

VARENNE SELECTION UNIT TRUST

MONTHLY FACTSHEET (P-USD) - JANUARY 2021

RISK AND RETURN PROFILE

Lower Risk Higher Risk

←-----→

Potentially Lower Returns Potentially Higher Returns



Risk scale ranging from 1 (lowest risk) to 7 (highest risk); the risk level of 1 does not mean an investment with no risk. This indicator could evolve over time.

THE MAIN RISKS FOR THE UNIT TRUST NOT INCLUDED IN THE INDICATOR:

- Impact related to the management techniques: Risk of amplifying losses due to the use of financial derivative instruments traded on listed and OTC markets.
- At times, the unit trust can be exposed to the inherent liquidity risk of small and mid-caps.

TERMS AND CONDITIONS

Fund status	Professional AIF / Unit Trust	Net assets	256.33 M€
Maturity Date	Unlimited	Financial Services Provider	CACEIS Belgium SA/NV, Bruxelles
Benchmark	None	Investment manager	Varenne Capital Partners
Initial NAV	100 \$	Custodian	CACEIS BANK, Paris
NAV per share	136.63 \$	Subscriptions/Redemptions	Daily before 11am
NAV frequency	Daily	Minimum Investment	1 Share
Publication of the NAV	www.fundinfo.com	Ongoing Charges 2019	1.26%
Term investment	5 years	Subscription fee	Up to 2%, fully paid to distributors when applicable
End of year	Last trading day of December	Redemption fee	None
Subscribers concerned	Professional investors	Management fee	1.350% of Net Assets
Currency	Dollar	Performance Fee	14.95% of the Fund's performance. Hurdle Rate: 12-month rolling average of capitalised EONIA + 300 basis points.
Inception Date	16/09/2019 (P-USD)		
ISIN	FR0013358777 (P-USD)		
Bloomberg	VARSEPU FP Equity		
AMF approval	AMF GP-06 000004		

Withholding tax 19Bis on Capital Gains : 30%

INVESTMENT OBJECTIVE *(investment policy as stated in the KIID)*

The objective of the VARENNE SELECTION is to seek, over the recommended investment horizon, an annualised outperformance of the 12-month rolling average of capitalised EONIA + 105 basis points, less all fees charged to the Fund (except the performance fee), by implementing a fully discretionary and unconstrained approach in terms of regional and business sector exposure, based on the market expectations of the fund manager. Management is not connected to any benchmark index; however, the performance of the Fund net of fees may be compared ex post with the objective set out above.

Using all of the categories of financial assets, whether French or foreign, euro zone or non-euro zone, as set out below, the Fund implements a discretionary strategy. However, the Fund will be at least 75% invested in securities eligible for the French Equities Savings Plan (Plan d'Epargne en Actions – PEA).

Main financial asset classes:

For the equity component: our *Enterprise Picking* strategy draws on techniques applied in private equity to construct a concentrated portfolio of companies enjoying a sustainable competitive advantage and presenting a deep discount to our intrinsic value estimate. After excluding the most risky sectors, such as technology, financials and cyclical businesses, the investment management team carries out weekly fundamental and performance screenings via its proprietary data bases.

The *Absolute Short* strategy aims to identify companies that face a likely "capital event" within 18 to 24 months, i.e., a recapitalisation, a capital restructuring, or a liquidation.

For the *Merger Arbitrage component*: the management team focuses exclusively on announced friendly mergers & acquisitions and capital restructurings. This strategy helps reduce the portfolio's correlation to indices and provides the fund with additional returns, particularly in the event of market downturns.

Derivative instruments may be used via forwards or options, swaps and/or forward foreign exchange contracts, traded on regulated, organised or over-the-counter markets to hedge against or to gain exposure to equity, fixed-income or foreign exchange risk.

For the *macro hedging* component: the managers use instruments with an asymmetric risk/return profile, such as options, in order to protect the portfolio in the event of a negative economic scenario but without reducing the portfolio's market exposure level.

The Fund may invest in units or shares of UCITS authorised for sale in France, without exceeding the limit of 10% of assets.

