

Summary

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

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

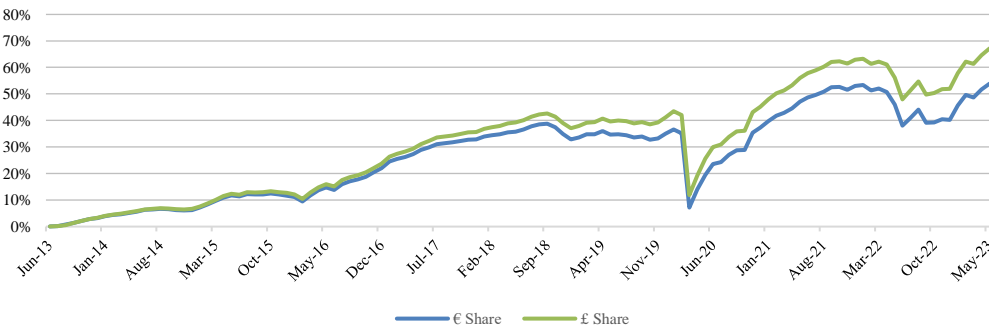
The Company’s investment policy is to invest predominantly in companies domiciled, or with material operations, in Western Europe across various industries. The Company’s investments are focused on Senior Secured Obligations of such companies, but investments are also made across the capital structure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

The Company invests through Compartment A of CVC European Credit Opportunities S.à r.l. (the “Investment Vehicle”), a European credit opportunities investment vehicle managed by CVC Credit Partners Investment Management Limited.

Investment Objectives

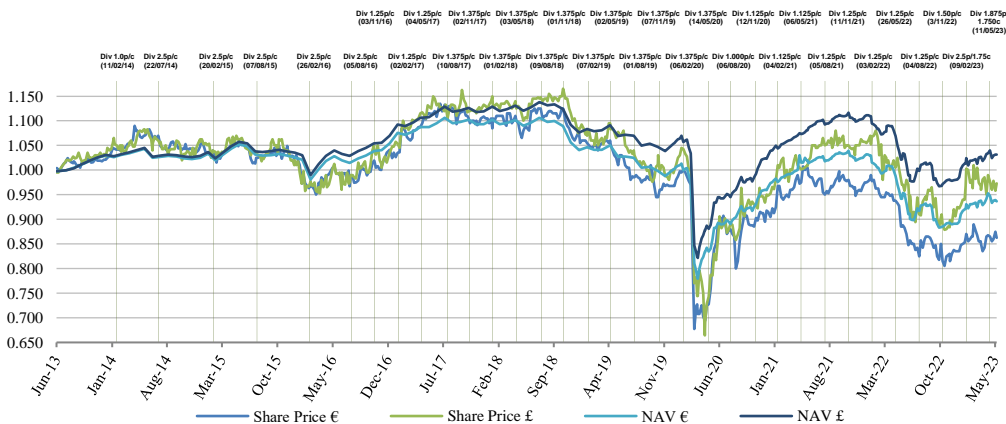
- CVCIG is focused on capital preservation, and it seeks to generate high cash income via a stable and attractive dividend, as well as offer the potential for capital appreciation.
- It aims to provide shareholders with security, low volatility, liquidity, and low correlation with equities by investing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

Company NAV Total Return Cumulative Performance⁴ (since inception)



	1M	3M	YTD	1YR	3YRS	5YRS	ITD
€ Share	1.46%	2.85%	9.71%	5.41%	28.81%	13.30%	53.87%
£ Share	1.52%	3.09%	10.04%	7.04%	33.10%	20.05%	67.13%

