

Dear Shareholder,

The V-shaped recovery in the equity markets continued in June. Since the March lows, the STOXX Europe 600 has risen by 28.6% and the S&P 500 by 38.6%. In the United States, the second quarter was the best quarter in 22 years, and the Nasdaq, led by technology stocks, has just reached new highs. However, the Coronavirus health crisis continues to develop throughout the world and the economic recovery will not be "V-shaped" but rather "Square Root-shaped".

The reasons for the increase are therefore not macroeconomic but rather monetary and budgetary. It is the combined action of central banks and governments that has triggered this movement. The unprecedented and extraordinary global fiscal stimulus of more than 5,000 billion dollars, or nearly 6% of world GDP, is made possible by the good financing conditions provided by central banks.

We are therefore witnessing a new phase of reflation in real assets, which could bring the indices even higher, provided that the current "Recovery" is not jeopardized by the health crisis and geopolitical tensions.

The Digital funds accompanied this rise and finished June in line with their benchmark indices. Our "Covid Stars" (HelloFresh, Zur Rose, Shop Apotheke, Stillfront), once again led the performance, with the exception of pharmaceuticals. Cyclical stocks (Financials, Consumer Discretionary, Industrials) continued their recovery. Conversely, defensive stocks (Healthcare, Food, Real Estate) had a negative contribution. Value stocks, which have been introduced for 12.5% of assets at the end of April thanks to our smoothing tool, mitigated the relative impact of the cyclical rebound observed beginning of June. The monthly performance of **Digital Stars Europe Acc** was +3.1%, compared with +3.1% for the MSCI Europe NR. **Digital Stars Europe Ex-UK Acc** ended June at +4% against +3.9% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc** achieved +4.2% against +4.9% for the MSCI EMU NR.

The rebalancings carried out in June were diversified and mainly focused on small and mid-caps. In particular, our models selected stocks in the specialized distribution sector (Do It Yourself, Gardening, Drugstores), as well as companies linked to hydrogen or smart power grids. The gaming sector is being strengthened. We continue to withdraw from real estate and telecoms. We are globally overweight in technology and consumer discretionary; and underweight in energy, basic materials and food. The weight of UK stocks in Digital Stars Europe is again down to 19.4%. Sweden is still the second most heavily weighted country with 16.9%, ahead of Switzerland with 12.3%.

In June, **Digital Stars Europe Smaller Companies Acc** continued its upward momentum and grew by +4%, largely outperforming the MSCI Europe Small Cap NR which ended at +1.3%. The fund's sector positioning played in its favour with the overweight position in IT (best sector of the month) and the underweight position in Health Care (worst sector of the month). The best individual contributors of the month are still the "Covid Stars", who are also the best contributors year-to-date.

The latest monthly review of the portfolio, which focused on the smallest caps in the segment, has strengthened finance and specialty retailing and reduced IT (equipment & hardware). The UK and Switzerland were reduced, and Norway and Germany were strengthened.

The portfolio is now overweight in consumer discretionary, utilities and IT, and underweight in healthcare, industrials and real estate. The UK is underweight, but still represents the portfolio's largest geographical weighting (19.7%), ahead of Sweden (significantly overweight), Germany and Switzerland.

Digital Stars US Equities Acc USD posted a +5.2% increase in June, once again clearly outperforming the S&P 500 NR (+1.9%) and the Russell 2000 NR (+3.5%). The fund's profile was well oriented: the overweight position in consumer discretionary and IT, the two best sectors of the month, drove the fund's return. Three sectors stand out among the best individual contributors: IT, consumer discretionary and finance.

The latest portfolio review strengthened materials (chemicals and paper) and consumer discretionary, and significantly reduced the weighting of IT and Healthcare.

The portfolio remains overweight in consumer discretionary, financials and consumer staples, and underweight in technology and communication services (media).

30/06/2020	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Since Inception	Inception Date
Digital Stars Europe	-4.7%	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%	36.6%	514.0%	13/11/1998
MSCI Europe NR	-12.8%	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%	19.6%	133.8%	Monthly Factsheet
MSCI Europe Small Cap NR	-15.6%	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%	29.9%	430.9%	
Digital Stars Europe Ex-UK	-1.0%	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%	n.s.	220.1%	30/06/2006
MSCI Europe ex UK NR	-9.2%	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%	n.s.	71.7%	Monthly Factsheet
MSCI Europe ex UK Small Cap NR	-9.8%	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%	n.s.	133.8%	
Digital Stars Eurozone	-1.7%	30.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	--	3.7%	01/10/2018
MSCI EMU NR	-12.4%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	--	-4.4%	Monthly Factsheet
MSCI EMU Small Cap NR	-13.3%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	--	--	--	-7.2%	
Digital Stars Europe Smaller Companies	-3.9%	29.7%	-21.2%	32.6%	n.s.	--	--	--	--	--	--	--	--	--	--	31.5%	16/12/2016
MSCI Europe Small Cap NR	-15.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	--	--	12.7%	Monthly Factsheet
Digital Stars US Equities	-5.9%	28.9%	-13.2%	n.s.	--	--	--	--	--	--	--	--	--	--	--	8.9%	16/10/2017
S&P 500 NR	-3.4%	30.7%	-4.9%	n.s.	--	--	--	--	--	--	--	--	--	--	--	25.9%	Monthly Factsheet
Russell 2000 NR	-13.2%	25.0%	-11.4%	n.s.	--	--	--	--	--	--	--	--	--	--	--	-1.5%	Monthly Factsheet

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