

Dear Shareholder,

Equity indices continued to rise in August (S&P 500 NR +3.0%, MSCI Europe NR +2.0%), and new all-time highs were reached in the US and in Europe. However, the current strong economic momentum coupled with rising inflation, which has been confirmed month after month, is leading to fears of an upcoming tightening by central banks. However, it would seem that investors are not considering a premature and brutal tapering, due to the financing needs of public debt. Moreover, the generosity of risk premiums remains a major support for equities (risk premium in Europe 6.4% vs. 5.0% on average, in the US 3.4% vs. 3.2%), as does the consensus earnings revision by the analysts. Over the past three months, the 2021 EPS for the STOXX Europe 600 has been raised by 11.4% and for the S&P 500 by 5.2%.

Digital funds posted their tenth consecutive month of gains, outperforming their benchmarks in August. The funds benefited fully from their hybrid positioning between growth stocks benefiting from the economy's long-term shift towards digital and cyclical stocks benefiting from the economy's current recovery (mainly in the industrial sector). Technology stocks in Digital Stars Europe gained 9.7% over the month, driven by semiconductors (ASM, ASML, Aixtron) and QT Group. **The monthly performance of Digital Stars Europe Acc was +3%**, compared to +2% for the MSCI Europe NR. **Digital Stars Europe Ex-UK Acc ended August at +2.8%** compared to +2.2% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc achieved +2.6%** against +2.5% for the MSCI EMU NR.

The rebalancing carried out in August has favoured large caps, as was already the case in July. Since June, they have been more diversified and less cyclical than at the beginning of the year. The fund is therefore adapting to a more uncertain economic recovery due to the delta variant. Healthcare stocks are the most represented in this month's selection. We also find chemicals, luxury and industrial stocks. Digital Stars Europe remains overweight in industrials and technology. The fund is underweight in food, healthcare (but the underweight is reduced) and utilities; and to a lesser extent in commodities and financials. The UK remains the largest weighting at 18%, ahead of Sweden 12.7% and Italy 10.9%.

Digital Stars Europe Smaller Companies Acc rose by +4.0% in August, outperforming the MSCI Europe Small Cap NR (+3.5%). The fund benefited from the excellent performance of technology stocks (Qt Group) and from a good positioning in industrials (Hexatronic, Heidelberg Drucksmaschinen, Derichebourg).

During the latest monthly portfolio review, the retail sector was significantly downsized, and technology was significantly strengthened, particularly software companies.

The portfolio is still significantly overweight in industrials, technology and healthcare, and underweight in real estate, materials and financials. Sweden (20.6%) is the largest country in the fund, ahead of the United Kingdom (17.4%), which is still very underweight.

Digital Stars US Equities Acc USD finished up by +3.0% this month, in line with the S&P 500 NR, but ahead of the Russell 2000 NR at +2.2%. Despite a difficult start to the month for semiconductors (CyberOptics, Lam Research), growth stocks were finally the winners of the month in the US market. The fund caught up with the market thanks to industrials (Matson in transportation, Franklin Covey in HR/Consulting, etc.). The fund is up 32.6% since the beginning of the year.

The latest monthly portfolio review has mostly strengthened financials, and reduced exposure to materials.

The portfolio is overweight in consumer discretionary, industrials, and financials, and underweight in technology, media, and healthcare.

31/08/2021	YTD	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	Since Inception	Inception Date
Digital Stars Europe	28.1%	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%	854.5%	13/11/1998
MSCI Europe NR	19.8%	-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%	210.7%	
MSCI Europe Small Cap NR	23.9%	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%	714.8%	
Digital Stars Europe Ex-UK	29.4%	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%	402.7%	30/06/2006
MSCI Europe ex UK NR	20.1%	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%	131.0%	
MSCI Europe ex UK Small Cap NR	23.6%	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%	258.2%	
Digital Stars Eurozone	29.1%	18.3%	30.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	61.2%	01/10/2018
MSCI EMU NR	19.7%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	29.3%	
MSCI EMU Small Cap NR	23.8%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	--	--	39.7%	
Digital Stars Europe Smaller Companies	31.1%	27.3%	29.7%	-21.2%	32.6%	n.s.	--	--	--	--	--	--	--	--	--	128.4%	16/12/2016
MSCI Europe Small Cap NR	23.9%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	--	73.0%	
Digital Stars US Equities	28.8%	23.8%	28.9%	-13.2%	n.s.	--	--	--	--	--	--	--	--	--	--	84.6%	16/10/2017
S&P 500 NR	17.7%	17.8%	30.7%	-4.9%	n.s.	--	--	--	--	--	--	--	--	--	--	80.5%	
Russell 2000 NR	13.1%	19.5%	25.0%	-11.4%	n.s.	--	--	--	--	--	--	--	--	--	--	53.4%	

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.