

# VARENNE GLOBAL SELECTION FCP

MONTHLY REPORT (I-USD UNIT) - AUGUST 2017



NAV

\$1,029.55

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.
2017	-	-	1.99% <sup>2</sup>	3.40%	0.66%	-1.20%	-1.59%	-0.25%					2.96% <sup>2</sup>

## 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

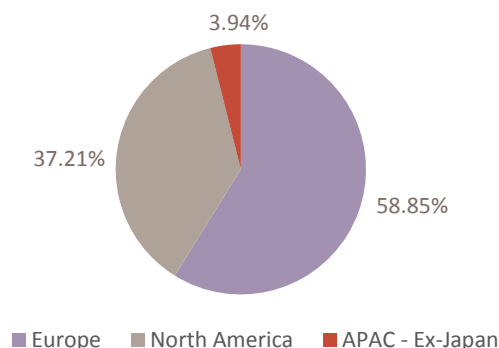
## EXPOSURE BY MARKET CAPITALIZATION (Equity)

> 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%

<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 Selection Fund's data.

<sup>2</sup> Inception I-USD unit: 3/3/2017

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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 SELECTION	2.96%	-	2.96%	-

## ANNUALIZED VOLATILITY

	1 year	Since Inception <sup>2</sup>
VARENNE GLOBAL SELECTION	-	-

## 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	Administrator	CACEIS Fund Administration
Type	Accumulation	Subscriptions/	Weekly
Benchmark	None	Redemptions	No minimum
Initial NAV	\$1000	Subscription Fee	Up to 2%, fully paid to distributors when applicable
Inception	1/31/2014 (A-EUR unit)	Redemption Fee	None
Isin	FR0013240470 (I-USD unit)	Management Fee	1.10% of Net Assets
Bloomberg	VARGLSU 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		

<sup>2</sup> Inception I-USD unit: 3/3/2017

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-USD 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

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