

# How fast are Digital Stars models adapting to the new direction of the market

June 23rd 2022

This is a marketing communication  
For professional investors only



**CHAHINE CAPITAL**  
PERFORMANCE ENGINEERING

# Innovation for more than 20 years

- Independent investment manager based in Luxembourg, Paris and Frankfurt
- Pioneer in quantitative “Momentum” strategies applied to equities (launch of the Digital Funds SICAV in 1998)
- 20 employees
- A seasoned and stable team of PMs and Researchers, composed of scientific engineers
- EUR 1.5 bn of assets under management as of 31/05/2022
- UCITS format



**23**

Years of track record



**20**

employees



**1.5 bn**

of assets under management  
as of 31/05/2022

# A seasoned and stable investment team



**Julien Bernier**

**Chief Investment Officer  
Lead Portfolio Manager**

Julien joined Chahine Capital in 2001 and has more than 20 years of experience in portfolio management.

He is a graduate of Centrale Nantes and holds a MBA from IAE – Paris.



**Aymar de Léotoing**

**Portfolio Manager  
Quantitative Research**

Aymar joined Chahine Capital in 2016. He has more than 20 years of experience and has developed a strong experience within FactSet and Amundi as a quantitative analyst.

He is a graduate of ESTP Paris and Certificate in Quantitative Finance (CQF) holder.



**Stéphane Levy**

**Strategist,  
Head of innovation**

Stéphane joined Chahine Capital in 2018. With more than 20 years of experience, he has been CIO at Geneva Partners SA and Director at Montpensier Finance.

He is a graduate of ESSEC Business School and ENSEEIHT.



**Alexandre Morlot**

**Portfolio Manager  
Quantitative Research**

Alexandre joined Chahine Capital in 2018.

He is a graduate of École des Mines de Saint-Étienne.



**Rayan Ben Redjeb**

**Quantitative Researcher**

Rayan joined Chahine Capital in 2020.

He is a graduate of ENSTA Paris and Ecole Polytechnique.



**Coumba-Gallo Touré**

**ESG Analyst,  
Assistant Portfolio Manager**

Coumba-Gallo joined Chahine Capital in 2021 after completing her studies.

She is a graduate of the Institut Mines-Télécom Business School.

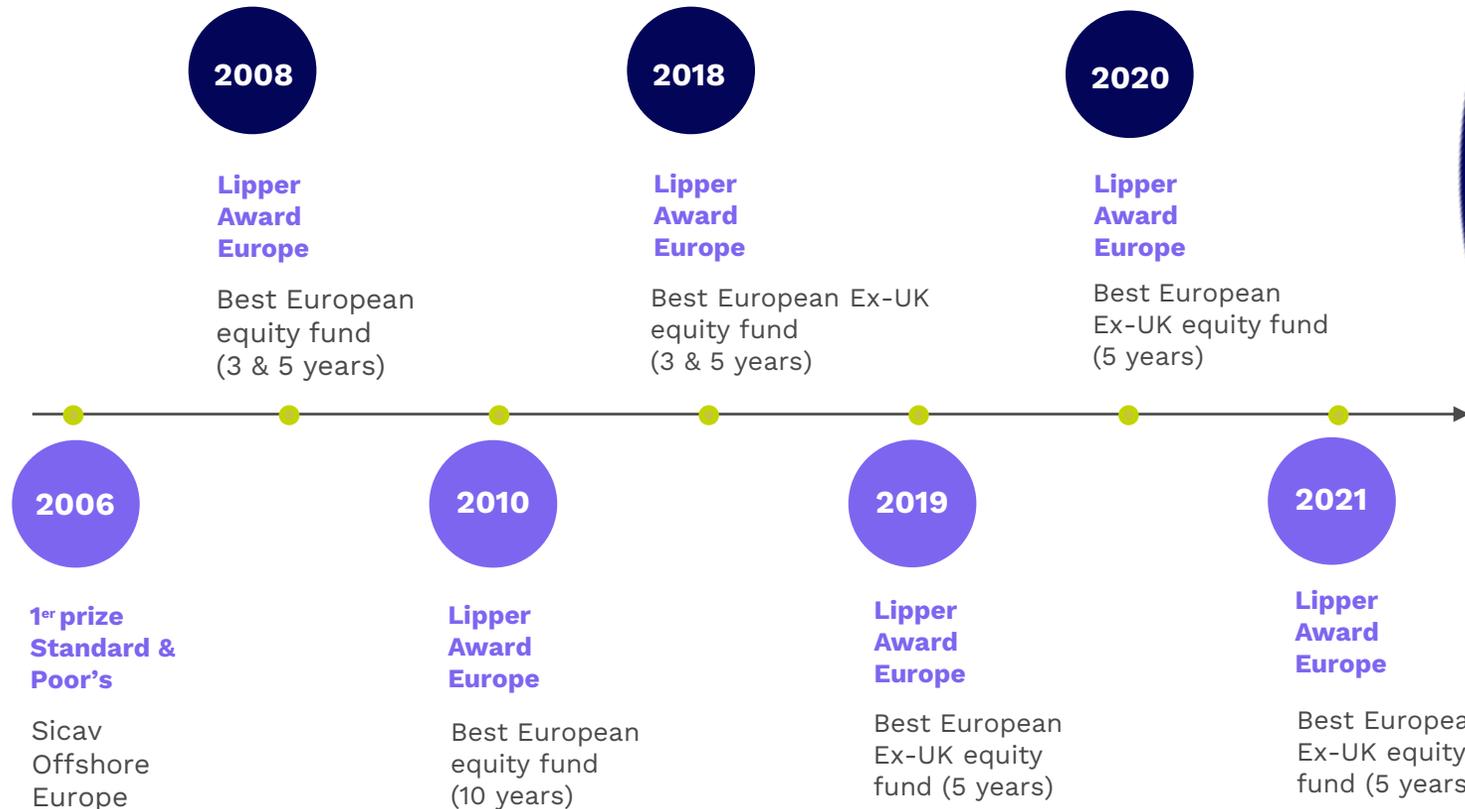
# Digital Stars Fund range

		DIGITAL STARS EUROPE	DIGITAL STARS EUROPE EX-UK	DIGITAL STARS EUROPE SMALLER COMPANIES	DIGITAL STARS US EQUITIES	DIGITAL STARS EUROZONE	DIGITAL MARKET NEUTRAL EUROPE
ASSET CLASS		LONG-ONLY EQUITY					EQUITY MARKET NEUTRAL
METHODOLOGY		DIGITAL STARS (QUANTITATIVE MOMENTUM PROPRIETARY MODEL)					DIGITAL TOP-DOWN, DIGITAL MULTISMART, DIGITAL STARS
INVESTMENT UNIVERSE	LARGE CAPS	◆	◆		◆	◆	◆
	MID CAPS	◆	◆	◆	◆	◆	◆
	SMALL CAPS	◆	◆	◆	◆	◆	
	GEOGRAPHY	EUROPE	CONTINENTAL EUROPE	EUROPE	USA	EUROZONE	EUROPE
AUM		EUR 870 m	EUR 520 m	EUR 10 m	USD 17 m	EUR 9 m	EUR 15 m
INCEPTION		NOVEMBER 13th, 1998	JUNE 30th, 2006	DECEMBER 16th, 2016	OCTOBER 16th, 2017	OCTOBER 1st, 2018	JANUARY 27th, 2020

Data as of 31/05/2022

Funds registered for sale in France, Luxembourg, Switzerland, Belgium, the Netherlands, Italy, Sweden, Germany, Spain, Austria and the United Kingdom.  
Please go to [www.chahinecapital.com](http://www.chahinecapital.com) in order to check which share classes are registered in each of the above countries.

# An Award-winning strategy



## Lipper Awards 2022

### Best Group over 3 years

in Europe, Austria, Germany, Switzerland and the UK in the Equity Small Company category

#### Digital Stars Europe Ex-UK

Best Fund over 10 Years in Europe, France, Austria, Germany, Switzerland and the United Kingdom, in the Equity Europe ex UK category.

#### Digital Stars Europe Smaller Companies

Best Fund over 3 years in the UK in the Equity Europe Small&Mid Cap category.

#### Digital Stars Eurozone

Best fund over 3 years in the UK in the Equity EuroZone category.

