

VARENNE VALEUR FCP

MONTHLY REPORT (IT CLASS) - JUNE 2018



NAV

€102.28

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.
2017	-	-	-	-	-	0.30% ²	-1.06%	-1.06%	1.74%	-0.21%	1.03%	0.54%	1.26% ²
2018	0.93%	-1.89%	-0.90%	2.22%	1.37%	-0.67%							1.01%

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	22
Short Equity	1
Merger Arbitrage	10
Tail Risk Hedging	3

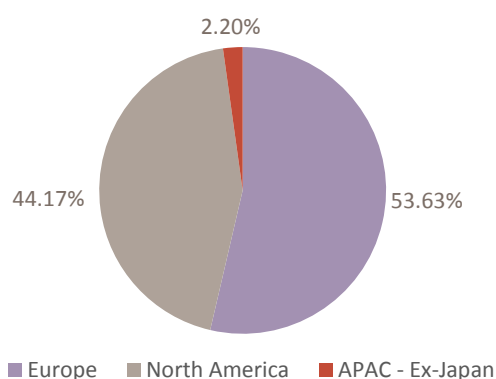
EXPOSURE BY MARKET CAPITALIZATION (Equity)

> EUR 3bn	78.55%
EUR 500m – 3bn	11.03%
< EUR 500m	10.42%

CURRENCY EXPOSURE (Delta adjusted, excluding Tail Risk Hedging)

	USD	CHF	DKK	GBP	SGD	HKD	CNH
Exposure	26.83%	4.48%	4.27%	7.03%	1.14%	0.09%	0.00%
Hedging	16.07%	-	-	6.70%	0.50%	-	0.64%
Net Exposure	10.76%	4.48%	4.27%	0.33%	0.64%	0.09%	-0.64%

GEOGRAPHIC BREAKDOWN (Equity, gross exposure, delta adjusted)



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

Apparel, Accessories & Luxury	14.80%
Specialty Stores	10.09%
IT Consulting & Other Services	9.58%
Apparel Retail	8.01%
Specialty Chemicals	7.99%
Pharmaceuticals	7.61%
Movies & Entertainment	7.26%
Packaged Foods & Meats	5.77%
Footwear	4.94%
Internet & Direct Marketing Retail	4.28%

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 IT class: 6/29/2017

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CUMULATIVE AND ANNUALIZED PERFORMANCE

	Year to date	CUMULATIVE		ANNUALIZED
		1 year	Since Inception ²	Since Inception ²
VARENNE VALEUR	1.01%	1.97%	2.28%	2.28%

ANNUALIZED VOLATILITY

Annualized volatility % (w)	1 year	Since Inception ²
	VARENNE VALEUR	6.42%

INVESTMENT MANAGEMENT REVIEW

Macro Context: The Federal Reserve raised its interest rates by 25bps to 2.00% while the other main central banks kept their key rates unchanged. Ten-year sovereign bond yields were stable both in Europe and the US, with the Bund ending the month at 0.30%, the French OAT at 0.67% and the US T-Bond at 2.86%. High yield bond yields ended the month at relatively unchanged levels at 6.50% (+8bps) in the US as well as in Europe at 3.93% (+20bps). Volatility increased to 16.09% on the VIX (S&P 500) while it receded to 16.63% on the VSTOXX (EURO STOXX 50).

Industrial metals lost ground on the month, including copper (-3.30% to \$6,626/tonne). Precious metal prices also declined, with gold down 3.54% to \$1,253/ounce. Crude oil recorded robust gains, rising +10.61% to \$74.15/bbl. On the forex markets, the euro was flat vs. the US dollar, at \$1.17 (-0.08%) and flat vs. the Swiss franc at CHF 1.16 (+0.37%), but gained 0.61% vs. sterling at GBP 0.88.

Long Equity: The holding in Wirecard (DE) was increased.

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

Merger Arbitrage: Two new positions were set up in Validus Holding (BMG) and ZPG (GB). The holding in Gemalto (FR) was increased. We tendered our shares in Realdolmen (BE) and Ablynx (BE) 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 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 class)	Management Fee	1.794% of Net Assets
Isin	FR0013216991 (IT 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	VARVALT FP		
Investment Manager	Varenne Capital Partners AMF Approval no. GP-06 000004		
Custodian	CACEIS BANK		

² Inception IT class: 6/29/2017

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 IT 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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