applicable and relevant, based on the due diligence around those issues. Such due diligence may include a review of environmental and social reports, site visits, management interviews, and discussions with key stakeholders.

Following an investment, the investment team will seek to monitor ESG and responsible investing considerations on an ongoing basis.

- Portfolio review – Investment analysts seek to include commentary on material ESG and responsible investing risks as part of their regular portfolio monitoring reporting to the investment committee of the Investment Vehicle Manager. The compliance team assists by providing an overview of potentially adverse ESG-related news for individual issuers. Where relevant, such reports aim to focus on whether any of the ESG and/or responsible investing risks identified are likely to have a material adverse effect on the value of the investment.

The Company plans to continue its collaboration with the Investment Vehicle Manager and to encourage the Investment Vehicle Manager to collaborate with sponsors with a view to facilitating

STRATEGIC REPORT (CONTINUED)
EXECUTIVE REPORT (CONTINUED)

Climate-related financial disclosures (continued)

Strategy (continued)

continual improvement in the quantity and quality of the ESG data gathered by the Investment Vehicle Manager and the Company's climate-related disclosures.

Risk Management

The Investment Vehicle Manager utilises its proprietary ESG tool and RepRisk, an ESG reporting service provider, to provide insight on the key ESG risks by sector and help assess the ESG related risks of the issuers in which it invests.

Metrics & Targets

The Company continues to work toward reporting and disclosing the proportional operational (Scope 1 and 2) greenhouse gas emissions of the investee companies that comprise the Investment Vehicle investment portfolio along with metrics that evidence an intention to reduce these emissions. The Company recognizes the importance of value chain (Scope 3) emissions; however due to the higher complexity of quantifying Scope 3, the Company will initially prioritise Scope 1 and 2.

Given the type and structure of the Company, the Company's own impact is minimal. However, the ESG Committee will be reviewing the Company's carbon footprint, including travel.

Looking forward

The approach described covers the assets of the Investment Vehicle. The Company recognises that enhancements to this approach will be needed in areas where the data to conduct the necessary analysis is currently limited, or where the tools available remain in a nascent stage of development. These are challenges that the Company is working to resolve and progress over time and the Board will look to provide updates in the Company's Annual and Half Year Financial Reports. In response to these challenges, the Company has laid out the following steps to take its commitment further:

- The Company has identified investors' initiatives, such as the PRI's Transition Pathway Initiative and ELFA's Industry ESG initiatives, to be important avenues to increase its understanding and deepen its risk mitigation strategy.
- The Company will continue to work with the Investment Vehicle Manager and external advisors as needed to establish metrics to measure the climate-related risks and opportunities in the portfolio (e.g., initially Scope 1 and 2 greenhouse gas emissions data of portfolio companies) with the objective of future semi and annual reporting on these metrics in the Investment Vehicle Manager Report contained in the Company's Half Year and Annual Financial Report.

Future strategy

On 9 March 2022, the Company announced that the Board was considering making certain changes pursuant to its ongoing strategic monitoring activities. It was noted that, in particular, the Board was considering amending the Company's investment policy, increasing the Company's target dividend, amending its target total return and reviewing the parameters of the Company's contractual quarterly tender mechanism. Any proposed changes to the Company's investment policy will be subject to shareholder approval.

At present, the overall strategy remains unchanged and it is the Board's assessment that the Investment Vehicle Manager's resources are appropriate to properly manage the Investment Vehicle's portfolio in the current and anticipated investment environment. The Board continues to believe that the investment strategy and policy adopted by the Investment Vehicle is appropriate for and is capable of meeting the Company's current objectives.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE REPORT (CONTINUED)

Future strategy (continued)

Please refer to the Investment Vehicle Manager's report for detail regarding performance of the Investment Vehicle's investments and the main trends and factors likely to affect the future development, performance and position of those investments.

This Strategic Report was approved by the Board of Directors on 5 April 2022 and signed on its behalf by:

Richard Boléat
Chairman

Mark Tucker
Audit Committee Chairman

1 – Source: S&P LCD, for the period between January 2017 and December 2021.

2 – The Company's ongoing charges are considered to be APMs which are calculated according to the methodology outlined on pages from 105 to 107 and differ to the ongoing costs disclosed within the Company's KIDs which follows the methodology prescribed by EU rules. For example, the ongoing costs disclosed in the Company's KIDs include interest expense and are based on average ongoing charges over the past three years whereas the ongoing charges ratio disclosed in this report do not include interest expense and are based on ongoing charges incurred during the year ended 2021 only. The Company's most current KIDs and an accompanying explanatory note reconciling the two different ratios are available on the Company's website (www.ccpeol.com/news-documents).

STRATEGIC REPORT (CONTINUED)
PRINCIPAL RISKS AND UNCERTAINITIES

When considering the total return of the Company, the Directors take account of the risks which has been taken in order to achieve that return. The Directors have carried out a robust assessment of the principal and emerging risks facing the Company including those which would threaten its business model, future performance, solvency or liquidity. An overview of the principal and emerging risks and uncertainties is set out below:

Principal Risks	Mitigating Factors
COVID-19 The Company is exposed to financial losses stemming from the impact on the Investment Vehicle's Portfolio and on markets generally, arising from the spread of the COVID-19 disease or other global pandemics and their impact on global economic activity, supply chains, human freedom of movement and consequential constraints on issuer liquidity and the availability of market financing.	The long-term impact of COVID on the portfolio has, to-date, been minimal, although this was initially perceived to be potentially considerable at the onset of COVID-19. Government policies have arguably been largely successful in limiting long-term economic damage, notwithstanding the tragic human cost of the pandemic globally. The Board is still of the view that COVID-19 and its impacts should be regarded as presenting a Principal Risk, due to the potential for ongoing emergence of new virus strains from time to time.
Supply and demand The value of the investments in which the Company indirectly invests are affected by the supply of primary issuance and secondary paper on the one hand and the continued demand for such instruments from buy side market participants on the other. A change in the supply of, or demand for, underlying investments may materially affect the performance of the Company.	The Company has no control over the supply and demand characteristics of the leveraged finance markets. However, the Directors are in regular communication with the Investment Vehicle Manager and receive monthly performance reports and independent data to assist in monitoring the performance of the Investment Vehicle and the supply and demand characteristics of the asset class. It is the Investment Vehicle's performance which is the main driver of the Company's performance.
Credit risk The Investment Vehicle invests predominantly in sub-investment grade European corporate issuers and therefore credit risk is greater than would be the case with investments in investment grade issuers.	The Company and the Investment Vehicle have Investment Limits and risk diversification policies in place to mitigate individual issuer credit risk. Please refer to pages 15 to 16 for details of the Investment Limits and the Investment Vehicle Manager's Report on pages 8 to 13 for analysis of the Investment Vehicle portfolio.

STRATEGIC REPORT (CONTINUED)
PRINCIPAL RISKS AND UNCERTAINITIES (CONTINUED)

Principal Risks	Mitigating Factors
Liquidity The Company relies on the periodic redemption mechanism offered by the Investment Vehicle to realise its investment in PECs, and on that mechanism operating in a timely and predictable manner. The Investment Vehicle's underlying investments are not inherently liquid. Investments are generally bought and sold by market participants on a bilateral basis and any reduction in liquidity caused by a reduction of demand or market dislocation may have a negative impact on the Company's ability to effectively conduct its periodic redemption activities.	The Board holds periodic meetings at which extensive discussion of the Investment Vehicle's portfolio takes place. This includes consideration of portfolio liquidity. Please refer to note 8.2 for further details.
Foreign exchange risk Foreign exchange risk is the risk that the values of the Company's and the Investment Vehicle's assets and liabilities are adversely affected by changes in the values of foreign currencies by reference to the Company's base currency, the Euro.	The effect of foreign exchange risk at the Investment Vehicle level is actively managed by the board of the Investment Vehicle and its advisors through hedging arrangements as detailed in note 8.6. The Board monitors the NAV per share divergence between the Euro and Sterling share classes in order to identify the impacts of flow through foreign exchange risk and interest rate differentials.
Macro-economic factors Adverse macro-economic conditions may have a material adverse effect on the performance of the Investment Vehicle's underlying assets and liabilities and on the ability of underlying borrowers to service their ongoing debt obligations.	The Board is reliant on the active portfolio management of the Investment Vehicle Manager which monitors and manages each investment on an ongoing basis. Part of this monitoring includes considering macro-economic, credit specific, event-driven and environmental and social factors in respect of each investment. This analysis helps inform the Investment Vehicle Manager's decision to buy, sell or hold each investment. The Directors are in regular communication with the Investment Vehicle Manager and receive monthly performance reports to assist in monitoring these factors.

STRATEGIC REPORT (CONTINUED)
PRINCIPAL RISKS AND UNCERTAINITIES (CONTINUED)

Principal Risks	Mitigating Factors
Capital management risks Shareholders may seek to redeem their shareholdings in the Company using the Company's periodic redemption arrangements, subject to restrictions as detailed in note 12, which could result in the NAV of the Company falling below €75 million and as such, triggering the requirement for the Directors to convene an extraordinary general meeting to propose an ordinary resolution that the Company continues its business as a closed-ended investment company. There is a risk that a continuation resolution will not be passed which could result in the redemption by the Company of its entire holding in the Investment Vehicle.	The Company has placed restrictions within the tender facility arrangements that limit the amount of shares that Shareholders can redeem at each tender (refer to note 12 for details of these restrictions). The Board performs an annual modelling exercise to determine whether consecutive tender requests would prompt a continuation resolution and actively monitors the level of tenders throughout the year. The Company engages with tendering shareholders to understand the rationale behind significant tender requests. The Board and representatives of the Investment Vehicle Manager proactively engage with current and prospective shareholders and seek to understand their views on the Company. The engagement and monitoring in place by the Board allows the Company to be proactive in identifying any common themes driving significant tender requests.
Geopolitical factors - Brexit The UK's post-Brexit trading arrangements with the EU may adversely impact the Company, the Investment Vehicle and/or the Investment Vehicle Manager's ability to manage the Investment Vehicle.	**The Company** Brexit has brought no change to the basic principle that a non-EU based company, such as the Company has the ability to hold PECs issued by an EU issuer (the Investment Vehicle). It is anticipated that the Company's relationship with the Investment Vehicle will be unaffected by Brexit. Brexit has had, and will likely continue to have, a macroeconomic impact within Europe which, for example, includes potential further disruption to the cross-border flow of goods and services between the UK and continental Europe. This, in turn, has the ability to have a microeconomic impact on issuers operating within Western Europe that the Investment Vehicle may invest in. The Board mitigates this ongoing risk, to the extent possible, by adopting the mitigating actions described in the macro-economic factors principal risk on page 25.

STRATEGIC REPORT (CONTINUED)
PRINCIPAL RISKS AND UNCERTAINITIES (CONTINUED)

Principal Risks	Mitigating Factors
Geopolitical factors - Brexit (continued)	**The Investment Vehicle Manager** Before Brexit, the investment vehicle management agreement between the Investment Vehicle and the Investment Vehicle Manager described the services being provided by one EU entity to another whereby the Investment Vehicle Manager was authorised to provide its MiFID services within the EU on a "passported" basis. The post-Brexit transition period ended on 31 December 2020, and since that time, the Investment Vehicle Manager has been a "third country entity" providing its investment services to the Investment Vehicle on the basis that the Investment Vehicle is a "per se professional client" under the investment management agreement between them. The Board believes that continued provision of the investment services by the Investment Vehicle Manager to the Investment Vehicle should be exempt from registration or authorisation in Luxembourg.
- Russian Invasion of Ukraine The Russian invasion of Ukraine is a new feature which has the potential to destabilise global and regional geopolitics, the effects of which cannot be ascertained at this time. In addition, the approach by the international community towards the Russian state post invasion has resulted in significant volatility in a number of key commodities, including petrochemicals and basic foodstuffs. These impacts have the potential to sharply increase the rate of wholesale price appreciation in the Company's chosen markets, which may have significant impacts on the level of global interest rates and economic activity. These features have occurred so recently that it is not possible to form any meaningful view about their impacts on the Company at this time.	**The Company** The Board is carefully monitoring the effects of the Russian invasion of Ukraine and any direct and indirect impacts on the Company and its future prospects, and will report any material change in its assessment as appropriate.

STRATEGIC REPORT (CONTINUED)
PRINCIPAL RISKS AND UNCERTAINITIES (CONTINUED)

Emerging Risks	Mitigating Factors
Interest rates Global risk free rates are now largely expected to increase, in some cases meaningfully, over the short to medium term, as central banks have recalibrated their inflation expectations. This represents a significant change from the very benign risk-free rate environment which has existed for more than 10 years. Increases in interest rates have the potential to stress highly levered corporates which may, in the medium to long term, lead to increases in default rates and potential negative impacts on the Company's net asset value.	**The Investment Vehicle Manager** The Investment Vehicle Manager is fully aware of the potential effects referred to. This is reflected in dynamic asset selection and positioning. Since the Investment Vehicle's portfolio is largely comprised of floating rate assets, increases in risk free rates will be inherently accretive to net asset value in the absence of any material increase in default rates impacting the portfolio.
Environmental Social and Governance ("ESG") Reputational damage stemming from the Company's ESG-related activities and disclosures failing to meet the standard expected by shareholders.	**The Company** The Company continues with its programme to better understand the views and expectations of stakeholders in regard to ESG-related matters. This is aided by the appointment of Vanessa Neill to the Board. Ms Neill is a consultant specialising in sustainability and has been appointed as chair of the Company's ESG Committee as referred to in the Chairman's Statement.
Reputational damage stemming from the Company's environmental footprint or from the Company's deemed disregard of its use of social capital.	The Company is a closed-ended investment company which has no employees and thus its own greenhouse gas emissions and environmental footprint are minimal, as is its use of social capital. During the year, to offset its environmental and social impact, the Company continued with its support commitment in favour of the Jersey National Park.
Financial losses stemming from climate-related factors adversely impacting the capital value of securities held within the Investment Vehicle portfolio and/or the ability of those companies whose securities are held to meet their financial obligations thereunder.	The consideration of such risks is embedded within the Investment Vehicle Manager's ESG policy.
Reputational damage stemming from the Company's association with companies whose securities are held within the Investment Vehicle portfolio and whose ESG policies, activities or disclosures fail to meet the standards expected by stakeholders.	The Company has reviewed the ESG policy of the Investment Vehicle Manager and engages with representatives of the Investment Vehicle Manager on a continual basis in order to ensure the policy is appropriate and is implemented appropriately.

STRATEGIC REPORT (CONTINUED)
PRINCIPAL RISKS AND UNCERTAINITIES (CONTINUED)

Emerging Risks	Mitigating Factors
Taxation There is a risk that revisions to the taxation of the Investment Vehicle through the introduction and implementation of new or amended tax legislation will impact its ability to continue to deliver current after-tax returns to the Company.	The Board and the Investment Vehicle take ongoing advice on all tax compliance matters relating to the Company and the Investment Vehicle as necessary, and keep all such developments under review.

The Company may be exposed to additional risks not disclosed above or within the Annual Financial Report as they are not considered by the Board to be principal or emerging risks. The Company assesses risks, and the mitigation thereof, on an ongoing basis and as part of its formal business risk assessment process.

STRATEGIC REPORT (CONTINUED)
SECTION 172(1) STATEMENT

Through adopting the AIC Code, the Board acknowledges its duty to comply with section 172 of the UK Companies Act 2006 to act in a way that promotes the success of the Company for the benefit of its members as a whole, having regard to (amongst other things):

a) the consequences of any decision in the long-term;

b) the interests of the Company's employees;

c) the need to foster business relationships with suppliers, customers and others;

d) the impact on community and environment;

e) the maintaining of reputation for high standards of business conduct; and

f) acting fairly as between members of the company

The Board considers this duty to be inherent within the culture the Company and a part of its decision-making process.

Information on how the Board has engaged with its stakeholders and promoted the success of the Company, through the decisions it has taken during the year, whilst having regard to the above, is outlined below.

The principal decisions section on page 34 to 35 outlines decisions taken during the year which the Board believes has the greatest impact on the Company's long-term success. The Board considers the factors outlined under section 172 and the wider interests of stakeholders as a whole in all decisions it takes on behalf of the Company.

STRATEGIC REPORT (CONTINUED)
SECTION 172(1) STATEMENT (CONTINUED)

Stakeholder engagement

Who	Why we engage	How we engage	Outcome
Shareholders	Shareholders enable the Company to give effect to its purpose through the commitment of risk capital. Their continued support is imperative to the effective implementation of the Company's investment strategy, under the terms of the Company's prospectus as issued from time to time.	The Company's monthly fact sheets and market announcements are published on the Company's website (www.ccpeol.com). More detailed communications are made to Shareholders on a biannual basis through the publication of the half-yearly and annual financial reports. Also, representatives of the Investment Vehicle Manager hold regular meetings with both current and potential shareholders and periodically hosts investor events. The Board, in conjunction with the input of the Corporate Brokers, has arranged, and will continue to periodically arrange, meetings with Shareholders for the primary purpose of remaining cognisant of Shareholder views on a wide range of topics relevant to their shareholding in the Company.	Shareholders receive relevant information allowing them to make informed decisions about their investments. The Board receives the views of Shareholders allowing it to consider these views throughout its deliberations, including the drafting of its disclosures in its half year and full year financial reports. In 2021 the views of shareholders, communicated to the Board, informed the following changes: - The proposed amendments to the Company's quarterly tender mechanism which received approval at the Company's EGM on 6 December 2021; - As a result of discussions between the Board and the Investment Vehicle Manager, the Investment Vehicle Manager agreed to the amendments made to the management fee charged by the Investment Vehicle Manager, as announced on 23 April 2021; and - The splitting of the Company's auditor resolution at its 2021 AGM – to appoint the Company's auditors, and separately to authorise the Directors to agree their remuneration.

STRATEGIC REPORT (CONTINUED)
SECTION 172(1) STATEMENT (CONTINUED)

Stakeholder engagement (continued)

Who	Why we engage	How we engage	Outcome
Investment Vehicle Manager	The Board needs to inform itself as to the effectiveness of the operation of the Investment Vehicle and its investment programme. In addition, the Investment Vehicle Manager provides investor relations support to the Company and the Board works with the Investment Vehicle Manager to support the investor relations function on a regular basis.	The Investment Vehicle Manager reports on the performance of the Investment Vehicle to the Board on a regular basis. In addition, the Board meets with representatives of the Investment Vehicle Manager on a regular basis in order to develop and monitor its sales and marketing strategy.	The Company is well managed, receives appropriate and timely advice and guidance and has an appropriate, open and transparent relationship with the Investment Vehicle Manager.
Corporate brokers	The Board needs to understand the manner in which the Company's shares trade, and to understand the opinions of shareholders and market participants as expressed to the Company's Corporate Brokers from time to time. Relationships with corporate brokers, other than the Company's Corporate Brokers, increases the public profile of the Company.	The Corporate Brokers are kept updated on the strategy of the Company so that they can publish relevant research information and engage meaningfully with potential investors. The sales team receives regular contact and helps the Company to participate in exchange volume and provide liquidity for investors. The Board receives formal updates from the Corporate Brokers on a quarterly basis. Representatives of the Investment Vehicle Manager interact with a number of corporate brokers, other than the Company's Corporate Broker, and are occasionally invited to present at broker shareholder conferences.	The Board is able to properly implement its capital management strategies in the context of the premium or discount at which the Company's shares trade, along with dealing with any concerns expressed by investors through the Corporate Brokers.
Research partnerships	To reach a wider audience of current and potential investors, thus providing potentially greater trading liquidity in the Company's shares.	Representatives of the Investment Vehicle Manager arrange presentations about the Company with research firm, Edison and with wealth managers.	Demand for the Company's shares is increased.
Regulators	The Board regards full compliance with the various regulatory and statutory rules to which it is subject as a key governance objective.	The Company interacts with regulators through formal submissions of information on a periodic basis (for example, periodic financial statements). The Company interacts more formally with regulators, and seeks their guidance, where required.	The Company's regulatory framework remains current. Applicable laws and regulations are fully considered during the Board's deliberations.

