

## Dear Shareholder,

Equity markets declined in November (MSCI Europe NR - 2.5%, MSCI USA NR -1.0%). Investors were cautious as the revelation of a new variant once again fuelled doubts about the sustainability of the economic recovery. Even if it is difficult at this stage to measure the potential impact of this new pandemic, it seems legitimate and healthy for the indices to consolidate after reaching record levels on both sides of the Atlantic at the beginning of the month.

However, the fundamental situation remains favourable to the equity asset class. The rise in inflation, which in Europe has reached record levels since the creation of the euro and in the United States has reached its highest level since the beginning of the 1990s, further strengthens the "TINA effect". Moreover, despite the strong appreciation of the stock markets since the beginning of the year, the markets are less expensive than they were twelve months ago. The risk premium for the European market has reached an annual high of 6.8%. This is much more generous than the historical average of 5.0%. In addition, many technical levels, such as the 200-day moving averages, appear to be powerful supports located between 3% and 6% below current levels depending on the index.

In this more volatile environment, Digital Stars funds ended November down but outperformed their benchmarks. The beginning of the month was very favourable, with funds benefiting from better-than-expected Q3 earnings announcements (Watches of Switzerland, Hexatronic, Hapag-Lloyd, Future Plc) and from the still very positive trend in Semiconductors. The rise in interest rates, which peaked on November 23, had then a negative impact on relative performance, with profit taking on our digital economy and healthcare equipment stocks. The appearance of the Omicron variant at the end of the month changed the situation, logically leading to a correction for our funds, which are still 100% exposed to equities; but the presence of healthcare stocks, particularly in the diagnostics sector (Eurofins Sartorius Stedim Biotech), and the fall in interest rates enabled to resist well relative to the indices.

The monthly performance of **Digital Stars Europe Acc** was -2%, compared to -2.5% for the MSCI Europe NR. **Digital Stars Europe Ex-UK Acc** ended November at -1.8% compared to -2.4% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc** achieved -0.9% against -3.3% for the MSCI EMU NR.

The rebalancing carried out in November was diversified, without identifying a precise sectoral direction. The model mainly integrated stocks from the semiconductor, cloud and IT services sectors, but also financials and steel. Digital Stars Europe remains overweight in industrials and technology. The fund is underweight in food and utilities, and to a lesser extent in financials. The United Kingdom remains the top weighting at 19.9%, Italy at 11.6% and Sweden at 11.1%.

**Digital Stars Europe Smaller Companies Acc ended November down -2.8%**, ahead of the MSCI Europe Small Cap NR at -3.2%. Driven by growth stocks from the technology and industrial sectors, the fund started November very well, before suffering a temporary reversal. Among the best contributors were Hexatronic, boosted by its earnings announcements, and real estate stocks (Safestore, NP3 Fastigheter). In contrast, healthcare equipment companies suffered (El.En, Eckert & Ziegler), as did communication services (Digital Bros, Reach, Tremor).

During the last monthly portfolio review, industrials stocks were trimmed, as were financials and communication services. Technology was significantly strengthened, as were utilities and consumer staples.

The portfolio is significantly overweight in technology, healthcare and industrials, and underweight in materials, real estate and financials. Sweden (24.8%) is the largest country in the fund, ahead of the United Kingdom (17.1%), which is still very underweight.

**Digital Stars US Equities Acc USD ended up -1.9% lower in November**, behind the MSCI USA NR at -1.0%, but ahead of the MSCI USA Small Cap NR at -4.4%. The beginning of the month was very favourable for the fund, particularly thanks to the retail sector (Dillard's, Boot Barn, Hibbett). The sector had such a strong lead in the middle of the month that despite its sharp reversal at the end of the month, it remained the best sector in November. Our lending platforms (financials) and our semiconductor selection contributed negatively in relative terms. The fund's year-to-date return is +36.7%.

The latest monthly portfolio review added to financials, and to a lesser extent to healthcare, technology and energy. Consumer discretionary was reduced, as well as materials, consumer staples and real estate.

The portfolio remains significantly overweight in consumer discretionary, finance and industry, and underweight in technology and media.



## Historical net performance

30/11/2021	YTD	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	Since Inception	Inception Date
<b>Digital Stars Europe</b>	<b>25.5%</b>	<b>15.6%</b>	<b>31.4%</b>	<b>-19.5%</b>	<b>23.7%</b>	<b>0.7%</b>	<b>24.7%</b>	<b>3.5%</b>	<b>36.0%</b>	<b>22.7%</b>	<b>-16.0%</b>	<b>32.6%</b>	<b>37.0%</b>	<b>-48.3%</b>	<b>1.8%</b>	<b>835.1%</b>	<b>13/11/1998</b>
MSCI Europe NR	18.6%	-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%	207.5%	
MSCI Europe Small Cap NR	18.6%	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%	680.4%	
<b>Digital Stars Europe Ex-UK</b>	<b>28.7%</b>	<b>20.2%</b>	<b>30.1%</b>	<b>-17.2%</b>	<b>25.0%</b>	<b>5.0%</b>	<b>24.7%</b>	<b>3.6%</b>	<b>37.1%</b>	<b>22.4%</b>	<b>-21.4%</b>	<b>32.3%</b>	<b>36.1%</b>	<b>-42.2%</b>	<b>9.7%</b>	<b>400.0%</b>	<b>30/06/2006</b>
MSCI Europe ex UK NR	18.2%	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%	127.3%	
MSCI Europe ex UK Small Cap NR	20.1%	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%	248.1%	
<b>Digital Stars Eurozone</b>	<b>26.6%</b>	<b>18.3%</b>	<b>30.5%</b>	<b>n.s.</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>58.0%</b>	<b>01/10/2018</b>
MSCI EMU NR	16.4%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	25.8%	
MSCI EMU Small Cap NR	18.6%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	--	--	33.9%	
<b>Digital Stars Europe Smaller Companies</b>	<b>27.0%</b>	<b>27.3%</b>	<b>29.7%</b>	<b>-21.2%</b>	<b>32.6%</b>	<b>n.s.</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>121.3%</b>	<b>16/12/2016</b>
MSCI Europe Small Cap NR	18.6%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	--	65.7%	
<b>Digital Stars US Equities</b>	<b>36.7%</b>	<b>23.8%</b>	<b>28.9%</b>	<b>-13.2%</b>	<b>n.s.</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>95.9%</b>	<b>16/10/2017</b>
MSCI USA NR	21.7%	20.7%	30.9%	-5.0%	n.s.	--	--	--	--	--	--	--	--	--	--	91.4%	
MSCI USA Small Cap NR	15.3%	18.3%	26.7%	-10.4%	n.s.	--	--	--	--	--	--	--	--	--	--	60.3%	

Past performance is not indicative of future returns

Do not hesitate to reach your sales contact for more information about Digital Funds.

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**

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.