

Dear Shareholder,

In the unprecedented international health situation we are facing, markets have fallen sharply. The first 3 weeks of March were the worst ever seen in Europe, while in the United States we have to go back to November 1929 to find a trace of such a rapid decline. Fortunately, a powerful rebound at the end of the month helped to soften the correction due to the Fed's announcements. The MSCI Europe NR fell by -14.3% and the S&P 500 NR by -12.4% in March.

There were wide divergences within the equity market. Quality style defensive stocks showed good resilience. Many of these stocks can be found in the Healthcare, Food & Beverage or Non-Cyclical Consumer Goods sectors. Conversely, Value stocks plummeted. This segment of the market lost more than a quarter of its value over the month, and sectors such as Banking, Travel & Leisure and Automotive have fallen by more than 40% since the beginning of the year.

It is particularly difficult in such a climate to find a bottom. This crisis is of an unprecedented nature. The abrupt halt in the economy has led to fears of a cascade of bankruptcies and contagion to the financial system. This is the opposite of what we observed during the Great Depression of '29 and the Lehman crisis, where finance was at the origin of the meltdown. The monetary authorities and governments will have to make "barrier gestures" and act quickly and powerfully, this seems to be the path that will be chosen. In this case, it seems appropriate to gradually build or strengthen exposure to equities in a medium/long-term perspective.

In this particularly difficult environment, Digital funds posted in March their largest monthly decline since October 2008. But they resisted well relative to the indices. Despite their all-cap profile, performances are close to the large-cap indices and much better than those of small and mid-caps. Unsurprisingly, the defensive sectors (Healthcare, Food, Utilities) helped to limit the scale of the correction, with the exception of real estate, which suffered from the rise in interest rates observed mid-March. Technology also outperformed slightly as the cyclical sectors, which were underweight overall, plunged violently. Note the excellent performance of HelloFresh (+64% since the beginning of the year, and +39.4% in March), which is the biggest weight in our European funds and which reported a significant acceleration in its activity. The maximum weight of 3.5% was reached and reduced to 3% in Digital Stars Europe ex UK. **Digital Stars Europe Acc's** monthly performance was -15.2%, compared to -14.3% for MSCI Europe NR. **Digital Stars Europe Ex-UK Acc** finished March at -14% compared to -13.8% for MSCI Europe ex UK NR. **Digital Stars Eurozone Acc** achieved -14.6% against -17.2% for the MSCI EMU NR. The funds are still outperforming Year to date.

March's rebalancing was defensive. In particular the month-end rebalancing, based on the Price Momentum, strongly influenced by the violent correction. It mainly included healthcare and food stocks, diversifying our defensive stocks which had previously been biased toward low interest rate stocks (real estate, utilities). We remain globally overweight in technology, consumer discretionary and real estate; and underweight in financials (mainly banks), energy and food. The fund maintains a growth profile. It further reinforces its non-cyclical bias. The weighting of UK stocks in Digital Stars Europe fell sharply to 24.3%. UK construction and air transport-related stocks were the worst contributors in March and were largely sold. Sweden remains the second largest contributor with 14.9%, ahead of Switzerland, which rose sharply to 13.9%.

**Digital Stars Europe Smaller Companies Acc** ended the month of March with a sharp decline of -18.1%, largely outperforming however the MSCI Europe Small Cap NR which ended at -21.3%. The overweight position in utilities contributed to the fund's outperformance, as did underweights in finance and energy. Among the month's top contributors were food stocks (food, food retailing, food packaging) which benefited from the lockdown of the population. Among the worst contributors are real estate stocks, whose defensive character has been erased by rising rates.

During the last portfolio review, the weight of consumer discretionary was sharply reduced in favour of non-cyclical consumption (food, online pharmacy). The weighting of British stocks was significantly reduced, as was that of Italian and Swedish stocks, while the weight of Swiss and Belgian stocks was increased.

The portfolio is clearly overweight in utilities and IT, and remains underweight in finance. The United Kingdom is still underweight, but represents the portfolio's largest geographical weighting, ahead of Sweden (significantly overweight) and Germany.

**Digital Stars US Equities Acc USD** ended March down by a sharp -23.6%, compared to -12.4% for the S&P 500 NR and -21.8% for the Russell 2000 NR. The decline in Oil price benefited the fund since it holds no stocks in the sector. But this did not offset the impact of the crisis, in particular on consumer cyclical stocks, which make up nearly

a quarter of the portfolio and were among the worst contributors over the month. Unsurprisingly, among the best contributors were health insurance, healthcare and food retailing.

The latest portfolio review clearly strengthened healthcare, as well as real estate, and significantly reduced the weight of consumer discretionary.

The portfolio remains overweight in consumer discretionary, as well as in IT, and underweight in communication services and consumer staples.

31/03/2020	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Since Inception	Inception Date
Digital Stars Europe	-21.0%	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%	409.5%	13/11/1998
MSCI Europe NR	-22.6%	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%	107.6%	<a href="#">Monthly Factsheet</a>
MSCI Europe Small Cap NR	-28.9%	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%	347.4%	<a href="#">Monthly Factsheet</a>
Digital Stars Europe Ex-UK	-19.3%	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.	161.1%	30/06/2006
MSCI Europe ex UK NR	-21.0%	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.	49.4%	<a href="#">Monthly Factsheet</a>
MSCI Europe ex UK Small Cap NR	-25.9%	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.	92.3%	<a href="#">Monthly Factsheet</a>
Digital Stars Eurozone	-19.4%	30.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	--	-15.0%	01/10/2018
MSCI EMU NR	-25.1%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	--	-18.2%	<a href="#">Monthly Factsheet</a>
MSCI EMU Small Cap NR	-27.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	--	--	--	-22.4%	<a href="#">Monthly Factsheet</a>
Digital Stars Europe Smaller Companies	-23.7%	29.7%	-21.2%	32.6%	n.s.	--	--	--	--	--	--	--	--	--	--	4.4%	16/12/2016
MSCI Europe Small Cap NR	-28.9%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	--	--	-5.0%	<a href="#">Monthly Factsheet</a>
Digital Stars US Equities	-29.9%	28.9%	-13.2%	n.s.	--	--	--	--	--	--	--	--	--	--	--	-18.9%	16/10/2017
S&P 500 NR	-19.7%	30.7%	-4.9%	n.s.	--	--	--	--	--	--	--	--	--	--	--	4.6%	<a href="#">Monthly Factsheet</a>
Russell 2000 NR	-30.7%	25.0%	-11.4%	n.s.	--	--	--	--	--	--	--	--	--	--	--	-21.4%	<a href="#">Monthly Factsheet</a>

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](mailto:info@chahinecapital.com)

Best Regards,

The Asset Management Team