

# VARENNE GLOBAL SELECTION FCP

MONTHLY REPORT (A-EUR CLASS) - FEBRUARY 2018



NAV

€189.82

Varenne Global Selection fund is a professional alternative investment fund. It is not subject to the same rules as general investment funds (UCITS funds) and can therefore carry higher risk. Only those persons listed in the section entitled "Target Investors" of the prospectus may purchase units in the Varenne Global Selection fund.

## 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	-	7.43%	-1.89%	-0.40%	0.85%	-0.13%	1.14%	0.60%	3.17%	-0.58%	3.60%	-0.14%	14.20% <sup>2</sup>
2015	2.13%	5.15%	6.76%	6.46%	1.30%	-1.27%	1.92%	-5.32%	1.16%	5.17%	-2.01%	-1.85%	20.53%
2016	-3.09%	0.44%	1.26%	1.27%	-0.32%	-1.66%	3.39%	-0.43%	-0.69%	-0.78%	0.97%	3.03%	3.26%
2017	1.15%	2.25%	1.68%	2.72%	0.81%	-1.21%	-1.10%	-0.74%	2.84%	0.42%	0.70%	1.13%	11.08%
2018	0.59%	-4.37%											-3.81%

## TOP 5 HOLDINGS (Equity)

GREGGS	Long Equity	United Kingdom
ACCENTURE	Long Equity	United States
ULTA BEAUTY	Long Equity	United States
NOVO NORDISK	Long Equity	Denmark
LVMH	Long Equity	France

## NUMBER OF HOLDINGS

Equity	20
Special Situations	7
Tail Risk Hedging	3

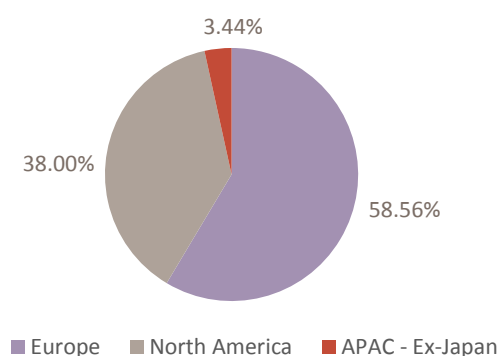
## EXPOSURE BY MARKET CAPITALIZATION (Equity)

> EUR 3bn	64.21%
EUR 500m – 3bn	17.81%
< EUR 500m	17.98%

## CURRENCY EXPOSURE (Delta adjusted, excluding Tail Risk Hedging)

	USD	GBP	DKK	CHF	SGD	HKD	CNH
Exposure	50.91%	15.75%	8.26%	7.12%	3.02%	0.67%	0.00%
Hedging	40.17%	13.05%	-	-	1.51%	-	1.51%
Net Exposure	10.74%	2.70%	8.26%	7.12%	1.51%	0.67%	-1.51%

## GEOGRAPHIC BREAKDOWN (Equity, gross exposure, delta adjusted)



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

Apparel, Accessories & Luxury	12.52%
Restaurants	10.85%
IT Consulting & Other Services	10.65%
Specialty Stores	10.65%
Pharmaceuticals	7.69%
Technology Distributors	7.31%
Apparel Retail	7.25%
Specialty Chemicals	6.63%
Food Retail	4.51%
Movies & Entertainment	4.16%

<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. The Fund's track record is less than 5 years, SRRI calculation is completed by Varenne Selection Fund's data.

<sup>2</sup> Inception A-EUR class: 1/31/2014

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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 GLOBAL SELECTION	-3.81%	3.30%	23.82%	51.86%	10.77%

## ANNUALIZED VOLATILITY

Annualized volatility % (w)	1 year	3 years	Since Inception <sup>2</sup>
VARENNE GLOBAL SELECTION	8.34%	11.57%	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). A new holding was set up in Zodiac Aerospace (FR) amidst the reopening of the bid by Safran (FR). 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	Professional AIF / Unit Trust	Administrator	CACEIS Fund Administration
Type	Accumulation	Subscriptions/Redemptions	Weekly*
Benchmark	None	Redemption Fee	No minimum
Initial NAV	€125	Subscription Fee	Up to 2%, fully paid to distributors when applicable
Inception	1/31/2014 (A-EUR class)	Redemption Fee	None
Isin	FR0011656156 (A-EUR class)	Management Fee	1.95% of Net Assets
Bloomberg	VARGLBS FP	Performance Fee	14.95% of the Fund's performance
Investment Manager	Varenne Capital Partners AMF Approval no. GP-06 000004		Hurdle Rate: 12-month rolling average of capitalised EONIA + 300 basis points
Custodian	CACEIS BANK		

\*Specific conditions on redemptions: please refer to the Prospectus or KIID

<sup>2</sup> Inception A-EUR class: 1/31/2014

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 A-EUR class of FCP Varenne Global Selection. 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

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