

VARENNE GLOBAL SELECTION FCP

MONTHLY REPORT (I-EUR UNIT) - MAY 2017



NAV

€1,117.18

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.
2015	-	-	-	-	1.33%	-1.45%	1.86%	-5.36%	1.09%	5.09%	-2.08%	-1.95%	-1.80% ²
2016	-3.03%	0.51%	1.34%	1.34%	-0.25%	-1.59%	3.47%	-0.35%	-0.61%	-0.72%	1.04%	3.12%	4.15%
2017	1.23%	2.36%	1.68%	2.77%	0.88%								9.24%

TOP 5 HOLDINGS (Equity)

LVMH	Long Equity	France
WPP	Long Equity	United Kingdom
GREGGS	Long Equity	United Kingdom
THE PRICELINE GROUP	Long Equity	United States
SESA	Long Equity	Italy

NUMBER OF HOLDINGS

Equity	19
Special Situations	4
Tail Risk Hedging	4

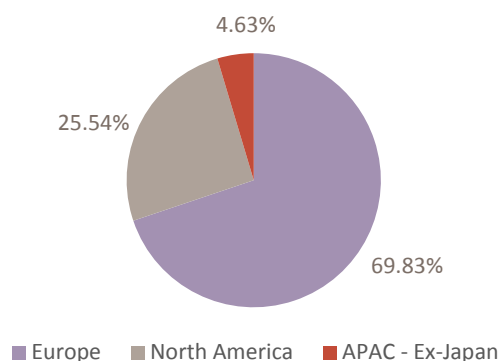
EXPOSURE BY MARKET CAPITALIZATION (Equity)

> EUR 3bn	58.17%
EUR 500m – 3bn	18.16%
< EUR 500m	23.67%

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

	USD	GBP	DKK	SGD	HKD	CNH
Exposure	28.92%	22.79%	6.96%	3.21%	0.59%	0.00%
Hedging	23.13%	9.16%	-	1.29%	-	1.92%
Net Exposure	5.79%	13.63%	6.96%	1.92%	0.59%	-1.92%

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



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

Food Retail	16.76%
Apparel, Accessories & Luxury	13.17%
Advertising	12.37%
Internet & Direct Marketing Retail	10.31%
Technology Distributors	9.29%
Pharmaceuticals	7.91%
Apparel Retail	7.33%
Leisure Products	4.50%
Footwear	3.99%
Leisure Facilities	3.92%

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 I-EUR unit: 4/30/2015

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CUMULATIVE AND ANNUALIZED PERFORMANCE

	Year to date	CUMULATIVE		ANNUALIZED
		1 year	Since Inception ²	Since Inception ²
VARENNE GLOBAL SELECTION	9.24%	13.94%	11.72%	5.46%

ANNUALIZED VOLATILITY

Annualized volatility % (w)	1 year	Since Inception ²
VARENNE GLOBAL SELECTION	6.83%	11.09%

INVESTMENT MANAGEMENT REVIEW

Macro Context: The main central banks kept their key rates on hold. Ten-year sovereign bond yields retreated in all regions, with the US T-Note down 8 basis points to 2.20%, the French OAT down 10bp to 0.73%, and the Spanish Bono down 10bp to 1.55%. By extension, high-yield bond yields fell further during the month, to 2.42% in Europe and 5.57% in the US.

Volatility continued to recede, to 10.41% in the case of VIX (S&P 500) and to 14.55% on the VSTOXX (EURO STOXX 50).

Crude oil fell by 2.05% in May to \$48.32/barrel, while both precious and industrial metals were flat, including gold at \$1,268.92/ounce (+0.05%) and copper at \$5,682/tonne (-0.93%). On the forex markets, the euro posted further gains to the dollar, at 1.12 (+3.20%), and to the Swiss franc, at 1.09 (+0.36%). It also soared against sterling, to 0.87 (+3.68%).

Equity (Long Equity and Short Equity): We continued to reduce our exposure to Groupe Fnac (FR).

Merger Arbitrage: A new position was set up in Havas (FR) as part of the bid by Vivendi (FR), and in Syngenta (CH) upon the mandatory reopening of the bid by China National Chemical Corp (CN). We also raised our exposure to the simplified bid announced by Groupe Arnault (FR) for Christian Dior (FR).

Tail Risk Hedging: The fund is hedged against economic crisis risk or monetary shocks, mainly through a variance/volatility swap 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 2020/21.

TERMS AND CONDITIONS

Fund Structure	Professional AIF / Unit Trust	Administrator	CACEIS Fund Administration
Type	Accumulation	Subscriptions/	Weekly
Benchmark	None	Redemptions	No minimum
Initial NAV	€1,000	Subscription Fee	Up to 2%, fully paid to distributors when applicable
Inception	1/31/2014 (A-EUR unit)	Redemption Fee	None
Isin	FR0012536498 (I-EUR unit)	Management Fee	1.10% of Net Assets
Bloomberg	VARGLSI FP	Performance Fee	14.95% of the Fund's performance
Investment Manager	Varenne Capital Partners		Hurdle Rate: 12-month rolling average of capitalised EONIA + 300 basis points
	AMF Approval no. GP-06 000004		
Custodian	CACEIS Bank France		

² Inception I-EUR unit: 4/30/2015

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 Global Selection. 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

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 – Tél.: +33 (0)1 70 38 81 22

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