

VARENNE GLOBAL FCP

MONTHLY REPORT (A-EUR CLASS) - OCTOBER 2018



NAV

171.79 €

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.
2014		5.97%	-1.48%	-0.02%	1.34%	-0.43%	-2.70%	0.39%	1.01%	0.32%	3.25%	0.40%	8.06%
2015	4.52%	3.87%	4.21%	4.15%	-0.62%	-1.74%	1.24%	-2.97%	-0.23%	3.18%	-0.95%	-1.56%	13.47%
2016	-2.31%	0.40%	0.66%	1.39%	-0.20%	-1.20%	2.54%	0.05%	0.37%	-0.69%	0.52%	1.98%	3.48%
2017	0.12%	1.53%	2.17%	2.06%	0.35%	-0.95%	-0.95%	-0.62%	2.18%	0.31%	0.30%	0.82%	7.50%
2018	0.73%	-2.29%	-1.01%	1.88%	0.50%	-0.03%	2.13%	1.76%	0.14%	-2.93%			0.76%

TOP 5 HOLDINGS (Equity)

ULTA BEAUTY	United States	5.57%
ACCENTURE	United States	5.35%
ROSS STORES	United States	5.07%
WIRECARD AG	Germany	4.73%
GIVAUDAN	Switzerland	4.66%

NUMBER OF HOLDINGS PER FRAMEWORK

	Lines	Exposures	
Long - Equity	19	68.63% ⁽²⁾	68.63% ⁽³⁾
Short - Equity	1	3.79% ⁽²⁾	3.79% ⁽³⁾
Special situations	8	27.17% ⁽²⁾	27.17% ⁽³⁾
Macro hedging	3	0.32% ⁽¹⁾	42.20% ⁽³⁾

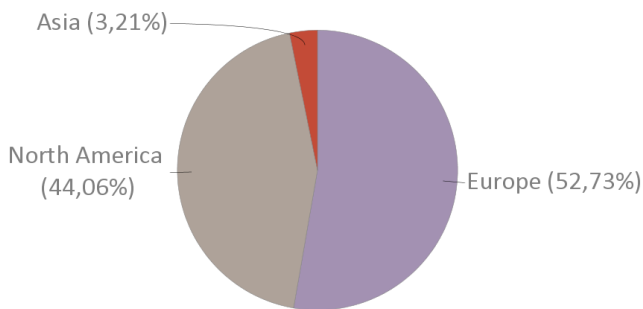
EXPOSURE BY CAPITALIZATION (Equity)

> EUR 3bn	79.82%
EUR 500m - 3bn	9.14%
< EUR 500m	11.04%

CURRENCY EXPOSURE (excluding tail risk hedging²)

	USD	EUR	GBP	CHF	DKK	SGD
Exposure	43.01%	24.83%	6.72%	4.66%	3.82%	1.85%
Hedging	37.03%	-	6.72%	-	-	0.74%
Net exposure	5.98%	24.83%	-	4.66%	3.82%	1.11%

GEOGRAPHIC BREAKDOWN (Equity²)



TOP 10 SECTORS (GICS sub-ind, Equity²)

Apparel, Accessories & Luxury Goods	12.86%
Specialty Stores	9.65%
IT Consulting & Other Services	9.26%
Apparel Retail	8.78%
Data Processing & Outsourced Services	8.20%
Specialty Chemicals	8.08%
Movies & Entertainment	7.53%
Restaurants	6.69%
Pharmaceuticals	6.62%
Internet & Direct Marketing Retail	4.48%

MONTHLY RETURN ATTRIBUTION PER FRAMEWORK

Long - Equity	-3.10%
Short - Equity	0.20%
Special Situations	0.12%
Macro hedge	0.16%

TOP 5 CONTRIBUTORS

WIRECARD	Long - Equity	-0.64%
LVMH	Long - Equity	-0.60%
GREGGS	Long - Equity	0.40%
ACCENTURE	Long - Equity	-0.37%
LUXXOTICA	Long - Equity	-0.27%

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CUMULATIVE AND ANNUALIZED RETURNS

	Year to date	CUMULATIVE			ANNUALIZED
		1 year	3 years	Inception	Inception
VARENNE GLOBAL	0.76%	1.90%	9.29%	37.43%	6.92%

ANNUALIZED VOLATILITY

	1 year	3 years	Inception
VARENNE GLOBAL	6.79%	6.80%	7.78%

MONTHLY COMMENTARY

Macro context : Despite Short Equity, Special Situations and Tail Risk Hedging all contributing positively to the fund's performance over the month (respectively 0.20%, 0.12% and 0.16%), the fund's performance was mainly driven by the performance of the Long Equity Book which contributed -3.10% over the month. Main contributors were Wirecard (-0.64%), LVMH (-0.6%), Accenture (-0.37%), Luxottica (-0.27%) and Greggs (+0.4%).

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	125 €	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	1.95% of Net Assets
Currency	Euro	Performance fee	14.95% of the Fund's performance. Hurdle Rate: 12-month rolling average of capitalised EONIA + 300 basis points
Inception	31/01/2014 (A-EUR Class)		
ISIN	FR0011631035		
Bloomberg	VARGLOB 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 GLOBAL. 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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