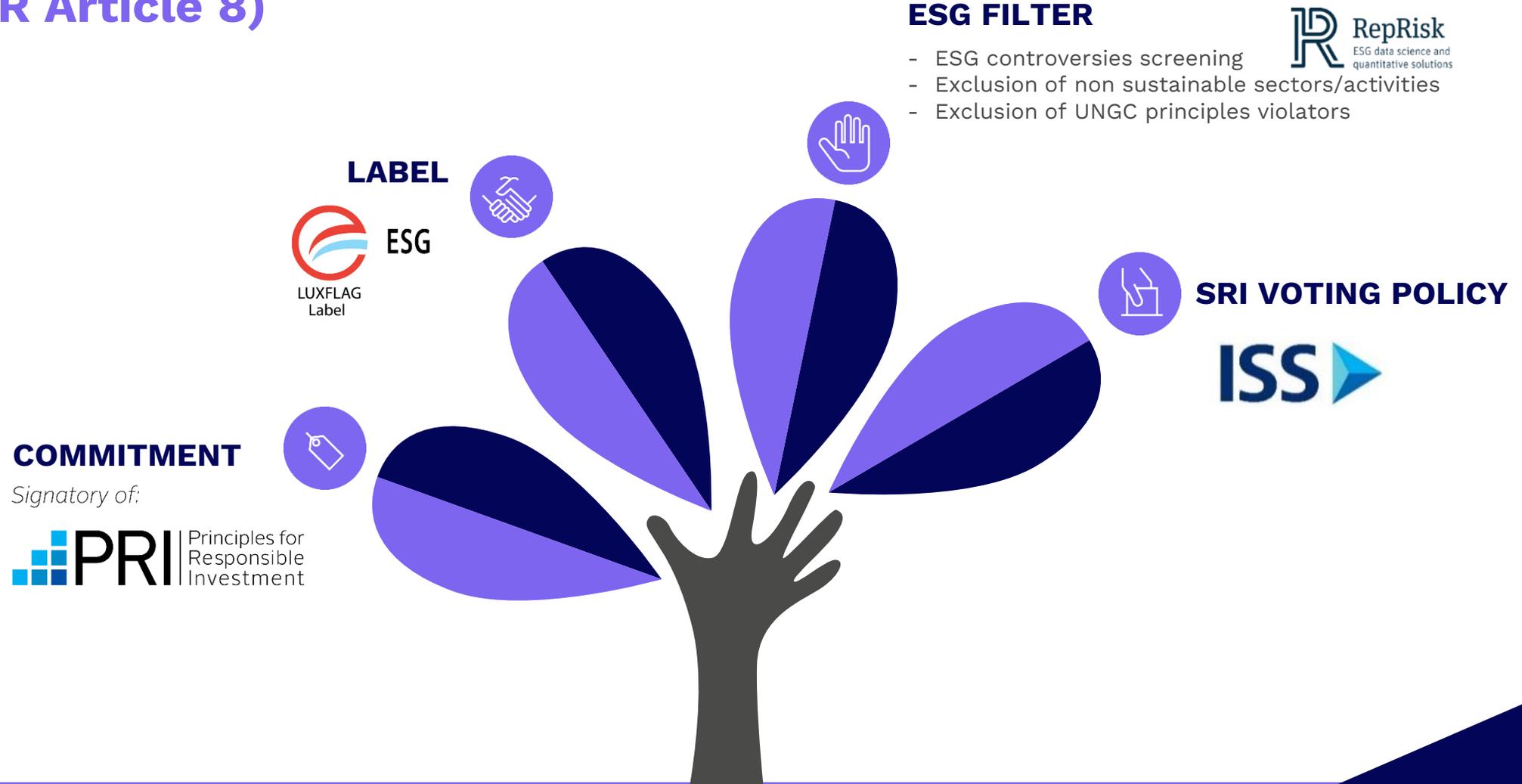
# Net Performances as of 02/06/2022 (retail share class)

	Digital Stars Europe NAV Acc	MSCI Europe NR	Excess return	Digital Stars Europe Ex-UK NAV Acc	MSCI Europe ex UK NR	Excess return	Digital Stars Eurozone NAV Acc	MSCI EMU NR	Excess return	Digital Stars Europe Smaller Companies NAV Acc	MSCI Europe Small Cap NR	Excess return	Digital Stars US Equities NAV Acc USD	MSCI USA NR	Excess return
YTD	-17.9%	-7.0%	-10.9%	-16.6%	-10.2%	-6.4%	-16.3%	-10.4%	-5.9%	-16.2%	-13.4%	-2.8%	-21.8%	-13.1%	-8.8%
2021	+30.7%	+25.1%	+5.5%	+33.9%	+24.4%	+9.4%	+32.0%	+22.2%	+9.9%	+33.6%	+23.8%	+9.8%	+37.9%	+26.5%	+11.4%
2020	+15.6%	-3.3%	+19.0%	+20.2%	+1.7%	+18.4%	+18.3%	-1.0%	+19.3%	+27.3%	+4.6%	+22.7%	+23.8%	+20.7%	+3.1%
2019	+31.4%	+26.0%	+5.3%	+30.1%	+27.1%	+3.0%	+30.5%	+25.5%	+5.0%	+29.7%	+31.4%	-1.8%	+28.9%	+30.9%	-1.9%
2018	-19.5%	-10.6%	-8.9%	-17.2%	-10.9%	-6.4%				-21.2%	-15.9%	-5.3%	-13.2%	-5.0%	-8.1%
2017	+23.7%	+10.2%	+13.5%	+25.0%	+11.4%	+13.6%				+32.6%	+19.0%	+13.6%			
2016	+0.7%	+2.6%	-1.9%	+5.0%	+2.4%	+2.5%									
2015	+24.7%	+8.2%	+16.5%	+24.7%	+10.7%	+14.0%									
2014	+3.5%	+6.8%	-3.3%	+3.6%	+6.4%	-2.8%									
2013	+36.0%	+19.8%	+16.2%	+37.1%	+22.1%	+15.0%									
2012	+22.7%	+17.3%	+5.4%	+22.4%	+19.4%	+3.0%									
2011	-16.0%	-8.1%	-7.9%	-21.4%	-12.4%	-9.0%									
2010	+32.6%	+11.1%	+21.5%	+32.3%	+8.6%	+23.7%									
2009	+37.0%	+31.6%	+5.4%	+36.1%	+28.4%	+7.6%									
2008	-48.3%	-43.6%	-4.6%	-42.2%	-42.7%	+0.6%									
2007	+1.8%	+2.7%	-0.8%	+9.7%	+5.2%	+4.5%									
2006	+36.6%	+19.6%	+17.0%												
2005	+41.5%	+26.1%	+15.4%												
2004	+18.7%	+12.2%	+6.6%												
2003	+29.0%	+15.3%	+13.7%												
2002	-18.8%	-30.7%	+12.0%												
2001	-11.0%	-15.5%	+4.5%												
2000	+0.0%	-2.2%	+2.2%												
1999	+25.8%	+35.8%	-10.0%												
Cumulative	+699.9%	+201.7%	+498.2%	+333.8%	+114.8%	+218.9%	+38.0%	+18.2%	+19.7%	+95.2%	+49.8%	+45.4%	+54.5%	+72.9%	-18.4%
Annualised	+9.2%	+4.8%	+4.4%	+9.6%	+4.9%	+4.7%	+9.2%	+4.7%	+4.5%	+13.0%	+7.7%	+5.3%	+9.8%	+12.5%	-2.7%
Inception Date	13/11/1998			30/06/2006			01/10/2018			16/12/2016			16/10/2017		

Performances as of 02/06/2022

Past performance is not indicative of future returns.  
Source: FactSet

# A responsible investment approach (SFDR Article 8)



The LuxFLAG ESG label for the Digital Stars Europe, Digital Stars Europe Ex-UK, Digital Stars Europe Smaller Companies and Digital Stars US Equities fund is valid until 31 December 2022.

7 | For professional investors only

# Digital Stars investment strategy



# Investment Philosophy

- **Active long-only strategy** within the All-Cap European Equity universe
- Aims at identifying **‘Star\*’** companies which have the ability to significantly outperform small, mid and large cap benchmarks
- **Aim to outperform** the small, mid and large cap benchmarks
- **Momentum** Strategies implemented through proprietary quantitative models
- **Inflection points smoothing tools:** profit taking in case of exuberant outperformance or when best and worst performers strongly de-correlate
- Focus on portfolio **diversification** and **liquidity**

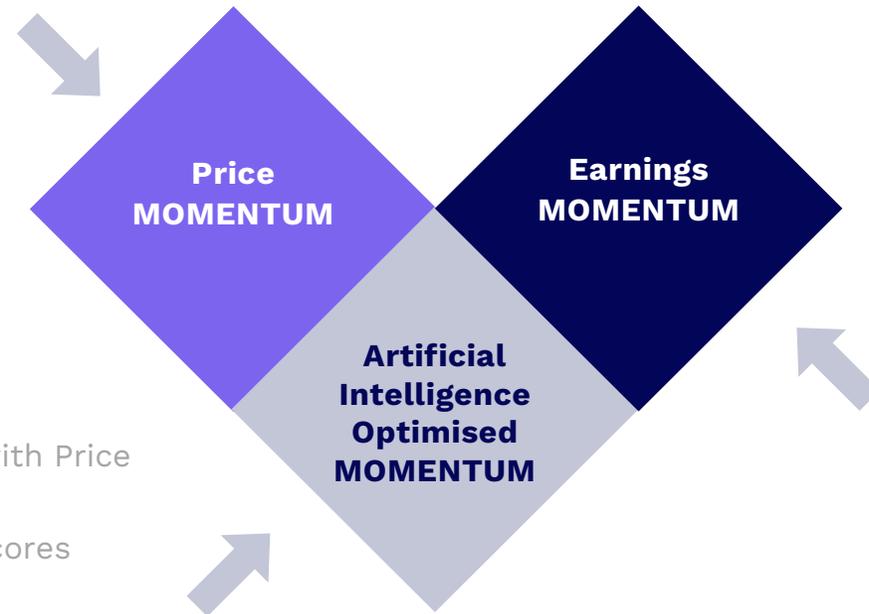
\* By “Stars”, we mean the companies able to surprise investors repeatedly.

