



December 2023

1 – Introduction

Digital Stars Eurozone is a long-only equity fund investing exclusively in the Eurozone. It follows a more stringent ESG investment policy than the other Digital Stars funds.

At Chahine Capital, we believe that our investments have a long-term impact on environmental, social and governance factors. We aim to combine financial performance with positive environmental and social impact.

We therefore have three objectives for this fund, including two ESG objectives:

- Achieve long-term appreciation of its capital and outperform the broad Eurozone equity markets, through the experienced usage of a sophisticated and proprietary quantitative model to identify the “Stars” performers,
- Limit the environmental, social and governance impacts of its investments,
- Favour companies with the lowest exposure to ESG risks, taking into account their ability to manage these risks.

In order to achieve our objectives, we filter our investment universe with normative and sector exclusions, and on the basis of ESG and Carbon scores. We then shortlist stocks using our momentum models and favour stocks with the highest ESG scores in these shortlists.

Below is a comparative table between the initial investment universe and the ESG-filtered investment universe resulting from our set of exclusions:

Universe name	Number of stocks	ESG score*
Initial investment universe Eurozone	628	19.5
ESG-filtered investment universe	452	18.5
Digital Stars Eurozone portfolio	62	13.9

Data as of 31.12.2023

ESG score = ESG Risk Rating from Sustainalytics plus 1/3 of RepRisk's RRI Trend (if positive). The lower this ESG Score, the better positioned the portfolio.

Digital Stars Eurozone's initial investment universe has been reduced by 27.9% by the ESG filters.

The Q2 2023 performance of the ESG-filtered investment universe (based on equal weighting of its components) is 8.97% compared to 8.23% for the initial investment universe. The economic impact of the ESG filter is positive for this quarter.

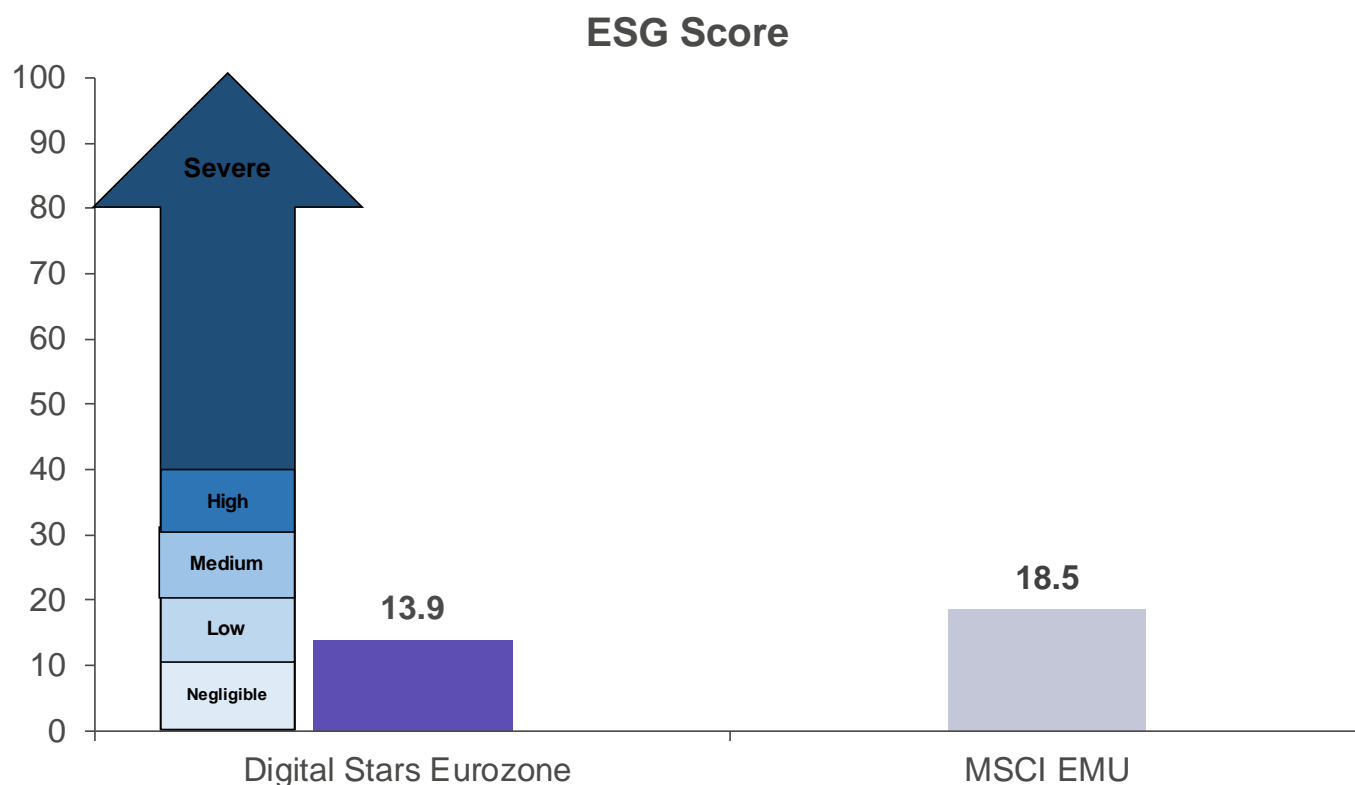
This report aims to highlight our various ESG performances. To do this, we have selected several indicators that we consider relevant. This selection is not exhaustive. The coverage of the different indicators is not always complete for the stocks of the fund or the benchmark. It will be systematically mentioned.

2 – Assessment of the overall ESG performance

In order to assess the overall ESG performance of our portfolio, we will present the results obtained for our ESG risk and carbon risk indicators.

A. ESG Score

This indicator is a combination score of two indicators. It allows us to evaluate the ESG positioning of companies by taking into account their current controversies. It is calculated as follows: Sustainalytics ESG Risk Rating ESG Risk Rating from Sustainalytics plus 1/3 of the RRI Trend from RepRisk (if it is positive). This ESG score ranges from 0 to 130. The lower this ESG score, the better the portfolio.



Data as of 31.12.2023

Source: Sustainalytics & RepRisk

This indicator has a coverage rate, for the portfolio and for the index, of 100%. In addition, 79% of the stocks in the initial investment universe have an ESG score higher than that of Digital Stars Eurozone. For the benchmark, this percentage is 49.4%.

