

## 1. Introduction

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We have decided at a corporate-level to exclude certain sectors and practices from our entire range of long-only funds.

Thus, we exclude, according to norm-based criteria:

- Companies that manufacture or distribute anti-personnel mines from all of our portfolios according to the Ottawa Treaty (enforced in 1999);
- Companies that manufacture or distribute cluster munitions from all of our portfolios in accordance with the Convention on Cluster Munitions (enforced in 2010);
- Companies that do not comply with fundamental ethical standards (UN Global Compact), such as violation of individual rights, non-respect of human rights, major environmental damage, etc;
- Companies domiciled in controversial “Call to Action” jurisdictions (e.g. Iran and North Korea) identified by the Financial Action Task Force.

We do not invest in companies breaching fundamental ethical standards (violation of individual rights, non-respect of human rights, severe environmental damage, etc.), including companies whose operations or suppliers violate the 10 principles of the UNGC (United Nations Global Compact). We rely on the exclusion list established by Norges Bank, on RepRisk’s UNGC Violator Flag and Factset.

### **Weapons sector**

We also have banned investment in companies active in the production, sales and distribution of non-conventional weapons such as cluster bombs, anti-personnel mines and nuclear weapons (“Don’t bank on the bomb”). If production, sale or distribution of conventional weapons (war material usually considered less controversial) represents more than 5% of revenues, we do not invest in the company.

### **Energy sector**

Chahine Capital has also decided not to invest in companies whose income from coal mining activities (thermal coal, metallurgical coal, and coke) exceeds 10% of their total revenue. Companies whose coal-fired electricity generation represents more than 10% of turnover (or the production capacity exceeds 10,000 MW) or production, sale or distribution of nuclear-based power generation exceeds 5% of turnover are excluded. This includes uranium extraction, uranium concentration, refining, conversion and enrichment, the production of nuclear fuel structures, construction and use of nuclear reactors. It also includes treatment of spent nuclear fuel, nuclear decommissioning and radioactive waste management.

Moreover, in energy sector, if the sum of activities related to unconventional oil and gas, such as oil sands extraction, shale oil, shale gas and Arctic drilling represents more than 5% of revenues.

### **Tobacco sector**

In addition, companies involved in traditional or related tobacco (such as tobacco e-cigarettes, new generation tobacco/nicotine products) production, tobacco sale or distribution for more than 5% of their turnover are excluded.

### **Biodiversity sector**

Companies whose production of pesticides, palm oil or genetically modified organisms (GMOs) represents more than 5% of their total revenue are also excluded.

### **Other sectors**

Companies with income from activities related to the following sectors are excluded:

- Gambling exceeding 5% of sales
- Alcohol representing more than 20% of the turnover
- Non-medicinal drugs exceeding 5% of the turnover
- Adult entertainment (pornography) representing more than 5% of turnover

We have supplemented our existing daily-risk policy with a component related to ESG controversies. Indeed, business conduct risks related to human rights, labour, environment and corruption can result in risks to company reputation and

profits, and therefore in a risk borne by the final investor. Thus, we exclude companies with a high level of controversy (levels defined in our ESG Risk Control procedure, available on demand). We use the external RepRisk database for this purpose.

Finally, we have set up an SRI policy and signed the United Nations Principles for Responsible Investment (UNPRI).

## 2. Glossary

**RepRisk Index (RRI):** A quantitative measure that dynamically captures a company's or project'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

**RepRisk Rating (RRR):** A letter rating that facilitates corporate benchmarking against a peer group and the sector, as well as integration of ESG and business conduct risks into business processes. The Rating provides decision support in risk management, compliance, investment management, and supplier risk assessment.

The RepRisk Rating ranges from AAA to D:

- AAA, AA, A denotes low ESG risk exposure
- BBB, BB, B denotes moderate ESG risk exposure
- CCC, CC, C denotes high ESG risk exposure
- D denotes very high ESG risk exposure

**UN Global Compact Violator Flag:** Allows to easily identify companies that have a high risk or potential risk of violating one or more of the ten UNGC Principles. With the Flag, it is possible to see if the UNGC violations are primarily linked to the operations or to the supply chain of a company.

