

# Varenne UCITS

Société d'investissement à capital variable (SICAV)

**Unaudited semi-annual report as at 30/06/23**

R.C.S. Luxembourg B 257907

# Varenne UCITS

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# Varenne UCITS

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## Organisation and administration

<b>Registered Office</b>	5, Allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg
<b>Board of Directors</b>	
<b>Chairman</b>	Fabrice Huberty Independent Director
<b>Directors</b>	Thierry Goudin  Sarah Ksas Chief Compliance Officer Varenne Capital Partners  Charles Muller Independent Director
<b>Management Company and Global Distributor</b>	Varenne Capital Partners 42, Avenue Montaigne 75008 Paris France
<b>Depositary, Administrator and Paying Agent</b>	CACEIS Bank, Luxembourg Branch 5, Allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg
<b>Auditor</b>	PricewaterhouseCoopers, <i>Société Coopérative</i> 2, Rue Gerhard Mercator L-2182 Luxembourg Grand Duchy of Luxembourg
<b>Legal adviser as to matters of Luxembourg law</b>	Arendt & Medernach S. A. 41A, Avenue J.F. Kennedy L-2082 Luxembourg Grand Duchy of Luxembourg

# Varenne UCITS

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## Report of the Board of Directors

### CHANGES OVER THE PERIOD

No change to report during the period.

### GLOBAL EXPOSURE LIMITS

The global exposure of the two Sub-Funds of the SICAV is calculated using the absolute VaR approach. Under the absolute VaR approach a limit is set as a percentage of the Net Asset Value of the Sub-Fund. Based on the above calculation parameters, the absolute VaR of each Sub-Fund is limited to 20% of its Net Asset Value.

As of June, 30<sup>th</sup> 2023, the VaR of the Sub-funds were:

- For Varenne Global 11.97%
- For Varenne Valeur 6.38%

### PERFORMANCE FEES

As indicated in the Supplement of each Sub fund section "Performance Fee" the Performance Fee Rate is a maximum that can be reduced at the discretion of the Management Company, considering, among others, the level of interest rates. In that case, such reduction will be decided before the beginning of the fiscal year.

For fiscal year 2023, in the interest of its shareholders, the relevant threshold for calculating performance fees for

- Varenne Valeur : will be the maximum between CNO TEC5 + 300 basis points and 3.20%.
- Varenne Global : will be the maximum between Capitalised €STR + 300 basis points and 3.20%.

### INVESTMENT MANAGEMENT REPORT

#### GENERAL PRINCIPLES

We believe in two basic principles: *solving equations differently* and *adding value*. Everything we build stems from that and, as far as investment management goes, translates into the following.

#### Solving equations differently

- We combine investment strategies into a single structure because it:
  - o is synergistic: Long Equity drives returns throughout the cycle, Short Equity adds idiosyncratic performance, Merger Arbitrage reduces correlation to equity market indexes and contributes to funding our Tail Risk Hedging budget;
  - o copes with changing market and economic conditions through an adaptive portfolio;
  - o allows each team to focus on the most favorable opportunities available and relieves them of the pressure to be "in play" all the time;
  - o efficiently employs investment vehicles' balance sheets. While we typically do not resort to significant leverage on Long Equity and Short Equity combined, we benefit from it to fund short term Merger Arbitrage trades and Tail Risk Hedging.
  - o optimizes risk profiles.
- We separate risks from opportunities and deal with them independently:
  - o On opportunities:
    - Long Equity: most of the long-term returns come from the quality of the businesses that we select in this pocket of the portfolio and the price that we pay for them. We will always try to maximize our Long Equity exposure.
    - Short Equity: Short Equity should be idiosyncratic and is meant to generate performance. Hedging longs with shorts is at best a very costly proposition leading to sub-par long term returns.
    - Merger Arbitrage: much like an insurance business, we underwrite risk only if we are adequately compensated and are perfectly happy to stay on the sidelines when our conditions are not met – typically at times of low volatility and strong equity market performance.
  - o On risk and hedging:
    - Market risk: equity market corrections and bear markets are natural events and should be seen as opportunities for both longs and shorts. In our opinion, an investor is better off accepting market risk, within those boundaries, and only hedging the residual risk in excess of that.
    - Hedging: residual market risk and its root causes can be hedged efficiently through risk/reward asymmetric instruments or trades. Hedging more than that subtracts performance disproportionately and deprives investors of long-term returns.

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## Report of the Board of Directors

### Adding value

- Research: we believe in 100% proprietary research. We follow a strict “brokers are not welcome” policy and never employ sell-side research. We make extensive use of technology to rely exclusively on our internal origination for original investment ideas.
- Process: for each of the frameworks, our teams add value through proprietary research and a five-step process encompassing universe reduction, idea generation, first-hand analysis, systematic portfolio construction and direct market execution.
  - o Universe reduction: it pays dividends to define safer investment sub-universes where the odds are in the investor’s favor and focus can be put on the best available opportunities. For instance, we limit our Merger Arbitrage activity to announced and friendly deals in order to maximize our team’s hit rate.
  - o Idea generation: we do not believe that receiving the 23<sup>rd</sup> call of the day from a salesperson pitching the same idea adds any value. We generate original investment ideas internally through our databases, scoring systems and screenings that cover more than 60 countries.
  - o Analysis: first-hand analysis adds value when formalized within a sound investment methodology, which itself ensures recurrence. For each of the frameworks, we have developed specific investment principles and proprietary analytical tools to best implement them.
  - o Portfolio construction: systematic, rule-based, portfolio construction adds value as it forces the teams to formalize decision metrics and to focus on the best available opportunities. It also keeps emotions out of the equation.
  - o Execution: direct market execution reduces costs and enables best execution. No research costs or any other commissions are borne by the investment vehicles.
- Information systems: bespoke information systems are essential at each step of the process. They allow us to manage large volumes of information and orientate each team’s priorities. We have invested heavily in this area and will continue to do so.

### CONTRIBUTION PER INVESTMENT STRATEGY

The table below summarizes how our portfolios behaved over the last five years.

	2018	2019	2020	2021	2022	YTD 2023
<b>VARENNE VALEUR</b>						
Share Class P-EUR (LU2358390321)	-2,98%	11.04%	11.08%	20.16%	-15.84%	3.67%
<b>VARENNE GLOBAL</b>						
Share Class P-EUR (LU2358391725)	-4,17%	12.33%	11.60%	28.36%	-25.49%	8,70%

Source: Varenne Capital Partners. Returns reflect the reinvestment of dividends and other income and are net of all management and performance fees perceived by the Investment Manager as well as all expenses borne directly by the fund. Other fees and expenses charged to the investor by third parties may apply. Past performance does not predict future returns. Data for 2023 are as of June 30<sup>th</sup> 2023.

The data presented before Feb 14<sup>th</sup>, 2022, for Varenne Global and before April 25<sup>th</sup>, 2022, for Varenne Valeur relates to the French Funds and are presented for information only.

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## Report of the Board of Directors

We can observe how performance was achieved in 2022 through the contribution of each investment component:

	VARENNE VALEUR	VARENNE GLOBAL
LONG EQUITY	5.44%	11.82%
SHORT EQUITY	-1.27%	-1.96%
MERGER ARBITRAGE	0.08%	0.21%
TAIL RISK HEDGING	-0.71%	-1.03%

Source : Varenne Capital Partners – Exposures, attributions and contributions are estimated, gross. All figures are believed to be correct to the best of our knowledge, but no assurance can be given on their accuracy or completeness. The information included in the attribution and contribution estimates herein have been obtained from sources believed to be reliable, however these sources cannot be warranted as to their accuracy or completeness. Readers should be aware that exposure, attribution and contribution calculations are indicative and entail significant assumptions and approximations.

Looking at the contributions per strategy over the year : Tail risk Hedging, Merger Arbitrage and Short Equity ended the year positively, but could not offset the Long Equity component.

As long biased and concentrated portfolios, our funds can be, have been, and will occasionally be subject to volatility, when equity markets are down in a 10% to 20% range, an area that is not covered by our Tail Risk Hedging.

### LONG EQUITY

#### Main contributors in H1 2023

The main contributors in the concentrated Long Equity book have been the following:

VARENNE VALEUR		VARENNE GLOBAL	
LVMH	1.37%	LVMH	1.81%
Pandora	1.14%	Hugo Boss	1.52%
Hugo Boss	0.95%	Pandora	1.22%
JD Sports	0.89%	JD Sports	0.99%
Ryanair	0.78%	Inditex	0.91%
Kering	0.30%	Microsoft	0.82%
Safran	0.26%	Ryanair	0.82%
EssilorLuxottica	0.26%	Hermes	0.79%
Dollar General	-1.01%	Dollar General	-0.95%

Source : Varenne Capital Partners – Exposures, attributions and contributions are estimated, gross. All figures are believed to be correct to the best of our knowledge, but no assurance can be given on their accuracy or completeness. The information included in the attribution and contribution estimates herein have been obtained from sources believed to be reliable, however these sources cannot be warranted as to their accuracy or completeness. Readers should be aware that exposure, attribution, and contribution calculations are indicative and entail significant assumptions and approximations.

# Varenne UCITS

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## Report of the Board of Directors

Over the first half of 2023, the Long Equity strategy, which is the combination of core and diversified positions, was the main driver of performance, with a contribution of 8.68%.