Company Share Performance



May 2023

Share Price & NAV at 31 May 2023		
	EUR	GBP
Share Price ¹	0.8625	0.9730
NAV ²	0.9408	1.0330
Total Net Assets ³	98,501,102	131,019,621
Market Capitalisation	90,302,315	123,412,603
Company Information		
Vehicle Type	Closed-ended investment company	
Domicile	Jersey	
Inception Date	25 June 2013	
Market	London Stock Exchange	
LSE Identifier	EUR CVCE GBP CVCG	
ISIN Code	EUR JE00B9G79F59 GBP JE00B9MRHZ51	
Website	ig.cvc.com	
Investment Vehicle Key Portfolio Statistics		
Floating Rate Assets	80.8%	
Fixed Rate Assets	16.4%	
Other Assets	2.8%	
Weighted Average Market Price ⁵	88.1	
Yield to Maturity ⁶	EUR	17.1%
	GBP	18.3%
Current Yield ⁶	EUR	12.5%
	GBP	13.7%
Weighted Average Fixed Rate Coupon	6.7%	
Weighted Average Floating Rate plus Margin	8.2%	
<i>Note: All metrics exclude cash unless otherwise stated</i>		
Contact Us		
Richard Boleat, Chairman richard.boleat@ig.cvc.com		
CVC Client & Product Solutions cps@cvc.com		
<i>Note: Disclaimer & notes located at end of report</i>		

Portfolio Manager



Pieter Staelens
Managing Director
21 years experience

Pieter joined CVC Credit in 2018. Pieter joined from Janus Henderson Investors in London where he was involved in various High Yield strategies and a credit long/short strategy. Prior to this, Pieter was at James Caird Asset Management, CQS, Remus Partners and Bear Stearns. Pieter is a graduate of the Université Catholique de Louvain in Belgium. He also holds an MSc in Finance, Economics and Econometrics from the Cass Business School and an MBA from the University of Pennsylvania.

Market and Portfolio Commentary

May was an eventful month for financial markets, as we saw new concerns about the stability of US regional banks, negotiations around the US debt ceiling and interest rate hikes by the Fed, ECB and Bank of England. Tech stocks had a very strong month as the debate around AI and its potential is picking up. On the flipside, fears around a recession are increasing and commodities, such as crude, fell to the lowest levels in about 2 years. Job markets are holding up very well though, and core inflation remains stubbornly high in many countries.

European Sub Investment Grade Highlights

The Credit Suisse Western European Leveraged Loan Index return, hedged to Euro, was at +0.83% in May (year to date (“YTD”) +5.67%). Defensives were +0.34% and cyclicals +1.32% in May (YTD +4.79% / +6.55%). Single Bs returned +0.87%, CCCs +0.76% and BBs +0.26% (YTD +6.04% / +9.17% / +3.46%). As at the end of May, the 3-year discount margin on the index was 564bps. The Credit Suisse Western European High Yield Index, hedged to Euro, returned 0.59% in May 2023 (YTD +4.4%).^a

Primary activity in 2023 continues to be dominated by refinancings, A&Es, small add-ons for M&A and dividend recaps as banks are still reluctant to underwrite new M&A transactions. Total issuance in May was €0.4Bn in the loan market and €6.6Bn in the HY market, down sequentially vs. April 2023. On the other hand, there are signs that M&A activity is picking up with a number of anticipated public-to-private transactions, although different views on valuations led to PE buyers walking away in some cases. The average spread for Term Loan Bs stood at +468bps and yield to maturity at 8.9%. Lastly, default rates (based on principal amount) in the Morningstar indices have picked up materially in the US to 1.3% but remained broadly stable in Europe at 0.6% (vs. 0.2% and 0.6% a year ago).^b

Portfolio Commentary

Despite a number of bank holidays, May ended up being a pretty active month on the trading side. In particular, we saw a pick-up in high yield issuance which had been running at very low levels until recently. Given where we are in the rate hike cycle, we have marginally increased our fixed rate exposure in the portfolio through the month mainly through the new issue market. We have also grown some of our positions in the credit opportunities sleeve, while opportunistically taking profit on some other names.

In the performing credit sleeve, we participated in some new senior secured High Yield issues in names that we have been following for a number of years. We took a position in an Italian IT services company which had some problems in the past and is now in a better position. However, given some of these more recent problems, the company had to pay up and printed a 5 year bond with an 11.125% coupon. We also took a position in a specialty chemicals name where the new senior secured bonds had to come materially wider than the existing bonds given the aggressive M&A strategy. The company’s end markets are mainly in the water treatment industry, which we see as having a stable and growing end market. The 9.625% coupon again looks attractive given that the last senior secured bond issued by the company, in 2021, was done at 3.875%. Finally, we also participated in the loan financing of a telco services company which is growing rapidly, both organically and inorganically. The new senior secured loans were again attractively priced at E+625% and a 95 OID, which is a c.10.25% all in yield to maturity.

