

Dear Shareholder,

Equity indices were down in September (MSCI Europe NR -3.0%, S&P 500 NR -4.7%), which is the first negative monthly return since January 2021. Investors adopted a cautious stance in an environment where the strength of the economic recovery is being debated. Systemic fears related to the situation in China and the setbacks of the real estate developer Evergrande also weighed. As well as the Fed's less accommodative tone, which is considering a reduction in asset purchases at the end of the year in response to inflation taking hold.

At the same time, a powerful rotation in the behaviour of styles was observed. Value has strongly outperformed, which is unusual in a down market, while defensive stocks have been penalized in relative terms by the rise in long-term rates.

The attractiveness of the equity asset class remains intact. The risk premium of the European market is still at a generous level (6.4%), and the outlook for earnings growth remains attractive. Moreover, strong technical supports (200-day moving average and 2007 peak) are in place between 3% and 6% below the current level on European indices.

After ten consecutive months of gains and significant outperformance, Digital funds ended the month down, underperforming their benchmarks. While the jolt from the risk of collapse of Chinese property giant Evergrande was quickly overcome, fears about inflation and rising long-term interest rates had a greater impact from 24 September onwards. We then saw violent profit-taking on growth stocks (Digital Economy, Semiconductors, Medtech) and more generally on the winners of the year 2021. Small and mid-caps also weighed negatively. Conversely, value stocks, particularly Energy and Financials, resisted well, but were less present in the portfolio. Our track record shows that while the impact of such rotation is negative in the short term, it allows then to capitalize on new trends in the longer term. **The monthly performance of Digital Stars Europe Acc was -4.9%**, compared to -3% for the MSCI Europe NR. **Digital Stars Europe Ex-UK Acc ended September at -4.6%** compared to -3.8% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc achieved -5.8%** against -3.4% for the MSCI EMU NR.

The rebalancing carried out in September was diversified. The rotation observed at the end of September was too short to have a real influence. The model has mainly integrated stocks from the healthcare and chemical sectors and some industrials. The funds continue to adapt to a more uncertain economic recovery. Digital Stars Europe remains overweight in industrials and technology. The fund is underweight in food and utilities, and to a lesser extent in commodities and financials. It is neutral on healthcare. The United Kingdom remains the largest weighting at 18.3%, ahead of Italy 11.1% and Switzerland 11%.

**Digital Stars Europe Smaller Companies Acc ended September down -6.3%**, behind the MSCI Europe Small Cap NR at -4.4%. Profit taking triggered by inflation concerns and rising interest rates impacted the fund, mainly in industrials, consumer cyclicals and technology. In absolute terms, two sectors contributed positively: chemicals and energy. The fund's year-to-date return is +22.8%.

During the latest monthly portfolio review, consumer staples and real estate sectors were reduced, while healthcare and energy were significantly strengthened.

The portfolio is still significantly overweight in industrials, healthcare and technology, and underweight in real estate and materials. Sweden (21.4%) is the largest country in the fund, ahead of the United Kingdom (19.7%), which is still very underweight.

**Digital Stars US Equities Acc USD ended down -3.5% this month**, ahead of the S&P 500 NR (-4.7%), but just behind the Russell 2000 NR at -3.0%. The fund's resistance to profit taking in the US market came mainly from industrials, technology and financials. The good performance of energy did not benefit the fund, which was absent from the sector. The fund's year-to-date return is +27.9%.

The latest monthly portfolio review has strengthened consumer cyclicals, healthcare and industrials, and reduced weight in materials and consumer staples.

The portfolio remains significantly overweight in consumer cyclicals, industrials and financials, and underweight in technology, media and healthcare.

30/09/2021	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>21.8%</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>807.7%</b>	13/11/1998
MSCI Europe NR	16.2%	-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%	201.3%	
MSCI Europe Small Cap NR	18.4%	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%	678.6%	
<b>Digital Stars Europe Ex-UK</b>	<b>23.4%</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>379.6%</b>	30/06/2006
MSCI Europe ex UK NR	15.6%	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%	122.3%	
MSCI Europe ex UK Small Cap NR	18.4%	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%	243.1%	
<b>Digital Stars Eurozone</b>	<b>21.6%</b>	<b>18.3%</b>	<b>30.5%</b>	n.s.	--	--	--	--	--	--	--	--	--	--	--	<b>51.9%</b>	01/10/2018
MSCI EMU NR	15.6%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	24.9%	
MSCI EMU Small Cap NR	19.7%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	--	--	35.1%	
<b>Digital Stars Europe Smaller Companies</b>	<b>22.8%</b>	<b>27.3%</b>	<b>29.7%</b>	<b>-21.2%</b>	<b>32.6%</b>	n.s.	--	--	--	--	--	--	--	--	--	<b>114.0%</b>	16/12/2016
MSCI Europe Small Cap NR	18.4%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	--	65.3%	
<b>Digital Stars US Equities</b>	<b>28.8%</b>	<b>23.8%</b>	<b>28.9%</b>	<b>-13.2%</b>	n.s.	--	--	--	--	--	--	--	--	--	--	<b>84.6%</b>	16/10/2017
S&P 500 NR	17.7%	17.8%	30.7%	-4.9%	n.s.	--	--	--	--	--	--	--	--	--	--	80.5%	
Russell 2000 NR	13.1%	19.5%	25.0%	-11.4%	n.s.	--	--	--	--	--	--	--	--	--	--	53.4%	

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

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.