The main positive contributions to performance from the core concentrated Long Equity strategy came from **Hugo Boss**, **JD Sports**, **LVMH**, **Pandora**, and **Ryanair**. The only negative contribution to performance came from **Dollar General**.

**Dollar General** is a US-based convenience store chain with 19,000 locations, primarily in rural areas. Its scale and unique low-cost operating model allow it to run stores in areas that its competitors would not manage to make economically viable, which creates localized monopolies for the company. The stock was one of our top contributors in 2022, although towards the end of the year it was impacted by supply chain management and warehousing issues as well as the late December arrival of the winter Storm Elliott, which spoiled a lot of inventory and kept shoppers at home. We took these events seriously, as there had been a change in executive leadership towards the end of last year. The former COO (Chief Operating Officer) stepped into the CEO role after his predecessor retired.

Given his background in operations and execution, and the clear strategic roadmap already in place, we didn't see an immediate execution risk; however, following multiple interactions with the company and with our expert networks, we decided to downgrade our economic quality rating on the stock and exited the position before they announced their Q1 earnings in June, which were poorly received by the market.

**Hugo Boss** is a position we added to the portfolio at the end of 2022. With its stock price rising 32% in the first half of the year, it contributed significantly to H1 performance. The company showed great momentum in its Q1 results, with revenue growth of 25% year-on-year, in constant currency, and EBIT growth of 63%. Hugo Boss is a global, vertically integrated company headquartered in Metzingen, Germany, and was founded in 1924. Its roots lie in the formal menswear market, but it now offers casualwear, womenswear, and accessories alongside the more classic suits. The company has 470 owned and operated retail stores, and a strong position with key wholesale partners, with 6,100 total points of distribution including franchise stores in 128 markets.

We have previously owned Hugo Boss, first from 2003 to 2009, and then again in 2011 to 2014, choosing to take profits as the company neared full valuation and private equity fund Permira, which had built a significant stake in the company, made its exit. We have kept a close eye on Hugo Boss since then, noting that even after several years of poor marketing and product execution, they still benefitted from very strong consumer awareness in menswear.

In 2021, there was a change in management, when fashion entrepreneur and PVH Europe veteran Daniel Grieder was named CEO. After taking the role in June 2021, he introduced a new strategy, called CLAIM 5, and made outright purchases in the company shares, multiple times, with a large transaction in November 2022 following a stock price decline and additional transactions in January and February 2023. With signs of the operational refocus set out in CLAIM 5 firmly underway, we built our position, and, before the preliminary announcement of the full-year results in January, we owned three and a half percent of the equity capital of the company.

As we have seen in many of our past investments, there is often significant potential for re-rating when a company with strong brand assets and financial characteristics goes from being under-managed to being managed for long-term value creation by a talented executive team like this one. Daniel Grieder is working alongside Oliver Timm as Chief Sales Officer, with whom he worked very closely at PVH, and Yves Mueller as CFO, who we recently received for a visit at our offices here in Paris. We were also able to discuss the strategy and future perspectives extensively with all three of them while attending the Capital Markets Day last month in Metzingen, where they provided an update to the financial and strategic targets set in 2021 under the CLAIM 5 strategy.

The five pillars of the strategy are the following: brand, product, digital, omnichannel, and global footprint. Together, they were intended to lift revenues to EUR 4 billion and operating margins to 12% (50% increase) by 2025. At the most recent Capital Markets Day, the company announced that it expects to achieve its 2025 revenue goal as early as this year, and lifted its mid-term revenue ambition by an additional EUR 1 billion, and its mid-term EBIT target by EUR 120 million. While this was a great initial confirmation of our thesis on management quality and brand momentum, we do feel that there is still more opportunity ahead. After we toured the showrooms and discussed with the Managing Directors of BOSS Menswear, BOSS Womenswear, HUGO, licensing and accessories in June, it was clear to us that the new team and strategy had inspired a real step-up in the pace of innovation in both product and brands.

That innovation is being supported by an industry-leading marketing approach, which led to Boss being the fastest growing-brand on Instagram and HUGO being the fastest-growing brand on TikTok in 2022. The combination of improved messaging and product development has been very effective, as demonstrated by the company's 21% market share gains in 2022.

Hugo Boss's sales growth versus 2019 has outperformed their industry peers every single quarter since the announcement of CLAIM 5 and grew 44% in Q1 2023, compared to only 12% for peers in the industry. With Claim 5 strategy already delivering outstanding results after only one year, we remain confident in the company's ability to fuel profitable growth for years to come and look forward to further developments in the core BOSS menswear market as well as BOSS womenswear and HUGO.

With its share price up almost 16% during the quarter, **JD Sports** was another important positive contributor so far this year. As discussed in our previous quarterly presentations, last year the Company appointed Andy Higginson, former Chair at Morrison's supermarket chain, as Chairman, bringing decades of executive and non-executive retail experience, and Régis Schultz as CEO.

Régis is a talented manager well known to Varenne from his days as CEO at Darty, a very profitable investment for us back in 2015. In May of this year, Schultz in turn appointed Dominic Platt, with whom he worked closely at Darty, as JD's next CFO. The transition period with former CFO Neil Greenhalgh is currently underway.

We were delighted to see the new team hit the ground running with a well-received Capital Markets Day in early February 2023, where they set out ambitious growth targets and strategy for the next five years. A key part of our original investment thesis in JD Sports was the ability to expand through both organic growth and acquisitions outside the UK, which now only represents 30% of sales.

We have held several conversations with Régis Schultz and his team and are pleased to see that JD is targeting five to six hundred new JD stores in North America, including four hundred stores currently under the Finish Line banner that will be converted to JD Sports, while in Europe and the rest of the world, the company sees opportunity for seven to nine hundred stores, through new store openings and acquisitions.

In Q2, JD made significant steps towards this goal with the acquisition of Courir, which adds 313 Courir-bannered stores across Europe, and a franchising agreement with GMG in the Middle East, which would add 50 new JD-bannered stores in the region. The company also announced last Friday their intention to buy out the remaining minority interests in Iberian Sports Retail Group for 500 million pounds.

In financial terms, JD aims to achieve double-digital revenue CAGR and a double-digit operating margin over the next five years, with over a billion pounds of cash from operations generated annually in the process, and we are confident in the management team's ability to deliver this plan.

**LVMH** as many of you know, has been a core holding and key contributor to our portfolios since 2009, and whose stock was up 27% in the first half of the year. The Paris-based conglomerate dominates the global luxury market through its portfolio of businesses in five major business groupings: fashion and leather goods, wines and spirits, watches and jewelry, perfume and cosmetics, and selective distribution; and other activities

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## Report of the Board of Directors

including the Belmond and Cheval Blanc hotel groups. This portfolio includes star brands like Louis Vuitton, which posted over EUR 20 billion in revenue in 2022, as well as Christian Dior, Krug, Hennessy, Bulgari, Tiffany, and Sephora, etc., for a total of 75 *Maisons* altogether.

LVMH is led by Chairman and CEO Bernard Arnault and a very competent executive team. Throughout our extended holding period, the group has demonstrated resilience through major crises, in part due to its extraordinary diversification of geographical and end-market exposure. The stock has performed well since the beginning of the year as the lockdown measures in China lifted and as fears of a hard landing began to ease.

The full year results for 2022, which were published in late January, demonstrated outstanding execution as the company reached record revenues of just under EUR 80 billion and profit from recurring operations at EUR 21 billion, both of which grew 23% year on year even despite the difficulties in China. All five business groups grew significantly, with strength in Europe, Japan, and the United States. Fears of macro-economic headwinds proved unfounded, given the resilient demand for brands with the exceptional pricing power LVMH has created over time through advertising and superior retail execution.

A key component of our long-term thesis on LVMH is their ability to consistently add value as an owner of acquired brands. The fiscal 22 results confirmed their superior stewardship ability with Tiffany, where profit from recurring operations doubled to EUR 1 billion in 2022 since the acquisition closed just the previous year.

In the medium and long-term we remain confident in LVMH's ability to widen the gap with its smaller competitors. In the era of global digital brands, LVMH's scale provides a unique competitive advantage in the ability to advertise globally and efficiently serve global clientele's needs.

At the same time, in the luxury industry, scale must be paired with a real creative vision to sustain brand desirability, and we were pleased to see LVMH continue in this direction with the ground-breaking appointment of Pharrell Williams, a multi-talented creative, to Creative Director of menswear at Louis Vuitton. His first collection, the Spring/Summer 2024 show, was held on the Pont-Neuf here in Paris and attracted an unprecedented 1 billion views online on Louis Vuitton's own platform and associated press accounts, proving the brand's desirability even at this scale.

We are privileged to regularly exchange with LVMH teams, and are confident in their ability to combine human and financial resources with a long-term strategy and vision for many more years to come.

### Key Portfolio Activity in S1.2023

After adding **Ryanair**, reducing **EssilorLuxottica** and taking profits on **Kering** in Q1, while reducing our positions on **Starbucks** by essentially converting options into shares. During Q2 we exited **Dollar General** and added a new position on **Safran**.

**Safran** is a leading civil and military aviation global manufacturer with dominant positions in engines, equipment, and aircraft interiors. With over EUR 19 billion in revenue last year and 83,000 associates worldwide, the company is one of the largest aerospace (equipment) suppliers in the world.

