

VARENNE VALEUR FCP

MONTHLY REPORT (I-EUR CLASS) - AUGUST 2018



NAV

€1,335.41

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.
2014	-	1.40% ²	-0.87%	-0.25%	0.75%	-1.16%	-4.95%	1.34%	0.97%	0.91%	3.38%	0.28%	1.59% ²
2015	6.41%	3.50%	2.17%	4.55%	0.51%	-1.05%	1.23%	-2.63%	0.52%	3.09%	-1.60%	-1.42%	15.93%
2016	-1.97%	0.55%	-0.12%	0.36%	-0.64%	-0.07%	2.89%	-0.71%	-0.43%	-0.92%	1.32%	1.62%	1.82%
2017	-0.15%	1.66%	1.91%	1.73%	0.09%	-0.85%	-0.86%	-0.94%	1.63%	0.06%	0.94%	0.51%	5.82%
2018	1.00%	-1.84%	-0.84%	2.28%	1.43%	-0.25%	1.56%	1.85%					5.24%

TOP 5 HOLDINGS (Equity)

ULTA BEAUTY	Long Equity	United States
ACCENTURE	Long Equity	United States
LVMH	Long Equity	France
ROSS STORES	Long Equity	United States
GIVAUDAN	Long Equity	Switzerland

NUMBER OF HOLDINGS

Long Equity	21
Short Equity	1
Merger Arbitrage	8
Tail Risk Hedging	3

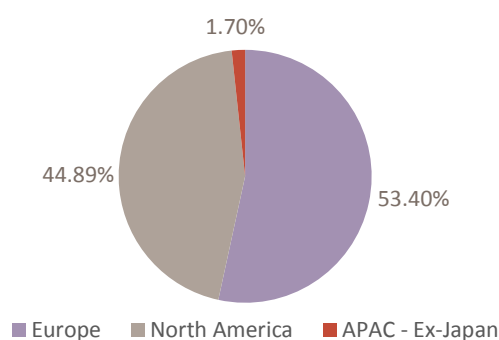
EXPOSURE BY MARKET CAPITALIZATION (Equity)

> EUR 3bn	82.82%
EUR 500m – 3bn	9.00%
< EUR 500m	8.18%

CURRENCY EXPOSURE (Delta adjusted, excluding Tail Risk Hedging)

	USD	CHF	DKK	GBP	SGD	HKD	CNH
Exposure	32.44%	4.68%	4.39%	2.54%	0.96%	0.01%	0.00%
Hedging	28.62%	-	-	2.54%	0.38%	-	0.57%
Net Exposure	3.81%	4.68%	4.39%	0.00%	0.57%	0.01%	-0.57%

GEOGRAPHIC BREAKDOWN (Equity, gross exposure, delta adjusted)



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

Apparel, Accessories & Luxury	14.66%
Specialty Stores	9.84%
IT Consulting & Other Services	9.45%
Apparel Retail	8.66%
Specialty Chemicals	8.22%
Pharmaceuticals	7.71%
Movies & Entertainment	7.42%
Data Processing & Outsourced Services	6.35%
Footwear	4.98%
Packaged Foods & Meats	4.82%

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 class: 2/14/2014

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CUMULATIVE AND ANNUALIZED PERFORMANCE

	Year to date	CUMULATIVE			ANNUALIZED
		1 year	3 years	Since Inception ²	Since Inception ²
VARENNE VALEUR	5.24%	8.58%	13.97%	33.54%	6.58%

ANNUALIZED VOLATILITY

Annualized volatility % (w)	1 year	3 years	Since Inception ²
VARENNE VALEUR	6.00%	6.85%	8.22%

INVESTMENT MANAGEMENT REVIEW

Macro Context: The main central banks did not change their key rates, with the exception of the Bank of England, which raised its key rate by 25bps to 0.75%. Ten-year sovereign bond yields in Europe posted a mixed showing, with the Bund falling by 12bps to 0.33%, the French OAT and the Gilt unchanged at 0.68% and 1.43%, respectively, and the BTP (Italy) spiking by 52bps to 3.24%. In the United States, the T-Bond yield was unchanged at 2.86%. High-yield bond yields rose by 16bps in Europe to 3.80% and were flat in the US, slipping by just 4bps to 6.27%. Volatility rose in Europe, with the VSTOXX (EURO STOXX 50) up 307bp to 15.63% and the VIX (S&P 500) at 12.86%.

Both industrial and precious metals continued to decline on the month, including copper, by 5.16% to \$5,975/tonne and gold, by 1.68% to \$1,204. Crude oil regained 1.51% to \$69.80/bbl. On the forex market, the euro lost 0.76% to the dollar, to USD 1.16, and 2.91% to the Swiss franc, to CHF 1.12, while gaining 0.52% vs. the pound sterling, to GBP 0.90.

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

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

Merger Arbitrage: Two new positions were initiated in CA (US) and Syntel (US). We tendered our Naturex (FR) shares to the bid from Givaudan (CH).

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 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	01/31/2003 (A-EUR class)	Management Fee	1.10% of Net Assets
Isin	FR0011631043 (I-EUR class)	Performance Fee	14.95% of the Fund's performance Hurdle Rate: Average TEC 5 annual yield calculated over the 12 most recent months
Bloomberg	VARVALI FP		
Investment Manager	Varenne Capital Partners AMF Approval no. GP-06 000004		
Custodian	CACEIS BANK		

² Inception I-EUR class: 2/14/2014

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 Valeur. 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.

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