

VARENNE VALEUR FCP

MONTHLY REPORT (A-USD UNIT) - SEPTEMBER 2017

\$105.76

Lower risk ← Higher risk



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%	-0.74%	-0.80%	-0.78%	2.07%				5.36%

TOP 5 HOLDINGS (Equity)

ULTA BEAUTY	Long Equity	United States
LVMH	Long Equity	France
NOVO NORDISK	Long Equity	Denmark
TJX COMPANIES	Long Equity	United States
ROSS STORES	Long Equity	United States

NUMBER OF HOLDINGS

Equity	22
Special Situations	4
Tail Risk Hedging	4

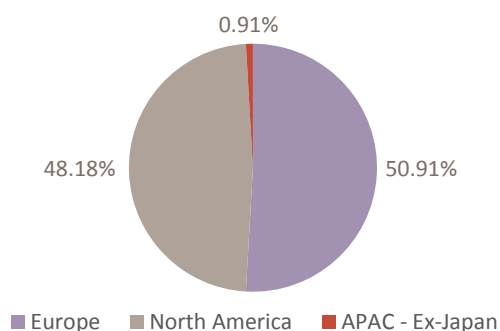
EXPOSURE BY MARKET CAPITALIZATION (Equity)

> EUR 3bn	80.48%
EUR 500m – 3bn	13.15%
< EUR 500m	6.37%

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

	USD	GBP	DKK	CHF	SGD	HKD	CNH
Exposure	30.82%	30.82%	5.70%	3.99%	0.35%	0.15%	0.00%
Hedging	25.33%	25.33%	-	-	0.14%	-	0.50%
Net Exposure	5.49%	5.49%	5.70%	3.99%	0.21%	0.15%	-0.50%

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



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

Apparel Retail	18.55%
Specialty Stores	13.15%
Apparel, Accessories & Luxury	12.64%
Pharmaceuticals	9.86%
Internet & Direct Marketing Retail	8.83%
Specialty Chemicals	6.90%
Packaged Foods & Meats	4.29%
Restaurants	4.12%
Movies & Entertainment	4.06%
Footwear	3.59%

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 1 year	Since Inception ²	ANNUALIZED Since Inception ²
VARENNE VALEUR	5.36%	6.82%	5.76%	4.92%

ANNUALIZED VOLATILITY

Annualized volatility % (w)	1 year	Since Inception ²
VARENNE VALEUR	5.19%	5.02%

INVESTMENT MANAGEMENT REVIEW

Macro Context: The main central banks kept their key rates unchanged while the Fed announced it would begin gradually shrinking its balance sheet. Ten-year bond sovereign bond yields went up in both Europe and the US, with the Bund up to 0.46%, the French OAT to 0.74% and the US T-Note to 2.33%. High-yield interest rates were unchanged in Europe at 2.88% and in the US at 5.99%. Volatility slipped sharply over the month, to 9.51% in the case of the VIX (S&P 500) and to 12.12% for the VSTOXX (EURO STOXX 50).

Industrial metals diverged during the month, while precious metals declined, including gold to \$1,279.75/once (-3.15%), crude oil gained 9.40% to \$51.67/bbl. On the forex market the euro fell by 4.24% vs. sterling to 0.88, and by 0.81% vs. the dollar to 1.18 (-0.81%) but was stable vs. the Swiss franc at 1.14 (+0.19%).

Equity (Long Equity and Short Equity): The managers decided to sell off the holding in WPP (UK).

Merger Arbitrage: A new holding was opened in CPL Resources (IE) as part of the public buyback of its own shares. Three deals closed successfully: the holding in Havas (FR) was sold off on the market in response to the Vivendi bid (FR); the holding in SFR Group (FR) was tendered to the buyout offer by its parent company, Altice (NV); and the holding in VCA (US) was tendered to the bid by Avantor (US).

Tail Risk Hedging: The Fund is hedged against economic and financial risks through CDS on European subordinated financial debt maturing in 2021, S&P 500 variance/volatility swaps, 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	\$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
Bloomberg	VARVALD FP		Hurdle Rate: Average TEC 5 annual yield calculated over the 12 most recent months
Investment Manager	Varenne Capital Partners AMF Approval no. GP-06 000004		
Custodian	CACEIS BANK		

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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