

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	0.46%	2.74%	5.48%	18.70%	24.55%	32.40%	80.03%
£ Total Return	0.46%	3.02%	5.76%	19.81%	28.73%	40.17%	97.24%

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%

April 2024

Share Price & NAV at 30 April 2024		
	EUR	GBP
Share Price ¹	1.0100	1.1200
NAV ²	1.0391	1.1352
Total Net Assets ³	97,247,121	133,309,981
Market Capitalisation	94,520,777	131,524,443
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	82.5%	
Fixed Rate Assets	16.7%	
Other Assets	0.9%	
Weighted Average Market Price ⁶	91.4	
Yield to Maturity ⁷	EUR	12.9%
	GBP	14.2%
Current Yield ⁷	EUR	12.1%
	GBP	13.3%

Note: All metrics exclude cash unless otherwise stated

Contact Us

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Note: Disclaimer & notes located at end of report

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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 strong Q1, April was much more mixed with losses across a number of asset classes. After 5 months of consecutive gains, the S&P500 reported negative returns for the month. A combination of renewed geopolitical tensions in the middle east and sticky inflation led to volatility across a number of asset classes. Inflation in Europe is coming down faster than in the US which gave the ECB some confidence to point towards a first cut in June. We're also starting to see some green shoots in terms of economic recovery in Europe with PMI's improving and Euro area GDP coming out at +0.3%.

European Sub Investment Grade Highlights^{a,b}

New issuances activity continued to be strong in April. New loan issuances totaled €11.7bn, up sequentially from March 2024 level of €7bn and significantly above April 2023 level of €5.6bn. HY issuances remained healthy reaching €6.95bn in April 2024, compared to €10bn in March 2024 and €4.7bn in April 2023. Primary activity in April 2024 came from a slew of mainly refinancing and extension requests in what remains a muted market for new-money supply. We also started seeing some early successful repricing moves, which could lead to a revival in repricing activity in coming months. The demand for loans in Europe continued to be strong fueled by ramping CLOs, albeit we note some polarization in terms of performance with strong appetite for higher quality names/higher spread names rallying strongly into April. The average spread for Term Loan Bs stood at +436bps and yield to maturity at 8.8%. From talking to investment bankers and PE professionals, we would expect M&A volumes to pick up in the near future. We are starting to see the first green shoots in terms of issuance and have been told that this trend will continue to pick up over the next few months. 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 +0.78% in April 2024 (YTD +2.84%), a sequential improvement m-o-m supported by strong demand for loans and more muted negative impact of idiosyncratic shocks observed in March. Defensives were +0.6% (YTD +2.26%) and cyclicals +0.96% (+3.43%) in April. BBs returned +0.84% (YTD +2.16%), while single Bs return was +0.83% (+2.95%) and CCCs +0.82% (+9.73%). As at the end of April, the 3-year discount margin on the index was 490bps. The Credit Suisse Western European High Yield Index return, hedged to Euro, was -0.1% in April 2024 (YTD +0.96%).

Portfolio Commentary

In performing credit, we selectively participated in the new issue market where we still find attractively priced paper. However, on the back of the rally we have seen in the last few months, we are becoming increasingly selective and focus a lot on downside protection from documentation. We have seen some slippage in document terms in the last few weeks and months, and we would rather avoid investing in these loans as downside protection remains our core focus.

In the credit opportunities sleeve, we had some cash coming into the fund through dividend payments from restructured equity positions. We got a dividend from an alloy manufacturer and from a transport company. We also got some repayments of restructured loans and we re-invested these proceeds in other opportunities. One opportunity presented itself unexpectedly. This was a position we had in a chemicals company in the performing credit sleeve where we were expecting a refinancing. After months of negotiations with the owners about equity injections, the owners decided to walk away from the business and hand the business to lenders. The loans sold off on the back of this which resulted in a near term P&L hit. However, we managed to increase our exposure during this sell-off and have the view that we should get a par recovery in the near term. We also exited our second lien position in another chemicals company at close to par. The business has been underperforming for a few quarters now and we believe there could be a better re-entry point in this position at a lower price in the medium term. We also added some structured finance positions to the fund as this market continues to offer attractive risk-adjusted yields. Finally we added a subordinated piece of debt with an attractive coupon of E+10.25% in a healthcare name and bought some high yield bonds in the high 80s in a business which is looking to IPO which could provide a catalyst for a re-rating of these bonds

Across the entire portfolio, as of April month end, the weighted average market price was 91.4, trading at a yield to maturity ("YTM") of 12.9% (€ hedged) / 14.2% (£ hedged) and delivering a 12.1% (€ hedged) / 13.3% (£ 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 82.5% of the portfolio while 80.7% was invested in senior secured assets. The portfolio had a cash position of -0.2% (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 – April 2024.