## 3. Digital Stars Europe

### EXCLUDED COMPANIES

17 Stocks have been excluded or not integrated during Q3 2021 in a portfolio composed of 174 Stocks.

Excluded companies in Digital Stars Europe in Q3 2021 were principally gambling (due to lowering of gambling exclusion criteria in our portfolio to 5% of the company's turnover), conventional weapons (companies with military contracts), industrials, and energy (ethical rule violations and holding uranium).

Date	Fund	Stock	ISIN	Exclusion Criteria	Remark
05/07/2021	Digital Stars Europe	Wartsila oyj	FI0009003727	Supplier of engines and GPS display for the military marine of several	Sold from the portfolio
09/07/2021	Digital Stars Europe	Catena Media plc	MT0001000109	Gambling	Not integrated NN Momentum and Earnings Momentum
27/07/2021	Digital Stars Europe	Deutsche Post AG	DE0005552004	RRI 44>40 tax fraud and workers' exploitation	Sold from portfolio
10/08/2021	Digital Stars Europe	Betsson	SE0015672282	Gambling	Not integrated Earnings Momentum
10/08/2021	Digital Stars Europe	Catena Media plc	MT0001000109	Gambling	Not integrated NN Momentum
10/08/2021	Digital Stars Europe	De Longhi	IT0003115950	RRI 44>40 Potentiation Fire Hazard for dehumidifiers	Sold from Portfolio
31/08/2021	Digital Stars Europe	DWS Group GmbH & Co. KGaA	DE000DWS1007	Governance 31>30 Exaggeration of assets evaluated as part of ESG	Sold from Portfolio
31/08/2021	Digital Stars Europe	Laboratorios Farmaceuticos Rovis, S	ES0157261019	Social 36>30 Contamination of Moderna's COVID-19 vaccine produced	Sold from Portfolio
09/09/2021	Digital Stars Europe	Kindred Group plc Shs Swedish Depo	SE0007871645	Gambling	Sold from Portfolio
09/09/2021	Digital Stars Europe	Evolution AB	SE0012673267	Gambling	Sold from Portfolio
14/09/2021	Digital Stars Europe	Betsson	SE0015672282	Gambling	Not integrated Earnings Momentum
16/09/2021	Digital Stars Europe	OMV AG	AT0000743059	UNGC Flag, potential violator Operations (Environment oil spills and	Sold from Portfolio
23/09/2021	Digital Stars Europe	Metsa Board Oyj	FI0009000665	Governance 32>30 Reduced working hours of seniors employees	Sold from portfolio
24/09/2021	Digital Stars Europe	HelloFresh SE	DE000A161408	RepRisk Social 32>30 Safety Issue and low pay	Sold from portfolio
28/09/2021	Digital Stars Europe	Yellow Cake	JE008F50RG45	Purchase and hold Uranium Oxide	Not integrated
28/09/2021	Digital Stars Europe	Dassault Systemes SA	FR0014003T78	Military contracts 7.5%>5%	Not integrated Price momentum
28/09/2021	Digital Stars Europe	FLEX LNG Ltd	BMG359472021	Bermuda (Tax heaven) based company	Not integrated Price momentum

The detailed stock exclusion reports are available on demand.

**ESG REPUTATIONAL RISK** (Weighted average based on RepRisk Index, as of 30/09/2021)

**Digital Stars Europe: 8 / 100**

MSCI Europe: 29 / 100

Digital Stars Europe exhibits a weighted average ESG Reputational Risk 72% below that of its benchmark (MSCI Europe).

