

Varenne UCITS



Société d'investissement à capital variable (SICAV)

Audited annual report as at 31/12/22

R.C.S. Luxembourg B 257907

Varenne UCITS

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No subscription can be received on the basis of this annual report including audited financial statements. Subscriptions are only valid if made on the basis of the current prospectus supplemented by the latest annual report including audited financial statements and the most recent unaudited semi-annual report, if published thereafter.

Varenne UCITS

Organisation and administration

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

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Report of the Board of Directors

CHANGES OVER THE PERIOD

Two Sub-Funds were launched during the period:

As of February 14th 2022, the Sub Fund Varenne Global was created by the merger-absorption of the French FCP Varenne Global with a ratio of 1 to 1,

As of April 25th 2022, the Sub Fund Varenne Valeur was created by the merger-absorption of the French FCP Varenne Valeur with a ratio of 1 to 1.

The prospectus of Varenne UCITS (the SICAV) was updated:

as of June 10th, 2022. The principal changes were:

Entry into force of the Taxonomy Regulation

The Board has decided to amend the Prospectus to be compliant with the disclosure requirements stated under Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

In particular, in each Supplement the following disclosure has been inserted: *"The investments underlying the Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities as per the EU Taxonomy Regulation."*

Amendments to the performance fee model

The Board has decided to amend the performance fee section of each Supplement in order to be in line with the ESMA Guidelines on performance fees for UCITS and certain types of AIFs.

Among these changes, it has been decided to remove the reference to different investment objectives between the Share Classes, and to disclose only the same common net investment objective (before payment of the Performance Fee, if any).

There is no material amendment to the performance fee model applied by the Fund.

For Varenne Valeur

The Board has corrected a typo in the investment objective of the Fund. It was previously indicated that the investment objective of the Sub-Fund was CNO-TEC 5 + at least 320 basis points over the recommended investment period, while the Sub-Fund has been managed with an investment objective corresponding to CNO-TEC 5 + at least 300 basis points over the recommended investment period.

as of September 12th, 2022.

On 27 November 2019, Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (the "SFDR") was published. The SFDR aims to increase the harmonization of, and transparency towards the end investors with regard to, the integration of sustainability risks, the consideration of adverse sustainability impacts, the promotion of environmental or social characteristics and sustainable investment by requiring pre-contractual and ongoing disclosures to end investors.

The SFDR provides high-level definitions and distinguishes between several categorizations of products including "article 8 products" which are financial products that promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices ("Article 8 SFDR Products") and "article 9 products" which are products that have sustainable investment as their objective.

In this context, the investment policies of the sub-funds "Varenne Valeur" and "Varenne Global" (the "**Sub-Funds**") will be amended in order to reflect that the Sub-Funds will promote environmental and/or social characteristics as from the Effective Date (as defined below),but will not make any sustainable investments.

The Sub-Funds classify as Article 8 SFDR products as from October 12th, 2022.

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, taking into account, 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 2022, 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%.

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Report of the Board of Directors

INVESTMENT MANAGEMENT REPORT

GENERAL PRINCIPLES

We believe in two basic principles: *solving equations differently* and *adding value*. Everything we build stems from those 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:

- 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;
- copes with changing market and economic conditions through an adaptive portfolio;
- allows each team to focus on the most favorable opportunities available and relieves them of the pressure to be “in play” all the time;
- 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;
- optimizes risk profiles.

We separate risks from opportunities and deal with them independently:

- 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.
- 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.

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.

- 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.
- Idea generation: we do not believe that receiving the 23rd 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.
- 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.
- 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.
- 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.

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Report of the Board of Directors

CONTRIBUTION PER INVESTMENT STRATEGY

The table below summarizes the performance of the funds over the last five years.

	2018	2019	2020	2021	2022
VARENNE VALEUR					
Share Class P-EUR (LU2358390321)	-2,98%	11.04%	11.08%	20.16%	-15.84%
VARENNE GLOBAL					
Share Class P-EUR (LU2358391725)	-4,17%	12.33%	11.60%	28.36%	-25.49%

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.

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

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

	VARENNE VALEUR	VARENNE GLOBAL
LONG EQUITY	-15.95%	-26.84%
SHORT EQUITY	0.61%	0.89%
MERGER ARBITRAGE	0.31%	0.34%
TAIL RISK HEDGING	0.16%	1.23%

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. On the bright side, we worked hard to make the most of the difficult situation of 2022 and we prepared carefully for 2023.

LONG EQUITY

Main contributors in 2022

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

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VARENNE VALEUR		VARENNE GLOBAL	
Starbucks	1.02%	Starbucks	0.92%
Dollar General	0.22%	Dollar General	0.24%
Novo Nordisk	0.19%	Hermes	0.23%
LDC	0.06%	Novo Nordisk	0.16%
Greggs	-0.93%	Greggs	-1.08%
KLA	-1.08%	Deutsche Post	-1.26%
Deutsche Post	-1.26%	Lam Research	-1.43%
Alphabet	-1.36%	Applied Materials	-1.47%
Salmar	-1.51%	Salmar	-1.52%
Lam Research	-1.52%	Alphabet	-1.82%
Pandora	-1.97%	Pandora	-2.00%
JD Sports	-2.45%	JD Sports	-2.33%

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.

Below, a focus of some of the main positive and negative contributors for 2022.

Among the main positive contributors were **Starbucks**, **Dollar General** and **Novo Nordisk** (+0.29%).

Starbucks is the largest coffee shop chain in the world, with over 35,000 stores globally. We initiated the position in May and increased it in June, through long dated call options. The stock price increased after the Q3 results and subsequent Investor Day, when, as expected, the Reinvention Plan laid out the ambition and opportunity that Starbucks has ahead, focusing on an accelerated store build-out, notably in the US and China, and increasing guidance for the next three years to total sales growth of 10 to 12% per annum. The stock price increased once again over the Q4 results, with an ongoing demonstration of the company's ability to pass on price increases and, at each stage, we took the opportunity to restrike at a successively higher price. Now, with news of China's loosening Covid policy and reopening in 2023, we have finally converted some of the optional position into outright shares.

Starbucks is a good example of the type of investments that we keep looking for in the current environment, ones that combine positive behavioral signals, sound fundamentals, strong pricing power, proprietary value creation dynamics with reasonable valuations.

Dollar General is an American discount retailer with over 18,000 stores, mainly in underserved locations like rural towns or the urban fringe. Thanks to their lean operating model and unparalleled real estate development partnerships, Dollar General can operate in areas where other stores like Walmart simply can't. This creates a hyper localized monopoly where the customer effectively has no other choices, and that translates into significant pricing power. Throughout the year, Dollar General continued to post strong numbers and we also see opportunities for the company to benefit from difficult macro conditions thanks to its low-cost proposition, while also significantly expanding its store base and delivering on several cost efficiencies programs.

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Novo Nordisk is a Danish pharmaceuticals company with a 30% market share of the global diabetes treatment value market and almost 50% in insulin market share in volume. We held the company since 2014 and finally sold the position during Q3 after many years of positive contribution to the portfolio.

Among the main negative contributors to performance for the year, a focus on **JD Sports, Alphabet, and SalMar**.

JD Sports is an international sports and athleisure retailer, with over 3,400 stores in 37 countries, and is one of the very few global-scale preferred partners to brands like Nike and Adidas. During our Q3 review we described the company-specific factors that had impacted the stock price. Since the Q1 and Q2 turmoil, the Board has appointed Andy Higginson as Chair and Régis Schultz as CEO. Mr. Schultz is a talented manager well known to Varenne from his days as CEO of Darty.

In September, JD reported a strong set of interim results, reaffirming their full year guidance of profit before tax and exceptional items of £950 million. They also announced a joint membership program with Nike, which signals the deepening interrelationship of these two high quality companies.

Furthermore, in early January 2023, the company published a very well-received Trading Update with revenues up 10% for the second half of the year, with particular strength in North America, and an impressive 20% growth over the very important last 6 weeks of the year.

We are very pleased with these results as the stock represents one of our largest positions and even after recovering from its 2022 lows, we still consider current valuation undemanding.

Alphabet is the holding company behind Google Search, Google Cloud, and YouTube. We started to reduce the position right before their Q3 earnings as we were starting to see certain possible pressures on their ad revenue space, and less OPEX cost controls than we wanted to see. Alphabet continues to be a leader in its space and continues to hold large cash reserves. However, during Q4 we had not seen additional OPEX control, which led us to reduce the position a little more during the quarter. Nonetheless, we remain comfortable retaining a smaller position as we continue to follow current developments.

SalMar is one of the largest producers of Atlantic salmon in the world. It's based in Norway but has production licenses in Iceland, Scotland, the Shetland, and the Orkney islands. As a reminder, after a very strong first half performance in 2022, the stock suddenly de-rated when the Norwegian government proposed a new corporate tax rate of 62.5% on the Norwegian aquaculture industry as part of their 2023 budget proposal on September 28th. This represents an additional corporate tax burden of 40% on the existing 22% rate, which was announced with no warning or preliminary discussion. A consultation period was then opened, and the proposal will now be subject to a vote in Parliament in late spring before it can be passed into law. In the meantime, the industry is working together to come up with an alternative suggestion and significant lobbying efforts are underway. We are monitoring the situation closely for further changes and remain in regular contact with the management team, the company's peers, and experts on the ground.

Looking beyond the short term, we still believe that the supply & demand imbalance in this industry should support salmon prices in the long term, and SalMar's cost and operational advantage remains significant. This advantage is likely to be strengthened after the recently completed merger in November with NTS ASA, which makes SalMar the world's second-largest producer of salmon in the world. In 2023, the combined entity expects to harvest 243,000 tons in Norway alone. The controlling shareholder of SalMar, Chairman and Founder Gustav Witzøe, also remains at the helm to guide the company through this period.

Thus, we kept our shares as we believe that current valuation prices in the impact of the corporate tax increase while remaining undemanding in consideration of the potential for future synergies and value creation in a supply-constrained industry.

Key Portfolio Activity in 2022

The first quarter has been an active period as we took advantage of very significant price drops to increase Nike, JD sports and EssilorLuxottica. We also took profits on Lam Research and Applied Materials to focus on KLA.

During the second quarter, we exited Deutsche Post and added a new position on Starbucks through options that we increased during the first quarter.

We reduced our position in Alphabet after a reduction in Q3 before their earnings, but ultimately modified the structure into a small optional position.

During the last quarter of 2022, we initiated a small position in Kering, building a core position in Hugo Boss, increased Starbucks, and Pandora.

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.

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If we turn to fundamental short opportunity indicators, they remain positive with rising policy rates and credit yield, GDP expectations pointing to some activities slowdown, growth pressure and credit availability deterioration. After so many years of easy money, the potential of a multi-year normalisation cycle that has begun. We're taking advantage of that by selectively deploying capital on the Short Equity side.

So, within an environment still conducive to the strategy, the team has selectively deployed capital and increased exposure to pre-Covid levels. Contribution has been positive for 2022, with positions including Arrival, Oatley and Carvana performing particularly well. Looking ahead to 2023, we expect exposure to remain at around current levels, although this can change should the economy improve or deteriorate further.

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.

Our investment universe contracted materially during the second half of the year as the total value of investable deals decreased by more than 49% versus last year's second half. Corporate confidence declined, shook by geopolitical instability and inflation. Also, a lack of visibility weighed on companies' willingness to undertake external growth.

Tougher monetary and financing conditions also impacted strategic acquisitions and private equity activity as interest rates rose, and banks pulled away from underwriting deals after suffering some losses on buyout debt they were not able to place. Lower Mergers & Acquisitions activity has a negative implication for the strategy as capital is concentrated on fewer opportunities thereby compressing their expected return.

In general we see more opportunities and profitability in moments where equity markets suffer from volatility spikes, and this is really the reason why we like to associate Merger Arbitrage with Long Equity in this flexible manner. However, volatility has been ticking down over the last quarter.