Top ESG scores of the fund's holdings and their contributions to the average portfolio score

Ranking	Name	Contribution to Portfolio's average ESG Score	ESG Score (0-130)
#1	TAG Immobilien AG	0.201	6.9
#2	Vonovia SE	0.239	7.6
#3	SPIE SA	0.108	9.7
#4	Deutsche Boerse AG	0.059	9.9
#5	Publicis Groupe SA	0.379	10.3
#6	Eurobank Ergasias Services	0.211	10.6
#7	Rai Way SpA	0.040	10.8
#8	D'leteren Group SA/NV	0.269	11.3
#9	Legrand SA	0.059	11.4
#10	ANIMA Holding S.p.A.	0.118	11.5

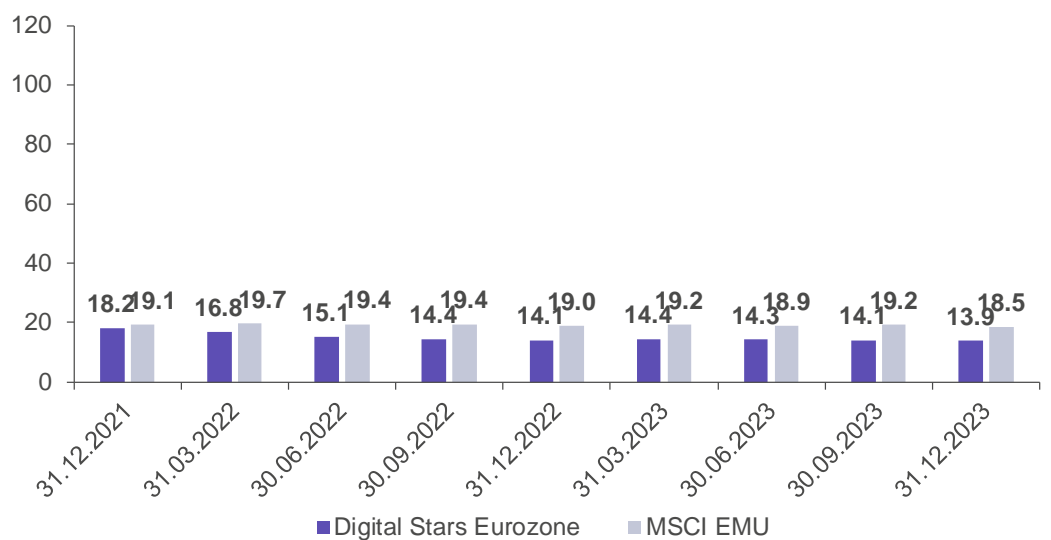


Worst ESG Scores of the fund's holdings and their contributions to the average portfolio score

Ranking	Name	Contribution to Portfolio's average ESG Score	ESG Score (0-130)
#1	SEB SA	0.355	29.4
#2	Laboratorios Farmaceuticos	0.270	19.1
#3	Hannover Rueck SE	0.254	18.7
#4	Deutsche Telekom AG	0.219	18.6
#5	Fielmann Group AG	0.206	18.3
#6	Kingspan Group Plc	0.217	18.2
#7	Coface SA	0.076	18.0
#8	ENCE Energia y Celulosa S/	0.159	17.4
#9	ATOSS Software AG	0.378	17.1
#10	Elis SA	0.105	17.0

ESG scores evolution over the past quarters

ESG score evolution

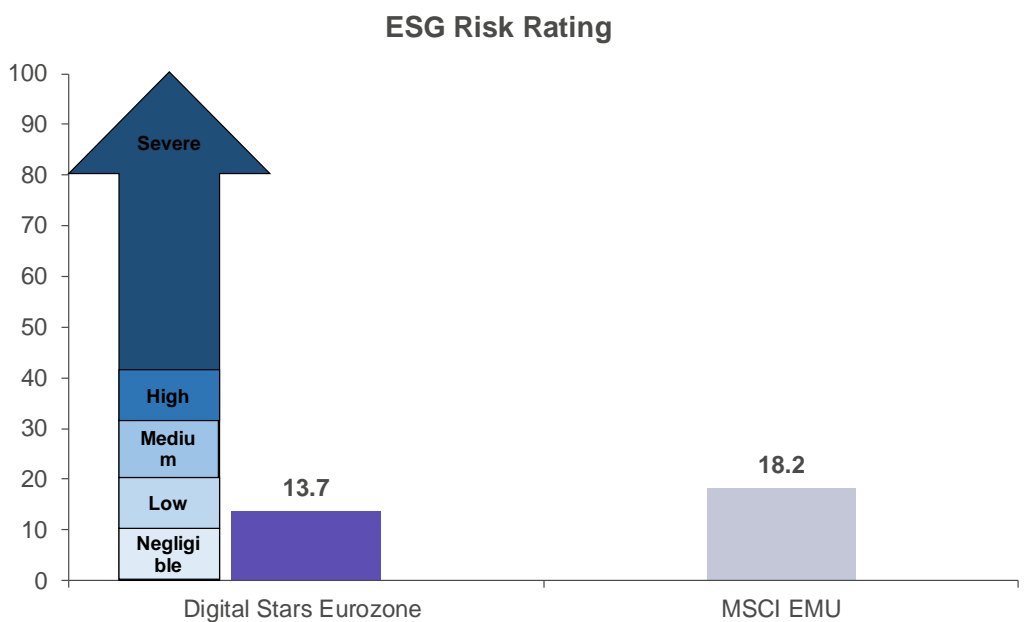


Source: Sustainalytics & RepRisk

B. ESG Risk Rating

This indicator is provided by Sustainalytics. It allows us to evaluate the ESG positioning of the companies in our investment universe and to discard the bottom-ranking ones. The ESG Risk Rating measures the relevance of certain ESG issues for a company and what the company is doing or not doing to manage them effectively. In other words, the ESG Risk Ratings quantify a company's exposure to ESG risk and the magnitude of its unmanaged ESG risks. It is a score from 0 (less risky) to 100 (extremely risky): 0-10 is a negligible risk, 10-20 is a low risk, 20-30 is a medium risk, 30-40 is a high risk, and finally 40 and more is a severe risk.

Average ESG Risk Rating of the portfolio vs. benchmark

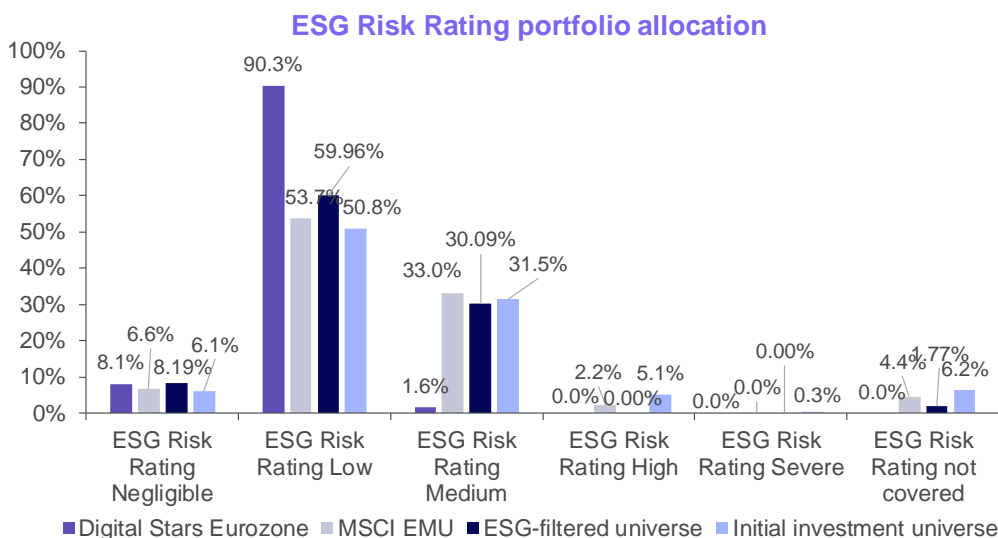


Data as of 31.12.2023

Source: Sustainalytics

This indicator has a coverage rate, for the portfolio and for the index, of 100%.

