

Dear Shareholder,

Equities maintained their bullish trajectory in April, with the MSCI Europe NR rising by 2.1% and the S&P 500 NR by 5.3%. There are many supportive factors behind the strong rebound in the stock markets. The economic recovery will be strong, and the V-shaped economic recovery scenario is becoming a reality with GDP growth expected to exceed 4% in Europe in 2021 and 2022. At the same time, central banks are maintaining a dovish stance, which is limiting the rise in long-term interest rates in a reflationary context, and the stimulus plans put in place by the executive authorities will be massive. Households have built up reserves and consumption will be sustained, especially as the health crisis could soon be behind us, at least in its most severe form.

In such a context of cyclical recovery, equities remain compelling, especially as they are not very expensive. The risk premium for the European market stands at 5.9%, and remains more generous than the 20-year historical average of 5.0%. However, the rally has been rapid, the key level of the pre-Lehman crisis highs has been exceeded in Europe, and it would not be surprising to see a healthy consolidation of the indices in the coming weeks, before reaching the next technical levels, which are about 10% above the current level.

The Digital funds posted their sixth consecutive month of gains in April, outperforming their benchmarks. The first part of the month was particularly positive. Growth stocks drove performance. We are also benefiting from positive surprises in quarterly earnings announcements, and from companies raising their forecasts (MPC Container Ships, flatexDEGIRO, Nordic Semiconductor, Evolution Gaming).

The monthly performance of Digital Stars Europe Acc is +4.6%, compared to +2.1% for the MSCI Europe NR. **Digital Stars Europe Ex-UK Acc ended April at +4.4%** compared to +2.1% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc achieved +4.8%** against +2.2% for the MSCI EMU NR.

The rebalancings carried out in April covered all capitalizations. The cyclical bias of the funds is again reinforced by the introduction of stocks in commodities, construction, semiconductors and banking. We continue to sell those stocks that have benefited from the low interest rate environment: renewable energies and telecoms. We are also seeing the exit of internet distribution stocks, a sector that had driven our performance in 2020. Digital Stars Europe remains overweight in technology, consumer discretionary and industrials, and underweight in healthcare and food. The fund is neutral on financials and commodities. The United Kingdom remains the largest country weight at 17.7%, ahead of Sweden at 16.9%, and Germany at 13.9%.

Digital Stars Europe Smaller Companies Acc rose by +6.7% in April, well ahead of the MSCI Europe Small Cap NR (+3.7%). The healthcare sector was the best contributor in relative terms, thanks to positive publications from Swedencare and Cellink. Industrials, technology and consumer discretionary were also strong contributors.

During the last monthly portfolio review, the model reduced oil, utilities, real estate and food stocks, among others, and reinforced significantly the industry and consumer discretionary sectors.

The portfolio remains significantly overweight in industrials and underweight in real estate, utilities and materials. The UK (20.2%), which is still very underweight, remains the largest country in the fund, ahead of Germany (19.6%), which is still significantly overweight.

Digital Stars US Equities Acc USD finished up +4.6% this month, slightly behind the S&P 500 NR at +5.3%, but ahead of the Russell 2000 NR at +2.1%. Apparel and specialty retailing made strong positive contributions. And it was the banking sector that cost the fund the most. Technology was split widely, with communications equipment leading the way, while semiconductors and software were at the bottom.

The latest monthly portfolio review was oriented towards larger caps. Technology and healthcare have been reduced; industrials, consumer cyclicals and real estate have been strengthened.

The portfolio is overweight industrials, banks, retail and materials, and underweight media, healthcare and food.

30/04/2021	YTD	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	Since Inception	Inception Date
Digital Stars Europe	15.9%	15.6%	31.4%	-19.5%	23.7%	0.7%	24.7%	3.5%	36.0%	22.7%	-16.0%	32.6%	37.0%	-48.3%	1.8%	763.6%	13/11/1998
MSCI Europe NR	10.6%	-3.3%	26.0%	-10.6%	10.2%	2.6%	8.2%	6.8%	19.8%	17.3%	-8.1%	11.1%	31.6%	-43.6%	2.7%	186.8%	
MSCI Europe Small Cap NR	13.7%	4.6%	31.4%	-15.9%	19.0%	0.9%	23.5%	6.5%	33.4%	27.0%	-17.5%	29.9%	59.5%	-51.9%	-7.5%	648.1%	
Digital Stars Europe Ex-UK	16.3%	20.2%	30.1%	-17.2%	25.0%	5.0%	24.7%	3.6%	37.1%	22.4%	-21.4%	32.3%	36.1%	-42.2%	9.7%	352.0%	30/06/2006
MSCI Europe ex UK NR	10.0%	1.7%	27.1%	-10.9%	11.4%	2.4%	10.7%	6.4%	22.1%	19.4%	-12.4%	8.6%	28.4%	-42.7%	5.2%	111.6%	
MSCI Europe ex UK Small Cap NR	12.9%	11.7%	28.5%	-15.8%	20.3%	5.5%	25.0%	5.9%	33.5%	22.8%	-21.9%	26.6%	55.9%	-50.8%	-2.0%	227.1%	
Digital Stars Eurozone	16.2%	18.3%	30.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	45.0%	01/10/2018
MSCI EMU NR	11.3%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	20.3%	
MSCI EMU Small Cap NR	14.6%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	--	--	29.3%	
Digital Stars Europe Smaller Companies	15.5%	27.3%	29.7%	-21.2%	32.6%	n.s.	--	--	--	--	--	--	--	--	--	101.2%	16/12/2016
MSCI Europe Small Cap NR	13.7%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	--	58.8%	
Digital Stars US Equities	27.6%	23.8%	28.9%	-13.2%	n.s.	--	--	--	--	--	--	--	--	--	--	82.9%	16/10/2017
S&P 500 NR	11.7%	17.8%	30.7%	-4.9%	n.s.	--	--	--	--	--	--	--	--	--	--	71.3%	
Russell 2000 NR	15.0%	19.5%	25.0%	-11.4%	n.s.	--	--	--	--	--	--	--	--	--	--	55.9%	

Our readers can access the monthly report for each sub fund, by clicking on the link “Monthly Factsheet” above.

Your sales and marketing contact and the portfolio management team can be contacted, should you require more information about Digital Funds or our stock market Outlook.

If you would like to unsubscribe from this monthly report, please email info@chahinecapital.com

Best Regards,

The Asset Management Team

The future performance of an investment cannot be deduced from previous market value, i.e. the value of an investment may fall as well as rise. An investment may also lose value due to changes in rates of foreign exchange. J.Chahine Capital cannot guarantee that any capital invested will maintain or increase in value.