

VARENNE VALEUR FCP

MONTHLY REPORT (A-EUR CLASS) - OCTOBER 2018



NAV

308.44 €

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 RETURNS

Years	January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.	Yearly perf.
2012	8.55%	3.07%	1.57%	-4.02%	-3.10%	0.31%	1.25%	1.51%	-0.88%	1.22%	2.59%	3.52%	16.10%
2013	3.82%	-0.48%	-1.03%	2.07%	3.59%	-3.35%	4.96%	0.04%	4.04%	4.46%	0.32%	0.80%	20.60%
2014	1.04%	4.56%	-0.85%	-0.28%	0.58%	-1.03%	-4.88%	1.29%	0.92%	0.85%	3.11%	0.25%	5.40%
2015	6.36%	3.38%	2.13%	4.54%	0.40%	-1.07%	1.35%	-2.68%	0.48%	3.30%	-1.63%	-1.59%	15.55%
2016	-2.02%	0.49%	-0.18%	0.31%	-0.70%	-0.13%	2.83%	-0.77%	-0.48%	-0.97%	1.26%	1.56%	1.11%
2017	-0.21%	1.61%	1.88%	1.68%	0.06%	-0.88%	-0.92%	-1.05%	1.65%	-0.17%	0.89%	0.45%	5.01%
2018	0.93%	-1.89%	-0.90%	2.22%	1.37%	-0.30%	1.51%	1.80%	0.05%	-2.87%			1.82%

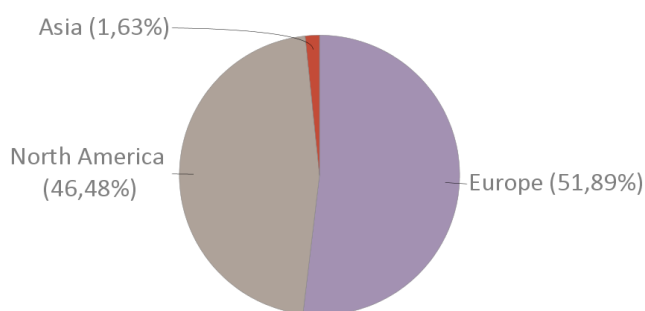
TOP 5 HOLDINGS (Equity)

ULTA BEAUTY	United States	5.63%
ACCENTURE	United States	5.32%
ROSS STORES	United States	5.04%
GIVAUDAN	Switzerland	4.94%
LVMH	France	4.39%

EXPOSURE BY CAPITALIZATION (Equity)

> EUR 3bn	83.54%
EUR 500m - 3bn	9.04%
< EUR 500m	7.42%

GEOGRAPHIC BREAKDOWN (Equity²)



NUMBER OF HOLDINGS PER FRAMEWORK

	Lines	Exposures	
Long - Equity	21	67.93% ⁽²⁾	67.93% ⁽³⁾
Short - Equity	1	4.45% ⁽²⁾	4.45% ⁽³⁾
Special situations	9	28.66% ⁽²⁾	28.66% ⁽³⁾
Macro hedging	3	0.34% ⁽¹⁾	50.48% ⁽³⁾

CURRENCY EXPOSURE (excluding tail risk hedging²)

	USD	EUR	GBP	CHF	DKK	SGD
Exposure	43.75%	24.49%	5.66%	4.94%	4.10%	0.90%
Hedging	34.30%	-	5.66%	-	-	0.36%
Net exposure	9.45%	24.49%	-	4.94%	4.10%	0.54%

TOP 10 SECTORS (GICS sub-ind, Equity²)

Apparel, Accessories & Luxury Goods	13.79%
Specialty Stores	10.20%
IT Consulting & Other Services	9.64%
Apparel Retail	9.13%
Specialty Chemicals	8.95%
Movies & Entertainment	7.73%
Pharmaceuticals	7.43%
Data Processing & Outsourced Services	5.84%
Footwear	4.98%
Restaurants	4.86%

MONTHLY RETURN ATTRIBUTION PER FRAMEWORK

Long - Equity	-3.12%
Short - Equity	0.21%
Special Situations	0.12%
Macro hedge	0.16%

TOP 5 CONTRIBUTORS

LVMH	Long - Equity	-0.59%
WIRECARD	Long - Equity	-0.40%
NIKE	Long - Equity	-0.34%
LUXOTTICA	Long - Equity	-0.29%
GREGGS	Long - Equity	0.25%

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CUMULATIVE AND ANNUALIZED RETURNS

	CUMULATIVE						ANNUALIZED
	Year to date	1 year	3 years	5 years	10 years	Inception	Inception
VARENNE VALEUR	1.82%	3.18%	4.66%	33.15%	146.67%	208.44%	7.41%

ANNUALIZED VOLATILITY

	1 year	3 years	5 years	10 years	Inception
VARENNE VALEUR	6.44%	6.91%	8.29%	11.24%	11.39%

MONTHLY COMMENTARY

Contribution: despite Short Equity, Special Situations and Tail Risk Hedging all contributing positively to the fund's performance over the month (respectively 0.21%, 0.12% and 0.16%), the fund's performance was mainly driven by the performance of the Long Equity Book which contributed -3.12% over the month.

Main contributors were LVMH (-0.59%), Wirecard (-0.40%), Nike (-0.34%), Luxottica (-0.29%) and Greggs (+0.25%).

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

Short Equity : No major change was made to the portfolio.

Merger Arbitrage: A new position was initiated in K2M Group (US) following the offer of Stryker (US). The positions in Enercare (CA), Syntel (US) and Pinnacle Foods (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 status	UCITS / Unit Trust	AMF approval	GP-06 000004
Benchmark	None	Investment manager	Varenne Capital Partners
Initial NAV	100 €	Custodian	CACEIS BANK
NAV frequency	Daily	Subscriptions/Redemptions	Daily before 11am
Term investment	5 years	Subscription fee	Up to 2%, fully paid to distributors when applicable
End of year	Last trading day of December	Redemption fee	None
Subscribers concerned	All subscribers	Management fee	1.794% of Net Assets
Currency	Euro	Performance fee	14.95% of the Fund's performance. Hurdle Rate: Average TEC 5 annual yield calculated over the 12 most recent months
Inception	31/01/2003 (A-EUR Class)		
ISIN	FR0007080155		
Bloomberg	VARVALF FP Equity		

(1) : Gross exposure, mark-to-market, (2) : Gross exposure, delta-adjusted, (3) : Gross exposure, notional

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-EUR Class of FCP VARENNE VALEUR. 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 – Tél.: +33 (0)1 70 38 81 22

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