

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.

Share Price & NAV

at 31 August 2024

	GBP	EUR
Share Price ¹	1.1775	1.0250
NAV ²	1.1627	1.0623
Total Net Assets ³	141,256,346	97,420,658
Market Capitalisation	143,052,012	94,000,481
Premium/Discount	1.39	-3.40

Company Information

Vehicle Type	Closed-ended investment company
Domicile	Jersey
Inception Date	25 June 2013
Market	London Stock Exchange
LSE Identifier	GBP CVCG EUR CVCE
ISIN Code	GBP JE00B9MRHZ51 EUR JE00B9G79F59
Website	ig.cvc.com
2023 Ongoing Charges Figure	GBP 1.77% EUR 1.82%

Company NAV Total Return Cumulative Performance⁴

(since inception)



	1M	3M	YTD	1YR	3YRS	5YRS	ITD
£ Total Return	1.39%	3.92%	12.29%	18.57%	30.72%	50.75%	109.42%
€ Total Return	1.25%	3.68%	11.62%	17.39%	26.30%	42.65%	90.52%

Company Historical NAV Total Return Performance⁴

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

Investment Vehicle Key Portfolio Statistics

LTM Dividend Yield ⁵	GBP 8.69% EUR 7.68%
Dividend Frequency	Paid Quarterly
Floating Rate Assets	85.8%
Fixed Rate Assets	13.7%
Other Assets	0.5%
Weighted Average Market Price ⁶	93.4
Yield to Maturity ⁷	GBP 14.6% EUR 13.2%
Current Yield ⁷	GBP 13.2% EUR 11.8%

Note: All metrics exclude cash unless otherwise stated

Contact Us

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Market & Portfolio Commentary

Portfolio Management



Pieter Staelens

**Managing Director
Portfolio Manager**
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.



Mitchell Glynn

**Managing Director
Assistant Portfolio Manager**
16 years' experience

Mitchell joined CVC in 2013. Mitchell joined from Neuberger Berman, where he worked as an Associate from 2008 in the Non-Investment Grade team responsible for evaluating investments across a wide range of industries.

August had an incredibly weak start with the VIX hitting the highest level since March 2020 during the Covid 19 turmoil. The catalyst was a weak US jobs report which raised concerns around a US recession, and the unwinding of the Yen carry trade which saw the TOPIX fall by over 12% in a single day. However, this volatility didn't last long and markets recovered their losses soon thereafter. Better than expected retail numbers and confirmation from Fed Chairman Powell that he would start cutting interest rates at the next meeting in September restored calm, and the S&P 500 ended the month +2.4% in total returns.

European Sub Investment Grade Highlights^{a,b}

Leveraged loan and HY issuance remained largely on pause in August. New loan issuances totaled €0.5bn, down from July 2024 and August 2023 levels of €3.7bn and €1bn, respectively. HY total issuance volume was €0.5bn, compared to €13.3bn in July 2024 and €0bn in August 2023. Notwithstanding some equity led volatility early August, YTD secondary rally in leveraged markets remains more or less intact, amid thin summer liquidity and empty new-issue markets. The average spread for Term Loan Bs stood at +405bps and yield to maturity at 8.21%. From talking to investment bankers and PE professionals, we expect further M&A supply in 2H24, which 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 +0.58% in August 2024 (YTD +5.75%), a sequential decline m-o-m reflecting early August equity led volatility and thin summer liquidity. Defensives were +0.66% (YTD +5.19%) and cyclical +0.49% (+6.34%) in August. BBs returned +0.55% (YTD +4.98%), while single Bs return was +0.49% (+5.84%) and CCCs 1.28% (+12.12%). As at the end of August, the 3-year discount margin on the index was 470bps. The Credit Suisse Western European High Yield Index return, hedged to Euro, was +1.19% in August 2024 (YTD +5.14%).

Portfolio Commentary

As per the above section, August is seasonally quiet but there was still some trading activity in the fund, both across performing credit and credit opportunities.

With the volatility we saw in early August, we reduced some risk in some names where prices had barely changed as we were hoping for some more buying opportunities for the credit opportunities sleeve, but the volatility was short lived. On the performing credit side, we bought into a BB rated automotive business that had sold off in anticipation of weaker numbers.

We initiated the position just ahead of numbers and bonds rallied on the back of short covering. We also added a position in a modular services and infrastructure business. We got fully repaid on this position at par only a month ago and the new loans traded softly, so we could pick some up at 99. Finally, we added to a position in an independent US distributor of aftermarket heavy-duty truck and trailer parts, where Moody's surprisingly put the company on negative outlook, but where we can see a near term refinancing event. We continued to reduce our position in a hotel booking company as the travel sector is most likely past peak earnings, while we added a position in a luxury watch company where the loans saw some softness on the back of some profit warnings in the sector.

On the more opportunistic side, we added a few new smaller positions to the fund. We initiated a position in a waste collection business in the US. The business has been investing aggressively in growth, which has led to negative free cash flow and lead to a ratings downgrade to Caa1 by Moody's. We believe that capex spend has now peaked and earnings growth should start to come through, which will result in rapid deleveraging. We also took some profit on an Italian IT business. We had added to our position on weakness at 92 at the end of July and bonds rallied on better-than-expected results, hence we took profit at 97 towards the end of August. We took a small position in a US arts and crafts retailer we have been following for many years at 78c. Leverage is high and we don't anticipate any near-term improvement in earnings, but the company has ample liquidity and at 78c we believe the downside is fairly limited. Finally, we also put on a new position in a US infrastructure business. The business is 5x larger than its nearest competitor and the regulatory mandated nature of its work together with the longer multiyear contracts with financially strong counterparties, mean we have good visibility on the earnings and cash flow profile of the business.

