

Dear Shareholder,

Equity indices closed the final month of the first half of the year with a sharp decline (MSCI Europe NR -7.7%, MSCI USA NR -8.3%). Concerns about economic growth led investors to adopt a cautious stance. To counter inflation, which is no longer transitory, central banks have started a race against the clock. They are sharply raising interest rates and tightening monetary policy in order to slow down activity and bring down the price of energy and commodities, which are still the main contributors to price increases at this stage. The CRB All Commodities index thus dropped -5.2% in June, its biggest monthly decline since March 2020 and the Covid crash and allowed inflation expectations to ease sharply. The monetary tightening could be only temporary and a return to a more "Dovish" policy, as early as 2023, should not be excluded. Such a scenario would be favourable for equities in a medium/long-term perspective, while the technical secular supports (2000 and 2007 highs in Europe) remain valid, and valuation is attractive ahead of the Q2 quarterly publications.

Investors' fears fluctuated between inflation, tightening monetary policy and a possible future recession. In this environment of strong risk aversion, cyclical stocks, including commodities and energy, which had benefited from positive momentum following the invasion of Ukraine and were well represented in our portfolios, suffered particularly badly, which means a new trend break for the year 2022. Only the defensive large caps limited their losses. The absence of a stable trend, the weak influence of news flow and company fundamentals on stock performances, logically constitute an unfavourable environment for our momentum approach. July will be marked by the announcement of half year results, a period that is usually favourable to our strategy, especially as the stocks in the portfolio continue to see their estimated profits revised upwards. **The full month performance of Digital Stars Europe Acc is -13%**, compared to -7.7% for the MSCI Europe NR. **Digital Stars Europe Ex-UK Acc ended June at -13.6%** compared to -8.2% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc achieved -9.9%** against -9.2% for the MSCI EMU NR.

Influenced by the current risk aversion, the June rebalancing mainly included defensive stocks in the healthcare, food and telecoms sectors, but also some financials and energy stocks. We are selling mostly cyclical stocks in the industrial and technology sectors.

Digital Stars Europe is overweight basic materials, industrials, technology and energy. The overweight in basic materials is slightly lowered to 8%. The fund is underweight food and healthcare. The UK remains the largest country weight at 13.1%, ahead of Germany at 12.4% and France at 10.4%.

Digital Stars Europe Smaller Companies Acc ended down at -9.8% in June

, but held up well against the sharp fall of small caps (MSCI Europe Small Cap NR at -11.8%). The drop came mainly from materials and industry (transportation). The relative strength of utilities, semiconductors and retail helped the fund, as did strong M&A activity during the month.

The monthly portfolio reviews focused on increasing the food, materials, utilities and media. Sales occurred mainly in technology, financials and industrials.

The portfolio is significantly overweight in energy, as well as in materials and utilities, and underweight in industry and real estate, as well as in health care.

The United Kingdom (the most largely underweight country) is the largest country weight with 21.6%, ahead of Norway with 14.8% (the most largely overweight country).

Digital Stars US Equities Acc USD ended down -9.6% in June

, behind the MSCI USA NR at -8.3% and the MSCI USA Small Cap NR at -9.1%. The fund was particularly affected by some industrials, semiconductors, and construction-related stocks (construction, materials, materials wholesalers, timber, etc.). The financial sector performed well in relative terms.

The latest monthly portfolio review was quite defensive in nature, strengthening consumer staples and health care, and decreasing consumer discretionary (retailing) and industry.

The portfolio is overweight in banks, consumer discretionary and industry, and underweight in pharma and media.



Historical net performance

30/06/2022	YTD	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Since Inception	Inception Date
Digital Stars Europe	-28.7%	30.7%	15.6%	31.4%	-19.5%	23.7%	0.7%	24.7%	3.5%	36.0%	22.7%	-16.0%	32.6%	37.0%	-48.3%	594.6%	13/11/1998
MSCI Europe NR	-13.8%	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%	179.6%	
MSCI Europe Small Cap NR	-23.3%	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%	525.0%	
Digital Stars Europe Ex-UK	-28.4%	33.9%	20.2%	30.1%	-17.2%	25.0%	5.0%	24.7%	3.6%	37.1%	22.4%	-21.4%	32.3%	36.1%	-42.2%	272.6%	30/06/2006
MSCI Europe ex UK NR	-17.5%	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%	97.5%	
MSCI Europe ex UK Small Cap NR	-22.7%	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%	178.9%	
Digital Stars Eurozone	-24.8%	32.0%	18.3%	30.5%	n.s.	--	--	--	--	--	--	--	--	--	--	24.0%	01/10/2018
MSCI EMU NR	-18.7%	22.2%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	--	7.3%	
MSCI EMU Small Cap NR	-18.7%	23.3%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	--	13.2%	
Digital Stars Europe Smaller Companies	-24.6%	33.6%	27.3%	29.7%	-21.2%	32.6%	n.s.	--	--	--	--	--	--	--	--	75.6%	16/12/2016
MSCI Europe Small Cap NR	-23.3%	23.8%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	32.7%	
Digital Stars US Equities	-31.0%	37.9%	23.8%	28.9%	-13.2%	n.s.	--	--	--	--	--	--	--	--	--	36.3%	16/10/2017
MSCI USA NR	-21.3%	26.5%	20.7%	30.9%	-5.0%	n.s.	--	--	--	--	--	--	--	--	--	56.5%	
MSCI USA Small Cap NR	-21.7%	19.1%	18.3%	26.7%	-10.4%	n.s.	--	--	--	--	--	--	--	--	--	29.8%	

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

Best Regards,
The Investment 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.