# Quantitative Model Momentum Signals

Digital Stars funds proprietary models are based on 3 signals:

- 1- to 6-month **time period**
- Ranking and selection** based on relative outperformance vs benchmark, adjusted by long-term volatility

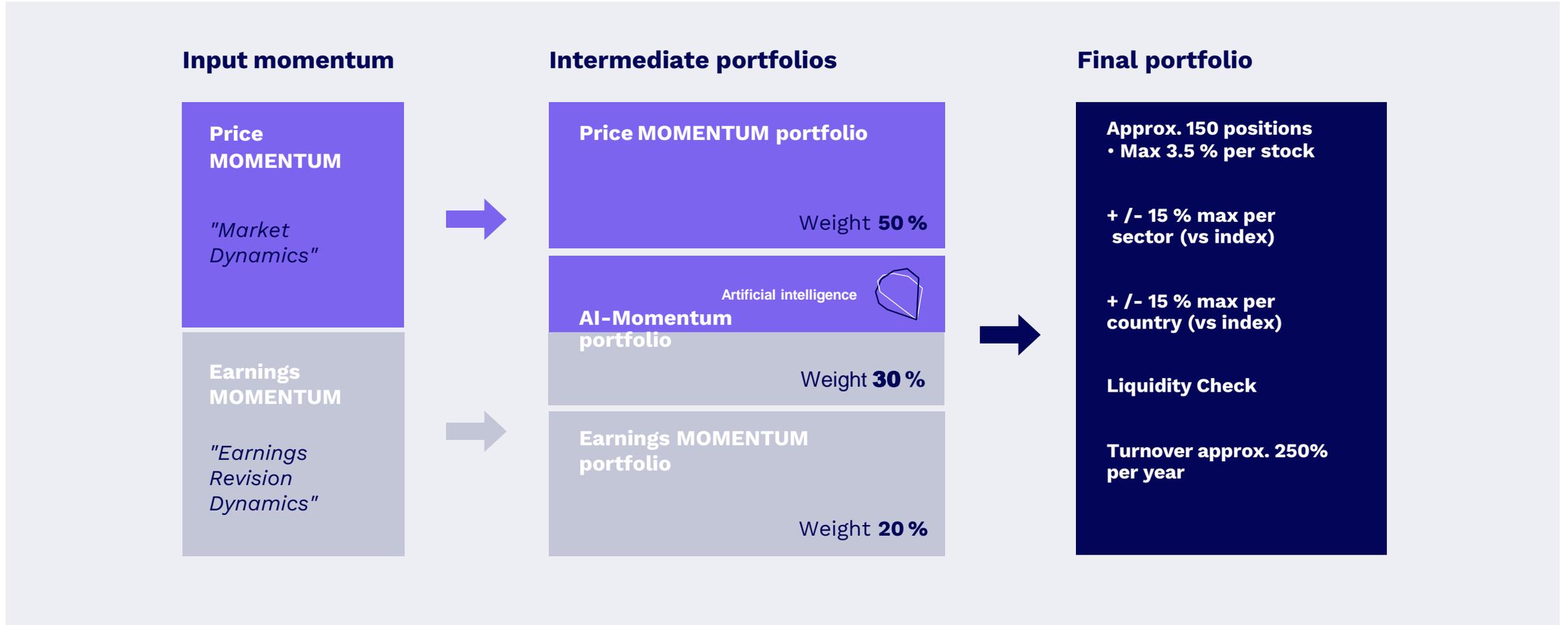
- Machine Learning model** trained with Price and Earnings Momentum data
- Ranking and selection** based on scores



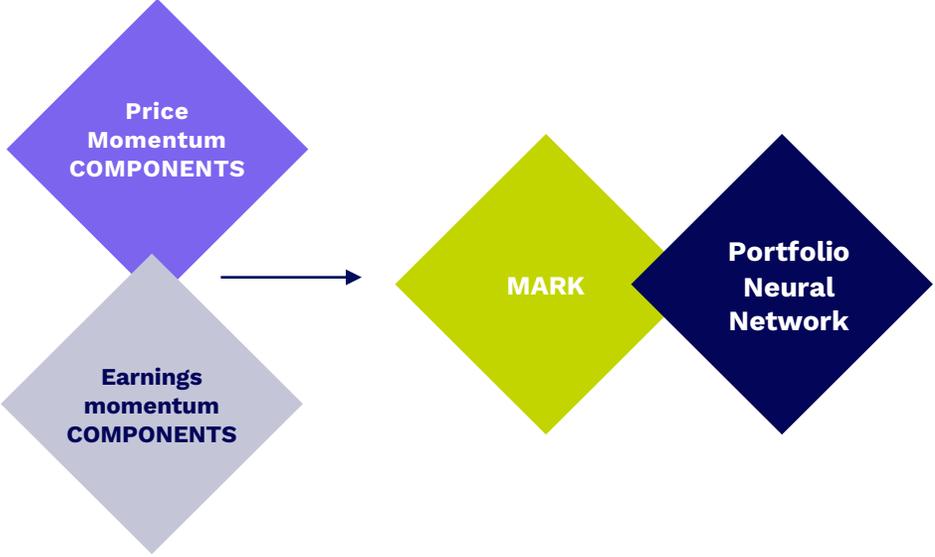
- Based on EPS revisions** (Upward, Stable, Downward)
- Selection of stocks** for which a maximum of analysts revise upward their FY1 and FY2 estimates over the last 100 days

# 3 Complementary Performance Engines

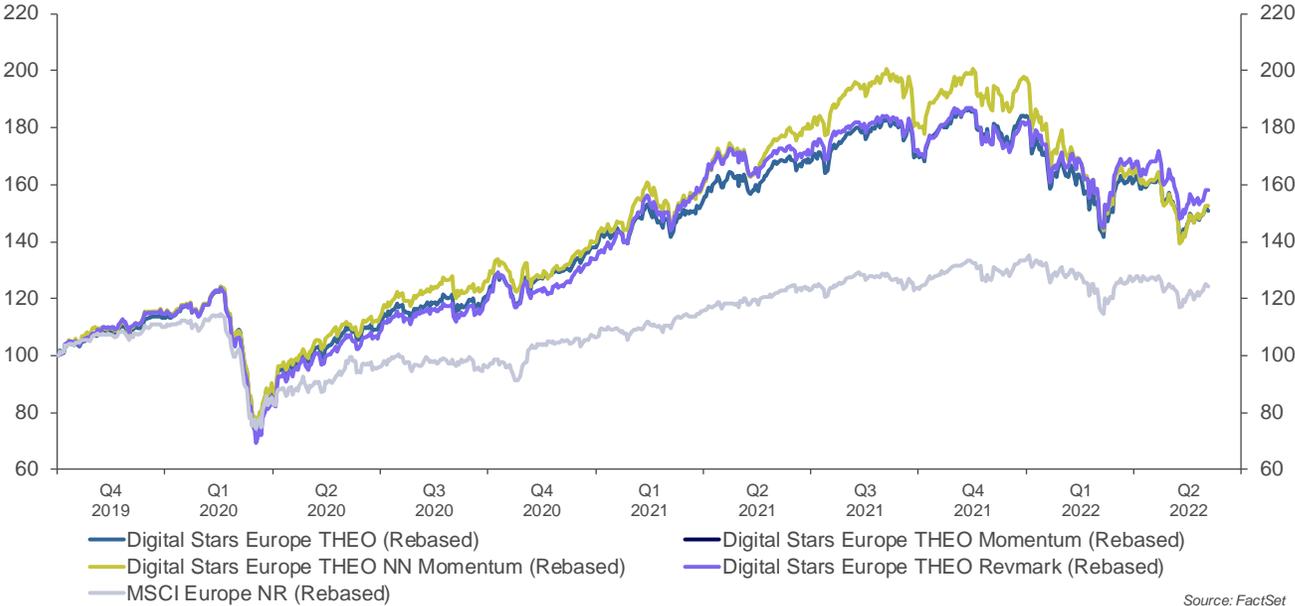
Price momentum, earnings momentum and AI-optimized momentum



# Artificial Intelligence Neural Network



Performances of the various components of Digital Stars Europe

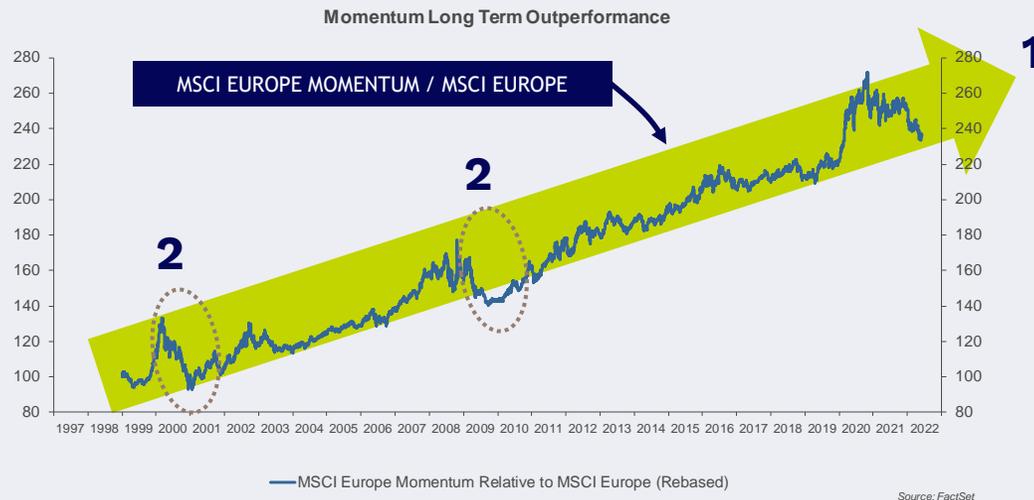


Source: FactSet

Past performance is not indicative of future returns.

# How to mitigate Inflection Point impacts?

## Observation



**1.** The systematic Momentum approach is a known **outperforming factor**, irrespective of the style orientation of the market.