**2-YEAR PEAK ESG REPUTATIONAL RISK** (Weighted average based on the 2-Year Peak RepRisk Index, as of 30/09/2021)

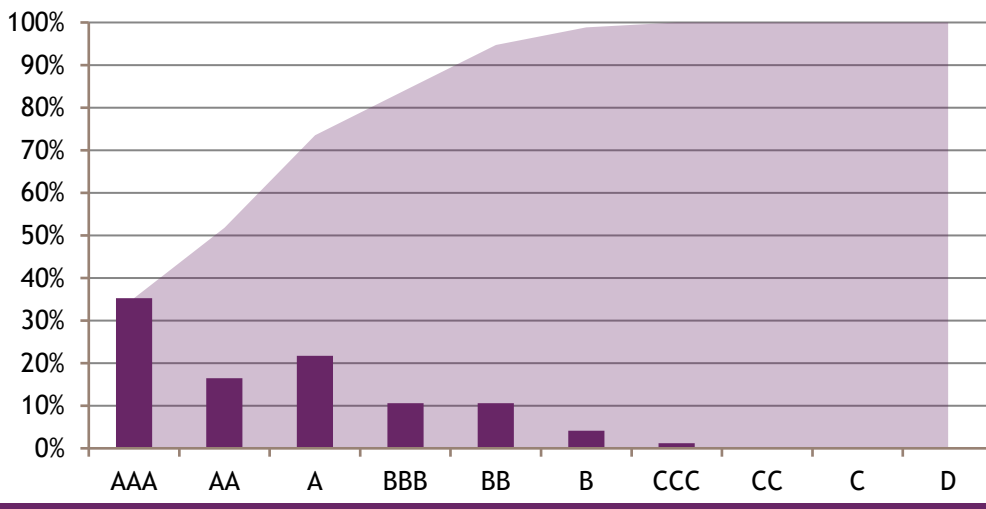
**Digital Stars Europe: 16 / 100**

MSCI Europe: 40 / 100

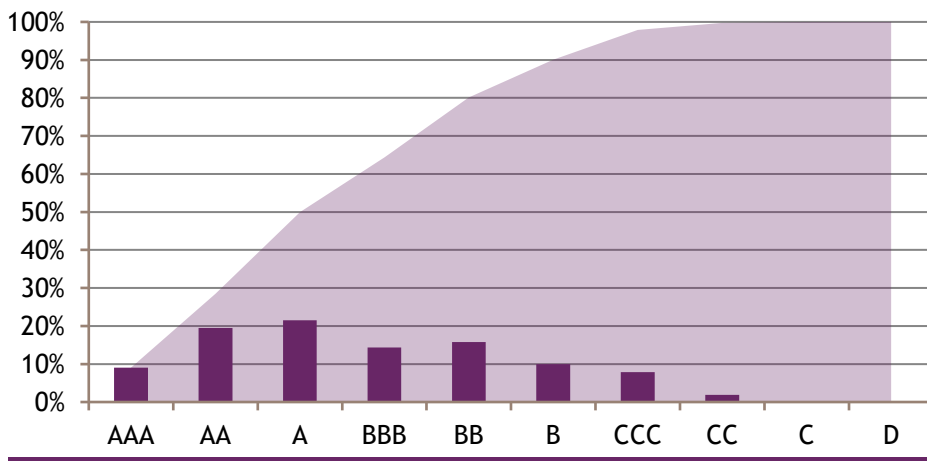
Digital Stars Europe exhibits a weighted average 2-year Peak ESG Reputational Risk 60% below that of its benchmark (MSCI Europe).

**ESG REPRISK RATING**

**Digital Stars Europe**



**MSCI Europe**



73.5% of the fund stocks have an ESG RepRisk Rating AAA, AA, A, vs. 50% for the benchmark.

#### 4. Digital Stars Europe Ex-UK

##### EXCLUDED COMPANIES

16 Stocks have been excluded or not integrated during Q3 2021 in a portfolio composed of 163 Stocks.

Excluded companies in Digital Stars Europe Ex-UK in Q3 2021 were principally gambling (due to lowering of gambling exclusion criteria in our portfolio to 5% of the company's turnover), conventional weapons (companies with military contracts), industrials and energy (ethical rule violations and holding uranium).