Breakdown of ESG Risk Rating of the portfolio vs. benchmark



Data as of 31.12.2023

Source: Sustainalytics



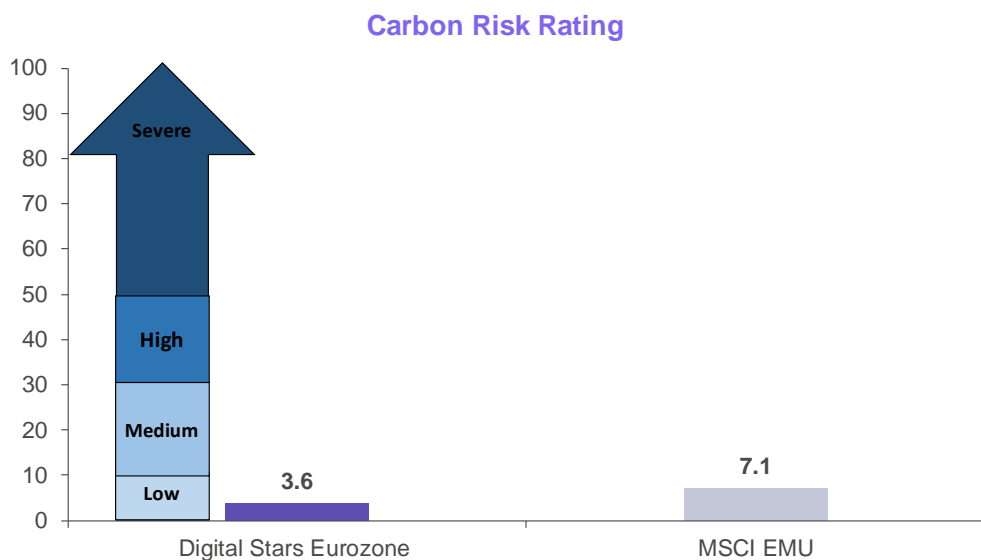
Best/worst ESG Risk Rating of the fund's stocks and their contribution to the average score

Best	Name	Contribution to Portfolio's average ESG Risk Rating	ESG Risk Rating (0-100)
#1	TAG Immobilien AG	0.201	6.9
#2	Vonovia SE	0.239	7.6
#3	Hermes International SCA	0.123	9.4
#4	SPIE SA	0.108	9.7
#5	Deutsche Boerse AG	0.059	9.9
#6	Publicis Groupe SA	0.379	10.3
#7	Eurobank Ergasias Services & Ho	0.211	10.6
#8	Rai Way SpA	0.040	10.8
#9	D'leteren Group SA/NV	0.269	11.3
#10	Legrand SA	0.059	11.4
Worst	Name	Contribution to Portfolio's average ESG Risk Rating	ESG Risk Rating (0-100)
#1	SEB SA	0.259	21.4
#2	Hannover Rueck SE	0.254	18.7
#3	Deutsche Telekom AG	0.219	18.6
#4	Fielmann Group AG	0.206	18.3
#5	Kingspan Group Plc	0.217	18.2
#6	Coface SA	0.076	18.0
#7	ATOSS Software AG	0.378	17.1
#8	Elis SA	0.105	17.0
#9	Grupo Catalana Occidente S.A.	0.162	16.9
#10	Eurazeo SA	0.226	16.7

C. Carbon Risk Rating

This indicator is provided by Sustainalytics. The Carbon Risk Ratings measure the degree to which a company is exposed to the risk related to its transition to a low carbon economy. The rating assesses the magnitude of a company's unmanaged carbon risks.

The Carbon Risk Rating is a score from 0 (least risky) to 100 (extremely risky): 0 is negligible risk, 0-10 is low risk, 10-30 is medium risk, 30-50 is high risk and 50 and above is severe risk.



Data as of 31.12.2023

Source: Sustainalytics

For this indicator, 73% of the portfolio is covered against 99% for the index. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.

D. ESG controversies (RepRisk)

CURRENT RRI (REPRISK INDEX): ESG REPUTATIONAL RISK (Data as of 31/12/2023)

This indicator measures the reputational risk of companies related to ESG controversies. It is calculated as a weighted average. The closer this indicator is to 100, the higher the risk. For more details, see glossary.

Digital Stars Eurozone: 7 / 100

MSCI EMU: 25 / 100

Digital Stars Eurozone exhibits a weighted average RRI 72% below that of its benchmark (MSCI EMU).

PEAK RRI: 2-YEAR PEAK ESG REPUTATIONAL RISK (Data as of 31/12/2023)

This indicator is based on the highest RRI of companies over the last two years. It is calculated as a weighted average.

Digital Stars Eurozone: 18 / 100

MSCI EMU: 39 / 100

Digital Stars Eurozone exhibits a weighted average 2-year Peak ESG Reputational Risk 54% below that of its benchmark (MSCI EMU).

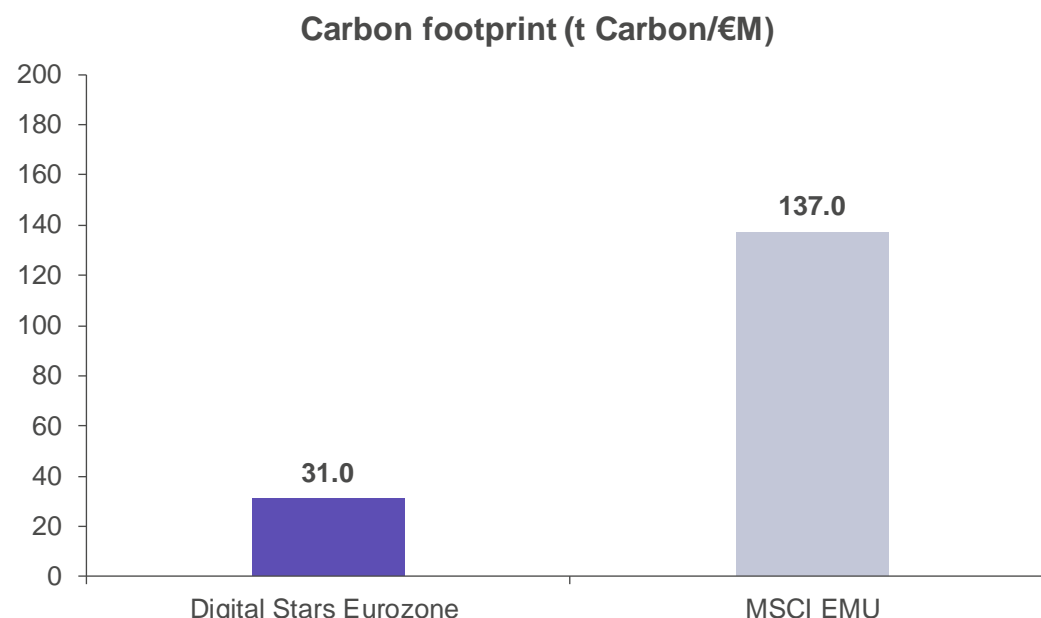
These indicators have a coverage rate, for the portfolio and for the index, of 100%.

3 – Environmental performance

We use three different indicators to evaluate the environmental performance of our portfolio.

A. Carbon footprint

The carbon footprint of the portfolio is the total carbon emission (scope 1 and scope 2) of the portfolio divided by the portfolio's assets. It is expressed in tons of carbon per million Euros invested.