For a bit more color on Safran's dealings, we can start with the aerospace propulsion segment, which supplies airframers like Airbus and Boeing with engines for commercial aircraft in the civil aviation industry and makes up 73% of the segment's revenue. They also have number one or two positions in European military aircraft engines, helicopters, landing gear, wheels and carbon brakes, and in aircraft interiors.

Safran caters to a significant portion of products and services to a typical narrowbody aircraft. As the industry is heavily regulated, it is important to mention that there are few competitors and high barriers to entry in most, if not all, of the products produced by Safran, which translates into attractive and sustainable margins. We expect these to increase in the near term as the company continues to ramp up scale and regain operating leverage after the Covid-induced pause in the whole supply chain.

The post-Covid recovery in civil aviation demand has been well-documented, and indeed another of our holdings, **Ryanair**, has benefited from the immediate rise in demand for capacity in Europe, with the stock price increasing 40% already in the first half of this year. Looking longer-term, though, it's clear that the ability of Safran to create value lies in the pricing power it enjoys on service and spare parts for its installed base, particularly in the Aerospace propulsion segment, as well as the ability to keep growing its relative share of that installed base through the superior performance of its engines vs. its competitors.

### SHORT EQUITY

As a reminder, we short for performance purposes and not for hedging the longs.

We really look for companies that will likely face what we call a capital event within an 18-to-24-month time horizon and that can be recapitalizations, restructurings or even bankruptcies and are happy to stay on the side-lines if conditions are not met. The goal here is to be able to produce uncorrelated returns in adverse economic or credit conditions, which, for the first time in over a decade, is something we are likely to be facing soon.

During the first half of 2023, the Short Equity book contributed -1.93% to the portfolio. Despite the negative contribution for the first quarter, we believe that fundamental opportunity indicators for our kind of shorts remain favorable, with policy rates still high, credit yield elevated and GDP expectations potentially pointing to some activity slowdown. With a fundamental environment still conducive to the strategy, the team has selectively deployed capital, however, the market indicators remain quite unfavorable to our approach to the strategy.

### MERGER ARBITRAGE

In Merger Arbitrage, our focus is exclusively on announced and friendly deals, and we are very flexible on the overall exposure as we really act as a liquidity provider to the market with no obligation to be in play all the time.

The role of Merger Arbitrage in our construct is to fund whole or part of the 1.5% of AUM annual budget for Tail Risk Hedging.

The advantage of relying on merger arbitrage for that purpose is that we can employ efficiently our balance sheet on what is effectively a 'fund within the fund', with exposure ranging from 0 to 100%, that sits on top of Longs and Shorts with very low risk as the mandate is to underwrite only the safest situations.



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## Report of the Board of Directors

Our investment universe contracted materially in the first half, as the total value of M&A investable deals decreased by almost 50%, year on year. Higher costs of funding, lack of visibility over inflation and increasing concerns about economic prospects weighed on companies' willingness to undertake external growth, and the recent banking turmoil did not help improve the outlook.

Given tougher monetary and financing conditions, private equity activity remains subdued despite some firms willing to undertake fully equity-financed transactions.

Lower M&A activity has had a negative impact for the strategy as capital is concentrated on fewer opportunities thereby compressing their expected returns.

Looking at capacity, it has come down for the first time in the last decade, and we are now past the peak. Nevertheless, it remains very high after years of easy money and, as such, still weighs on the return potential of the strategy.

Now, given the ongoing normalization in monetary policies and a difficult M&A environment, we expect capacity to reduce further in the near future. While our universe has materially narrowed and volatility remains contained, we managed to maintain an exposure to the strategy slightly above 10%.

Our selective "deal-picking" approach allowed us to deliver performance despite a lower exposure to the strategy as we focused on the most favorable opportunities. Below is our review of two significant stories in the portfolio:

**Horizon Therapeutics** detracted 20 basis points. On May 16th, the FTC filed a lawsuit to block the transaction on antitrust grounds, with a trial expected to start in September. The parties have expressed their commitment to the deal and willingness to fight the decision in court. Given the absence of horizontal and vertical issues, and the subjective arguments used by the FTC, we expect the parties to prevail at trial and we have kept our position as we remain confident in the deal closing.

**Activision Blizzard** detracted 6 basis points. In an unexpected move, after having abandoned its foreclosing theory of harm on the console market, the CMA nevertheless decided to block the transaction due to concerns surrounding the nascent cloud gaming market. In the meantime, in the US, the FTC filed a lawsuit in federal court to obtain a preliminary injunction to stop the deal from closing. However, in a very positive development, on July 11th, the federal judge Corley ruled against the FTC and denied the preliminary injunction. Almost simultaneously, the CMA and the parties agreed to pause the litigation process in the UK in order to work on additional remedies. All along the process, we kept our entire position intact, which will positively contribute to performance in July.

In terms of portfolio activity, three new deals were added to the book over the quarter with Qualtrics closing quickly, which leaves us with five deals in the portfolio.

Regarding the outlook for the remainder of the year, we expect the slow M&A regime to persist at least until the fourth quarter, as general visibility remains limited, and the summer is usually a quiet period.

Looking at spreads, which express the inherent gross profitability of merger arbitrage, we don't expect them to materially widen as volatility remains stable.

Of course, this can change quickly and, should the situation improve, we have plenty of dry powder and the team stands ready to deploy capital should the right opportunities present themselves.

On the positive side, the increase in short-term rates, despite being a headwind on financing, can also be regarded as a positive tailwind as merger arb investors factor in higher time value of money in their required returns.

All in all, as we remain selective on the quality of the deals that we pursue, we anticipate exposure levels on merger arbitrage to remain in line with the first half of the year.

## TAIL RISK HEDGING

In Tail Risk Hedging (TRH) the objective is to protect the portfolio from market risk that goes beyond a correction, we call that 'residual risk'.

So, we define residual risks as the impact from an event leading the S&P 500 down 20% or more from its 52-week peak. On TRH we create an arsenal of risks-reward asymmetric trades that we build within the annual budget of 1.5% of AUM, and as discussed this is partly or wholly funded by Merger Arbitrage. We like to think of them as several lines of defense that can kick in, one after the other, pretty much like a series of parachutes.

We employ two family of hedges:

- The first is directly targeted at equity market risk and is always there as we typically employ short to mid-dated non-vanilla optional strategies for which we seek significant discount to equivalent vanilla ones, to reduce carrying costs. On this family we limit to short / mid-dated trades as we must work on market references and they might not be meaningful any more after 12 or 18 months, simply because markets can go up or down significantly in that lapse of time.
- As a complement to the first family, we can hedge what we call root causes of market risk. On root causes of market risk, the interest is that we can go longer dated, up to five years and we can employ instruments or trades on any kind of assets, being that credit, interest rates, commodities, or currencies on which we really seek to assemble a set of instruments that allow us to have convexity in case of market shocks.

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## Report of the Board of Directors

So, to recap, here you can find our current positions on the two families of hedges:

STATUS	NAME	RATIONALE	TARGET NOTIONAL		EXPIRY
			Valeur	Global	
<b>Closed</b>	<b>Put Volatility Knock-Out SPX</b>	Severe fall in equity markets	<b>2%</b>	<b>5.5%</b>	<b>Jun 2023</b>
<b>Open</b>	<b>Put Volatility Knock-Out SX5E</b>	Severe fall in equity markets	<b>20%</b>	<b>32.5%</b>	<b>Dec 2023</b>
<b>Open</b>	<b>Put Volatility Knock-Out SPX</b>	Severe fall in equity markets			
<b>Open</b>	<b>Put Dual Digital SX5E &amp; EURUSD</b>	Severe fall in equity markets	<b>5%</b>	<b>5%</b>	<b>Nov 23/Dec 23/Jan 24</b>
<b>Open</b>	<b>Put on Best SX5E/NKY</b>	Severe fall in equity markets	<b>6.5%</b>	<b>11%</b>	<b>mars-24</b>
<b>Open</b>	<b>Put Spread SX5E</b>	Fall in equity markets	<b>30%</b>	<b>40%</b>	<b>sept-23</b>

Source: Varenne Capital Partners.

Typically, the annual hedging window starts in the second half of November and lasts until March the following year. In November 2022, we used Volatility Knock Out (VKO) put options.

In the first quarter of the year, we added a second line of defense with Dual Digital options. In the second quarter, we sold some of our VKOs with June expiry and replaced them with Nikkei / Euro Stoxx 50 Put on Best options and a Put-spread on the Euro Stoxx 50.

We added a line of defense with out-of-the-money put spreads on the Euro Stoxx 50 index in Q2. In Q1, we added Dual Digital Put options, which pay out entirely if both underlying securities' strikes are hit. We paired EURUSD with Euro Stoxx 50 for this.

Our views have not changed. The Banking crisis has made credit and funding more expensive, impacting the economy, which could manifest in the second half of the year. The key metric is employment. Central Banks might keep rates high for longer, potentially leading to a recession, but we've covered this risk with our tail risk hedges and multiple position layers at different strikes.