Date	Fund	Stock	ISIN	Exclusion Criteria	Remark
05/07/2021	Digital Stars Europe ex UK	Wartsila oyj	FI0009003727	Supplier of engines and GPS display for the military marine in several countries	Sold from the portfolio
12/07/2021	Digital Stars Europe ex UK	Catena Media plc	MT0001000109	Gambling	Not integrated NN Momentum and Earnings Momentum
12/07/2021	Digital Stars Europe ex UK	Flex LNG	BMG359472021	Bermuda (Fiscal paradise) based company	Not integrated NN Momentum
28/07/2021	Digital Stars Europe ex UK	Deutsche Post AG	DE0005552004	RRI 44>40 tax fraud and workers' exploitation	Sold from portfolio
12/08/2021	Digital Stars Europe ex UK	Betsson	SE0015672282	Gambling limited at max 5% of the portfolio	Not integrated Earnings Momentum
12/08/2021	Digital Stars Europe ex UK	Catena Media plc	MT0001000109	Gambling limited at max 5% of the portfolio	Not integrated NN Momentum
12/08/2021	Digital Stars Europe ex UK	De Longhi	IT0003115950	RRI 44>40 Potentiation Fire Hazard for dehumidifiers	Sold from Portfolio
30/08/2021	Digital Stars Europe ex UK	DWS Group GmbH & Co. KGaA	DE000DWS1007	Governance 31>30 Exaggeration of assets evaluated as part of ESG	Sold from Portfolio
30/08/2021	Digital Stars Europe ex UK	Laboratorios Farmaceuticos Rovi, S	ES0157261019	Social 36>30 Contamination of Moderna's COVID-19 vaccine produced	Sold from Portfolio
09/09/2021	Digital Stars Europe ex UK	Kindred Group plc Shs Swedish Depos	SE0007871645	Gambling	Sold from Portfolio
09/09/2021	Digital Stars Europe ex UK	Evolution AB	SE0012673267	Gambling	Sold from Portfolio
13/09/2021	Digital Stars Europe ex UK	Betsson	SE0015672282	Gambling	Not integrated Earnings Momentum
16/09/2021	Digital Stars Europe ex UK	OMV AG	AT0000743059	UNGC Flag, potential violator Operations (Environment oil spills and	Sold from Portfolio
23/09/2021	Digital Stars Europe Ex UK	Metsa Board Oyj	FI0009000665	Governance 32>30 Reduced working hours of seniors employees	Sold from portfolio
27/09/2021	Digital Stars Europe Ex UK	Dassault Systemes SA	FR0014003TT8	Military contracts 7.5%>5%	Not integrated Price momentum
27/09/2021	Digital Stars Europe Ex UK	FLEX LNG Ltd	BMG359472021	Bermuda (Tax heaven) based company	Not integrated Price momentum

The detailed stock exclusion reports are available on demand.

##### ESG REPUTATIONAL RISK (Weighted average based on RepRisk Index, as of 30/09/2021)

**Digital Stars Europe Ex-UK: 8 / 100**

MSCI Europe Ex-UK: 27 / 100

Digital Stars Europe Ex-UK exhibits a weighted average ESG Reputational Risk 70% below that of its benchmark (MSCI Europe ex UK).

##### 2-YEAR PEAK ESG REPUTATIONAL RISK (Weighted average based on the 2-Year Peak RepRisk Index, as of 30/09/2021)

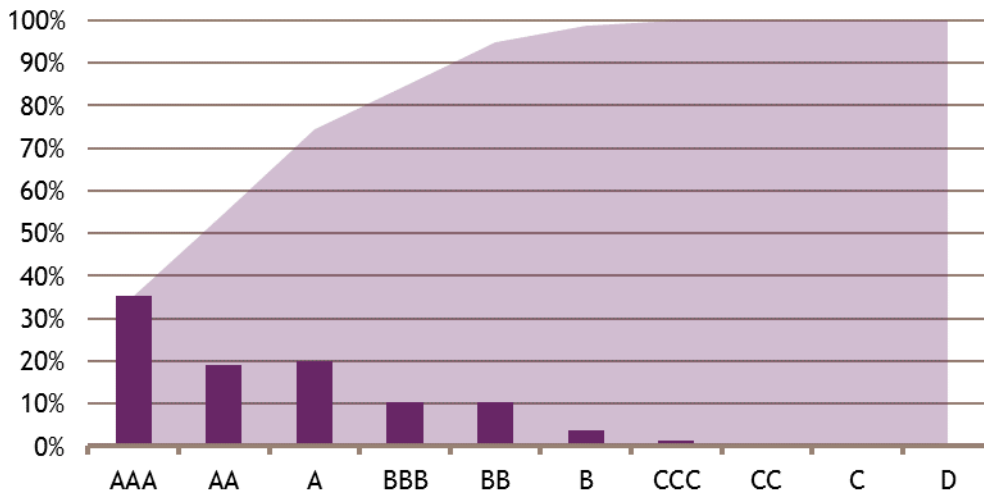
**Digital Stars Europe Ex-UK: 16 / 100**