^b Pitchbook LCD – May 2024

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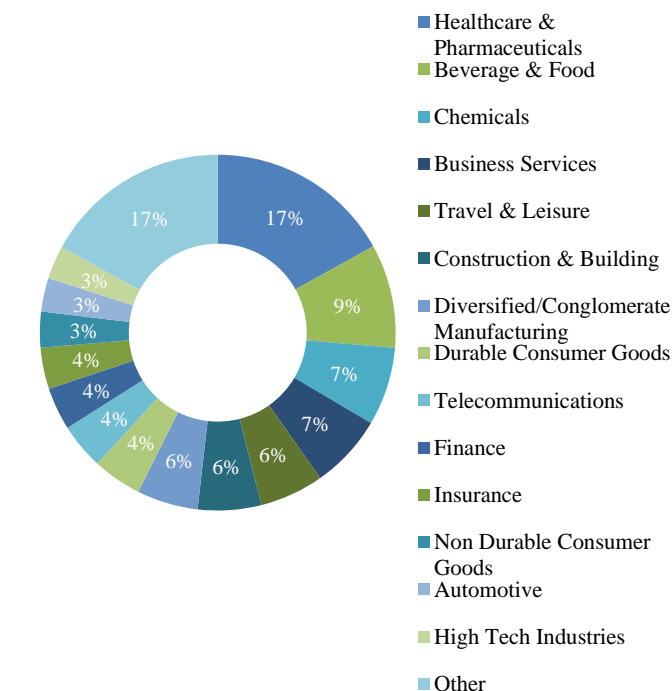
Investment Vehicle Portfolio Statistics as at 30 April 2024⁶

Top 10 Issuers

Issuer	% of Gross Assets	Industry	Country
Doncasters	4.52%	Diversified / Conglomerate Manufacturing	United Kingdom
Ekaterra	3.61%	Beverages & Food	Netherlands
Keter	2.83%	Durable Consumer Goods	Netherlands
Wella	2.74%	Non-Durable Consumer Goods	United Kingdom
Colouroz	2.56%	Chemicals	Germany
Drive Devilbiss	2.49%	Healthcare	United States
Hotelbeds	2.47%	Travel & Leisure	Spain
D&G	2.26%	Insurance	United Kingdom
Mangrove	2.08%	Diversified / Conglomerate Manufacturing	Germany
Air Medical	1.66%	Healthcare	United States

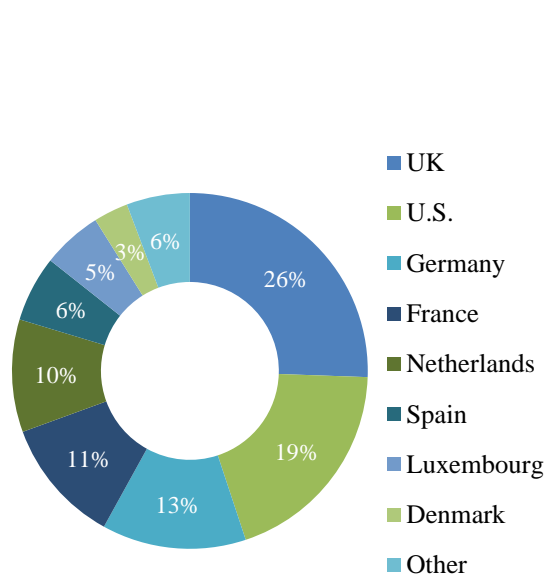
Industry Exposure

MV (%)



