

VARENNE VALEUR FCP

MONTHLY REPORT (A-EUR CLASS) - FEBRUARY 2018



NAV €299.98

Net Assets €370.11m

INVESTMENT OBJECTIVE

The Fund's objective is to target above average returns in a fund that mixes a concentrated long and short equity portfolio (long biased) with an overlay of merger arbitrage (long/short pairs or longs) and opportunistic tail risk hedging.

MONTHLY PERFORMANCE

Years	January	Feb.	March	April	May	June	July	August	Sept.	October	Nov.	Dec.	Yearly Perf.
2007	1.62%	-0.45%	1.75%	1.35%	1.16%	-0.81%	0.26%	-0.46%	0.94%	0.09%	-0.69%	-1.53%	3.20%
2008	-9.87%	3.04%	-0.38%	8.73%	-1.83%	-8.31%	-1.45%	0.59%	-8.19%	-11.72%	-0.31%	-2.30%	-29.15%
2009	-0.94%	-3.96%	0.10%	9.23%	3.77%	2.59%	2.74%	3.37%	3.21%	0.45%	-1.02%	3.74%	25.20%
2010	0.69%	-0.52%	6.91%	1.75%	-1.20%	-0.94%	0.73%	0.42%	5.73%	0.47%	-0.69%	1.95%	16.01%
2011	0.95%	0.19%	-0.70%	4.28%	1.00%	-0.10%	-1.95%	-7.54%	0.57%	3.39%	-2.79%	-2.31%	-5.42%
2012	8.55%	3.07%	1.57%	-4.02%	-3.10%	0.31%	1.25%	1.51%	-0.88%	1.22%	2.59%	3.52%	16.10%
2013	3.82%	-0.48%	-1.03%	2.07%	3.59%	-3.35%	4.96%	0.04%	4.04%	4.46%	0.32%	0.80%	20.60%
2014	1.04%	4.56%	-0.85%	-0.28%	0.58%	-1.03%	-4.88%	1.29%	0.92%	0.85%	3.11%	0.25%	5.40%
2015	6.36%	3.38%	2.13%	4.54%	0.40%	-1.07%	1.35%	-2.68%	0.48%	3.30%	-1.63%	-1.59%	15.55%
2016	-2.02%	0.49%	-0.18%	0.31%	-0.70%	-0.13%	2.83%	-0.77%	-0.48%	-0.97%	1.26%	1.56%	1.11%
2017	-0.21%	1.61%	1.88%	1.68%	0.06%	-0.88%	-0.92%	-1.05%	1.65%	-0.17%	0.89%	0.45%	5.01%
2018	0.93%	-1.89%											-0.97%

TOP 5 HOLDINGS (Equity)

ROSS STORES	Long Equity	United States
ULTA BEAUTY	Long Equity	United States
ACCENTURE	Long Equity	United States
NOVO NORDISK	Long Equity	Denmark
LVMH	Long Equity	France

NUMBER OF HOLDINGS

Equity	21
Special Situations	7
Tail Risk Hedging	3

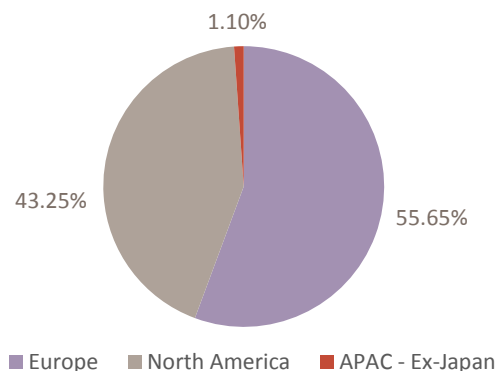
EXPOSURE BY MARKET CAPITALIZATION (Equity)

> EUR 3bn	73.14%
EUR 500m – 3bn	19.06%
< EUR 500m	7.80%

CURRENCY EXPOSURE (Delta adjusted, excluding Tail Risk Hedging)

	USD	DKK	CHF	GBP	SGD	HKD	CNH
Exposure	28.98%	4.46%	4.27%	3.60%	0.43%	0.16%	0.00%
Hedging	22.51%	-	-	3.01%	0.19%	-	0.50%
Net Exposure	6.47%	4.46%	4.27%	0.59%	0.24%	0.16%	-0.50%

GEOGRAPHIC BREAKDOWN (Equity, gross exposure, delta adjusted)



