

## DIGITAL STARS EUROPE

### MONTHLY UPDATE

The markets lacked direction again in August. They were initially supported by the results announcement of U.S. Companies and good macro-economic statistics. Then the verbal escalation between Donald Trump, who promises "fire and fury", and North Korea, which has said it is ready to fire missiles at U.S. military facilities on the island of Guam, caused turmoil. The VIX jumped more than 45% exceeding 16%.

In addition, there are doubts in the ability of the president to implement economic reforms. This followed rumours of the resignation of his economic adviser, Gary Cohn, after new controversy born with the drama of Charlottesville. The month ended with the Jackson Hole meeting. It did not produce any major announcements, but Fed caution over monetary policy and Mario Draghi's positive speech on Eurozone recovery widened the gap between the dollar and the euro (EUR/USD at 1.20).

By month end, the MSCI Europe NETR had generated a monthly performance of -0.8% (in euros), while the S&P 500 was flat at 0% (in USD).

In this more volatile environment, the Digital funds end up outperforming their benchmarks. Despite a fairly offensive positioning, we observed good resistance during market falls and an amplification of the rebounds that followed. The technology sector contributed again positively to our performance with IQE, Wirecard, Aixtron, and Keywords Studios leading the pace. Healthcare stocks were also on good form, driven by the results of Evotec, Straumann Holding and BioMérieux; and automotive companies with Ferrari and Fiat rising, following rumors of a future bid from the Chinese Great Wall Motor company. Basic materials stocks (Ferrexpo, KAZ Minerals) benefited from higher prices of metals and coal. After being impacted in July by the poor results of Easyjet, our airline companies (Air France, Lufthansa and Wizz Air) also recovered, with the oil price stabilising at around US \$ 52 per barrel of Brent.

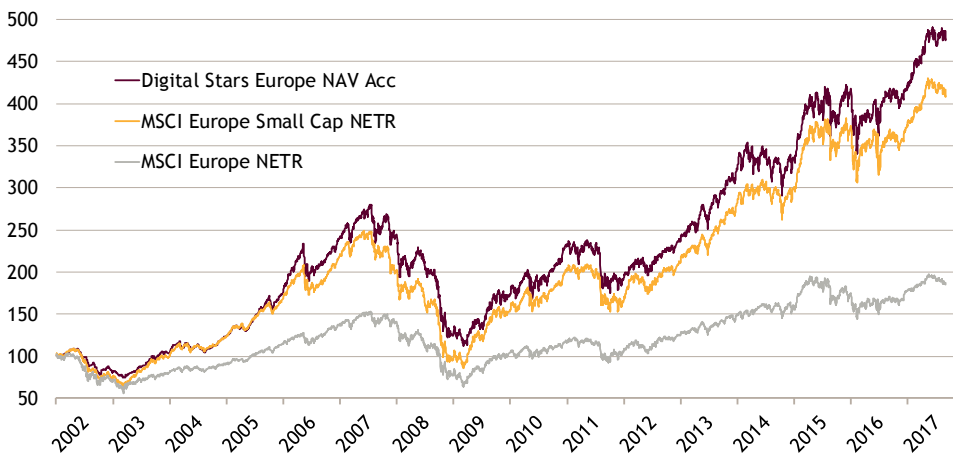
**The monthly performance of Digital Stars Europe Acc is +0.9%, against -0.6% for the MSCI Europe Small Cap NETR and -0.8% for the MSCI Europe NETR.**

### PROFILE

A diversified portfolio, within the all cap universe with a purely quantitative management style. The investment universe embraces approximately 1,700 stocks originating in the European Union, Switzerland and Norway. The minimum capitalisation of the stocks selected is €100m. The portfolio will be invested up to a maximum 50% by weight in large caps (members of STOXX 50).

The last rebalancing selected stocks in the sectors of Air Transport, Utilities, Construction, Insurance and Healthcare. We sold mainly securities in Industrials. The funds remain positioned on growth stocks; overweight in Technology, Healthcare and Industrials, and underweight in Real Estate, Telecom and Basic Materials. The ex-ante tracking error of Digital Stars Europe remains low at 4.33%, due to reasonable volatility, and beta increased at 1.02.

### COMPARISON WITH MAJOR INDICES (IN EUR)



### OBJECTIVE

Achieve long-term appreciation of its capital and outperform the broad European markets, through the experienced usage of a sophisticated and proprietary quantitative model developed by Dr Jacques Chahine to identify the "stars" performers.

