

Investment Objective and Investment Policy

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

Company Asset Allocation

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 companies.

The Company pursues its investment policy by investing all of its assets, save for a working capital balance, in CVC Credit Partners Liquid Credit SCA SICAV-RAIF - Compartment 1 – European Credit Opportunities Fund (the "**Investment Vehicle**").

The investment policy of the Investment Vehicle is subject to the following limits (the "**Investment Limits**"):

- a minimum of 50 per cent. 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 per cent. 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 per cent. 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 per cent. in order to participate in a loan to a single borrower, provided the exposure is sold down to a maximum of 7.5 per cent. within 12 months of acquisition;
- a maximum of 20 per cent. of the Investment Vehicle's gross assets will be invested in collateralised loan obligation securities; and
- a maximum of 25 per cent. 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 per cent. of the net asset value of the Investment Vehicle at the time of borrowing (the "**Borrowing Limit**").

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 per cent. of the NAV of the Company for the sole purpose of purchasing or redeeming its own shares otherwise than pursuant to Contractual Quarterly Tenders.

Investment Strategy and Approach

The Company has given effect to its investment policy by subscribing for shares in the Investment Vehicle.

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 cash flow;
- (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.

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.

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.