For the fixed-income component, the asset manager will choose the positions taken in fixed-income products according to his or her expectations regarding the yield curve. Investment may be made in Treasury issues, fixed- or floating-rate Government securities, Treasury bills, in secondary or primary market bonds in the form of sovereign or corporate debt.

The Fund may be exposed to a currency risk that is not covered systematically by the asset manager.

The net asset value is calculated daily, without the use of swing-pricing.

PERFORMANCES

	CUMULATIVE		ANNUALIZED
	Year to date	1 year	Since inception ¹
VARENNE SELECTION	-2.25%	19.75%	25.53%

ANNUALIZED VOLATILITY

	1 year	Since inception ¹
VARENNE SELECTION	24.54%	21.58%

MONTHLY NET RETURNS

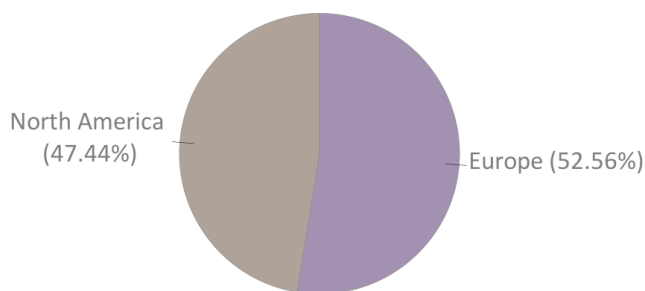
Years	January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.	Yearly perf.
2021	-2.25%												-2.25% ²
2020	2.14%	-4.16%	-9.15%	9.32%	4.21%	-1.48%	-0.87%	6.77%	0.64%	-0.81%	13.01%	4.98%	25.12%
2019									3.42%	-0.78%	5.60%	3.09%	11.71% ¹

Past performances are no guarantee of future returns. They may vary greatly over time. The returns presented do not include costs incurred when subscribing or redeeming shares but only include ongoing charges, trading costs as well as any performance fees charged to the fund.

¹ Inception date for the P-USD Shares: 16/09/2019

² 2021 returns calculated upto the report date

Source Varenne Capital Partners

GEOGRAPHIC BREAKDOWN (Equity)

TOP 10 SECTORS (GICS sub-ind, Equity)

Apparel, Accessories & Luxury Goods	17.20%
Semiconductor Equipment	15.11%
Interactive Media & Services	12.09%
Technology Distributors	10.24%
Pharmaceuticals	8.04%
Packaged Foods & Meats	7.43%
General Merchandise Stores	6.92%
Restaurants	5.60%
Footwear	5.11%
Food Retail	4.15%

TOP 5 HOLDINGS (Equity)

ALPHABET	United States	12.35%
SESA SPA	Italy	10.46%
ESSILORLUXOTTICA	France	8.27%
NOVO NORDISK A/S	Denmark	8.22%
LAM RESEARCH	United States	7.76%

Some Unit trusts held in the portfolio may not be available in Belgium, please check with your financial adviser.

NUMBER OF HOLDINGS PER FRAMEWORK

	Lines	Exposures delta adjusted	Exposures notional
Long Equity	17	112.04%	156.44%
Short Equity	1	0.86%	0.86%
Merger Arbitrage	11	20.95%	20.95%
Tail Risk Hedging	3	-	115.36%

EXPOSURE BY MARKET CAPITALIZATION (Equity)

> EUR 3bn	75.96%
EUR 500m - 3bn	24.04%
< EUR 500m	0.00%

Source Varenne Capital Partners

CURRENCY EXPOSURE (excluding tail risk hedging)

Top 10 (%)	USD	EUR	DKK	GBP	NOK	CAD
Exposure	58.84	30.05	13.41	8.41	7.59	4.78
Hedging	53.18	-	-	8.41	-	2.29
Net exposure	5.66	30.05	13.41	-	7.59	2.49

MONTHLY RETURN ATTRIBUTION PER FRAMEWORK

Long - Equity	-1.89%
Short - Equity	0.02%
Merger Arbitrage	-0.13%
Tail Risk Hedging	-0.03%