**Varenne UCITS**  
**Combined financial statements**

# Varenne UCITS

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## Combined statement of net assets as at 30/06/23

	<i>Expressed in EUR</i>
<b>Assets</b>	<b>1,922,835,140.07</b>
Securities portfolio at market value	1,675,221,930.84
<i>Cost price</i>	<i>1,682,841,357.43</i>
Options (long positions) at market value	6,600,175.46
<i>Options purchased at cost</i>	<i>31,538,194.65</i>
Cash at banks and liquidities	237,929,716.87
Receivable for investments sold	1,091,268.26
Receivable on subscriptions	362,618.87
Receivable on CFDs	13,929.13
Dividends receivable, net	1,096,140.54
Interests receivable, net	342,349.49
Formation expenses, net	2,474.14
Other assets	174,536.47
<b>Liabilities</b>	<b>90,712,897.49</b>
Bank overdrafts	19,070,673.26
Payable on investments purchased	6,213,709.62
Payable on redemptions	1,822,144.01
Net unrealised depreciation on forward foreign exchange contracts	462,326.11
Net unrealised depreciation on CFDs	2,808,226.08
Net unrealised depreciation on swaps	55,426,449.40
Management fees payable	2,603,834.04
Interests payable, net	660,795.01
Other liabilities	1,644,739.96
<b>Net asset value</b>	<b>1,832,122,242.58</b>

# Varenne UCITS

## Combined statement of operations and changes in net assets for the period ended 30/06/23

Expressed in EUR

<b>Income</b>	<b>27,801,657.38</b>
Dividends on securities portfolio, net	20,061,661.82
Dividends received on CFDs	1,308,232.76
Interests on money market instruments, net	290,578.66
Interests received on CFDs	2,755,860.06
Interests received on swaps	481.22
Bank interests on cash accounts	3,374,631.20
Other income	10,211.66
<b>Expenses</b>	<b>46,482,418.90</b>
Management fees	16,558,846.14
Depositary fees	141,860.43
Administration fees	406,189.29
Domiciliary fees	3,374.60
Amortisation of formation expenses	7,190.92
Audit fees	10,076.76
Legal fees	23,760.33
Transaction fees	4,536,443.79
Directors fees	20,310.80
Subscription tax ("Taxe d'abonnement")	438,630.81
Interests paid on bank overdraft	2,636,231.05
Dividends paid on CFDs	566,694.27
Interests paid on CFDs	10,759,951.07
Interests paid on swaps	10,310,146.34
Other expenses	62,712.30
<b>Net income / (loss) from investments</b>	<b>-18,680,761.52</b>
<b>Net realised profit / (loss) on:</b>	
- sales of investment securities	54,919,351.46
- options	10,640,816.05
- forward foreign exchange contracts	147,615.52
- financial futures	15,636,260.44
- CFDs	-4,513,240.82
- swaps	-581,112.46
- foreign exchange	1,269,661.09
<b>Net realised profit / (loss)</b>	<b>58,838,589.76</b>
<b>Movement in net unrealised appreciation / (depreciation) on:</b>	
- investments	111,540,763.68
- options	-27,002,454.49
- forward foreign exchange contracts	-555,623.98
- financial futures	96,795.58
- CFDs	-2,729,492.14
- swaps	-54,529,260.50
<b>Net increase / (decrease) in net assets as a result of operations</b>	<b>85,659,317.91</b>
Subscriptions of capitalisation shares	146,508,398.05
Redemptions of capitalisation shares	-286,377,313.64
<b>Net increase / (decrease) in net assets</b>	<b>-54,209,597.68</b>

# Varenne UCITS

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## Combined statement of operations and changes in net assets for the period ended 30/06/23

	<i>Expressed in EUR</i>
Net assets at the beginning of the period	1,886,331,840.26
Net assets at the end of the period	1,832,122,242.58

## **Varenne UCITS - VARENNE GLOBAL**

# Varenne UCITS - VARENNE GLOBAL

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## Statement of net assets as at 30/06/23

Expressed in EUR

<b>Assets</b>	<b>383,783,698.90</b>
Securities portfolio at market value	316,500,604.58
<i>Cost price</i>	317,009,045.69
Options (long positions) at market value	1,591,382.85
<i>Options purchased at cost</i>	7,538,488.97
Cash at banks and liquidities	64,265,465.23
Receivable for investments sold	1,091,268.26
Receivable on subscriptions	64,093.60
Receivable on CFDs	13,929.13
Interests receivable, net	235,180.36
Formation expenses, net	556.93
Other assets	21,217.96
<b>Liabilities</b>	<b>25,737,748.54</b>
Bank overdrafts	17,607,668.36
Payable on investments purchased	6,213,709.62
Payable on redemptions	720,541.76
Net unrealised depreciation on forward foreign exchange contracts	89,551.32
Net unrealised depreciation on CFDs	168,504.54
Management fees payable	532,878.08
Interests payable, net	268,738.14
Other liabilities	136,156.72
<b>Net asset value</b>	<b>358,045,950.36</b>



# Varenne UCITS - VARENNE GLOBAL

## Statement of operations and changes in net assets from 01/01/23 to 30/06/23

Expressed in EUR

<b>Income</b>	<b>4,905,910.89</b>
Dividends on securities portfolio, net	2,430,988.74
Dividends received on CFDs	814,630.95
Interests on money market instruments, net	290,578.66
Interests received on CFDs	637,823.15
Interests received on swaps	481.22
Bank interests on cash accounts	729,992.62
Other income	1,415.55
<b>Expenses</b>	<b>9,721,754.76</b>
Management fees	3,618,167.17
Depositary fees	30,889.16
Administration fees	106,214.99
Domiciliary fees	363.76
Amortisation of formation expenses	1,502.17
Audit fees	2,105.17
Legal fees	11,086.63
Transaction fees	1,102,037.09
Directors fees	4,243.16
Subscription tax ("Taxe d'abonnement")	87,106.70
Interests paid on bank overdraft	622,704.46
Dividends paid on CFDs	125,656.69
Interests paid on CFDs	3,994,900.81
Interests paid on swaps	13.29
Other expenses	14,763.51
<b>Net income / (loss) from investments</b>	<b>-4,815,843.87</b>
<b>Net realised profit / (loss) on:</b>	
- sales of investment securities	11,493,584.79
- options	2,053,825.20
- forward foreign exchange contracts	319,614.91
- financial futures	1,157,249.20
- CFDs	5,380,952.33
- swaps	-120,474.92
- foreign exchange	-151,879.94
<b>Net realised profit / (loss)</b>	<b>15,317,027.70</b>
<b>Movement in net unrealised appreciation / (depreciation) on:</b>	
- investments	22,510,393.62
- options	-6,593,983.37
- forward foreign exchange contracts	-192,617.20
- financial futures	27,242.14
- CFDs	2,209,106.81
- swaps	49,195.49
<b>Net increase / (decrease) in net assets as a result of operations</b>	<b>33,326,365.19</b>
Subscriptions of capitalisation shares	16,141,899.49
Redemptions of capitalisation shares	-86,545,650.10
<b>Net increase / (decrease) in net assets</b>	<b>-37,077,385.42</b>

# Varenne UCITS - VARENNE GLOBAL

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## Statement of operations and changes in net assets from 01/01/23 to 30/06/23

	<i>Expressed in EUR</i>
Net assets at the beginning of the period	<b>395,123,335.78</b>
Net assets at the end of the period	<b>358,045,950.36</b>

# Varenne UCITS - VARENNE GLOBAL

## Statistics

		30/06/23	31/12/22
<b>Total Net Assets</b>	<b>EUR</b>	<b>358,045,950.36</b>	<b>395,123,335.78</b>
<b>Share Class A - EUR</b>			
Number of shares		1,354,599.389	1,655,105.691
Net asset value per share	EUR	206.07	190.23
<b>Share Class I - EUR</b>			
Number of shares		29,052.905	33,575.830
Net asset value per share	EUR	1,493.23	1,372.36
<b>Share Class A - CHF</b>			
Number of shares		26,902.642	27,857.765
Net asset value per share	CHF	232.61	216.55
<b>Share Class A - USD</b>			
Number of shares		4,751.151	5,283.043
Net asset value per share	USD	302.65	276.49
<b>Share Class P - EUR</b>			
Number of shares		196,013.974	204,104.662
Net asset value per share	EUR	127.89	117.65
<b>Share Class P - CHF</b>			
Number of shares		22,101.553	23,941.553
Net asset value per share	CHF	119.97	111.29

## Varenne UCITS - VARENNE GLOBAL

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### Changes in number of shares outstanding from 01/01/23 to 30/06/23

	Shares outstanding as at 01/01/23	Shares issued	Shares redeemed	Shares outstanding as at 30/06/23
Share Class A - EUR	1,655,105.691	52,198.959	352,705.261	1,354,599.389
Share Class I - EUR	33,575.830	1,664.651	6,187.576	29,052.905
Share Class A - CHF	27,857.765	266.917	1,222.040	26,902.642
Share Class A - USD	5,283.043	349.800	881.692	4,751.151
Share Class P - EUR	204,104.662	21,685.366	29,776.054	196,013.974
Share Class P - CHF	23,941.553	0.000	1,840.000	22,101.553