MSCI Europe Ex-UK: 39 / 100

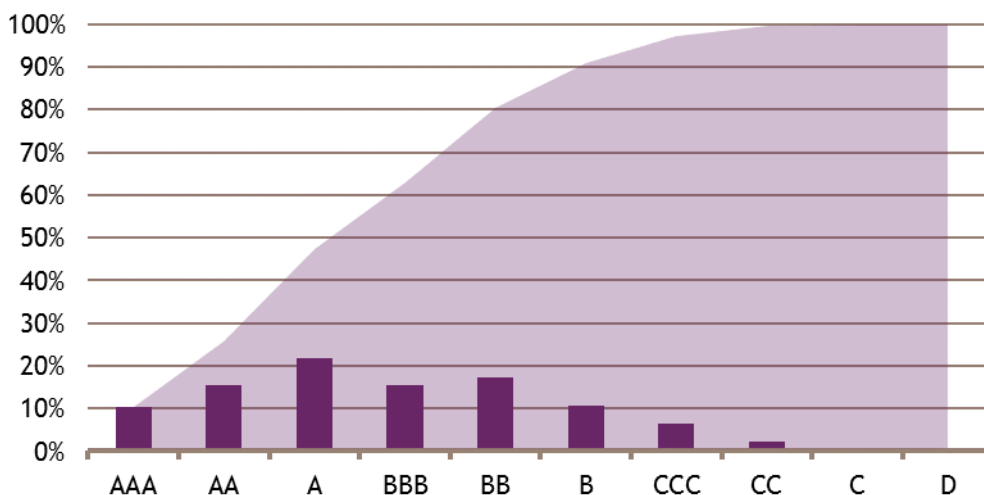
Digital Stars Europe Ex-UK exhibits a weighted average 2-year Peak ESG Reputational Risk 59% below that of its benchmark (MSCI Europe ex UK).

## ESG REPRISK RATING

### Digital Stars Europe Ex-UK



### MSCI Europe Ex-UK



74% of the fund stocks have an ESG RepRisk Rating AAA, AA, A, vs. 47% for the benchmark.

## 5. Digital Stars Europe Smaller Companies

### EXCLUDED COMPANIES

1 Stock has been excluded or not integrated during Q3 2021 in a portfolio composed of 90 Stocks. This Stock is in health sector (exceeding social threshold due to contamination of Moderna's Covid-19 vaccine).

Date	Fund	Stock	ISIN	Exclusion Criteria	Remark
31/08/2021	Digital Stars Europe Smaller Companies	Laboratorios Farmaceuticos Rovi, S	ES0157261019	Social 36>30 Contamination of Moderna's COVID-19 vaccine produced by Rovi	Sold from Portfolio

### ESG REPUTATIONAL RISK (Weighted average based on RepRisk Index, as of 30/09/2021)

Digital Stars Europe Smaller Companies: 2 / 100

MSCI Europe Small Cap: 7 / 100

Digital Stars Europe Smaller Companies exhibits a weighted average ESG Reputational Risk 71% below that of its benchmark (MSCI Europe Small Cap).

