

# VARENNE GLOBAL FCP

MONTHLY REPORT (A-USD CLASS) - APRIL 2018



NAV

\$225.62

## 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  | -       | -        | -      | -     | -      | -      | -      | -      | -     | -       | -     | -0.61% | -0.61% <sup>2</sup> |
| 2016  | -2.28%  | 0.39%    | 0.65%  | 1.43% | -0.03% | -0.97% | 2.62%  | 0.10%  | 0.49% | -0.55%  | 0.45% | 2.04%  | 4.35%               |
| 2017  | 0.27%   | 1.63%    | 2.25%  | 2.19% | 0.23%  | -0.79% | -0.85% | -0.50% | 2.32% | 0.59%   | 0.35% | 0.88%  | 8.84%               |
| 2018  | 0.85%   | -2.10%   | -0.81% | 2.06% |        |        |        |        |       |         |       |        | -0.05%              |

## TOP 5 HOLDINGS (Equity)

|             |             |                |
|-------------|-------------|----------------|
| ULTA BEAUTY | Long Equity | United States  |
| ROSS STORES | Long Equity | United States  |
| GREGGS      | Long Equity | United Kingdom |
| LVMH        | Long Equity | France         |
| ACCENTURE   | Long Equity | United States  |

## NUMBER OF HOLDINGS

|                   |    |
|-------------------|----|
| Long Equity       | 20 |
| Short Equity      | 1  |
| Merger Arbitrage  | 8  |
| Tail Risk Hedging | 3  |

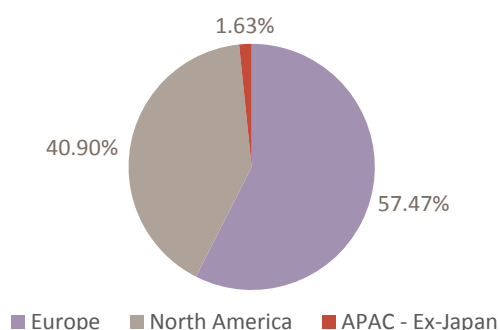
## EXPOSURE BY MARKET CAPITALIZATION (Equity)

|                |        |
|----------------|--------|
| > EUR 3bn      | 68.65% |
| EUR 500m – 3bn | 20.78% |
| < EUR 500m     | 10.58% |

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

|              | USD    | GBP   | CHF   | DKK   | SGD   | HKD   | CNH    |
|--------------|--------|-------|-------|-------|-------|-------|--------|
| Exposure     | 27.36% | 7.23% | 4.29% | 4.16% | 0.93% | 0.03% | 0.00%  |
| Hedging      | 17.33% | 5.56% | -     | -     | 0.37% | -     | 0.86%  |
| Net Exposure | 10.03% | 1.67% | 4.29% | 4.16% | 0.56% | 0.03% | -0.86% |

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



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

|                                |        |
|--------------------------------|--------|
| Apparel, Accessories & Luxury  | 13.60% |
| Specialty Stores               | 9.94%  |
| Apparel Retail                 | 9.01%  |
| Restaurants                    | 8.64%  |
| IT Consulting & Other Services | 8.09%  |
| Specialty Chemicals            | 7.21%  |
| Pharmaceuticals                | 7.00%  |
| Movies & Entertainment         | 6.39%  |
| Multi-line Insurance           | 5.14%  |
| Technology Distributors        | 4.08%  |

<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 Valeur Fund's data.

<sup>2</sup> Inception A-USD class: 12/8/2015

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## CUMULATIVE AND ANNUALIZED PERFORMANCE

|                | Year to date | CUMULATIVE |                              | ANNUALIZED                   |
|----------------|--------------|------------|------------------------------|------------------------------|
|                |              | 1 year     | Since Inception <sup>2</sup> | Since Inception <sup>2</sup> |
| VARENNE GLOBAL | -0.05%       | 2.16%      | 12.81%                       | 5.17%                        |

## ANNUALIZED VOLATILITY

| Annualized volatility % (w) | 1 year | Since Inception <sup>2</sup> |
|-----------------------------|--------|------------------------------|
| VARENNE GLOBAL              | 6.12%  | 6.18%                        |

## INVESTMENT MANAGEMENT REVIEW

**Macro Context:** The major central banks kept their key rates on hold. Ten-year sovereign bond yields went up on both sides of the Atlantic, with the Bund up to 0.56%, the French OAT to 0.79% and the US T-Bond to 2.95%. High yield bond yields were stable at 6.26% (+8bps) in the US as well as in Europe at 3.23% (-11bps). Volatility slipped over the month to 15.93% in the case of the VIX (S&P 500) and to 13.72% for the VSTOXX (EURO STOXX 50). Energy commodities rallied, with crude oil up 5.59% to \$68.57/bbl. Industrial and precious metals showed mixed performances, with copper gaining 1.39% to \$6,807/tonne and gold down 0.63% to \$1,317/ounce. On the forex market, the euro gave up 1.81% to the dollar at 1.21, was flat vs. the sterling at 0.88 (-0.01%) but gained +1.86% vs. the Swiss franc at 1.20.

**Long Equity:** No major change was made to the portfolio.

**Short Equity:** Initiation of a short position on a proprietary basket composed of companies with cash-burn issues.

**Merger Arbitrage:** Three new holdings were set up in Naturex (FR), Snaitech (IT) and Abertis (ES). The holdings in Zodiac Aerospace (FR), Refresco (NL), Callidus Software (US) and Fogo de Chao (US) were tendered to their respective offers.

**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<br>No minimum   |
| Benchmark          | None  | Subscription Fee          | Up to 2%, fully paid to distributors when applicable  |
| Initial NAV        | \$200   | Redemption Fee            | None  |
| Inception          | 1/31/2014 (A-EUR class)                                   | Management Fee            | 1.95% of Net Assets   |
| Isin               | FR0012749380 (A-USD class)                                | Performance Fee           | 14.95% of the Fund's performance<br>Hurdle Rate: 12-month rolling average of capitalised EONIA + 300 basis points |
| Bloomberg          | VARGLOD FP  |                           |   |
| Investment Manager | Varenne Capital Partners<br>AMF Approval no. GP-06 000004 |                           |   |
| Custodian          | CACEIS BANK   |                           |   |

<sup>2</sup> Inception A-USD class: 12/8/2015  
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 A-USD class of FCP Varenne Global. 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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