

Dear Shareholder,

Equity indices posted a positive performance in May on both sides of the Atlantic. The MSCI Europe NR rose by +2.6% and the S&P 500 NR by +0.7% over the month. Since last November, equity markets have risen six out of seven months (with the exception of January).

They are driven by the promise of a strong economic recovery. Moreover, the return of inflation is good news as it helps spread accommodative monetary policies while allowing central bankers to grow their balance sheets. Real GDP in the United States could thus grow by 10% in 2021. Finally, the rotation of styles has taken a legitimate pause for the past two months, but this could be only temporary. Value could resume its ascendancy, favoured by an expanding economy, while Secular Growth (digital economy) should continue to benefit from an economy that is undergoing a profound transformation.

Digital funds posted their seventh consecutive positive month, slightly outperforming their benchmarks in May. However, the first part of the month was difficult. Our digital economy stocks (internet distribution, online gaming and semiconductors) suffered from profit taking due to fears of excessive valuations and the return of inflation. On the other hand, "quality" stocks, not well represented in the portfolio, recovered. The second half of the month was radically different and much more favourable, with a strong rebound in the technology sector (+10% for Digital Stars Europe technology stocks since May 19th), as well as good performances from shipping and cyclical sectors.

The monthly performance of Digital Stars Europe Acc is +2.7%, compared to +2.6% for the MSCI Europe NR. **Digital Stars Europe Ex-UK Acc ended May at +3%** compared to +2.6% for the MSCI Europe ex UK NR. **Digital Stars Eurozone Acc achieved +3.6%** against +2.5% for the MSCI EMU NR.

The rebalancing carried out in May covered all capitalisations. We continue to include cyclical stocks in the industrial, financial and logistics sectors, as well as a few healthcare stocks. We are again selling renewable energy stocks, as well as some internet distributors. Digital Stars Europe remains overweight industrials, technology, consumer discretionary and is becoming overweight financials. The fund is underweight in healthcare, food and utilities, and neutral on commodities. The United Kingdom remains the top weighting at 18.7%, ahead of Sweden 15.8% and Germany 12.4%.

Digital Stars Europe Smaller Companies Acc rose +3.3% in May, outperforming the MSCI Europe Small Cap NR (+2.1%). Despite a difficult start to the month, the technology sector, as well as the industrial and consumer discretionary sectors helped the fund catch up and outperform.

During the last monthly portfolio review, the model reduced holdings in real estate and automotive suppliers, and increased holdings in technology.

The portfolio is still significantly overweight in industrials and underweight in real estate. The United Kingdom (20%), which is still very underweight, remains the fund's leading country, ahead of Germany (17%), which is still clearly overweight.

Digital Stars US Equities Acc USD finished up +1.0% this month, slightly ahead of the S&P 500 NR at +0.7%, and ahead of the Russell 2000 NR at +0.2%. In relative terms, it was the underperformance of our banks, and the absence of energy stocks (the best sector in the market) that hurt most. Conversely, materials, health care and restaurants boosted the fund.

The latest monthly portfolio review strengthened large caps. Technology, media and healthcare were reduced; financials and consumer discretionary were increased.

The portfolio is overweight in consumer discretionary, banks, industrials and materials, and underweight in media, IT and healthcare.

31/05/2021	YTD	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	Since Inception	Inception Date
Digital Stars Europe	19.0%	15.6%	31.4%	-19.5%	23.7%	0.7%	24.7%	3.5%	36.0%	22.7%	-16.0%	32.6%	37.0%	-48.3%	1.8%	786.9%	13/11/1998
MSCI Europe NR	13.4%	-3.3%	26.0%	-10.6%	10.2%	2.6%	8.2%	6.8%	19.8%	17.3%	-8.1%	11.1%	31.6%	-43.6%	2.7%	194.1%	
MSCI Europe Small Cap NR	16.1%	4.6%	31.4%	-15.9%	19.0%	0.9%	23.5%	6.5%	33.4%	27.0%	-17.5%	29.9%	59.5%	-51.9%	-7.5%	663.6%	
Digital Stars Europe Ex-UK	19.8%	20.2%	30.1%	-17.2%	25.0%	5.0%	24.7%	3.6%	37.1%	22.4%	-21.4%	32.3%	36.1%	-42.2%	9.7%	365.4%	30/06/2006
MSCI Europe ex UK NR	12.9%	1.7%	27.1%	-10.9%	11.4%	2.4%	10.7%	6.4%	22.1%	19.4%	-12.4%	8.6%	28.4%	-42.7%	5.2%	117.1%	
MSCI Europe ex UK Small Cap NR	15.5%	11.7%	28.5%	-15.8%	20.3%	5.5%	25.0%	5.9%	33.5%	22.8%	-21.9%	26.6%	55.9%	-50.8%	-2.0%	234.7%	
Digital Stars Eurozone	20.4%	18.3%	30.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	50.3%	01/10/2018
MSCI EMU NR	14.1%	-1.0%	25.5%	n.s.	--	--	--	--	--	--	--	--	--	--	--	23.2%	
MSCI EMU Small Cap NR	17.6%	5.5%	28.2%	n.s.	--	--	--	--	--	--	--	--	--	--	--	32.7%	
Digital Stars Europe Smaller Companies	19.3%	27.3%	29.7%	-21.2%	32.6%	n.s.	--	--	--	--	--	--	--	--	--	107.8%	16/12/2016
MSCI Europe Small Cap NR	16.1%	4.6%	31.4%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	--	62.1%	
Digital Stars US Equities	28.8%	23.8%	28.9%	-13.2%	n.s.	--	--	--	--	--	--	--	--	--	--	84.7%	16/10/2017
S&P 500 NR	12.4%	17.8%	30.7%	-4.9%	n.s.	--	--	--	--	--	--	--	--	--	--	72.4%	
Russell 2000 NR	15.2%	19.5%	25.0%	-11.4%	n.s.	--	--	--	--	--	--	--	--	--	--	56.2%	

Our readers can access the monthly report for each sub fund, by clicking on the link “Monthly Factsheet” above.

Your sales and marketing contact and the portfolio management team can be contacted, should you require more information about Digital Funds or our stock market Outlook.

If you would like to unsubscribe from this monthly report, please email info@chahinecapital.com

Best Regards,

The Asset 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. J.Chahine Capital cannot guarantee that any capital invested will maintain or increase in value.