

# VARENNE VALEUR FCP

MONTHLY REPORT (I-EUR UNIT) - OCTOBER 2017

Lower risk ← Higher risk



NAV

€1,250.74

## 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	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.	Yearly Perf.
2014	-	1.40% <sup>2</sup>	-0.87%	-0.25%	0.75%	-1.16%	-4.95%	1.34%	0.97%	0.91%	3.38%	0.28%	1.59% <sup>2</sup>
2015	6.41%	3.50%	2.17%	4.55%	0.51%	-1.05%	1.23%	-2.63%	0.52%	3.09%	-1.60%	-1.42%	15.93%
2016	-1.97%	0.55%	-0.12%	0.36%	-0.64%	-0.07%	2.89%	-0.71%	-0.43%	-0.92%	1.32%	1.62%	1.82%
2017	-0.15%	1.66%	1.91%	1.73%	0.09%	-0.85%	-0.86%	-0.94%	1.63%	0.06%			4.30%

## TOP 5 HOLDINGS (Equity)

ULTA BEAUTY	Long Equity	United States
NOVO NORDISK	Long Equity	Denmark
ROSS STORES	Long Equity	United States
THE PRICELINE GROUP	Long Equity	United States
GIVAUDAN	Long Equity	Switzerland

## NUMBER OF HOLDINGS

Equity	21
Special Situations	3
Tail Risk Hedging	4

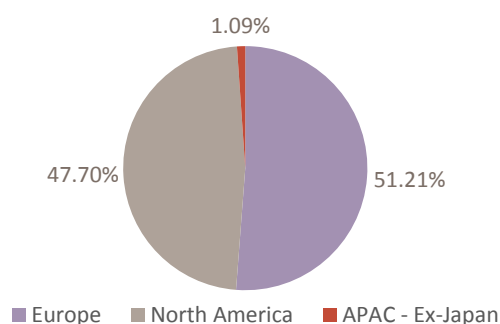
## EXPOSURE BY MARKET CAPITALIZATION (Equity)

> EUR 3bn	76.23%
EUR 500m – 3bn	16.25%
< EUR 500m	7.53%

## CURRENCY EXPOSURE (Mark-to-market, excluding Tail Risk Hedging)

	USD	GBP	DKK	CHF	SGD	HKD	CNH
Exposure	32.83%	3.62%	6.90%	5.13%	0.44%	0.18%	0.00%
Hedging	26.34%	3.12%	-	-	0.19%	-	0.50%
Net Exposure	6.49%	0.50%	6.90%	5.13%	0.25%	0.18%	-0.50%

## GEOGRAPHIC BREAKDOWN (Equity, gross exposure, mark-to-market)



## TOP 10 SECTORS (GICS sub-ind. - Equity, gross exposure, mark-to-market)

Apparel Retail	17.12%
Specialty Stores	12.99%
Pharmaceuticals	11.62%
Internet & Direct Marketing Retail	9.62%
Specialty Chemicals	8.63%
Apparel, Accessories & Luxury	8.58%
Packaged Foods & Meats	5.30%
Restaurants	5.05%
Movies & Entertainment	4.08%
Footwear	3.89%

<sup>1</sup> 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.

<sup>2</sup> Inception I-EUR unit: 2/14/2014

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## CUMULATIVE AND ANNUALIZED PERFORMANCE

	Year to date	CUMULATIVE			ANNUALIZED
		1 year	3 years	Since Inception <sup>2</sup>	Since Inception <sup>2</sup>
VARENNE VALEUR	4.30%	7.40%	27.64%	25.07%	6.22%

## ANNUALIZED VOLATILITY

Annualized volatility % (w)	1 year	3 years	Since Inception <sup>2</sup>
VARENNE VALEUR	5.30%	8.16%	8.63%

## INVESTMENT MANAGEMENT REVIEW

**Macro Context:** The main central banks kept their key rates on hold, while the ECB announced that it would slow down its asset purchase programme in 2018. Ten-year sovereign bond yields dropped in Europe, with the German Bund falling to 0.36%, the French OAT to 0.75%, and the Italian BTP to 1.83%. The US T-Bond yield rose to 2.38%. High-yield rates fell in Europe to 2.57%, and in the US to 5.94%. Stock market volatility moved back up to 10.18% on the VIX (S&P 500) and fell to 11.99% on the VSTOXX (EURO STOXX 50).

Crude oil gained 5.24% to \$54.38/bbl. On the forex market, the euro gave up 1.42% to the dollar at 1.1646 and 0.60% to sterling at 0.8767. Industrial metals gained ground over the month, including copper, by 5.52% to \$6,839/tonne, while precious metals were flat.

**Equity (Long Equity and Short Equity):** We increased our position in Ulta Beauty (US). The position in LVMH (FR) was reduced.

**Merger Arbitrage:** The VWR (US) position was increased as part of the bid by Avantor (US), while the Eurosic (FR) shares were tendered to the bid by Gecina (FR).

**Tail Risk Hedging:** The Fund is hedged against economic and financial risks through CDS on European subordinated financial debt maturing in December 2021, S&P 500 variance/volatility swaps, 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
Benchmark	None	Subscription Fee	No minimum
Initial NAV	€1,000	Subscription Fee	Up to 2%, fully paid to distributors when applicable
Inception	01/31/2003 (A-EUR unit)	Redemption Fee	None
Isin	FR0011631043 (I-EUR unit)	Management Fee	1.10% of Net Assets
Bloomberg	VARVALI FP	Performance Fee	14.95% of the Fund's performance
Investment Manager	Varenne Capital Partners AMF Approval no. GP-06 000004		Hurdle Rate: Average TEC 5 annual yield calculated over the 12 most recent months
Custodian	CACEIS BANK		

<sup>2</sup> Inception I-EUR unit: 2/14/2014

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 I-EUR unit of FCP Varenne Valeur. Data for other units 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

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