# Varenne UCITS - VARENNE GLOBAL

## Securities portfolio as at 30/06/23

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
<b>Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market</b>			<b>273,435,584.88</b>	<b>76.37</b>
<b>Shares</b>			<b>273,435,584.88</b>	<b>76.37</b>
<b>Denmark</b>			<b>21,378,105.52</b>	<b>5.97</b>
PANDORA	DKK	261,294	21,378,105.52	5.97
<b>Finland</b>			<b>7,903,668.35</b>	<b>2.21</b>
KONE OYJ -B-	EUR	165,245	7,903,668.35	2.21
<b>France</b>			<b>93,812,376.49</b>	<b>26.20</b>
CHRISTIAN DIOR	EUR	5,187	4,217,031.00	1.18
DASSAULT AVIATION SA	EUR	33,884	6,214,325.60	1.74
DASSAULT SYST.	EUR	239,318	9,722,293.75	2.72
ESSILORLUXOTTICA SA	EUR	116,378	20,086,842.80	5.61
GAZTRANSPORT ET TECHNIGAZ SA	EUR	50,442	4,703,716.50	1.31
HERMES INTERNATIONAL SA	EUR	4,687	9,327,130.00	2.61
ID LOGISTICS	EUR	10,745	2,901,150.00	0.81
LDC SA	EUR	30,996	3,595,536.00	1.00
LVMH	EUR	15,940	13,756,220.00	3.84
ROTHSCHILD	EUR	63,875	2,973,381.25	0.83
SAFRAN SA	EUR	110,039	15,786,194.94	4.41
TARKETT SA	EUR	47,833	528,554.65	0.15
<b>Germany</b>			<b>31,642,342.02</b>	<b>8.84</b>
HUGO BOSS AG	EUR	289,429	20,705,750.66	5.78
SAP AG	EUR	64,224	8,036,991.36	2.24
ZALANDO SE	EUR	110,000	2,899,600.00	0.81
<b>Ireland</b>			<b>13,620,249.78</b>	<b>3.80</b>
RYANAIR HLDGS	EUR	791,185	13,620,249.78	3.80
<b>Italy</b>			<b>4,791,415.20</b>	<b>1.34</b>
SESA	EUR	41,883	4,791,415.20	1.34
<b>Netherlands</b>			<b>35,847,021.00</b>	<b>10.01</b>
ADYEN	EUR	5,400	8,563,320.00	2.39
ASML HOLDING NV	EUR	13,362	8,859,006.00	2.47
PROSUS N.V. (ZAR)	EUR	46,500	3,120,615.00	0.87
QIAGEN - REGISTERED	EUR	372,000	15,304,080.00	4.27
<b>Norway</b>			<b>14,343,495.31</b>	<b>4.01</b>
CFD SALMAR	NOK	387,281	14,343,495.31	4.01
<b>Spain</b>			<b>9,982,734.66</b>	<b>2.79</b>
INDITEX SHARE FROM SPLIT	EUR	281,521	9,982,734.66	2.79
<b>United Kingdom</b>			<b>22,070,989.20</b>	<b>6.16</b>
JD SPORTS FASHION PLC	GBP	12,972,753	22,070,989.20	6.16
<b>United States of America</b>			<b>18,043,187.35</b>	<b>5.04</b>
CORTEVA - REGISTERED SHS	USD	50,609	2,658,016.22	0.74
STARBUCKS CORP	USD	169,445	15,385,171.13	4.30
<b>Money market instruments</b>			<b>23,892,000.46</b>	<b>6.67</b>
<b>Commercial papers &amp; certificates of deposit debt claims</b>			<b>23,892,000.46</b>	<b>6.67</b>
<b>Germany</b>			<b>1,476,155.41</b>	<b>0.41</b>
METRO AG ZCP 160823	EUR	1,500,000	1,476,155.41	0.41
<b>Italy</b>			<b>2,946,902.08</b>	<b>0.82</b>
MAIRE TECNIMONT SPA ZCP 041223	EUR	3,000,000	2,946,902.08	0.82

## Varenne UCITS - VARENNE GLOBAL

### Securities portfolio as at 30/06/23

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
<b>Spain</b>				
ACCIONA FINANCIACION ZCP 270324	EUR	5,000,000	4,816,615.43	1.35
CIE AUTOMOTIVE SA ZCP 291123	EUR	4,000,000	3,925,712.58	1.10
SACYR SA ZCP 290124	EUR	4,000,000	3,853,747.14	1.08
SOLARIA ENERGIA Y ME ZCP 290923	EUR	3,000,000	2,947,679.37	0.82
<b>Sweden</b>				
BILLERUD AB ZCP 271123	EUR	4,000,000	3,925,188.45	1.10
<b>Undertakings for Collective Investment</b>			<b>19,173,019.24</b>	<b>5.35</b>
<b>Shares/Units in investment funds</b>			<b>19,173,019.24</b>	<b>5.35</b>
<b>France</b>				
OSTRUM SRI 12-18 M FCP I	EUR	885	9,279,672.02	2.59
SWISS LIFE FUNDS F BOND 6M FCP I	EUR	727	7,830,711.97	2.19
<b>Luxembourg</b>				
DPAM L BONDS EUR SHORT TERM CLASS B EUR	EUR	20,996	2,062,635.25	0.58
<b>Total securities portfolio</b>			<b>316,500,604.58</b>	<b>88.40</b>

## **Varenne UCITS - VARENNE VALEUR**

# Varenne UCITS - VARENNE VALEUR

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## Statement of net assets as at 30/06/23

	<i>Expressed in EUR</i>
<b>Assets</b>	<b>1,539,051,441.17</b>
Securities portfolio at market value	1,358,721,326.26
<i>Cost price</i>	1,365,832,311.74
Options (long positions) at market value	5,008,792.61
<i>Options purchased at cost</i>	23,999,705.68
Cash at banks and liquidities	173,664,251.64
Receivable on subscriptions	298,525.27
Dividends receivable, net	1,096,140.54
Interests receivable, net	107,169.13
Formation expenses, net	1,917.21
Other assets	153,318.51
<b>Liabilities</b>	<b>64,975,148.95</b>
Bank overdrafts	1,463,004.90
Payable on redemptions	1,101,602.25
Net unrealised depreciation on forward foreign exchange contracts	372,774.79
Net unrealised depreciation on CFDs	2,639,721.54
Net unrealised depreciation on swaps	55,426,449.40
Management fees payable	2,070,955.96
Interests payable, net	392,056.87
Other liabilities	1,508,583.24
<b>Net asset value</b>	<b>1,474,076,292.22</b>



# Varenne UCITS - VARENNE VALEUR

## Statement of operations and changes in net assets from 01/01/23 to 30/06/23

Expressed in EUR

<b>Income</b>	<b>22,895,746.49</b>
Dividends on securities portfolio, net	17,630,673.08
Dividends received on CFDs	493,601.81
Interests received on CFDs	2,118,036.91
Bank interests on cash accounts	2,644,638.58
Other income	8,796.11
<b>Expenses</b>	<b>36,760,664.14</b>
Management fees	12,940,678.97
Depositary fees	110,971.27
Administration fees	299,974.30
Domiciliary fees	3,010.84
Amortisation of formation expenses	5,688.75
Audit fees	7,971.59
Legal fees	12,673.70
Transaction fees	3,434,406.70
Directors fees	16,067.64
Subscription tax ("Taxe d'abonnement")	351,524.11
Interests paid on bank overdraft	2,013,526.59
Dividends paid on CFDs	441,037.58
Interests paid on CFDs	6,765,050.26
Interests paid on swaps	10,310,133.05
Other expenses	47,948.79
<b>Net income / (loss) from investments</b>	<b>-13,864,917.65</b>
<b>Net realised profit / (loss) on:</b>	
- sales of investment securities	43,425,766.67
- options	8,586,990.85
- forward foreign exchange contracts	-171,999.39
- financial futures	14,479,011.24
- CFDs	-9,894,193.15
- swaps	-460,637.54
- foreign exchange	1,421,541.03
<b>Net realised profit / (loss)</b>	<b>43,521,562.06</b>
<b>Movement in net unrealised appreciation / (depreciation) on:</b>	
- investments	89,030,370.06
- options	-20,408,471.12
- forward foreign exchange contracts	-363,006.78
- financial futures	69,553.44
- CFDs	-4,938,598.95
- swaps	-54,578,455.99
<b>Net increase / (decrease) in net assets as a result of operations</b>	<b>52,332,952.72</b>
Subscriptions of capitalisation shares	130,366,498.56
Redemptions of capitalisation shares	-199,831,663.54
<b>Net increase / (decrease) in net assets</b>	<b>-17,132,212.26</b>
<b>Net assets at the beginning of the period</b>	<b>1,491,208,504.48</b>
<b>Net assets at the end of the period</b>	<b>1,474,076,292.22</b>

# Varenne UCITS - VARENNE VALEUR

## Statistics

		30/06/23	31/12/22
<b>Total Net Assets</b>	<b>EUR</b>	<b>1,474,076,292.22</b>	<b>1,491,208,504.48</b>
<b>Share Class A -EUR</b>			
Number of shares		3,410,246.942	3,522,048.316
Net asset value per share	EUR	369.66	357.66
<b>Share Class A - CHF</b>			
Number of shares		7,150.104	8,500.868
Net asset value per share	CHF	440.53	429.91
<b>Share Class A - USD</b>			
Number of shares		17,928.777	19,851.250
Net asset value per share	USD	144.45	137.99
<b>Share Class I -EUR</b>			
Number of shares		68,806.045	74,002.230
Net asset value per share	EUR	1,603.45	1,545.73
<b>Share Class I - USD</b>			
Number of shares		1,551.001	1,551.001
Net asset value per share	USD	1,286.33	1,224.27
<b>Share Class IT</b>			
Number of shares		3,790.000	3,789.000
Net asset value per share	EUR	123.90	119.88
<b>Share Class P - EUR</b>			
Number of shares		694,487.597	828,155.542
Net asset value per share	EUR	131.72	127.06
<b>Share Class P - USD</b>			
Number of shares		7,401.299	8,571.299
Net asset value per share	USD	125.03	119.08
<b>Share Class P - GBP</b>			
Number of shares		2,381.256	2,326.256
Net asset value per share	GBP	108.41	103.83
<b>Share Class P - CHF</b>			
Number of shares		1,484.252	2,184.000
Net asset value per share	CHF	96.75	94.13
<b>Share Class U - EUR</b>			
Number of shares		19,929.510	16,435.394
Net asset value per share	EUR	121.19	117.34