Merger Arbitrage 2022 Positions

STATUS	TARGET		BIDDER	DEAL TYPE	RATING
Closed	Change Healthcare Inc	USA	UnitedHealth Group	Cash for Stock	Very Likely
Closed	Magellan Health Inc	USA	Centene Corp	Cash for Stock	Very Likely
Closed	Nuance Communications Inc	USA	Microsoft Corp	Cash for Stock	Very Likely
Closed	PNM Resources Inc	USA	Avangrid Inc	Cash for Stock	Very Likely
Closed	Welbilt Inc	USA	Aligroup Srl	Cash for Stock	Very Likely
Closed	Avast PLC	UK	NortonLifeLock Inc	Mixed Offer	Very Likely
Closed	Zardoya Otis SA	Spain	Otis Worldwide Corp	Cash for Stock	Quasi-Certain
Closed	McAfee Corp	USA	Consortium	Cash for Stock	Very Likely
Closed	CyrusOne Inc	USA	Consortium	Cash for Stock	Very Likely
Closed	Mimecast Ltd	USA	Permira Holdings LLP	Cash for Stock	Very Likely
Closed	Cerner Corp	USA	Oracle Corp	Cash for Stock	Very Likely
Closed	Vonage Holdings Corp	USA	Telefonaktiebolaget LM Ericsson	Cash for Stock	Very Likely
Closed	SPX FLOW Inc	USA	Lone Star Global Acquisitions Ltd	Cash for Stock	Very Likely
Closed	Vifor Pharma AG	Switzerland	CSL Ltd	Cash for Stock	Very Likely
Closed	CMC Materials Inc	USA	Entegris Inc	Mixed Offer	Very Likely
Closed	Meritor Inc	USA	Cummins Inc	Cash for Stock	Very Likely
Closed	Cornerstone Building Brands Inc	USA	Clayton Dubilier & Rice LLC	Cash for Stock	Very Likely
Closed	Atlantia SpA	Italy	Consortium	Cash for Stock	Very Likely
Open	LHC Group	USA	UnitedHealth Group	Cash for Stock	Very Likely
Closed	Anaplan	USA	Thoma Bravo	Cash for Stock	Very Likely
Closed	Covetrus	USA	Consortium	Cash for Stock	Very Likely
Closed	Terminix	USA	Rentokil Initial PLC	Mixed Offer	Very Likely
Closed	Siemens Gamesa	Spain	Siemens Energy	Cash for Stock	Very Likely
Open	HomeServe PLC	UK	Brookfield AM	Cash for Stock	Very Likely
Closed	EDF	France	French Government	Cash for Stock	Very Likely
Open	Activision Blizzard	USA	Microsoft Corp	Cash for Stock	Very Likely
Closed	Zendesk	USA	Consortium	Cash for Stock	Very Likely
Closed	Nielsen Holding	USA	Consortium	Cash for Stock	Very Likely
Closed	Avalara	USA	Vista Equity Partners	Cash for Stock	Very Likely
Open	Mediclinic	UK	Consortium	Cash for Stock	Very Likely
Open	AVEVA Group	UK	Schneider Electric	Cash for Stock	Quasi-Certain
Open	KnowBe4	USA	Vista Equity Partners	Cash for Stock	Very Likely

VARENNE CAPITAL PARTNERS
Source: Varenne Capital Partners.

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Overall, the strategy delivered a positive contribution in 2022. The largest contributors for the last quarter, starting, as always, with detractors first:

- Negative contributions mainly came from LHC Group with - 8 basis points as the bidder United Health is awaiting the anti-trust [authority] approval to close its deal.

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- On the other side, positive contributions mainly came from Activision Blizzard, on the back of positive news flow and strong company fundamentals. We can now mention Avalara and Atlantia which both closed successfully in Q4. In terms of portfolio activity, 19 closed over the quarter, and only 3 were added, and are expected to contribute positively during the first quarter of the year.

In terms of outlook for 2023, we expect a slower Mergers & Acquisitions regime to persist at least for the first quarter of the year, as visibility on economic conditions and financing remains limited. Looking at spreads, which express the inherent gross profitability of Merger Arbitrage, we don't expect them to materially widen as volatility keeps trending down.

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 as Merger Arbitrage 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 Q4 to start 2023.

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 families 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.

So, to recap, here you can find our current positions on the two families of hedges as it refers to the table after

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STATUS	NAME	RATIONALE	TARGET NOTIONAL		EXPIRY
			Valeur	Global	
Closed	Put Volatility Knock-Out SX5E	Extended fall in equity markets	4%	6%	mars-22
Closed	Put Volatility Knock-Out SPX				
Closed	Put APS SPX, SX5E	Severe fall in equity markets	30%	45%	Dec 2022
Closed	Put Dual Digital SX5E & EURUSD	Severe fall in equity markets		1.4%	nov-22
Closed	Put Dual Digital SX5E & EURUSD	Severe fall in equity markets	1.8%	1.4%	Dec 22/Jan 23
Closed	Put Digital SPX, SX5E	Severe fall in equity markets	1.6%	2.4%	nov-22
Closed	Call BCOM Index	Severe inflationary shock	15%	20%	sept-22
Closed	CDS Europe SubFin (S33-34)	Major economic or financial crisis	15%	20%	Jun 25/Dec 25
Closed	CDX IG Tranche 7-15 S29	Major economic or financial crisis	10%	10%	Dec 2022
Closed	Put BCOM Index	Major economic or financial crisis	20%	30%	Dec 2022
Closed	Put Spread EUR/CHF (Long)	Major economic or financial crisis	30%	30%	Dec 2022
Open	Put Volatility Knock-Out SX5E	Severe fall in equity markets	22%	38%	Jun 23/Dec 23
Open	Put Volatility Knock-Out SPX				
Open	Call SX7E	Higher interest rate regime	70%	70%	Jun 2023

Source: Varenne Capital Partners.

We believe that this is a comprehensive arsenal spanning equities, currencies, commodities and credit granted by circumstances that are particularly treacherous. We believe that central banks find themselves in a corner and cannot sustain economies and markets as they have done for decades without risking losing their war on inflation. Unfortunately, the only lever they can pull is suppressing demand severely at a time when inflationary pressures are largely supply sided. So, the risk of a significant slowdown is right in front of us and the Fed Put might not help for quite some time. Of course, there will be opportunities even in such an environment and our teams stand ready to take advantage of them.

Luxembourg, March 7, 2023

The Board of Directors of the Fund

The figures stated in this report are historical and are not representative of future results.



Audit report

To the Shareholders of
Varenne UCITS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Varenne UCITS (the “Fund”) as at 31 December 2022, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund’s financial statements comprise:

- the combined statement of net assets for the Fund and the statement of net assets for each of the sub-funds as at 31 December 2022;
- the securities portfolio as at 31 December 2022;
- the combined statement of operations and changes in net assets for the Fund and the statement of operations and changes in net assets for each of the sub-funds for the year then ended; and
- the notes to the financial statements - Schedule of derivative instruments and the other notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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R.C.S. Luxembourg B 65 477 - TVA LU25482518*



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;



- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 12 April 2023

Karim Bara

Varenne UCITS

Combined financial statements

Varenne UCITS

Combined statement of net assets as at 31/12/22

	Note	Expressed in EUR
Assets		1,961,977,156.55
Securities portfolio at market value	2.2	1,579,253,181.24
<i>Cost price</i>		<i>1,698,413,371.51</i>
Options (long positions) at market value	2.6	45,400,357.38
<i>Options purchased at cost</i>		<i>46,605,661.39</i>
Cash at banks and liquidities		331,650,164.91
Receivable for investments sold		2,155,730.04
Receivable on subscriptions		530,149.04
Net unrealised appreciation on forward foreign exchange contracts	2.7	103,065.88
Net unrealised appreciation on CFDs		2,298,877.41
Dividends receivable, net		151,504.60
Interests receivable, net		259,667.96
Other assets		174,458.09
Liabilities		75,645,316.29
Options (short positions) at market value	2.6	8,750,112.50
<i>Options sold at cost</i>		<i>12,019,851.81</i>
Bank overdrafts		57,979,820.81
Payable on investments purchased		31,850.73
Payable on redemptions		1,409,707.41
Net unrealised depreciation on forward foreign exchange contracts	2.7	9,768.01
Net unrealised depreciation on financial futures	2.8	96,795.58
Net unrealised depreciation on CFDs		2,377,611.35
Net unrealised depreciation on swaps		897,188.90
Management fees payable	3	2,708,471.86
Dividends payable, net		112,710.91
Interests payable, net		526,111.82
Other liabilities		745,166.41
Net asset value		1,886,331,840.26

Varenne UCITS

Combined statement of operations and changes in net assets for the year ended 31/12/22

	Note	Expressed in EUR
Income		19,997,238.55
Dividends on securities portfolio, net		11,214,721.20
Dividends received on CFDs		5,566,128.26
Interests on money market instruments, net		131,416.21
Interests received on CFDs		1,194,414.18
Interests received on swaps		729,781.27
Bank interests on cash accounts		1,144,028.48
Other income		16,748.95
Expenses		57,783,696.04
Management fees	3	26,128,585.85
Depositary fees	5	160,435.90
Administration fees	6	320,025.97
Domiciliary fees		13,711.58
Amortisation of formation expenses	2.10	10,576.11
Audit fees		33,679.30
Legal fees		61,551.68
Transaction fees		5,374,728.87
Directors fees		30,897.10
Subscription tax ("Taxe d'abonnement")	7	745,831.56
Interests paid on bank overdraft		2,161,246.60
Dividends paid on CFDs		1,839,448.03
Interests paid on CFDs		16,191,288.05
Interests paid on swaps		4,668,028.77
Banking fees		3,867.95
Other expenses	9	39,792.72
Net income / (loss) from investments		-37,786,457.49
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	-71,292,233.81
- options	2.6	7,595,297.16
- forward foreign exchange contracts	2.7	-25,700,651.03
- financial futures	2.8	-3,688,790.40
- CFDs		-2,638,938.47
- swaps		-540,042.73
- foreign exchange	2.4	23,088,122.00
Net realised profit / (loss)		-110,963,694.77
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	-119,160,190.27
- options	2.6	2,064,435.30
- forward foreign exchange contracts	2.7	93,297.87
- financial futures	2.8	-96,795.58
- CFDs		-78,733.94
- swaps		-897,188.90
Net increase / (decrease) in net assets as a result of operations		-229,038,870.29
Subscriptions of capitalisation shares		2,518,693,008.22
Redemptions of capitalisation shares		-403,322,297.67
Net increase / (decrease) in net assets		1,886,331,840.26

Varenne UCITS

Combined statement of operations and changes in net assets for the year ended 31/12/22

	<i>Note</i>	<i>Expressed in EUR</i>
Revaluation of opening combined NAV		-
Net assets at the beginning of the year		29,999.16
Net assets at the end of the year		1,886,331,840.26

**Varenne UCITS - VARENNE GLOBAL (launched
on 14/02/22)**

Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

Statement of net assets as at 31/12/22

	Note	Expressed in EUR
Assets		420,605,388.08
Securities portfolio at market value	2.2	302,199,719.18
<i>Cost price</i>		<i>325,218,553.91</i>
Options (long positions) at market value	2.6	10,259,604.02
<i>Options purchased at cost</i>		<i>10,298,190.75</i>
Cash at banks and liquidities		105,572,101.13
Receivable for investments sold		2,155,730.04
Receivable on subscriptions		69,716.07
Net unrealised appreciation on forward foreign exchange contracts	2.7	103,065.88
Dividends receivable, net		54,210.86
Interests receivable, net		170,101.32
Other assets		21,139.58
Liabilities		25,482,052.30
Options (short positions) at market value	2.6	1,810,621.17
<i>Options sold at cost</i>		<i>2,496,085.15</i>
Bank overdrafts		19,936,046.49
Payable on investments purchased		31,850.73
Payable on redemptions		217,721.58
Net unrealised depreciation on financial futures	2.8	27,242.14
Net unrealised depreciation on CFDs		2,377,611.35
Net unrealised depreciation on swaps		49,195.49
Management fees payable	3	599,754.03
Dividends payable, net		60,913.97
Interests payable, net		156,275.37
Other liabilities		214,819.98
Net asset value		395,123,335.78

Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

Statement of operations and changes in net assets from 14/02/22 to 31/12/22

	Note	Expressed in EUR
Income		7,261,757.60
Dividends on securities portfolio, net		3,600,367.88
Dividends received on CFDs		2,216,360.54
Interests on money market instruments, net		131,416.21
Interests received on CFDs		578,388.60
Interests received on swaps		269,612.44
Bank interests on cash accounts		463,783.75
Other income		1,828.18
Expenses		17,233,766.00
Management fees	3	7,170,823.76
Depositary fees	5	43,103.63
Administration fees	6	120,867.74
Domiciliary fees		4,086.85
Amortisation of formation expenses	2.10	2,723.54
Audit fees		8,296.18
Legal fees		17,221.52
Transaction fees		1,423,968.68
Directors fees		7,737.76
Subscription tax ("Taxe d'abonnement")	7	196,238.25
Interests paid on bank overdraft		953,923.22
Dividends paid on CFDs		674,100.68
Interests paid on CFDs		4,909,441.05
Interests paid on swaps		1,686,455.34
Banking fees		3,810.00
Other expenses	9	10,967.80
Net income / (loss) from investments		-9,972,008.40
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	-27,915,802.67
- options	2.6	-1,511,146.20
- forward foreign exchange contracts	2.7	-15,057,729.39
- financial futures	2.8	-3,256,606.97
- CFDs		-22,642,242.12
- swaps		255,546.28
- foreign exchange	2.4	13,777,595.85
Net realised profit / (loss)		-66,322,393.62
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	-23,018,834.73
- options	2.6	646,877.25
- forward foreign exchange contracts	2.7	103,065.88
- financial futures	2.8	-27,242.14
- CFDs		-2,377,611.35
- swaps		-49,195.49
Net increase / (decrease) in net assets as a result of operations		-91,045,334.20
Subscriptions of capitalisation shares		605,296,475.38
Redemptions of capitalisation shares		-119,127,805.40
Net increase / (decrease) in net assets		395,123,335.78

Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

Statement of operations and changes in net assets from 14/02/22 to 31/12/22

	Note	Expressed in EUR
Net assets at the beginning of the year		-
Net assets at the end of the year		395,123,335.78

Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

Statistics

		31/12/22
Total Net Assets	EUR	395,123,335.78
Share Class A - EUR		
Number of shares		1,655,105.691
Net asset value per share	EUR	190.23
Share Class I - EUR		
Number of shares		33,575.830
Net asset value per share	EUR	1,372.36
Share Class A - CHF		
Number of shares		27,857.765
Net asset value per share	CHF	216.55
Share Class A - USD		
Number of shares		5,283.043
Net asset value per share	USD	276.49
Share Class P - EUR		
Number of shares		204,104.662
Net asset value per share	EUR	117.65
Share Class P - CHF		
Number of shares		23,941.553
Net asset value per share	CHF	111.29

Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

Changes in number of shares outstanding from 14/02/22 to 31/12/22

	Shares outstanding as at 14/02/22	Shares issued	Shares redeemed	Shares outstanding as at 31/12/22
Share Class A - EUR	0.000	2,032,237.596	377,131.905	1,655,105.691
Share Class I - EUR	0.000	51,708.887	18,133.057	33,575.830
Share Class A - CHF	0.000	31,271.301	3,413.536	27,857.765
Share Class A - USD	0.000	6,764.601	1,481.558	5,283.043
Share Class P - EUR	0.000	319,488.788	115,384.126	204,104.662
Share Class P - CHF	0.000	28,073.048	4,131.495	23,941.553

Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			231,322,623.36	58.54
Shares			231,322,623.36	58.54
Denmark			17,698,986.65	4.48
PANDORA	DKK	269,653	17,698,986.65	4.48
France			63,528,348.60	16.08
CHRISTIAN DIOR	EUR	6,784	4,619,904.00	1.17
ESSILORLUXOTTICA SA	EUR	136,576	23,108,659.20	5.85
ID LOGISTICS	EUR	10,745	2,879,660.00	0.73
KERING	EUR	25,534	12,141,417.00	3.07
LDC SA	EUR	30,996	3,332,070.00	0.84
LVMH MOET HENNESSY LOUIS VUITTON SE	EUR	25,111	17,072,968.90	4.32
TARKETT SA	EUR	32,493	373,669.50	0.09
Germany			57,141,394.51	14.46
BAYER AG REG SHS	EUR	203,000	9,809,975.00	2.48
BMW AG	EUR	170,000	14,174,600.00	3.59
DAIMLER TRUCK HOLDING AG	EUR	135,973	3,935,738.49	1.00
DEUTSCHE WOHNEN SE	EUR	621,500	12,358,527.50	3.13
HUGO BOSS AG	EUR	311,347	16,862,553.52	4.27
Italy			4,858,428.00	1.23
SESA	EUR	41,883	4,858,428.00	1.23
Netherlands			24,445,080.00	6.19
ADYEN --- PARTS SOCIALES	EUR	5,400	6,957,360.00	1.76
QIAGEN - REGISTERED	EUR	372,000	17,487,720.00	4.43
Norway			14,174,701.94	3.59
SALMAR	NOK	387,281	14,174,701.94	3.59
Switzerland			3,018,088.90	0.76
DUFREY GROUP	CHF	77,388	3,018,088.90	0.76
United Kingdom			21,595,852.04	5.47
JD SPORTS FASHION PLC	GBP	15,188,997	21,595,852.04	5.47
United States of America			24,861,742.72	6.29
ALPHABET INC -A-	USD	14,878	1,229,970.43	0.31
BOOKING HOLDINGS INC	USD	1,666	3,145,895.04	0.80
DOLLAR GENERAL	USD	88,786	20,485,877.25	5.18
Other transferable securities			640,303.58	0.16
Warrants			640,303.58	0.16
Luxembourg			640,303.58	0.16
CITIGROUP GLOB (S AND P 50) 16.06.23 WAR	USD	10,354	640,303.58	0.16
Money market instruments			32,444,762.79	8.21
Commercial papers & certificates of deposit debt claims			32,444,762.79	8.21
Spain			26,119,457.09	6.61
SACYR SA ZCP 310123	EUR	20,000,000	19,884,719.48	5.03
SOLARIA ENERGIA Y ME ZCP 290323	EUR	6,300,000	6,234,737.61	1.58
Sweden			6,325,305.70	1.60
PANDOX AB ZCP 230323	EUR	6,400,000	6,325,305.70	1.60
Undertakings for Collective Investment			37,792,029.45	9.56
Shares/Units in investment funds			37,792,029.45	9.56

Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
France			35,749,760.20	9.05
OSTRUM SRI 12-18 M FCP I	EUR	1,415	14,521,371.02	3.68
SWISS LIFE FRA MNY MKT EUR -I- 3 DEC	EUR	163	4,032,039.72	1.02
SWISS LIFE FUNDS F BOND 6M FCP I	EUR	1,620	17,196,349.46	4.35
Luxembourg			2,042,269.25	0.52
DPAM L BONDS EUR SHORT TERM CLASS B EUR	EUR	20,996	2,042,269.25	0.52
Total securities portfolio			302,199,719.18	76.48

**Varenne UCITS - VARENNE VALEUR (launched
on 25/04/22)**

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Statement of net assets as at 31/12/22

	Note	Expressed in EUR
Assets		1,541,371,768.47
Securities portfolio at market value	2.2	1,277,053,462.06
<i>Cost price</i>		1,373,194,817.60
Options (long positions) at market value	2.6	35,140,753.36
<i>Options purchased at cost</i>		36,307,470.64
Cash at banks and liquidities		226,078,063.78
Receivable on subscriptions		460,432.97
Net unrealised appreciation on CFDs		2,298,877.41
Dividends receivable, net		97,293.74
Interests receivable, net		89,566.64
Other assets		153,318.51
Liabilities		50,163,263.99
Options (short positions) at market value	2.6	6,939,491.33
<i>Options sold at cost</i>		9,523,766.66
Bank overdrafts		38,043,774.32
Payable on redemptions		1,191,985.83
Net unrealised depreciation on forward foreign exchange contracts	2.7	9,768.01
Net unrealised depreciation on financial futures	2.8	69,553.44
Net unrealised depreciation on swaps		847,993.41
Management fees payable	3	2,108,717.83
Dividends payable, net		51,796.94
Interests payable, net		369,836.45
Other liabilities		530,346.43
Net asset value		1,491,208,504.48

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Statement of operations and changes in net assets from 25/04/22 to 31/12/22

	Note	<i>Expressed in EUR</i>
Income		12,735,480.95
Dividends on securities portfolio, net		7,614,353.32
Dividends received on CFDs		3,349,767.72
Interests received on CFDs		616,025.58
Interests received on swaps		460,168.83
Bank interests on cash accounts		680,244.73
Other income		14,920.77
Expenses		40,549,930.04
Management fees	3	18,957,762.09
Depositary fees	5	117,332.27
Administration fees	6	199,158.23
Domiciliary fees		9,624.73
Amortisation of formation expenses	2.10	7,852.57
Audit fees		25,383.12
Legal fees		44,330.16
Transaction fees		3,950,760.19
Directors fees		23,159.34
Subscription tax ("Taxe d'abonnement")	7	549,593.31
Interests paid on bank overdraft		1,207,323.38
Dividends paid on CFDs		1,165,347.35
Interests paid on CFDs		11,281,847.00
Interests paid on swaps		2,981,573.43
Banking fees		57.95
Other expenses	9	28,824.92
Net income / (loss) from investments		-27,814,449.09
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	-43,376,431.14
- options	2.6	9,106,443.36
- forward foreign exchange contracts	2.7	-10,642,921.64
- financial futures	2.8	-432,183.43
- CFDs		20,003,303.65
- swaps		-795,589.01
- foreign exchange	2.4	9,310,526.15
Net realised profit / (loss)		-44,641,301.15
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	-96,141,355.54
- options	2.6	1,417,558.05
- forward foreign exchange contracts	2.7	-9,768.01
- financial futures	2.8	-69,553.44
- CFDs		2,298,877.41
- swaps		-847,993.41
Net increase / (decrease) in net assets as a result of operations		-137,993,536.09
Subscriptions of capitalisation shares		1,913,396,532.84
Redemptions of capitalisation shares		-284,194,492.27
Net increase / (decrease) in net assets		1,491,208,504.48

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Statement of operations and changes in net assets from 25/04/22 to 31/12/22

	Note	Expressed in EUR
Net assets at the beginning of the year		-
Net assets at the end of the year		1,491,208,504.48

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Statistics

31/12/22

Total Net Assets	EUR	1,491,208,504.48
Share Class A -EUR		
Number of shares		3,522,048.316
Net asset value per share	EUR	357.66
Share Class A - CHF		
Number of shares		8,500.868
Net asset value per share	CHF	429.91
Share Class A - USD		
Number of shares		19,851.250
Net asset value per share	USD	137.99
Share Class I -EUR		
Number of shares		74,002.230
Net asset value per share	EUR	1,545.73
Share Class I - USD		
Number of shares		1,551.001
Net asset value per share	USD	1,224.27
Share Class IT - EUR		
Number of shares		3,789.000
Net asset value per share	EUR	119.88
Share Class P - EUR		
Number of shares		828,155.542
Net asset value per share	EUR	127.06
Share Class P - USD		
Number of shares		8,571.299
Net asset value per share	USD	119.08
Share Class P - GBP		
Number of shares		2,326.256
Net asset value per share	GBP	103.83
Share Class P - CHF		
Number of shares		2,184.000
Net asset value per share	CHF	94.13
Share Class U - EUR		
Number of shares		16,435.394
Net asset value per share	EUR	117.34

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Changes in number of shares outstanding from 25/04/22 to 31/12/22