Data as of 31.12.2023

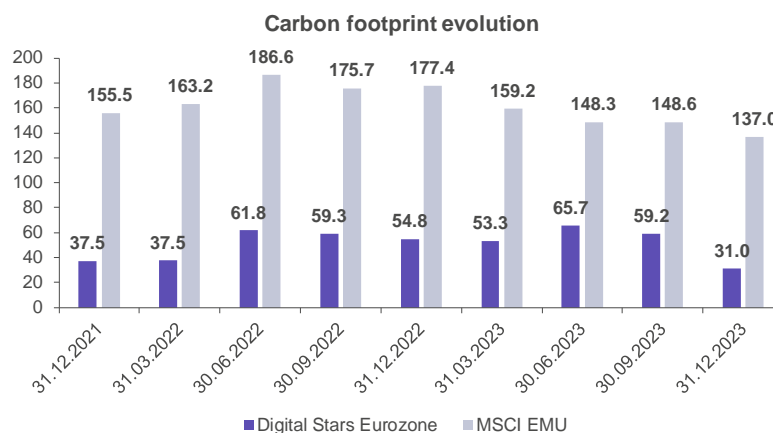
For this indicator, 93% of the portfolio is covered against 93% for the index. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.

Worst contributors to the portfolio's carbon footprint

The worst contributors are those that contribute the most to portfolio emissions.

	Name	Contribution to Portfolio's Carbon footprint (%)	Contribution to Portfolio's Carbon footprint (t Carbon/€M)
#1	Verallia SAS	9.3%	15.9
#2	SEB SA	8.4%	14.4
#3	Prysmian S.p.A.	6.3%	10.7
#4	Fagron SA	5.9%	10.1
#5	Carmila SA	4.7%	8.0
#6	Telekom Austria AG	4.6%	7.9
#7	AlB Group plc	3.8%	6.6
#8	IMCD N.V.	3.7%	6.3
#9	Rexel SA	3.3%	5.7
#10	BPER Banca S.p.A.	3.1%	5.4

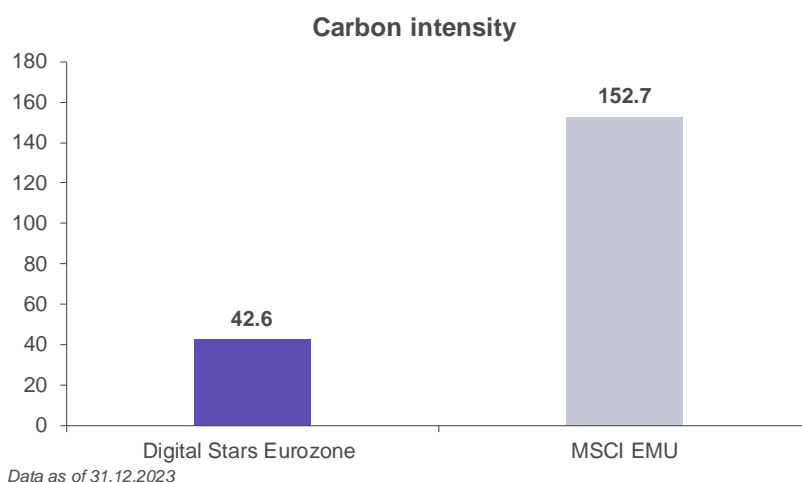
Evolution of the fund's carbon footprint and its benchmark over the last quarters



Source: Sustainalytics (carbon emissions scope 1 & scope 2), FactSet (turnover)

B. Carbon intensity

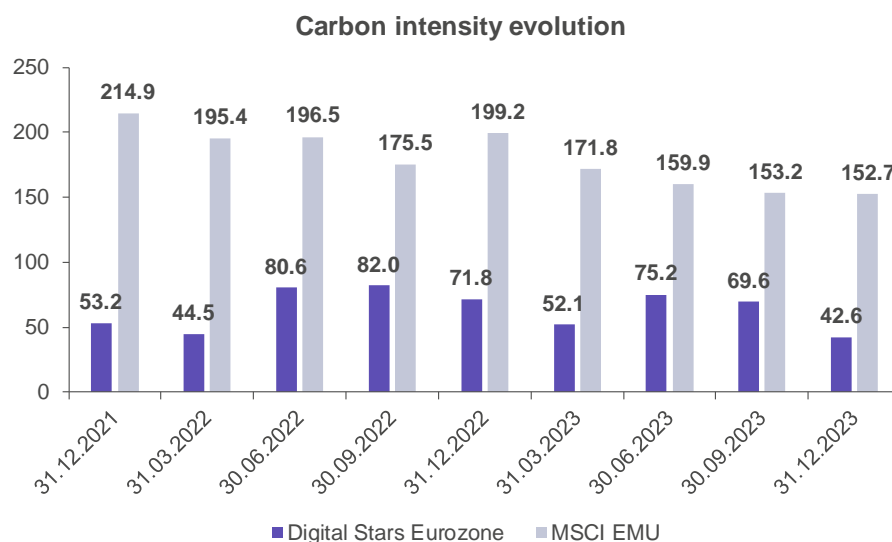
The carbon intensity of the portfolio measures the portfolio's exposure to the most carbon-intensive companies. This indicator is expressed in tons of carbon per million Euros of turnover.



Source: Sustainalytics (carbon emissions scope 1 & scope 2), FactSet (turnover)

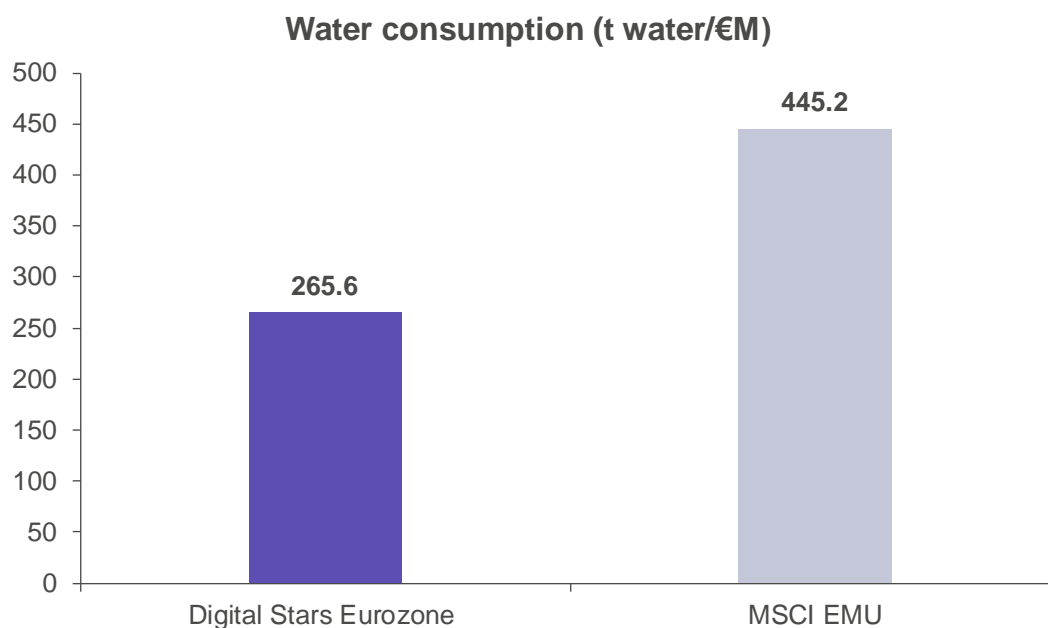
For this indicator, 93% of the portfolio is covered against 93% for the index. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.

