



CVC Income & Growth Limited

Summary

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

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

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

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

Investment Objectives

- CVCIG is focused on capital preservation, and it seeks to generate high cash income via a stable and attractive dividend, as well as offering 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
€ Total Return	2.07%	3.40%	7.66%	19.42%	24.93%	36.45%	83.76%
£ Total Return	2.17%	3.66%	8.05%	20.57%	29.19%	44.28%	101.51%

Company Historical NAV Total Return Performance⁴

	2017	2018	2019	2020	2021	2022	2023
€ NAV	8.84%	0.07%	1.56%	1.71%	11.41%	-8.31%	21.69%
£ NAV	9.69%	1.00%	3.07%	2.80%	12.17%	-6.75%	22.79%

May 2024

Share Price & NAV at 31 May 2024		
	EUR	GBP
Share Price ¹	0.9700	1.1200
NAV ²	1.0423	1.1389
Total Net Assets ³	97,546,043	133,852,089
Market Capitalisation	90,777,380	131,636,443
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	
2023 Ongoing Charges Figure	EUR 1.82%	
	GBP 1.77%	
Investment Vehicle Key Portfolio Statistics		
LTM Dividend Yield ⁵	EUR	7.6%
	GBP	9.0%
Dividend Frequency	Paid Quarterly	
Floating Rate Assets	82.7%	
Fixed Rate Assets	16.6%	
Other Assets	0.7%	
Weighted Average Market Price ⁶	92.8	
Yield to Maturity ⁷	EUR	12.7%
	GBP	14.0%
Current Yield ⁷	EUR	12.1%
	GBP	13.4%
Contact Us		
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CVC Client & Product Solutions cps@cvc.com		

Note: Disclaimer & notes located at end of report

Portfolio Manager



Pieter Staelens
Managing Director
22 years experience

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

Market and Portfolio Commentary

After a softer April, markets recovered in May with both the S&P500 and the STOXX600 climbing to new record highs. US Inflation eased during the month which gave investors confidence a soft landing remains possible. Fed chairman Powell pushed back on the prospect of rate hikes in the US, and the Fed also slowed down the pace of Quantitative Tightening in May. Geopolitical tensions remain high but didn't escalate further during the month, which helped with risk sentiment. Brent crude oil prices fell in May after four consecutive monthly gains. We continue to see improvement in European macro-economic data with PMIs hitting a 12-month high and consumer confidence rebounding.

European Sub Investment Grade Highlights^{a,b}

New issuances activity continued to show some strength in May 2024. New loan issuances totaled €5.6bn, down sequentially from April 2024 level of €14.5bn but significantly above May 2023 level of €0.7bn. HY issuances bounced back sequentially m-o-m to €13.5bn in May 2024, compared to €9.6bn in April 2024 and €6.6bn in May 2023. Primary activity in May 2024 came from a mix of buyout, extension and refinancing supply. Actual new money is still limited, although we saw first-time syndicated deals during the month of May. We also continued to see several successful repricing moves, which could lead to a higher repricing activity in coming months. The demand for loans in Europe continued to be strong fueled by ramping CLOs, pushing back loan margins towards levels last seen before Russia's invasion of Ukraine. The average spread for Term Loan Bs stood at +433bps and yield to maturity at 8.71%. From talking to investment bankers and PE professionals, we would expect M&A volumes to pick up materially in the near future. We expect two larger new money deals to come to market in coming months and still see a backlog of private equity deals that need exit either through sales or IPOs. This should lead to a healthy supply of new issuance and continued growth of our market, and hence more investment opportunities.

The Credit Suisse Western European Leveraged Loan Index return, hedged to Euro, was +1.14% in May 2024 (Year to date ("YTD") +4.01%), a sequential improvement MoM supported by strong demand for loans. Defensives were +1.15% (YTD +3.44%) and cyclicals +1.13% (+4.6%) in May. BBs returned +0.85% (YTD +3.03%), while single Bs return was +1.13% (+4.12%) and CCCs +4.92% (+15.13%). As at the end of May, the 3-year discount margin on the index was 468bps. The Credit Suisse Western European High Yield Index return, hedged to Euro, was 1.03% in May 2024 (YTD +2%).

