

# VARENNE SELECTION P-GBP

MONTHLY REPORT (P-GBP) - MAY 2020



NAV

99.94 GBP

VARENNE SELECTION is a professional alternative investment fund. It is not subject to the same rules as general investment funds (UCITS funds) and can therefore carry higher risk. Only those persons listed in the section entitled "Target Investors" of the prospectus may purchase units in the VARENNE SELECTION

## 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 RETURNS

| Years | January | February | March  | April | May   | June | July | August | Sept. | October | Nov. | Dec.  | Yearly perf. |
|-------|---------|----------|--------|-------|-------|------|------|--------|-------|---------|------|-------|--------------|
| 2020  | 2.12%   | -4.63%   | -9.96% | 9.16% | 3.53% |      |      |        |       |         |      |       | -0.89%       |
| 2019  |         |          |        |       |       |      |      |        |       |         |      | 0.84% |              |

## TOP 5 HOLDINGS (Equity)

|              |               |        |
|--------------|---------------|--------|
| ALPHABET     | United States | 12.86% |
| ACCENTURE    | United States | 10.58% |
| NIKE         | United States | 10.32% |
| GIVAUDAN     | Switzerland   | 10.17% |
| NOVO NORDISK | Denmark       | 10.01% |

## NUMBER OF HOLDINGS PER FRAMEWORK

|                   | Lines | Exposures delta adjusted | Exposures notional |
|-------------------|-------|--------------------------|--------------------|
| Long Equity       | 16    | 103.13%                  | 107.86%            |
| Short Equity      | 1     | 2.00%                    | 2.00%              |
| Merger Arbitrage  | 10    | 31.59%                   | 31.59%             |
| Tail Risk Hedging | 5     | -                        | 278.07%            |

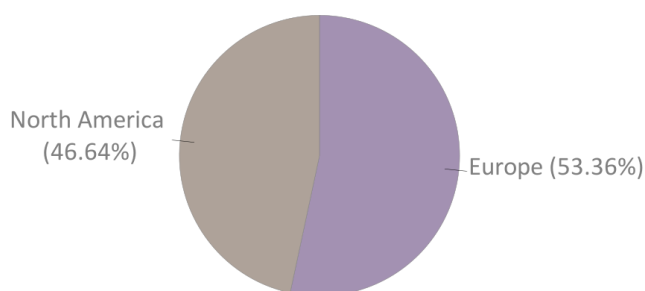
## EXPOSURE BY CAPITALIZATION (Equity)

|                |        |
|----------------|--------|
| > EUR 3bn      | 80.94% |
| EUR 500m - 3bn | 19.06% |
| < EUR 500m     | 0.00%  |

## CURRENCY EXPOSURE (excluding tail risk hedging)

|              | USD    | EUR    | DKK    | CHF    | GBP   | CAD   | SEK   |
|--------------|--------|--------|--------|--------|-------|-------|-------|
| Exposure     | 59.98% | 35.40% | 12.23% | 10.17% | 7.02% | 3.85% | 0.13% |
| Hedging      | 49.73% | -      | -      | -      | 7.02% | 1.54% | -     |
| Net exposure | 10.25% | 35.40% | 12.23% | 10.17% | -     | 2.31% | 0.13% |

## GEOGRAPHIC BREAKDOWN (Equity)



## TOP 10 SECTORS (GICS sub-ind, Equity)

|                                     |        |
|-------------------------------------|--------|
| Apparel, Accessories & Luxury Goods | 19.54% |
| Interactive Media & Services        | 12.68% |
| IT Consulting & Other Services      | 10.43% |
| Footwear                            | 10.18% |
| Specialty Chemicals                 | 10.03% |
| Pharmaceuticals                     | 9.88%  |
| Specialty Stores                    | 9.55%  |
| Technology Distributors             | 7.52%  |
| Restaurants                         | 6.94%  |
| Airlines                            | 2.32%  |

## MONTHLY RETURN ATTRIBUTION PER FRAMEWORK

|                   |        |
|-------------------|--------|
| Long - Equity     | 6.19%  |
| Short - Equity    | -0.70% |
| Merger Arbitrage  | 0.02%  |
| Tail Risk Hedging | -1.31% |

