

Dear Shareholder,

Equity markets resumed their ascension in October (S&P 500 NR +7.0%, MSCI Europe NR +4.7%) and new historical highs were reached on both sides of the Atlantic. Nothing seems to be stopping this irresistible rise as equity indices enter the traditionally most favourable period of the year. However, inflation is taking hold, the Chinese economy is slowing down and central banks are adopting a less accommodating stance, but investors prefer to focus on the good performance of the fundamentals in the middle of the quarterly publication period. Despite the strong appreciation of the stock markets since the beginning of the year, the indices have in fact de-rated since January thanks to strong earnings growth. As an illustration, 12-month forward-looking earnings are respectively 35% and 19% above their pre-pandemic crisis level (i.e. 2019) in the US and Europe, and the analyst consensus earnings momentum remains bullish.

Digital funds rebounded strongly in October, recovering from September's losses, and outperformed their benchmarks again. The beginning of the month was complicated by inflation fears and rising long-term rates. As rates stabilized, we then saw a strong rally in growth stocks. The technology and healthcare equipment sectors performed particularly well. As the third quarter earnings announcement period began, funds also benefited from better-than-expected announcements (Arjo, MIPS, Addtech), particularly in semiconductors (ASM International, BE Semiconductor). **The monthly performance of Digital Stars Europe Acc was 5.1%**, compared to 4.7% for the MSCI Europe NR. **Digital Stars Europe Ex-UK Acc ended October at 6.1%** compared to 4.8% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc achieved 5%** against 4.1% for the MSCI EMU NR. We have strengthened the ESG policy of the latter.

The rebalancing carried out in October had a cyclical bias. The trends observed since September therefore influence our signals. The model has mainly integrated stocks from the financials, energy, chemicals sectors and some industrials. The funds are therefore adapting to an inflationary environment. Digital Stars Europe remains overweight 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 18.1%, Italy at 11.5% and Sweden at 10.7%.

**Digital Stars Europe Smaller Companies Acc ended September up +6.4%**, ahead of the MSCI Europe Small Cap NR at +3.5%. After a hesitant start to the month in the small and mid cap segment, the fund benefited from the rebound in growth companies, particularly in the industry, technology and healthcare sectors. The fund's year-to-date return is +30.7%.

The latest monthly portfolio review was oriented towards mid caps. Consumer discretionary sector was reduced, as were industrials, financials and healthcare. Real estate was significantly strengthened, followed by energy. The portfolio is still significantly overweight in technology, industrials and healthcare, and underweight in real estate, materials and financials. Sweden (21%) is the largest country in the fund, ahead of the United Kingdom (19%), which is still very underweight.

**Digital Stars US Equities Acc USD ended up +8.9% this month**, ahead of the MSCI USA NR (+6.9%), and the MSCI USA Small Cap NR at +4.7%. The growth style has driven the fund upwards, particularly through semiconductors. The best contributors could also be found among the financials and apparel. The fund's year-to-date return is +39.3%.

The latest monthly portfolio review strengthened healthcare, and to a lesser extent consumer discretionary and technology. Financials and industrials have been trimmed.

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

31/10/2021	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>28.0%</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>854.3%</b>	<b>13/11/1998</b>
MSCI Europe NR	21.6%	-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%	215.4%	
MSCI Europe Small Cap NR	22.6%	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%	706.2%	
<b>Digital Stars Europe Ex-UK</b>	<b>31.0%</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>409.1%</b>	<b>30/06/2006</b>
MSCI Europe ex UK NR	21.1%	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%	132.9%	
MSCI Europe ex UK Small Cap NR	23.7%	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%	258.5%	
<b>Digital Stars Eurozone</b>	<b>27.7%</b>	<b>18.3%</b>	<b>30.5%</b>	n.s.	--	--	--	--	--	--	--	--	--	--	--	<b>59.4%</b>	<b>01/10/2018</b>
MSCI EMU NR	20.4%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	30.0%	
MSCI EMU Small Cap NR	23.2%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	--	--	39.1%	
<b>Digital Stars Europe Smaller Companies</b>	<b>30.7%</b>	<b>27.3%</b>	<b>29.7%</b>	<b>-21.2%</b>	<b>32.6%</b>	n.s.	--	--	--	--	--	--	--	--	--	<b>127.7%</b>	<b>16/12/2016</b>
MSCI Europe Small Cap NR	22.6%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	--	71.1%	
<b>Digital Stars US Equities</b>	<b>39.3%</b>	<b>23.8%</b>	<b>28.9%</b>	<b>-13.2%</b>	n.s.	--	--	--	--	--	--	--	--	--	--	<b>99.7%</b>	<b>16/10/2017</b>
MSCI USA NR	23.0%	20.7%	30.9%	-5.0%	n.s.	--	--	--	--	--	--	--	--	--	--	93.4%	
MSCI USA Small Cap NR	20.5%	18.3%	26.7%	-10.4%	n.s.	--	--	--	--	--	--	--	--	--	--	67.6%	

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

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