**2.** The systematic Momentum approach can **sometimes be impacted** during market regime changes.

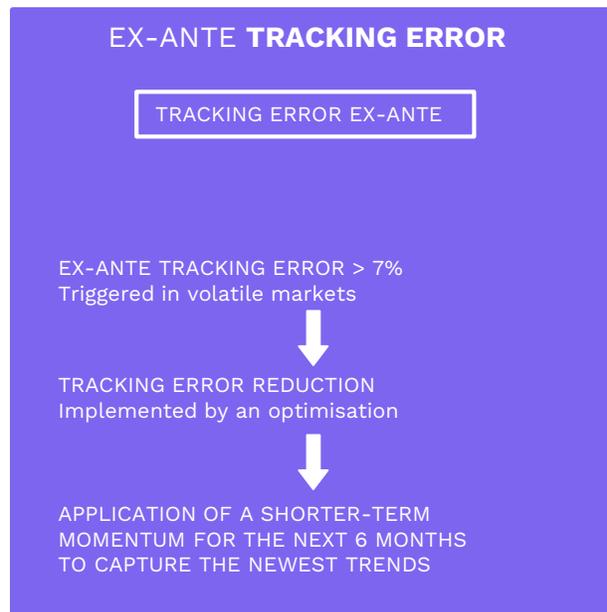
## Solution: Smoothing inflection points

The Digital Stars method bears a **threefold exception procedure, aiming at reducing active bets** when the context is identified to work against the Momentum approach.

Past performance is not indicative of future returns.

# Specific protocols to smoothen inflection points

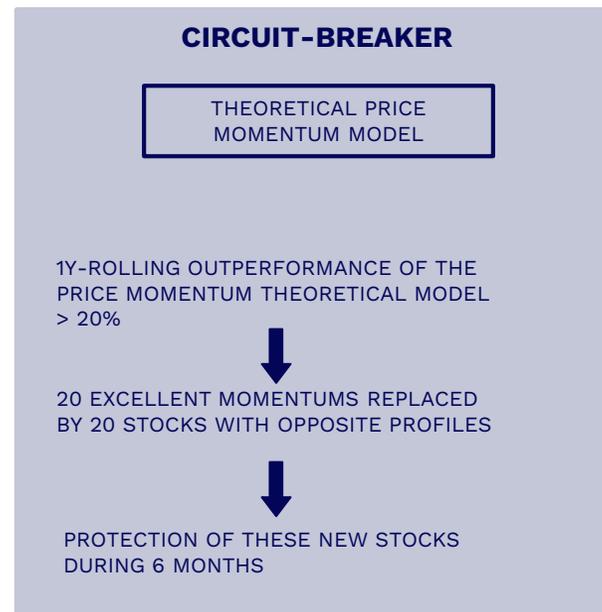
## 3 procedures to smoothen inflection points



MARKET STRESS



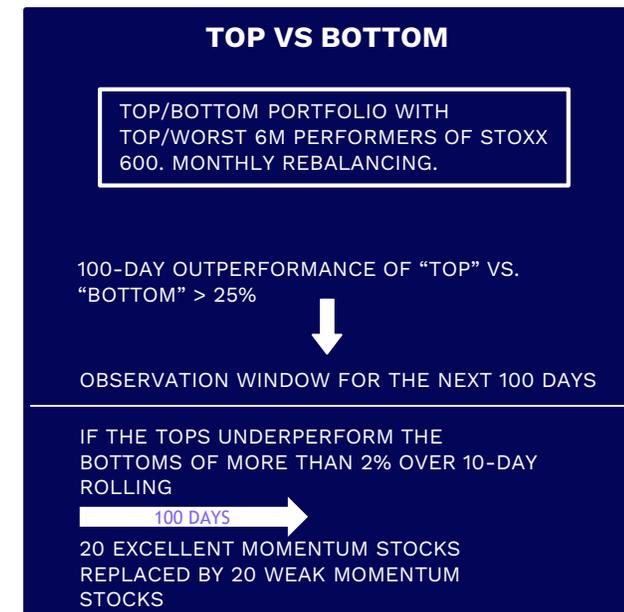
CONCENTRATION RISK



MEAN-REVERSAL RISK



MEDIUM-TERM HORIZON



MEAN-REVERSAL RISK



SHORT-TERM HORIZON



# Fund characteristics and track-record



# Digital Stars Europe



	<b>Inception Date:</b>	13-Nov-1998
	<b>Currency:</b>	Euro
	<b>Share Classes:</b>	EUR (Acc/Dist/Retail/Inst), GBP (Dist), USD (Acc)
	<b>Investment Area:</b>	EU15, UK, Norway and Switzerland
	<b>Investment Universe:</b>	Equities, All-Cap
	<b>Benchmark:</b>	MSCI Europe NR
	<b>AuM:</b>	€870 m as of 31/05/2022

The LuxFLAG ESG label for the Digital Stars Europe fund is valid until 31 December 2022.

**-17.9% YTD as of 02/06/2022**  
**+699.9% since inception (+9.2% annualised)**



Source: FactSet

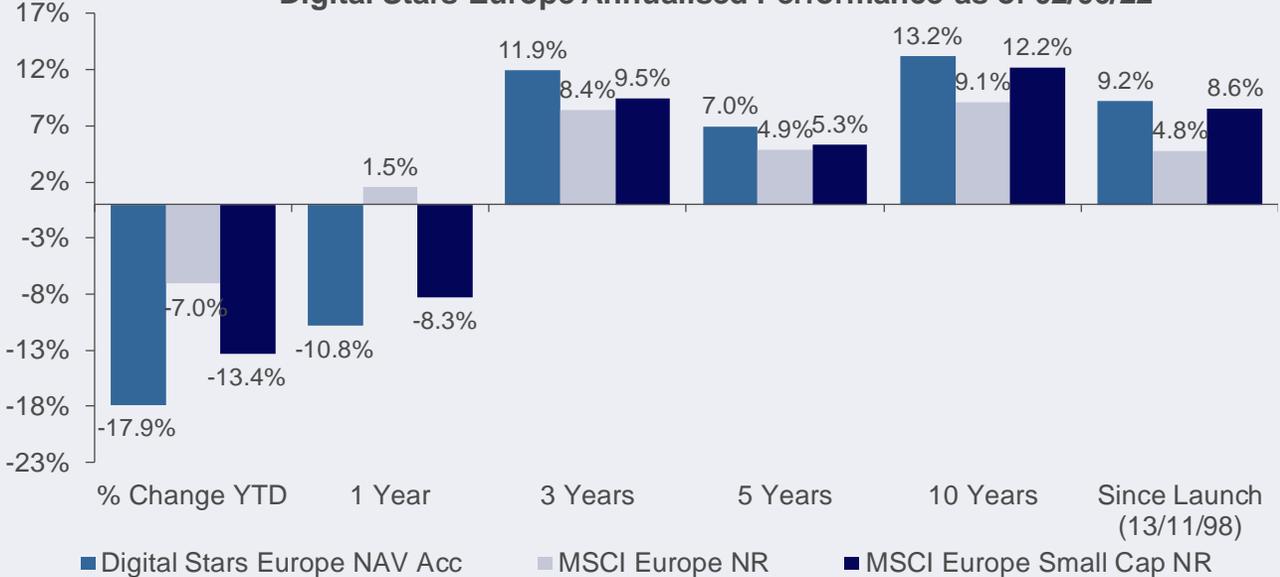
Proven ability to outperform **European Large Cap and Small Cap indices.**



The future performance of an investment cannot be deduced from previous market value.

# Historical performance

Digital Stars Europe Annualised Performance as of 02/06/22



Performances are annualised for all time horizons, except "YTD"

Source: FactSet

Lower risk, potentially lower reward ← Higher risk, potentially higher reward →



The future performance of an investment cannot be deduced from previous market value.

## Digital Stars Europe

UCITS European Equities **All-Cap**

Launched in **1998**

Annualised performance (net of fees) : **+9.2%**  
(benchmark: +4.8% )

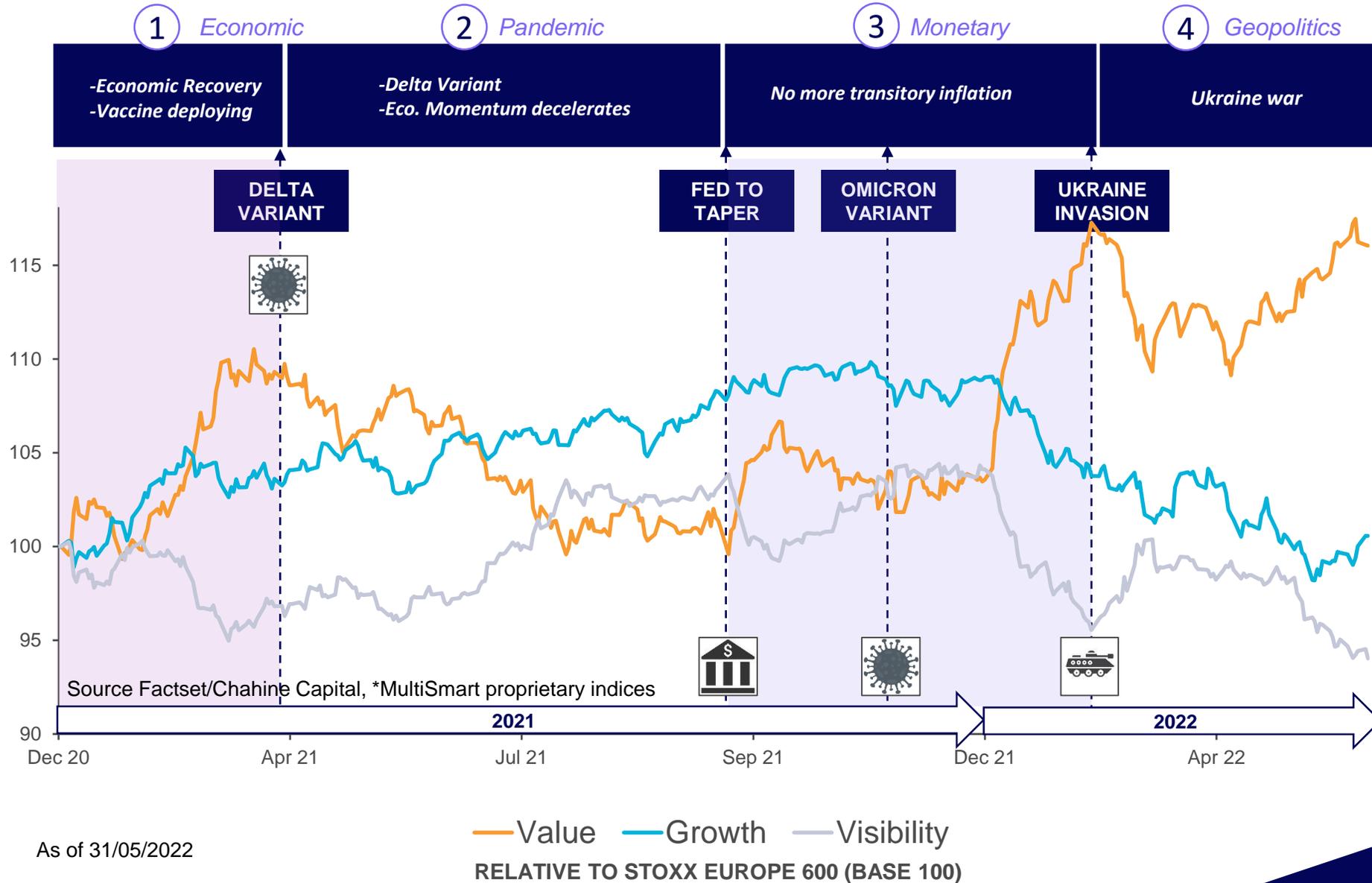
Volatility: **16.5%** (benchmark: 15.1%)

