

Dear Shareholder,

Equity indices rose strongly in January (MSCI Europe NR +6.8%, MSCI USA NR +6.5%), extending the powerful rebound that began at the end of September 2022. There are many reasons for this increase. Inflation is falling faster than expected, which argues for a forthcoming easing of monetary policy, and China has abandoned its "zero covid" policy, which suggests a recovery in the global economy. It is therefore logical for equity indices to recover, especially as valuation was at a deep discount and investors were underinvested, according to sentiment indicators.

This prospect of "disinflation" led to a bullish rally in the first few days of January, concentrated on stocks which were negatively-sensitive to inflation and had been oversold in 2022. This rebound, fuelled by low momentum stocks, was only partially followed by Digital Funds despite a good sector allocation (overweight banks, industrials and technology). The second half of the month was more favourable to our strategy, which benefited from positive surprises on stocks announcing their results (Banco de Sabadell, Unicredit, SSAB, TGS, PGS, ASMI, etc.) and from exposure to banks. The improved visibility of central bank action, the decline in the level of macroeconomic uncertainty, and the upcoming intensification of corporate earnings announcements should allow a return to fundamentals in the markets. Along with a re-correlation of corporate earnings and future prospects with their stock market performance, these factors could lead to a favourable environment for stock picking by Digital funds.

Digital Stars Europe Acc posted a monthly performance of +5.3% against +6.8% for the MSCI Europe NR. **Digital Stars Continental Europe Acc ended January at +5.6%** versus +7.5% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc achieved +6.4%** versus +9.6% for the MSCI EMU NR.

Rebalancing in January continued to strengthen banking stocks. Financials have thus seen their weighting increased by 4.5% in one month and become the most overweight sector in Digital Stars Europe (26.5% against 17.4% in the MSCI Europe). We have also added some industrial, technology and commodity stocks. Exposure to Energy has decreased slightly. We are also selling defensive stocks in the food and healthcare sectors. The cyclical bias is reinforced. Digital Stars Europe is overweight financials (9.1%), energy (5.6%), and industrials (3.5%). The fund is underweight healthcare (11.2%), consumer staples (8%) and consumer discretionary (2.4%). Italy remains the fund's largest weight and largest overweight at 16.6%, ahead of Germany (13%) and the UK (the most underweight country) at 12.5%.

Digital Stars Europe Smaller Companies Acc finished up at +1.2% in January

, underperforming the MSCI Europe Small Cap NR at +7.4%. Stocks linked to energy transportation, the champions of the end of 2022, turned sharply downwards, preventing the fund from taking full advantage of the rebound in small caps. The share price of PNE lost 22% in just two days, following the decision of its main shareholder to finally abandon the sale of its stake.

The monthly portfolio reviews focused on strengthening financials, especially banks. Sales were mainly in IT and utility sectors, as well as in energy and healthcare.

The portfolio is significantly overweight in energy and industry, as well as in banks, and underweight in real estate, IT and pharmaceuticals.

The United Kingdom (the most largely underweight country) is still the largest country weight with 16.2%, ahead of Italy (the most largely overweight country) at 15.0%, and Denmark at 10.9%.

Digital Stars US Equities Acc USD rose by +6.3% in January

, vs. +6.5% for the MSCI USA NR and +10.4% for the MSCI USA Small Cap NR. The underweight in healthcare, as well as the remarkable performance of some consumer staples (Inter Parfums) and industrial (CECO Environmental, MRC Global) stocks, helped to offset the underperformance of the regional banks held in the portfolio.

The latest monthly portfolio review strengthened once more the consumer discretionary sector (retailing), as well as steel, food and energy (equipment). Sales were mainly in industrials and finance, as well as communication services.

The portfolio remains overweight in finance and industry, and underweight in pharmaceuticals, as well as media and IT.



Historical net performance

31/01/2023	YTD	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Since Inception	Inception Date
Digital Stars Europe Acc	5.3%	-27.5%	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%	643.5%	13/11/1998
MSCI Europe NR	6.8%	-9.5%	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%	213.6%	
MSCI Europe Small Cap NR	7.4%	-22.5%	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%	578.2%	
Digital Stars Continental Europe Acc	5.6%	-26.3%	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%	304.7%	30/06/2006
MSCI Europe ex UK NR	7.5%	-12.6%	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%	124.8%	
MSCI Europe ex UK Small Cap NR	7.7%	-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%	208.6%	
Digital Stars Eurozone Acc	6.4%	-24.1%	32.0%	18.3%	30.5%	n.s.	--	--	--	--	--	--	--	--	--	33.1%	01/10/2018
MSCI EMU NR	9.6%	-12.5%	22.2%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	26.6%	
MSCI EMU Small Cap NR	9.5%	-17.1%	23.3%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	26.4%	
Digital Stars Europe Smaller Companies Acc	1.2%	-19.9%	33.6%	27.3%	29.7%	-21.2%	32.6%	n.s.	--	--	--	--	--	--	--	88.9%	16/12/2016
MSCI Europe Small Cap NR	7.4%	-22.5%	23.8%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	44.0%	
Digital Stars US Equities Acc	6.3%	-26.9%	37.9%	23.8%	28.9%	-13.2%	n.s.	--	--	--	--	--	--	--	--	53.5%	16/10/2017
MSCI USA NR	6.5%	-19.8%	26.5%	20.7%	30.9%	-5.0%	n.s.	--	--	--	--	--	--	--	--	69.8%	
MSCI USA Small Cap NR	10.4%	-17.6%	19.1%	18.3%	26.7%	-10.4%	n.s.	--	--	--	--	--	--	--	--	50.8%	
Digital Market Neutral Europe Acc EUR	-1.6%	-5.3%	9.4%	-9.0%	--	--	--	--	--	--	--	--	--	--	--	-7.2%	27/01/2020
€STR Compounded Index	0.2%	0.0%	-0.6%	-0.5%	--	--	--	--	--	--	--	--	--	--	--	-0.9%	

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.