

VARENNE SELECTION FCP

MONTHLY REPORT (I-EUR UNIT) - APRIL 2017



NAV

€1,125.55

Varenne 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 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	-	-	-	-	-	-2.20% ²	2.43%	-4.94%	0.65%	3.66%	-1.36%	-1.21%	-3.19% ²
2016	-2.76%	0.03%	1.19%	1.65%	-0.02%	-2.09%	4.33%	-0.33%	0.10%	-0.61%	0.60%	3.38%	5.37%
2017	1.92%	1.97%	2.52%	3.56%									10.34%

TOP 5 HOLDINGS (Equity)

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

NUMBER OF HOLDINGS

Equity	20
Special Situations	2
Tail Risk Hedging	5

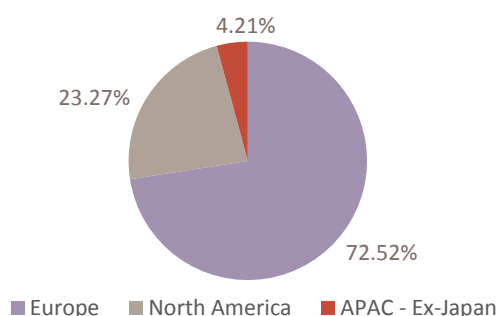
EXPOSURE BY MARKET CAPITALIZATION (Equity)

> EUR 3bn	49.50%
EUR 500m – 3bn	24.57%
< EUR 500m	25.93%

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

	USD	GBP	DKK	SGD	HKD	CNH
Exposure	28.00%	24.54%	5.96%	3.97%	0.46%	0.00%
Hedging	20.28%	19.51%	-	1.59%	-	2.38%
Net Exposure	7.72%	5.03%	5.96%	2.38%	0.46%	-2.38%

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



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

Food Retail	13.19%
Technology Distributors	12.23%
Apparel, Accessories & Luxury	11.02%
Advertising	10.19%
Internet & Direct Marketing Retail	8.56%
Apparel Retail	6.52%
Pharmaceuticals	5.65%
Multi-line Insurance	5.42%
Human Resource & Employment Services	5.29%
Footwear	4.33%

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.

² Inception I-EUR unit: 09/06/2015

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CUMULATIVE AND ANNUALIZED PERFORMANCE

	Year to date	CUMULATIVE		ANNUALIZED
		1 year	Since Inception ²	Since Inception ²
VARENNE SELECTION	10.34%	16.20%	12.56%	6.62%

ANNUALIZED VOLATILITY

Annualized volatility % (w)	1 year	Since Inception ²
VARENNE SELECTION	7.37%	11.19%

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 11 basis points to 2.28%, the French OAT down 13bp to 0.836%, and the Gilt down 5bp to 1.08%. By extension, high-yield bond yields fell further during the month, to 2.725% in Europe and to 5.669% in the US.

Gold rose in March by 1.53% to \$1,268.28/ounce, while crude oil fell 2.51% to end the month at \$49.33. On the forex market, the euro rose 2.08% vs. the dollar at 1.09 and 1.43% vs. the Swiss franc at 1.08, and continued to give up ground to sterling at 0.84 (-0.85%).

Equity (Long Equity and Short Equity): The investment in Greggs (GB) was added to, and the position in Groupe Fnac (FR) was reduced.

Merger Arbitrage: WhiteWave Foods (US) shares were tendered to the bid by Danone (FR), locking in a capital gain. Under the simplified bid announced by Groupe Arnault (FR) for Christian Dior (FR), made in cash and in Hermès International (FR) shares, we simultaneously built up a long position in Christian Dior and a short position in Hermès International, based on the bid's ratio.

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/	Daily
Benchmark	None	Redemptions	No minimum
Initial NAV	€1,000	Subscription Fee	Up to 2%, fully paid to distributors when applicable
Inception	12/01/2006 (A-EUR unit)	Redemption Fee	None
Isin	FR0012768836 (I-EUR unit)	Management Fee	1.10% of Net Assets
Bloomberg	VARSEL1 FP	Performance Fee	14.95% of the Fund's performance
Investment Manager	Varenne Capital Partners		Hurdle Rate: Average TEC 5 annual yield
	AMF Approval no. GP-06 000004		calculated over the 12 most recent months
Custodian	CACEIS Bank France		

² Inception I-EUR unit: 09/06/2015

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 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

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