Sharpe ratio: **0.58**

Annualised alpha: +4.4%

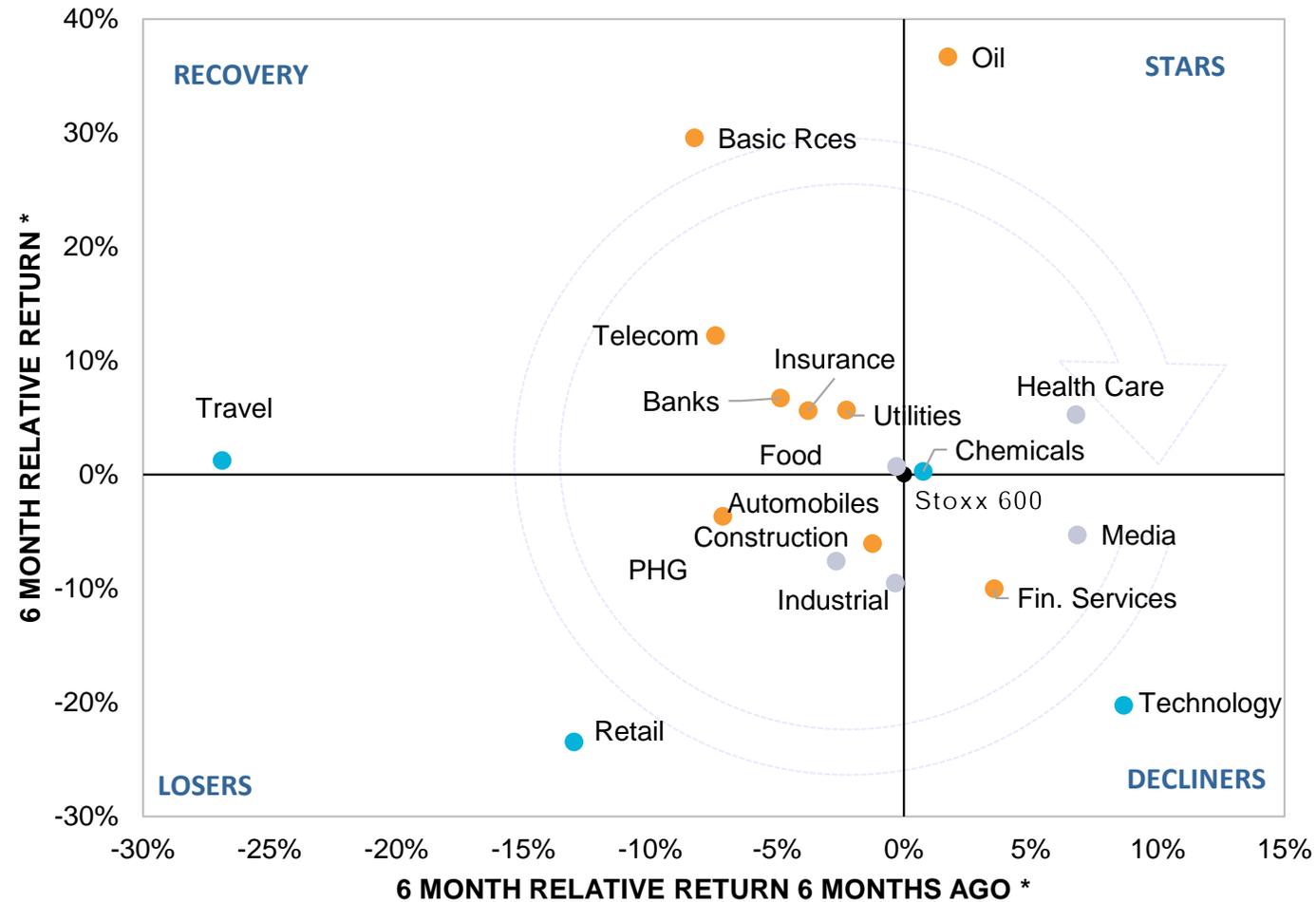
AuM: **€870 m** as of 21/03/2022

# Performance of European Styles since 2021 , the rollercoaster



As of 31/05/2022

# Still a transitory Momentum Regime



\*Vs Stoxx Europe 600

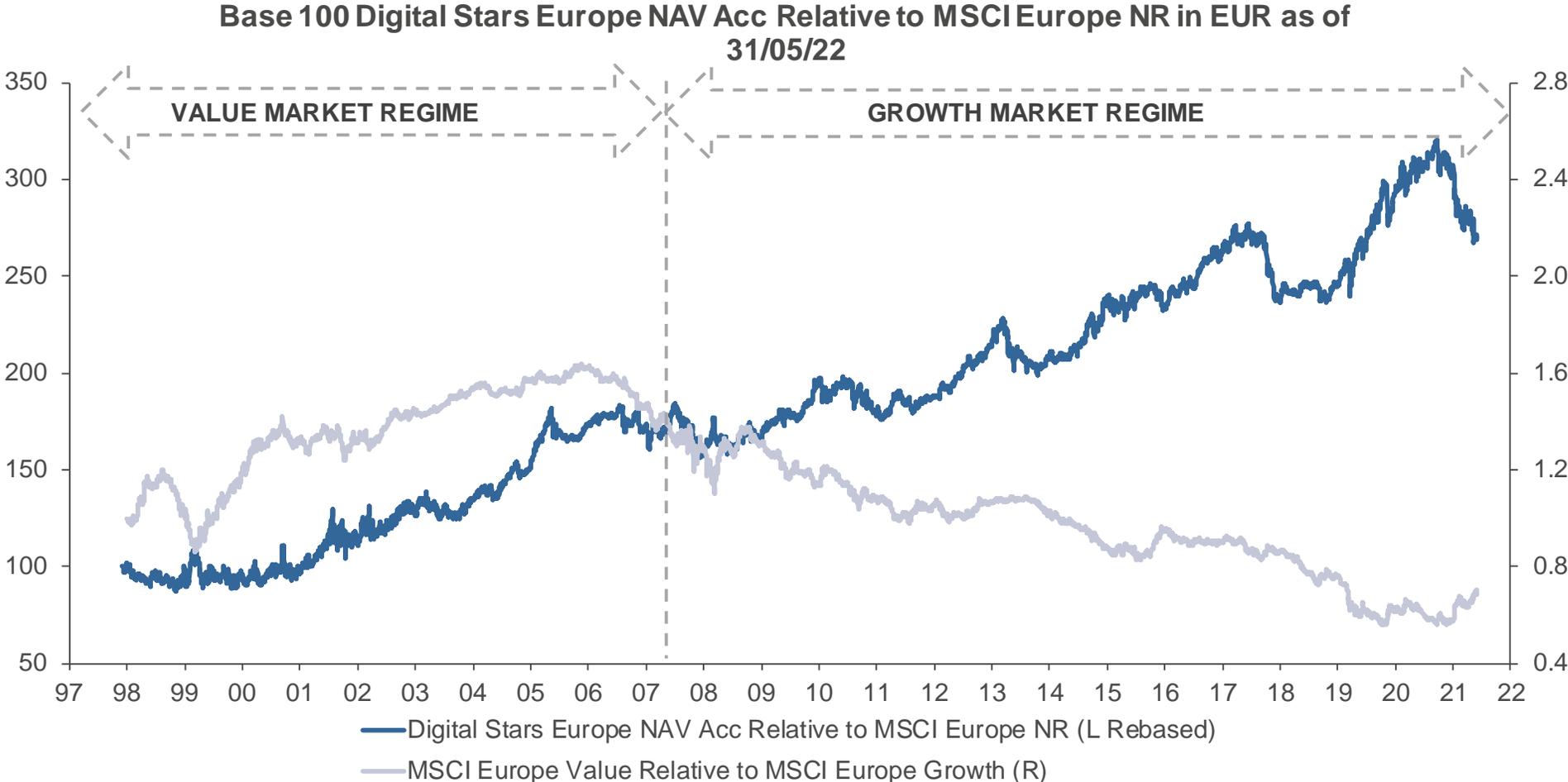
As of 31/05/2022

Source Factset/Chahine Capital

Growth Sector	Value Sector	Visibility Sector



# Adapting to different market configurations

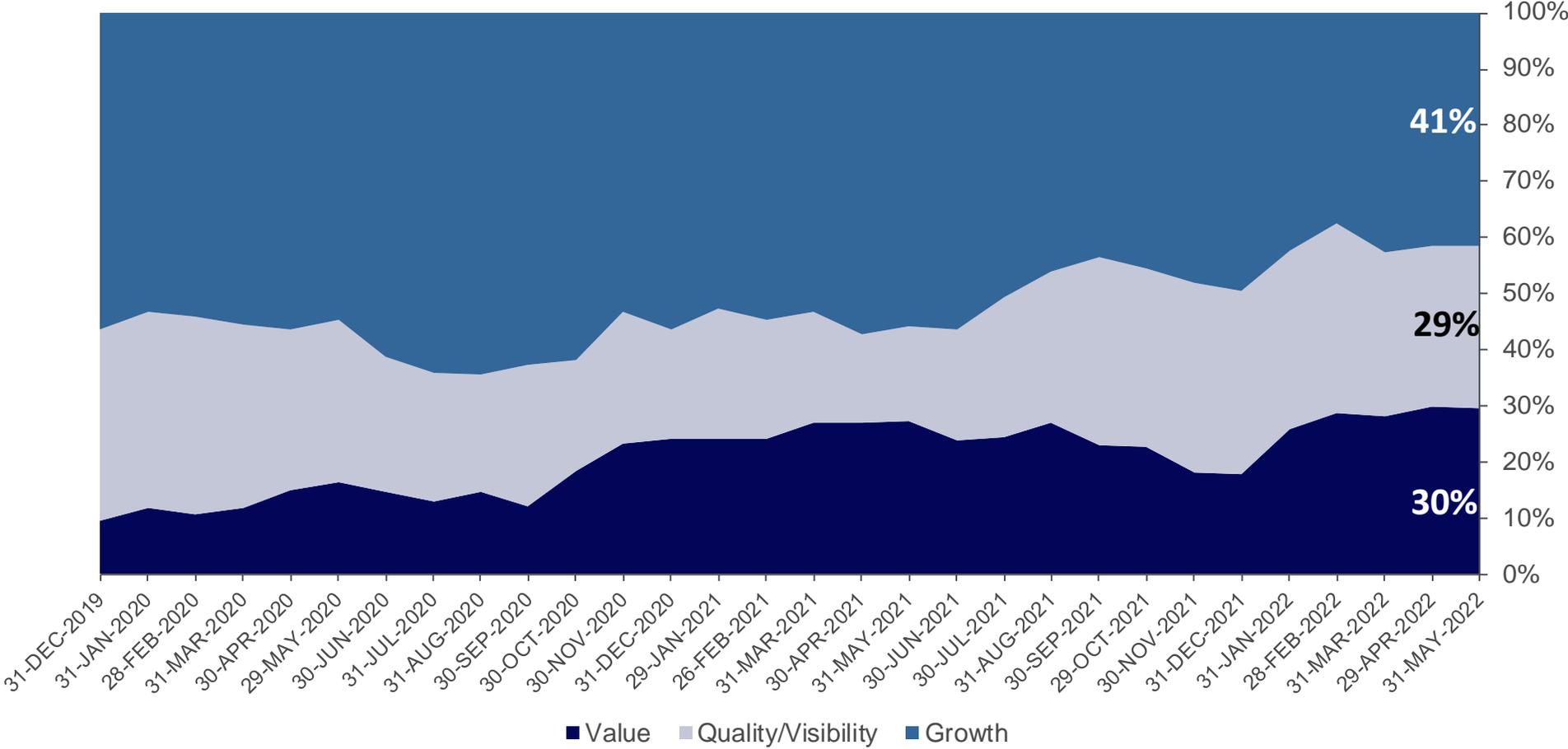


Past performance is not indicative of future returns.

Source: FactSet

# Historical Style Evolution

Digital Stars Europe - Style Evolution



Style allocation is not constant and may vary over time.

Source: FactSet

# Portfolio positioning - Adapting to market trends



# “Stars” in 2022 – Materials and Energy

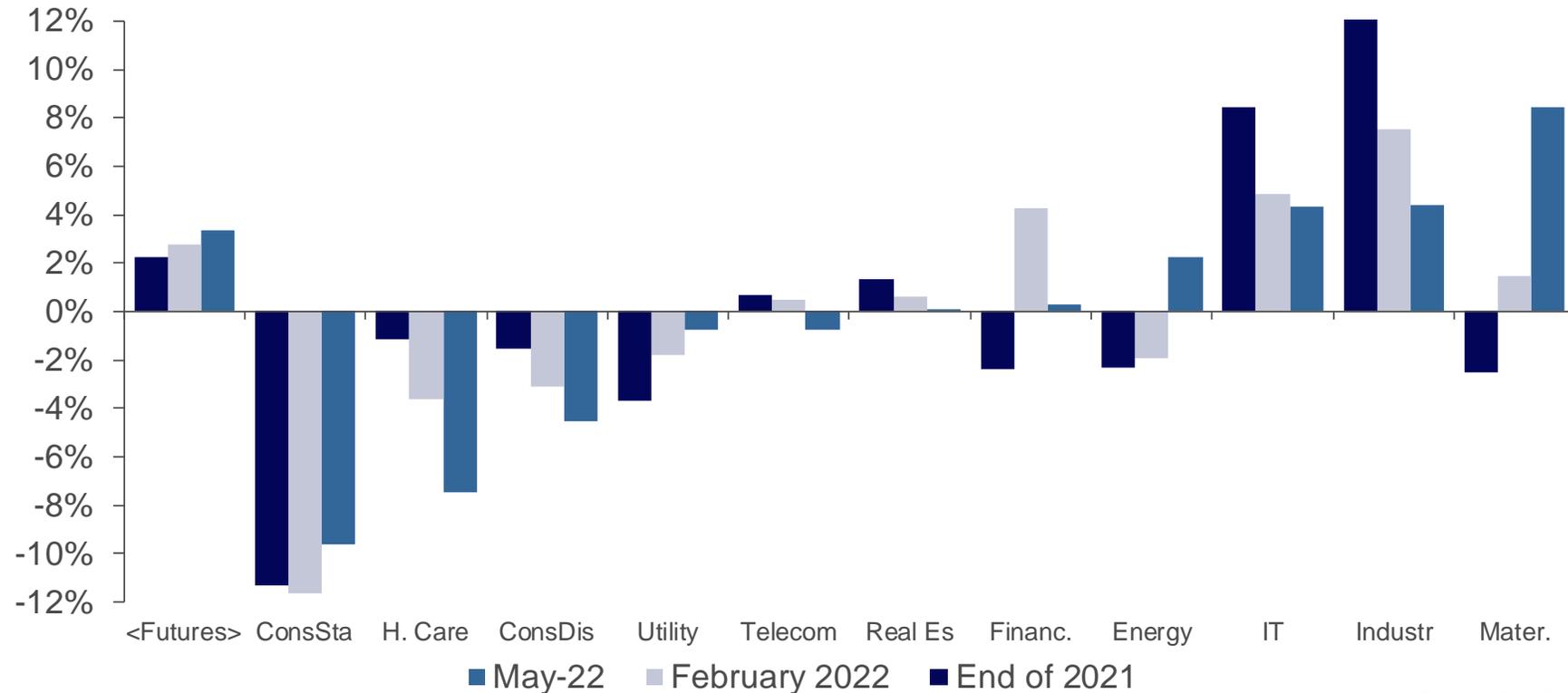
31-DEC-2021 to 31-MAY-2022

	Country	GICS Sector	Beginning Weight	Ending Weight	Average Weight	Total Return	Contribution To Return
<b>Total</b>			<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-17.09</b>	<b>-17.09</b>
<b>10 Highest</b>			<b>6.40</b>	<b>14.09</b>	<b>11.31</b>	<b>53.09</b>	<b>4.14</b>
Hapag-Lloyd AG	DE	Industrials	0.56	2.12	1.60	43.17	0.84