	Shares outstanding as at 25/04/22	Shares issued	Shares redeemed	Shares outstanding as at 31/12/22
Share Class A -EUR	0.000	4,097,340.485	575,292.169	3,522,048.316
Share Class A - CHF	0.000	9,681.854	1,180.986	8,500.868
Share Class A - USD	0.000	23,409.223	3,557.973	19,851.250
Share Class I -EUR	0.000	96,276.334	22,274.104	74,002.230
Share Class I - USD	0.000	2,184.985	633.984	1,551.001
Share Class IT - EUR	0.000	3,993.000	204.000	3,789.000
Share Class P - EUR	0.000	1,096,548.861	268,393.319	828,155.542
Share Class P - USD	0.000	9,221.299	650.000	8,571.299
Share Class P - GBP	0.000	3,376.256	1,050.000	2,326.256
Share Class P - CHF	0.000	2,184.000	0.000	2,184.000
Share Class U - EUR	0.000	17,540.899	1,105.505	16,435.394

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			1,142,134,401.05	76.59
Shares			1,142,134,401.05	76.59
Denmark			62,336,758.70	4.18
PANDORA	DKK	949,732	62,336,758.70	4.18
France			674,922,340.37	45.26
AIR LIQUIDE SA	EUR	157,569	20,862,135.60	1.40
CARREFOUR SA	EUR	1,572,078	24,587,299.92	1.65
CHRISTIAN DIOR	EUR	22,631	15,411,711.00	1.03
CIE DE SAINT-GOBAIN	EUR	1,021,871	46,648,411.15	3.13
DANONE SA	EUR	931,427	45,854,151.21	3.07
ENGIE SA	EUR	4,141,369	55,444,648.17	3.72
ESSILORLUXOTTICA SA	EUR	508,253	85,996,407.60	5.77
EUROAPI SASU SHARES	EUR	29,301	405,818.85	0.03
ID LOGISTICS	EUR	39,923	10,699,364.00	0.72
KERING	EUR	96,322	45,801,111.00	3.07
LDC SA	EUR	115,253	12,389,697.50	0.83
LVMH MOET HENNESSY LOUIS VUITTON SE	EUR	86,363	58,718,203.70	3.94
ORANGE	EUR	2,732,029	25,355,961.15	1.70
RENAULT SA	EUR	72,233	2,259,087.08	0.15
SANOFI	EUR	673,924	60,545,332.16	4.06
SCHNEIDER ELECTRIC SE	EUR	111,794	14,613,711.68	0.98
TARKETT SA	EUR	108,935	1,252,752.50	0.08
TOTALENERGIESSE	EUR	1,481,271	86,876,544.15	5.83
VEOLIA ENVIRONNEMENT SA	EUR	839,988	20,159,712.00	1.35
VINCI SA	EUR	370,000	34,517,300.00	2.31
VIVENDI SA	EUR	731,768	6,522,979.95	0.44
Germany			245,944,703.77	16.49
COVESTRO AG	EUR	288,735	10,553,264.25	0.71
DEUTSCHE LUFTHANSA AG REG SHS	EUR	4,145,613	32,190,684.95	2.16
DEUTSCHE WOHNEN SE	EUR	2,607,600	51,852,126.00	3.48
HUGO BOSS AG	EUR	750,871	40,667,173.36	2.73
KION GROUP	EUR	157,658	4,220,504.66	0.28
MERCK KGAA	EUR	250,000	45,225,000.00	3.03
RWE AG	EUR	428,145	17,806,550.55	1.19
SIEMENS AG REG	EUR	335,000	43,429,400.00	2.91
Italy			18,056,676.00	1.21
SESA	EUR	155,661	18,056,676.00	1.21
Netherlands			91,788,690.00	6.16
ADYEN --- PARTS SOCIALES	EUR	42,600	54,885,840.00	3.68
QIAGEN - REGISTERED	EUR	785,000	36,902,850.00	2.47
Norway			49,085,232.21	3.29
SALMAR	NOK	1,341,106	49,085,232.21	3.29
Other transferable securities			1,430,386.51	0.10
Warrants			1,430,386.51	0.10
Luxembourg			1,430,386.51	0.10
CITIGROUP GLOB (S AND P 50) 16.06.23 WAR	USD	23,130	1,430,386.51	0.10
Undertakings for Collective Investment			133,488,674.50	8.95
Shares/Units in investment funds			133,488,674.50	8.95

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
France			133,488,674.50	8.95
PALATINE MOMA I FCP	EUR	757	24,295,715.17	1.63
SHELCHER PRINCE OBL COURT TERME ESG A	EUR	75,774	19,705,028.70	1.32
SWISS LIFE FRA MNY MKT EUR -I- 3 DEC	EUR	2,978	73,676,744.45	4.94
SWISS LIFE FUNDS F BOND 6M FCP I	EUR	1,489	15,811,186.18	1.06
Total securities portfolio			1,277,053,462.06	85.64

Varenne UCITS

Notes to the financial statements - Schedule of derivative instruments

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Notes to the financial statements - Schedule of derivative instruments

Options

As at December 31, 2022, the following options contracts were outstanding:

Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

Quantity	Denomination	Currency	Commitment (in EUR) (in absolute value)	Market value (in EUR)	Unrealised (in EUR)
Options purchased					
Options on equities					
20,030.00	STARBUCK MAR 105.00 17.03.23 CALL	USD	-	6,193,394.24	632,623.25
Options on index					
5,738.00	EURO STOXX 50 MAR 4400.0 17.03.23 CALL	EUR	-	149,188.00	-941,032.00
5,370.00	EUROSTOXX 50 OTC DEC 3500 15.12.23 PUT	EUR	-	392,997.12	63,681.87
11,383.00	EUROSTOXX 50 OTC DEC 3500 15.12.23 PUT	EUR	-	758,178.89	256,188.59
51,118.00	EURO STOXX BAN JUN 117.50 16.06.23 CALL	EUR	-	1,405,745.00	-357,825.00
4,980.00	S&P 500 OTC SEP 4725 15.09.23 CALL	USD	-	19,919.53	-132,047.28
16,109.00	S&P 500 OTC DEC 3600 15.12.23 PUT	USD	-	1,340,181.24	439,823.84
				10,259,604.02	-38,586.73
Options issued					
Options on equities					
20,030.00	STARBUCK MAR 115.00 17.03.23 CALL	USD	26,619,311.66	-1,736,027.17	171,343.98
Options on index					
5,738.00	EURO STOXX 50 MAR 4500.0 17.03.23 CALL	EUR	3,297,178.17	-74,594.00	514,120.00
				-1,810,621.17	685,463.98

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Quantity	Denomination	Currency	Commitment (in EUR) (in absolute value)	Market value (in EUR)	Unrealised (in EUR)
Options purchased					
Options on equities					
76,841.00	STARBUCK MAR 105.00 17.03.23 CALL	USD	-	23,759,690.79	2,426,865.03
Options on index					
21,506.00	EURO STOXX 50 MAR 4400.0 17.03.23 CALL	EUR	-	559,156.00	-3,526,984.00
196,338.00	EURO STOXX BAN JUN 117.50 16.06.23 CALL	EUR	-	5,399,295.00	-1,374,365.00
24,225.00	EUROSTOXX 50 OTC DEC 3500 15.12.23 PUT	EUR	-	1,613,536.29	545,213.79
34,942.00	S&P 500 OTC DEC 3600 15.12.23 PUT	USD	-	2,906,984.47	954,021.10
12,430.00	S&P 500 OTC SEP 4725 15.09.23 CALL	USD	-	49,718.84	-329,587.89
11,647.00	EUROSTOXX 50 OTC DEC 3500 15.12.23 PUT	EUR	-	852,371.97	138,119.69
				35,140,753.36	-1,166,717.28
Options issued					
Options on equities					
76,841.00	STARBUCK MAR 115.00 17.03.23 CALL	USD	102,119,547.00	-6,659,913.33	657,335.33
Options on index					

Varenne UCITS

Notes to the financial statements - Schedule of derivative instruments

Options

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Quantity	Denomination	Currency	Commitment (in EUR) (in absolute value)	Market value (in EUR)	Unrealised (in EUR)
	Options on index				
21,506.00	EURO STOXX 50 MAR 4500.0 17.03.23 CALL	EUR	12,357,809.98	-279,578.00	1,926,940.00
				-6,939,491.33	2,584,275.33

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 December 31, 2022, the following forward foreign exchange contracts were outstanding:

Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

Currency purchased	Quantity purchased	Currency sold	Quantity sold	Maturity date	Unrealised (in EUR)	Counterparty
CHF	8,721,749.59	EUR	8,852,770.59	31/01/23	-9,540.42 *	CACEIS Bank, Lux. Branch
EUR	43,009,842.30	USD	45,869,136.62	31/01/23	116,047.99	CACEIS Bank, Lux. Branch
USD	1,449,521.16	EUR	1,359,011.03	31/01/23	-3,506.69 *	CACEIS Bank, Lux. Branch
EUR	1,000,000.00	CAD	1,440,160.00	15/02/23	6,813.04	UBS Europe SE
CAD	1,437,722.00	EUR	1,000,000.00	18/01/23	-6,748.04	UBS Europe SE
					103,065.88	

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Currency purchased	Quantity purchased	Currency sold	Quantity sold	Maturity date	Unrealised (in EUR)	Counterparty
CHF	3,823,969.51	EUR	3,881,414.44	31/01/23	-4,182.91 *	CACEIS Bank, Lux. Branch
GBP	241,651.63	EUR	273,888.28	31/01/23	-1,850.09 *	CACEIS Bank, Lux. Branch
USD	7,867,190.32	EUR	7,376,781.86	31/01/23	-19,862.27	CACEIS Bank, Lux. Branch
USD	5,656,816.32	EUR	5,303,596.77	31/01/23	-13,684.99 *	CACEIS Bank, Lux. Branch
CAD	1,437,998.00	EUR	1,000,000.00	18/01/23	-6,557.17	UBS Europe SE
EUR	1,000,000.00	CAD	1,394,888.00	18/01/23	36,369.42	UBS Europe SE
					-9,768.01	

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.

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Notes to the financial statements - Schedule of derivative instruments

Financial futures

As at December 31, 2022, the following future contracts were outstanding:

Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

Quantity Buy/(Sell)	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
Futures on index					
208.00	DJ EURO STOXX 50 03/23	EUR	7,890,729.60	-59,048.50	Morgan Stanley Bank AG
22.00	S&P 500 EMINI INDEX 03/23	USD	3,957,320.22	31,806.36	Morgan Stanley Bank AG
				-27,242.14	

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Quantity Buy/(Sell)	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
Futures on index					
2,333.00	DJ EURO STOXX 50 03/23	EUR	88,505,154.60	-662,308.37	Morgan Stanley Bank AG
410.00	S&P 500 EMINI INDEX 03/23	USD	73,750,058.56	592,754.93	Morgan Stanley Bank AG
				-69,553.44	

The broker of these futures is Morgan Stanley Europe SE.

