

VARENNE GLOBAL SELECTION FCP

MONTHLY REPORT (A-EUR UNIT) - AUGUST 2017



NAV

€187.65

Varenne Global Selection fund is a French professional alternative investment fund. It is not subject to the same rules as general investment funds (UCITS funds) and can therefore carry higher risk. For Switzerland, only « Qualified 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% ²
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%					5.62%

TOP 5 HOLDINGS (Equity)

ULTA BEAUTY	Long Equity	United States
GREGGS	Long Equity	United Kingdom
LVMH	Long Equity	France
WPP	Long Equity	United Kingdom
PRICELINE GROUP	Long Equity	United States

NUMBER OF HOLDINGS

Equity	20
Special Situations	4
Tail Risk Hedging	4

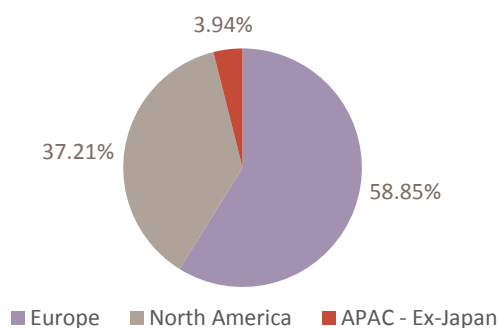
EXPOSURE BY MARKET CAPITALIZATION (Equity)

> EUR 3bn	63.97%
EUR 500m – 3bn	17.91%
< EUR 500m	18.12%

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

	USD	GBP	DKK	SGD	HKD	CNH
Exposure	44.78%	23.55%	8.62%	3.15%	0.78%	0.00%
Hedging	40.27%	16.34%	-	1.26%	-	1.88%
Net Exposure	4.51%	7.21%	8.62%	1.89%	0.78%	-1.88%

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



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

Specialty Stores	12.42%
Apparel Retail	11.81%
Restaurants	11.45%
Apparel, Accessories & Luxury	10.96%
Advertising	8.84%
Internet & Direct Marketing Retail	8.27%
Pharmaceuticals	7.71%
Technology Distributors	6.26%
Food Retail	4.93%
Leisure Products	3.64%

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

² Inception A-EUR unit: 1/31/2014

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CUMULATIVE AND ANNUALIZED PERFORMANCE

	Year to date	CUMULATIVE			ANNUALIZED
		1 year	3 years	Since Inception ²	Since Inception ²
VARENNE GLOBAL SELECTION	5.62%	8.27%	39.54%	50.12%	12.01%

ANNUALIZED VOLATILITY

Annualized volatility % (w)	1 year	3 years	Since Inception ²
VARENNE GLOBAL SELECTION	7.08%	11.88%	11.79%

INVESTMENT MANAGEMENT REVIEW

Macro Context: The main central banks kept their key rates on hold. Ten-year bond sovereign bond yields dropped in both Europe and the US, with the Bund falling to 0.36%, the French OAT to 0.66%, the US T-Note to 2.12%. The trend was similar in the UK and Italy, with the Gilt falling to 1.03%, and the Italian BTP to 2.04%. High-yield bond yields are at 2.89% in Europe and 6.04% in the US. Volatility was stable on the month at 10.59% for the VIX (S&P 500) and rose by 173bps to 15.63% for the VSTOXX (EURO STOXX 50).

Industrial and precious metals continued to rally, with copper gaining 6.58% to \$6,788 / tonne and gold up 4.10% to \$1,321.43 / ounce. Crude fell by 5.86% to \$47.23/bbl. On the forex markets, the euro levelled off to the dollar at \$1.19 (+0.57%) and to the Swiss franc at CHF 1.14 (-0.27%), while gaining 2.79% to sterling at GBP 0.92.

Equity (Long Equity and Short Equity): A new investment was made in Ulta Beauty (US).

Merger Arbitrage: A new position was set up in SFR Group (FR) in the wake of the buyout bid by its parent company Altice (NV). The holding in VWR (US) was increased after the cash offer from Avantor (US).

Tail Risk Hedging: The fund is hedged against a risk of economic crisis or monetary shocks, mainly through CDS against the default risk on European subordinated financial debt, variance swaps on the S&P 500, put-on-best options on 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 Fund approved by FINMA	Administrator	CACEIS Fund Administration
Type	Accumulation	Subscriptions/ Redemptions	Weekly No minimum
Benchmark	None	Subscription Fee	Up to 2%, fully paid to distributors when applicable
Initial NAV	€125	Redemption Fee	None
Inception	1/31/2014 (A-EUR unit)	Management Fee	1.95% of Net Assets
Isin	FR0011656156 (A-EUR unit)	Performance Fee	14.95% of the Fund's performance Hurdle Rate: 12-month rolling average of capitalised EONIA + 300 basis points
Bloomberg	VARGLBS FP	Code Valor	23323042 (A-EUR unit)
Investment Manager	Varenne Capital Partners AMF Approval no. GP-06 000004		
Custodian	CACEIS BANK		

² Inception A-EUR unit: 1/31/2014

Data sources: Varenne Capital Partners

The prospectus and the Key Investor Information Documents for Switzerland, the Fund rules, the annual and semi-annual reports in French, and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: www.carnegie-fund-services.ch. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva. For the units of the Funds distributed to qualified investors in Switzerland, the place of performance is Geneva.

The past performance is no indication of current or future performance, and that it does not take account of the commissions and costs incurred on the issue and redemption of units.

VARENNE CAPITAL PARTNERS

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

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