Aker Solutions ASA	NO	Energy	0.68	2.31	1.65	58.38	0.77
Tenaris S.A.	IT	Energy	0.76	1.98	1.42	72.55	0.72
Eramet SA	FR	Materials	0.47	1.01	0.88	95.41	0.49
K+S AG	DE	Materials	0.58	1.94	1.44	73.23	0.34
MPC Container Ships ASA	NO	Industrials	1.48	1.73	1.84	23.08	0.29
AIXTRON SE	DE	Information Technology	0.64	0.61	0.40	55.33	0.19
Banco de Sabadell SA	ES	Financials	0.42	0.65	0.59	45.25	0.19
Investec plc	GB	Financials	0.46	0.66	0.76	26.07	0.16
OCI NV	NL	Materials	0.34	1.09	0.74	42.48	0.15
<b>10 Lowest</b>			<b>14.36</b>	<b>5.21</b>	<b>9.41</b>	<b>-39.57</b>	<b>-5.04</b>
VAT Group AG	CH	Industrials	1.23	0.35	0.90	-35.60	-0.41
Watches of Switzerland Group PLC	GB	Consumer Discretionary	1.36	0.62	1.09	-34.26	-0.43
Straumann Holding AG	CH	Health Care	1.20	--	0.64	-39.44	-0.43
Ferguson Plc	GB	Industrials	0.99	1.22	1.39	-27.73	-0.44
Samhallsbyggnadsbolaget I Norden AB	SE	Real Estate	1.19	--	0.51	-49.38	-0.46
ASM International N.V.	NL	Information Technology	2.97	1.73	1.89	-24.88	-0.51
Raiffeisen Bank International AG	AT	Financials	0.55	--	0.38	-44.40	-0.53
Nordic Semiconductor ASA	NO	Information Technology	1.55	1.04	1.27	-38.42	-0.57
NIBE Industrier AB Class B	SE	Industrials	1.79	--	0.36	-45.11	-0.61
Future plc	GB	Communication Services	1.53	0.25	0.98	-48.89	-0.65

