

Dear Shareholder,

After an encouraging rebound for markets in July, equities resumed their downward trend in August. The MSCI Europe NR and the MSCI USA NR gave up -4.9% and -4.0% respectively over the month. Since the beginning of the year, the decline has reached -11.8% in Europe and -17.4% in the US. The sharp drop in global economic momentum, a lack of geopolitical visibility and tightening of monetary policies in an inflationary context are all elements that have led investors to favour a cautious approach. What is likely to dictate the direction of the markets in the coming weeks is the evolution of inflation. In the spring, central bankers started a race against the clock to contain the contagion effects of inflation, which at this stage is still mainly caused by the rise in commodity and energy prices, a phenomenon that is exogenous in nature. If this race against time is won, we can expect central banks to adopt a more accommodating monetary policy again, perhaps as early as 2023, which would benefit equity markets that are highly undervalued compared to their historical standards, especially in Europe.

The financial markets continued to rebound in early August with little volatility. But the Fed's determination to fight inflation at all costs led to a violent correction from mid-August onwards. Digital funds ended the month down but resisted well relative to their benchmarks. The overweight in the energy sector and the continuation of half-year corporate earnings announcements explain this slight outperformance. The portfolios benefited from numerous announcements that exceeded expectations (u-blox Holding, Glanbia Plc, TORM PLC, OCI NV, etc.).

The full month performance of Digital Stars Europe Acc is -4.5%, compared to -4.9% for the MSCI Europe NR. **Digital Stars Europe Ex-UK Acc ended August at -4.3%** compared to -5.1% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc achieved -5.9%** against -5% for the MSCI EMU NR.

Rebalancing in August increased exposure to the energy sector but lowered exposure to basic materials. We are also integrating some more defensive stocks in food, telecoms and cosmetics. We are selling mostly cyclical stocks in the industrial and basic materials sectors.

Digital Stars Europe is overweight energy, basic materials and technology. The overweight in energy is 7.3%. The fund is underweight in healthcare and food. The UK remains the largest weighting at 15%, ahead of Germany at 12.1% and Norway at 10.3%.

Digital Stars Europe Smaller Companies Acc finished down at -4.6% in August, resisting well the -6.9% drop of the MSCI Europe Small Cap NR. The outperformance was due to the overweighting of the energy sector, the only positive sector in the month, and to the good results published by some companies. An underweight position in financials negatively impacted the fund.

The monthly portfolio reviews focused on strengthening pharma, consumer cyclicals and energy. Sales were mainly in technology and materials (mainly metals).

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

The United Kingdom (the most largely underweight country) is the largest country weight with 20.8%, ahead of Norway with 13.9% (the most largely overweight country).

Digital Stars US Equities Acc USD finished -2.7% lower in August, ahead of the MSCI USA NR at -4.0% and in line with the MSCI USA Small Cap NR at -2.6%. The underweight in technology benefited the fund in relative terms, as did the strong performance of consumer discretionary stocks, particularly in retail.

The latest monthly portfolio review strengthened energy and industry, as well as communication services. Consumer discretionary has been heavily reduced (especially retailing), as well as to a lesser extent chemicals and pharmaceuticals.

The portfolio is clearly overweight in banks and industry, and underweight in IT, pharmaceuticals and media.



Historical net performance

31/08/2022	YTD	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Since Inception	Inception Date
Digital Stars Europe Acc	-25.3%	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%	627.2%	13/11/1998
MSCI Europe NR	-11.8%	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%	186.0%	
MSCI Europe Small Cap NR	-21.5%	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%	539.0%	
Digital Stars Europe Ex-UK Acc	-25.3%	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%	288.8%	30/06/2006
MSCI Europe ex UK NR	-15.4%	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%	102.4%	
MSCI Europe ex UK Small Cap NR	-20.6%	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%	186.4%	
Digital Stars Eurozone Acc	-23.9%	32.0%	18.3%	30.5%	n.s.	--	--	--	--	--	--	--	--	--	--	25.4%	01/10/2018
MSCI EMU NR	-17.1%	22.2%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	--	9.4%	
MSCI EMU Small Cap NR	-18.7%	23.3%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	--	13.2%	
Digital Stars Europe Smaller Companies Acc	-20.3%	33.6%	27.3%	29.7%	-21.2%	32.6%	n.s.	--	--	--	--	--	--	--	--	85.6%	16/12/2016
MSCI Europe Small Cap NR	-21.5%	23.8%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	35.6%	
Digital Stars US Equities Acc	-25.5%	37.9%	23.8%	28.9%	-13.2%	n.s.	--	--	--	--	--	--	--	--	--	47.4%	16/10/2017
MSCI USA NR	-17.4%	26.5%	20.7%	30.9%	-5.0%	n.s.	--	--	--	--	--	--	--	--	--	64.3%	
MSCI USA Small Cap NR	-15.5%	19.1%	18.3%	26.7%	-10.4%	n.s.	--	--	--	--	--	--	--	--	--	39.9%	
Digital Market Neutral Europe Acc EUR	0.2%	9.4%	-9.0%	--	--	--	--	--	--	--	--	--	--	--	--	-0.2%	27/01/2020
eSTR Compounded Index	-0.3%	-0.6%	-0.5%	--	--	--	--	--	--	--	--	--	--	--	--	-1.4%	

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. Chahine Capital cannot guarantee that any capital invested will maintain or increase in value.