On the credit opportunities side, we added to a chemicals name which we believe is oversold. We managed to add to our position in the mid-80s despite the PE owner putting additional equity in the business to fund M&A, thereby increasing our security package. We also continued to add to a heat exchanger business in the high 60s despite some very strong Q1 trading results with growth in order intake, sales and EBITDA. Finally, we sold out of one of our CLO holdings. The manager of this CLO had materially increased the risk profile of the fund and we could exit this at a good level as the market hadn’t picked up on this increase in risk yet. We also took some profit on a gym operator. We started building this position in the low 90s in January and February with a view of a potential near-term refinancing. The bonds traded up as the company hinted on their earnings call their shareholders were ready to support the business to accommodate a refinancing of the 2025 bonds. We still think a near term refinancing is possible but we took some profit at 97.375 thereby de-risking the position.

Across the entire portfolio, as of May month end, the weighted average market price was 88.1, trading at a yield to maturity (“YTM”) of 17.1% (€ hedged) / 18.3% (£ hedged), and delivering a 12.5% (€ hedged) / 13.7% (£ hedged) running cash yield. This compares to a weighted average price of 83.6 and YTM of 18.5% (€ hedged) / 20.2% (£ hedged) as of December 2022. Floating rate instruments comprised 80.8% of the portfolio while 73.6% was invested in senior secured assets. The portfolio had a cash position of 1.0% (including leverage) at the end of the month.

Commentary Sources:

^a Pitchbook LCD – June 2023

^b Credit Suisse

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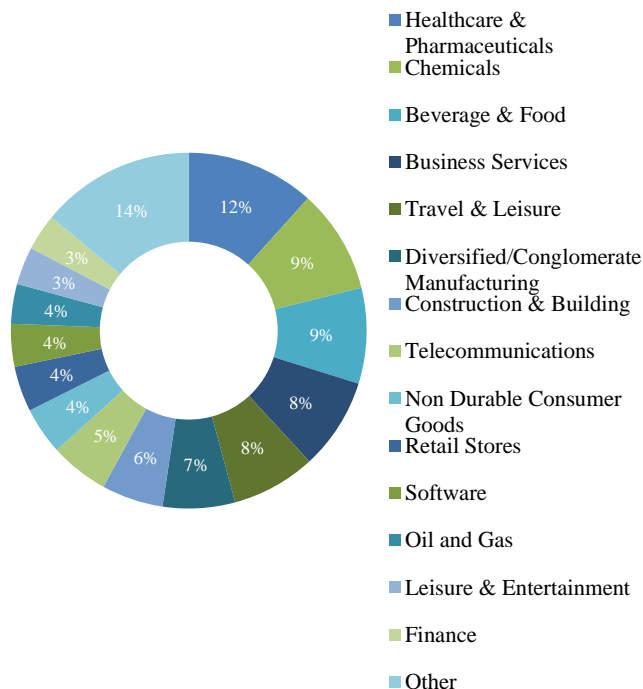
Investment Vehicle Portfolio Statistics as at 31 May 2023⁵

Top 10 Issuers

Issuer	% of Gross Assets	Industry	Country
Doncasters	5.97%	Diversified / Conglomerate Manufacturing	United Kingdom
Civica	3.18%	Software	United Kingdom
Wella	3.18%	Non-Durable Consumer Goods	United Kingdom
Ekaterra	3.03%	Beverages & Food	Netherlands
Hotelbeds	2.99%	Travel & Leisure	Spain
Flora Foods	2.46%	Beverages & Food	Netherlands
Cirsa	2.35%	Travel & Leisure	Spain
Keter	2.29%	Durable Consumer Goods	Luxembourg
Drive Devilbiss	2.27%	Healthcare & Pharmaceuticals	United States
Saphilux	2.25%	Business Services	Luxembourg