Across the entire portfolio, as of August month end, the weighted average market price was 93.4, trading at a yield to maturity ("YTM") of 13.2% (€ hedged) / 14.6% (£ hedged) and delivering a 11.8% (€ hedged) / 13.2% (£ 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 85.8% of the portfolio while 81.4% was invested in senior secured assets. The portfolio had a cash position of -1.4% (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 – August 2024.

^b Pitchbook LCD – September 2024

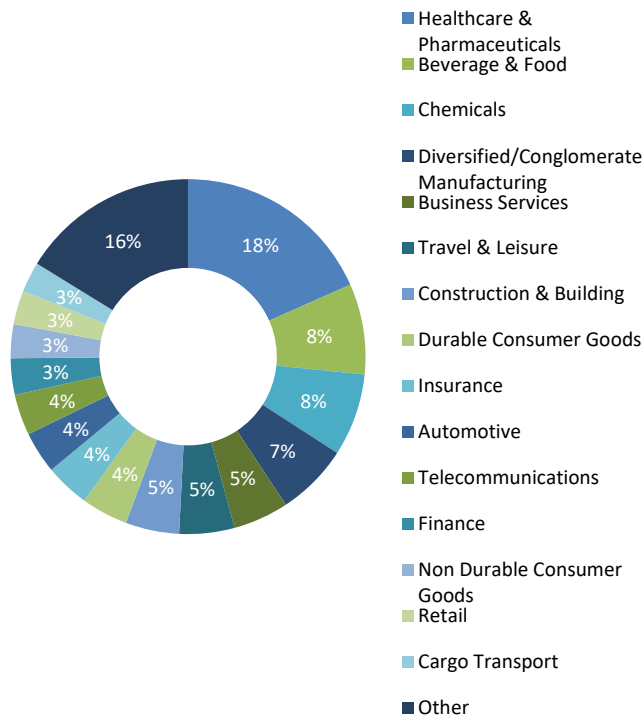
Investment Vehicle Portfolio Statistics

as at 31 August 2024⁶

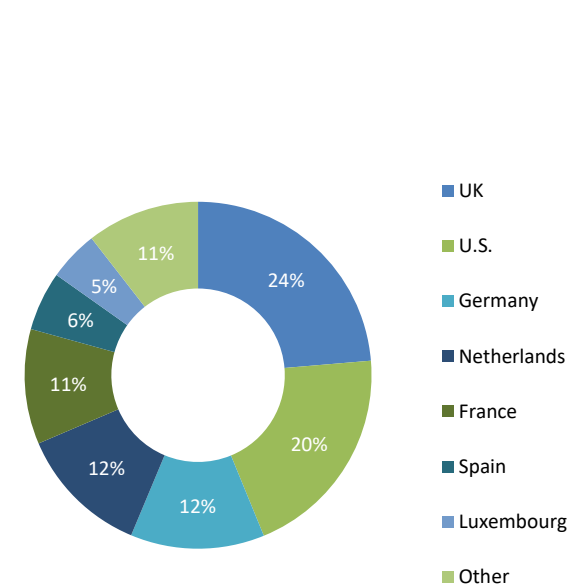
Top 10 Issuers

Issuer	% of Gross Assets	Industry	Country
Doncasters	4.88%	Diversified / Conglomerate Manufacturing	United Kingdom
Keter	3.59%	Durable Consumer Goods	Netherlands
Ekaterra	3.54%	Beverages & Food	Netherlands
Wella	2.67%	Non-Durable Consumer Goods	United Kingdom
Drive Devilbiss	2.38%	Healthcare	United States
D&G	2.20%	Insurance	United Kingdom
Colouroz	1.85%	Chemicals	Germany
Homevi	1.70%	Healthcare	France
Hotelbeds	1.66%	Travel & Leisure	Spain
Auris LuxCo	1.54%	Healthcare	Luxembourg

Industry Exposure — MV (%)



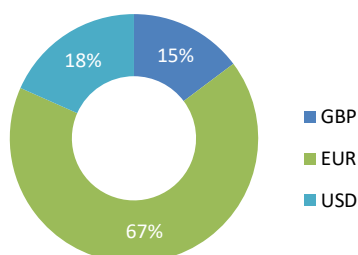
Geographic Exposure — MV (%)



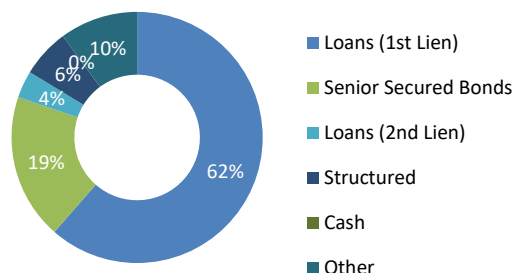
Investment Vehicle Portfolio Statistics

as at 31 August 2024⁶

Currency Exposure⁸ — MV (%)



Asset Exposure — MV (%)



Look Through Reporting⁹

as at 31 August 2024

Rating Exposure

Rating	Average Spread Duration ¹⁰	MV (€)	MV (%)
BBB	3.60	1.4m	0%
BB	5.93	26.6m	8%
B	4.07	243.0m	74%
CCC	2.71	39.1m	12%
NR	5.79	16.5m	5%

Rate Type Exposure

Type	Duration	MV (€)	MV (%)
Floating	0.18	280.2m	86%
Fixed	3.40	44.6m	14%
Warrants	0.00	1.7m	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.

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 31 July 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 Data excludes cash

¹⁰ Averages are weighted by market value

Disclaimers

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The Company is regulated by the Jersey Financial Services Commission.

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