STRATEGIC REPORT (CONTINUED)
SECTION 172(1) STATEMENT (CONTINUED)

Stakeholder engagement (continued)

Who	Why we engage	How we engage	Outcome
Association of Investment Companies	In order to inform the Board as to emerging legislative and regulatory developments and market conditions, and to allow the Company to interact with the wider investment community and thus identify trends and potential opportunities.	The Company is an active member of the AIC and Board members regulatory attend and actively participate in AIC sponsored events.	The Board and representatives of the Investment Vehicle Manager are well informed and positioned to identify market trends, opportunities and emerging risks as well as expand the network of the Company.
Auditors	To ensure that the annual audit process operates effectively, efficiently and predictably, and to calibrate the Company's operational disclosure with other market participants.	The Audit Committee meets with the Auditors formally on a biannual basis and more frequently where required. The Auditors provide valuable feedback on the Company and those of its service providers that have a delegated responsibility for areas of accounting and internal control.	Shareholders and the market receive audited financial information consistent with the requirements of the exchange on which the Company's shares trade.
Third-party service providers	To receive operational, compliance and associated reports and to satisfy the Board as to the effective operation of the systems and internal controls operated by service providers on behalf of the Company.	The Board oversees the performance of third-party service providers. Refer to page 46 for further information.	The Company's operations and internal controls are effective, efficient and compliant.
Wider Society	As a responsible corporate citizen the Company recognises that its operations have an environmental footprint and an impact on wider society.	The Board meet with stakeholders to remain current in their understanding of stakeholder views relating to environmental and social matters.	The Board has continued with its programme to offset the impact of the Company's operations on the community in which it operates, as demonstrated in the decision to engage with the Jersey National Park as detailed on page 34.

STRATEGIC REPORT (CONTINUED)
SECTION 172(1) STATEMENT (CONTINUED)

Principal decisions

Decision	Impact on long-term success	Stakeholder considerations
Dividend level changes	Delivering consistent income distributions to shareholders.	The Board understands that reliable income distributions through dividends are of significant importance to shareholders. The Board's dividend target at the start of the year under review was 4.5c/4.5p per Euro/Sterling share. In 2021, the Board reviewed the Company's distribution policy with the Investment Vehicle Manager, as initially detailed in the Company's annual financial report for the year ended 31 December 2020, with a key focus being the determination of a stable level of dividends that, based on current market conditions and expected cash yield, could reasonably be declared without recourse to capital for a forward looking period of 12 months. The Company's distribution policy is reviewed on an ongoing basis. On 23 April 2021 the board subsequently announced that the Company had increased its annual dividend by 0.5 pence per Sterling Share/0.5 cents per Euro Share to 5 pence per Sterling Share / 5 cents per Euro Share, with effect from the dividend payments for quarter ended 30 June 2021. The Board continues to re-examine the dividend level on a periodic basis to ensure that it is compatible with the performance of the underlying assets and is reflective of cash flows from those assets.
Engagement with Jersey National Park	Acting as a responsible corporate citizen.	The Board acknowledges the growing importance placed on ESG considerations by all of its stakeholders. Alongside the actions undertaken as detailed in the section headed Climate-related financial disclosures on pages 20 to 22, the Company continued with its programme of support to the Jersey National Park, having made a commitment to the value of £100,000 over a five-year period.
Contractual quarterly tender policy	Offering Shareholders liquidity on a net asset value basis.	The Board is aware of the importance shareholders place on being able to realise a proportion of their shareholding on a net asset value basis. To ensure that the contractual quarterly tender continues to be operated in a way that is in the best interests of the Company and the shareholder base as a whole, the Board sought, and obtained, shareholder approval to amend terms of the Contractual Quarterly Tender facility at an EGM on 6 December 2021. The changes to the Contractual Quarterly Tender facility implemented a maximum limit (subject only to Pro Rata Scaling Back) in respect of the number of Shares a Shareholder is permitted to tender, and requires Shareholders to provide a representation and warranty to the Company that they have held the Shares tendered continuously between the relevant Tender Record Date and the date and time of receipt by the Company of their Tender Request and that none of the Shares tendered were acquired by such Shareholder after the relevant Tender Record Date.

STRATEGIC REPORT (CONTINUED)
SECTION 172(1) STATEMENT (CONTINUED)

Principal decisions (continued)

Employee engagement

The Company has no employees.

Business relationships

The Board considers its business relationships with stakeholders to be important to the ongoing success of the Company and is proactive in fostering these relationships. For details on the nature of these relationships and how the Company fosters relationships with its stakeholders, refer to the stakeholder engagement section on pages 31 to 33 above. The Board also considers the impact principal decisions have on its stakeholders, which is detailed in the principal decisions section above.

BOARD MEMBERS

All the Directors are independent and non-executive.

CHAIRMAN

Richard Michael Boléat, aged 58.

Appointed 20 March 2013.

Richard Boléat, FCA. Richard Boléat is a Fellow of the Institute of Chartered Accountants in England & Wales, having trained with Coopers & Lybrand in Jersey and the United Kingdom. After qualifying in 1986, he subsequently worked in the Middle East, Africa and the UK for a number of commercial and financial services groups before returning to Jersey in 1991. He was formerly a Principal of Channel House Financial Services Group from 1996 until its acquisition by Capita Group plc ('Capita') in September 2005. Richard led Capita's financial services client practice in Jersey until September 2007, when he left to establish Governance Partners, L.P., an independent corporate governance practice.

Alongside his role at the Company, he currently acts as: Senior Independent Director and Audit Committee Chairman of M&G Credit Income Investment Trust plc; Chairman of SME Credit Realisation Fund Limited; and a Non-Executive Director of Third Point Investors Limited, all of which are listed on the London Stock Exchange. He is regulated in his personal capacity by the Jersey Financial Services Commission.

BOARD MEMBERS (CONTINUED)

DIRECTORS

Mark Richard Tucker, aged 59.

Appointed 20 March 2013.

In 1997 Mark joined Arborhedge Investments, Inc. (formally HFR Investments, Inc.) a Chicago based, boutique broker dealer specialising in the placement of hedge fund interests to institutions globally. Mark served as the President and Chief Executive Officer of Arborhedge until his return to Jersey in 2002, after which he remained a director and shareholder until 2012. Previously, Mark held a variety of retail and private banking roles in Jersey with both HSBC and Cater Allen Bank.

In 1988 Mark relocated first to London, where he joined GNI Limited in a financial futures business development role, and later to New York where he was responsible for the alternative investment programme of Gresham Asset Management, Inc. and later for the asset allocation and manager selection activities of Mitsui & Company.

Mark is personally regulated by the Jersey Financial Services Commission in the conduct of financial services business, is an Associate of the Chartered Institute of Bankers and a Chartered Fellow of the Chartered Institute for Securities and Investment. Mark also serves as a non-executive director to several other offshore structures.

Stephanie Carbonneil, aged 47.

Appointed 21 February 2019.

Stephanie is a senior investment professional and is currently Head of Investment Trusts at Allianz Global Investors. She has experience in portfolio management specifically in institutional funds of funds and private wealth management. She also has broad experience in management of multi-asset funds and manager selection across European Equities, US and Emerging Equities, Global Emerging Equities, High Yield and European Fixed Income.

Stephanie has extensive knowledge of best practices in asset management through the implementation of a disciplined selection process and capital allocation to best-in-class managers. She has particularly strong experience in business development based on the combination of strong asset management technical expertise and experience as fund allocator. She also has been involved in implementing a diversity programme whilst in a previous role at Architas.

BOARD MEMBERS (CONTINUED)

Vanessa Neill, aged 56.

Appointed 11 January 2022.

Vanessa is a consultant specialising in sustainability. She advises global public and private companies on the integration of Environmental, Social and Governance (ESG) factors into their core business strategy and works with clients to support them in communicating the value and impact of their sustainability initiatives in a clear, transparent and authentic way. Vanessa currently advises companies across multiple sectors, with particular expertise in asset management and private equity.

Alongside her client work, Vanessa is currently undertaking an executive Postgraduate Masters Level Diploma at the Cambridge Institute for Sustainable Leadership (CISL), and in April 2021 successfully completed a Postgraduate Masters Level Certificate in Sustainable Business at the same institution.

Vanessa is a senior corporate communications professional with over 20 years of experience. She was formerly a Partner at Kekst CNC, a global leading strategic communications consultancy, where she co-led the firm's ESG and Sustainability Steering Group. Prior to that, she served as Head of Communications for the Investment Banking and Capital Markets Division at Credit Suisse from 2009 to 2018, where she supported the launch of the Impact Advisory and Finance Department.

DIRECTORS' REPORT

The Directors present the Annual Financial Report for the Company for the year ended 31 December 2021. The results for the year are set out in these accounts.

Dividend Policy

The Company's dividend policy is to generate consistent income distributions to shareholders, at levels consistent with prevailing market conditions. This policy is currently implemented by way of annual dividends of €0.05000 / £0.05000 per Euro / Sterling share paid quarterly. The Company announced and paid four quarterly dividends totalling €0.0475 and £0.0475 (2020: €0.04875 and £0.04875) per Euro Share and Sterling Share respectively in 2021 which equates to a dividend yield based on year-end bid share price of 5.00% and 4.57% (2020: 5.42% and 5.16%) respectively.

Share capital and voting rights

The Company has two classes of ordinary shares, being Euro Shares and Sterling Shares. The Company held the following number of shares in treasury as at 31 December 2021:

35,089,055 Euro Shares (31 December 2020: 20,598,771 Euro Shares)

218,048,635 Sterling Shares (31 December 2020: 174,947,441 Sterling Shares)

Excluding shares held in treasury, the Company had the following number of shares in issue as at 31 December 2021:

120,016,565 Euro Shares (31 December 2020: 124,768,754 Euro Shares)

143,874,174 Sterling Shares (31 December 2020: 194,829,202 Sterling Shares)

Each Euro Share holds 1 voting right, and each Sterling Share holds 1.17 voting rights. As at 31 December 2021, the total number of voting rights of the Euro Shares of no par value is 120,016,565 (41.62%) and of the Sterling Shares is 168,332,783 (58.38%). The total number of voting rights in the Company is 288,349,348.

Borrowing limits

The Company does not have any external borrowings. The Directors may, if they feel it is in the best interests of the Company, borrow funds subject to the appropriate resolutions of shareholders. The Investment Vehicle holds external loans and borrowings as disclosed in note 7.

Acquisition of own shares

The Board has the authority to purchase its own shares under the terms and conditions of the Contractual Quarterly Tender facility as summarised in note 12. Details of the shares tendered and repurchased during the year are given in the Strategic Report on page 14.

To assist the Company to minimise the discount at which the Shares trade relative to the net asset value per Share as well as reduce the volatility and increase liquidity in the Shares on 22 April 2021 the Company renewed the general authority to purchase in the market up to 14.99% of the Shares in issue as at 22 April 2021. This authority expires on the date of the 2022 AGM. During the year the Company did not purchase any shares in the market.

The Directors will seek renewal of these authorities from Shareholders at the Company's 2022 AGM.

DIRECTORS' REPORT (CONTINUED)

Directors' interests

As at 31 December 2021 and the date of approval of the annual financial report directors held the following shares in the Company:

	Number of Sterling Shares held	
Director	**As at 31 December 2021**	**As at 5 April 2022**
Richard Boleat	20,000	20,000
Stephanie Carbonneil	22,200	22,200
Mark Tucker	40,000	40,000
Vanessa Neill	-	-

No Director has any interest in any contract to which the Company is a party.

Shareholders' interests

As at 31 December 2021, the Company had been notified in accordance with Chapter 5 of the DTRs (which covers the acquisition and disposal of major shareholdings and voting rights), of the following shareholders that had an interest of greater than 5% in the Company's issued share capital.

	Percentage of total voting rights (%)
Investec Wealth & Investment Limited	14.15%
FIL Limited	9.75%
Canaccord Genuity Group Inc	6.93%

Between 31 December 2021 and 5 April 2022 the Company received the following notifications:

	Percentage of total voting rights (%)
Investec Wealth & Investment Limited	15.52%
FIL Limited	10.45%
SG Kleinwort Hambros	5.25%

Disclosures required under LR 9.8.4R

The Financial Conduct Authority's Listing Rule 9.8.4R requires that the Company includes certain information relating to arrangements made between a controlling shareholder and the Company, waivers of Director's fees, and long-term incentive schemes in force. The Directors confirm that there are no disclosures to be made in this regard.

Events after the reporting date

The NAV total return of the Euro Shares and Sterling Shares since 1 January 2021 to 11 March 2022 has decreased by 2.06% and 1.94% respectively. The Directors are not aware of any other matters that might have a significant effect on the Company in subsequent financial periods not already disclosed in this report or the attached financial statements under note 16.

DIRECTORS' REPORT (CONTINUED)

Events after the reporting date (continued)

Vanessa Neill was appointed with effect from 11 January 2022. Refer to page 43 for further details and page 38 for Vanessa Neill's biography.

Strategic Review Update

On 9 March 2022, the Company announced that the Board was considering making changes pursuant to its ongoing strategic monitoring programme. It was noted that, in particular, the Board was considering amending the Company's investment policy, increasing the Company's target dividend, amending its target total return and reviewing the parameters of the Company's contractual quarterly tender mechanism. Any proposed changes to the investment policy will be subject to shareholder approval.

Statement as to disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Fair, balanced and understandable

In assessing the overall fairness, balance and understandability of the Annual Financial Report and Financial Statements the Board has performed a comprehensive review to ensure consistency and overall balance.

AGM

The Company will hold the 2022 AGM on or around 10 May 2022. The notice and details of the resolutions being proposed will be circulated in a separate letter and will be available shortly afterwards on the Company's website https://www.ccpeol.com.

All resolutions proposed at the 2021 AGM held on 22 April 2021 were passed without significant votes cast against any of the resolutions.

Corporate Governance Statement- Compliance with the AIC Code

The Company has a premium listing on the London Stock Exchange and is therefore required to report on how the principles of the UK Corporate Governance Code (the "UK Code") have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive directors or internal operations.

The Board has considered the principles and provisions of the AIC Code. The AIC Code addresses all the principles and provisions set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council and the Jersey Financial Services Commission, provides more information to stakeholders. The AIC Code is available on the AIC website www.theaic.co.uk. It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant to investment companies.

The Company has complied with all the principles and relevant provisions of the AIC Code during the year ended 31 December 2021.

As the Company is self-managed, provisions pertaining to the relationship with managers are not applicable to the Company. As the Company is not newly incorporated, provisions pertaining

DIRECTORS' REPORT (CONTINUED)

Corporate Governance Statement- Compliance with the AIC Code (continued)

to new companies are not applicable. It is noted that Vanessa Neill was appointed post-year end, and relevant disclosures have been made in accordance with the AIC Code.

Set out below is where stakeholders can find further information within the Annual Financial Report about how the Company has complied with the various Principles and Provisions of the AIC Code.

1. Board Leadership and Purpose	
Purpose	Page 2
Strategy	Page 2
Values and culture	Page 43
Stakeholder Engagement	Pages 31-33

2. Division of Responsibilities	
Director Independence	Page 45
Board meetings	Pages 45-46
Relationship with the manager	n/a[1]
Management Engagement Committee	Page 44

3. Composition, Succession and Evaluation	
Remuneration and Nomination Committee	Page 44
Director re-election	Page 43
Use of an external search agency	Page 43
Board evaluation	Page 44

4. Audit, Risk and Internal Control	
Audit Committee	Page 49
Emerging and principal risks	Pages 24-29
Risk management and internal control systems	Page 52
Going concern statement	Page 19
Viability statement	Pages 19-20

5. Remuneration
Directors' Remuneration Report on pages 54 to 55

1 - As the Company is self-managed, provisions pertaining to the relationship with managers are not applicable to the Company. As the Company is not newly incorporated nor appointed any new directors during the year under the review, provisions pertaining to new companies and appointment of directors are not applicable.

This Directors' Report was approved by the Board of Directors on 5 April 2022 and signed on its behalf by:

Richard Boléat
Chairman

Mark Tucker
Audit Committee Chairman

BOARD AND COMMITTEES

Culture

The Company's culture is one of openness, transparency and inclusivity. Respect for the opinions of its diverse stakeholders features foremost as does its desire to implement its operations in a sustainable way, conducive to the long-term success of the Company.

The Board

The Board consists of four non-executive directors:

- Richard Boleat (Chairman);
- Mark Tucker (Audit Committee Chairman and Senior Independent Director);
- Stephanie Carbonneil (Nomination and Remuneration Committee Chair); and
- Vanessa Neill (ESG Committee Chair, appointed 11 January 2022).

David Wood stepped down from his role on the board of Directors with effect from 31 August 2021.

All of the Directors are independent of the Investment Vehicle Manager. Please refer to pages 36 to 38 for the biographies and dates of appointment for each Director.

Mark Tucker is the Senior Independent Director. In this role, he provides support to the Chairman and serves as an alternate contact point for stakeholders.

Directors' appointment, retirement and rotation

Following Mr Wood's resignation, the Directors engaged Fletcher Jones, an external search consultancy, in their search for an additional Director. Fletcher Jones has no other connection to the Company or any individual Directors. The Nomination and Remuneration Committee prepared a candidate specification which included the Board's desire for an ESG specialist, and shortlisted and interviewed candidates before appointing Ms Neill. The Nomination and Remuneration Committee, together with the Board, are considering a further appointment to enhance the Board's skillset and support the Company's succession planning.

Directors have agreed letters of appointment with the Company. No Director has a service contract with the Company and Directors' appointments may be terminated at any time by one month's written notice with no compensation payable at termination upon leaving office for whatever reason.

Subject to the Articles, Directors may be appointed by the Board. In compliance with the AIC Code, the Board has resolved that all Directors will stand for re-election at each AGM, including the forthcoming AGM. Ms Neill's election will be proposed at the forthcoming AGM, this being the first AGM pursuant to Ms Neill's appointment.

Board diversity

The Board actively supports diversity in its broadest sense and has due regard for the benefits of experience, background and cognitive diversity in its membership, and strives to meet the right balance of individuals who have the knowledge and skillset to aid the effective functioning of the Board and maximise shareholder returns while mitigating the risk exposure of the Company.

The Board supports the recommendations of the Women on Boards Davies Review and latterly, the Hampton-Alexander Review on FTSE Women Leaders, Improving gender balance in FTSE Leadership (the "Hampton-Alexander Review"). In particular, the Board supports the Hampton-Alexander Review's objective of improving women's representation in leadership positions. As a self-managed fund, the Company does not have executive management nor employees and therefore, the Board's principal focus is on improving diversity within its own Board composition.

At the time of this report, female representation on the Board is 50%, consisting of two female Directors and two male Directors. This is above the current target of 33% set out in the Hampton-

BOARD AND COMMITTEES (CONTINUED)

The Board (continued)

Board diversity (continued)

Alexander Review. Whilst the Company's own policy is not to set prescriptive diversity metrics and to fill vacancies by the most qualified candidates, the Board recognises that diversity, including gender diversity, is of material importance to both its own shareholders and that of wider society, and is pleased to exceed the Hampton-Alexander Review target.