TOP 5 CONTRIBUTORS

RYANAIR	Long - Equity	-0.85%
ESSILORLUXOTTICA	Long - Equity	-0.72%
GREGGS PLC	Long - Equity	0.70%
PANDORA A/S	Long - Equity	-0.70%
SX7E MAR21	Long - Equity	-0.62%

IMPORTANT INFORMATION

The performance numbers displayed in this report reflect the global return of the unit shares, including dividends, coupons and capital gains or losses. The numbers include on-going charges, but do not include any costs related to subscription or redemption nor stock market taxes. The returns are calculated on a cumulative basis for periods of less than one year and on a compound annualised basis for periods greater than one year. Unless otherwise stated, the yield is expressed in the same currency as that of the inventory. For units for which the net inventory is expressed in a currency other than the Euro, the yield in Euros may be significantly less or greater depending on the exchange rate movement. All numbers are based on observed results from the past. They are in no way a guarantee of future returns. All the returns are calculated by Varenne Capital Partners.

Before investing in the fund, please read the Key Investor Information Document and the Prospectus. The Key Investor Information Document, the Prospectus, the annual report, the semi-annual report and also the NAV per share are available in French on the website www.fundinfo.com or at the service provider CACEIS Belgium SA/NV, avenue du Port / Havenlaan 86C b 320, B-1000 Bruxelles, to whom one can also write to address any formal complaints.

All Complaints can also be addressed to the Ombudsman for financial complaints (Ombudfin), north Gate II, Avenue Roi Albert II, 8, 1000 Bruxelles, tél. : +32 2 545 77 70, Fax. : +32 2 545 77 79, E-mail: ombudsman@ombudfin.be in writing or via an online form available on www.ombudfin.be/fr/particuliers/introduire-une-plainte/.

RISKS

The funds offered by Varenne Capital are driven by « discretionary » management. The funds are therefore invested based on the manager's convictions.

During both rising and falling markets, the performance of the fund will depend on the stocks chosen by the manager, the fund also includes market risk.

The investments made by the fund are subject to the risk of capital loss and do not benefit from any guarantee or protection. It is therefore possible that the initial invested capital is not entirely recuperated.

The fund may invest in instruments which are not in Euros and this remains entirely at the manager's discretion. The exchange rate risk can be hedged entirely or partially by the means of derivative instruments.

The fund may invest, entirely or partially, in corporate and/or government bonds and other tradeable debt instruments. As such, interest rate movements may produce unfavourable results and cause losses to the value of such debt instruments held by the fund. These instruments are also exposed to the effects of a fall in the credit quality of corporate and government issuers. The fund is subject to interest rate risk.

The fund may use forwards and futures (derivative instruments) and as such may use levels of exposure greater than the fund's net asset value. Depending on the direction of these positions, the effect of the movement of the underlying instruments of these derivative instruments may be amplified and as such further increase the possible loss in value of the net asset value per share.

* DEFINITIONS

Delta-Adjusted

For all instruments of an optional nature, the « Delta-Adjusted » exposure is equal to the equivalent corresponding exposure in outright shares. For all non-optional instruments, this exposure is therefore equal to the notional value.

Tail Risk Hedging

The investment manager uses instruments which have an asymmetric profile, like options, to protect the portfolio against a major economic crisis. The Tail Risk Hedging strategies are useful in a negative scenario without reducing the exposure levels of the portfolio to the markets.

Merger Arbitrage

Positions taken in stocks undergoing announced and friendly mergers, acquisitions and capital restructurings reduce the correlation of the portfolio to the market indexes and potentially offer additional performance, especially during falling markets. With the use of a dedicated IT system, the team detects, in real time over a global universe, all new announced deals. They will then focus exclusively on those deals which offer the most favourable risk/return profile, as evaluated by the team.

Volatility

The volatility of a stock can be interpreted as the deviations in returns from the average and as such expresses the regularity with which the returns are produced. It can be used as a measure of risk: the higher the volatility, the greater the risk.

VARENNE CAPITAL PARTNERS