

VARENNE VALEUR FCP

MONTHLY REPORT (U-EUR UNIT) - AUGUST 2017



NAV

€97.18

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	-	-	-	-	-	-0.47% ²	-1.18%	-1.20%					-2.82% ²

TOP 5 HOLDINGS (Equity)

ULTA BEAUTY	Long Equity	United States
LVMH	Long Equity	France
NOVO NORDISK	Long Equity	Denmark
WPP	Long Equity	United Kingdom
TJX COMPANIES	Long Equity	United States

NUMBER OF HOLDINGS

Equity	23
Special Situations	6
Tail Risk Hedging	4

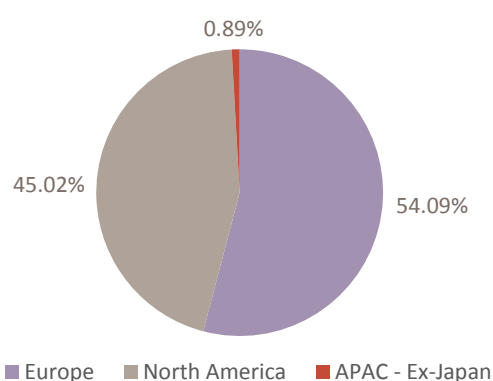
EXPOSURE BY MARKET CAPITALIZATION (Equity)

> EUR 3bn	81.21%
EUR 500m – 3bn	12.88%
< EUR 500m	5.91%

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

	USD	GBP	DKK	CHF	SGD	HKD	CNH
Exposure	32.66%	8.16%	5.58%	3.68%	0.35%	0.15%	0.00%
Hedging	27.97%	4.95%	-	-	0.12%	-	0.21%
Net Exposure	4.69%	3.21%	5.58%	3.68%	0.23%	0.15%	-0.21%

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



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

Apparel Retail	16.72%
Specialty Stores	12.32%
Apparel, Accessories & Luxury	11.48%
Pharmaceuticals	9.39%
Advertising	9.37%
Internet & Direct Marketing Retail	8.51%
Specialty Chemicals	6.20%
Packaged Foods & Meats	4.01%
Movies & Entertainment	3.98%
Restaurants	3.64%

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 U-EUR unit: 6/28/2017

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CUMULATIVE AND ANNUALIZED PERFORMANCE

	CUMULATIVE		ANNUALIZED
	Year to date	Since Inception ²	Since Inception ²
VARENNE VALEUR	-2.82%	-2.82%	-

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 bond sovereign bond yields dropped in both Europe and the US, with the Bund falling to 0.36%, the French OAT to 0.66%, the US T-Note to 2.12%. The trend was similar in the UK and Italy, with the Gilt falling to 1.03%, and the Italian BTP to 2.04%. High-yield bond yields are at 2.89% in Europe and 6.04% in the US. Volatility was stable on the month at 10.59% for the VIX (S&P 500) and rose by 173bps to 15.63% for the VSTOXX (EURO STOXX 50).

Industrial and precious metals continued to rally, with copper gaining 6.58% to \$6,788 / tonne and gold up 4.10% to \$1,321.43 / ounce. Crude fell by 5.86% to \$47.23/bbl. On the forex markets, the euro levelled off to the dollar at \$1.19 (+0.57%) and to the Swiss franc at CHF 1.14 (-0.27%), while gaining 2.79% to sterling at GBP 0.92.

Equity (Long Equity and Short Equity): A new investment was made in Ulta Beauty (US) and the position in Ross Stores (US) was increased.

Merger Arbitrage: A new position was set up in SFR Group (FR) in the wake of the buyout bid by its parent company Altice (NV), and in VWR (US) after the cash offer from Avantor (US).

Tail Risk Hedging: The fund is hedged against a risk of economic crisis or monetary shocks, mainly through CDS against the default risk on European subordinated financial debt, variance swaps 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 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	1.95% of Net Assets
Isin	FR0013250966 (U-EUR 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	VARVALV FP		
Investment Manager	Varenne Capital Partners AMF Approval no. GP-06 000004		
Custodian	CACEIS BANK		

² Inception U-EUR unit: 6/28/2017

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 U-EUR 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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