Committees

The Board has established three committees, namely: the Audit Committee; the Nomination and Remuneration Committee; and the ESG Committee (established post-year end). Items relevant to a management engagement committee were considered by the Board as a whole.

Audit Committee

The Audit Committee membership comprises all of the Directors. The Chairman of the Board is a member of this Committee (but he does not chair it) which is considered appropriate given that he is a Fellow of the Institute of Chartered Accountants in England and Wales and also has extensive knowledge of the financial services industry.

The report on the role and activities of this Committee and its relationship with the external auditor is set out in the Report of the Audit Committee on pages 49 to 52.

Nomination and Remuneration Committee

Prior to Mr Wood's departure with effect from 31 August 2021, this committee comprised of Ms Carbonneil and Mr Wood, chaired by Ms Carbonneil. With effect from 28 October 2021, Mr Tucker was appointed as a member of the Nomination and Remuneration Committee, and Ms Neill was subsequently appointed as a member on 26 January 2022.

ESG Committee

The ESG Committee was formed on 26 January 2022, is chaired by Ms Neill and comprises all of the Directors. The terms of reference of the ESG Committee are being finalised.

Board and Committees evaluation

The Nomination and Remuneration Committee undertook an internal evaluation which comprised of questionnaires and discussions between the Chair and each Director in respect of their individual performance and the Senior Independent Director and the Chair in respect of the Chairman's performance. The results of this evaluation were positive and a number of minor suggestions were made to further enhance the governance practices of the Company.

The evaluation considered the balance of skills, experience, independence, knowledge, diversity (including gender), how the Board works together as a unit and other factors relevant to its effectiveness. The evaluation also considered the Board's and committee performance, constitution and terms of reference to ensure that they are operating effectively. It is intended that the evaluation will be externally facilitated every three years with the next external evaluation envisaged to take place at the end of 2022. Previously an external review was facilitated bi-annually, however the Directors took the decision in 2021 to extend this timeframe pursuant to positive results and being mindful of costs.

Director Remuneration

In October 2021, the Nomination and Remuneration Committee undertook its annual review of the fees paid to the Directors and compared these with the fees paid by reasonably comparable listed companies. The committee concluded that the fees should remain unchanged.

BOARD AND COMMITTEES (CONTINUED)

Committees (continued)

Tenure and succession policy

The Board regularly and critically examines and evaluates its membership and that of its committees, and its succession requirements. In doing so the Board takes into consideration: the duration of each member's appointment; their continued satisfactory performance; gender diversity; diversity of social and ethnic background; diversity of thought and previous experience; and continued prepossession of the skills identified by the Board as being essential to the Company's long-term success.

In addition, the Board recognises that to carry out its duties successfully and for the benefit of the Company's long-term success and its stakeholders, corporate knowledge of the type that is acquired over time, is beneficial to the Company and its stakeholders. It is against this backdrop that the policy adopted by the Company does not include fixed terms of service for non-executive directors, including the position of Chairman.

Whilst the Board shares the view of the AIC that long periods of service pose a risk to each Director's independence, the Board takes the view that tenure is not the sole determinant of independence. The Board believes that Mr Boléat and Mr Tucker demonstrate constructive challenge in their dealings with other Board members and the Investment Vehicle Manager, and that, notwithstanding the length of their tenure, Mr Boléat and Mr Tucker remain independent in character and judgement within their roles. Further, the Nomination and Remuneration Committee considers that Directors' tenure beyond nine years is appropriate in this instance on the basis the Board is in a period of transition with regards to its succession planning, so as not to lose acquired corporate knowledge and experience. It is also noted that changes to the Board and the Investment Vehicle Manager personnel have provided new perspectives within this business relationship.

In making board appointments and developing a succession plan, the Board takes into consideration the above factors which are aligned with the principles, provisions and spirit of the AIC Code and will ensure that any appointments to the board follow a formal, rigorous and transparent procedure. This is with ultimate consideration to ensuring that the Board and all committees have an appropriate mix of skills and experience to best serve the Company.

The Board continues to welcome the views of major shareholders on the matter of board tenure, following discussion of this by the Chairman and Senior Independent Director with shareholders during the course of 2020.

The Chairman and the Senior Independent Director will continue to raise the topic with major shareholders going forward.

Board meetings

The Board meets periodically throughout the year. The Investment Vehicle Manager, together with the Company Secretary, also ensure that all Directors receive, in a timely manner, all relevant management, regulatory and financial information relating to the Company and the Investment Vehicle portfolio.

The Board applies its primary focus to the following:

- investment performance, ensuring that the investment objective and strategy of the Company are met;
- ensuring investment holdings are in line with the Company's prospectus;
- reviewing and monitoring financial risk management and operating cash flows, including cash flow forecasts and budgets for the Company; and
- reviewing and monitoring of the key risks to which the Company is exposed as set out in the Strategic Report.

BOARD AND COMMITTEES (CONTINUED)

Board meetings (continued)

At each relevant meeting the Board undertakes reviews of key investment and financial data, transactions and performance comparisons, share price and NAV performance, marketing and shareholder communication strategies, peer group information and industry issues. The Board holds regular discussions with the Investment Vehicle Manager to discuss performance of the Investment Vehicle portfolio, whilst considering ways in which future share price and overall performance can be enhanced.

The Board considers whether the investment policy continues to meet the Company's objectives. The Board is considering proposing amendments to the Company's investment policy as announced on 9 March 2022. This will be consulted with shareholders and any material changes will require share approval.

Attendance at 2021 scheduled meetings of the Board and its committees

Vanessa Neill joined the Board as a Non-Executive Director with effect from 11 January 2022. Accordingly, her attendance at meetings is not included in the below table of 2021 meetings.

Director	Board Meetings	Audit Committee	Committee of the Board (Conversion, Quarterly Tender and Annual Report Approval)	Nomination and Remuneration Committee	Strategy Meeting
Richard Boleat	8/8	4/4	10/10*	3/3**	1/1
Stephanie Carbonneil	8/8	4/4	n/a	3/3	1/1
Mark Tucker	8/8	4/4	15/15*	3/3**	1/1
David Wood	6/6***	2/2***	n/a	2/2***	N/A

* The Board has formed a committee of any one Jersey based director to approve routine matters associated with the administration of the monthly share conversion and quarterly tender.

** Mr Tucker became a member of the Nomination and Remuneration Committee with effect from 28 October 2021, prior to which he was invited to attend these meetings as a Director. Mr Boléat is invited to attend these meetings as a Director.

*** Mr Wood resigned with effect from 31 August 2021.

Monitoring and evaluation of service providers

The Board reviews the performance of the Company's third-party service providers together with their anti-bribery and corruption policies to ensure that they comply with the Corruption (Jersey) Law 2006, the Bribery Act 2010, the Criminal Finances Act 2017 and ensure their continued competitiveness and effectiveness and ensure that performance is satisfactory and in accordance with the terms and conditions of the respective appointments.

As part of the Board's ongoing evaluation of third-party service providers, it considers and reviews on a periodic basis contractual arrangements with the major service suppliers of the Company.

The Directors have adopted a procedure whereby they are required to report any potential acts of bribery and corruption in respect of the Company that come to their attention to the Company's Compliance Officer.

Shareholder communications

An analysis of the substantial shareholders of the Company's shares is provided to the Board on a quarterly basis.

BOARD AND COMMITTEES (CONTINUED)

Shareholder communications (continued)

The Board views shareholder relations and communications as a high priority and the Board aims to have a thorough understanding of the views of shareholders. The Chairman and the Senior Independent Director are available for discussion about governance and strategy with major shareholders and they communicate shareholders' expressed views to the Board. Shareholders wishing to communicate with the Chairman, or the Senior Independent Director, may do so by any conventional means. The Directors welcome the views of all shareholders and place considerable importance upon them.

The main method of communication with shareholders is through the half-year and annual financial reports which aim to give shareholders a clear and transparent understanding of the Company's objectives, strategy and results. This information is supplemented by the publication of monthly fact sheets, and the weekly estimated and monthly NAV of the Company's Euro Shares and Sterling Shares on the London Stock Exchange, via a Regulatory Information Service.

The Company's website (www.ccpeol.com) is regularly updated with monthly fact sheets and provides further information about the Company, including the Company's financial reports and announcements. The maintenance and integrity of the Company's website is the responsibility of the Directors. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board believes that the AGM provides an appropriate forum for investors to communicate with the Board, and encourages participation. The AGM will be attended by at least the Chairman of the Company and the Chairman of the Audit Committee.

The Board has also instigated a programme of quarterly investor calls, to allow investors and other interested parties to receive an update on the previous quarter's performance and market conditions. It also provides a forum for questions to be posed to the Chairman and representatives of the Investment Vehicle Manager.

Financial risk management objectives and policies

The Board is responsible for the Company's system of risk management and internal control and meets regularly in the form of periodic Board meetings to assess the effectiveness of such controls in managing and mitigating risk.

The Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 31 December 2021, and to the date of approval of this Annual Financial Report. The Board has taken into consideration the Financial Reporting Council (FRC)'s, "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" to ensure that the Company's system of risk management and internal control is designed and operated effectively, in line with best practice guidance provided by the FRC.

The key financial risks that the Directors believe the Company is exposed to include credit risk, liquidity risk, market risk, interest rate risk, valuation risk and foreign currency risk. Please refer to note 8 for reference to financial risk management disclosures, which explains in further detail the above risk exposures and the policies and procedures in place to monitor and mitigate these risks.

The Company has appointed BNP Paribas Securities Services S.C.A. to act as administrator. The Administrator has established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of these controls are assessed by the compliance and risk department of the Administrator on an on-going basis and by periodic review by external parties. The Company's Compliance Officer presents an assessment of their review to the Board in line with the compliance monitoring programme on a quarterly basis which has revealed no matters of concern.

AIFMD REPORT (UNAUDITED)

The Company (which is a non-EU AIF for the purposes of the AIFM Directive and related regimes in EEA member states) is a self-managed fund and therefore acts as the deemed AIFM of the Company. The Company is authorised as an Alternative Investment Fund Services Business as defined under Article 2(11) of the Financial Services (Jersey) Law 1998 and as such, fulfils the role of Alternative Investment Fund Manager.

In 2014, the Company registered with the Jersey Financial Services Commission, being the Company's competent regulatory authority, as a self-managed non-EU Alternative Investment Fund (AIF), and has registered with the UK Financial Conduct Authority, under the relevant NPPRs.

In 2015, the Company registered with the Finnish Financial Supervisory Authority, Belgium Financial Services and Markets Authority, Danish Finanstilsynet, Luxembourg Commission de Surveillance du Secteur Finacier and Swedish Finansinspektionen, under the relevant NPPRs of each jurisdiction.

In 2017, the Company registered with Central Bank of Ireland, under the relevant NPPR.

As the Company is non-EU domiciled, no depositary has been appointed in line with the AIFM Directive, however BNP Paribas Securities Services S.C.A., Jersey Branch has been appointed to act as custodian.

Information relating to the current risk profile of the Company and the risk management systems employed by the Company to manage those risks, as required under paragraph 4(c) of Article 23 of the AIFM Directive, is set out in note 8 – financial risk management. Please refer to pages 24 to 29 for the Board's assessment of the principal risks and uncertainties facing the Company.

Table of AIFM remuneration

The total fees paid to the Board by the Company are disclosed within the Directors' remuneration report on pages 54 to 55 and disclosed in note 6.

Article 22(2)(e) and 22(2)(f) of the AIFM Directive is not deemed applicable as the AIFM has no staff. No other remuneration costs have been incurred with the exception of those costs incurred by the Board as referenced above.

REPORT OF THE AUDIT COMMITTEE

It is my pleasure to present this report describing the activities of the Audit Committee in respect of the 2021 financial year.

Membership

The Board appointed Audit Committee operates within clearly defined Terms of Reference which are reviewed regularly by the Audit Committee and amended as required. They can be found within the tab "Documents" within the "News & Documents" section of the Company's website (at www.ccpeol.com).

The Audit Committee comprises all of the Directors as indicated on page 44 and all of the Audit Committee's members have recent and relevant financial experience. The Audit Committee has competence relevant to the sector in which the Company operates.

During the year, the Audit Committee formally convened on four occasions. The members' attendance record can be found on page 46 of this annual financial report.

Role of the Audit Committee

The main role of the Audit Committee is to protect the interests of the Company's shareholders regarding the integrity of the half-yearly financial report and the annual financial report of the Company and manage the Company's relationship with the external auditor.

The Audit Committee's key duties are:

- to review and monitor the fairness and balance of the financial statements of the Company including its half-year financial report and annual financial report to shareholders, reviewing any significant financial reporting issues and judgements which they contain;
- to advise the Board on whether the Committee believes that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, position, business model and strategy;
- to identify and disclose those risks considered by the Audit Committee to be significant to their financial reporting process;
- to consider and make recommendations to the Board in relation to the appointment, re-appointment and removal of the external Auditors and to negotiate their remuneration and terms of engagement on audit and non-audit work;
- to meet regularly with the external Auditor in order to review their proposed audit programme of work and the subsequent Audit Report and to assess the effectiveness of the audit process and the level of fees paid in respect of audit and non-audit work; and
- to annually assess the external Auditor's independence, objectivity, effectiveness, resources and expertise.

In addition to the workstreams that stem from the roles of the Audit Committee as described above, the Audit Committee was also instrumental in a number of other areas during the year including:

- With regard to the social and environmental responsibilities owed by the Company to Jersey, the jurisdiction in which the Company operates, overseeing the Company's sponsorship relationship with the Jersey National Park;
- Considering the tenure of the Company's Auditor and further considering the processes the Audit Committee will undertake during 2022 when it will conduct an Auditor rotation review.
- Leading in discussions with the Investment Vehicle Manager in the area of climate-related financial disclosures. As a result of these discussions disclosures on these activities appear

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

Role of the Audit Committee (continued)

within the Strategic Report, on pages 20 to 22. The Committee was also instrumental in an exercise to support the Board in making its Viability Statement which appears within the Strategic Report, on pages 19 to 20;

- Involvement in the appointment of Vanessa Neill to the Board of the Company in January 2022 and more recently to the Audit Committee to bolster the Board's and the Audit Committee's environmental credentials. Further details concerning Ms Neill's appointment can be found on page 43. Commencing with the Company's 2022 half-year financial report, environmental disclosures will be included within a report of the activities of the recently established ESG Committee which is chaired by Ms Neill;
- Overseeing the content and structure of the Company's proposed entry into the ESG section of the Association of Investment Companies' website;

Significant risks

The Audit Committee view the below as significant risks relating to the financial statements:

Title to and the existence of the Company's investments

Procedures to confirm the Company's title to and the existence of the Company's investments are embedded within the Company's share issuance, monthly conversation and quarterly tender processes, accordingly title to and existence of the Company's investments are confirmed by the Board regularly.

Valuation of Investments

The risk of misstatement due to errors in the valuation of the Company's investments is an issue of significance to the Audit Committee. This risk is mitigated by regular Board meetings in which a review of the valuation of the Company's investments is included. Additionally, the Audit Committee regularly interviews representatives of the Investment Vehicle Manager in order to gain assurances as to the continued appropriateness of the valuation methodology.

External audit process

The Audit Committee met formally with the Auditor prior to the commencement of the audit and agreed an audit plan that would adopt a risk-based approach. The Audit Committee and the Auditor agreed that a significant portion of the Audit effort would include an examination of revenue recognition with respect to investment income and an examination of the procedures in place at the Administrator and at the Investment Vehicle Manager in respect of the valuation of the Company's investments and the underlying portfolio assets respectively.

Upon completion of the audit the Audit Committee discussed with the Auditor the effectiveness of the audit and concluded that the audit had been effective on the grounds that:

- The audit plan had been met;
- The Auditor had demonstrated a good understanding of the Company's business;
- No risks to audit quality had been identified;
- The Auditor demonstrated a robustness of process and perceptiveness in handling key accounting issues and judgements; and
- All issues that arose during the audit were satisfactorily resolved.

Additionally, procedures employed by the Auditors, described above, are viewed by the Audit Committee as being appropriate and sufficiently robust for the Audit Committee to gain sufficient assurance as to the effectiveness of the audit.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

Non-audit services

The Company has adopted a policy such that the provision of non-audit services by the Company's auditors is considered and approved by the Audit Committee on a case-by-case basis, taking into account relevant law, regulation, the Revised Ethical Standard 2019 and other applicable professional requirements.

The following factors are assessed when considering the provision of non-audit services by the Auditors:

– Threats to independence and objectivity resulting from the provision of such services and any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the Auditor's independence and objectivity;

– The nature of the non-audit services;

– Whether the skills and experience of the audit firm makes it the most suitable supplier of the non-audit service; and

– The fees incurred, or to be incurred, for non-audit services both for individual services and in aggregate, relative to the audit fee, including special terms and conditions (for example, contingent fee arrangements).

During the course of the year the Auditor was engaged to conduct a review of the Company's half-yearly financial report for the six months ended 30 June 2021.

The fees for the year-end audit were €81,118 (£69,727) (2020: €73,289 (£63,300)). Fees for non-audit services were €11,750 (£10,100) (2020: €11,364 (£10,100)) for the review of the half year report, and €nil (£nil) (2020: €33,481 (£29,250)) in respect of reporting accountant services.

Auditor independence

The Audit Committee undertakes an annual assessment of the independence of the Auditor prior to the commencement of the audit, this includes:

- Discussing with the Auditor the threats to their independence and the safeguards applied to mitigate such threats;
- Considering all of the relationships between the Company and the Auditor;
- Reviewing and confirming no relationships between the Company and the Auditor which could impact independence and objectivity;
- Reviewing the level of fees paid by the Company in proportion to the overall fee income of the firm, office and partner; and
- Reviewing the Auditor's policies and processes for maintaining independence and monitoring compliance with relevant requirements.

Based on the above criteria the Audit Committee was satisfied as to the independence of the Auditor during the year ended 31 December 2021 and throughout the course of the audit.

Auditor appointment

The Company's current external Auditor is Ernst & Young LLP, who were appointed on 19 August 2013.

The Audit Committee considers the reappointment of the external auditor, including the rotation of the audit engagement partner, each year. The external auditor is required to rotate the audit engagement partner responsible for the Company audit every five years. The current audit engagement partner was appointed by the Auditor prior to the commencement of the Company's 2020 half year review.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

Auditor appointment (continued)

The Committee reviews a number of factors when considering proposing the re-appointment/appointment of an audit including:

– Effectiveness and quality of the previous audit (if applicable);

– Independence;

– Qualification, expertise and resources; and

– Consideration as to whether it would be appropriate to recommend an external audit tender be conducted earlier than the maximum best practice ten-year period.

After considering the above the Audit Committee provided the Board with its recommendation to the shareholders on the reappointment of Ernst & Young LLP as external auditor for the year ending 31 December 2021.

Accordingly, a resolution proposing the reappointment of Ernst & Young LLP as the Company's Auditor will be put to shareholders at the AGM. There are no contractual obligations restricting the Committee's choice of external auditor and the Company does not indemnify its external auditor.

Internal controls and risk management

The Board is responsible for ensuring that suitable systems of risk management and internal control are implemented by the third-party service providers to the Company. The Directors have reviewed the BNP Paribas Securities Services ISAE 3402 report (Report on the description of controls placed in operation, their design and operating effectiveness for the period from 1 October 2020 to 30 September 2021) on Fund Administration and are pleased to note that no significant issues were identified.

In accordance with the FRC's Internal Control: Guidance to Directors, and the FRC's Guidance on Audit Committees, the Board confirms that there is an on-going process for identifying, evaluating and managing the significant internal control risks faced by the Company.