Gross of fees estimated contributions

# Sector Bets vs Large Cap Index: Adapting to inflation and interest rate hikes

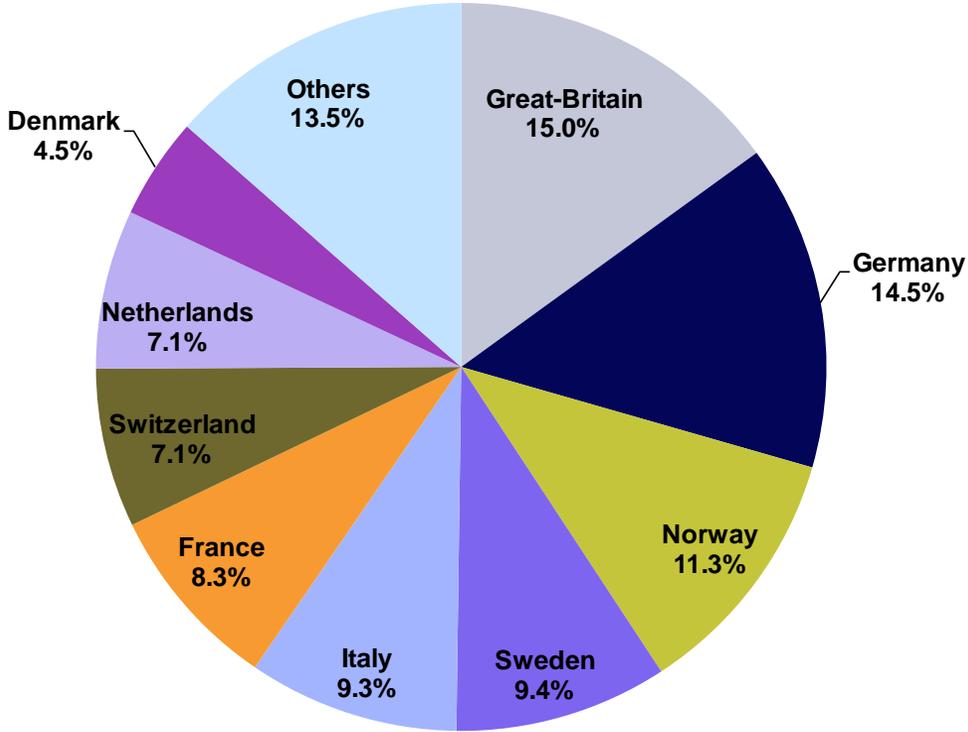
Active Weights by GICS Sector of Digital Stars Europe vs MSCI Europe



Source: FactSet

Sector allocation is not constant and may vary over time.

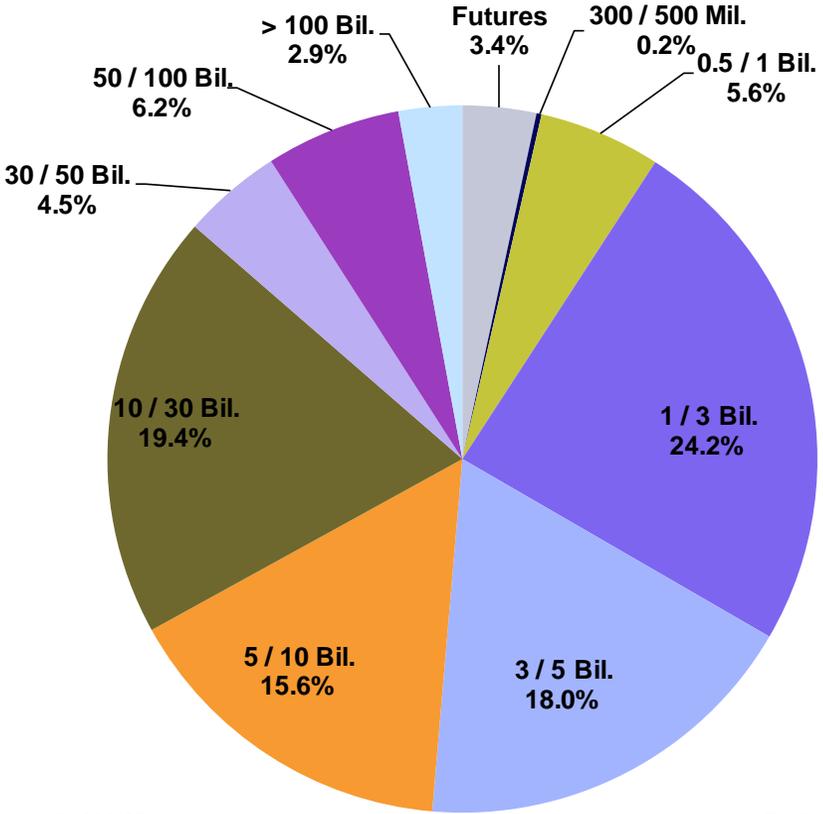
# Country and Market Cap Breakdowns – June 2022



31/05/2022

Source: FactSet

Geographic breakdowns are not constant and may vary over time



31/05/2022

Source: FactSet

Market capitalization breakdowns are not constant and may vary over time

# Contact us



# Contact us

## BENELUX



**Mark Bobbink**  
[mark.bobbink@chahinecapital.com](mailto:mark.bobbink@chahinecapital.com)  
(+352) 691 398 715



**Stéphane Douchamps**  
[stephane.douchamps@chahinecapital.com](mailto:stephane.douchamps@chahinecapital.com)  
(+352) 691 266 493

## FRANCE



**Antoine Halm**  
[antoine.halm@chahinecapital.com](mailto:antoine.halm@chahinecapital.com)  
(+33) 6 68 00 78 67



**Laure Sebbah**  
[laure.sebbah@chahinecapital.com](mailto:laure.sebbah@chahinecapital.com)  
(+33) 6 15 87 03 64

IFAs & PARTNERS



**Vincent Colin**  
[vincent.colin@chahinecapital.com](mailto:vincent.colin@chahinecapital.com)  
(+33) 6 78 45 29 03

**CHIEF EXECUTIVE OFFICER**

**Charles Lacroix**  
[charles.lacroix@chahinecapital.com](mailto:charles.lacroix@chahinecapital.com)  
(+352) 260 955 08

## GERMANY & AUSTRIA



**Boris Kögel**  
[boris.koegel@chahinecapital.com](mailto:boris.koegel@chahinecapital.com)  
(+49) 170 9664468

## SWITZERLAND



**Xavier Gendre**  
(through our sister company -  
Compagnie Financière Genevoise 1855)  
[xg@cfg1855.com](mailto:xg@cfg1855.com)  
(+41) 22 331 45 98

## SPAIN

**Altment** (third-party marketer)  
[info@altment.com](mailto:info@altment.com)  
(+34) 93 255 6159

# Thank you!

## Luxembourg

10-12, boulevard F.D. Roosevelt  
L-2450 - Luxembourg  
Tél.: (+352) 26 09 55 00  
Fax: (+352) 26 64 92 89

## France

41, rue François 1<sup>er</sup> – Paris  
Tél.: (+33) 1 40 76 03 27

## Germany

Opernplatz 14,  
60313 - Francfort  
Tél.: (+49) 69 153294140



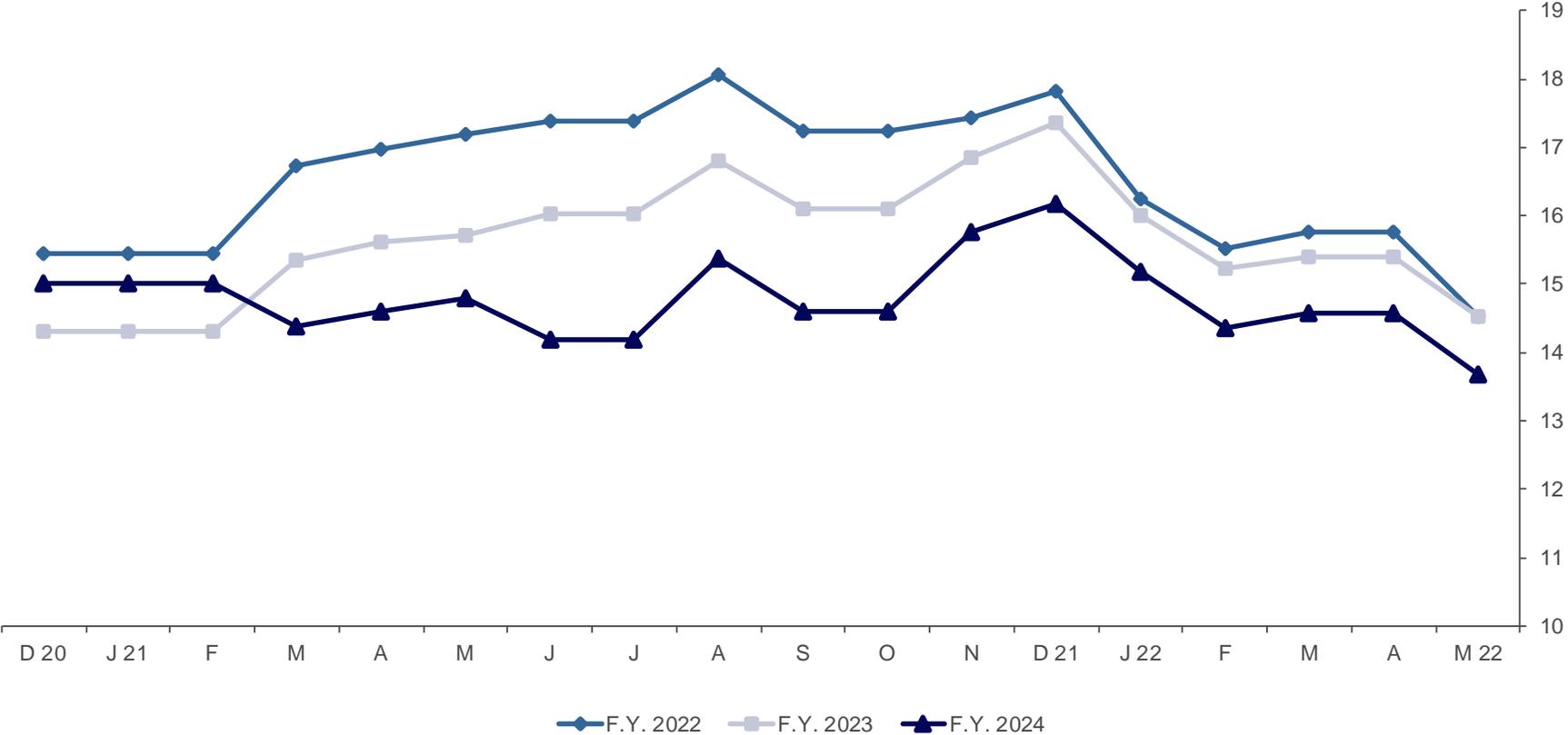
[www.chahinecapital.com](http://www.chahinecapital.com)  
[info@chahinecapital.com](mailto:info@chahinecapital.com)

