

## Dear Shareholder,

Equity indices rose in March (MSCI Europe NR +0.8%, MSCI USA NR +3.5%), above their pre-Ukraine invasion levels. The YTD drop in equities has been contained (MSCI Europe NR -5.3%, MSCI USA NR -5.3%) and this may seem surprising in a context where inflation is reaching high levels (+5.9% in the Eurozone, +7.9% in the US), and where a violent military conflict is taking place at the doorstep of Europe. However, a fundamental reading of the context justifies the robustness of the equity indices, which have proved to be much more resilient than the bond indices YTD. Global GDP growth should be around +3% according to economists' forecasts, vs. +4% at the beginning of the year. At the same time, 2022 earnings expectations have been steadily revised upwards. In the US, the S&P 500 2022 EPS has been raised by +1.6% YTD, including +1.0% in March. In Europe, the expected 2022 EPS for the STOXX Europe 600 has risen by +7.0% YTD and +1.8% in March. This is due to the excessive conservative stance of analysts at the beginning of the year, but also to the significant increase in expectations in some sectors such as energy, mining and industrials. Earnings growth for 2022 stands at +9.5% on both sides of the Atlantic, and the equity risk premium remains attractive, despite the rate hike observed in March (+6.6% in Europe, vs. 5% historical average).

Although the war in Ukraine led to a violent correction in the equity markets in the first week of March, they then rebounded strongly on hopes of progress in the negotiations and a diplomatic way out. After two negative months, the Digital Stars funds ended the month up and outperformed their benchmarks, driven by the basic materials and energy sectors, which are more present in the portfolio. Growth stocks in technology (especially semiconductors), healthcare and industrials also rebounded, recovering some of the excesses of the market downturn, even as bond yields rose. The monthly performance of **Digital Stars Europe Acc is +2%**, compared to +0.8% for the MSCI Europe NR. **Digital Stars Europe Ex-UK Acc ended March at +2.7%** compared to +0.8% for the MSCI Europe ex UK NR.

**Digital Stars Eurozone Acc achieved +1.7%** against -0.7% for the MSCI EMU NR. This fund, which applies a reinforced ESG policy, obtained the French SRI label in March.

The rebalancing carried out in March were again influenced by the conflict in Ukraine. The model has therefore mainly included basic materials and energy stocks and to a lesser extent defensive stocks (food and telecoms). We are selling healthcare stocks, as COVID is no longer a major concern for investors, as well as some financials exposed to the Ukrainian crisis.

Digital Stars Europe remains overweight in Industrials, Basic Materials, Technology and Financials. The overweight in Basic Materials increases to 6%. The fund is underweight in Food and Utilities. The UK remains the largest weighting at 15.5%, but has been reduced; ahead of Germany at 14.8% and Sweden, up to 11.7%.

**Digital Stars Europe Smaller Companies Acc ended up at +3.9% in March**, significantly outperforming the MSCI Europe Small Cap NR at +0.7%. Most of the stocks in the portfolio performed well, in particular thanks to earnings publications. Unsurprisingly, energy, which is well represented in the fund, was the leading sector over the month. Technology stocks also performed remarkably well. The latest monthly portfolio reviews have strengthened energy, as well as materials and utilities. IT and industry stocks were significantly reduced, as well as healthcare and finance.

The portfolio is significantly overweight in technology and energy, and underweight in industrials, real estate and media. The United Kingdom (biggest underweight) is the largest weight with 18.7%, ahead of Norway with 13.3% which became the biggest country bet following the energy push.

**Digital Stars US Equities Acc USD ended March down -2.1%**, significantly underperforming the MSCI USA NR at +3.5%, and the MSCI USA Small Cap NR at +1.2%. The performance of the US market was driven by the energy and utilities sectors, both absent of the fund. And our worst sector contributions are mainly among our largest overweights, such as specialty retailing, or construction/homebuilding, or banks.

The latest monthly portfolio review strengthened consumer discretionary, materials and media, and reduced industrials and financials.

The portfolio is still overweight in banks, consumer discretionary and industrials, and underweight in technology (software), media and pharmaceuticals. Energy companies remain under-represented due to the widespread use among them of unconventional extraction techniques, which is prohibited as a result of the Socially Responsible Investing criteria of the fund.



## Historical net performance

31/03/2022	YTD	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Since Inception	Inception Date
<b>Digital Stars Europe</b>	<b>-13.1%</b>	<b>30.7%</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>746.2%</b>	13/11/1998
MSCI Europe NR	-5.3%	25.1%	-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%	207.2%	
MSCI Europe Small Cap NR	-9.8%	23.8%	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%	634.8%	
<b>Digital Stars Europe Ex-UK</b>	<b>-12.0%</b>	<b>33.9%</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>357.7%</b>	30/06/2006
MSCI Europe ex UK NR	-8.0%	24.4%	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%	120.2%	
MSCI Europe ex UK Small Cap NR	-8.5%	24.6%	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%	230.1%	
<b>Digital Stars Eurozone</b>	<b>-12.5%</b>	<b>32.0%</b>	<b>18.3%</b>	<b>30.5%</b>	n.s.	--	--	--	--	--	--	--	--	--	--	<b>44.2%</b>	01/10/2018
MSCI EMU NR	-9.2%	22.2%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	--	19.9%	
MSCI EMU Small Cap NR	-6.4%	23.3%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	--	30.3%	
<b>Digital Stars Europe Smaller Companies</b>	<b>-11.9%</b>	<b>33.6%</b>	<b>27.3%</b>	<b>29.7%</b>	<b>-21.2%</b>	<b>32.6%</b>	n.s.	--	--	--	--	--	--	--	--	<b>105.2%</b>	16/12/2016
MSCI Europe Small Cap NR	-9.8%	23.8%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	56.0%	
<b>Digital Stars US Equities</b>	<b>-16.2%</b>	<b>37.9%</b>	<b>23.8%</b>	<b>28.9%</b>	<b>-13.2%</b>	n.s.	--	--	--	--	--	--	--	--	--	<b>65.6%</b>	16/10/2017
MSCI USA NR	-5.3%	26.5%	20.7%	30.9%	-5.0%	n.s.	--	--	--	--	--	--	--	--	--	88.3%	
MSCI USA Small Cap NR	-6.0%	19.1%	18.3%	26.7%	-10.4%	n.s.	--	--	--	--	--	--	--	--	--	55.7%	

### 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.