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Notes to the financial statements - Schedule of derivative instruments

Contracts for Difference ("CFD")

As at December 31, 2022, the following Contracts for Difference ("CFD") were outstanding:

Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

Quantity	Long / Short	Ccy	Denomination	Broker	Notional	Unrealised (in EUR)
52,051	Long	USD	LHC GROUP	Morgan Stanley Bank AG	7,885,805.75	-90,714.32
12,292	Long	USD	MASTERCARD INC -A-	Morgan Stanley Bank AG	4,004,963.37	55,053.42
16,728	Long	USD	MICROSOFT CORP	Morgan Stanley Bank AG	3,758,921.49	-31,034.38
155,934	Long	EUR	RYANAIR HLDGS	Morgan Stanley Bank AG	1,903,954.14	-51,458.22
74,945	Long	CAD	THOMSON REUTERS CORP	Morgan Stanley Bank AG	8,005,258.95	-5,462.07
32,114	Long	USD	ACCENTURE PLC	UBS Europe Germany	8,029,327.49	114,889.24
194,193	Long	USD	ACTIVISION BLIZZARD	UBS Europe Germany	13,928,764.72	121,910.81
67,040	Long	USD	APPLE INC	UBS Europe Germany	8,161,637.10	-130,954.39
77,839	Long	GBP	AVEVA GROUP	UBS Europe Germany	2,818,785.09	3,855.77
44,224	Long	EUR	BEIERSDORF AG	UBS Europe Germany	4,740,812.80	-9,565.23
55,444	Long	USD	CFD ALPHABET INC -A- (MIROIR)	UBS Europe Germany	4,583,578.47	-41,040.77
5,452	Long	EUR	CFD HERMES INTERNATIONAL SA (MIROIR)	UBS Europe Germany	7,878,140.00	-114,492.00
16,599	Long	USD	COCA COLA BOTTLING CO CONSOLIDATED	UBS Europe Germany	7,968,764.24	7,903.90
262,927	Long	GBP	COMPASS GROUP	UBS Europe Germany	5,682,305.13	-31,339.60
18,653	Long	USD	COSTCO WHOLESALE CORP	UBS Europe Germany	7,978,537.83	-23,070.47
32,582	Long	USD	DANAHER CORP	UBS Europe Germany	8,102,988.47	8,279.05
238,087	Long	EUR	DASSAULT SYST.	UBS Europe Germany	7,974,724.07	-80,949.58
742,606	Long	GBP	HOMESERVE	UBS Europe Germany	10,018,589.82	16,739.50
318,499	Long	EUR	INDITEX SHARE FROM SPLIT	UBS Europe Germany	7,914,700.15	98,734.69
131,414	Long	USD	KNOWBE4 --- REGISTERED SHS -A-	UBS Europe Germany	3,051,242.84	2,711.94
46,883	Long	USD	LHC GROUP MIROIR	UBS Europe Germany	7,102,845.88	-81,707.55
10,985	Long	EUR	LVMH MOET HENNESSY LOUIS VUITTON SE	UBS Europe Germany	7,468,701.50	-102,922.86
12,418	Long	USD	MASTERCARD-A-(MIRROIR)	UBS Europe Germany	4,046,016.53	55,617.75
45,173	Long	GBP	MEDICLINIC INTERNATIONAL PLC	UBS Europe Germany	253,549.21	916.44
19,300	Long	USD	MICROSOFT CORP(MIRROIR)	UBS Europe Germany	4,336,871.40	-34,339.33
73,489	Long	USD	NIKE INC	UBS Europe Germany	8,057,107.42	-2,065.75
19,827	Long	USD	ROPER TECHNOLOGIES	UBS Europe Germany	8,027,218.02	-67,518.36
316,949	Long	EUR	RYANAIR HLDGS	UBS Europe Germany	3,869,947.29	-104,593.17
634,446	Long	ZAR	SHOPRITE HOLDINGS LTD (SHP)	UBS Europe Germany	7,895,964.65	-349,378.97
98,106	Long	GBP	SPIRE HEALTH GROUP	UBS Europe Germany	252,106.71	12,163.04
54,616	Long	EUR	THALES	UBS Europe Germany	6,515,688.80	10,318.32
107,380	Long	USD	TJX COS INC	UBS Europe Germany	8,008,852.66	190,955.64
59,804	Long	USD	WALMART INC	UBS Europe Germany	7,945,288.51	-119,908.93
246,922	Short	USD	APPLOVIN --- REGISTERED SHS -A-	Morgan Stanley Bank AG	2,436,250.79	-161,953.99
304,124	Short	SEK	CASTELLUM AB	Morgan Stanley Bank AG	3,452,769.05	-158,622.26
61,795	Short	USD	CATALENT	Morgan Stanley Bank AG	2,606,130.66	-37,635.75
76,428	Short	USD	CFD DENTSPLY SIRONA INC	Morgan Stanley Bank AG	2,280,128.85	-68,747.60
715	Short	USD	CFD NMC HEALTH PLC	Morgan Stanley Bank AG	0.09	-0.02
66,660	Short	EUR	COVESTRO AG	Morgan Stanley Bank AG	2,436,423.00	-33,996.60
135,973	Short	EUR	DAIMLER TRUCK HOLDING AG	Morgan Stanley Bank AG	3,935,738.49	131,213.95
36,737	Short	USD	DLOCAL LTD/URUGUAY	Morgan Stanley Bank AG	535,952.30	-33,389.45
49,283	Short	EUR	LEG IMMOBILIEN - NAMEN AKT	Morgan Stanley Bank AG	2,999,363.38	-159,676.92
31,904	Short	USD	LENNAR CORP -A-	Morgan Stanley Bank AG	2,705,375.50	-44,840.48
323,150	Short	GBP	OCADO GROUP PLC	Morgan Stanley Bank AG	2,246,479.80	17,482.33
46,192	Short	USD	SCOTTS -A-	Morgan Stanley Bank AG	2,103,039.85	-45,012.58
250,580	Short	USD	SNAP INC-A-	Morgan Stanley Bank AG	2,101,373.62	-173,744.86
28,401	Short	USD	STARBUCKS CORP	Morgan Stanley Bank AG	2,639,849.33	-31,933.66
5,400	Short	EUR	ADYEN --- PARTS SOCIALES	UBS Europe Germany	6,957,360.00	155,520.00
203,000	Short	EUR	BAYER AG REG SHS	UBS Europe Germany	9,809,975.00	212,135.00
170,000	Short	EUR	BMW AG	UBS Europe Germany	14,174,600.00	-5,100.00
621,500	Short	EUR	DEUTSCHE WOHNEN SE	UBS Europe Germany	12,358,527.50	-696,080.00

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Notes to the financial statements - Schedule of derivative instruments

Contracts for Difference ("CFD")

Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

Quantity	Long / Short	Ccy	Denomination	Broker	Notional	Unrealised (in EUR)
28,884	Short	USD	GARMIN	UBS Europe Germany	2,497,731.89	-51,962.78
199,188	Short	USD	NEWELL BRANDS	UBS Europe Germany	2,441,207.81	-87,719.24
372,000	Short	EUR	QIAGEN - REGISTERED	UBS Europe Germany	17,487,720.00	-331,080.00
					306,377,957.41	-2,377,611.35

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Quantity	Long / Short	Ccy	Denomination	Broker	Notional	Unrealised (in EUR)
85,275	Long	USD	ALPHABET INC -A-	Morgan Stanley Bank AG	7,049,719.61	-63,122.28
6,469	Long	USD	BOOKING HOLDINGS INC	Morgan Stanley Bank AG	12,215,363.15	344,104.13
335,552	Long	USD	DOLLAR GENERAL	Morgan Stanley Bank AG	77,422,984.31	1,670,022.80
294,650	Long	CHF	DUFREY GROUP	Morgan Stanley Bank AG	11,491,185.88	2,983.95
52,368,409	Long	GBP	JD SPORTS FASHION PLC	Morgan Stanley Bank AG	74,457,873.15	7,614,003.67
159,380	Long	USD	LHC GROUP	Morgan Stanley Bank AG	24,146,312.67	-277,766.97
607,696	Long	EUR	RYANAIR HLDGS	Morgan Stanley Bank AG	7,419,968.16	-200,539.68
633,763	Long	USD	ACTIVISION BLIZZARD	UBS Europe Germany	45,457,538.21	397,864.80
248,806	Long	GBP	AVEVA GROUP	UBS Europe Germany	9,010,016.09	12,313.07
2,422,171	Long	GBP	HOMESERVE	UBS Europe Germany	32,677,809.94	54,599.52
422,082	Long	USD	KNOWBE4 --- REGISTERED SHS -A-	UBS Europe Germany	9,800,133.01	9,465.76
139,779	Long	USD	LHC GROUP MIROIR	UBS Europe Germany	21,176,731.33	-243,606.41
145,738	Long	GBP	MEDICLINIC INTERNATIONAL PLC	UBS Europe Germany	818,005.34	2,956.64
1,031,921	Long	EUR	RYANAIR HLDGS	UBS Europe Germany	12,599,755.41	-340,533.93
326,099	Long	GBP	SPIRE HEALTH GROUP	UBS Europe Germany	837,988.98	40,429.29
615,264	Short	USD	APPLOVIN --- REGISTERED SHS -A-	Morgan Stanley Bank AG	6,070,489.50	-403,546.31
759,080	Short	SEK	CASTELLUM AB	Morgan Stanley Bank AG	8,617,958.23	-395,914.12
153,559	Short	USD	CATALENT	Morgan Stanley Bank AG	6,476,168.27	-93,523.87
190,549	Short	USD	CFD DENTSPLY SIRONA INC	Morgan Stanley Bank AG	5,684,778.79	-171,400.37
2,464	Short	USD	CFD NMC HEALTH PLC	Morgan Stanley Bank AG	0.30	-0.07
168,098	Short	EUR	COVESTRO AG	Morgan Stanley Bank AG	6,143,981.90	-85,729.98
91,025	Short	USD	DLOCAL LTD/URUGUAY	Morgan Stanley Bank AG	1,327,954.32	-82,730.62
122,855	Short	EUR	LEG IMMOBILIEN - NAMEN AKT	Morgan Stanley Bank AG	7,476,955.30	-398,050.20
79,537	Short	USD	LENNAR CORP -A-	Morgan Stanley Bank AG	6,744,528.93	-111,787.77
250,000	Short	EUR	MERCK KGAA	Morgan Stanley Bank AG	45,225,000.00	-975,000.00
814,175	Short	GBP	OCADO GROUP PLC	Morgan Stanley Bank AG	5,659,995.94	44,046.66
114,269	Short	USD	SCOTTS -A-	Morgan Stanley Bank AG	5,202,464.94	-111,351.38
335,000	Short	EUR	SIEMENS AG REG	Morgan Stanley Bank AG	43,429,400.00	-623,100.00
619,882	Short	USD	SNAP INC-A-	Morgan Stanley Bank AG	5,198,354.56	-429,808.09
130,000	Short	USD	STARBUCKS CORP	Morgan Stanley Bank AG	12,083,391.90	-146,170.06
42,600	Short	EUR	ADYEN --- PARTS SOCIALES	UBS Europe Germany	54,885,840.00	1,226,880.00
2,607,600	Short	EUR	DEUTSCHE WOHNEN SE	UBS Europe Germany	51,852,126.00	-2,920,512.00
72,789	Short	USD	GARMIN	UBS Europe Germany	6,294,398.51	-130,948.59
492,752	Short	USD	NEWELL BRANDS	UBS Europe Germany	6,039,068.78	-217,000.18
785,000	Short	EUR	QIAGEN - REGISTERED	UBS Europe Germany	36,902,850.00	-698,650.00
					667,897,091.41	2,298,877.41

Varenne UCITS

Notes to the financial statements - Schedule of derivative instruments

Total Return Swaps ("TRS")

As at December 31, 2022, the following Total Return Swaps ("TRS") were outstanding:

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Nominal	CCY	Maturity	Counterparty	Sub-Fund receives	Market Value	Sub-Fund pays	Unrealised amount (in EUR)
506,680,621	EUR	15/09/23	Goldman Sachs Bank Europe SE	Euro S/T Rate Compounded	-659,892.99	Basket of stocks	-659,892.99

Variance and Volatility Swaps

Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

Denomination	CCY	Maturity	Nominal value	Counterparty	Unrealised amount (in EUR)
EUROSTOXX 50	EUR	16/06/23	65,000	BOFA SECURITIES EUROPE SA FIC	-188,100.42

Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

Denomination	CCY	Maturity	Nominal value	Counterparty	Unrealised amount (in EUR)
EUROSTOXX 50	EUR	16/06/23	17,000	BOFA SECURITIES EUROPE SA FIC	-49,195.49

Varenne UCITS

Other notes to the financial statements

Varenne UCITS

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 amended 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 December 31, 2022, two sub-funds are active:

- Varenne UCITS - VARENNE GLOBAL (launched on 14/02/22)

- Varenne UCITS - VARENNE VALEUR (launched on 25/04/22)

The Annual report dated as at December 31, 2022 is based on the last official NAV dated as at December 30, 2022

2 - Principal accounting policies

2.1 - Presentation of the financial statements

The SICAV's financial year starts on January 1st and ends on December 31st each year. The SICAV's reference currency is EUR.