## Varenne UCITS - VARENNE VALEUR

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### Changes in number of shares outstanding from 01/01/23 to 30/06/23

	Shares outstanding as at 01/01/23	Shares issued	Shares redeemed	Shares outstanding as at 30/06/23
Share Class A -EUR	3,522,048.316	243,885.654	355,687.028	3,410,246.942
Share Class A - CHF	8,500.868	529.487	1,880.251	7,150.104
Share Class A - USD	19,851.250	235.000	2,157.473	17,928.777
Share Class I -EUR	74,002.230	8,856.730	14,052.915	68,806.045
Share Class I - USD	1,551.001	0.000	0.000	1,551.001
Share Class IT	3,789.000	1.000	0.000	3,790.000
Share Class P - EUR	828,155.542	174,838.291	308,506.236	694,487.597
Share Class P - USD	8,571.299	0.000	1,170.000	7,401.299
Share Class P - GBP	2,326.256	55.000	0.000	2,381.256
Share Class P - CHF	2,184.000	98.252	798.000	1,484.252
Share Class U - EUR	16,435.394	6,162.699	2,668.583	19,929.510

## Varenne UCITS - VARENNE VALEUR

### Securities portfolio as at 30/06/23

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
<b>Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market</b>			<b>1,231,984,026.28</b>	<b>83.58</b>
<b>Shares</b>			<b>1,231,984,026.28</b>	<b>83.58</b>
<b>Denmark</b>			<b>81,629,911.88</b>	<b>5.54</b>
PANDORA	DKK	997,722	81,629,911.88	5.54
<b>Finland</b>			<b>57,542,638.34</b>	<b>3.90</b>
FORTUM CORP	EUR	3,500,000	42,927,500.00	2.91
UPM KYMMENE CORP	EUR	535,942	14,615,138.34	0.99
<b>France</b>			<b>609,054,989.50</b>	<b>41.32</b>
AIR LIQUIDE SA	EUR	157,569	25,872,829.80	1.76
CARREFOUR SA	EUR	1,572,078	27,283,413.69	1.85
CHRISTIAN DIOR	EUR	22,278	18,112,014.00	1.23
CIE DE SAINT-GOBAIN	EUR	1,021,871	56,948,870.83	3.86
ESSILORLUXOTTICA SA	EUR	448,704	77,446,310.40	5.25
EUROAPI SASU SHARES	EUR	29,301	307,514.00	0.02
GAZTRANSPORT ET TECHNIGAZ SA	EUR	194,814	18,166,405.50	1.23
ID LOGISTICS	EUR	39,923	10,779,210.00	0.73
LDC SA	EUR	115,253	13,369,348.00	0.91
LVMH	EUR	76,998	66,449,274.00	4.51
ORANGE	EUR	2,732,029	29,238,174.36	1.98
RENAULT SA	EUR	72,233	2,786,749.14	0.19
ROTHSCHILD	EUR	203,360	9,466,408.00	0.64
SAFRAN SA	EUR	432,702	62,075,428.92	4.21
SANOFI	EUR	673,924	66,179,336.80	4.49
TARKETT SA	EUR	110,504	1,221,069.20	0.08
TOTALENERGIES SE	EUR	1,481,271	77,840,791.05	5.28
VINCI SA	EUR	370,000	39,360,600.00	2.67
VIVENDI SA	EUR	731,768	6,151,241.81	0.42
<b>Germany</b>			<b>187,212,013.10</b>	<b>12.70</b>
BAYER AG REG SHS	EUR	304,263	15,417,006.21	1.05
COVESTRO AG	EUR	288,735	13,738,011.30	0.93
DEUTSCHE LUFTHANSA AG REG SHS	EUR	4,145,613	38,881,704.33	2.64
HUGO BOSS AG	EUR	770,194	55,099,678.76	3.74
MERCEDES-BENZ GROUP	EUR	708,750	52,213,612.50	3.54
ZALANDO SE	EUR	450,000	11,862,000.00	0.80
<b>Ireland</b>			<b>52,366,945.46</b>	<b>3.55</b>
RYANAIR HLDGS	EUR	3,041,937	52,366,945.46	3.55
<b>Italy</b>			<b>17,807,618.40</b>	<b>1.21</b>
SESA	EUR	155,661	17,807,618.40	1.21
<b>Netherlands</b>			<b>108,381,925.68</b>	<b>7.35</b>
ADYEN	EUR	19,100	30,288,780.00	2.05
KONINKLIJKE KPN NV	EUR	19,000,000	62,111,000.00	4.21
PROSUS N.V. (ZAR)	EUR	94,088	6,314,245.68	0.43
QIAGEN - REGISTERED	EUR	235,000	9,667,900.00	0.66
<b>Norway</b>			<b>49,669,742.69</b>	<b>3.37</b>
CFD SALMAR	NOK	1,341,106	49,669,742.69	3.37
<b>United States of America</b>			<b>68,318,241.23</b>	<b>4.63</b>
CORTEVA - REGISTERED SHS	USD	193,343	10,154,494.87	0.69
STARBUCKS CORP	USD	640,588	58,163,746.36	3.95
<b>Undertakings for Collective Investment</b>			<b>126,737,299.98</b>	<b>8.60</b>
<b>Shares/Units in investment funds</b>			<b>126,737,299.98</b>	<b>8.60</b>

## Varenne UCITS - VARENNE VALEUR

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### Securities portfolio as at 30/06/23

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
<b>France</b>			<b>126,737,299.98</b>	<b>8.60</b>
PALATINE MOMA I FCP	EUR	757	24,640,943.70	1.67
SCHELCHER PRINCE OBL COURT TERME ESG A	EUR	103,744	27,390,490.88	1.86
SWISS LIFE FRA MNY MKT EUR -I- 3 DEC	EUR	2,978	74,705,865.40	5.07
<b>Total securities portfolio</b>			<b>1,358,721,326.26</b>	<b>92.17</b>

## **Varenne UCITS**

### **Notes to the financial statements - Schedule of derivative instruments**

# Varenne UCITS

## Notes to the financial statements - Schedule of derivative instruments

### Options

As at June 30, 2023, the following options contracts were outstanding:

#### Varenne UCITS - VARENNE GLOBAL

Quantity	Denomination	Currency	Commitment (in EUR) (in absolute value)	Market value (in EUR)	Unrealised (in EUR)
<b>Options purchased</b>					
<b>Options on equities</b>					
13,489.00	UBS DEC 23.000 15.12.23 CALL	CHF	-	138,199.89	-688,016.60
8,993.00	UBS SEP 22.000 15.09.23 CALL	CHF	-	27,641.00	-423,860.15
11,241.00	UBS JUN 25.000 21.06.24 CALL	CHF	-	218,819.73	-560,002.44
8,099.00	UBS MAR 23.000 15.03.24 CALL	CHF	-	199,145.54	-419,917.85
11,241.00	UBS JUN 24.000 21.06.24 CALL	CHF	-	310,954.36	-648,464.26
<b>Options on index</b>					
3,333,333.00	EUROSTOXX 50 OTC NOV 3250 03.11.23 PUT	EUR	-	11,246.67	-206,753.31
5,370.00	EUROSTOXX 50 OTC DEC 3500 15.12.23 PUT	EUR	-	52,352.75	-276,962.50
3,333,333.00	EUROSTOXX 50 OTC DEC 3250 15.12.23 PUT	EUR	-	18,993.33	-199,006.65
3,333,333.00	EUROSTOXX 50 OTC DEC 3250 01.12.23 PUT	EUR	-	16,820.00	-201,179.98
3,333,333.00	EUROSTOXX 50 OTC NOV 3250 17.11.23 PUT	EUR	-	14,036.67	-203,963.31
11,383.00	EUROSTOXX 50 OTC DEC 3500 15.12.23 PUT	EUR	-	86,116.74	-415,873.56
43,141,667.00	EUROSTOXX 50 OTC MAR 100.0 08.03.24 PUT	EUR	-	307,731.67	-404,105.84
3,333,333.00	EUROSTOXX 50 OTC JAN 3250 19.01.24 PUT	EUR	-	21,906.66	-196,093.32
4,980.00	S&P 500 OTC SEP 4725 15.09.23 CALL	USD	-	468.79	-151,498.02
3,333,333.00	EUROSTOXX 50 OTC JAN 3250 05.01.24 PUT	EUR	-	20,943.33	-197,056.65
16,109.00	S&P 500 OTC DEC 3600 15.12.23 PUT	USD	-	146,005.72	-754,351.68
				<b>1,591,382.85</b>	<b>-5,947,106.12</b>