Evolution of the fund's carbon intensity and its benchmark over the last quarters



C. Water consumption

Water consumption is the total volume of water withdrawn and consumed by a company for its own purposes and not returned to the source from where it was withdrawn. It is expressed in tons of water per million Euros invested.



Data as of 31.12.2023

For this indicator, 52% of the portfolio is covered against 62% for the index. The lower portfolio coverage is due to the "all-cap" nature of the fund. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.

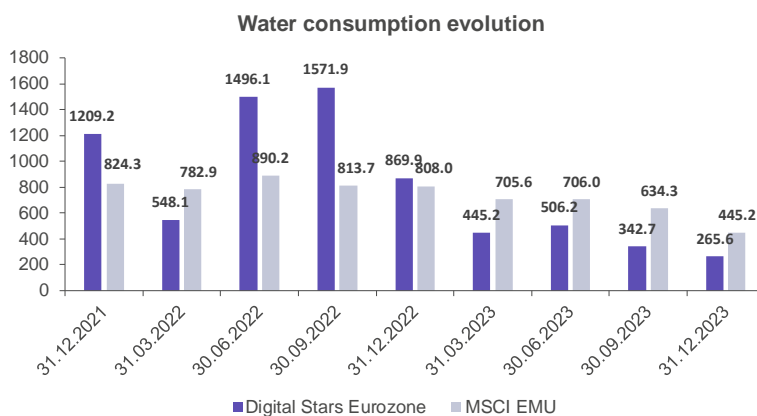
Source: Sustainalytics (water consumption), FactSet (chiffre d'affaires)

Companies that contribute the most to the portfolio's water consumption

The 10 stocks that contribute the most to the portfolio's water consumption.

	Name	Contribution to Portfolio's Water Consumption (%)	Contribution to Portfolio's Water Consumption (t Water/€M)
#1	Vonovia SE	48.7%	67.4
#2	Navigator Company SA	27.1%	37.6
#3	Arcadis NV	5.6%	7.7
#4	SEB SA	4.6%	6.4
#5	Carmila SA	3.2%	4.5
#6	SUESS MicroTec SE	2.0%	2.7
#7	TAG Immobilien AG	1.5%	2.1
#8	Telekom Austria AG	1.2%	1.7
#9	Trigano SA	0.9%	1.2
#10	Sanlorenzo S.p.A.	0.8%	1.1

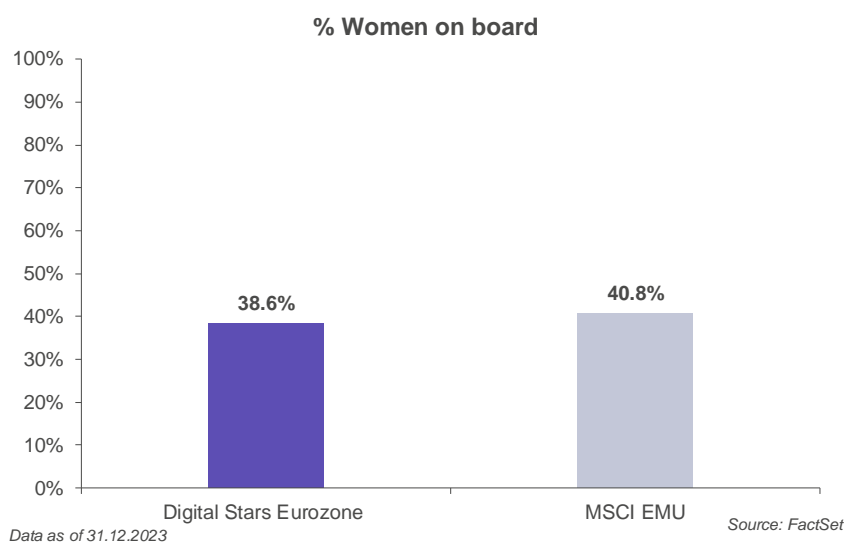
Evolution of the fund's water consumption and its benchmark over the last quarters



4 – Social performance

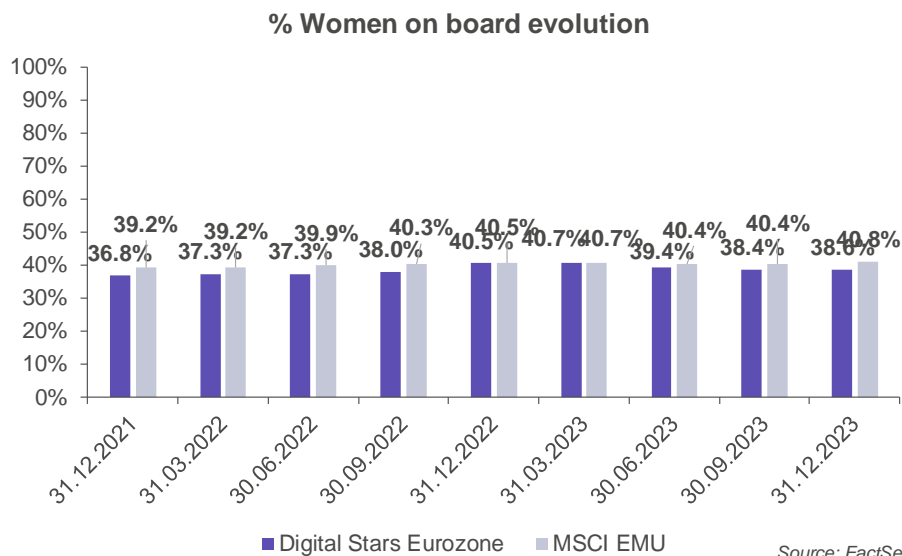
To assess social performance, we have selected the following indicators: number of women on the board of directors, risk management related to human capital, employee turnover rate and company's reputational risk related to social issues.

A. Percentage of women on board



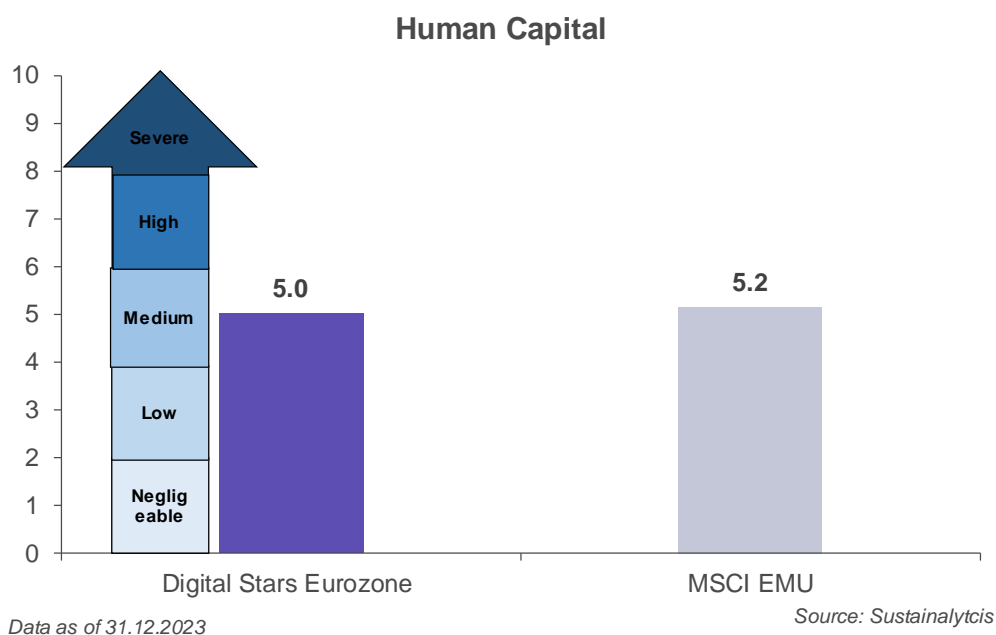
This indicator has a coverage rate, for the portfolio and for the index, of 100%.

