QRAFT

AI-Powered Global 60/40 Tilt
Portfolio Monthly Update

Asset Class	AI Tilting vs Benchmark*	Macro & Market Environment
Equity	**−** Underweight	Elevated inflation from reopening stimulus and ongoing supply shocks remain a thorn in the side of policy makers globally. As central banks unwind years of excess liquidity through quantitative tightening and rapid rate hikes, equity markets exhibit elevated volatility, implying a challenging environment still lies ahead.
Fixed Income	**+** Overweight	After correcting meaningfully in 2022, fixed income appears to have solid upside potential given higher interest rates and the diversification role fixed income brings to the overall portfolio.

* Global 60/40 Multi-Asset Allocation

Sub-asset Classes	AI Signal Change (MoM)	Macro & Market Environment
Short Term Treasury	↘ Decreased	Government bond yields were choppy over January and mixed signals from the Federal Reserve challenged investors attempting to nowcast the market. In January, US 10-year yields fell from 3.88% to 3.55% and 2-year yields dropped from 4.41% to 4.21%. Qraft's proprietary AI engine took a neutral stance with the duration bet.
Intermediate Treasury	↗ Increased	
Long Term Treasury	↘ Decreased	
US Equity	↘ Decreased	The S&P500 Index, FTSE Developed Market Index, and MSCI ACWI Index returned 7%, 8%, and 9%, respectively, in January. Despite the rally, Qraft's proprietary AI engine did not detect signals that the recent rally would continue in the US equity market, even if on the surface it appears the US economy is remarkably resilient. However, the AI engine did find non-US developed markets and emerging market equities appealing, supported in part by still-low valuations and the tailwind from China's reopening.
Developed Market Equity	↗ Increased	
Emerging Market Equity	↗ Increased	

(Source: Qraft Technologies)