Portfolio Commentary

In May, we were active both across the performing credit and the credit opportunities parts of the portfolio

In performing credit, we completely sold out of one of our media names at par as we are getting concerned around the impact of AI on the business. The company has a 2026 maturity and a refinancing may prove difficult as there are a lot of unknowns around how AI will impact this business model going forward, and at par, investors aren't getting compensated to take that risk. As mentioned earlier, there was considerable primary activity and we could replace this position with new names that don't have the same downside risk. We added names across a variety of sectors including education, travel, food & beverage, gaming, pharma and trust services, as we got a number of natural repayments during the month as well.

In credit opportunities, we also de-risked the portfolio in May in the CLO holdings. On the back of our quarterly portfolio review, we decided to exit a few positions where we identified some problems with some of the underlying credits. We could replace some of these positions with new primary where portfolios were cleaner, and hence less downside risk. We also initiated a position in a second lien of a food & beverage company in the mid 80s, and we worked closely with our US team to initiate a position in a waste-to-energy business in the US. We had seen some selling pressure on this name following a downgrade to Caa1. Even though the company had a difficult H1'23, partially due to high growth capex, we started seeing an improvement in underlying earnings in the second half of 2023 and we saw this downgrade by Moody's as a backward looking delayed reaction, which provides us with an opportunity. We also increased our position in a resin furniture manufacturer – the company finalised its restructuring and we still see considerable upside from here. We added to our position in a modular rental business where we believe the bonds have been oversold despite earnings that continue to hold up well. Finally, we also added to the bonds of a chemicals company where we think an IPO could re-rate the bonds higher.

Across the entire portfolio, as of May month end, the weighted average market price was 92.8, trading at a yield to maturity ("YTM") of 12.7% (€ hedged) / 14.0% (£ hedged) and delivering a 12.1% (€ hedged) / 13.4% (£ hedged) running cash yield. This compares to a weighted average price of 90.4 and YTM of 14.1% (€ hedged) / 15.4% (£ hedged) as of December 2023. Floating rate instruments comprised 82.7% of the portfolio while 83.1% was invested in senior secured assets. The portfolio had a cash position of -2.6% (including leverage) at the end of the month.

Commentary Sources:

^a Credit Suisse Western European Leveraged Loan Index and Credit Suisse Western European High Yield Index – May 2024.

^b Pitchbook LCD – June 2024

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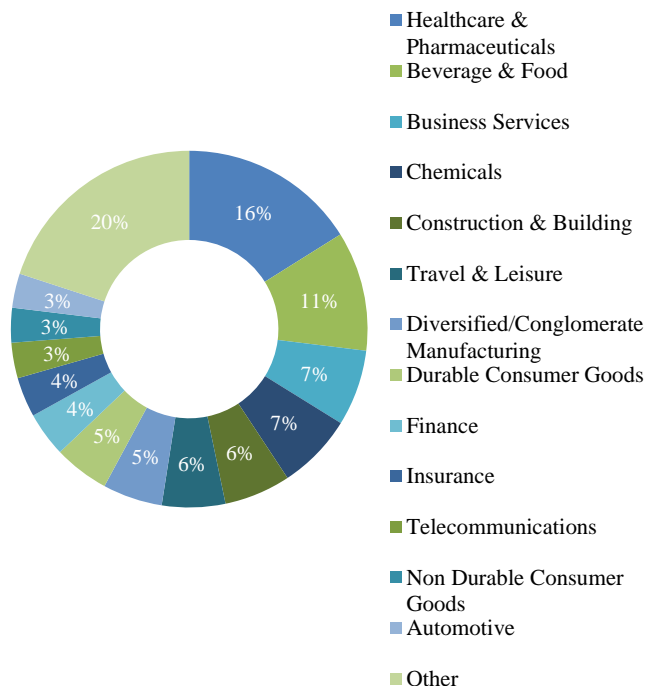
Investment Vehicle Portfolio Statistics as at 31 May 2024⁶