As the Company does not have any employees it does not have a "whistle blowing" policy in place. The Company delegates its day to day administrative operations to third-party providers who are monitored by the Board and who report on their policies and procedures to the Board. Accordingly, the Board believes an internal audit function is not required.

I welcome feedback from all shareholders as to the form and content of this annual report.

For and on behalf of the Audit Committee,

Mark Tucker
Audit Committee Chairman
5 April 2022

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing the Annual Financial Report and financial statements in accordance with applicable Jersey law and International Financial Reporting Standards as adopted by the European Union (IFRS).

Jersey Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the year and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors should:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors confirm to the best of their knowledge that:

- the financial statements, which have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

The Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, position, business model and strategy.

Richard Boléat
Chairman
5 April 2022

Mark Tucker
Audit Committee Chairman

DIRECTORS' REMUNERATION REPORT

Table of Directors' Remuneration

Director	Annual Rate
Richard Boléat (Chairman)	
– Annual Fee	£65,000 (€75,534)
Mark Tucker	
– Annual Fee	£43,750 (€50,899)
– Senior Independent Director	£1,250 (€1,454)
– Chairman of the Audit Committee	£5,000 (€5,817)
Stephanie Carbonneil	
– Annual Fee	£42,500 (€49,445)
– Chair of the Nomination and Remuneration Committee	£5,000 (€5,817)
David Wood*	
– Annual Fee	£42,500 (€49,445)
Vanessa Neill**	
– Annual Fee	£42,500 (€49,445)
– Chair of the ESG Committee	£5,000 (€5,817)
All Directors	Reimbursement of ad hoc expenses

*stepped down from the Board with effect from 31 August 2021

**appointed with effect from 11 January 2022

Directors receive the above annual fees for their commitment as Directors. All additional fees are for additional responsibilities and time commitments. The Directors' are also reimbursed for their expenses on an ad hoc basis.

No other remuneration or compensation was paid or is payable by the Company during the period to any of the Directors. There has been no change to the Company's remuneration policy as detailed below.

The Company has no employees. Accordingly, there are no differences in policy on the remuneration of Directors and the remuneration of employees.

Remuneration policy

The determination of the Directors' fees is a matter for the Board. The Nomination and Remuneration Committee considers the remuneration policy annually to ensure that it remains appropriately positioned, and makes recommendations to the Board as applicable. As part of this process, Directors review the fees paid to the boards of directors of similar companies. No Director is involved in decisions relating to their own remuneration.

Directors are remunerated in the form of fees, payable quarterly in advance. No Director has any entitlement to a pension, and the Company has not awarded any share options or performance incentives to any of the Directors.

Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable high calibre candidates to be recruited. The policy is for the Chairman of the Board and Chair of Committees to be paid a higher fee than the other Directors in recognition of

DIRECTOR'S REMUNERATION REPORT (CONTINUED)

Remuneration policy (continued)

their more onerous roles and more time spent. The Board may amend the level of remuneration paid within the limits of the Company's Articles of Association.

The Company's Articles of Association limit the aggregate fees payable to the Directors to a total of £429,786 (€500,000) per annum.

Statement of consideration of shareholder views

An ordinary resolution to ratify the Directors' remuneration report will be proposed at the forthcoming AGM.

Stephanie Carbonneil

Nomination and Remuneration Committee Chair

5 April 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED

Opinion

We have audited the financial statements of CVC Credit Partners European Opportunities Limited (the "Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Net Assets, the Statement of Cash Flows, and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Ascertaining that the going concern assessment covers a period of at least twelve months from the date of approval of the financial statements. The Directors' have performed an assessment to 31 July 2023, which is at least twelve months from the date of approval of the financial statements.
- Reviewing the cash flow and revenue forecasts which support the Directors' assessment of going concern. This involved challenging the sensitivities and assumptions used in the forecasts, including the impact of the COVID-19 pandemic.
- Reviewing the stress testing performed by the Directors' and assessed whether the basis on which it was performed was appropriate and adequate, including validating static data used, that could have a material impact, by agreeing these to supporting documentation where possible.
- Holding discussions with the Directors' and the Administrator to determine whether, in their opinion, there is any material uncertainty regarding the Company's ability to pay liabilities and commitments as they fall due and challenging this assessment through our audit procedures over the assessment of the Company's liquidity.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED (CONTINUED)

Conclusions relating to going concern (continued)

- Considering whether the Directors' assessment of going concern, including the impact of the COVID-19 pandemic as included in the Annual Report, is consistent with the disclosure in the viability statement.
- Assessed whether the subsequent events identified by the Directors impact the Company's ability to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of inappropriate revenue recognition with respect to investment income, including risk of management override • Risk of incorrect valuation of investments • Risk that investments do not exist, including incomplete and inaccurate investment transactions
Materiality	• Overall materiality of €3.1m which represents 1% of the net assets attributable to shareholders.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Climate change

The Company has determined that the most significant future impacts from climate change on its operations will be from financial losses stemming from climate-related factors adversely impacting the capital value of securities held within the Investment Vehicle portfolio and/or the ability of those companies whose securities are held to meet their financial obligations thereunder. These are explained on page 28 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED (CONTINUED)

Climate change (continued)

As explained in note 2.1(g) governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of International Financial Reporting Standards as adopted by the European Union.

Our audit effort in considering climate change was focused on ensuring that the effects of climate risks disclosed on page 28 have been appropriately reflected in the significant assumptions used in estimating the valuation of investments. Details of our procedures and findings are included in our key audit matters below. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED (CONTINUED)

Key audit matters (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of inappropriate revenue recognition with respect to investment income, including risk of management override *Refer to Accounting policy 2.9 (page 75) and Note 3 of the Financial Statements (page 76)* For the year ended 31 December 2021, the Company recognised investment income of €15.6m (2020: €21.1m). The ability to generate dividend yield for shareholders that is funded from investment income (rather than capital gains arising on the disposal of investments) is a key strategic objective of the Company. Investment income is primarily generated in the form of distributions from the Investment Vehicle (CVC European Credit Opportunities S.à.r.l.). Given the importance that the Company's ability to generate a consistent level of investment income has on the Company's dividend yield objectives, we consider that the recognition of investment income represents a fraud risk and thus a significant risk.	We have performed the following procedures: ● Updated our understanding of the nature of the investment income attributable to the Company from the Investment Vehicle. ● Updated our understanding of how this risk is considered and managed by the Directors, the Investment Vehicle Manager (CVC Credit Partners Investment Management Limited) and the Administrator and performed a walkthrough to confirm the design and implementation effectiveness of related controls. ● Traced the investment income received in the year to bank statements. ● Obtained income distribution notices from the Administrator and agreed these to the income recorded in the year. ● Recalculated the investment income attributable to the Company from the Investment Vehicle based on the Company's ownership of the Investment Vehicle and the income distributions made by the Investment Vehicle during the year as agreed to the audited financial statements of the Investment Vehicle. ● Performed recalculations of the foreign currency translations from Sterling to Euros.	Based on the work performed, we have no matters to report to the Audit Committee.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED (CONTINUED)

Key audit matters (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of incorrect valuation of investments *Refer to the Report of the Audit Committee – per the financial statements (pages 49 to 52); Accounting policy 2.4 (pages 73 to 74); and Note 8.5 of the Financial Statements (page 93).* At the year end, the Company held 118,672,886.93 Euro and 142,063,595.26 Sterling PECs (2020: 123,587,333.61 Euro and 193,056,156.64 Sterling PECs) with a total value of €309.7m (2020: €341.7m). There is a risk that investment values are misstated or that valuations are incorrectly calculated through errors in the valuation of the Preferred Equity Certificates ('PECs') held by the Company. The valuation of the PECs is dependent on a range of factors including the NAV of the Investment Vehicle and its underlying portfolio. The underlying portfolio includes level 3 securities valued by the Investment Vehicle Manager, and the Directors of the Company assess whether a liquidity adjustment should be taken on the NAV of the Investment Vehicle when arriving at the final valuations.	We have performed the following procedures: ● Updated our understanding of how this risk is considered and managed by the Directors and the Investment Vehicle Manager by performing walkthrough procedures to evaluate the design and implementation of controls. ● Obtained an understanding of the Administrator's systems and controls in respect of investment valuation and performed walkthrough procedures to confirm the design effectiveness of the process and key controls. Additionally, we obtained the ISAE 3402 report and the related bridging letter from the Administrator to consider the impact of any significant deficiencies, identified in this report, to our audit. ● Confirmed our understanding, obtained through our walkthrough procedures, of the current valuation methodology used by the Investment Vehicle Manager through our review of relevant documentation from EY Luxembourg, who are the auditors of the Investment Vehicle, and held subsequent discussions with the auditors of the Investment Vehicle, to supplement our understanding. ● Reviewed minutes of meetings of the Board and the Valuation Committee to corroborate the valuation methodology and data inputs used and assessed whether the nature of the information and methodology utilised is appropriate.	Based on the work performed, we have no matters to report to the Audit Committee.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED (CONTINUED)

Key audit matters (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	• Agreed the valuation of the PECs to the audited financial statements of the Investment Vehicle, taking into account the ownership percentages. • Reviewed key workpapers and made enquiries of the Investment Vehicle's auditors in relation to the valuation of investments held by the Investment Vehicle to assess whether year-end valuations underlying the PECs held by the Company are in accordance with IFRS 13: Fair value measurement. • We have considered the impact of climate change throughout the procedures performed on the valuation of investments, by challenging whether the valuation methodologies and assumptions used are appropriate. • Considered and challenged whether the Board's assumptions around liquidity adjustments to NAV of the Investment Vehicle are appropriate by considering the historic trading and redemption activity in the Investment Vehicle and agreeing PEC redemptions to the bank statements.	
Risk that investments do not exist, including incomplete and inaccurate investment transactions *Refer to the Report of the Audit Committee – per the financial statements (pages 49-52); Accounting policy 2.4 (pages 73 to 74); and Note 7 of the Financial Statements (pages 78 to 88).* At the year end, the Company held 118,672,886.93 Euro and 142,063,595.26 Sterling PECs (2020: 123,587,333.61 Euro and 193,056,156.64 Sterling	We have performed the following procedures: • Updated our understanding of how this risk is considered and managed by the Directors, the Investment Vehicle Manager and the Administrator and performed walkthrough procedures to confirm the design effectiveness of the process. • Obtained the PEC registers independently from the Company Secretary of the Investment Vehicle ('SS&C') and agreed the holdings to those disclosed in the accounts.	Based on the work performed, we have no matters to report to the Audit Committee.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED (CONTINUED)

Key audit matters (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
PECs) with a total value of €309.7m (2020: €341.7m). There is a risk that investments presented in the financial statements do not exist or the Company does not have legal title to these. The individual investments are significant in value and the process that is involved in the completion of a purchase or a disposal of the PECs takes an extended period of time. As a result, there is a risk that incomplete or inaccurate transactional information with regards to the PECs would result in a material misstatement in the reported results and financial position of the Company.	• Agreed a sample of investment trades in the year to agreements and traced cash movements to bank statements. • Reviewed the audited financial statements of the Investment Vehicle to check the existence and completeness of the Company's investment in PECs, and agreed the PEC units held by the Company to the Series 4 and Series 5 PEC units disclosed in the audited financial statements of the Investment Vehicle. • Reviewed minutes of board meetings and other internal reports for indications of significant investment transactions not appropriately recorded.	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED (CONTINUED)

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be €3.1 million (2020: €3.4 million), which is 1% (2020: 1%) of the net assets attributable to shareholders. We believe that the net assets attributable to shareholders are the most important financial metric on which shareholders would judge the performance of the Company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2020: 75%) of our planning materiality, namely €2.3m (2020: €2.6m). We have set performance materiality at this percentage based on our understanding of the entity and past experiences with the audit.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €0.2m (2020: €0.2m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 2 to 55 and pages 103 to 110, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 2;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 19 to 20;
- Directors' statement on fair, balanced and understandable set out on page 53;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 24 to 29;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 52; and;
- The section describing the work of the audit committee set out on pages 49-52.

Responsibilities of directors

As explained more fully in the Directors' Statement of Responsibilities set out on page 53, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are International Financial Reporting Standards as adopted by the European Union, the Companies (Jersey) Law 1991, UK Corporate Governance Code (taken in the context of the AIC Code), and the Listing Rules.
- We understood how the Company is complying with those frameworks by making enquiries with the Directors including the Chair of the Audit Committee. We corroborated our understanding through our review of board minutes and board papers provided to the Audit Committee.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks in relation to inappropriate revenue recognition with respect to investment income and risk of management override in relation to inappropriate journal entries. Our audit procedures stated above in the 'Key audit matters section' of this Auditor's report, including test of journal entries, were performed to address this identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals, journals posted around the year end date and other focused testing procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
London
5 April 2022

STATEMENT OF COMPREHENSIVE INCOME

For the year from 1 January 2021 to 31 December 2021

	Notes	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Income			
Investment income	3	15,607,537	21,117,386
Tender fee income	3	646,329	1,550,442
Net gains/(losses) on financial assets held at fair value through profit or loss	7	21,595,428	(21,681,500)
Foreign exchange gain/(loss) on financial assets held at fair value through profit or loss	7	12,303,760	(15,844,430)
Foreign exchange (loss)/gain on ordinary shares	12	(12,484,070)	15,933,729
Other net foreign currency exchange gain/(loss) through profit or loss		168,957	(26,204)
		37,837,941	1,049,423
Expenses			
Operating expenses	4	(1,402,690)	(1,135,235)
		(1,402,690)	(1,135,235)
Profit/(loss) before finance costs and taxation		**36,435,251**	**(85,812)**
Finance costs			
Placing programme costs	5	-	(33,481)
Share issue costs	5	-	(3,524)
Dividends paid	5, 12	(14,328,495)	(18,443,393)
Profit/(loss) before taxation		**22,106,756**	**(18,566,210)**
Taxation	2.13	-	-
Increase/(decrease) in net assets attributable to shareholders from operations		**22,106,756**	**(18,566,210)**
Return per Euro Share	12	€0.083772	(€0.051747)
Return per Sterling Share (Sterling equivalent)	12	£0.070438	(£0.046343)

All items in the above statement are derived from continuing operations.

The Company has no items of other comprehensive income/(loss).

The notes on pages 71 to 102 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	31 December 2021 €	31 December 2020 €
Assets			
Financial assets held at fair value through profit or loss	*7*	309,706,971	341,742,461
Prepayments		78,382	45,421
Cash and cash equivalents		3,001,936	2,870,655
Total assets		**312,787,289**	**344,658,537**
Liabilities			
Payables	9	(371,590)	(118,290)
Total liabilities		**(371,590)**	**(118,290)**
Net assets attributable to shareholders	*13*	**312,415,699**	**344,540,247**

The financial statements on pages 67 to 102 were approved by the Board of Directors on 5 April 2022 and signed on its behalf by:

Richard Boléat
Chairman Audit

Mark Tucker
Committee Chairman

The notes on pages 71 to 102 form an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2021

	Note	Net assets attributable to shareholders 2021 €
As at 1 January 2021		**344,540,247**
Issuance and subscriptions arising from conversion of ordinary shares	*12*	14,795,161
Redemption payments arising on conversion and tender of ordinary shares	*12*	(81,510,535)
Increase in net assets attributable to shareholders from operations		22,106,756
Net foreign currency exchange gain on opening ordinary shares	*12*	12,484,070
As at 31 December 2021		**312,415,699**

For the year ended 31 December 2020

	Note	Net assets attributable to shareholders 2020 €
As at 1 January 2020		**537,324,231**
Issuance and subscriptions arising from conversion of ordinary shares	*12*	8,445,789
Redemption payments arising on conversion and tender of ordinary shares	*12*	(166,729,834)
Decrease in net assets attributable to shareholders from operations		(18,566,210)
Net foreign currency exchange loss on opening ordinary shares and ordinary shares issued during the year	*12*	(15,933,729)
As at 31 December 2020		**344,540,247**

The notes on pages 71 to 102 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Cash flows from operating activities			
Profit/(loss) before taxation[1]		22,106,756	(18,566,210)
Adjustments to reconcile profit/(loss) before tax to net cash flows:			
– Net (gains)/losses on investments held at fair value through profit or loss	7	(21,595,428)	21,681,500
– Foreign exchange (gain)/loss on financial assets held at fair value through profit or loss	7	(12,303,760)	15,844,430
– Foreign currency exchange loss/(gain) on ordinary shares	12	12,484,070	(15,933,729)
– Placing programme costs	5	-	33,481
– Share issue costs	5	-	3,524
– Dividends paid	12	14,328,495	18,443,393
Changes in working capital:			
– Increase in prepayments		(32,961)	(7,891)
– Increase/(decrease) in payables		253,300	(77,263)
Net cash provided by operating activities		**15,240,472**	**21,421,235**
Cash flows from investing activities			
Purchase of financial assets held at fair value through profit or loss[2]	7	-	(348,681)
Proceeds from redemption of financial assets held at fair value through profit or loss[2]	7	65,870,004	156,419,064
Net cash provided by investing activities		**65,870,004**	**156,070,383**
Cash flows from financing activities			
Proceeds from issuance and subscriptions of ordinary shares[3]	12	-	352,205
Payments from redemption of ordinary shares[3]	12	(66,650,700)	(158,565,089)
Placing programme costs	5	-	(33,481)
Share issue costs	5	-	(3,524)
Dividends paid	12	(14,328,495)	(18,443,393)
Net cash used in financing activities		**(80,979,195)**	**(176,693,282)**
Net increase in cash and cash equivalents in the year		**131,281**	**798,336**
Cash and cash equivalents at beginning of the year		2,870,655	2,072,319
Cash and cash equivalents at the end of the year		**3,001,936**	**2,870,655**

1 - Includes cash receipts relating to income distributions of €15,609,665 (2020: €21,114,461), interest income of €(2,128) (2020: €2,925) and tender fee income of €646,329 (2020: €1,550,442).

2 - Cash flows arising from purchases and redemption of financial assets above does not include subscriptions and redemptions arising from conversion of €(14,795,162) (2020: €(8,093,584)) and €14,859,836 (2020: €8,164,745) respectively as these transactions have no associated cash flow.

3 - Cash flows arising from issuance and redemption of ordinary shares above does not include subscriptions and redemptions arising from conversion of €(14,795,161) (2020: €(8,093,584)) and €14,859,835 (2020 €8,164,745) respectively as these transactions have no associated cash flow.

The notes on pages 71 to 102 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Company was incorporated on 20 March 2013 and is registered in Jersey as a closed-ended Investment Company. Euro Shares and Sterling Shares were admitted to the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange on 25 June 2013.

The Company's registered address is IFC1, The Esplanade, St Helier, Jersey, JE1 4BP.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented.

2.1 Basis of preparation

(a) Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) together with the interpretations of the International Accounting Standards and Standing Interpretations Committee as approved by the International Accounting Standards Committee (IASC) which remain in effect. The financial statements give a true and fair view of the Company's affairs and comply with the requirements of the Companies (Jersey) Law 1991.

The liquidity method of presentation is followed in the Statement of Financial Position. Please refer to note 8.2 for maturity profiles.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the revaluation of financial assets held at fair value through profit or loss and ordinary shares that are held at amortised cost, being the amount they can be redeemed at.

(c) Functional and presentation currency

The Company's functional currency is the Euro, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in Euros. Therefore the Euro is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Euros, except where otherwise indicated, and are rounded to the nearest Euro.