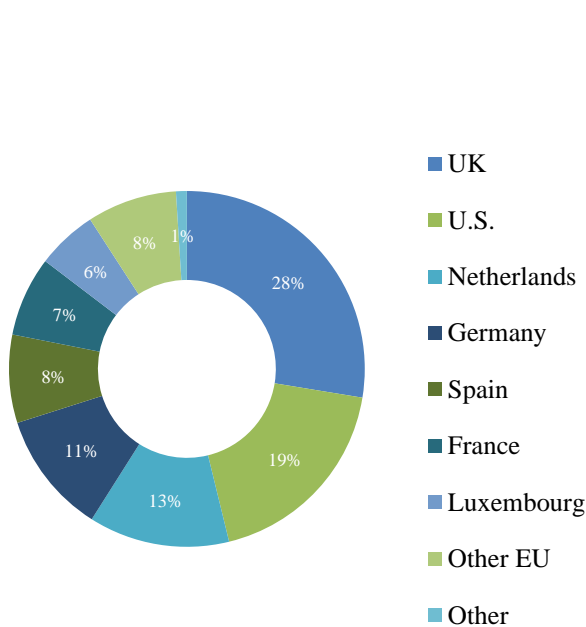
Industry Exposure

MV (%)

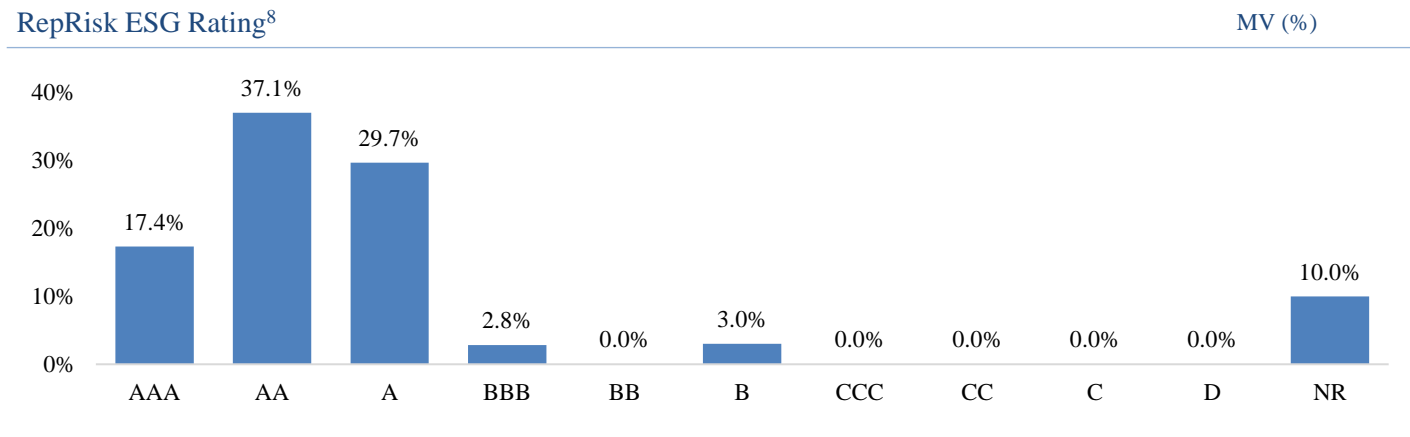
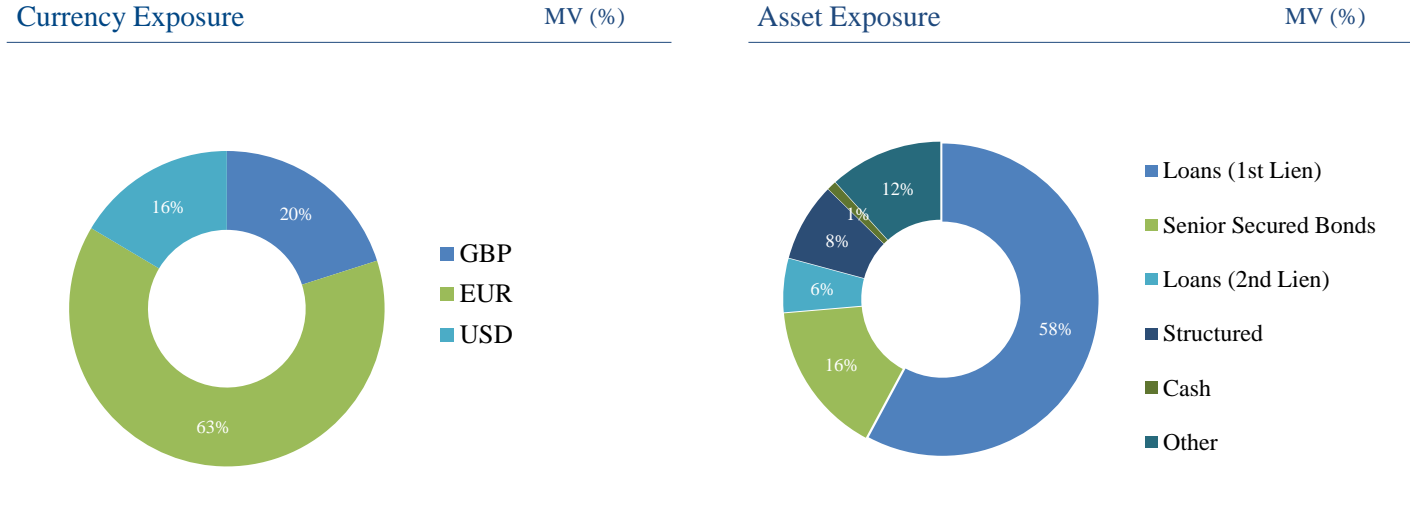