Evolution of the percentage of women on the board of the fund and its benchmark over the last quarters



B. Human capital

This indicator focuses on the company's management of risks related to the scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages. It is a score from 0 to 10, with 10 indicating the highest risk and 0 indicating negligible risk.



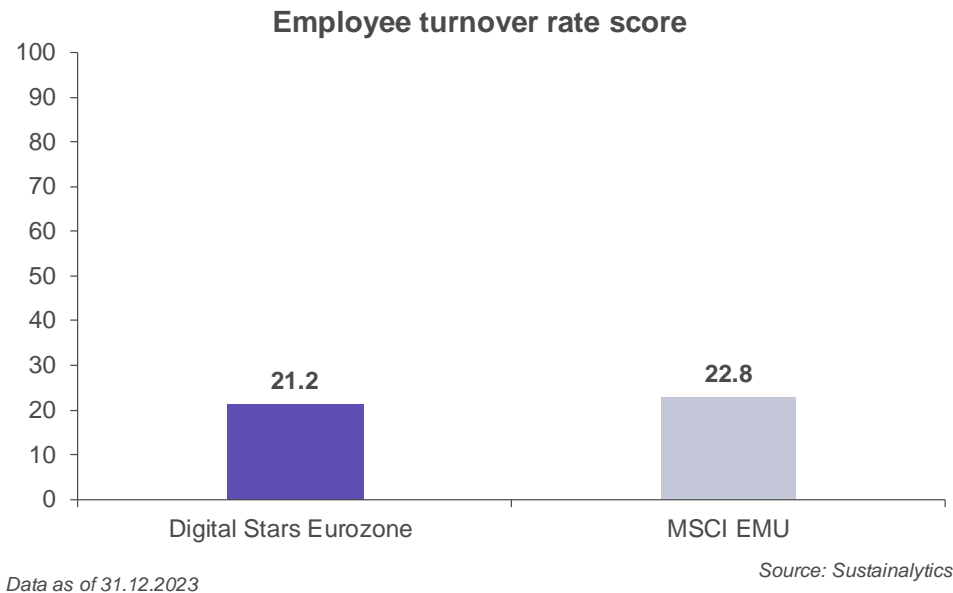
For this indicator, 79% of the portfolio is covered against 99% for the index. The lower portfolio coverage is due to the "all-cap" nature of the fund. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.



C. Employee turnover rate score

This indicator assesses company's performance related to permanent full-time and part-time employee retention by comparing the company's percentage of employee turnover in a given fiscal year to an internally established threshold.

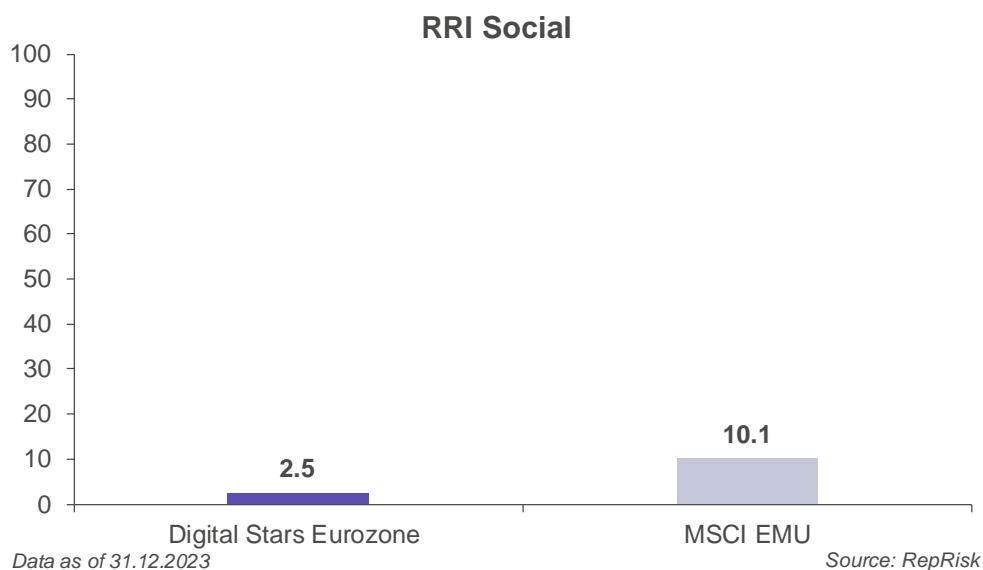
It is a score from 0 to 100, with 100 indicating that a company has a low turnover rate (a positive score), while 0 indicates a high turnover rate. For this indicator, 20 means that the company does not disclose its turnover rate.



For this indicator, 77% of the portfolio is covered against 97% for the index. The lower portfolio coverage is due to the "all-cap" nature of the fund. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.

D. RRI social – measuring the importance of social controversies

This indicator measures the reputational risk of a company related to social issues based on its controversies. The closer this indicator is to 100, the higher the risk. For more details, see glossary.



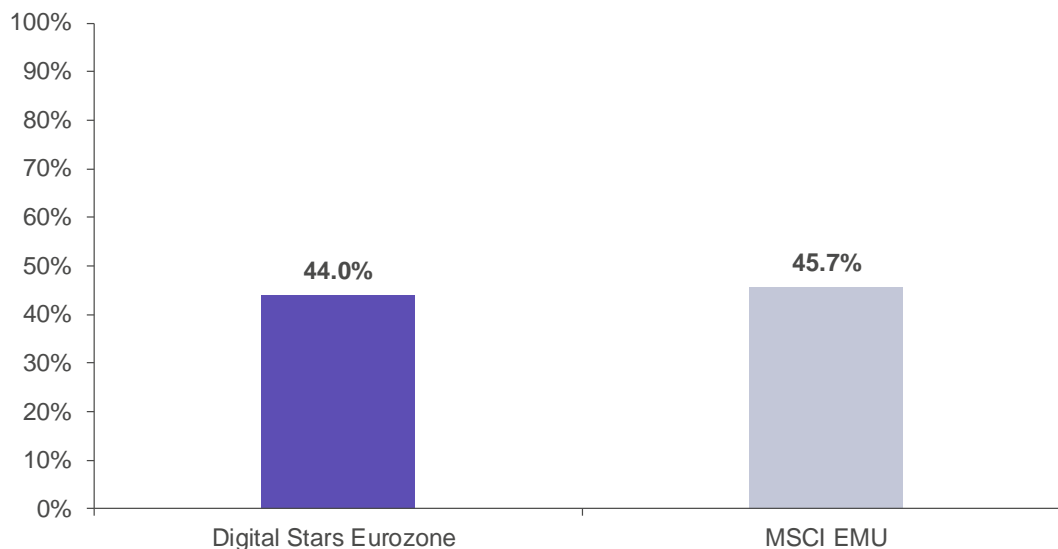
This indicator has a coverage rate, for the portfolio and for the index, of 100%.

5 – Governance performance

A. Board independence

This indicator measures the number of independent directors in the overall number of directors.