(d) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Company to make judgements, estimates and assumptions that affect items reported in the Statement of Financial Position and Statement of Comprehensive Income and the disclosure of contingent liabilities at the date of the financial statements. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Although these judgements, estimates and assumptions are based on best knowledge of current facts, circumstances and, to some extent, future events and actions, the actual results may ultimately differ from those estimates, possibly significantly. Valuation of financial assets is considered a significant estimate and is monitored by the Audit Committee to ensure that judgements, estimates and assumptions made and methodologies applied are appropriate and in accordance with IFRS 13. Please refer to note 2.4(c) for details regarding fair value estimation of financial assets and note 7 for IFRS 13 disclosures.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

As outlined above in note 2.1(c) the Directors have used their judgement to determine that the Company's presentational and functional currency is Euro.

(e) New standards, amendments and interpretations

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments to the above standards provide temporary reliefs which address the financial reporting effects when an interbank offered rate is replaced with an alternative nearly risk-free interest rate. As the Company does not hold any instruments that reference interbank offered rates, these amendments had no impact on the financial statements.

Several other amendments and interpretations apply for the first time in 2021, but these do not have an impact on the financial statements.

(f) Standards, amendments and interpretations issued but not yet effective

Standards, amendments and interpretations that become effective in future accounting periods and have not been adopted by the Company:

International Financial Reporting Standards (IFRS)	Effective for periods beginning on or after
• IFRS 17 – Insurance Contracts	1 January 2023
• IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of accounting estimates	1 January 2023

As the Company does not participate in insurance contracts in the normal course of its business, the Directors believe that the application of IFRS 17 – Insurance Contracts, will not have an impact on the Company's financial statements.

The amendments revise IAS 8 to replace the definition of a change in accounting estimates with a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. The Directors believe that the application of this amendment will not have an impact on the Company's financial statements.

A number of amendments and interpretations to existing standards have been issued, but are not yet effective, that are not relevant to the Company's operations. The Directors believe that the application of these amendments and interpretations will not impact the Company's financial statements when they become effective.

(g) Climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risks identified in the principal risks and uncertainties section of the Strategic Report.

These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. This reflects the conclusion that climate change is not expected to have a significant impact on the Company's short-term cash flows including those considered in the going concern and viability assessments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

2.2 Going concern

The Directors have reviewed the Company's budget and cash flow forecast for the next 12 months from the date of approval of the financial statements and also considered information regarding climate-related matters in conjunction with other uncertainties. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months to 5 April 2023, being the period of assessment covered by the Directors. The Directors are also satisfied that no material climate related matters or uncertainties exist that cast significant doubt over the Company's ability to continue as a going concern. In making this assessment, the Board have considered the impact that COVID-19 and Russia's invasion of Ukraine may have on the Company. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Foreign currency translations

Transactions in foreign currencies are translated to Euro at the foreign exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

2.4 Financial instruments

Financial assets

(a) Classification

The Company classifies its investments as financial assets held at fair value through profit or loss. These financial assets do not possess contractual terms which give rise to cash flows on specified dates that are solely payments of principal and interest and therefore these financial assets default to this classification. Financial assets also include cash and cash equivalents as well as other receivables which are measured at amortised cost.

(b) Recognition, measurement and derecognition

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets at fair value through profit or loss are measured initially and subsequently at fair value. Transaction costs are expensed as incurred and movements in fair value are recorded in the Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company holds PECs issued by the Investment Vehicle. These investments are not listed or quoted on any securities exchange and are not traded regularly and, on this basis, no active market exists.

(d) Valuation process

The Company relies on the board of the Investment Vehicle making fair value estimates of an equivalent basis to those that would be made under IFRS. As at 31 December 2021, the Directors reviewed documentary evidence of the valuation of Investment Vehicle investments and scrutinised fair value estimates used to gain assurances as to the appropriateness and robustness of the valuation methodology applied by the Investment Vehicle to its underlying

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

2.4 Financial instruments (continued)

(d) Valuation process (continued)
portfolio assets and hence to the Company investments in the Investment Vehicle. Being satisfied by the appropriateness and robustness of the valuation methodology applied by the Investment Vehicle, the Directors then incorporated those fair value estimates into the Company's Statement of Financial Position without adjustment.

The Directors interviewed representatives of the Investment Vehicle Manager in order to verify how the PECs are valued and the composition of the NAV of the PECs as of the date of the Statement of Financial Position.

The Directors are in regular communications with the Investment Vehicle Manager and receive monthly performance reports from the Investment Vehicle Manager in respect of the Investment Vehicle and its underlying investments, which are presented to the Directors by the Investment Vehicle Manager and discussed by these parties.

The Directors consider the impact of general credit conditions on the valuation of both the PECs and Investment Vehicle portfolio, as well as specific credit events in the European corporate environment. The Directors also analyse the Investment Vehicle portfolio in terms of both investment mix and fair value hierarchy.

Financial Liabilities

(a) Classification

As disclosed in note 2.7, the Company classifies its ordinary shares as financial liabilities held at amortised cost. Financial liabilities also include payables excluding accruals which are also held at amortised cost.

(b) Recognition, measurement and derecognition

Financial liabilities are recognised initially at fair value plus any directly attributable incremental costs of acquisition or issue and are subsequently carried at amortised cost. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Ordinary shares are carried at amortised cost being the carrying amount of ordinary share value at which investors have the opportunity to partially tender their shareholding in accordance with the Company's Quarterly Contractual Tender facility.

2.5 Operating expenses, placing programme costs and share issue costs

Operating expenses, placing programme costs and share issue costs are recognised on an accruals basis and are recognised in the Statement of Comprehensive Income.

2.6 Dividends payable

Dividends are recognised as finance costs in the Statement of Comprehensive Income on the date they are paid to shareholders.

2.7 Ordinary shares

In accordance with IAS 32 – Financial Instruments: Presentation, the ordinary shares are classified as a financial liability rather than equity due to the redemption mechanism of the ordinary shares, in addition to there being two share classes which have different characteristics. Please refer to note 12 for further details.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

2.8 Management shares

The management shares are non-redeemable and the most subordinate share class. Therefore, management shares are classified as equity. Please refer to note 11 for further detail.

2.9 Investment income

Investment income primarily relates to quarterly income distributions received from the Investment Vehicle based on income returns and capital appreciation from a diversified portfolio of sub-investment grade debt instruments. The Company is entitled to receive income distributions every quarter, which will equate to not less than 75% of the net income of the Company's investment in the Investment Vehicle. Investment income also includes bank interest income that the Company receives from cash amounts held on deposit. Investment income is recognised in the Statement of Comprehensive Income when the Company's right to such income is established.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Cash equivalents are short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.11 Segmental reporting

The Directors view the operations of the Company as one operating segment, being the investment business. All significant operating decisions are based upon analysis of the Company's investments as one segment. The financial results from this segment are equivalent to the financial results of the Company as a whole, which are evaluated regularly by the chief operating decision-maker (the Board with insight from the Investment Vehicle Manager).

2.12 Contingent liabilities and provisions

A contingent liability is a possible obligation depending on whether some uncertain future event occurs; or a present obligation but payment is not probable or the amount cannot be measured reliably. A provision is recognised when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

2.13 Taxation

Profits arising in the Company for the 2021 year of assessment will be subject to Jersey tax at the standard corporate income tax rate of 0% (2020: 0%).

2.14 Capital risk management

The Board defines capital as financial resources available to the Company. The Company's capital as at 31 December 2021 comprises its net assets attributable to shareholders at a total of €312,415,699 (2020: €344,540,247).

The Company's objectives when managing capital are to:

– safeguard the Company's ability to continue as a going concern;
– provide returns for shareholders; and
– maintain an optimal capital structure to minimise the cost of capital.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

2.14 Capital risk management (continued)

The Board monitors the capital adequacy of the Company on an on-going basis and the Company's objectives regarding capital management have been met.

Under the Code of Practice for Alternative Investment Funds and AIF Services Business, the Company, as a self-managed AIF is required to have an initial capital of at least €300,000. With the exception of the aforementioned, the Company has no other internally or externally imposed capital requirements.

3. Investment income

	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Income distributions	15,609,665	21,114,461
Bank interest income	(2,128)	2,925
Total investment income	**15,607,537**	**21,117,386**

Tender fee income

The tender price pursuant to the Contractual Quarterly Tender facility is calculated based on the NAV per share (calculated as at the final business day in each quarter or such other date as the Directors in their absolute discretion may determine from time to time) less €0.01 or £0.01 per share respectively (being 1% of the original placing price of €1.00 and £1.00 per share (the "Original Placing Price")), which is retained by the Company. The Company recognises retained redemption proceeds of 1% as tender fee income.

During the year, 14,490,284 Euro Shares and 43,101,194 Sterling Shares (2020: 14,580,181 Euro Shares and 124,840,303 Sterling Shares) have been tendered by shareholders which generated tender fee income of €646,329 (2020: €1,550,442). Refer to note 12 for further details on the Contractual Quarterly Tender facility.

4. Operating expenses

	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Directors' fees (see note 6)	221,748	231,535
Administration fees	248,809	188,189
Professional fees	189,334	158,848
Advisor fees	137,001	117,488
Audit fees	81,118	73,289
Registrar fees	76,424	69,205
Regulatory fees	69,143	63,992
Corporate Broker fees	53,375	49,654
Marketing fees	47,820	-
Recruitment fees	43,627	-
Trustee fees	11,026	11,730
Non-audit fees paid to the Auditor	11,750	11,364
Sundry expenses	211,515	159,941
Total operating expenses	**1,402,690**	**1,135,235**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Operating expenses (continued)

Non-audit fees paid to the Auditor

Non-audit fees paid to the Auditor relate to interim review services amounting to €11,750 (2020: €11,364). The Company also paid €nil (2020: €33,481) to the Auditor in respect of reporting accountant services which were provided in a previous period. This amount has been included within finance costs (refer to note 5).

Advisor fees

The Investment Vehicle Manager agreed to provide the services of Mr. Justin Atkinson to assist with the marketing and promotion of the Company's shares. The Investment Vehicle Manager recharges the Company for Mr. Atkinson's cost. During the year, Advisor fees incurred were €137,001 (2020: €117,488).

Trustee fees

Trustee fees relate to fees paid to the trustee of the Trust which facilitates the conversion of treasury shares as further described in note 12. As the Trust was not engaged to convert treasury shares during the year ended 31 December 2021, the Trust did not earn any commission fee income for providing such services. As such, the Board agreed to settle the expenses of the Trust, being trustee fees of £9,525 (€11,026) (2020: £10,425 (€11,730)) which were paid to BNP Paribas Jersey Trust Corporation Limited during the year.

5. Finance costs

Placing programme costs

On 29 March 2019, the Company published a prospectus in respect of a 12-month placing programme for up to 500 million placing shares, being new ordinary shares (to be denominated as either Euro Shares, Sterling Shares and/or US Dollar Shares) and/or C shares (to be denominated as either Euro C Shares, Sterling C Shares and/or US Dollar C shares).

During the year, the Company incurred placing programme fees of €nil. In 2020, €33,481 placing programme costs were incurred which represented reporting accountant services. No further placing programme fees have been accrued.

Share issue costs

The costs of the sale of treasury shares and placing of new ordinary shares have been expensed in the Statement of Comprehensive Income and amounted to a total of €nil (2020: €3,524).

Dividends paid

Refer to note 12 for further information on dividends paid.

6. Directors' fees and interests

During the year ended 31 December 2021, the Directors of the Company were remunerated for their services as follows:

Richard Boléat (Chairman)	- £65,000 (€75,534) (2020: £65,000 (€73,414)) per annum
Mark Tucker	- £43,750 (€50,899) (2020: £43,750 (€49,413)) per annum
David Wood	- £28,333 (€32,782) (resigned 18 August 2021) (2020: £42,500 (€48,001) per annum)
Stephanie Carbonneil	- £42,500 (€49,445) (2020: £42,500 (€48,001)) per annum

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Directors' fees and interests (continued)

In addition, Mark Tucker, in his capacity as the Chairman of the Audit Committee and Senior Independent Director receives an additional £5,000 (€5,817) (2020: £5,000 (€5,647)) and £1,250 (€1,454) (2020: £1,250 (€1,412)) for his services in these roles and Stephanie Carbonneil, in her capacity as Chairwoman of the Nomination and Remuneration committee, receives an additional £5,000 (€5,817) (2020: £5,000 (€5,647)) for her services in this role.

On 18 August 2021, the Company announced that David Wood, a Non-Executive Director of the Company, had given notice that, with effect from 31 August 2021, he would be stepping down from his role on the board of directors of the Company.

On 11 January 2022, the Company announced the appointment of Vanessa Neill, as a Non-Executive Director of the Company. Refer to note 16 for further detail.

Refer to note 4 for details of total Directors fees during the year ended 31 December 2021 and 31 December 2020. Director's fees are paid gross of any taxes and expenses incurred by each Director are included within sundry expenses within note 4. Details of the shares held by each Director at the date of approval of this report can be found on page 40.

No pension contributions were payable in respect of any of the Directors. The Company has no employees.

Richard Boléat acts as the enforcer of the CVC Credit Partners European Opportunities Limited Purpose Trust. Please refer to note 15 for further detail.

On 4 January 2021, Richard Boléat purchased 10,000 Sterling Shares at a price of £0.9556 (€1.1117), with a total market value of £9,556 (€11,117).

On 16 November 2021, Mark Tucker purchased 8,000 and 2,000 Sterling Shares at a price of £1.040 (€1.210) and £1.037 (€1.206) respectively, with a total market value of £10,394 (€12,092).

7. Financial assets held at fair value through profit or loss

	31 December 2021 €	31 December 2020 €
PECs - Unquoted investment	**309,706,971**	**341,742,461**

The PECs are valued taking into consideration a range of factors including the audited NAV of the Investment Vehicle as well as available financial and trading information of the Investment Vehicle and of its underlying portfolio; the price of recent transactions of PECs redeemed and advice received from the Investment Vehicle Manager; and such other factors as the Directors, in their sole discretion, deem relevant in considering a positive or negative adjustment to the valuation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Financial assets held at fair value through profit or loss (continued)

As at the year ended 31 December 2021, the Company held 118,672,886.93 Euro and 142,063,595.26 Sterling PECs (2020: 123,587,333.61 Euro and 193,056,156.64 Sterling PECs). Please refer below for reconciliation of PECs from 1 January 2020:

	Euro PECs	Sterling PECs
As at 1 January 2020	**130,144,171.50**	**324,425,319.07**
Subscriptions	346,649.89	-
Monthly conversions	7,564,999.22	(6,474,321.43)
Quarterly tenders	(14,468,487.00)	(124,894,841.00)
As at 31 December 2020	**123,587,333.61**	**193,056,156.64**
Subscriptions	-	-
Monthly conversions	9,421,597.32	(7,729,409.38)
Quarterly tenders	(14,336,044.00)	(43,263,152.00)
As at 31 December 2021	**118,672,886.93**	**142,063,595.26**

Fair value hierarchy

IFRS 13 requires an analysis of investments valued at fair value based on the reliability and significance of information used to measure their fair value.

The Company categorises its financial assets and financial liabilities according to the following fair value hierarchy detailed in IFRS 13, that reflects the significance of the inputs used in determining their fair values:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable variable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 31 December 2021	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Financial assets held at fair value through profit or loss	-	-	309,706,971	309,706,971
Financial liabilities				
Ordinary shares[1]	291,969,674	-	-	291,969,674

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Financial assets held at fair value through profit or loss (continued)

Fair value hierarchy (continued)

As at 31 December 2020	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Financial assets held at fair value through profit or loss	-	-	341,742,461	341,742,461
Financial liabilities				
Ordinary shares[1]	317,655,573	-	-	317,655,573

1 – As disclosed in note 2.7, the Company classifies its ordinary shares as financial liabilities held at amortised cost. Please note for disclosure purposes only, ordinary shares have been disclosed at fair value using the quoted price in accordance with IFRS 13.

The fair value of investments is assessed on an ongoing basis by the Board.

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial assets held at fair value through profit or loss categorised within Level 3 between the beginning and the end of the reporting period.

	31 December 2021 €
Balance as at 1 January 2021	**341,742,461**
Purchases	-
Subscriptions arising from conversion	14,795,162
Redemption proceeds arising from conversion	(14,859,836)
Redemption proceeds arising from quarterly tenders	(65,870,004)
Realised loss on financial assets held at fair value through profit or loss	(1,282,445)
Unrealised gain on financial assets held at fair value through profit or loss	22,877,873
Foreign exchange gain on financial assets held at fair value through profit or loss	12,303,760
Balance as at 31 December 2021	**309,706,971**

Net gain on financial assets held at fair value through profit or loss for the year ended 31 December 2021	**21,595,428**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Financial assets held at fair value through profit or loss (continued)

During 2021, there were no reclassifications between levels of the fair value hierarchy.

	31 December 2020 €
Balance as at 1 January 2020	**535,409,935**
Purchases	348,681
Subscriptions arising from conversion	8,093,584
Redemption proceeds arising from conversion	(8,164,745)
Redemption proceeds arising from quarterly tenders	(156,419,064)
Realised loss on financial assets held at fair value through profit or loss	(13,454,903)
Unrealised loss on financial assets held at fair value through profit or loss	(8,226,597)
Foreign exchange loss on financial assets held at fair value through profit or loss	(15,844,430)
Balance as at 31 December 2020	**341,742,461**
Net loss on financial assets held at fair value through profit or loss for the year ended 31 December 2020	**(21,681,500)**

During 2020, there were no reclassifications between levels of the fair value hierarchy.

Quantitative information of significant unobservable inputs – Level 3 – PECs

Description	31 December 2021 €	Valuation technique	Unobservable input	Input used
PECs	**309,706,971**	Adjusted net asset value	Discount for lack of liquidity	0%

Description	31 December 2020 €	Valuation technique	Unobservable input	Input used
PECs	**341,742,461**	Adjusted net asset value	Discount for lack of liquidity	0%

The Board believes that it is appropriate to measure the PECs at the NAV of the investments held at the Investment Vehicle, adjusted for discount for lack of liquidity if necessary, as the underlying investments held at the Investment Vehicle are held at fair value. The Board has concluded that no adjustment was necessary in the current year (2020: none).

The net asset value of the Investment Vehicle attributable to each PEC unit is €1.1878 (2020: €1.0793).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Financial assets held at fair value through profit or loss (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy – Level 3 – PECs

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2021 and comparative are as shown below:

As at 31 December 2021

Description	Input	Sensitivity used	Effect on fair value €
PECs	Discount of lack of liquidity	3%	(9,291,209)

As at 31 December 2020

Description	Input	Sensitivity used	Effect on fair value €
PECs	Discount of lack of liquidity	3%	(10,252,274)

Investment Vehicle portfolio

Listed equity securities and corporate bonds

The fair values of listed equity securities and corporate bonds at the reporting date are based on quoted market prices or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. The listed equity securities and corporate bonds are included within Level 1 of the hierarchy.

Unlisted equities, warrants and debt securities

For all other financial instruments, fair value is determined using valuation techniques.

The Investment Vehicle invests in some unlisted equities, warrants, corporate bonds and other debt securities. When these instruments are not measured at the quoted price in an active market they are valued using observable inputs, initially sourcing broker quotes from a number of sources and, where this data does not yield a reliable market price, utilising appropriate valuation techniques such as recently executed transaction prices in securities of the issuer or comparable issuers. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that these inputs are observable, the Investment Vehicle classifies the fair value of these investments as Level 2.

The Compartment invests in unlisted corporate debt, managed CLOs including asset backed securities. These investments are generally not quoted in an active market and may be subject to restrictions on redemptions such as lock up periods. Transactions in these assets do not occur on a regular basis. Investments in these debt securities are valued based on a combination of a third-party pricing service, an appraisal of the performance of the issuing company and utilising appropriate valuation techniques such as counterparty marks and recently executed transaction prices in securities of the issuer or comparable issuers. The Investment Vehicle has classified the fair value of these investments as Level 3 for this financial year.