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- For relevant share classes, the Management Company can receive a performance fee when a sub-fund outperforms its benchmark during a performance reference period, notwithstanding a decline in its net asset value during such period. The performance fee is crystallized at the end of the SICAV fiscal year. Please refer to the SICAV prospectus for more detailed information about the performance fee calculation methodology and concrete examples of the impact of performance fee on the sub-fund net performance.
- Investors must not rely on LuxFLAG or the LuxFLAG Label with regard to investor protection issues and LuxFLAG cannot incur any liability related to financial performance or default.

# Appendix

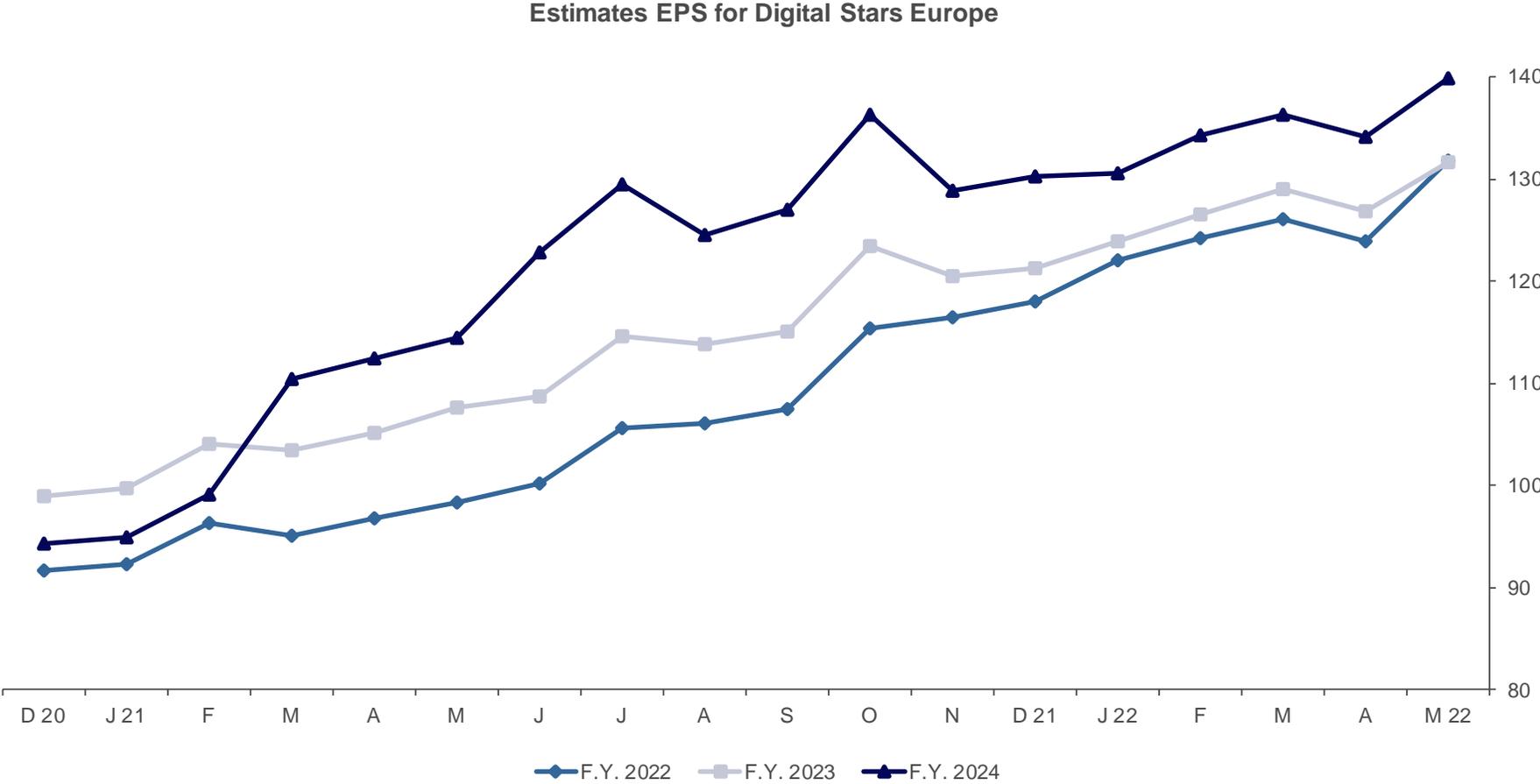
# PE 2022: 14.5 x

Estimates P/E for Digital Stars Europe



Source: FactSet

# EPS growth expected in 2022 and 2023



Source: FactSet

# Digital Funds SICAV – Funds and Share Classes

## Digital Stars Europe

Acc	EUR	LU0090784017	BILDSCE LX
Acc1	EUR	LU1731919103	DFSEA1E LX
Acc2	EUR	LU2098777084	DIFSE2E LX
FC	EUR	LU2354270360	DIFSFEA LX
FI	EUR	LU2354269271	DIFSEFI LX
FT	EUR	LU2354270956	DIFSEFE LX
USD (Hedged)	USD	LU0274905818	DFSEUSD LX
R	EUR	LU0323041763	DFSTARR LX
I	EUR	LU1506569661	DFSTAIE LX
I1	EUR	LU2211665745	DIFSEI1 LX
GBP (Hedged)	GBP	LU0259627379	DFSEGBP LX
D	EUR	LU0905713201	DFSTARD LX
D1	EUR	LU1731919525	DFSED1E LX
P	EUR	LU2005654798	DGSTEUP LX
I USD (Hedged)	USD	LU2049410926	DIFSEIU LX

## Digital Stars Eurozone

Acc	EUR	LU1813569289	DFSEZAE LX
Acc1	EUR	LU2354265527	DISUE1E LX
R	EUR	LU1813569362	DFSEZRE LX
I	EUR	LU1813569446	DFSEZIE LX

## Digital Stars Europe Smaller Companies

Acc	EUR	LU1506569588	DFSESCO LX
Acc1	EUR	LU2354250925	DIESCDF LX
I	EUR	LU1651323351	DFSESCI LX
I USD (Hedged)	USD	LU1737512811	DFSESIU LX
R	EUR	LU2354254836	DIESCRL LX

## Digital Stars Europe Ex-UK

Acc	EUR	LU0259626645	DFXUKAC LX
Acc1	EUR	LU1731919871	DFXUA1E LX
Acc2	EUR	LU1731919954	DFSEI1E LX
D	EUR	LU2133218540	DISEEDE LX
I	EUR	LU0997310957	DFXUKIA LX
I USD H	USD	LU2354266509	DISEEDA LX
I2	EUR	LU2356426036	DISEEIE LX
GBP	GBP	LU0259626991	DFXUKGB LX
R	EUR	LU0323041847	DISEEDF LX
P	EUR	LU2005655092	DGSEXUP LX

## Digital Stars US Equities

Acc USD	USD	LU1651323435	DFSUSUS LX
Acc1 USD	USD	LU2354769593	DISUE1U LX
I USD	USD	LU1651323609	DFSUSIU LX
R EUR (Hedged)	EUR	LU1651323781	DFSUSRE LX
Acc EUR (Hedged)	EUR	LU1651323518	DFSUSEU LX
Acc1 EUR H	EUR	LU2354266921	DISUE1H LX
P EUR (Hedged)	EUR	LU2005655175	DSTUSPE LX
EB EUR H	EUR	LU2353478147	DISUEEH LX
I EUR	EUR	LU2006281013	DSTUSIE LX
I EUR H	EUR	LU2428494186	DISUEIH LX

## Digital Market Neutral Europe

Acc EUR	EUR	LU2092197867	DIMNEEA LX
Acc2 EUR	EUR	LU2098777167	DIMNE2E LX
I EUR	EUR	LU2092197941	DIMNEIE LX
P EUR	EUR	LU2092198089	DIMNEPE LX