### FUND FACTS

Launch: 13.11.1998  
Profile: All Cap  
Currency: EUR  
Benchmark: MSCI Europe Small Cap  
AUM: € 395.41mio

Acc Class: LU0090784017

BILDSCX LX

GBP Class: LU0259627379

DFSEGBP LX

USD Class: LU0274905818

DFSEUSD LX

R Class: LU0323041763

DFSTARR LX

D Class: LU0905713201

DFSTARD LX

I Class: LU1506569661

DFSTAIE LX

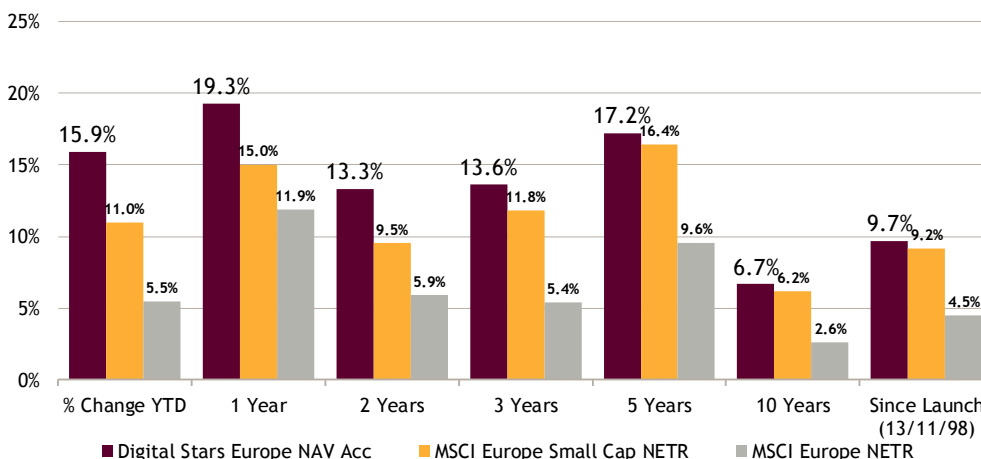
Mgt. Fees: 1.5%, (R Class : 2%, I : 1%)

Perf. Fees: 15% of the outperformance vs benchmark (R Class: 20%)

Valuation Date: Daily

Cut-off: 3pm, Luxembourg time

### ANNUALIZED PERFORMANCE AS OF 31<sup>st</sup> AUGUST 2017



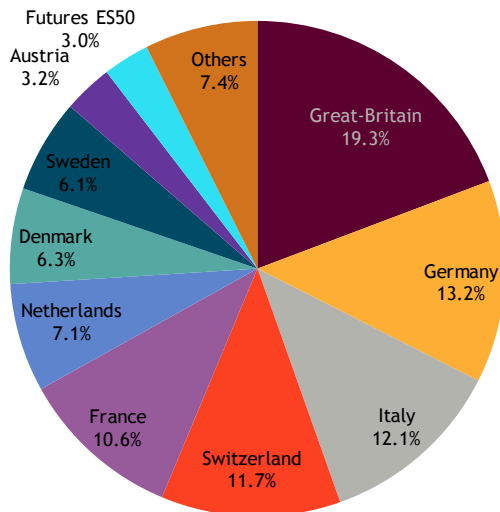
## MAIN INVESTMENTS AND CONTRIBUTIONS OVER THE MONTH TO 31/08/2017

	Weights		1 Month perf	1 month contributi
Siltronic AG	2.06%	Evotec AG	32.25%	0.25%
boohoo.com Plc	1.99%	Keywords Studios plc	22.25%	0.20%
Ferrari NV	1.89%	IQE plc	25.27%	0.20%
BE Semiconductor Industries	1.87%	Air France-KLM SA	12.20%	0.18%
Air France-KLM SA	1.57%	Uniper SE	20.27%	0.17%

## PERFORMANCE ATTRIBUTION (EXCL. FEES) OVER 3 MONTHS

	Weight 01/06/17 Morning	Weight 31/08/17 Evening	Port. Average Weight	Port. Total Return	Port. Contribution To Return
<b>Total</b>	100.00 %	100.00 %	100.00 %	1.61 %	1.61 %
Consumer Discretionary	15.58%	13.49%	14.36%	-1.06%	-0.23%
Consumer Staples	4.60%	3.45%	3.96%	-0.93%	-0.09%
Energy	3.33%	1.39%	2.13%	-0.84%	-0.09%
Financials	11.85%	13.65%	12.43%	3.85%	0.44%
Health Care	9.85%	9.78%	10.37%	2.22%	0.18%
Industrials	24.71%	24.79%	26.40%	-1.92%	-0.53%
Information Technology	14.87%	18.15%	16.31%	9.18%	1.46%
Materials	10.72%	6.39%	7.71%	5.20%	0.38%
Real Estate	0.17%	1.46%	0.79%	9.53%	0.05%
Telecommunication Services	0.04%	0.78%	0.28%	6.47%	0.00%
Utilities	0.96%	3.62%	2.03%	7.24%	0.15%
Futures ES50	3.31%	3.05%	3.22%	-3.52%	-0.12%