Forward currency contracts

Foreign currency forward contracts are recognised as contractual commitments on a trade date basis and are carried at fair value based on quotes obtained from an independent source (e.g. Bloomberg). Foreign currency forward contracts are commitments to either purchase or sell a

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Financial assets held at fair value through profit or loss (continued)

designated currency at a future date for a specified price and are settled in cash. Foreign currency forward contracts are valued by reference to the forward price at which a new contract of the same size and remaining maturity could be undertaken at the valuation date. For these financial instruments, significant inputs are market observable and are included within Level 2.

Valuation process for Level 3 investments

Valuations are the responsibility of the board of the Investment Vehicle, who have engaged the Investment Vehicle Services Manager, the Investment Vehicle Manager and the independent service provider to independently value the assets on a monthly basis, and perform a price challenge process. Following the completion of the price challenge process, the Investment Vehicle Manager presents the valuation of the assets to the Board on a monthly basis, including a discussion on the assumptions used and significant fair value changes during the year.

Investments in CLOs are primarily valued based on the bid price as provided by the third-party pricing service, and may be amended following consideration of the Net Asset Value published by the administrator of the CLOs. Furthermore, such a Net Asset Value is adjusted when necessary, to reflect the effect of the time passed since the calculation date, liquidity risk, limitations on redemptions and other factors. Depending on the fair value level of a CLOs assets and liabilities and on the adjustments needed to the Net Asset Value published by that CLO, the Investment Vehicle classifies the fair value of these investments as Level 3.

Investments in debt securities for which there are a limited number of broker quotes and for which no other evidence of liquidity exists and investments in unlisted equity and private equity companies that are not quoted in an active market are classified as Level 3. For debt securities with a limited number of broker quotes, these are then valued by considering in detail the limited broker quotes available for evidence of outliers (which may skew the average) which, if existent, are then removed, and then by calculating the average of the remaining quotes. For debt securities and unlisted equity or private equity companies for which there are no broker quotes, the Investment Vehicle Manager produces a pricing memorandum for the Investment Vehicle drawing on the International Private Equity Valuation guidelines, which is discussed, reviewed and accepted by the Investment Vehicle Manager board and the independent service provider.

If the Investment Vehicle Manager and the independent service provider have difficulty in establishing an agreed upon valuation for an asset, they will discuss and agree alternative valuation methods.

The following tables on pages 84 to 88, detail the investment holding of the Company at the Investment Vehicle level, categorising these assets according to the fair value hierarchy in accordance with IFRS 13 and detailing the quantitative information of significant unobservable inputs of the Level 3 investments held. The below disclosure has been included to provide an insight to shareholders, of the asset class mix held by the Investment Vehicle portfolio. It is important to note that as at 31 December 2021, the Company held a 58.54% (2020: 58.71%) interest in the net assets of the Investment Vehicle. This disclosure has not been apportioned according to the Company's PEC holding, as the Board believes to do so would be misleading and not an accurate representation of the Company's investment in the Investment Vehicle.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Financial assets held at fair value through profit or loss (continued)

The below information regarding the financial assets at fair value through profit or loss for the Investment Vehicle has been included for information purposes only.

Financial assets and liabilities at fair value through profit or loss – (for Investment Vehicle)

	31 December 2021			
Financial assets	**Level 1 €'000**	**Level 2 €'000**	**Level 3 €'000**	**€'000**
Equity securities				
Equities and warrants	-	-	9,637	9,637
Debt securities				
Corporate bonds and other debt securities	155,985	409,061	89,216	654,262
CLOs including Asset Backed Securities	-	-	33,307	33,307
Derivative financial instruments				
Forward currency contracts	-	3,438	-	3,438
Total	**155,985**	**412,499**	**132,160**	**700,644**
Financial liabilities				
Corporate bonds and other debt securities sold short	-	-	-	-
Total	-	-	-	-

Financial assets and liabilities at fair value through profit or loss – (for Investment Vehicle)

	31 December 2020			
Financial assets	**Level 1 €'000**	**Level 2 €'000**	**Level 3 €'000**	**€'000**
Equity securities				
Equities and warrants	-	-	12,304	12,304
Debt securities				
Corporate bonds and other debt securities	120,117	437,402	102,919	660,438
CLOs including Asset Backed Securities	-	-	34,907	34,907
Forward currency contracts	-	4,599	-	4,599
Total	**120,117**	**442,001**	**150,130**	**712,248**
Financial liabilities				
Corporate bonds and other debt securities sold short	-	-	-	-
Total	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Financial assets held at fair value through profit or loss (continued)

Transfers between Level 2 and Level 3 – (for Investment Vehicle)

Following a period of material weakness in 2020 as a result of COVID-19, asset prices recovered mostly to pre-pandemic levels in 2021, with the exception of certain sectors such as leisure, gaming, transport and retail as these have been more meaningfully impacted by COVID-19. However, in general, markets have been active and liquid in 2021.

During 2021, there were no investments reclassified from Level 2 to Level 3 (31 December 2020: EUR 50.2 million) and similarly no reclassifications from Level 1 to Level 3 (31 December 2020: EUR 9.5 million). There were investments reclassified from Level 3 to Level 2 having a market value of EUR 5.0 million as at 31 December 2021 (31 December 2020: EUR 32.9 million).

Level 3 reconciliation – (for Investment Vehicle)

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting year.

	Equities and Warrants €'000	Corporate bonds and other debt securities €'000	CLOs (including Asset Backed Securities) €'000	Total €'000
Balance as at 1 January 2020	**16,315**	**115,933**	**41,999**	**174,247**
Total losses in statement of comprehensive income during the year	(3,014)	(17,029)	(1,467)	(21,510)
Purchases / subscriptions	3,696	45,938	19,205	68,839
Sales / redemptions	(5,803)	(67,614)	(24,830)	(98,247)
Transfers into and out of Level 3	1,110	25,691	-	26,801
Balances as at 31 December 2020	**12,304**	**102,919**	**34,907**	**150,130**
Total gains in statement of comprehensive income during the year	3,697	20,708	729	25,134
Purchases / subscriptions	77	61,441	20,762	82,280
Sales / redemptions	(6,441)	(90,890)	(23,091)	(120,422)
Transfers into and out of Level 3	-	(4,962)	-	(4,962)
Balances as at 31 December 2021	**9,637**	**89,216**	**33,307**	**132,160**
Total unrealised losses and gains at 31 December 2020 included in statement of comprehensive income for assets held at the end of the year	**(7,030)**	**(19,274)**	**1,918**	**(24,386)**
Total unrealised losses and gains at 31 December 2021 included in statement of comprehensive income for assets held at the end of the year	**523**	**2,706**	**(120)**	**3,109**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Financial assets held at fair value through profit or loss (continued)

Quantitative information of significant unobservable inputs – Level 3 – (in Investment Vehicle)

Description	31 December 2021 €'000	Valuation technique	Unobservable input	Range (weighted average)
Equities and warrants	2,881	Broker quotes / other methods	Discount to broker quotes / valuation method	N/A
Equities and warrants	6,756	Asset value approach	Valuation method	N/A
Corporate bonds and other debt securities	89,216	Broker quotes / Market multiples / Discounted Cash Flow	Cost of market transactions / multiple of listed companies / management information	N/A
CLOs (including Asset Backed Securities)	33,307	Broker quotes / other methods	Specific valuations of the industry: expert valuation	N/A

Description	31 December 2020 €'000	Valuation technique	Unobservable input	Range (weighted average)
Equities and warrants	1,500	Market multiples	Average EBITDA multiple of peers including discount to average multiple	5.7x
Equities and warrants	2,795	Cash projection and net present value	Discount rate on projected cash flows	15%
Equities and warrants	8,009	Broker quotes / other methods	Specific valuations of the industry: expert valuation	N/A
Corporate bonds and other debt securities	102,919	Broker quotes / Market multiples / Discounted Cash Flow	Cost of market transactions / multiple of listed companies / management information	N/A
CLOs (including Asset Backed Securities)	34,907	Broker quotes / other methods	Specific valuations of the industry: expert valuation	N/A

The Investment Vehicle board and the Investment Vehicle Manager have valued the CLO positions at bid-price as at 31 December 2021 and 31 December 2020, as they believe this is the most appropriate value for these positions. The Board and CVC Credit Partners believe that where certain credit facilities are classified as Level 3 due to limited number of broker quotes, there is still sufficient supporting evidence of liquidity to value these at an undiscounted bid price.

The above categorizations and descriptions of valuation technique and unobservable inputs, including ranges, may vary year-on-year due to changes or evolutions in valuation techniques as well as the addition or removal of positions due to trade activity or transfers to or from Level 3.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Financial assets held at fair value through profit or loss (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy – Level 3 – (for Investment Vehicle)

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2021 are as shown below:

Description	Input	Sensitivity used	Effect on fair value €'000
Equities and warrants	Discount to broker quotes / valuation method	20%	1,131 / (1,131)
Equities and warrants	Valuation method	20%	2,188 / (2,188)
Corporate bonds and other debt securities	Cost of market transactions / Multiple of listed companies / Management information	10%	8,922 / (8,922)
CLOs (including Asset Backed Securities)	Specific valuations of the industry: expert valuation	20%	6,661 / (6,661)

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2020 are as shown below:

Description	Input	Sensitivity used	Effect on fair value €'000
Equities and warrants	Average EBITDA multiple of peers including discount to average multiple	1x	2,565/(1,500)
Equities and warrants	Discount rate on projected cash flows	1%	96/(131)
Equities and warrants	Discount to broker quotes / valuation method	20%	1,386/(1,386)
Corporate bonds and other debt securities	Discount to broker quotes / valuation method	10%	10,292/(10,292)
CLOs (including Asset Backed Securities)	Discount to broker quotes / other methods	20%	6,981/(6,981)

The above categorizations, unobservable inputs and use of sensitivities may vary year-on-year due to changes or evolutions in valuation techniques as well as the addition or removal of positions due to trade activity or transfers to or from Level 3.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Financial assets held at fair value through profit or loss (continued)

The below information regarding loans and borrowings for the Investment Vehicle, which are financial liabilities held at amortised cost, has been included for information purposes only.

	Effective interest rate (EIR, %)	Maturity	31 December 2021 €'000	31 December 2020 €'000
Current interest-bearing loans and borrowings				
Loan - Bank (principal EUR 160 million)	1.35%	30-Sep-22	160,000	-
Interest on loan - Bank			389	86
			160,389	**86**
Current interest-bearing loans and borrowings				
Loan – Bank (principal EUR 175 million)	1.58%	30-Jun-22	-	161,000
			-	**161,000**
Total loans and borrowings at year end			**160,389**	**161,086**

As per the amendment and restatement deed dated 23 March 2021, the maturity date of the credit facility was amended from 30 June 2022 to 30 September 2022, and the previous rate of interest of (a) Margin of 1.70%; and (b) Libor or, in relation to a Euro denominated Loan, Euribor + 3 months, was replaced with a rate of interest of (a) Margin of 1.35%; and (b) Euribor.

A maximum of 7.5% of the Compartment's Gross Assets (as defined in the PPM) are invested or shall be invested in structured finance securities at any time. As at year-end, the Compartment had an exposure to structured finance securities (CLOs and ABS) of 4.4% (2020: 4.4%).

The financing Bank has collateral to 95% - 100% of cash assets as well as to 50% of eligible assets as defined in the amendment and restatement deed dated 23 March 2021 with regards to the loan with the Bank.

8. Financial risk management

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, market risk, interest rate risk, valuation risk and foreign currency risk.

8.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Board has in place monitoring procedures in respect of counterparty risk which is reviewed on an ongoing basis.

The Company's credit risk is attributable to its financial assets at fair value through profit or loss, financial assets receivable and cash and cash equivalents.

In the opinion of the Board, the carrying amounts of financial assets best represent the maximum credit risk exposure to the Company. The Company's financial assets exposed to credit risk are detailed on the following page:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Financial risk management (continued)

8.1 Credit risk (continued)

	31 December 2021 €	31 December 2020 €
Financial assets held at fair value through profit or loss	309,706,971	341,742,461
Cash and cash equivalents	3,001,936	2,870,655
Total assets	**312,708,907**	**344,613,116**

The Company is indirectly exposed to credit risks associated with the investments held by the Investment Vehicle. These credit risks include (among others): (i) the possibility that earnings of an underlying issuer may be insufficient to meet its debt service obligations; (ii) an underlying issuer's assets declining in value; (iii) the declining creditworthiness of the Investment Vehicle's financial counterparties; and (iv) the declining creditworthiness, default and potential for insolvency of issuers during periods of rising interest rates and/or economic downturn. An economic downturn and/or rising interest rates could severely disrupt the leveraged finance market and adversely affect the value of the Investment Vehicle's investments and the ability of issuers to repay principal and interest. In turn, this may adversely affect the performance of the Investment Vehicle and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market prices of the ordinary shares.

The Board discusses the creditworthiness of the Investment Vehicle's underlying portfolio constituents and banking counterparties (e.g. banks, money market funds and the issuers of the debt securities) with CVC Credit Partners on a periodic basis.

The Company's investment exposure at the Investment Vehicle, categorised according to the credit rating of the issuers, is: BB 2%, B 68%, CCC 22% and not rated 8% (31 December 2020: BB 4%, B 67%, CCC 18% and not rated 11%). Cash and cash equivalents exposure is with institutions rated A+ 100% (31 December 2020: A+ 100%). Derivative financial instruments market value exposure is with institutions rated A+ 100% (31 December 2020: AA- 24% and A+ 76%).

Cash amounts of €33,765 and £492,341 (€585,541) (2020: €13,687 and £558,019 (€623,084)) are placed with BNP Paribas Securities Services S.C.A., Jersey Branch and £2,003,389 (€2,382,630) (2020: £2,000,614 (€2,233,885)) with Santander Financial Services plc, Jersey Branch.

BNP Paribas Securities Services S.C.A., Jersey Branch, is a wholly owned subsidiary of BNP Paribas Securities Services S.A. which is publicly traded and a constituent of the S&P 500 Index with a long-standing credit rating of A+ (2020: A+) from Standard & Poor's. Santander Financial Services plc, Jersey Branch, is a wholly owned subsidiary of Santander International with a long-term credit rating of A1 from Moody's.

8.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. Given that the PECs issued by the Investment Vehicle and held by the Company are not traded on a stock exchange, the Company relies on the periodic redemption mechanism provided by the Investment Vehicle in order to realise its investments in the Investment Vehicle, and on mechanisms operating in accordance with their contracted terms. The Company does not have any control over the redemption mechanism operated by the Investment Vehicle.

Please refer to pages 24 to 29 – "Principal risks and uncertainties" and note 12 for detail regarding the election to tender available to ordinary shareholders and applicable restrictions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Financial risk management (continued)

8.2 Liquidity risk (continued)

The Company may redeem PECs in accordance with its contracted rights. However, if the Investment Vehicle receives applications to redeem Investment Vehicle Interests in respect of any redemption date and it determines (in its sole judgement) that there is insufficient liquidity to make redemptions without prejudicing existing investors in the Investment Vehicle, then the Investment Vehicle is entitled to suspend or scale down the redemption requests on a pro rata basis so as to only carry out redemptions that will not prejudice remaining investors.

As such, in circumstances where the Company wishes to redeem part or all of its holdings in the Investment Vehicle, it may not be able to achieve this on a single redemption date. This may also result in restrictions on the Company's ability to complete or to conduct Contractual Quarterly Tenders.

In certain circumstances, whether prior to or following a NAV determination date, (being the quarterly Investment Vehicle valuation date), the Investment Vehicle directors may, at their discretion, suspend all calculations, payments and redemptions of the outstanding Investment Vehicle Interests (including the Company's Investment Vehicle Interests).

In the event of a material adverse event occurring in relation to the Investment Vehicle or the market in which it operates generally, the ability of the Company to realise its investment and prevent the possibility of further losses could, therefore, be limited by its restricted ability to realise its investment in the Investment Vehicle. This delay could materially affect the value of the PECs and the timing of when the Company is able to realise its investments in the Investment Vehicle, which may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market prices of the ordinary shares.

The table below shows the residual contractual maturity of the Company's financial assets and liabilities as at 31 December 2021:

	Less than 1 year €	1 to 5 years €	More than 5 years €	No maturity date €	Total €
Financial assets					
Financial assets held at fair value through profit or loss[1]	-	-	-	309,706,971	309,706,971
Cash and cash equivalents	3,001,936	-	-	-	3,001,936
Total undiscounted financial assets	**3,001,936**	**-**	**-**	**309,706,971**	**312,708,907**
Financial liabilities					
Payables	(371,590)	-	-	-	(371,590)
Ordinary shares[2]	-	-	-	(312,415,699)	(312,415,699)
Total undiscounted financial liabilities	**(371,590)**	**-**	**-**	**(312,415,699)**	**(312,787,289)**

1 – The Company has not classified financial assets held at fair value through profit or loss into maturity bands as the Board has determined to do so would be misleading given the Company's contractual quarterly tender mechanism as set out in note 12.

2 – The Company has not classified the ordinary shares into maturity bands as the Board has determined that to do so would be misleading. Details of the Company's financial liabilities in relation to the ordinary shares, which are carried at amortised cost, are set out in note 12. The ordinary shares above include the lifetime decrease in net assets attributable to the Euro and Sterling Shares.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Financial risk management (continued)

8.2 Liquidity risk (continued)

The table below shows the residual contractual maturity of the financial assets and liabilities as at 31 December 2020:

	Less than 1 year €	1 to 5 years €	More than 5 years €	No maturity date €	Total €
Financial assets					
Financial assets held at fair value through profit or loss[1]	-	-	-	341,742,461	341,742,461
Cash and cash equivalents	2,870,655	-	-	-	2,870,655
Total undiscounted financial assets	**2,870,655**	**-**	**-**	**341,742,461**	**344,613,116**
Financial liabilities					
Payables	(118,290)	-	-	-	(118,290)
Ordinary shares[2]	-	-	-	(344,540,247)	(344,540,247)
Total undiscounted financial liabilities	**(118,290)**	**-**	**-**	**(344,540,247)**	**(344,658,537)**

1 – The Company has not classified financial assets held at fair value through profit or loss into maturity bands as the Board has determined to do so would be misleading given the Company's contractual quarterly tender mechanism as set out in note 12.

2 – The Company has not classified the ordinary shares into maturity bands as the Board has determined that to do so would be misleading. Details of the Company's financial liabilities in relation to the ordinary shares, which are carried at amortised cost, are set out in note 12. The ordinary shares above include the lifetime decrease in net assets attributable to the Euro and Sterling Shares.

In the ordinary course of business the Directors expect the Company's Contractual Quarterly Tenders to be funded by redemptions from the Investment Vehicle, excepting cumulative quarterly tenders received in an amount equal to or less than £100,000 which may initially, at the discretion of the Directors, be funded from the Company's working capital.

8.3 Market risk

Market risk is the risk that the Company's performance will be adversely affected by changes in the markets in which it invests. The Company holds a single investment in the form of PECs in the Investment Vehicle which is the main driver of the Company's performance.

At the Investment Vehicle level, performance is driven by the portfolio of the Investment Vehicle and therefore consideration of the market risks to which the Company is exposed should be taken.

The Investment Vehicle is required to hold at least 60% of its gross assets in companies domiciled in, or with material operations in, Western Europe. As such, the Company and the Investment Vehicle could be particularly exposed to any deterioration in the current European economic climate.