#### Varenne UCITS - VARENNE VALEUR

Quantity	Denomination	Currency	Commitment (in EUR) (in absolute value)	Market value (in EUR)	Unrealised (in EUR)
<b>Options purchased</b>					
<b>Options on equities</b>					
50,116.00	UBS DEC 23.000 15.12.23 CALL	CHF	-	513,457.30	-2,556,204.32
33,411.00	UBS SEP 22.000 15.09.23 CALL	CHF	-	102,692.49	-1,574,734.97
41,764.00	UBS JUN 25.000 21.06.24 CALL	CHF	-	812,987.04	-2,080,592.63
29,998.00	UBS MAR 23.000 15.03.24 CALL	CHF	-	737,617.95	-1,512,232.05
41,764.00	UBS JUN 24.000 21.06.24 CALL	CHF	-	1,155,297.37	-2,409,257.30
<b>Options on index</b>					
12,333,333.00	EUROSTOXX 50 OTC JAN 3250 05.01.24 PUT	EUR	-	77,490.33	-729,109.65
12,333,333.00	EUROSTOXX 50 OTC JAN 3250 19.01.24 PUT	EUR	-	81,054.66	-725,545.32
12,333,333.00	EUROSTOXX 50 OTC NOV 3250 17.11.23 PUT	EUR	-	51,935.67	-754,664.31
12,333,333.00	EUROSTOXX 50 OTC DEC 3250 01.12.23 PUT	EUR	-	62,234.00	-744,365.98
96,375,000.00	EUROSTOXX 50 OTC MAR 100.0 08.03.24	EUR	-	687,447.69	-902,739.81

# Varenne UCITS

## Notes to the financial statements - Schedule of derivative instruments

### Options

#### Varenne UCITS - VARENNE VALEUR

Quantity	Denomination	Currency	Commitment (in EUR) (in absolute value)	Market value (in EUR)	Unrealised (in EUR)
<b>Options on index</b>					
12,333,333.00	PUT EUROSTOXX 50 OTC NOV 3250 03.11.23	EUR	-	41,612.67	-764,987.31
24,225.00	PUT EUROSTOXX 50 OTC DEC 3500 15.12.23	EUR	-	183,271.37	-885,051.13
12,333,333.00	PUT EUROSTOXX 50 OTC DEC 3250 15.12.23	EUR	-	70,275.33	-736,324.65
34,942.00	S&P 500 OTC DEC 3600 15.12.23 PUT	USD	-	316,700.71	-1,636,262.66
12,430.00	S&P 500 OTC SEP 4725 15.09.23 CALL	USD	-	1,170.08	-378,136.65
11,647.00	PUT EUROSTOXX 50 OTC DEC 3500 15.12.23	EUR	-	113,547.95	-600,704.33
				<b>5,008,792.61</b>	<b>-18,990,913.07</b>

The broker of these options is Morgan Stanley Europe SE.

Commitments amounts are not presented as they relate to purchased options.



# Varenne UCITS

## Notes to the financial statements - Schedule of derivative instruments

### Forward foreign exchange contracts

As at June 30, 2023, the following forward foreign exchange contracts were outstanding:

#### Varenne UCITS - VARENNE GLOBAL

Currency purchased	Quantity purchased	Currency sold	Quantity sold	Maturity date	Unrealised (in EUR)	Counterparty
CHF	1,530,879.16	EUR	1,563,765.14	31/07/23	7,041.13 *	UBS Europe SE
CHF	8,888,749.59	EUR	9,080,613.88	31/07/23	39,965.99 *	UBS Europe SE
EUR	1,566,865.36	CHF	1,530,879.16	31/07/23	-3,945.59 *	UBS Europe SE
EUR	30,868,488.12	USD	33,873,257.62	31/07/23	-136,116.55	UBS Europe SE
USD	1,530,879.16	EUR	1,397,724.90	31/07/23	3,503.70 *	UBS Europe SE
					<b>-89,551.32</b>	

#### Varenne UCITS - VARENNE VALEUR

Currency purchased	Quantity purchased	Currency sold	Quantity sold	Maturity date	Unrealised (in EUR)	Counterparty
CHF	3,282,342.68	EUR	3,356,178.61	31/07/23	11,795.12 *	CACEIS Bank, Lux. Branch
EUR	96,515,904.37	USD	105,887,598.68	31/07/23	-404,272.77	CACEIS Bank, Lux. Branch
GBP	259,451.63	EUR	301,302.55	31/07/23	673.96 *	CACEIS Bank, Lux. Branch
USD	5,533,616.32	EUR	5,045,927.43	31/07/23	19,028.90 *	CACEIS Bank, Lux. Branch
					<b>-372,774.79</b>	

The contracts that are marked with \* relate specifically to foreign exchange risk hedging of shares expressed in another currency than the reference currency of the related sub-fund.

# Varenne UCITS

## Notes to the financial statements - Schedule of derivative instruments

### Contracts for Difference ("CFD")

As at June 30, 2023, the following Contracts for Difference ("CFD") were outstanding:

#### Varenne UCITS - VARENNE GLOBAL

Quantity	Long / Short	Ccy	Denomination	Broker	Notional	Unrealised (in EUR)
70,034	Long	USD	CAPRI HOLDINGS LTD	Morgan Stanley Bank AG	2,303,868.25	-31,454.32
28,867	Long	USD	CULLEN FROST BANKERS INC	Morgan Stanley Bank AG	2,845,159.04	-88,902.95
30,122	Long	EUR	GAZTRANSPORT ET TECHNIGAZ SA	Morgan Stanley Bank AG	2,808,876.50	10,542.70
148,884	Long	USD	HORIZON THERAPEUTICS PLC	Morgan Stanley Bank AG	14,035,489.83	193,781.19
577	Long	USD	LEARN CW INVESTMENT CORPORATION	Morgan Stanley Bank AG	5,542.58	-63.46
12,319	Long	USD	MASTERCARD INC -A-	Morgan Stanley Bank AG	4,440,937.40	210,924.77
10,600	Long	USD	MICROSOFT CORP	Morgan Stanley Bank AG	3,308,637.95	24,192.48
795	Long	USD	PROJ ENER REIMA	Morgan Stanley Bank AG	7,549.22	14.57
260,914	Long	USD	ACTIVISION BLIZZARD	UBS Europe Germany	20,160,449.31	576,354.48
51,704	Long	USD	ARCONIC --- REGISTERED SHS	UBS Europe Germany	1,401,837.14	14,691.33
335,483	Long	AUD	ARISTOCRAT LEISURE	UBS Europe Germany	7,913,223.17	-212,875.12
734,799	Long	GBP	BAE SYSTEMS PLC	UBS Europe Germany	7,937,524.59	-263,727.89
84,493	Long	USD	CFD ALPHABET INC -A- (MIROIR)	UBS Europe Germany	9,270,221.91	-263,314.57
50,699	Long	USD	CME GROUP -A-	UBS Europe Germany	8,610,465.36	120,822.55
371,515	Long	GBP	COMPASS GROUP	UBS Europe Germany	9,533,019.05	51,951.06
66,900	Long	USD	IPG PHOTONICS CORP	UBS Europe Germany	8,328,467.46	329,714.69
7,737	Long	EUR	LVMH MOET HENNESSY LOUIS VUITTON SE	UBS Europe Germany	6,677,031.00	131,529.00
12,446	Long	USD	MASTERCARD-A-(MIRROIR)	UBS Europe Germany	4,486,720.26	213,099.25
20,582	Long	USD	MCKESSON CORP	UBS Europe Germany	8,061,314.78	181,991.29
19,364	Long	USD	MICROSOFT CORP(MIRROIR)	UBS Europe Germany	6,044,194.83	44,194.65
85,197	Long	CHF	NOVARTIS AG PREFERENTIAL SHARE	UBS Europe Germany	7,855,878.28	-57,609.77
56,009	Long	DKK	NOVO NORDISK	UBS Europe Germany	8,269,770.09	69,203.10
43,082	Long	USD	SALESFORCE INC	UBS Europe Germany	8,342,349.51	-225,479.58
168,341	Long	GBP	SPIRE HEALTH GROUP	UBS Europe Germany	416,855.59	-18,635.90
20,859	Long	USD	SYNOPSIS	UBS Europe Germany	8,324,672.03	-1,720.72
335,008	Long	USD	UNIVAR INC	UBS Europe Germany	11,005,212.39	33,244.57
2,100	Short	EUR	ADYEN --- PARTS SOCIALES (TK MIROIR)	BoA M. Lynch Paris	3,330,180.00	-98,700.00
46,500	Short	EUR	PROSUS NV	BoA M. Lynch Paris	3,120,615.00	-63,705.00
171,304	Short	EUR	QIAGEN REGD EUR	BoA M. Lynch Paris	7,047,446.56	121,625.84
110,000	Short	EUR	ZALANDO SE	BoA M. Lynch Paris	2,899,600.00	-64,900.00
715	Short	USD	CFD NMC HEALTH PLC	Morgan Stanley Bank AG	0.09	-0.02
648,416	Short	GBP	OCADO GROUP PLC	Morgan Stanley Bank AG	4,291,793.84	-1,088,060.41
467,463	Short	USD	PELTON INTERAC - REGISTERED SHS -A-	Morgan Stanley Bank AG	3,294,950.02	244,229.07
282,814	Short	USD	RIVIAN AUTOMOTIVE INC	Morgan Stanley Bank AG	4,318,681.25	-248,855.58
3,300	Short	EUR	ADYEN	UBS Europe Germany	5,233,140.00	-155,100.00
200,696	Short	EUR	QIAGEN - REGISTERED	UBS Europe Germany	8,256,633.44	142,494.16
					<b>214,188,307.72</b>	<b>-168,504.54</b>

