

Dear Shareholder,

In November, the equity indices kept on rising (S&P 500 NR +3.6%, MSCI Europe NR +2.7%) and have performed remarkably well since the beginning of the year (S&P 500 NR +26.9%, MSCI Europe NR +23.5%). The period of quarterly earnings releases by companies is therefore ending in a good mood, especially as the geopolitical news flow has continued to be sparing investors since the end of August.

In addition, there has been a sudden recovery in Economic Momentum, the first since the second half of 2016. In Europe, our proprietary indicator rose from 28 (out of 100) at the end of October to 45 at the end of November. This could reverse downward revisions in the economy and ultimately have a virtuous impact on companies' earnings prospects.

Will a new phase begin? While since the beginning of the year the rise in equity indices can only be explained by the combined and accommodating action of central banks, a recovery in the economy, however modest, could lead to a further normalisation of valuations in a more peaceful context. Despite a sharp easing since this summer, the risk premium for European equities remains historically very attractive (more than 200 bps above its 20-year average) and could justify the continuation of the equities' rerating.

Digital funds ended November with a sharp rise, outperforming major indices. The stabilisation of long-term rates favoured growth stocks, which are well represented in the portfolio. Our technology stocks posted a monthly performance of +10.9%. The funds benefited from excellent earnings announcements on their stocks (Pets at home, Banca Mediolanum, Softcat, HelloFresh, Bechtle, Diasorin, Falck Renewables...). **Digital Stars Europe Acc's** monthly performance was 4.6%, compared to 2.7% for MSCI Europe NR. **Digital Stars Europe Ex-UK Acc** finished November at 4.2% compared to 2.6% for MSCI Europe ex UK NR. **Digital Stars Eurozone** achieved 4.1% compared to 2.7% for the MSCI EMU NR and has posted +30% since the beginning of the year.

The rebalancings carried out during the month reflect and accompany the change in trend observed since September. Thus, proxy bonds in the Utilities, Beverages and Insurance sectors leave the portfolio, replaced by more cyclical securities with lower valuations. The model thus selected stocks from Air Transportation, Industrials, Financials (Italian companies such as Anima and Banca Mediolanum) and Semiconductors. We are overweight overall in Technology, Consumer Discretionary and Industrials; and underweight in Financials (mainly Banks), Energy and Food. The fund has a growth / non-cyclical profile, but this is mitigated. The weight of British stocks in Digital Stars Europe stabilises at 24.4% and is close to that of the benchmark. Sweden is the second highest weighting with 14.1%. Digital Stars Europe's ex-ante tracking-error is 5.89% against MSCI Europe. The beta ex-ante is 0.96.

Digital Stars Europe Smaller Companies Acc ended November with a strong increase of +6.5%, significantly outperforming the MSCI Europe Small Cap NR which posted a +4.6% return. The stocks of the IT sector, which is strongly represented in the fund, benefited from the behaviour of rates, but it was above all the good newsflow on the fund's healthcare and consumer discretionary stocks that made the difference. On the other hand, energy, which is not well represented in the portfolio, and communication services did not shine this month, even if they remained positive.

The latest portfolio review was directed towards smaller capitalizations. The weights of real estate, industrials and utilities have been reduced, and the weights of IT and financials have increased. The share of British stocks has been reduced, unlike that of Italian stocks. The portfolio remains overweight in IT, healthcare and utilities, and underweight in industrials, financials and consumer staples. The United Kingdom is still underweight, but remains the largest geographical weight in the portfolio, ahead of Sweden and Italy.

Digital Stars US Equities Acc USD ended November up +4.1%, compared to +3.6% for the S&P 500 NR and +4.1% for the Russell 2000 NR. The fund posted a YTD performance of +28.3%. Performance was driven by the IT and Consumer Discretionary sectors, which benefited from surprisingly positive earnings publications (WW International, Digital Turbine Inc.,...). During the last portfolio review, the model strengthened industrial stocks linked to the Housing & Construction sector and somewhat reduced the weight of financial services.

The portfolio remains overweight in consumer discretionary and industry and underweight in communication services.

29/11/2019	YTD	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	Since Inception	Inception Date
Digital Stars Europe	27.6%	-19.5%	23.7%	0.7%	24.7%	3.5%	36.0%	22.7%	-16.0%	32.6%	37.0%	-48.3%	1.8%	36.6%	41.5%	526.1%	13/11/1998
MSCI Europe NR	23.5%	-10.6%	10.2%	2.6%	8.2%	6.8%	19.8%	17.3%	-8.1%	11.1%	31.6%	-43.6%	2.7%	19.6%	26.1%	162.8%	Monthly Factsheet
MSCI Europe Small Cap NR	26.1%	-15.9%	19.0%	0.9%	23.5%	6.5%	33.4%	27.0%	-17.5%	29.9%	59.5%	-51.9%	-7.5%	29.9%	37.0%	503.4%	
Digital Stars Europe Ex-UK	27.1%	-17.2%	25.0%	5.0%	24.7%	3.6%	37.1%	22.4%	-21.4%	32.3%	36.1%	-42.2%	9.7%	n.s.	--	216.0%	30/06/2006
MSCI Europe ex UK NR	25.1%	-10.9%	11.4%	2.4%	10.7%	6.4%	22.1%	19.4%	-12.4%	8.6%	28.4%	-42.7%	5.2%	n.s.	--	86.0%	Monthly Factsheet
MSCI Europe ex UK Small Cap NR	24.4%	-15.8%	20.3%	5.5%	25.0%	5.9%	33.5%	22.8%	-21.9%	26.6%	55.9%	-50.8%	-2.0%	n.s.	--	151.0%	
Digital Stars Eurozone	30.0%	n.s.	--	--	--	--	--	--	--	--	--	--	--	--	--	5.1%	01/10/2018
MSCI EMU NR	24.1%	n.s.	--	--	--	--	--	--	--	--	--	--	--	--	--	7.9%	Monthly Factsheet
MSCI EMU Small Cap NR	25.4%	n.s.	--	--	--	--	--	--	--	--	--	--	--	--	--	4.7%	
Digital Stars Europe Smaller Companies	25.6%	-21.2%	32.6%	n.s.	--	--	--	--	--	--	--	--	--	--	--	32.5%	16/12/2016
MSCI Europe Small Cap NR	26.1%	-15.9%	19.0%	n.s.	--	--	--	--	--	--	--	--	--	--	--	28.1%	Monthly Factsheet
Digital Stars US Equities	28.3%	-13.2%	n.s.	--	--	--	--	--	--	--	--	--	--	--	--	15.2%	16/10/2017
S&P 500 NR	26.9%	-4.9%	n.s.	--	--	--	--	--	--	--	--	--	--	--	--	26.5%	Monthly Factsheet
Russell 2000 NR	21.6%	-11.4%	n.s.	--	--	--	--	--	--	--	--	--	--	--	--	10.3%	

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