## TOP 5 CONTRIBUTORS

|             |               |       |
|-------------|---------------|-------|
| NIKE        | Long - Equity | 1.13% |
| ULTA BEAUTY | Long - Equity | 0.95% |
| ALPHABET    | Long - Equity | 0.76% |
| PANDORA     | Long - Equity | 0.70% |
| ACCENTURE   | Long - Equity | 0.65% |

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## CUMULATIVE AND ANNUALIZED RETURNS

|                   | CUMULATIVE<br>Year to date | ANNUALIZED<br>Inception |
|-------------------|----------------------------|-------------------------|
| VARENNE SELECTION | -0.89%                     |                         |

## ANNUALIZED VOLATILITY

|                   | 1 year | Inception |
|-------------------|--------|-----------|
| VARENNE SELECTION | 29.37% | 29.37%    |

## MONTHLY COMMENTARY

**Contribution:** the fund's performance was generated primarily by the Long – Equity compartment which contributed a positive 6.19%. The main positive drivers of this performance were Nike (+1.13%), Ulta Beauty (+0.95%) and Alphabet Class A (+0.76%). Conversely, the fund's performance was penalised over the month by the short basket (-0.70%), CDS on subordinated financial debt (-0.34%) and the 7-15% tranche of the US CDX Investment Grade index (-0.33%).

**Long - Equity:** we opened a new position on Pandora (DK). We cashed out our position on Walt Disney (US).

**Short - Equity:** no major changes were made to the portfolio.

**Special Situations:** we opened a new position on OSRAM Licht (DE). AbbVie's (US) takeover bid for Allergan (IE) was completed successfully.

**Tail Risk Hedging:** the portfolio remains hedged against economic and financial risks through CDS on subordinated financial debt and the 7-15% tranche of the North American CDX Investment Grade index, swaps on the US yield curve (2s10s CMS Cap) and Eurostoxx 50 put options contingent on the EURUSD. We opened a new position on March 2021 call options on the SX7E index.

## TERMS AND CONDITIONS

|                 |                               |                           |   |
|-----------------|-------------------------------|---------------------------|---|
| Fund status     | Professional AIF / Unit Trust | Investment manager        | Varenne Capital Partners  |
| Benchmark       | None                          | Custodian                 | CACEIS BANK   |
| Initial NAV     | 100 GBP                       | End of year               | Last trading day of December  |
| NAV frequency   | Daily                         | Subscribers concerned     | Professional investors  |
| Term investment | 5 years                       | Subscriptions/Redemptions | Daily before 11am   |
| Currency        | GBP                           | Subscription fee          | Up to 2%, fully paid to distributors when applicable  |
| Fund inception  | 01/12/2006 (A-EUR)            | Redemption fee            | None  |
| Class inception | 06/02/2019                    | Management fee            | 0.000% of Net Assets  |
| AMF approval    | GP-06 000004                  | Performance fee**         | 0.00% of the Fund's performance. Hurdle Rate: 12-month rolling average of capitalised EONIA + 300 basis points. |
| ISIN            | FR0013401064                  |                           |   |
| Bloomberg       | VARSEGB FP Equity             |                           |   |
| VALOR           |                               |                           |   |

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 P-GBP unit of FCP VARENNE SELECTION. 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.

The prospectus and the Key Investor Information Documents for Switzerland, the Fund rules, the annual and semi-annual reports in French, and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: [www.carnegie-fund-services.ch](http://www.carnegie-fund-services.ch). The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva. The last units prices can be found on [www.fundinfo.com](http://www.fundinfo.com). For the units of the Funds distributed to non-qualified investors in and from Switzerland and for the units of the Funds distributed to qualified investors in Switzerland, the place of performance is Geneva. The past performance is no indication of current or future performance, and it does not take account of the commissions and costs incurred on the issue and redemption of units.

## VARENNE CAPITAL PARTNERS

French joint stock company – Registered with the Trade and Companies Register of Paris under number B 445 000 136

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