**2-YEAR PEAK ESG REPUTATIONAL RISK** (Weighted average based on the 2-Year Peak RepRisk Index, as of 30/09/2021)

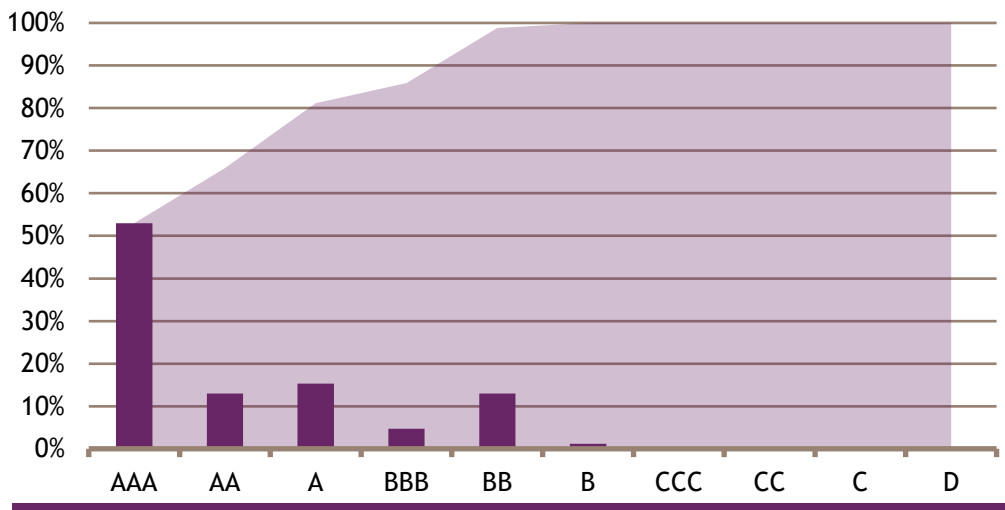
**Digital Stars Europe Smaller Companies: 8 / 100**

MSCI Europe Small Cap: 15 / 100

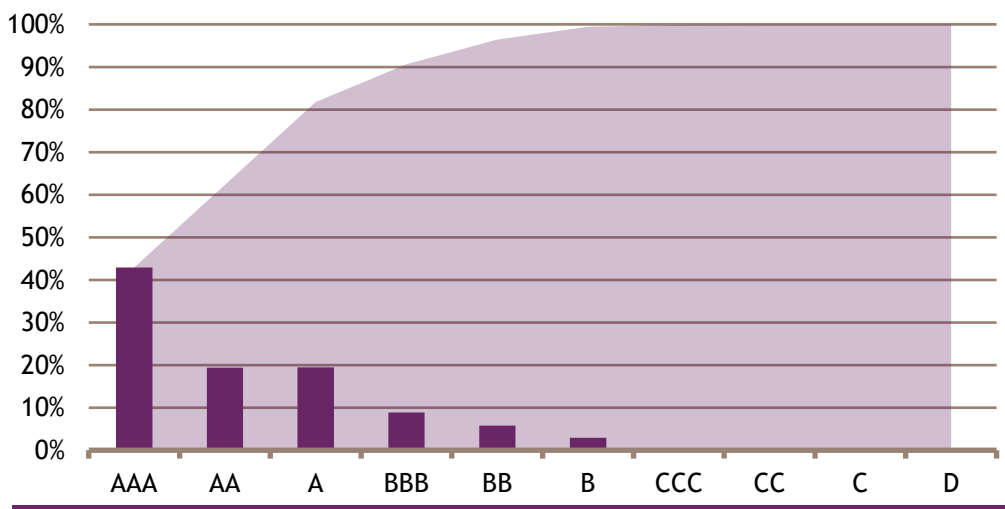
Digital Stars Europe Smaller Companies exhibits a weighted average 2-year Peak ESG Reputational Risk 47% below that of its benchmark (MSCI Europe Small Cap).

### ESG REPRISK RATING

#### Digital Stars Europe Smaller Companies



#### MSCI Europe Small Cap



81% of the fund stocks have an ESG RepRisk Rating AAA, AA, A, vs 82% for the benchmark.

## 6. Digital Stars US Equities

### EXCLUDED COMPANIES

3 Stocks have been excluded during Q3 2021 in a portfolio composed of 71 Stocks.

Excluded companies in Digital Stars US Equities in Q3 2021 were from gambling (due to lowering of gambling exclusion criteria in our portfolio to 5% of the company's turnover) and healthcare (fraud).

Date	Fund	Stock	ISIN	Exclusion Criteria	Remark
12/07/2021	Digital Stars US Equities	Select Medical Holdings Corp	US81619Q1058	RRI(G) 40 > 30: \$8.4M fine to settle accusation of submitting false claims to Medicare for unskilled or unnecessary therapy services	Sold from portfolio
31/08/2021	Digital Stars US Equities	Golden Entertainment, Inc.	US3810131017	Gambling	Not integrated
27/09/2021	Digital Stars US Equities	Golden Entertainment, Inc.	US3810131017	Gambling	Not integrated

The detailed stock exclusion reports are available on demand.