Geographic Exposure

MV (%)



Investment Vehicle Portfolio Statistics as at 31 May 2023⁵



Look Through Reporting⁹ as at 31 May 2023

Rating Exposure			
Rating	Average Spread Duration ¹⁰	MV (€)	MV (%)
BB	6.97	25.7m	8%
B	3.49	207.5m	63%
CCC	1.75	67.7m	21%
NR	3.32	26.4m	8%

FX Exposure		
Currency	MV (€)	MV (%)
EUR	207.8m	63%
GBP	65.7m	20%
USD	53.9m	16%

Rating Exposure			
Type	Duration	MV (€)	MV (%)
Floating	0.15	264.4m	81%
Fixed	2.92	53.8m	16%
Warrants	0.00	9.1m	3%

Notes & Assumptions:

- The sum of the market values may be larger than the NAV due to the effect of the leverage facility
- All duration and yield calculations are based on assets outstanding to maturity (no call or amortisation assumptions)
- Duration is calculated using the DURATION function in Excel, and includes approximations for interest rate duration for floating rate assets
- Rating is based on the average corporate rating from S&P and Moody's
- Certain assets such as CLO equity tranches are assumed to have zero spread and interest rate duration
- The duration for non-equity CLO tranches is based on a WAL of 5 years after the end of the reinvestment period

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



CVC Income & Growth Limited

Important Information

Footnotes

- ¹ Share price provided as at the closing month-end market mid-price
- ² Opening NAV was 0.997, after initial costs
- ³ Includes the impact of the utilisation of the Investment Vehicle's leverage facility and its currency hedging strategy in relation to the underlying portfolio
- ⁴ NAV Total Return includes dividends reinvested
- ⁵ Average market price of the portfolio weighted against the size of each position
- ⁶ Current Yield including Investment Vehicle leverage

- ⁷ The RepRisk Rating is a letter rating (AAA to D) that facilitates benchmarking and integration of ESG and business conduct risks. NR indicates exposure to issuers not currently monitored by RepRisk. Data as at 31 May 2023.
- ⁸ Data excludes cash
- ⁹ Averages are weighted by market value

Disclaimers

This Report is directed only at: (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and persons who receive this document who do not fall within (i) or (ii) above should not rely on or act upon this document.

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The Company is regulated by the Jersey Financial Services Commission.

The Credit Suisse Western European HY Index and The Credit Suisse European Leveraged Loan Index, are monthly return indices designed to be an objective proxy for the investable universe for the Western European High Yield and Leveraged Loan markets. These indices may not necessarily be indicative of the investment strategies for the funds advised by CVC Credit. Assets and securities contained within indices are different than the assets and securities contained in CVC Credit's investment vehicles and will therefore have different risk and reward profiles. The returns of the indices are provided solely as an illustration of the market and economic conditions generally prevailing during the periods shown. Indices are not investments, are not professionally managed and do not reflect deductions for fees or expenses.