

Dear Shareholder,

The second half of the year is kicking off with a bang for equity investors (Stoxx 600 NR +6.1%, S&P 500 NR +9.2%) and this contrasts with the trend observed during the first half of the year. The month of July thus marks a break for the financial markets. Equities are rising, interest rates are falling, as are commodity and energy prices. A shift can also be seen within the major stock styles. Growth, for example, has put an end to a long sequence of declining multiples, ranking first among the styles over the month thanks to the rebound of technology, luxury and retail stocks. Conversely, Value, after underperforming in June, underperformed again in July, hurt by the relatively poor performance of the financials, telecoms and mining sectors, but remains so far the best style since the beginning of the year.

The financial markets continued to fall at the beginning of July, with fears oscillating between recession and inflation. They then rebounded strongly from 5 July, buoyed by the stimulus measures in China, the fall in interest rates and, above all, the announcements of half-yearly company results. These announcements refocused investors' attention on company news flow and fundamentals. The environment then became much more favourable for Digital Stars funds. After losing 3.3% over the first 5 days of July, Digital Stars Europe has rebounded by 13.4% since 5 July and ended the month 2.1% ahead of its benchmark. Portfolios benefited from numerous announcements that exceeded expectations (Hapag Lloyd, Truecaller, Hexatronic, Norske Skog, Elkem, Sartorius Stedim, etc.). Industrials (mainly shipping) and technology were our big winners of the month, while financials were negatively impacted by the announcement of a super-tax in Spain and political uncertainty in Italy. **The full month performance of Digital Stars Europe Acc is +9.7%**, compared to +7.6% for the MSCI Europe NR. **Digital Stars Europe Ex-UK Acc ended July at +9.1%** compared to +8% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc achieved +7.5%** against +7.3% for the MSCI EMU NR.

Rebalances in July were diversified. They are more influenced by company news flow than by sector trends. They mainly included stocks in the renewable energy, healthcare, food, telecom and technology sectors. We are selling mostly cyclical stocks in the industrial, basic materials and financial sectors.

Digital Stars Europe is overweight basic materials, energy and technology. The overweight in basic materials is again lowered to 6.5%. The fund is underweight food and healthcare. The UK remains the largest country weight at 15.7%, ahead of Germany at 12% and Norway at 9.8%.

Digital Stars Europe Smaller Companies Acc ended up at +10.8% in July, ahead of the MSCI Europe Small Cap NR at +9.8%. The rebound initiated on July 5th has been driven by earnings announcements (Hexatronic, Norske Skog, Incap, Hanza). The fund was supported by the good performance of transportation and technology.

The monthly portfolio reviews focused on strengthening renewables (industrials and utilities), as well as healthcare and consumer discretionary. Sales were mainly in financials and materials (primarily metals), as well as technology.

The portfolio is still significantly overweight in energy, as well as in utilities, and underweight in real estate, industry and finance.

The United Kingdom (the most largely underweight country) is the largest country weight with 21.5%, ahead of Norway with 14.6% (the most largely overweight country).

Digital Stars US Equities Acc USD ended up +11.0% in July, ahead of the MSCI USA NR at +9.3% and the MSCI USA Small Cap NR at +10.6%. The fund's performance was driven by technology (particularly semiconductors), construction-related industries (construction, materials, materials wholesalers, timber, etc.), and medical services. Insurance and specialty retailers suffered.

The latest monthly portfolio review strengthened finance, energy and industry, as well as consumer goods. Technology has been heavily reduced (especially semiconductors), as have materials and real estate.

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



Historical net performance

29/07/2022	YTD	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Since Inception	Inception Date
Digital Stars Europe	-21.8%	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%	661.7%	13/11/1998
MSCI Europe NR	-7.3%	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%	200.8%	
MSCI Europe Small Cap NR	-15.7%	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%	586.5%	
Digital Stars Europe Ex-UK	-21.9%	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%	306.5%	30/06/2006
MSCI Europe ex UK NR	-10.9%	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%	113.3%	
MSCI Europe ex UK Small Cap NR	-15.6%	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%	204.5%	
Digital Stars Eurozone	-19.1%	32.0%	18.3%	30.5%	n.s.	--	--	--	--	--	--	--	--	--	--	33.3%	01/10/2018
MSCI EMU NR	-12.7%	22.2%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	--	15.2%	
MSCI EMU Small Cap NR	-14.4%	23.3%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	--	19.1%	
Digital Stars Europe Smaller Companies	-16.4%	33.6%	27.3%	29.7%	-21.2%	32.6%	n.s.	--	--	--	--	--	--	--	--	94.6%	16/12/2016
MSCI Europe Small Cap NR	-15.7%	23.8%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	45.7%	
Digital Stars US Equities	-23.4%	37.9%	23.8%	28.9%	-13.2%	n.s.	--	--	--	--	--	--	--	--	--	51.4%	16/10/2017
MSCI USA NR	-14.0%	26.5%	20.7%	30.9%	-5.0%	n.s.	--	--	--	--	--	--	--	--	--	71.1%	
MSCI USA Small Cap NR	-13.3%	19.1%	18.3%	26.7%	-10.4%	n.s.	--	--	--	--	--	--	--	--	--	43.6%	

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.