% Board Independence



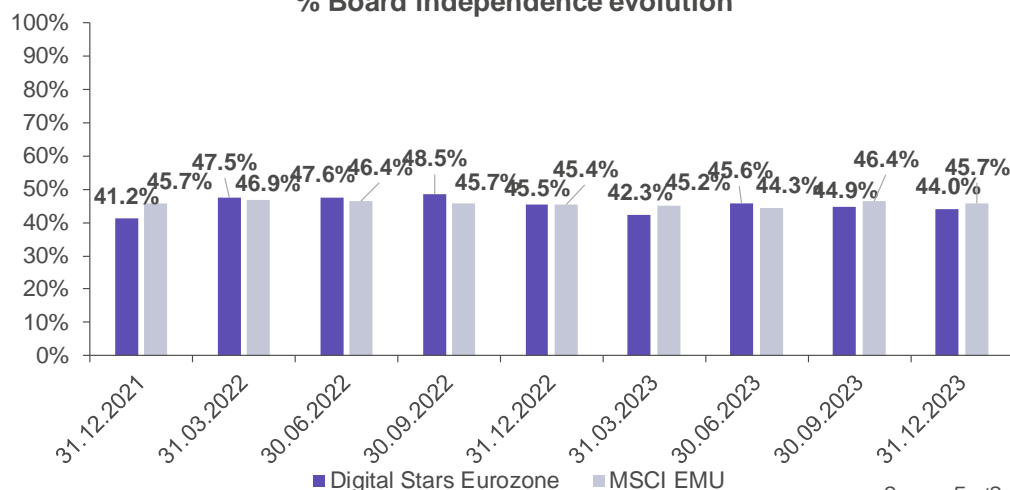
Data as of 31.12.2023

Source: FactSet

This indicator has a coverage rate, for the portfolio and for the index, of 100%.

Evolution of the fund's board independence and its benchmark over the last quarters

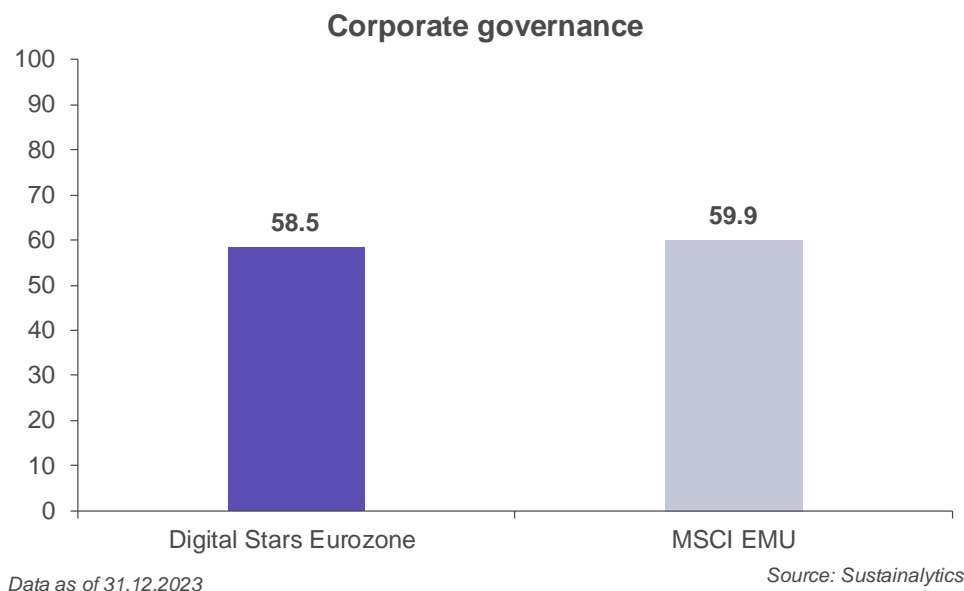
% Board independence evolution



Source: FactSet

B. Corporate governance

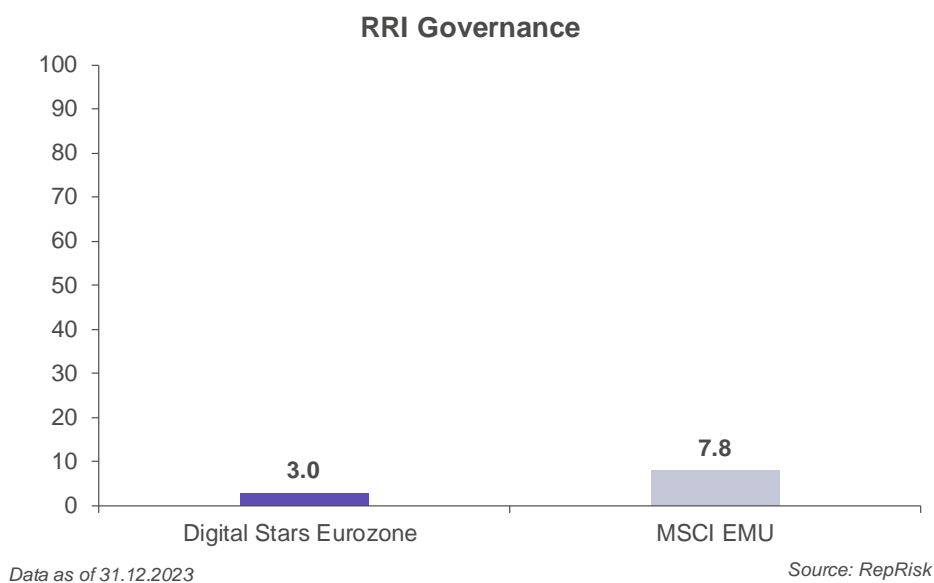
This indicator assesses incidents related to the quality and integrity of a company's corporate governance structures, including the structure and oversight of its board of directors and shareholder rights and remuneration. It is a score between 0 and 100, with 100 indicating excellent quality and integrity of governance structures.



For this indicator, 79% of the portfolio is covered against 99% for the index. The lower portfolio coverage is due to the "all-cap" nature of the fund. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.

C. RRI governance – measuring the importance of governance controversies

This indicator measures the reputational risk of a company related to governance issues based on its controversies. The closer this indicator is to 100, the higher the risk. For more details, see glossary



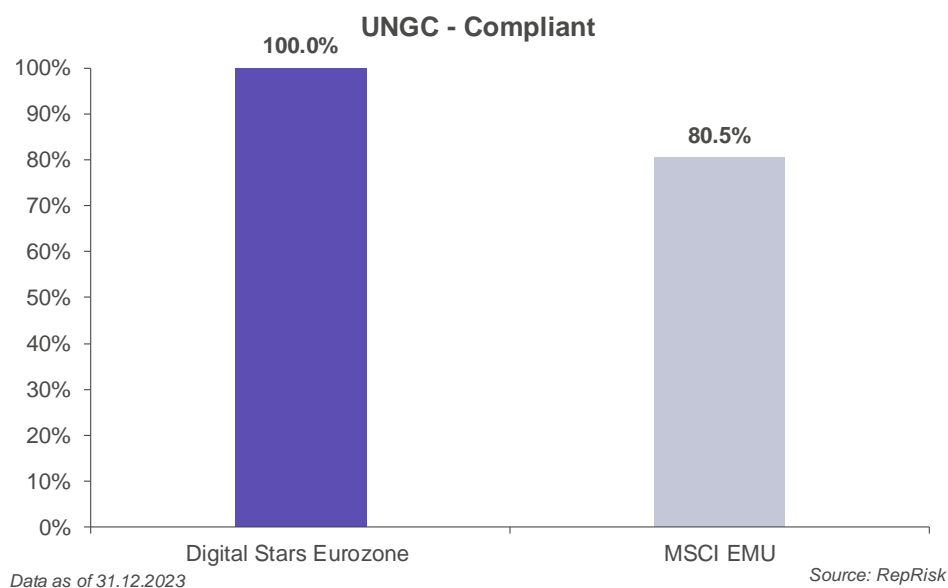
This indicator has a coverage rate, for the portfolio and for the index, of 100%.