In addition, the Investment Vehicle does not have any restrictions on the amount of investments it can make in a single industry. As such, any significant event which affects a specific industry in which the Investment Vehicle has significant exposure could materially and adversely affect the performance of the Investment Vehicle and, by extension, the Company's ordinary shares.

In order to avoid excessive concentrations of risk, the Investment Vehicle's private placement memorandum includes specific guidelines on maintaining a diversified portfolio. These guidelines

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Financial risk management (continued)

8.3 Market risk (continued)

are detailed in the investment and borrowing limits section detailed on pages 15 to 16. The Board receives from third-party service providers the results of investment and borrowing restriction monitoring exercises performed over the investment portfolio. During the year ended 31 December 2021, the Company was in compliance with all investment and borrowing limits.

Continued or recurring market deterioration may materially adversely affect the ability of an issuer whose debt obligations form part of the Investment Vehicle portfolio to service its debts or refinance its outstanding debt. Further, such financial market disruptions may have a negative effect on the valuations of the Investment Vehicle investments (and, by extension, on the NAV and/or the market price of the Company's ordinary shares), and on liquidity events involving such Investment Vehicle investments. In the future, non-performing assets in the Investment Vehicle's portfolio may cause the value of the Investment Vehicle's portfolio to decrease (and, by extension, the NAV and/or the market price of the Company's ordinary shares to decrease). Adverse economic conditions may also decrease the value of any security obtained in relation to any of the Investment Vehicle investments. The Board receives frequent presentations and reporting at board meetings from CVC Credit Partners which allows it to monitor the performance of the Investment Vehicle's investment portfolio.

Please refer below for sensitivity analysis on the Statement of Comprehensive Income and NAV of the Company, if the fair value of the PECs at the year-end increased or decreased by 5% (2020: 5%):

Current value	2021 Total	Increase by 5%	Decrease by 5%
Euro PECs	€123,621,784	€6,181,089	€(6,181,089)
Sterling PECs (Euro equivalent)	€186,085,187	€9,304,259	€(9,304,259)
Financial assets held at fair value through profit or loss	**€309,706,971**	**€15,485,349**	**€(15,485,349)**
Sterling PECs	**£156,466,146**	£7,823,307	**£**(7,823,307)

Current value	2020 Total	Increase by 5%	Decrease by 5%
Euro PECs	€120,499,010	€6,024,950	€(6,024,950)
Sterling PECs (Euro equivalent)	€221,243,451	€11,062,172	€(11,062,172)
Financial assets held at fair value through profit or loss	**€341,742,461**	**€17,087,122**	**€(17,087,122)**
Sterling PECs	£198,140,292	£9,907,015	£(9,907,015)

The above calculations are based on the investment valuation at the Statement of Financial Position date and may not be reflective of future market conditions.

8.4 Interest rate risk

Interest rate movements affect the fair value of investments in fixed interest rate securities and floating rate loans and on the level of income receivable on floating rate loans and cash deposits.

The Company invests in PECs which are non-interest bearing and therefore the majority of the Company's interest rate exposure arises in the fair value of the underlying Investment Vehicle portfolio which is largely invested in the debt securities of companies domiciled in, or with material operations in, Western Europe.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Financial risk management (continued)

8.4 Interest rate risk (continued)

As at 31 December 2021, the Investment Vehicle portfolio contained interest bearing financial assets at fair value through profit or loss of €687.6m (2020: €695.3m) and financial liabilities at fair value through profit or loss of €nil (2020: € nil). Most of these investments in debt securities carry variable interest rates and have various maturity dates. Interest rate risk on fixed interest instruments is considered to be part of market risk on fair value and is monitored by the Board on a monthly basis. In addition, as at 31 December 2021, the Company was exposed to interest rate risk arising on the Investment Vehicle's derivative financial instruments of €3.4m (2020: €4.6m), receivables and payables on unsettled trades of €35.9m (2020: €58.9m) and €50.6m (2020: €43.6m) respectively and loans and borrowings of €160.4 (2020: €161.0m).

The Company is also exposed to changes in interest rates on cash and cash equivalents held directly of £3,001,936 (2020: £2,870,655). The Board considers this risk to be immaterial to the Company.

8.5 Valuation risk

Valuation risk is the risk that the valuation of the Company's investments in the Investment Vehicle, and accordingly the periodic calculation of the NAV of the Company's Euro and Sterling Shares, does not reflect the true value of the Company's proportionate interest in the Investment Vehicle's underlying investment portfolio.

The Investment Vehicle's portfolio may at any given time include securities or other financial instruments or obligations which are very thinly traded, for which no ready market exists or which are restricted as to their transferability under applicable securities laws. These investments may be extremely difficult to value accurately.

Further, because of overall size or concentration in particular markets of positions held by the Investment Vehicle, the value of its investments at which they can be liquidated may differ, sometimes significantly, from their carrying values. Third-party pricing information may not be available for certain positions held by the Investment Vehicle and therefore investments held by the Investment Vehicle may be valued based on valuation techniques using unobservable inputs. In light of the foregoing, there is a risk that an Investment Vehicle interest holder, such as the Company, which redeems all or part of its investment while the Investment Vehicle holds such investments, could be paid an amount less than it would otherwise be paid if the actual value of the Investment Vehicle's investment was higher than the value designated for that investment by the Investment Vehicle. Similarly, there is a risk that a redeeming Investment Vehicle interest holder might, in effect, be overpaid at the time of the applicable redemption if the actual value of the Investment Vehicle's investment was lower than the value designated for that Investment by the Investment Vehicle, in which case the value of the Investment Vehicle interests to the remaining Investment Vehicle interest holders would be reduced.

The Board of the Investment Vehicle monitors and reviews the PEC valuation process on an ongoing basis and the Board of the Company monitors and reviews the Company's NAV production process on an ongoing basis.

Refer to note 7 for sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy of the Company investments and underlying investments held by the Investment Vehicle.

8.6 Foreign currency risk

Foreign currency risk is the risk that the values of the Company's assets and liabilities are adversely affected by changes in the values of foreign currencies by reference to the Company's functional currency. The functional currency of the Company and the Investment Vehicle is the Euro.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Financial risk management (continued)

8.6 Foreign currency risk (continued)

At the Company level, the Euro and Sterling share classes invest into Euro and Sterling PECs respectively and therefore there is no material foreign currency risk at the Company level. The Company only has exposure to material foreign currency movements at the Investment Vehicle level.

At the Investment Vehicle level, certain assets are typically denominated in other currencies. The Investment Vehicle is subject to material foreign currency exchange risks and the value of its assets may be affected by fluctuations in foreign currency exchange rates. This may, in turn, result in fluctuations in the value of the Euro and Sterling PECs which would result in similar variances within the NAV per Share of the Euro Shares and the Sterling Shares issued by the Company, and so in variations between the market prices of Euro Shares and the Sterling Shares.

The Investment Vehicle uses a third-party professional foreign exchange manager to seek to materially fully hedge the foreign currency exposures to which it is exposed. However, it may not be possible for the Investment Vehicle to hedge against a particular change or event at an acceptable price or at all. In addition, there can be no assurance that any attempt to hedge against a particular change or event would be successful, and any such hedging failure could materially and adversely affect the performance of the Investment Vehicle and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market prices of the ordinary shares.

Subscription monies for Sterling Shares issued by the Company have been used to fund subscriptions for Sterling-denominated PECs and such monies may then be converted to Euro by the Investment Vehicle for operating purposes. The holders of Sterling Shares will therefore be subject to the foreign currency fluctuations between Sterling and Euro. Although the Investment Vehicle has in place a hedging programme, there is no guarantee that any such hedging arrangements will be successful. In addition, the costs and any benefit of hedging such foreign currency exposure will be allocated solely to the Sterling-denominated PECs (and, as a consequence, to the Company's Sterling Shares).

The below information regarding the foreign currency risk for the Investment Vehicle has been included for information purposes only.

The following table indicates the currencies to which the Investment Vehicle had significant exposure as at its financial year end on its financial assets and liabilities. The analysis calculates the total effect of a reasonably possible movement of principal currency rates against the EUR on the net assets attributable to PEC holders with all other variables held constant, and includes the impact of the hedging programme undertaken by the Investment Vehicle.

		Effect on net assets attributable to PEC holders and on the change in net assets attributable to PEC holders from operations	
Currency	Change in currency rate	2021 €'000	2020 €'000
GBP	10%	(98)	(106)
USD	10%	457	(11)

An equivalent decrease in each of the aforementioned currencies against the EUR would have resulted in an equivalent but opposite impact.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Payables

	31 December 2021 €	31 December 2020 €
Advisor fees	47,691	36,313
Audit fees	89,818	33,257
Administration fees	46,810	16,339
Other payables	187,271	32,381
Total payables	**371,590**	**118,290**

10. Contingent liabilities and commitments

As at 31 December 2021, the Company had no contingent liabilities or commitments (2020: nil).

11. Stated capital

	Number of shares 31 December 2021	Stated capital 31 December 2021 €	Number of shares 31 December 2020	Stated capital 31 December 2020 €
Management shares	**2**	**-**	**2**	**-**

Management shares

Management shares are non-redeemable, have no par value and no voting rights, and also no profit allocated to them in the earnings per share calculation.

12. Ordinary shares

	Number of shares 31 December 2021	Stated capital 31 December 2021 €	Number of shares 31 December 2020	Stated capital 31 December 2020 €
Euro Shares	120,016,565	121,709,872	124,768,754	126,544,862
Sterling Shares	143,874,174	188,411,142	194,829,202	237,807,456
Total	**263,890,739**[1]	**310,121,014**[2]	**319,597,956**[1]	**364,352,318**[2]

1 - Excludes 35,089,055 (2020: 20,598,771) Euro Shares and 218,048,635 (2020: 174,947,441) Sterling Shares held as treasury shares.

2 - Excludes €2,294,685 (2020: (€19,812,071)) relating to the increase since inception (2020: decrease) in net assets attributable to shareholders from operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Ordinary shares (continued)

	31 December 2021 Total €
Balances as at 1 January 2021	**364,352,318**
Issue of ordinary shares	-
Subscriptions arising from conversion of ordinary shares	14,795,161
Redemption payments arising from conversion of ordinary shares	(14,859,835)
Redemption payments arising from quarterly tenders of ordinary shares	(66,650,700)
Foreign currency exchange loss on ordinary shares	12,484,070
Balances as at 31 December 2021	**310,121,014**

	31 December 2020 Total €
Balances as at 1 January 2020	**538,570,092**
Issue of ordinary shares	352,205
Subscriptions arising from conversion of ordinary shares	8,093,584
Redemption payments arising from conversion of ordinary shares	(8,164,745)
Redemption payments arising from quarterly tenders of ordinary shares	(158,565,089)
Foreign currency exchange gain on ordinary shares	(15,933,729)
Balances as at 31 December 2020	**364,352,318**[1]

1 – Excludes €2,294,685 (2020: €(19,812,071)) relating to the increase since inception (2020: decrease) in net assets attributable to shareholders from operations.

The Company has two classes of ordinary shares, being Euro Shares and Sterling Shares.

Each Euro Share holds 1 voting right, and each Sterling Share holds 1.17 voting rights. Each Share has no par value.

As at 31 December 2021, the Company had 155,105,620 (inclusive of 35,089,055 treasury shares) (2020: 145,367,525 (inclusive of 20,598,771 treasury shares)) Euro Shares and 361,922,809 (inclusive of 218,048,635 treasury shares) (2020: 369,776,643 (inclusive of 174,947,441 treasury shares)) Sterling Shares in issue.

Sale of treasury shares

The Company completed the sale of nil (2020: 350,000) Euro and nil (2020: nil) Sterling treasury shares during the year ended 31 December 2021.

Voluntary conversion

The Company offers a monthly conversion facility pursuant to which holders of ordinary shares of one class may convert such shares into ordinary shares of any other class, subject to regulatory considerations.

Such conversion is effected on the basis of the ratio of the NAV per class to be converted (calculated in Euro less the costs of effecting such conversion and adjusting any currency hedging arrangements and taking account of dividends resolved to be paid), to the NAV per class of the

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Ordinary shares (continued)

Voluntary conversion (continued)

shares into which they will be converted (also calculated in Euro), in each case on the relevant conversion calculation date being the first business day of the month. During the year 2,625,562 (2020: 750,810) Euro Shares were converted into 2,091,786 (2020: 619,959) Sterling Shares and 9,945,620 (2020: 7,152,706) Sterling Shares were converted into 12,363,657 (2020: 8,474,131) Euro Shares.

Treasury share convertor mechanism

At the 2016 Annual General Meeting the Company requested, and received, shareholder approval to create a mechanism whereby treasury shares held by the Company be converted from one currency denomination to another in accordance with the procedure set out in the Articles. As the conversion cannot take place while the treasury shares are held by the Company, it was proposed that a facility be created so that some or all of the treasury shares be sold to a related party, who would be willing to facilitate the conversion of the treasury shares from one currency denomination to another. The treasury share convertor mechanism was put in place to provide the Company with a means of converting one class into another to meet demand in the market from time to time.

Accordingly, on the 11 September 2017, the Company established the Trust, a business purpose trust established under Jersey law. The purpose of the Trust is the facilitation of the conversion of the treasury shares by the incorporation of a company, the Conversion Vehicle, who would purchase treasury shares from the Company, convert them into shares of the other currency denomination and sell those converted shares back to the Company. The Chairman of the Company was appointed as the enforcer of the Trust.

The treasury share convertor mechanism was not utilised during the year ended 31 December 2021 (2020: not utilised).

Contractual Quarterly Tender facility

The Company has established a Contractual Quarterly Tender facility that enables shareholders to tender their shares in the Company in accordance with a stated contracted mechanism.

The offer of Contractual Quarterly Tenders is subject to annual shareholder approval and subject to the terms, conditions and restrictions as set out in the latest tender circular to gain shareholder approval. At the time of writing this tender circular, which was approved on 6 December 2021, is available on the Company's website (www.ccpeol.com).

The Directors believe that the Company's Contractual Quarterly Tender facility serves to provide shareholders with additional liquidity when compared with other listed closed-ended investment companies.

Pursuant to the terms of the Company's tender circular, the Board is able to: suspend quarterly tenders; amend the quarterly tender timetable; and to reduce the maximum number of shares that may be tendered in any quarter below the limit of 24.99 per cent of the Shares in issue at the relevant Tender Record Date (being the date on which the number of shares then in issue will be recorded for the purposes of determining the restrictions) (the "Additional Powers"). On the basis that the Additional Powers are not implemented, each quarterly tender is subject to a limit of 24.99% of the shares in issue as at the relevant Tender Record Date (excluding treasury shares), and 50% of the issued shares in issue as at the Annual Record Date (excluding treasury shares). The Board has not exercised the Additional Powers to date. In the event of a stressed liquidity situation, or other market tail risk event, the Board could exercise the Additional Powers. The Board have considered post-IPO scenario analysis and stress tests as described in the Viability Statement and based on this assessment, the Board have not identified a scenario which would have given rise to the exercise of the Additional Powers.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Ordinary shares (continued)

Contractual Quarterly Tender facility (continued)

On 6 December 2021 the Company held an EGM at which a Resolution was proposed and approved to amend the terms of the Contractual Quarterly Tender facility by implementing additional requirements for shareholders tendering their shares. The changes to the Contractual Quarterly Tender facility implemented a maximum limit (subject only to Pro Rata Scaling Back) in respect of the number of Shares a Shareholder is permitted to tender, and Requires Shareholders to provide a representation and warranty to the Company that they have held the Shares tendered continuously between the relevant Tender Record Date and the date and time of receipt by the Company of their Tender Request and that none of the Shares tendered were acquired by such Shareholder after the relevant Tender Record Date. The Board has not exercised these additional powers to date.

It is important to note that Contractual Quarterly Tenders, if made, are contingent upon certain factors including, but not limited to, the Company's ability to finance tender purchases through submitting redemption requests to the Investment Vehicle to redeem a pro rata amount of Company Investment Vehicle Interests.

Factors, including restrictions at the Investment Vehicle level on the number of PECs which can be redeemed, may mean that sufficient Company Investment Vehicle Interests cannot be redeemed and, consequently, tender purchases in any given quarter may be scaled back on a pro rata basis.

Shareholders should therefore have no expectation of being able to tender their shares to the Company successfully on a quarterly basis.

In addition to the Contractual Quarterly Tender facility, the Directors seek annual shareholder approval to grant them the power to make ad hoc market purchases of shares. If such authority is subsequently granted, the Directors, in the event of a stressed liquidity situation, or other market tail risk event, may exercise Additional Powers as to the timing, price and volume of shares to be purchased. Shareholders should not place any reliance on the willingness or ability of the Directors so to act.

In the absence of the availability of the Contractual Quarterly Tender facility shareholders wishing to realise their investment in the Company will be required to dispose of their shares on the stock market.

Accordingly, shareholders' ability to realise their investment at any particular price and/or time may be dependent on the existence of a liquid market in the shares.

Liquidity risks associated with the Contractual Quarterly Tender facility are set out in note 8.2.

During the year 14,490,284 (2020: 14,580,181) Euro Shares and 43,101,194 (2020: 124,840,303) Sterling Shares were redeemed as part of the Contractual Quarterly Tender facility and subsequently held by the Company in the form of treasury shares. Refer to page 14 for details. Treasury shares do not carry any right to attend or vote at any general meeting of the Company. In addition, the Contractual Quarterly Tenders and the voluntary conversion facility are not available in respect of Treasury shares.

Dividends

The ordinary shares of each class carry the right to receive all income of the Company attributable to such class of ordinary share, and to participate in any distribution of such income made by the Company and within each such class such income shall be divided pari passu among the shareholders in proportion to the shareholdings of that class. During the year ended 2021, the Company declared and paid dividends based on the investment income received from the Investment Vehicle during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Ordinary shares (continued)

Dividends (continued)

Please refer below for amounts recognised as dividend distributions to ordinary shareholders in the years ended 31 December 2021 and 31 December 2020.

	Ex-dividend date	Payment date	£ equivalent	€
Euro - €0.01125 per share[1]	04/02/2021	26/02/2021		1,371,742
Sterling - £0.01125 per share[1]	04/02/2021	26/02/2021	1,911,608	2,223,908
Euro - €0.01125 per share[1]	06/05/2021	28/05/2021		1,327,003
Sterling - £0.01125 per share[1]	06/05/2021	28/05/2021	1,795,612	2,088,961
Euro - €0.01250 per share[1]	05/08/2021	27/08/2021		1,466,964
Sterling - £0.01250 per share[1]	05/08/2021	27/08/2021	1,944,693	2,262,398
Euro - €0.01250 per share[1]	11/11/2021	03/12/2021		1,443,022
Sterling - £0.01250 per share[1]	11/11/2021	03/12/2021	1,843,348	2,144,497
				14,328,495

1 – Recognised in the year ended 31 December 2021

	Ex-dividend date	Payment date	£ equivalent	€
Euro - €0.01375 per share[1]	06/02/2020	28/02/2020		1,779,806
Sterling - £0.01375 per share[1]	06/02/2020	28/02/2020	3,422,457	3,850,776
Euro - €0.01375 per share[1]	14/05/2020	05/06/2020		1,773,850
Sterling - £0.01375 per share[1]	14/05/2020	05/06/2020	3,206,426	3,607,710
Euro - €0.01000 per share[1]	06/08/2020	28/08/2020		1,241,591
Sterling - £0.01000 per share[1]	06/08/2020	28/08/2020	2,063,199	2,321,408
Euro - €0.01125 per share[1]	12/11/2020	04/12/2020		1,372,756
Sterling - £0.01125 per share[1]	12/11/2020	04/12/2020	2,217,922	2,495,496
				18,443,393

2 – Recognised in the year ended 31 December 2020

Please refer to note 16 for further information subsequent to the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Ordinary shares (continued)

Return per share

	31 December 2021 £ equivalent	31 December 2021 €	31 December 2020 £ equivalent	31 December 2020 €
Euro Shares				
Increase in net assets for the year	-	10,054,074	-	(6,581,197)
Results per share	-	0.083772	-	(0.051747)
Sterling Shares				
Increase in net assets for the year	10,134,266	12,052,682	(10,733,488)	(11,985,013)
Results per share	0.070438	0.083772	(0.046343)	(0.051747)

Return per share has been calculated on a weighted average basis. The weighted average number of ordinary shares held during the year ended 31 December 2021 was 263,890,739 (2020: 358,790,452), comprising 120,016,565 (2020: 127,181,080) Euro Shares and 143,874,174 (2020: 231,609,372) Sterling Shares.