Top 10 Issuers

Issuer	% of Gross Assets	Industry	Country
Doncasters	4.56%	Diversified / Conglomerate Manufacturing	United Kingdom
Ekaterra	3.62%	Beverages & Food	Netherlands
Keter	3.51%	Durable Consumer Goods	Netherlands
Wella	2.75%	Non-Durable Consumer Goods	United Kingdom
Colouroz	2.58%	Chemicals	Germany
Drive Devilbiss	2.41%	Healthcare	United States
D&G	2.25%	Insurance	United Kingdom
Hotelbeds	2.17%	Travel & Leisure	Spain
Mangrove	2.08%	Diversified / Conglomerate Manufacturing	Germany
HomeVi	1.75%	Healthcare	France

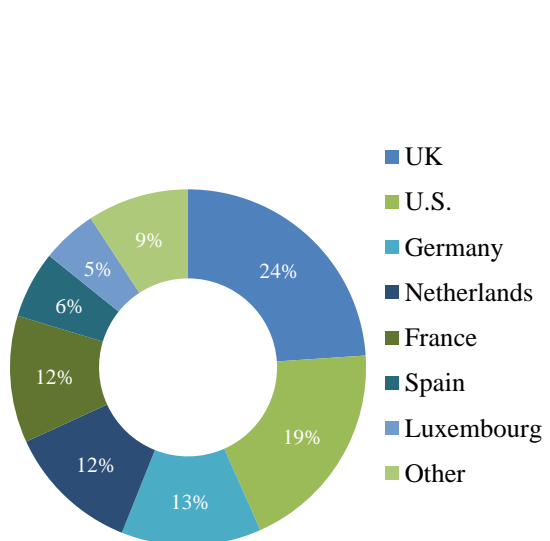
Industry Exposure

MV (%)