### ESG REPUTATIONAL RISK (Weighted average based on RepRisk Index, as of 30/09/2021)

**Digital Stars US Equities: 4 / 100**

S&P 500: 32 / 100

Digital Stars US Equities exhibits a weighted average ESG Reputational Risk 88% below that of its benchmark (S&P 500).

### 2-YEAR PEAK ESG REPUTATIONAL RISK (Weighted average based on the 2-Year Peak RepRisk Index, as of 30/09/2021)

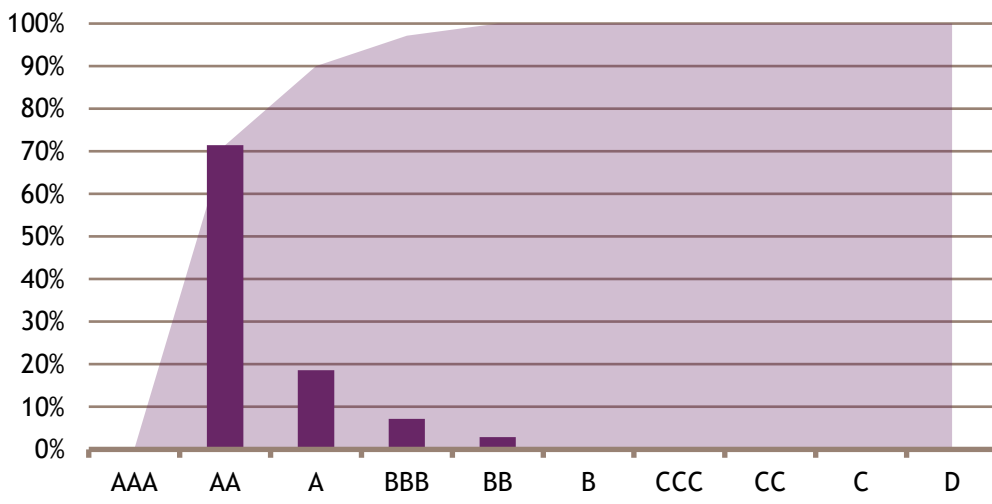
**Digital Stars US Equities: 12 / 100**

S&P 500: 44 / 100

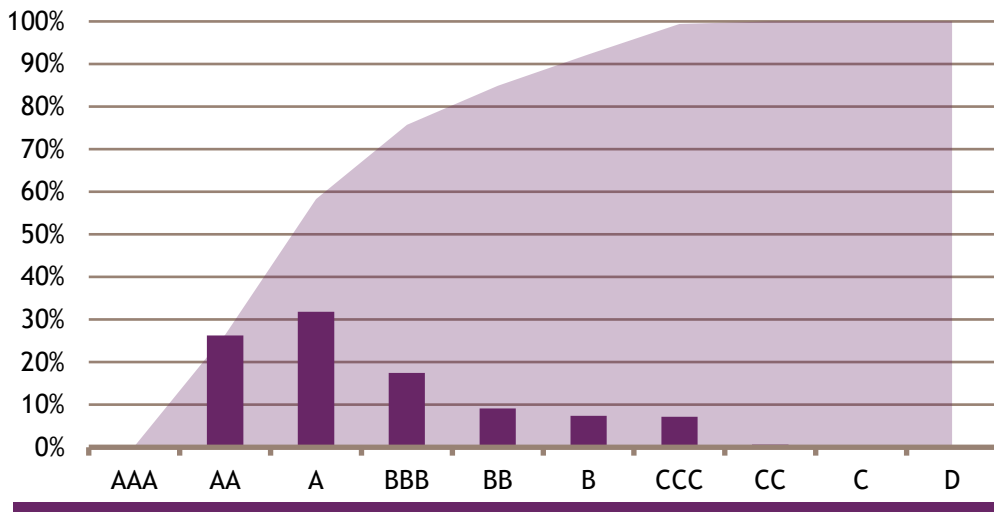
Digital Stars US Equities exhibits a weighted average 2-year Peak ESG Reputational Risk 73% below that of its benchmark (S&P 500).

### ESG REPRISK RATING

#### Digital Stars US Equities



**S&P 500**



90% of the fund stocks have an ESG RepRisk Rating AAA, AA, A, vs 58% for the benchmark.