

## Dear Shareholder,

May was a month of contrasts for equity indices. They rose in the United States (S&P 500 NR +0.6%) and fell in Europe (MSCI Europe NR -2.5%). Since the end of January, the trend has clearly been that of horizontal consolidation with relatively minor amplitude. Macro conditions weighed at the start of the month, with disappointing inflation figures and below-expectation economic surveys. Conversely, microeconomic fundamentals continue to deliver upside surprises as the quarterly publication period draws to a close. In this context, the earnings momentum is resuming an upward trend that had been temporarily overshadowed by the banking debacles of March and April.

Fears of a sharp economic slowdown, persistent inflation in the United States and the difficult negotiations over raising the US debt ceiling therefore weighed on the European markets, which ended May in negative territory. Only the technology sector turned in a positive performance, led by semiconductors, which are well represented in our portfolios, and which surged on the back of Nvidia's results and the prospects for the rise of artificial intelligence. Conversely, the energy sector corrected sharply, with the price of Brent crude reaching its lowest level since December 2021. Performances were also influenced by quarterly earnings announcements, which were good, but still with a notable asymmetry between the violence of the corrections caused by disappointments and the timid rises on stocks that published above expectations. 77% of the Digital Stars Europe companies that published their quarterly results saw their 2023 earnings estimates revised upwards, compared with 64% for the MSCI Europe, demonstrating the ability of our strategy to select stocks that surprise positively. In this bearish environment, the Digital Stars funds held up well, finishing close to their indices. **Digital Stars Europe Acc posted a monthly performance of -2.2%** compared with -2.5% for the MSCI Europe NR. **Digital Stars Continental Europe Acc ended May at -2.4%** compared with -2.3% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc posted a monthly performance of -3.9%** compared with -2.5% for the MSCI EMU NR.

The rebalancing carried out in May was diversified, selecting stocks in the technology, consumer discretionary and air transport sectors, but also in non-cyclical sectors (healthcare and food). The outgoing stocks are mainly cyclical: energy, industrials and some banks. The fund's profile is thus becoming slightly more defensive, and is adjusting to the economic slowdown. The overweight in banking stocks has been lowered to 5.9% in Digital Stars Europe, and the overweight in energy to 1.4%. Digital Stars Europe is also overweight financials, technology and industrials. The fund is underweight healthcare, consumer staples and utilities. Italy remains the fund's largest holding and its largest overweight, at 15.1%, ahead of Germany (14.9%) and the United Kingdom (13.8%).

**Digital Stars Europe Smaller Companies Acc ended down -2.3% in May**, just ahead of the MSCI Europe Small Cap NR at -2.6%. The strong performances of some industrial stocks (Implenia, Munters group, NTG Nordic Transport Group) and Greek stocks (Piraeus Financial Holdings, Mytilineos) enabled the fund to offset the poor performance of energy transportation (d'Amico, D/S Norden, TORM, Stolt-Nielsen).

The monthly portfolio reviews focused on strengthening consumer discretionary, consumer staples, healthcare and IT sectors. Sales were mainly in banks, materials (copper), as well as media and energy.

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

The United Kingdom (the most largely underweight country) weighs 17.4%, ahead of Italy (the most overweight country) at 16.0%, and Germany at 12.9%.

**Digital Stars US Equities Acc USD was down -0.6% in May**, vs. +0.6% for the MSCI USA NR and -1.8% for the MSCI USA Small Cap NR. This month's underperformance came from the retail sector, whose good performance in the index is merely a mirage because Amazon is almost the only positive stock, but its weight is overshadowing the others.

The latest monthly portfolio review saw the addition of stocks across various sectors, with a particular focus on materials. Sales were mainly in financials and healthcare, as well as energy and real estate.

The portfolio remains overweight in industry. The underweight in media remains the most significant, followed by pharma.



## Historical net performance

31/05/2023	YTD	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Since Inception	Inception Date
<b>Digital Stars Europe Acc</b>	<b>1.4%</b>	<b>-27.5%</b>	<b>30.7%</b>	<b>15.6%</b>	<b>31.4%</b>	<b>-19.5%</b>	<b>23.7%</b>	<b>0.7%</b>	<b>24.7%</b>	<b>3.5%</b>	<b>36.0%</b>	<b>22.7%</b>	<b>-16.0%</b>	<b>32.6%</b>	<b>37.0%</b>	<b>616.2%</b>	<b>13/11/1998</b>
MSCI Europe NR	8.5%	-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%	218.7%	
MSCI Europe Small Cap NR	4.8%	-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%	561.6%	
<b>Digital Stars Continental Europe Acc</b>	<b>2.8%</b>	<b>-26.3%</b>	<b>33.9%</b>	<b>20.2%</b>	<b>30.1%</b>	<b>-17.2%</b>	<b>25.0%</b>	<b>5.0%</b>	<b>24.7%</b>	<b>3.6%</b>	<b>37.1%</b>	<b>22.4%</b>	<b>-21.4%</b>	<b>32.3%</b>	<b>36.1%</b>	<b>294.0%</b>	<b>30/06/2006</b>
MSCI Europe ex UK NR	9.7%	-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%	129.6%	
MSCI Europe ex UK Small Cap NR	4.8%	-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%	200.4%	
<b>Digital Stars Eurozone Acc</b>	<b>4.5%</b>	<b>-24.1%</b>	<b>32.0%</b>	<b>18.3%</b>	<b>30.5%</b>	<b>n.s.</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>30.7%</b>	<b>01/10/2018</b>
MSCI EMU NR	11.1%	-12.5%	22.2%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	28.3%	
MSCI EMU Small Cap NR	5.9%	-17.1%	23.3%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	22.2%	
<b>Digital Stars Europe Smaller Companies Acc</b>	<b>0.2%</b>	<b>-19.9%</b>	<b>33.6%</b>	<b>27.3%</b>	<b>29.7%</b>	<b>-21.2%</b>	<b>32.6%</b>	<b>n.s.</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>87.0%</b>	<b>16/12/2016</b>
MSCI Europe Small Cap NR	4.8%	-22.5%	23.8%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	40.4%	
<b>Digital Stars US Equities Acc</b>	<b>-0.5%</b>	<b>-26.9%</b>	<b>37.9%</b>	<b>23.8%</b>	<b>28.9%</b>	<b>-13.2%</b>	<b>n.s.</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>43.7%</b>	<b>16/10/2017</b>
MSCI USA NR	9.6%	-19.8%	26.5%	20.7%	30.9%	-5.0%	n.s.	--	--	--	--	--	--	--	--	74.7%	
MSCI USA Small Cap NR	0.5%	-17.6%	19.1%	18.3%	26.7%	-10.4%	n.s.	--	--	--	--	--	--	--	--	37.3%	
<b>Digital Market Neutral Europe Acc EUR</b>	<b>-4.8%</b>	<b>-5.3%</b>	<b>9.4%</b>	<b>-9.0%</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-10.3%</b>	<b>27/01/2020</b>
€STR Compounded Index	1.1%	0.0%	-0.6%	-0.5%	--	--	--	--	--	--	--	--	--	--	--	0.0%	

### 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](mailto: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.