

VARENNE VALEUR FCP

MONTHLY REPORT (A-USD UNIT) - MAY 2017



NAV

\$106.05

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	-	-	-	-	-	-	0.15% ²	-0.83%	-0.31%	-0.81%	1.29%	0.90%	0.38% ²
2017	-0.06%	1.74%	1.94%	1.80%	0.12%								5.65%

TOP 5 HOLDINGS (Equity)

LVMH	Long Equity	France
WPP	Long Equity	United Kingdom
TJX COMPANIES	Long Equity	United States
THE PRICELINE GROUP	Long Equity	United States
NOVO NORDISK	Long Equity	Denmark

NUMBER OF HOLDINGS

Equity	24
Special Situations	5
Tail Risk Hedging	4

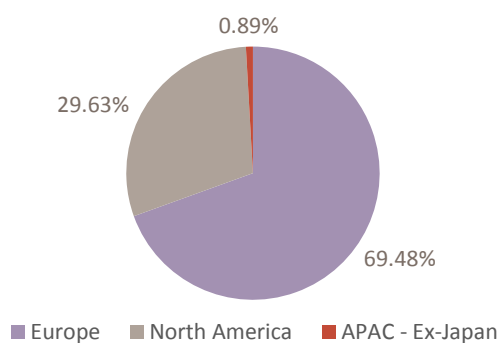
EXPOSURE BY MARKET CAPITALIZATION (Equity)

> EUR 3bn	17.51%
EUR 500m – 3bn	6.18%
< EUR 500m	6.18%

CURRENCY EXPOSURE (Mark-to-market, excluding Tail Risk Hedging)

	USD	GBP	DKK	CHF	SGD	HKD	CNH
Exposure	22.34%	22.34%	5.10%	3.94%	0.37%	0.12%	0.00%
Hedging	16.13%	16.13%	-	-	0.12%	-	0.50%
Net Exposure	6.21%	6.21%	5.10%	3.94%	0.25%	0.12%	-0.50%

GEOGRAPHIC BREAKDOWN (Equity, gross exposure, mark-to-market)



TOP 10 SECTORS (GICS sub-ind. - Equity, gross exposure, mark-to-market)

Apparel, Accessories & Luxury	19.10%
Advertising	12.04%
Apparel Retail	9.42%
Internet & Direct Marketing Retail	9.07%
Pharmaceuticals	8.90%
Specialty Chemicals	6.89%
Footwear	6.74%
Food Retail	5.89%
Movies & Entertainment	4.35%
Packaged Foods & Meats	4.27%

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 A-USD unit: 7/19/2016

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CUMULATIVE AND ANNUALIZED PERFORMANCE

	Year to date	CUMULATIVE		ANNUALIZED
		1 year	Since Inception ²	Since Inception ²
VARENNE VALEUR	5.65%	-	6.05%	-

ANNUALIZED VOLATILITY

Annualized volatility % (w)	1 year	Since Inception ²
VARENNE VALEUR	-	-

INVESTMENT MANAGEMENT REVIEW

Macro Context: The main central banks kept their key rates on hold. Ten-year sovereign bond yields retreated in all regions, with the US T-Note down 8 basis points to 2.20%, the French OAT down 10bp to 0.73%, and the Spanish Bono down 10bp to 1.55%. By extension, high-yield bond yields fell further during the month, to 2.42% in Europe and 5.57% in the US.

Volatility continued to recede, to 10.41% in the case of VIX (S&P 500) and to 14.55% on the VSTOXX (EURO STOXX 50).

Crude oil fell by 2.05% in May to \$48.32/barrel, while both precious and industrial metals were flat, including gold at \$1,268.92/ounce (+0.05%) and copper at \$5,682/tonne (-0.93%). On the forex markets, the euro posted further gains to the dollar, at 1.12 (+3.20%), and to the Swiss franc, at 1.09 (+0.36%). It also soared against sterling, to 0.87 (+3.68%).

Equity (Long Equity and Short Equity): Positions were reduced in Groupe Fnac (FR) and Marr (IT).

Merger Arbitrage: A new position was set up in Havas (FR) as part of the bid by Vivendi (FR), and in Syngenta (CH) upon the mandatory reopening of the bid by China National Chemical Corp (CN). We also raised our exposure to the simplified bid announced by Groupe Arnault (FR) for Christian Dior (FR).

Tail Risk Hedging: The fund is hedged against economic crisis risk or monetary shocks, mainly through a variance/volatility swap 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 2020/21.

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	\$100	Redemption Fee	None
Inception	01/31/2003 (A-EUR unit)	Management Fee	1.794% of Net Assets
Isin	FR0013192507 (A-USD unit)	Performance Fee	14.95% of the Fund's performance Hurdle Rate: Average TEC 5 annual yield calculated over the 12 most recent months
Bloomberg	VARVALD FP		
Investment Manager	Varenne Capital Partners AMF Approval no. GP-06 000004		
Custodian	CACEIS Bank France		

² Inception A-USD unit: 7/19/2016

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-USD unit 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

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