The financial statements of the SICAV are prepared in accordance with Luxembourg regulations relating to Undertakings for Collective Investment.

2.2 - Portfolio valuation

The value of any cash on hand or on deposit, bills or notes payable, accounts receivable, prepaid expenses, cash dividends and interest accrued but not yet received shall be equal to the entire nominal or face amount thereof, unless the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.

Transferable securities which are quoted, listed or traded on an exchange or regulated market will be valued at the last available market price or quotation, prior to the time of valuation, on the exchange or regulated market where the securities are primarily quoted, listed or traded. Where securities are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors will determine on which exchange or regulated market the securities are primarily quoted, listed or traded and the market prices or quotations on such exchange or regulated market will be used for the purpose of their valuation. Transferable securities for which market prices or quotations are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market, will be valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

Financial derivative instruments which are quoted, listed or traded on an exchange or regulated market will be valued at the last available closing or settlement price or quotation, prior to the time of valuation, on the exchange or regulated market where the instruments are primarily quoted, listed or traded. Where instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors will determine on which exchange or regulated market the instruments are primarily quoted, listed or traded and the closing or settlement prices or quotations on such exchange or regulated market will be used for the purpose of their valuation. Financial derivative instruments for which closing or settlement prices or quotations are not available or representative will be valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

Financial derivative instruments which are traded "over-the-counter" (OTC) will be valued daily at their fair market value, on the basis of valuations provided by the counterparty which will be approved or verified on a regular basis independently from the counterparty. Alternatively, OTC financial derivative instruments may be valued on the basis of independent pricing services or valuation models approved by the Board of Directors which follow international best practice and valuation principles. Any such valuation will be reconciled to the counterparty valuation on a regular basis independently from the counterparty, and significant differences will be promptly investigated and explained.

Shares or units in target investment funds (including UCITS and UCI) will be valued at their latest available official net asset value, as reported or provided by or on behalf of the investment fund or at their latest available unofficial or estimated net asset value if more recent than the latest available official net asset value, provided that the Board of Directors is satisfied of the reliability of such unofficial net asset value.

Varenne UCITS

Other notes to the financial statements

2 - Principal accounting policies

2.3 - Net realised profits or losses on sales of investments

The net realised gains (losses) on sales of securities are determined on the basis of the average cost of the securities sold and are recorded in the Statement of operations and changes in net assets.

2.4 - 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 31 December 2022, the exchange rates used are the following:

1 EUR =	1.57375	AUD	1 EUR =	1.44605	CAD	1 EUR =	0.98745	CHF
1 EUR =	7.43645	DKK	1 EUR =	0.88725	GBP	1 EUR =	8.32985	HKD
1 EUR =	140.8183	JPY	1 EUR =	10.5135	NOK	1 EUR =	11.12025	SEK
1 EUR =	1.4314	SGD	1 EUR =	1.06725	USD	1 EUR =	18.15925	ZAR

2.5 - Combined financial statements

The SICAV's financial year starts on January 1st and ends on December 31st each year. The SICAV's reference currency is EUR.

The figures presented in the financial statements tables may in some cases show non-significant differences due to the use of rounding. These differences do not affect in any way the fair view of the financial statements of the SICAV.

2.6 - Valuation of options contracts

Each Sub-Fund may use financial derivative instruments such as options. An option is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to buy or sell a specified amount of an underlying asset at an agreed price (the strike or exercise price) on or until the expiration of the contract. A call option is an option to buy, and a put option an option to sell.

2.7 - Valuation of forward foreign exchange contracts

Each Sub-Fund may use financial derivative instruments such as forwards. The use of financial derivative instruments may not, under any circumstances, cause a Sub-Fund to deviate from its investment objective. A forward agreement is a customised, bilateral agreement to exchange an asset or cash flows at a specified future settlement date at a forward price agreed on the trade date. One party to the forward is the buyer (long), who agrees to pay the forward price on the settlement date; the other is the seller (short), who agrees to receive the forward price.

2.8 - Valuation of futures contracts

Each Sub-Fund may use financial derivative instruments such as futures. The use of financial derivative instruments may not, under any circumstances, cause a Sub-Fund to deviate from its investment objective. A futures contract is an agreement to buy or sell a stated amount of a security, currency, index (including an eligible commodity index) or other asset at a specific future date and at a pre-agreed price.

2.9 - Dividend and interest income

Dividends are accounted at the ex-date. Interests are accounted on a prorata temporis basis.

2.10 - Formation expenses

The costs and expenses incurred in connection with the formation of the Fund will be borne by the Fund and may be amortised over a period of up to five (5) years from the date of incorporation of the Fund. The formation costs and expenses of each new Sub-Fund will be borne by such Sub-Fund and may be amortised over a period of up to five (5) years. New Sub-Funds created after the incorporation and launch of the Fund will participate in the non-amortised formation costs and expenses of the Fund.

Varenne UCITS

Other notes to the financial statements

3 - Management fees

The rates applicable as at December 31, 2022 are as follows:

The Management Company will be entitled to an annual fee equal to a percentage of the Net Asset Value of each sub-fund or share class and paid out of the assets of the SICAV and allocated to each sub-fund and share class. The Management Fee will accrue on each Valuation Day and will be payable at the rate specified in the last prospectus of the SICAV.

These rates are annual and on 2022 the fees were taken pro rata temporis :

Varenne Global

Share Class Name : A-EUR, A-CHF, A-USD: 1,95 %

Share Class Name : I-EUR :1,10 %

Share Class Name : P-EUR, P-CHF : 1,25%

VARENNE VALEUR

Share Class Name : A-EUR, A-CHF,A-USD, IT-EUR : 1,794%

Share Class Name : I-EUR, I-USD : 1,10%

Share Class Name : P-EUR, P-USD; P-GBP, P-CHF : 1,20%

Share Class Name : U-EUR: 1,95%

4 - Performance fees

The Management Company may be entitled to receive a Performance fee with respect to certain sub-funds or share classes; the payment and size of the Performance fee depends on the performance of the sub-fund or share class over a specified time period in excess of the applicable benchmark as set out in the prospectus of the SICAV. The Performance fee is calculated and accrued at each Valuation Day on the basis of the Net Asset Value after deducting all fees and expenses, including the Management Fee and the Management Company Fee (but not the Performance Fee) and adjusting for subscriptions and redemptions during the performance period so these will not affect the calculation of the Performance fee.

The Performance Fee is paid out of the assets of the SICAV and allocated to the relevant sub-funds and share classes.

In application of the ESMA Guidelines on performance fees (ESMA34-39-992) and Circular CSSF 20/764, the table below displays the actual amount of performance fees charged by each relevant Share Class and the percentage of these fees based on the Share Class Net Asset Value ("NAV"). Only the Share Classes for which performance fees have been charged are shown below.

For the period ended December 31, 2022 there is no performance fee.

Varenne UCITS

Other notes to the financial statements

5 - Depositary fees

CACEIS Bank, Luxembourg Branch has been appointed Depositary of the Fund (the "Depositary") under the terms of a written agreement dated 3 August 2021 between Caceis Bank, Luxembourg Branch and the Fund (the "Depositary Agreement"). The Depositary has been entrusted with the custody and/or, as the case may be, recordkeeping and ownership verification of the Fund's assets and it shall fulfil the obligations and duties provided for by the 2010 Law. In particular, the Depositary shall ensure an effective and proper monitoring of the Fund's cash flows. The Depositary will be entitled to an annual fee equal to a percentage of the Net Asset Value of each Sub-Fund or Share Class consistent with market practice in Luxembourg, subject to a maximum rate expected to range from 0,01% to 0,05% per annum. The Depositary fee will accrue on each Valuation Day and will be annually payable out of the assets of the Fund and allocated to each Sub-Fund and Share Class. The Fund has also appointed the Depositary as Paying Agent.

6 - Administration fees

The Administrator will be entitled to an annual fee equal to a percentage of the Net Asset Value of each sub-fund or share class consistent with market practice in Luxembourg. The Administrator fee will accrue on each Valuation Day and will be monthly payable out of the assets of the SICAV and allocated to each sub-fund and share class.

7 - Subscription tax ("*Taxe d'abonnement*")

The SICAV is liable to a subscription tax (taxe d'abonnement) of 0.05% per annum, such tax being payable quarterly and calculated on the aggregate net assets of the SICAV valued at the end of the relevant calendar quarter, unless a reduced tax rate of 0.01% per annum is applicable. Furthermore, some exemptions from subscription tax are available.

8 - Collateral

As at December 31, 2022, there were outstanding margin deposits and cash collateral amounts in the form of cash balances held at brokers which are included in the cash at banks shown in the Statement of net assets. The following table discloses the breakdown of such cash amounts held at brokers by Sub-Fund, as of 31 December, 2022:

Sub-Fund	Ccy	Counterparty	Type of collateral	Collateral amount received	Collateral amount paid
Varenne Global (launched on 14/02/22)	EUR	UBS EUROPE SE	Cash	-62,882.38	25,392,353.47
		MORGAN STANLEY EUROPE SE	Cash	-2,319,850.06	15,910,505.34
		BOFA	Cash	-300,000	
Varenne Valeur (launched on 25/04/22)	EUR	UBS EUROPE SE	Cash	-50,261.57	55,880,875.14
		MORGAN STANLEY EUROPE SE	Cash	-21,121,234.41	79,636,644.38
		BOFA	Cash	-510,000.07	
		GOLDMAN SACHS	Cash		6,550,000.00

9 - Other expenses

The members of the Board of Directors are entitled to receive a fee in consideration for their function. However, members of the Board of Directors who are also directors, officers or employees of the Management Company or its affiliates will be requested to waive their fees. The Fund will also reimburse the members of the Board of Directors for appropriate insurance coverage and expenses and other costs incurred by the members of the Board of Directors in the performance of their duties, including reasonable out-of-pocket expenses, traveling costs incurred to attend meetings of the Board of Directors, and any costs of legal proceedings unless such costs are caused by intentional or grossly negligent conduct by the member of the Board of Directors in question. The Fund may also pay fees and expenses to members of any committee established by the Board of Directors, where applicable.

Varenne UCITS

Other notes to the financial statements

10 - 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.

11 - Subsequent events

There have been no significant events after the year end that require disclosure in the financial statements.

12 - Other note

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

Additional unaudited information

Varenne UCITS

Additional unaudited information

Remuneration policy

VARENNE CAPITAL PARTNERS' compensation policy, decided and implemented by General Management, aims to discourage its teams from taking unnecessary risks in compliance with management objectives and risk profiles described in the prospectuses of the funds under management.

The objective of this policy is therefore to avoid any conflict of interest between the persons identified as risk takers within the management company and the investors.

The compensation policy also has two other objectives:

- Maintain the financial health of the management company,
- Motivate staff in line with their contribution to the management company's development.

VARENNE CAPITAL PARTNERS has identified the population of employees said to be "concerned" by the application of measures that strike an appropriate balance between fixed and variable compensation. This mainly concerns portfolio managers, risk and control staff, executives and Head of business development.

For these individuals, and depending on the amounts involved, a rule applies whereby 50% of the variable component is spread over time and future payments are conditional on the financial health of the company. This rule aims to achieve a balance between the two fixed and variable components, and the latter may be zero in the event of individual and/or management company performance deemed insufficient.

An annual control is carried out by the head of compliance and internal control.

Table showing compensation and breakdown:

	Headcount	Gross compensation in €		
		Fixed 2022	Variable paid for 2022	
			Not deferred	deferred
Total headcount	39	5 496 655 €	2 598 433 €	
Staff identified	15	3 814 452 €	2 044 851 €	
Portfolio managers	7	2 538 711 €	1 254 401 €	
Other staff	8	1 275 741 €	790 451 €	

Varenne UCITS

Additional unaudited information

Global Risk Exposure

The global exposure of the sub-funds is calculated and monitored under the absolute VaR approach. The global exposure of the sub-funds may not exceed 20% of their respective Net Asset Value, on the basis of a one-sided confidence interval of 99% and a holding period of 20 days. The level of leverage of the sub-funds, based on the “sum of notionals” approach, is generally not expected to exceed 500% of the Net Asset Value. In certain circumstances the leverage of the sub-funds may exceed the above level.

