

# VARENNE GLOBAL FCP

MONTHLY REPORT (I-EUR CLASS) - DECEMBER 2017



NAV

€1,184.44

## 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.
2016	1.98% <sup>3</sup>	0.47%	0.73%	1.47%	-0.13%	-1.12%	2.61%	0.12%	0.44%	-0.62%	0.60%	2.11%	8.93% <sup>3</sup>
2017	0.19%	1.60%	2.21%	2.17%	0.45%	-0.87%	-0.83%	-0.65%	2.25%	0.67%	0.38%	0.91%	8.73%

## TOP 5 HOLDINGS (Equity)

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

## NUMBER OF HOLDINGS

Equity	21
Special Situations	6
Tail Risk Hedging	4

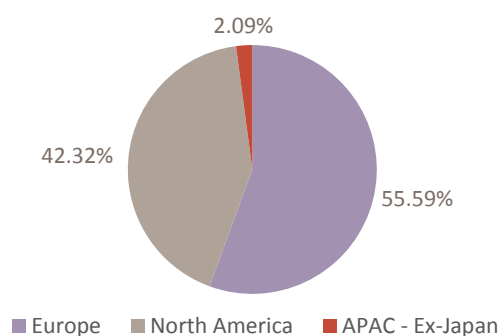
## EXPOSURE BY MARKET CAPITALIZATION (Equity)

> EUR 3bn	63.44%
EUR 500m – 3bn	23.32%
< EUR 500m	13.24%

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

	USD	GBP	DKK	CHF	SGD	HKD	CNH
Exposure	28.11%	8.60%	4.62%	3.81%	1.18%	0.06%	0.00%
Hedging	21.94%	6.34%	-	-	0.39%	-	0.82%
Net Exposure	6.17%	2.26%	4.62%	3.81%	0.79%	0.06%	-0.82%

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



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

Restaurants	9.67%
Apparel Retail	8.88%
Internet & Direct Marketing Retail	8.43%
Specialty Stores	8.41%
Pharmaceuticals	7.74%
Apparel, Accessories & Luxury	7.12%
Movies & Entertainment	6.56%
IT Consulting & Other Services	6.54%
Specialty Chemicals	6.37%
Multi-line Insurance	5.60%

<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 I-EUR class: 12/24/2015

<sup>3</sup> First subscription in January 2016

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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	8.73%	8.73%	18.44%	9.06%

## ANNUALIZED VOLATILITY

Annualized volatility % (w)	1 year	Since Inception <sup>2</sup>
	VARENNE GLOBAL	4.28%

## INVESTMENT MANAGEMENT REVIEW

**Macro Context:** The main central banks kept their key rates unchanged except for the US Federal Reserve that raised its main key rate by one quarter of a point for the third and last time in 2017, to 1.50%. Ten-year sovereign bonds yields rose in Europe, with the German Bund reaching 0.43%, and the French OAT 0.78%. High yield bond yields were stable at 5.72% (-4bps) in the US but rose in Europe to 3% (+31bps). Volatility levelled off at 11.04% on the VIX (S&P 500) and at 13.51% on the VSTOXX (EURO STOXX 50).

Industrial metals gained ground in December, with copper progressing 7.17% to \$7,247/tonne and nickel up 14.85% to \$12,760/tonne. Precious metals also posted gains, with gold up 2.18% to \$1,302.8/ounce. Crude continued to rise in December by 5.26% to \$60.42/bbl. On the forex markets, the euro posted further gains to the dollar, at 1.20 (+0.85%), and to the sterling, at 0.89 (+0.90%).

**Equity (Long Equity and Short Equity):** The portfolio initiated a new position in Accenture (IE). The position in TJX (US) was sold.

**Merger Arbitrage:** A position in Zodiac (FR) was set up in the wake of the bid by Safran (FR). The Havas (FR) position was tendered under the delisting offer of Vivendi.

**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, S&P 500 variance/volatility swaps, 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 No minimum
Benchmark	None	Subscription Fee	Up to 2%, fully paid to distributors when applicable
Initial NAV	€1,000	Redemption Fee	None
Inception	1/31/2014 (A-EUR class)	Management Fee	1.10% of Net Assets
Isin	FR0013073053 (I-EUR class)	Performance Fee	14.95% of the Fund's performance Hurdle Rate: 12-month rolling average of capitalised EONIA + 300 basis points
Bloomberg	VARGLOI FP		
Investment Manager	Varenne Capital Partners AMF Approval no. GP-06 000004		
Custodian	CACEIS BANK		

<sup>2</sup> Inception I-EUR class: 12/24/2015

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 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

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

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