

Dear Shareholder,

Equity indices performed well in April (MSCI Europe NR +2.5%, MSCI USA NR +1.2%). Corporate quarterly earnings have been very supportive. However, after a significant improvement since September 2022, recent macro releases have been rather weak in the developed countries, reinforcing the likelihood of a recessionary scenario in the months to come. The banking troubles have also rekindled systemic fears and led investors to focus on defensive stocks with strong balance sheets, while at the same time lowering their expectations of rate hikes by central banks. Long-term rates have thus fallen by nearly 50 basis points on both sides of the Atlantic since the beginning of March, which also provides relative support for Visibility/Quality securities, often qualified as "proxy bonds".

These fears of a sharp economic slowdown led to a clear outperformance of defensive sectors and an underperformance of cyclical stocks in April. The cyclical bias of the Digital Stars funds and their underweight in defensive mega-caps had a negative impact on performances. However, banking stocks rebounded from their March falls. Performance was also influenced at the end of the month by quarterly earnings announcements, but with a notable asymmetry between the violence of the corrections caused by disappointments (particularly in semiconductors) and the timid increases in stocks that surprised positively. At the end of April, 26% of Digital Stars Europe stocks had reported, and 72% of these companies had seen their estimated profits for 2023 revised upwards. The pace of earnings announcements will intensify over the coming weeks, which should refocus investors' attention on company fundamentals and could be more supportive of our strategy. In this difficult environment, **Digital Stars Europe Acc posted a monthly performance of -0.6%** compared to 2.5% for the MSCI Europe NR. **Digital Stars Continental Europe Acc ended April at -0.4%** against 2.2% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc achieved 0.5%** against 1.5% for the MSCI EMU NR.

The rebalancing carried out in April was diversified, selecting stocks in the industrial, consumer discretionary and technology sectors, but also in non-cyclical sectors (healthcare, telecoms, and utilities). The outgoing stocks are mainly cyclical: Energy, Basic Materials and Banks. The fund's profile is thus becoming slightly more defensive, adjusting to the economic slowdown. The overweight in banking stocks is lowered to 6.2% in Digital Stars Europe, while the overweight in energy is reduced to 2.9%. Digital Stars Europe is overweight financials, industrials, technology and energy. The fund is underweight in healthcare, food and utilities. Italy remains the fund's largest weight and the largest overweight, at 16.4%, ahead of Germany (15.1%) and the UK (12.5%).

Digital Stars Europe Smaller Companies Acc ended down -1.0% in April, vs. +1.6% for the MSCI Europe Small Cap NR.

The rebound of financials and the good publications of some stocks were not able to counteract the disappointing performance of our technology stocks.

The monthly portfolio reviews focused on strengthening specialty retail, IT, as well as energy and materials. Sales were mainly in industry and finance, as well as in healthcare and consumer staples.

The portfolio is still mainly overweight in consumer discretionary and energy, and significantly underweight in real estate and pharmaceuticals.

Italy (the most overweight country) weighs 17.9%, ahead of the United Kingdom (the most largely underweight country) at 16.2%, and Germany at 12.5%.

Digital Stars US Equities Acc USD was down -2.8% in April, vs. +1.2% for the MSCI USA NR and -1.4% for the MSCI USA Small Cap NR.

The fund was affected by its IT holdings and its exposure to regional banks. Inter Parfums and e.l.f. Beauty continued their remarkable bullish run in April.

The latest monthly portfolio review saw stocks in the technology, healthcare equipment and real estate sectors enter the portfolio. Sales were mainly in banks, as well as in energy.

The portfolio remains overweight in industry, and has strongly reduced its over-exposure to (regional) banks. Media is still the most underweight sector.



Historical net performance

28/04/2023	YTD	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Since Inception	Inception Date
Digital Stars Europe Acc	3.6%	-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%	632.2%	13/11/1998
MSCI Europe NR	11.3%	-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%	226.9%	
MSCI Europe Small Cap NR	7.6%	-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%	579.0%	
Digital Stars Continental Europe Acc	5.3%	-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%	303.6%	30/06/2006
MSCI Europe ex UK NR	12.3%	-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%	135.1%	
MSCI Europe ex UK Small Cap NR	8.0%	-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%	209.4%	
Digital Stars Eurozone Acc	8.8%	-24.1%	32.0%	18.3%	30.5%	n.s.	--	--	--	--	--	--	--	--	--	36.0%	01/10/2018
MSCI EMU NR	13.9%	-12.5%	22.2%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	31.5%	
MSCI EMU Small Cap NR	8.9%	-17.1%	23.3%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	25.7%	
Digital Stars Europe Smaller Companies Acc	1.8%	-19.9%	33.6%	27.3%	29.7%	-21.2%	32.6%	n.s.	--	--	--	--	--	--	--	90.0%	16/12/2016
MSCI Europe Small Cap NR	7.6%	-22.5%	23.8%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	44.1%	
Digital Stars US Equities Acc	0.1%	-26.9%	37.9%	23.8%	28.9%	-13.2%	n.s.	--	--	--	--	--	--	--	--	44.6%	16/10/2017
MSCI USA NR	8.9%	-19.8%	26.5%	20.7%	30.9%	-5.0%	n.s.	--	--	--	--	--	--	--	--	73.6%	
MSCI USA Small Cap NR	2.3%	-17.6%	19.1%	18.3%	26.7%	-10.4%	n.s.	--	--	--	--	--	--	--	--	39.8%	
Digital Market Neutral Europe Acc EUR	-2.9%	-5.3%	9.4%	-9.0%	--	--	--	--	--	--	--	--	--	--	--	-8.5%	27/01/2020
€STR Compounded Index	0.8%	0.0%	-0.6%	-0.5%	--	--	--	--	--	--	--	--	--	--	--	-0.3%	

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.