TOP 10 SECTORS (GICS sub-ind. - Equity, gross exposure, delta adjusted)

Apparel, Accessories & Luxury	13.88%
Apparel Retail	9.80%
Specialty Stores	9.14%
IT Consulting & Other Services	8.49%
Pharmaceuticals	8.33%
Specialty Chemicals	7.98%
Movies & Entertainment	7.23%
Packaged Foods & Meats	6.89%
Restaurants	5.21%
Footwear	4.69%

¹ Risk indicator scored on a scale of 1 (lower risk) to 7 (higher risk). Category 1 does not mean "risk-free". This indicator may change over time.

VARENNE VALEUR FCP

MONTHLY REPORT (A-EUR CLASS) - FEBRUARY 2018

CUMULATIVE AND ANNUALIZED PERFORMANCE

	Year to date	CUMULATIVE					ANNUALIZED
		1 year	3 years	5 years	10 years	Since Inception ²	Since Inception ²
VARENNE VALEUR	-0.97%	2.56%	10.50%	49.48%	87.93%	199.98%	7.55%

ANNUALIZED VOLATILITY

Annualized volatility % (w)	1 year	3 years	5 years	10 years	Since Inception ²
VARENNE VALEUR	5.54%	7.41%	8.61%	13.24%	11.57%

INVESTMENT MANAGEMENT REVIEW

Macro Context: The major central banks kept their key rates on hold. Ten-year sovereign bond yields dropped in Europe, with the Bund falling to 0.66%, the French OAT to 0.92%, while the US T-Bond rose to 2.86%. High yield bond yields rose to 6.14% (+36bps) in the US as well as in Europe to 3.17% (+21bps). Volatility increased to 19.85% (+631bps) in the case of the VIX (S&P 500) and to 18.00% (+284bps) for the VSTOXX (EURO STOXX 50). Industrial metals showed mixed performances, while precious metal prices declined, with gold down 1.99% to \$1,318.31/ounce. Crude oil fell by 4.77% to \$61.64/bbl. On the forex market, the euro gave up 1.77% to the dollar at 1.22 but gained 1.31% vs. sterling to 0.89.

Equity (Long Equity and Short Equity): We increased our holding in Accenture (IE). The holding in Priceline (US) was sold.

Merger Arbitrage: Three new holdings were initiated: Refresco (NL), Callidus Software (US) and Bioverativ (US). The Euler Hermes (FR) holding was tendered to the delisting offer from Allianz (DE).

Tail Risk Hedging: The Fund is hedged against economic and financial risks through CDS on European subordinated financial debt maturing in December 2021 and June 2022, put-on-best options on the EuroStoxx 50 and Nikkei maturing in March 2020, and yen/dollar put options maturing in 2023.

TERMS AND CONDITIONS

Fund Structure	UCITS / Unit Trust	Administrator	CACEIS Fund Administration
Type	Accumulation	Subscriptions/ Redemptions	Daily No minimum
Benchmark	None	Subscription Fee	Up to 2%, fully paid to distributors when applicable
Initial NAV	€100	Redemption Fee	None
Inception	01/31/2003 (A-EUR class)	Management Fee	1.794% of Net Assets
Isin	FR0007080155 (A-EUR class)	Performance Fee	14.95% of the Fund's performance Hurdle Rate: Average TEC 5 annual yield calculated over the 12 most recent months
Bloomberg	VARVALF FP		
Investment Manager	Varenne Capital Partners AMF Approval no. GP-06 000004		
Custodian	CACEIS BANK		

² Inception A-EUR class: 1/31/2003

Data sources: Varenne Capital Partners

Past performances do not guarantee future returns. Please consult the fund's prospectus prior to making any investments. Data included in this document relates exclusively to the A-EUR class of FCP Varenne Valeur. Data for other classes differ. This document has been published solely for information purposes and does not therefore constitute, whether in full or in part, investment advice, or an offer, personalised recommendation or a solicitation to subscribe to, or redeem units, equities or other shares in the investment products presented.

VARENNE CAPITAL PARTNERS

French joint stock company – Registered with the Trade and Companies Register of Paris under number B 445 000 136

42, avenue Montaigne – 75008 PARIS, FRANCE – Tel.: +33 (0)1 70 38 81 22

mail: contact@varennecapital.com / www.varennecapital.com