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 December 31st 2022, the VaR of the Sub-funds were:

For Varenne Global 11.75%

For Varenne Valeur 8.28%

Varenne UCITS

Additional unaudited information

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	509 424 097.47	
% of AuM	0.34%	
Top 10 counterparties of each type of TRS separately (name of counterparty and gross volume of outstanding transactions)		
Goldman Sachs Bank Europe SE	509 424 097.47	
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	-659 892.99	
Currency of the collateral		
EUR	-659 892.99	
Maturity of TRS		
Less than 3 months		
3 months to 1 year	509 424 097.47	
More than 1 year		
Country in which the counterparty is established		
Germany	-659 892.99	
Settlement and clearing		
Bilateral	-659 892.99	
Data on reuse of collateral		
Safekeeping of collateral received by the Sub-Fund as part of TRS		
CACEIS and its Sub-Custodian network	-659 892.99	
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 Depository for collateral received.

Varenne UCITS

Additional unaudited information

SFDR (Sustainable Finance Disclosure Regulation)

In accordance with the requirements of the EU Regulations 2019/2088 and of the Council of 27th November 2019 on sustainability -related disclosures in the financial services sector (the "SFDR") as amended, it is noted that: for all the Sub-Funds, referred to under article 8, the (unaudited) RTS annex is presented on the pages hereafter.

Sustainable Finance Disclosure Regulation (SFDR)

Periodic disclosures for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph of Regulation (EU) 2020/852

Product name: **Varenne Global** (the « Sub-Fund”) Legal entity identifier: 254900HJAK5SRACXYH95

Sustainable

investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

Yes

- It made **sustainable investments with an environmental objective**: ___%
 - in economic activities that qualify as environmentally sustainable under the EU Taxonomy
 - in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

- It made **sustainable investments with a social objective**: ___%

No

- It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
 - with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
 - with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
 - with a social objective
- It **promoted E/S characteristics, but did not make any sustainable investments**



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability

indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Management Company systematically incorporates the identification and measurement of sustainability risk in their Long Equity - Enterprise Picking Investment process by generating a proprietary ESG scores through a review of 40 factors, an analysis of environmental, social and governance factors, alongside conventional financial analysis. As such, this dedicated ESG analysis module is an integral part of the pre-investment analysis process: for a given company, an ESG score is given on a scale (0 worst– 5 best); if the ESG score is less than 3, then the company is not eligible for investment, no matter how strong the other analysis modules may be. The Long Equity - Enterprise Picking strategy represents between 50% to 80% of the assets of the Sub Fund starting October 12th, 2022.

In addition, the Sub-Fund will apply on the Long Equity-Enterprise picking strategy an exclusion policy that provides for excluding of companies operating in areas such as controversial and nuclear weapons, pornography, tobacco or are found to be in breach of the UN Global Compact principles as covered and assessed by the Sub-Fund's data provider.

Finally, the Management Company will engage with companies held in the Sub-Fund that have a bottom quintile ESG to promote positive change in their ESG disclosures and/or ESG practices.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Sub-Fund, but for the purposes of comparison, the Management Company considers the investment universe.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **How did the sustainability indicators perform?**

The Sub-Fund has the following sustainability indicators to measure the attainment of the environmental and social characteristics:

- The weighted average ESG score of the Sub-Fund and of the investment universe:

Metric	Long Equity-Enterprise picking strategy	Investment Universe*
ESG Score as of 30/12/2022	3,45	2,76

*World developed markets ex Japan

The Weighted average ESG score of the Long Equity-Enterprise picking strategy of the Sub-Fund is 3,45/5 as of end of December 2022 in comparison to a score of 2,76/5 for the Investment universe.

- The number of holdings in the Sub-Fund with which the Management Company has a formal engagement plan:
At the date of scoring, out of the 15 issuers in the strategy, 3 were formally engaged by the Management Company. The engagements will be detailed on the Active ownership and stewardship report available on the company website¹. All three engagements were closed in January 2023 and led to an improvement of the internal ESG Scoring.
- The number of holdings in the Sub-Fund found to be in breach of the UN Global Compact principles (as covered and addressed by the Sub-Fund's data provider):

Metric	Description	% of the asset of the Sub-fund as of 30/12/2022
Exclusions UNGC	Companies in breach of one of the Ten Principles of the UN Global Compact exclusions (based on the Ten Principles of Global Compact defined by the United Nations as covered and addressed by the Sub-Fund's data provider)	0%
Exclusions Controversial weapons	Companies involved in controversial weapon business,	0%

● **...and compared to previous periods?**

Not applicable as 2022 is the first periodic disclosure period for the Sub-Fund.

¹ www.varennecapital.com

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

Not applicable because the Sub-Fund promotes E/S characteristics, but will not make any investments with a sustainable objective.

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable because the Sub-Fund promotes E/S characteristics, but will not make any investments with a sustainable objective.

- *How were the indicators for adverse impacts on sustainability factors taken into account?*

Not applicable because the Sub-Fund promotes E/S characteristics, but will not make any investments with a sustainable objective.

- *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable because the Sub-Fund promotes E/S characteristics, but will not make any investments with a sustainable objective.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

The principal adverse impacts (“PAIs” hereafter) are considered at two levels in the investment process.

First, the exclusion policy of the Sub-Fund applied on the following PAIs:

- Companies in breach of one of the Ten Principles of the UN Global Compact exclusions (based on the Ten Principles of Global Compact defined by the United Nations as covered and addressed by the Sub-Fund’s data provider),

- Companies involved in controversial weapon business.

Then, the proprietary ESG scoring methodology for Long Equity - Enterprise Picking strategy considers PAIs such as board gender diversity, GHG emissions, GHG intensity, exposure to companies in the fossil fuel sector.



What were the top investments of this financial product?

The top investments held by the Sub-Fund as of 30th December 2022 are:

Name	Sector	Country	% of Asset as of 30 December 2022 [*]
Starbucks Corp	Consumer Discretionary	United States	8,10
EssilorLuxottica SA	Consumer Discretionary	France	5,85
Dollar General Corp	Consumer Discretionary	United States	5,19
Pandora A/S	Consumer Discretionary	Denmark	4,48
LVMH	Consumer Discretionary	France	4,32

* Data shown for Long Equity Framework in delta adjusted exposure

2

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:
The Long Equity Framework

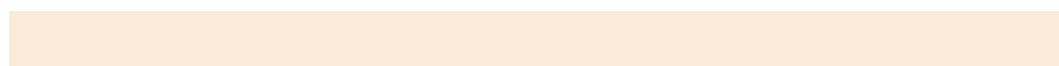


What was the proportion of sustainability-related investments?

Starting October 12th 2022, the Sub-Fund has invested a minimum of 50% of its assets in securities aligned with the Environmental and Social characteristics (#1) promoted by the Sub-Fund.

The remaining will be constituted by the other strategies of the Sub-Fund such as Special Situations, Financial contracts, cash or cash equivalents.

- **What was the asset allocation?**



² Delta Adjusted: For any optional instrument, the "Delta Adjusted" exposure is equal to the exposure corresponding to the equivalent quantity of securities. For any non-optional instrument, this exposure is equal to the notional value.

Investments

#1 Aligned with E/S characteristics

#2 Other

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

As of 30th December 2022, 55,24 %³ of the investment are aligned with the Environmental and Social characteristics of the Sub-Fund.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

As of end of december 2022 :

- 11,57% Special situations strategy
- 11.51 % Cash or cash equivalent
- 14,55 % Derivatives/ Financial contract

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **In which economic sectors were the investments made?**

Sector	% of Asset as of 30 December 2022*
Communication Services	4,47
Consumer Discretionary	52,94
Consumer Staples	13,11
Health Care	4,74
Industrials	8,50
Information Technology	14,20

* Data shown for Long Equity Framework in delta adjusted exposure



● **To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Not applicable, the Sub-Fund does not commit to make sustainable investments with an environmental objective aligned with EU Taxonomy.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy⁴?**

³ Delta adjusted exposure.

⁴ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

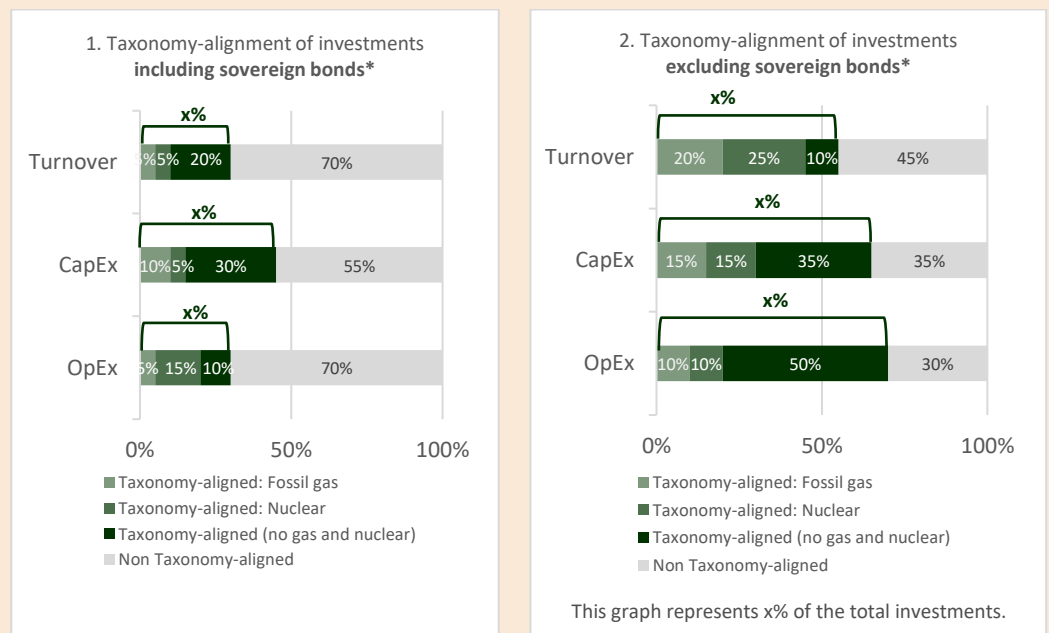
Not applicable, the Sub-Fund does not commit to make sustainable investments with an environmental objective aligned with EU Taxonomy.

- Yes:
 - In fossil gas
 - In nuclear energy
- No

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



● **What was the share of investments made in transitional and enabling activities?**

Not applicable, the Sub-Fund does not commit to make sustainable investments with an environmental objective aligned with EU Taxonomy.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Not applicable, the Sub-Fund does not commit to make sustainable investments with an environmental objective aligned with EU Taxonomy.

● **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

Not applicable, the Sub-Fund does not commit to make sustainable investments with an environmental objective aligned with EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.





What was the share of socially sustainable investments?

Not applicable, the Sub-Fund does not commit to make socially sustainable investments.



What investments were included under "Other", what was their purpose and were there any minimum environmental or social safeguards?

For investments included under "Other", the Exclusion policy is applied for all long investments.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

As a long-term investor, the Management Company considers it essential to be an active investor on behalf of the funds it manages and to participate in the consideration of environmental, social and governance issues through an appropriate voting policy. Varenne Capital Partners uses the services of International Shareholder Services Inc. (ISS) to exercise its voting rights. Voting is in line with recommendations that incorporate best practices in governance, actions to be taken and processes on subjects related to the Environmental and Social pillars. Our voting also follows the principles of promoting accountability, transparency, honesty, and integrity within companies.

Varenne Capital considers dialogue with the management teams of the selected companies a necessary analytical step before any investment in the Enterprise Picking basket can be completed. As a matter of course, Varenne Capital excludes the possibility of becoming a shareholder in a company that does not meet the basic criteria of transparency and willingness to engage in dialogue with its investors. This crucial activity occurs at the end of the analysis process and enables our analysts to assess the quality of the management team, the soundness of the strategy implemented and the resources available to deploy it successfully. Once a position has been initiated, we aim to engage in regular, open dialogue with the company throughout the life of the investment. Any prolonged deterioration in the quality of interactions could lead to a complete divestment.