## COUNTRY BREAKDOWN AS OF 31/08/2017



## STRUCTURE AND MANAGEMENT

**Managers:** Julien Bernier  
Aymar de Léotoing

**Location:** Luxembourg

**Man. Company:** J. Chahine Capital, a Luxembourg Asset Management Company regulated by the CSSF.

**Legal Form:** Sub-Fund of the DIGITAL FUNDS, a Luxembourg-based investment company with variable capital under Part I of the Luxembourg Law of December 20, 2002.

**Custodian:** UBS Europe SE (Lux. branch)  
**Paying Agent:** UBS Europe SE (Lux. branch)  
**Administration:** UBS Fund Services (Lux) S.A.  
**Auditor:** PwC Luxembourg

**Registration:** Luxembourg, France, Switzerland, UK, Belgium, Italy, Sweden, Germany, Austria, Spain

## KEY FIGURES (31/08/2017)

**NAV (Acc):** € 870.26  
**NAV (GBP):** £ 309.48  
**NAV (USD):** \$ 195.83  
**NAV (R):** € 184.37  
**NAV (D):** € 173.25  
**NAV (I):** € 116.50

**Beta 1Y vs Benchmark:** 1.01  
**Beta 3Y vs Benchmark :** 0.94  
**Volatility 1Y:** 11.40%  
**Volatility 3Y :** 17.31%  
**Sharpe Ratio 1Y:** 1.89  
**Sharpe Ratio 3Y:** 0.90

**Median Market Capitalisation:** € 2.66 Bio  
**Median % of Market Volume:** 29.8%

	31/08/2017	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	Perf Since Inception
Digital Stars Europe Acc		15.9%	0.7%	24.7%	3.5%	36.0%	22.7%	-16.0%	32.6%	37.0%	-48.3%	1.8%	36.6%	41.5%	470.9%
MSCI Europe Small Cap NETR		11.0%	0.9%	23.5%	6.5%	33.4%	27.0%	-17.5%	29.9%	59.5%	-51.9%	-7.5%	29.9%	37.0%	420.0%
MSCI Europe NETR		5.5%	2.6%	8.2%	6.8%	19.8%	17.3%	-8.1%	11.1%	31.6%	-43.6%	2.7%	19.6%	26.1%	127.6%

**Important information:** Digital Funds Stars Europe is a sub-fund of Digital Funds, a SICAV incorporated under Luxembourg law, authorised in Luxembourg and regulated by the Luxembourg supervisory authority Commission de Surveillance du Secteur Financier (CSSF). The Fund complies with the requirements of the UCITS Directive 2009/65/EC. Investors are invited to carefully read the risk warnings and the regulations set out in the prospectus and/or in any appendices thereto, applicable in the country of distribution, and to seek professional counsel from their financial, legal and tax advisors. Information about DIGITAL FUNDS, its sub-funds and classes, the latest prospectus, annual and semi-annual reports, can be obtained free of charge, in English, French, German and Italian from the Central Administrator, the Custodian Bank or online at [www.chahinecapital.com](http://www.chahinecapital.com). The Fund's prospectus for Switzerland, the Key Investor information's, constitutive documents and annual and semi-annual financial reports can be obtained free of charge from the Fund representative in Switzerland, Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Genève, Suisse, Tel. +41 22 705 11 77, [www.carnegie-fund-services.ch](http://www.carnegie-fund-services.ch). The paying agent in Switzerland is UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zürich. The Fund's centralizing agent in France is RBC Investors Services France. This document is confidential and is intended only for the use of the person to whom it was delivered; it may not be reproduced or distributed. The present document constitutes neither an offer nor a solicitation to subscribe for shares in the funds in any jurisdiction where such an offer or solicitation would not be authorised, or to any person to whom it would be unlawful to make such an offer or invitation. J.Chahine Capital is authorised in Luxembourg and regulated by the CSSF. 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. J.Chahine Capital cannot guarantee that any capital invested will maintain or increase in value.