




## AI-Powered Global 60/40 Tilt Portfolio Monthly Update

Asset Class	AI Tilting vs Benchmark*	Macro & Market Environment
Equity	<b>+</b> Overweight	July marked another positive month for the stock market despite lingering concerns over US and global economic growth. The S&P 500 rose +3.11% for the month, bringing YTD return to +19.52% (SPX, Morningstar).
Fixed Income	<b>-</b> Underweight	The Federal Reserve approved a widely anticipated 25bp interest rate hike in the July FOMC meeting, bringing borrowing costs to their highest in more than 22 years at 5.25% - 5.5%. US domestic GDP grew 2.4% in Q2 topping market expectations, but lower than expected payroll growth in July suggests that the labour market may be cooling.

\* Global 60/40 Multi-Asset Allocation

Sub-asset Classes	AI Signal Change (MoM)	Macro & Market Environment
Short Term Treasury	 Increased	Domestic economic data for the month of June painted a mixed picture for inflation. While the consumer price index rose 3% y/y (compared to 9.1% a year ago), US PCE rose 3.8% for headline and 4.6% for core; well below their highest levels of the current inflationary cycle, but still some way above the FED's 2% target. As the FOMC continues to assess interest rates on a meeting-by-meeting basis, treasury bond returns experienced notable volatility (SHY +0.34%, IEF -0.62%, TLT -2.54%, Morningstar). Graft's proprietary AI engine maintains an underweight position towards fixed income, and increased its allocation to Short and Long Term Treasury bonds while reducing allocation to Intermediate term bonds.
Intermediate Treasury	 Decreased	
Long Term Treasury	 Increased	
US Equity	 Increased	The US stock market continued its strong momentum in July. The Technology sector continued to be a strong driver of gains for the S&P 500, but a key takeaway was the broadening of returns; 65.6% of positive returns from the last two months came from issuers outside the top 10 (June-July, S&P). For the month the S&P 500 rose 3.11%, the Dow returned 3.35%, and the NASDAQ climbed 3.81% (SPX, DJI, NDX, Morningstar). Developed and emerging markets both recorded positive returns (VEA +3.17%, VWO +5.91%, Morningstar). In August, our AI model maintains an overweight position on equities and predicts upside potential from US markets while taking a slightly conservative stance on Developed markets equity.
Developed Market Equity	 Decreased	
Emerging Market Equity	 Increased	

(Source: Graft Technologies)