Following the internal ESG scoring process, Varenne Capital will identify companies in the bottom quintile in the strategy and engage with them in direct dialogue to improve ESG disclosure and/or improve ESG practices. As of 2022, 3 companies were engaged directly by the Management company.

Reflecting its commitment to transparency, Varenne Capital Partners publishes a report on the exercise of voting rights and engagement on its website every year.



How did this financial product perform compared to the reference benchmark?

Not applicable. There is no specific index designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

- ***How does the reference benchmark differ from a broad market index?***

Not applicable. There is no specific index designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable. There is no specific index designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable. There is no specific index designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

- ***How did this financial product perform compared with the broad market index?***

Not applicable. There is no specific index designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: **Varenne Valeur** (the « Sub-Fund”) Legal entity identifier: 254900J6YMNBOZH9XH45

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input checked="" type="radio"/> <input type="radio"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It made sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Management Company systematically incorporates the identification and measurement of sustainability risk in their Long Equity - Enterprise Picking Investment process by generating a proprietary ESG scores through a review of 40 factors, an analysis of environmental, social and governance factors, alongside conventional financial analysis. As such, this dedicated ESG analysis module is an integral part of the pre-investment analysis process: for a given company, an ESG score is given on a scale (0 worst– 5 best); if the ESG score is less than 3, then the company is not eligible for investment, no matter how strong the other analysis modules may be. The Long Equity - Enterprise Picking strategy represents between 50% to 80% of the assets of the Sub Fund starting October 12th, 2022.

In addition, the Sub-Fund will apply on the Long Equity-Enterprise picking strategy an exclusion policy that provides for excluding of companies operating in areas such as controversial and nuclear weapons, pornography, tobacco or are found to be in breach of the UN Global Compact principles as covered and assessed by the Sub-Fund's data provider.

Finally, the Management Company will engage with companies held in the Sub-Fund that have a bottom quintile ESG to promote positive change in their ESG disclosures and/or ESG practices.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Sub-Fund, but for the purposes of comparison, the Management Company considers the investment universe.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **How did the sustainability indicators perform?**

The Sub-Fund has the following sustainability indicators to measure the attainment of the environmental and social characteristics:

- The weighted average ESG score of the Sub-Fund and of the investment universe:

Metric	Long Equity-Enterprise picking strategy	Investment Universe*
ESG Score as of 30/12/2022	3,45	2,76

*World developed markets ex Japan

The Weighted average ESG score of the Long Equity-Enterprise picking strategy of the Sub-Fund is 3,45/5 as of end of December 2022 in comparison to a score of 2,76/5 for the Investment universe.

- The number of holdings in the Sub-Fund with which the Management Company has a formal engagement plan:
At the date of scoring, out of the 15 issuers in the strategy, 3 were formally engaged by the Management Company. The engagements will be detailed on the Active ownership and stewardship report available on the company website⁵. All three engagements were closed in January 2023 and led to an improvement of the internal ESG Scoring.
- The number of holdings in the Sub-Fund found to be in breach of the UN Global Compact principles (as covered and addressed by the Sub-Fund's data provider):

Metric	Description	% of the asset of the Sub-fund as of 30/12/2022
Exclusions UNGC	Companies in breach of one of the Ten Principles of the UN Global Compact exclusions (based on the Ten Principles of Global Compact defined by the United Nations as covered and addressed by the Sub-Fund's data provider)	0%
Exclusions Controversial weapons	Companies involved in controversial weapon business,	0%

● **...and compared to previous periods?**

Not applicable as 2022 is the first periodic disclosure period for the Sub-Fund.

⁵ www.varennecapital.com

- **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

Not applicable because the Sub-Fund promotes E/S characteristics, but will not make any investments with a sustainable objective.

- **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable because the Sub-Fund promotes E/S characteristics, but will not make any investments with a sustainable objective.

- *How were the indicators for adverse impacts on sustainability factors taken into account?*

Not applicable because the Sub-Fund promotes E/S characteristics, but will not make any investments with a sustainable objective.

- *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable because the Sub-Fund promotes E/S characteristics, but will not make any investments with a sustainable objective.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

The principal adverse impacts (“PAIs” hereafter) are considered at two levels in the investment process.

First, the exclusion policy of the Sub-Fund applied on the following PAIs:

- Companies in breach of one of the Ten Principles of the UN Global Compact exclusions (based on the Ten Principles of Global Compact defined by the United Nations as covered and addressed by the Sub-Fund’s data provider),

- Companies involved in controversial weapon business.

Then, the proprietary ESG scoring methodology for Long Equity - Enterprise Picking strategy considers PAIs such as board gender diversity, GHG emissions, GHG intensity, exposure to companies in the fossil fuel sector.



What were the top investments of this financial product?

The top investments held by the Sub-Fund as of 30th December 2022 are:

Name	Sector	Country	% of Asset as of 30 December 2022*
Starbucks Corp	Consumer Discretionary	United States	8,11
EssilorLuxottica SA	Consumer Discretionary	France	5,77
Dollar General Corp	Consumer Discretionary	United States	5,19
JD Sports Fashion PLC	Consumer Discretionary	United Kingdom	4,99
Pandora A/S	Consumer Discretionary	Denmark	4,18

* Data shown for Long Equity Framework in delta adjusted exposure

6

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: The Long Equity Framework

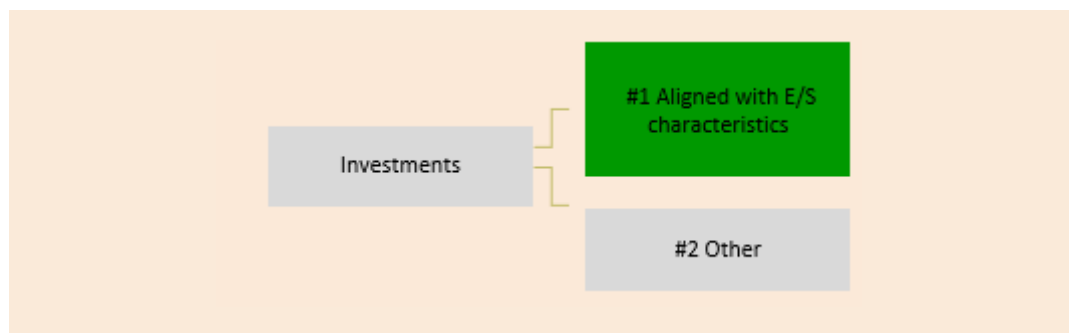


What was the proportion of sustainability-related investments?

Starting October 12th 2022, the Sub-Fund has taken the engagement to invest a minimum of 50% of its assets in securities aligned with the Environmental and Social characteristics (#1) promoted by the Sub-Fund. The remaining will be constituted by the other strategies of the Sub-Fund such as Special Situations, Financial contracts, cash or cash equivalents.

Asset allocation describes the share of investments in specific assets.

● *What was the asset allocation?*



⁶ Delta Adjusted: For any optional instrument, the "Delta Adjusted" exposure is equal to the exposure corresponding to the equivalent quantity of securities. For any non-optional instrument, this exposure is equal to the notional value.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

As of 30th December 2022, 56,19 %⁷ of the investment are aligned with the Environmental and Social characteristics of the Sub-Fund.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

As of 30th December 2022:

- 9,74% Special situations strategy,
- 3.57 % Cash or cash equivalent,
- 20,05 % Derivatives/ Financial contract.

● **In which economic sectors were the investments made?**

Sector	% as of 30 December 2022*
Communication Services	3,17
Consumer Discretionary	39,32
Consumer Staples	3,74
Health Care	2,34
Industrials	4,34
Information Technology	1,98

* Data shown for Long Equity Framework in delta adjusted exposure



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable, the Sub-Fund does not commit to make sustainable investments with an environmental objective aligned with EU Taxonomy.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy⁸?**

Not applicable, the Sub-Fund does not commit to make sustainable investments with an environmental objective aligned with EU Taxonomy.

Yes:

- In fossil gas In nuclear energy

⁷ Delta adjusted exposure.

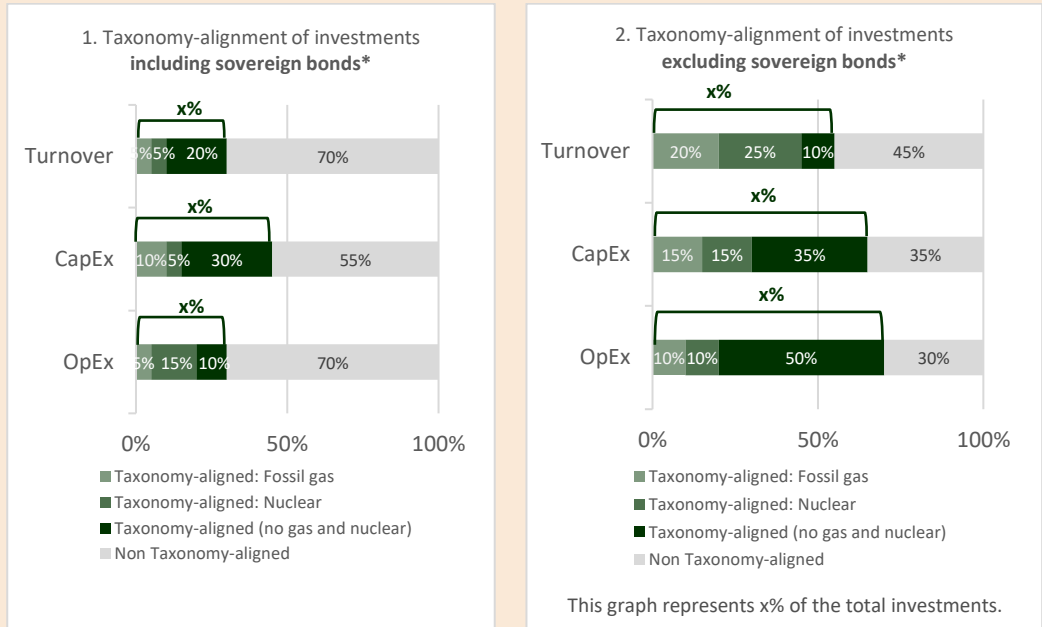
⁸ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

□ No

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What was the share of investments made in transitional and enabling activities?**

Not applicable, the Sub-Fund does not commit to make sustainable investments with an environmental objective aligned with EU Taxonomy.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Not applicable, the Sub-Fund does not commit to make sustainable investments with an environmental objective aligned with EU Taxonomy.

● **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

Not applicable, the Sub-Fund does not commit to make sustainable investments with an environmental objective aligned with EU Taxonomy.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.



● **What was the share of socially sustainable investments?**

Not applicable, the Sub-Fund does not commit to make socially sustainable investments.



● **What investments were included under "Other", what was their purpose and were there any minimum environmental or social safeguards?**

For investments included under “Other”, the Exclusion policy is applied for all long investments.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

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Varenne Capital considers dialogue with the management teams of the selected companies a necessary analytical step before any investment in the Enterprise Picking basket can be completed. As a matter of course, Varenne Capital excludes the possibility of becoming a shareholder in a company that does not meet the basic criteria of transparency and willingness to engage in dialogue with its investors. This crucial activity occurs at the end of the analysis process and enables our analysts to assess the quality of the management team, the soundness of the strategy implemented and the resources available to deploy it successfully. Once a position has been initiated, we aim to engage in regular, open dialogue with the company throughout the life of the investment. Any prolonged deterioration in the quality of interactions could lead to a complete divestment.

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Reflecting its commitment to transparency, Varenne Capital Partners publishes a report on the exercise of voting rights and engagement on its website every year.



How did this financial product perform compared to the reference benchmark?

Not applicable. There is no specific index designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

- ***How does the reference benchmark differ from a broad market index?***

Not applicable. There is no specific index designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable. There is no specific index designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable. There is no specific index designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

- ***How did this financial product perform compared with the broad market index?***

Not applicable. There is no specific index designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.
