

Dear Shareholder,

While the resilience of the global economy had buoyed equity indices in July, they declined in August as long-term yields remained high. Furthermore, the latest macro-economic releases from China were disappointing. Against this backdrop, cyclical stocks and growth stocks sensitive to the Chinese economy underperformed. The technology, mining, travel, industrial and automobile sectors thus gave up more than 5% in August in Europe. However, the Chinese authorities reacted strongly at the end of the month with the introduction of credit support measures, and everything now points to a continuation of the rebound in global economic momentum initiated in September 2022. Should this be the case, the equity asset class could continue to benefit from reasonable valuations (12-month P/E of 13.0x in Europe and 15.0x in the US for the S&P 500 Equal Weight). Especially as inflation continues to fall, pointing to an accommodative reversal by central banks as early as the 1st half of 2024.

The market decline in August was ultimately significant enough to erase all of July's gains. Bond yields remained stable in Europe, and the disappointing news on the Chinese economy cast a chill over cyclical stocks as a whole, particularly certain growth technology and industrial stocks that are well represented in the Digital Fund portfolios. Energy has been the only real winner on the markets, supported by oil prices. The more defensive health and real estate sectors are standing out relative to the market. Thus, after three consecutive months of relative outperformance and, despite favourable publications over the summer, the more defensive context of August and lower market volumes left the Digital Stars funds slightly behind their indices over the month. **Digital Stars Europe Acc posted a monthly performance of -3.0%** compared with -2.4% for the MSCI Europe NR. **Digital Stars Continental Europe Acc ended August at -2.9%** compared with -2.4% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc, with a more defensive profile, posted a monthly performance of -1.9%** compared with -3.1% for the MSCI EMU NR.

The rebalancings carried out in August were diversified, selecting stocks in the industrial (construction, electrical equipment), utility, banking or food sectors. Among the exits were IT and healthcare stocks. We continue to observe a comeback of British stocks. The overweight of banking stocks in Digital Stars Europe is stable at 6.1%. Digital Stars Europe is also overweight financials, industrials and technology. The fund is underweight healthcare and consumer staples. The UK is now the fund's top weight at 18.4%, ahead of Italy at 16.2% (still the largest overweight) and Germany at 12.6%.

Digital Stars Europe Smaller Companies Acc ended down -3.9% in August, vs. -2.9% for the MSCI Europe Small Cap NR. Positive publications boosted the retail sector in the fund, but this did not offset the decline in growth stocks, particularly in the IT sector.

The monthly portfolio reviews focused on strengthening food and material sectors. Sales were mainly in IT, as well as in industry and finance.

The portfolio is still mainly overweight in consumer discretionary, as well as in food, and significantly underweight in real estate.

The United Kingdom is reinforced furthermore and weighs now 24.9% (but remains the most largely underweight country), ahead of Italy at 12.9%. Greece is still the most overweight country at 8.9%.

Digital Stars US Equities Acc USD was down -1.7% in August, in line with the MSCI USA NR and outperforming the MSCI USA Small Cap NR at -4.1%. Good contributions from the consumer staples sector and the energy sector, offset the weaker return of our positions in financials and consumer discretionary.

The latest monthly portfolio review saw the addition of stocks from the consumer discretionary and media sectors. Sales were mainly in industry and real estate. Of note are significant offsetting purchases and sales in IT and healthcare.

The portfolio remains overweight in industry and consumer discretionary. Media is still the biggest underweight, before pharma.



Historical net performance

31/08/2023	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%	631.6%	13/11/1998
MSCI Europe NR	10.6%	-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%	224.7%	
MSCI Europe Small Cap NR	6.0%	-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%	569.4%	
Digital Stars Continental Europe Acc	5.7%	-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%	304.9%	30/06/2006
MSCI Europe ex UK NR	12.0%	-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%	134.3%	
MSCI Europe ex UK Small Cap NR	6.0%	-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%	203.8%	
Digital Stars Eurozone Acc	5.8%	-24.1%	32.0%	18.3%	30.5%	n.s.	--	--	--	--	--	--	--	--	--	32.3%	01/10/2018
MSCI EMU NR	13.9%	-12.5%	22.2%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	31.6%	
MSCI EMU Small Cap NR	9.6%	-17.1%	23.3%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	26.5%	
Digital Stars Europe Smaller Companies Acc	0.9%	-19.9%	33.6%	27.3%	29.7%	-21.2%	32.6%	n.s.	--	--	--	--	--	--	--	88.3%	16/12/2016
MSCI Europe Small Cap NR	6.0%	-22.5%	23.8%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	42.1%	
Digital Stars US Equities Acc	8.8%	-26.9%	37.9%	23.8%	28.9%	-13.2%	n.s.	--	--	--	--	--	--	--	--	57.1%	16/10/2017
MSCI USA NR	18.7%	-19.8%	26.5%	20.7%	30.9%	-5.0%	n.s.	--	--	--	--	--	--	--	--	89.3%	
MSCI USA Small Cap NR	10.0%	-17.6%	19.1%	18.3%	26.7%	-10.4%	n.s.	--	--	--	--	--	--	--	--	50.3%	
Digital Market Neutral Europe Acc EUR	-0.9%	-5.3%	9.4%	-9.0%	--	--	--	--	--	--	--	--	--	--	--	-6.6%	27/01/2020
€STR Compounded Index	2.0%	0.0%	-0.6%	-0.5%	--	--	--	--	--	--	--	--	--	--	--	0.8%	

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.