

Dear Shareholder,

The month of February was again favourable for equity investors (MSCI Europe NR +2.5%, S&P 500 NR +2.7%) and a new phase of outperformance by value and cyclical investments could be observed in parallel. Value style in Europe rose by 8.3% over the month according to our measures.

This powerful rotation of styles, initiated at the beginning of last autumn, therefore remains in place. It is clearly favoured by reflationary pressures, transparent through increases in long term interest rates, as well as by the promise of a powerful economic recovery due to numerous favourable factors and the savings that households will have built up during lockdown restrictions.

The recognition of the value of the equity asset class, which we have been advocating for many months, is therefore underway and could continue in the coming months. The risk premiums of the US and especially European markets are still above their historical averages, and a deeper revaluation of equities is still the most likely scenario in the medium/long term, even if we are approaching the resistance of the 2020 highs in Europe.

The Digital funds continued to grow in February and once again outperformed their benchmarks. The beginning of the month was particularly positive. The funds benefited from a very strong trend in digital stocks, the big winners of the health crisis, and from earnings announcements that exceeded expectations for many stocks (Sinch, Kindred, Evolution Gaming, etc.). The second half of the month saw profit-taking on "growth" stocks, impacted by rising interest rates. The renewable energy sector suffered. This negative effect was partly offset by the good performance of our financials, by far the best sector for the month as a whole. The funds' exposure to both recovering stocks and high-growth stocks, which are at the other end of the market, and the under-exposure to quality/low interest rate securities, which are an alternative to bonds, corresponded to a profile that was very well suited to February.

Digital Stars Europe Acc's monthly performance was +3.7%, compared to +2.5% for the MSCI Europe NR. **Digital Stars Europe Ex-UK Acc ended February at +4.4%** compared to +2.2% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc achieved +3.3%** against +3.6% for the MSCI EMU NR.

The rebalancings carried out in February were diversified, with a selection covering all capitalizations. The cyclical bias of the funds is again reinforced by the introduction of stocks in basic materials or industrial companies with strong growth potential. Conversely, stocks in renewable energies, which suffered violent profit-taking at the end of February, were sold. Digital Stars Europe remains overweight in technology and consumer discretionary; and underweight in health and food. The fund is neutral on financials. The UK remains the largest weighting at 18.1%, ahead of Germany at 17.1% and Sweden at 16.9%.

Digital Stars Europe Smaller Companies Acc rose by +3.7% in February, in line with the MSCI Europe Small Cap NR (+3.9%). The technology sector stood out, especially at the beginning of the month, as did British stocks from the media and industry sectors. The renewable energy theme weighed negatively on the fund's return, whether through biofuels, utilities or industrials, to the point of pushing some of these stocks towards the exit.

The latest monthly review of the portfolio has clearly favoured small caps and reduced the weight of mid caps. The model has significantly reduced stocks from the industry and/or linked to the renewable energy theme, particularly in Germany, and strengthened health care and media stocks.

The portfolio is overweight in IT and energy, and underweight in real estate, materials and finance. The UK (23%), still very underweight, is once again the fund's largest country weight, ahead of Germany (18%), which is still significantly overweight.

Helped by the strong trend on mid/small caps, especially on value and cyclical stocks, **Digital Stars US Equities Acc USD ended the month up sharply, with a return of +11.8%**, clearly beating the S&P 500 NR at +2.7%, and the Russell 2000 NR at +6.2%. The fund was not invested in Energy, the best performing sector (+22%) in the US market this month. But other sectors have largely compensated for this missed opportunity: finance, industry and, most of all, technology.

The latest monthly portfolio review favoured the larger caps over the smaller caps. Finance has been reinforced again, as well as communication services. Consumer staples, IT and healthcare have been reduced.

The portfolio is now overweight in finance and industry and underweight in media and healthcare.

28/02/2021	YTD	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	Since Inception	Inception Date
Digital Stars Europe	4.3%	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%	677.4%	13/11/1998
MSCI Europe NR	1.8%	-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%	163.9%	
MSCI Europe Small Cap NR	4.3%	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%	586.0%	
Digital Stars Europe Ex-UK	4.8%	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%	307.4%	30/06/2006
MSCI Europe ex UK NR	1.1%	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%	94.4%	
MSCI Europe ex UK Small Cap NR	3.5%	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%	200.0%	
Digital Stars Eurozone	6.4%	18.3%	30.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	32.9%	01/10/2018
MSCI EMU NR	2.2%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	10.4%	
MSCI EMU Small Cap NR	5.4%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	--	--	19.0%	
Digital Stars Europe Smaller Companies	3.7%	27.3%	29.7%	-21.2%	32.6%	n.s.	--	--	--	--	--	--	--	--	--	80.6%	16/12/2016
MSCI Europe Small Cap NR	4.3%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	--	45.6%	
Digital Stars US Equities	17.3%	23.8%	28.9%	-13.2%	n.s.	--	--	--	--	--	--	--	--	--	--	68.2%	16/10/2017
S&P 500 NR	1.6%	17.8%	30.7%	-4.9%	n.s.	--	--	--	--	--	--	--	--	--	--	55.9%	
Russell 2000 NR	11.5%	19.5%	25.0%	-11.4%	n.s.	--	--	--	--	--	--	--	--	--	--	51.2%	

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.