Refer to note 16 for transactions involving the Company's Euro or Sterling Shares between 1 January 2021 and date of approval of these financial statements.

13. Net asset value per ordinary share

	31 December 2021 £ equivalent	31 December 2021 €	31 December 2020 £ equivalent	31 December 2020 €
Euro Shares				
NAV	-	123,210,226	-	120,487,361
NAV per ordinary share	-	1.0266	-	0.9657
Sterling Shares				
NAV	159,089,778	189,205,473	200,656,354	224,052,886
NAV per ordinary share	1.1058	1.3151	1.0299	1.1500
Net assets attributable to shareholders	-	**312,415,699**	-	**344,540,247**

NAV per share has been calculated based on the share capital in issue as at year end, excluding shares held in treasury. The issued share capital as at 31 December 2021 comprised of 120,016,565 Euro Shares (31 December 2020: 124,768,754) and 143,874,174 Sterling Shares (31 December 2020: 194,829,202).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Reconciliation of liabilities arising from financing activities

	2021	2020
	€	€
Opening Balance	**344,540,247**	**537,324,231**
Cash flow movements		
Proceeds from issuance of ordinary shares	-	352,205
Payments from redemption of ordinary shares	(81,510,535)	(166,729,834)
Placing programme costs	-	(33,481)
Share issue costs paid	-	(3,524)
Dividends paid	(14,328,495)	(18,443,393)
Non cash flow movements		
Proceeds from subscriptions arising from conversion of ordinary shares	14,795,161	8,093,584
Foreign currency exchange loss/(gain) on ordinary shares	12,484,070	(15,933,729)
Profit/(loss) before finance costs and taxation	36,435,251	(85,812)
Closing Balance	**312,415,699**	**344,540,247**

15. Related party disclosure

The Directors are entitled to remuneration for their services and all Directors hold Sterling shares in the Company. Please refer to note 6 for further detail.

Transactions between the Company and the Trust and Conversion Vehicle are disclosed in note 4 and 12.

Richard Boleat acts as the enforcer of the Trust, a business purpose trust established under Jersey law and settled by the Company. The role has arisen as a result of the implementation of the resolution passed at the Company's Annual General Meeting on 4 April 2016 which authorised the Company to make arrangements to enable the conversion of treasury shares held by the Company from time to time from one currency denomination to another. The position is unremunerated and represents an alignment of interests with those of the Company.

The below information regarding select related party disclosures for the Investment Vehicle has been included for information purposes only.

As at 31 December 2021, the Compartment holds debt securities in entities where CVC Capital Partners also has an interest. These positions were entered into pari-passu with third party investors.

16. Material events after the Statement of Financial Position date

Management has evaluated subsequent events for the Company through 5 April 2022, the date the financial statements were available to be issued, and has concluded that the material events listed below do not require adjustment of the financial statements.

Ordinary share conversions

On 17 December 2021, the Company announced it had received applications from shareholders to convert 4,600,392 Euro Shares into Sterling Shares on 31 January 2021. On 25 January 2022, the Company subsequently announced the applicable conversion ratio was 0.779466 Sterling Share per Euro Share and that an application would be made for the admission of 3,585,848 Sterling Shares to the Official List of the UKLA, to be admitted to trading on the main market of the

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Material events after the Statement of Financial Position date (continued)

London Stock Exchange. As announced on 31 January 2022, dealings in the shares commenced on the same date.

On 21 March 2022, the Company announced it had received applications from shareholders to convert 980,000 Euro Shares into Sterling Shares on 29 April 2022.

Contractual quarterly tender

On 6 January 2022, the Company announced it had received applications from shareholders to tender 6,167,976 Euro Shares and 10,918,578 Sterling Shares under the December 2021 Contractual Quarterly Tender. The Company, on 25 January 2022, announced a tender price per share of €1.0166 and £1.0958 respectively. On 9 February 2021, the December 2021 Contractual Quarterly Tender completed with 6,167,976 Euro Shares and 10,918,578 Sterling Shares being repurchased and transferred into the Company's name and held as treasury shares.

On 10 February 2022, the Company announced it had received applications from shareholders to tender 852,436 Euro Shares and 3,490,001 Sterling Shares under the March 2022 Contractual Quarterly Tender.

Dividend declaration

On 26 January 2022, the Company declared a dividend of €0.0125 per Euro Share and £0.0125 per Sterling Share payable on 25 February 2022 to shareholders on the register as at 3 February 2021.

Directorate appointment

On 11 January 2022, the Company announced the appointment of Vanessa Neill, as a Non-Executive Director of the Company. Refer to note 16 for further detail.

Director declaration

On 18 February 2022, the Company announced that Richard Boléat, Chairman of the Board of the Company, has been appointed as a non-executive director of Third Point Investors Limited with effect from 1 March 2022.

Strategic Update

On 9 March 2022 the Company announced that the Board was considering making changes pursuant to its ongoing strategic monitoring programme. It was noted that, in particular, the Board was considering amending the Company's investment policy, increasing the Company's target dividend, amending its target total return and reviewing the parameters of the Company's contractual quarterly tender mechanism. Any proposed changes to the investment policy will be subject to shareholder approval.

17. Controlling party

In the Directors' opinion, the Company has no ultimate controlling party.

USEFUL INFORMATION FOR SHAREHOLDERS (UNAUDITED)

Dividend history

Year ended	Total dividend paid per Euro Share	Total dividend paid per Sterling Share
2014	€0.03500	£0.03500
2015	€0.05000	£0.05000
2016[1]	€0.06250	£0.06250
2017[2]	€0.05250	£0.05250
2018	€0.05500	£0.05500
2019	€0.05500	£0.05500
2020	€0.04875	£0.04875
2021	€0.04750	£0.04750

Alternative performance measures disclosure

In accordance with ESMA Guidelines on APMs the Board has considered what APMs are included in the Annual Financial Report and financial statements which require further clarification. An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs included in the financial statements, which are unaudited and outside the scope of IFRS, are deemed to be as follows:

NAV total return vs monitored indices

The NAV total return measures how the NAV per Euro Share and Sterling Share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders. The Company quotes NAV total return as a percentage change from a certain point in time, such as the initial issuance of Euro and Sterling Shares or the beginning of the period, to the latest reporting date, being 31 December 2021 in this instance. It assumes that dividends paid to shareholders are reinvested back into the Company therefore future NAV gains are not diminished by the paying of dividends.

The Board monitors the Company NAV total return against the Credit Suisse Western European High Yield Index (hedged in Euros) Total Return and Credit Suisse Western European Leveraged Loan Index (hedged in Euros) Total Return. The total return results for both the Company's NAV and the monitored indices over certain time periods are presented below:

Total Return

	3 Months	6 Months	12 Months	Since inception
Euro NAV Total Return	0.29%	2.87%	11.41%	52.97%
Sterling NAV Total Return	0.51%	3.19%	12.17%	62.87%
Credit Suisse Western European High Yield Index (hedged in Euros) Total Return	(0.05)%	0.75%	4.04%	32.97%
Credit Suisse Western European Leveraged Loan Index (hedged in Euros) Total Return	0.7%	1.68%	4.63%	28.18%

1 - As a result of the Company amending the frequency of its dividend payments to a quarterly basis rather than a semi-annual basis during 2016, shareholders received an additional €0.0125 and £0.0125 dividend per Euro and Sterling Share respectively.

2 - During 2017, the Company increased its annual dividend to 5.5 cents per Euro Share and 5.5 pence per Sterling Share.

USEFUL INFORMATION FOR SHAREHOLDERS (UNAUDITED) (CONTINUED)

Total Return (continued)

The Company's Euro Share and Sterling Share NAV capital return is calculated by dividing the difference between the closing NAV per share and the opening NAV per share, divided by the opening NAV per share. The income return is calculated by adding each dividend paid back to the NAV per share on the ex-div date (being the date dividends are deducted from the NAV of the Company). This amplifies the value of each dividend paid by the capital return and demonstrates the effect of reinvesting dividends back into the Company at the ex-div date. The total return is then determined by adding the capital and income return. The total return calculations for 31 December 2021 and 31 December 2020 are presented below.

2021 Euro share	2021 Annual dividend per share	
NAV per share as at 31 December 2020		€0.9657
NAV per share as at 31 December 2021		€1.0266
Capital return		6.31%
Income return	4.750c	5.10%
Total return		**11.41%**
Sterling share		
NAV per share as at 31 December 2020		£1.0299
NAV per share as at 31 December 2021		£1.1058
Capital return		7.36%
Income return	4.750p	4.80%
Total return		**12.17%**

2020 Euro share	2020 Annual dividend per share	
NAV per share as at 31 December 2019		€1.0013
NAV per share as at 31 December 2020		€0.9657
Capital return		(3.56)%
Income return	4.875c	5.27%
Total return		**1.71%**
Sterling share		
NAV per share as at 31 December 2019		£1.0534
NAV per share as at 31 December 2020		£1.0299
Capital return		(2.23)%
Income return	4.875p	5.03%
Total return		**2.80%**

NAV to market price discount

The NAV per share is the value of the Company's assets, less any liabilities it has, divided by the total number of Euro and Sterling Shares. However, because the Company ordinary shares are traded on the London Stock Exchange's Main Market, the share price may be higher or lower than the NAV. The difference is known as a premium or discount. The Company's premium or discount to NAV is calculated by expressing the difference between the period end respective share class price (bid price) and the period end respective share class NAV per share as a percentage of the respective NAV per share.

USEFUL INFORMATION FOR SHAREHOLDERS (UNAUDITED) (CONTINUED)

Total Return (continued)

At 31 December 2021, the Company's Euro Shares and Sterling Shares traded at €0.9500 (2020: €0.9000) and £1.0400 (2020: £0.9440) respectively. The Euro Shares traded at a discount of 7.46% (2020: 6.80% discount) to the NAV per Euro Share of €1.0266 (2020: €0.9657) and the Sterling Shares traded at a discount of 5.95% (2020: 8.34% discount) to the NAV per Sterling Share of £1.10576 (2020: £1.0299).

Ongoing charges

The Company has chosen the AIC's methodology for calculating an ongoing charges figure. In line with the AIC's recommended guidance on ongoing charges, the Company's ongoing charges ratio includes a relevant proportion of the Investment Vehicle's operating expenses; please refer below for further details. The ongoing charges ratio for the year ended 31 December 2021 was 1.61% (2020: 1.54%). The ongoing charges for the Company's Euro and Sterling share classes individually are approximate to each other and therefore, the Company has chosen to disclose one ongoing charges figure. The Company's ongoing charges ratio is based on annualised ongoing charges of €5,104,115 (2020: €5,494,360) divided by average NAV in the period of €317,614,082 (2020: €355,657,199).

Calculating ongoing charges

The ongoing charges are based on actual costs incurred in the year excluding any non-recurring fees in accordance with the AIC methodology. Expense items have been excluded in the calculation of the ongoing charges figure when they are not deemed to meet the following AIC definition:

"Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs."

Ongoing charges methodology

In accordance with the recommended methodology for the calculation of an ongoing charge figure published by the AIC (and most recently updated in October 2021), the Company has incorporated, in addition to a relevant portion of the management fee[2], a relevant proportion Investment Vehicle operating expenses (that would be considered ongoing charges under the AIC methodology) into its own ongoing charges figure. For the avoidance of doubt, the ongoing charges ratio includes the Company's pro-rata share of the Investment Vehicle management fee, custodian and administration expenses and other general expenses but excludes interest costs and performance fees.

USEFUL INFORMATION FOR SHAREHOLDERS (UNAUDITED) (CONTINUED)

Ongoing Charges (continued)

Please refer below for ongoing charges reconciliation for the years ended 31 December 2021 and 31 December 2020:

	31 December 2021 €	31 December 2020 €
Total operating expenses for the year:	1,402,690	1,135,235
Expenses excluded from the calculation of ongoing charges figures, in accordance with AIC's methodology:		
Professional fees	(174,054)	(140,481)
Sundry expenses	-	(11,730)
Total ongoing charges for the year (excluding Investment Vehicle management fee)	**1,228,636**	**983,024**
Add: Investment Vehicle operating expenses	901,559	993,197
Add: Investment Vehicle management fee[2]	2,973,920	3,518,139
Total ongoing charges for the year (including Investment Vehicle management fee)	**5,104,115**	**5,494,360**

Ongoing charges inclusive of Investment Vehicle performance fee

In accordance with the recommended methodology for the calculation of an ongoing charge figure published by the AIC (and most recently updated in October 2021), the Board has chosen to disclose an ongoing charges figure inclusive of the Investment Vehicle's performance fee[3]. As the performance fee can differ between share classes, the Company has disclosed the ongoing charges plus performance fee ratio for both share classes separately.

	31 December 2021	
	Euro Shares	Sterling Shares
Ongoing charges ratio	1.59%	1.62%
Add: Investment Vehicle performance fee[3]	1.13%	1.24%
Ongoing charges plus performance fee ratio	**2.72%**	**2.86%**

	31 December 2020	
	Euro Shares	Sterling Shares
Ongoing charges ratio	1.54%	1.54%
Add: Investment Vehicle performance fee[3]	0.07%	0.01%
Ongoing charges plus performance fee ratio	**1.61%**	**1.55%**

USEFUL INFORMATION FOR SHAREHOLDERS (UNAUDITED) (CONTINUED)

Ongoing Charges (continued)

Dividend yield

The dividend per Euro and Sterling Share is expressed as a percentage of the Euro and Sterling Share price (bid price).

	31 December 2021	31 December 2020
Euro shares		
Annual dividend per Euro Share	€0.04750	€0.04875
Share price (bid price)	€0.9500	€0.9000
Dividend yield	**5.00%**	**5.42%**
Sterling shares		
Annual dividend per Euro Share	£0.04750	£0.04875
Share price (bid price)	£1.0400	£0.9440
Dividend yield	**4.57%**	**5.16%**

1–The Company's ongoing charges are considered to be APMs which are calculated according to the methodology outlined on pages 105 to 107 and differ to the ongoing costs disclosed within the Company's KIDs which follows the methodology prescribed by EU rules. For example, the ongoing costs disclosed in the Company's KIDs include interest expense and are based on average ongoing charges over the past three years whereas the ongoing charges ratio disclosed in this report do not include interest expense and are based on ongoing charges incurred during the year ended 2021 only. The Company's most current KIDs and an accompanying explanatory note reconciling the two different ratios are available on the Company's website (www.ccpeol.com/news-documents).

2–Details of the management fee that CVC Credit Partners is entitled to can be found on the Company RNS announcement dated 23 April 2021 (https://www.ccpeol.com/investor-information/rns-updates/distribution-policy-change/).

3–Details of the performance fee that CVC Credit Partners is entitled to can be found on pages 12 and 13 of the Company's latest prospectus (https://www.ccpeol.com/media/1316/2020-03-29-prospectus.pdf).

4-Annual dividend yield per Euro Share and Sterling Share as at 31 December 2021 and 31 December 2020 is based on the four quarterly dividends announced and paid by the Company during the 12 months prior to the year end as applicable.

GLOSSARY

Administrator	BNP Paribas Securities Services S.C.A., Jersey Branch
Advisor fees	Cost of services provided by Mr Justin Atkinson to assist with the marketing and promotion of the Company's shares
AGM	Annual General Meeting
AIC	Association of Investment Companies
AIC Code	AIC Code of Corporate Governance, February 2020
AIFM	Alternative Investment Fund Manager
APMs	Alternative Performance Measures
Auditor	Ernst & Young LLP
Borrowing Limit	Up to an amount equal to 100% of the NAV of the Investment Vehicle at the time of borrowing
CLOs	Collateralised Loan Obligations
Company	CVC Credit Partners European Opportunities Limited
Continuation Resolution	An ordinary resolution proposed by the Directors that the Company continue its business as a closed-ended investment company
Conversion Vehicle	Conversion SPV Limited
Compartment	Compartment A of the Investment Vehicle
Credit Opportunities	Refers to investments where CVC Credit Partners anticipates an event in a specific credit is likely to have a positive impact on the value of its investment. This may include events such as a repayment event before maturity, a deleveraging event, a change to the economics of the instrument such as increased margin and/or fees or fundamental or sentiment driven change in the value. CVC Credit Partners seeks relative value opportunities which involve situations where market technicals have diverged from credit fundamentals often driven by selling by mandate constrained investors, CLO managers or hedge funds rebalancing their portfolios, macro views affecting different credit instrument types or sales by banks. CVC Credit Partners has additional flexibility compared to mandate constrained capital and believes these assets have potential for capital gains and early cash flow generation based on the acquisition prices

GLOSSARY (CONTINUED)

CVC Group	CVC Group being CVC Credit Partners and CVC Credit Partners Group Holding Foundation, together with its direct and indirect subsidiaries and their respective affiliates and excluding any funds managed and/or advised by the CVC Group
DTRs	Disclosure Guidance and Transparency Rules
ESG	Environmental, Social and Governance
FRC	Financial Reporting Council
IFRS 13	IFRS 13 – Fair Value Measurement
IPO	Initial Public Offering on 25 June 2013
Investment Limits	As defined within the Investment Policy on pages 15 to 16.
Investment Vehicle	Compartment A of CVC European Credit Opportunities S.à r.l.
Investment Vehicle Manager	CVC Credit Partners Investment Management Limited
Investment Vehicle Services Manager	CVC Credit Partners Investment Services Management Limited
KIDs	Key Information Documents
KPIs	Key Performance Indicators
NAV	Net Asset Value
NPPRs	National Private Placement Regimes
Original Placing Price	€1.00 and £1.00 per share
PECs	Preferred Equity Certificates
Performing Credit	Generally refers to senior secured loans and senior secured high yield bonds sourced in both the primary and secondary markets. The investment decision is primarily driven by a portfolio decision around liquidity, cash yield and volatility
PRI	Principles for Responsible Investment
Trust	CVC Credit Partners European Opportunities Limited Purpose Trust
UK Code	The UK Corporate Governance Code 2018
Viability Statement	A statement made by the Directors explaining how they assessed the prospects of the Company, over which period they have done so and why they consider that period to be appropriate

COMPANY INFORMATION

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BNP Paribas Securities Services S.C.A. Jersey Branch is regulated by the Jersey Financial Services Commission.

Registrar
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For Investors in Switzerland:
The Prospectus, the Memorandum and Articles of Association as well as the annual and half yearly financial reports of the Company may be obtained free of charge from the Swiss Representative. In respect of the Shares distributed in and from Switzerland to Qualified Investors, the place of performance and the place of jurisdiction is at the registered office of the Swiss Representative.

Swiss Representative: FIRST INDEPENDENT FUND SERVICES LTD., Klausstrasse 33, CH-8008 Zurich, Switzerland.

Swiss Paying Agent: Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich, Switzerland.