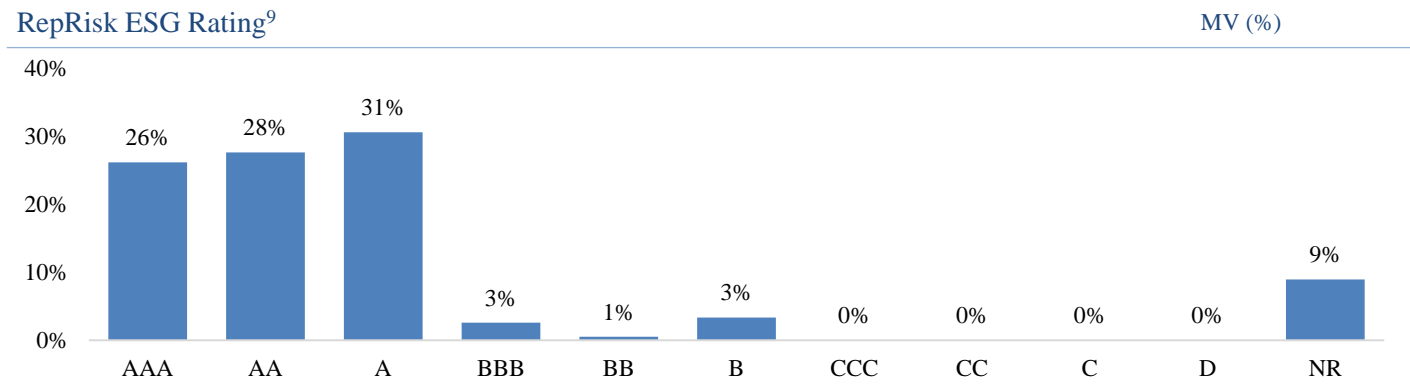
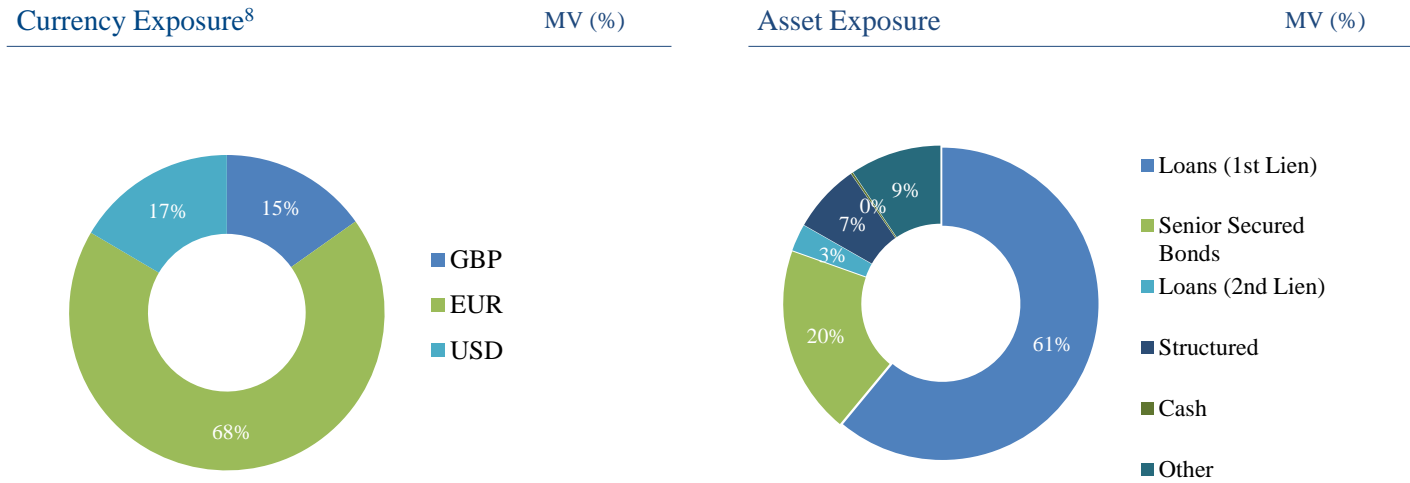
Geographic Exposure

MV (%)



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Investment Vehicle Portfolio Statistics as at 30 April 2024⁶



Look Through Reporting¹⁰ as at 30 April 2024

Rating	Average Spread Duration ¹¹	MV (€)	MV (%)
BBB	3.93	1.4m	0%
BB	6.31	23.1m	7%
B	3.99	221.6m	70%
CCC	2.30	47.7m	15%
NR	4.01	22.6m	7%

Type	Duration	MV (€)	MV (%)
Floating	0.19	260.9m	82%
Fixed	2.87	52.7m	17%
Warrants	0.00	2.8m	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 30 April 2024.
- ¹⁰ Data excludes cash
- ¹¹ 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.