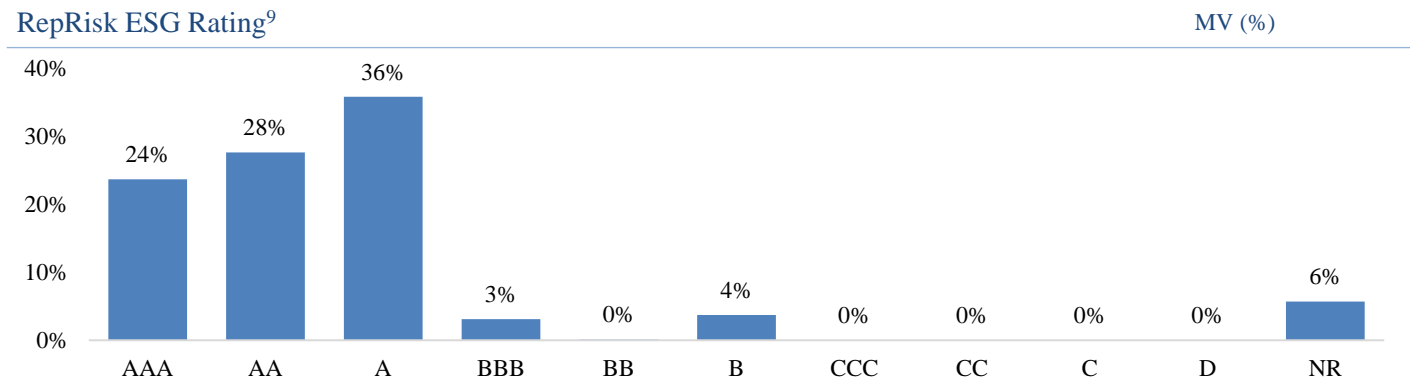
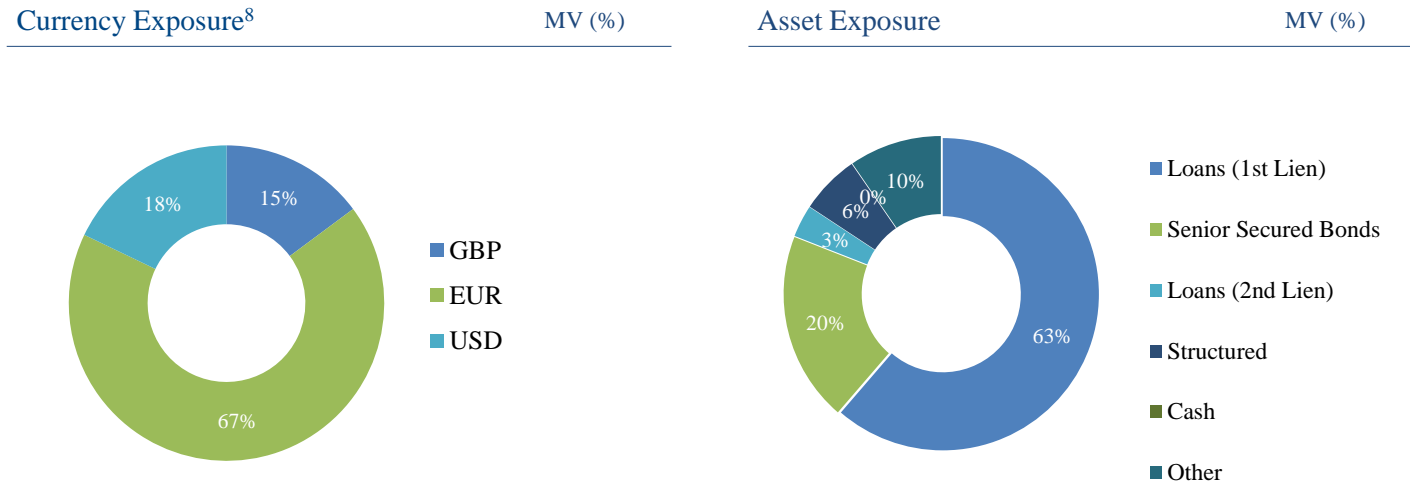
Geographic Exposure

MV (%)



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Investment Vehicle Portfolio Statistics as at 31 May 2024⁶



Look Through Reporting¹⁰ as at 31 May 2024

Rating	Average Spread Duration ¹¹	MV (€)	MV (%)
BBB	3.85	3.0m	0%
BB	6.26	54.4m	8%
B	4.04	515.0m	72%
CCC	2.40	97.1m	14%
NR	3.72	45.2m	6%

Type	Duration	MV (€)	MV (%)
Floating	0.15	590.8m	83%
Fixed	2.98	118.8m	17%
Warrants	0.00	5.0m	1%

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.

Past performance is not indicative of future results or a guarantee of future returns.



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Important Information

Footnotes

- ¹ Share price provided as at the closing month-end market mid-price
- ² Opening NAV was 0.997, after initial costs
- ³ Includes the impact of the utilisation of the Investment Vehicle's leverage facility and its currency hedging strategy in relation to the underlying portfolio
- ⁴ NAV Total Return includes dividends reinvested
- ⁵ LTM dividend yield is calculated by adding the LTM dividend payments and divided by the share price of the respective share class as at 30 April 2024
- ⁶ Average market price of the portfolio weighted against the size of each position
- ⁷ Current Yield including Investment Vehicle leverage

- ⁸ Currency is hedged for the respective share class.
- ⁹ 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 2024.
- ¹⁰ Data excludes cash
- ¹¹ Averages are weighted by market value

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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.