#### Varenne UCITS - VARENNE VALEUR

Quantity	Long / Short	Ccy	Denomination	Broker	Notional	Unrealised (in EUR)
266,920	Long	USD	CAPRI HOLDINGS LTD	Morgan Stanley Bank AG	8,780,713.84	-119,881.58
110,926	Long	USD	CULLEN FROST BANKERS INC	Morgan Stanley Bank AG	10,932,972.30	-341,623.61
114,947	Long	EUR	GAZTRANSPORT ET TECHNIGAZ SA	Morgan Stanley Bank AG	10,718,807.75	40,231.45
496,684	Long	USD	HORIZON THERAPEUTICS PLC	Morgan Stanley Bank AG	46,823,051.70	646,463.13
43,551,824	Long	GBP	JD SPORTS FASHION PLC	Morgan Stanley Bank AG	74,096,210.50	-659,760.78
2,489	Long	USD	LEARN CW INVESTMENT CORPORATION	Morgan Stanley Bank AG	23,909.00	-273.77
2,969	Long	USD	PROJ ENER REIMA	Morgan Stanley Bank AG	28,193.25	54.43

## Varenne UCITS

### Notes to the financial statements - Schedule of derivative instruments

#### Contracts for Difference ("CFD")

##### Varenne UCITS - VARENNE VALEUR

Quantity	Long / Short	Ccy	Denomination	Broker	Notional	Unrealised (in EUR)
855,975	Long	USD	ACTIVISION BLIZZARD	UBS Europe Germany	66,139,956.46	1,890,833.87
196,135	Long	USD	ARCONIC --- REGISTERED SHS	UBS Europe Germany	5,317,757.38	55,730.38
537,146	Long	GBP	SPIRE HEALTH GROUP	UBS Europe Germany	1,330,111.58	-59,463.81
1,180,553	Long	USD	UNIVAR INC	UBS Europe Germany	38,781,869.40	117,516.76
2,100	Short	EUR	ADYEN --- PARTS SOCIALES (TK MIROIR)	BoA M. Lynch Paris	3,330,180.00	-98,700.00
45,888	Short	EUR	PROSUS NV	BoA M. Lynch Paris	3,079,543.68	-62,866.56
72,500	Short	EUR	QIAGEN REGD EUR	BoA M. Lynch Paris	2,982,650.00	51,475.00
92,672	Short	EUR	ZALANDO SE	BoA M. Lynch Paris	2,442,833.92	-54,676.48
2,464	Short	USD	CFD NMC HEALTH PLC	Morgan Stanley Bank AG	0.29	-0.06
1,811,538	Short	GBP	OCADO GROUP PLC	Morgan Stanley Bank AG	11,990,369.80	-3,039,812.06
1,234,003	Short	USD	PELTON INTERAC - REGISTERED SHS -A-	Morgan Stanley Bank AG	8,697,967.98	644,712.84
48,200	Short	EUR	PROSUS N.V. (ZAR)	Morgan Stanley Bank AG	3,234,702.00	-66,034.00
783,245	Short	USD	RIVIAN AUTOMOTIVE INC	Morgan Stanley Bank AG	11,960,459.85	-689,198.17
357,328	Short	EUR	ZALANDO SE	Morgan Stanley Bank AG	9,419,166.08	-210,823.52
17,000	Short	EUR	ADYEN	UBS Europe Germany	26,958,600.00	-799,000.00
162,500	Short	EUR	QIAGEN - REGISTERED	UBS Europe Germany	6,685,250.00	115,375.00
					<b>353,755,276.76</b>	<b>-2,639,721.54</b>

# Varenne UCITS

## Notes to the financial statements - Schedule of derivative instruments

### Total Return Swaps ("TRS")

As at June 30, 2023, the following Total Return Swaps ("TRS") were outstanding:

#### Varenne UCITS - VARENNE VALEUR

Nominal	CCY	Maturity	Counterparty	Sub-fund receives	Sub-fund pays	Unrealised amount (in USD)
506,680,621	EUR	15/09/23	Goldman Sachs Bank Europe SE	Euro S/T Rate Compounded	PEA Basket of stocks	-55,426,449.40
						<u>-55,426,449.40</u>

**Varenne UCITS**

**Other notes to the financial statements**

# Varenne UCITS

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## Other notes to the financial statements

### 1 - General information

Varenne UCITS (the "SICAV") is a public limited company (*société anonyme*) incorporated on July 30, 2021 under the laws of Luxembourg as an investment company with variable share capital (*société d'investissement à capital variable*). The SICAV is subject to Part I of the law of December 17, 2010.

The SICAV is registered with the Luxembourg Trade and Companies Register under number B257907. The latest version of the Articles of Association was published on the *Recueil électronique des sociétés et associations* (RESA), the central electronic platform of the Grand-Duchy of Luxembourg on August 10, 2021.

The SICAV is a single legal entity incorporated as an umbrella fund comprised of separate sub-funds. Shares in the SICAV are shares in a specific sub-fund. The SICAV may issue shares of different share classes in each sub-fund. Such share classes may each have specific characteristics.

Certain share classes may be reserved to certain categories of investors.

As at June 30, 2023, two sub-funds are active:

- Varenne UCITS - VARENNE GLOBAL
- Varenne UCITS - VARENNE VALEUR

### 2 - Principal accounting policies

#### 2.1 - Foreign currency translation

The financial statements have been drawn up in the accounting currency of each Sub-Fund. Assets and liabilities expressed in currencies other than the accounting currency of the Sub-Fund are converted into that currency at the exchange rate prevailing at closing date.

Income and expenses expressed in currencies other than the accounting currency of the Sub-Fund are converted into that currency at the exchange rate prevailing on the transaction date.

The transactions and acquisition costs denominated in foreign currencies are converted into the accounting currency of each Sub-Fund based on the exchange rate in force on the date of the transaction or acquisition.

As at 30 June 2023, the exchange rates used are the following:

1 EUR =	1.639	AUD	1 EUR =	1.4437	CAD	1 EUR =	0.97605	CHF
1 EUR =	7.44595	DKK	1 EUR =	0.85815	GBP	1 EUR =	8.5497	HKD
1 EUR =	11.6885	NOK	1 EUR =	11.78425	SEK	1 EUR =	1.4765	SGD
1 EUR =	1.091	USD	1 EUR =	20.61035	ZAR			

### 3 - Changes in the composition of securities portfolio

Any changes in the composition of the securities portfolio of each sub-fund during the period are available upon request at the registered office of the SICAV.

### 4 - Other information

*Additional Information for Investors in the Federal Republic of Germany:*

For the following sub-fund of Varenne UCITS, no notification for marketing in the Federal Republic of Germany has been filed with the Federal Financial Supervisory Authority (BaFin), so that shares in this sub-fund may NOT be offered to investors within the jurisdiction of the German Investment Code.

As a consequence, the following sub-fund is NOT available for investors in Germany:

- Varenne Global

# Varenne UCITS

## Other notes to the financial statements

### 5 - Securities Financing Transactions Regulation (SFTR) Disclosures

The Regulation on Transparency of Securities Financing Transactions and of Reuse (the « SFTR ») entered into force on January 12, 2016 aiming to improve transparency in securities and commodities lending, repurchase transactions, margin loans and certain collateral arrangements. The disclosure requirements of the SFTR include the following details on TRS (Total Return Swap):

Total Return Swap	Varenne UCITS - VARENNE VALEUR	
Amount of assets engaged in each TRS expressed as an absolute amount (in the Sub-Fund currency) and as a proportion of the Sub-Fund's AuM		
Absolute value	506,680,621.18	
% of AuM	37.29%	
Top 10 counterparties of each type of TRS separately (name of counterparty and gross volume of outstanding transactions)		
Goldman Sachs Bank Europe SE	506,680,621.18	
Aggregate transaction data for each type of TRS separately to be broken down according to the below categories		
Type and quality of collateral		
Cash	100%	
Maturity of the collateral		
Open maturity	-55,426,449.40	
Currency of the collateral		
EUR	-55,426,449.40	
Maturity of TRS		
Less than 3 months	506,680,621.18	
3 months to 1 year		
More than 1 year		
Country in which the counterparty is established		
Germany	-55,426,449.40	
Settlement and clearing		
Bilateral	-55,426,449.40	
Data on reuse of collateral		
Safekeeping of collateral received by the Sub-Fund as part of TRS		
CACEIS and its Sub-Custodian network	-55,426,449.40	
Safekeeping of collateral granted by the sub-fund as part of TRS		
Segregated accounts	100%	
Data on income and costs for each type of TRS		
All returns from TRS will accrue to the sub-fund and are not subject to any returns sharing arrangements with the Investment Manager or any other third parties		
Income and costs of the sub-fund include interests, dividends, realised and change in unrealised on TRS		

There is no reuse of collateral related to TRS transactions, all trades open at year-end have been transacted through bilateral settlement. The sub-fund has CACEIS Bank, Luxembourg Branch as Depositary for collateral received.