6 – Human rights performance

A. UN Global Compact - compliance

This indicator provided by RepRisk specifies whether a company has a high risk or shows a potential risk of violating one or more of the ten UN Global Compact principles.

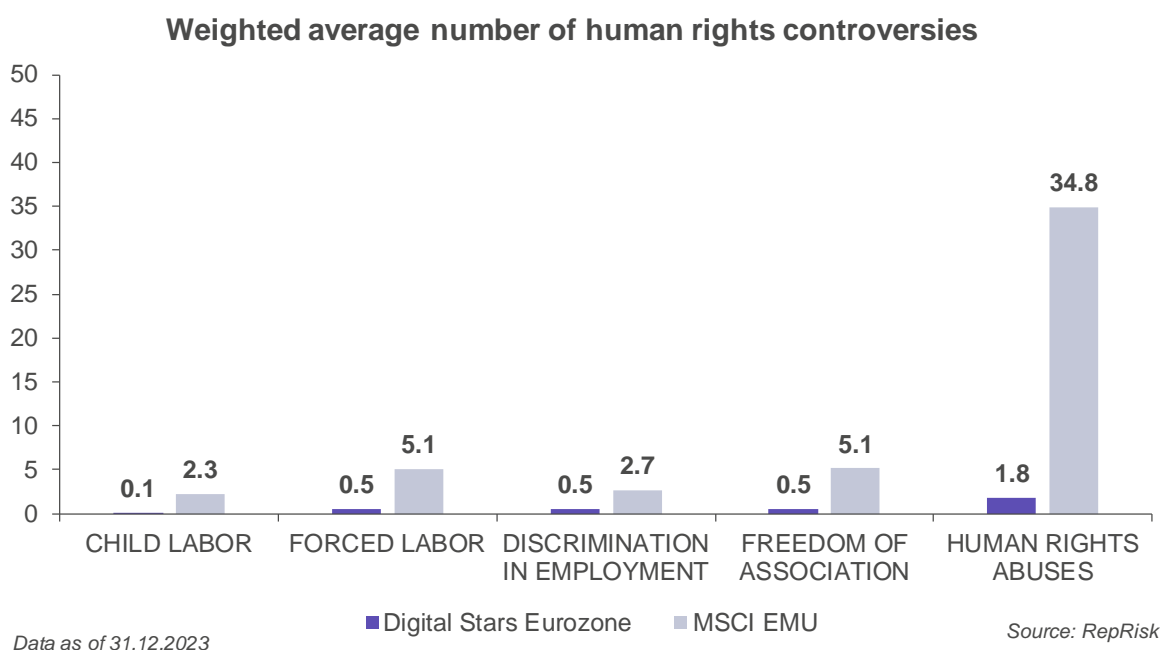
If a company does not show any risk of non-compliance, this suggests that its strategies and operations are aligned with universal principles on human rights, labour, environment and anti-corruption.



This indicator has a coverage rate, for the portfolio and for the index, of 100%.

B. Number of human rights controversies

This indicator specifies the number of identified human rights incidents weighted by portfolio weight.



This indicator has a coverage rate, for the portfolio and for the index, of 100%.



7 – Companies excluded from the portfolio based on our ESG criteria

1 company has been excluded during Q4 2023 in a portfolio composed of 62 stocks.

Date	Fund	Stock	ISIN	Remark
27/11/2023	Digital Stars Eurozone	Edenred SA	FR0010908533	Sold from Portfolio



8 – Glossary

Carbon Risk Rating: assesses a company's carbon risk based on the transition to a low-carbon economy. This measure is determined by assessing a company's material exposure and its management of carbon issues.

The Carbon Risk Rating is a score from 0 (least risky) to 100 (extremely risky):

0 is a negligible level of risk,

0-10 is a low level of risk,

10-30 is a medium level of risk,

30-50 is a high level of risk,

50 and above is a severe level of risk.

Corporate Governance: This indicator assesses incidents related to the quality and integrity of a company's corporate governance structures, including the structure and oversight of its board of directors, and shareholder rights and compensation. It is a score between 0 and 100, with 100 indicating excellent quality and integrity of governance structures.

Employee Turnover Score: This indicator assesses a company's performance related to permanent full-time and part-time employee retention by comparing the company's percentage of employee turnover in a given fiscal year to an internally established threshold. This is a score from 0 to 100, with 100 indicating that a company has low turnover (a positive score), while 0 indicates high turnover. For this indicator, 20 means that the company does not disclose its turnover rate.

ESG Risk Rating: quantifies a company's exposure to ESG risk and how it manages that risk. The ESG Risk Rating is a score from 0 (less risky) to 100 (extremely risky):

0-10 is a negligible level of risk,

10-20 is a low level of risk,

20-30 is a medium level of risk,

30-40 is a high level of risk,

40 and above is a serious level of risk.

ESG Score: ESG Risk Rating from Sustainalytics plus 1/3 of RepRisk's RRI Trend (if positive). The lower this ESG Score, the better positioned the portfolio.

Human capital: This indicator assesses the company's management of risks related to the scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages. It is a score from 0 to 10, with 10 indicating the highest risk and 0 indicating negligible risk.

Number of human capital controversies: we take into account the controversies identified by RepRisk regarding forced labour, child labour, employment discrimination, freedom of association, and human rights abuses.

Portfolio carbon footprint: total CO₂ emissions (scope 1 and scope 2) of the portfolio divided by the portfolio's assets. It is expressed in tons of CO₂ per million euros invested.

Portfolio carbon Intensity: a measure of the portfolio's exposure to the most carbon-intensive companies.

Portfolio coverage: proportion of assets invested in a company (if available data).

RepRisk Index (RRI): A quantitative measure that dynamically captures a company's reputational risk related to ESG issues. The RRI facilitates an initial assessment of the ESG risks associated with investments or business relationships, allows the comparison of a company's exposure with that of its peers, and helps track risk trends over time.

The RRI ranges from zero (lowest) to 100 (highest). The higher the value, the higher the risk exposure:

0-24: generally denotes low risk exposure



25-49: represents medium risk exposure

50-59: denotes high risk exposure

60-74: denotes very high risk exposure

75-100: denotes extremely high risk exposure

The RRI is broken down into:

- **RRI environmental:** reputational risk of a company to environmental issues
- **RRI social:** the reputational risk of a company to social issues
- **RRI governance:** reputational risk of a company to governance issues

RRI Trend: indicates the increase or decrease in RRI over the last 30 days.

Peak RRI: the maximum value reached by the RRI over the past two years.

Water consumption: Water consumption is the total volume of water withdrawn and consumed by a company for its own purposes and not returned to the source from where it withdrew it, expressed in tons of water.