







AI-Powered Global 60/40 Tilt Portfolio Monthly Update

Asset Class	AI Tilting vs Benchmark*	Macro & Market Environment
Equity	+ Overweight	After a challenging start to Q4, the stock market rounded off 2023 with a positive performance in December. The S&P 500 rose 4.42% to end the month, bringing YTD return to 24.23% (SPX, Morningstar).
Fixed Income	- Underweight	Favorable inflation and labor market data gave investors cause for optimism that the new year may finally see rate cuts from the Federal Reserve. Target rate remains at 5.25% to 5.5%.

* Global 60/40 Multi-Asset Allocation

Sub-asset Classes	AI Signal Change (MoM)	Macro & Market Environment
Short Term Treasury	 Decreased	Long-term treasury yields dropped to their lowest level since July as the market continues to price in a dovish pivot by the Federal Reserve. Year-on-year headline inflation slowed to 3.1% in November, and treasury bonds saw a strong showing for a second consecutive month to push yearly returns back in the green (SHV +0.48%, IEF +3.77%, TLT +8.67%).
Intermediate Treasury	 Increased	
Long Term Treasury	 Increased	Qraft's proprietary AI engine maintains an underweight position towards fixed income, and increased its allocation to Long term and Intermediate term treasury bonds while reducing allocation to Short term treasury.
U.S. Equity	 Decreased	Following a historic performance from the S&P 500 in November, the S&P 500 ended the year by surging 4.42% in December. Other US indexes followed suit, with the Dow rising +4.84% and the NASDAQ returning 5.51% (SPX, DJI, NDX, Morningstar). Investor sentiment was also positive around the world - Developed and Emerging markets both saw gains of +5.58 and +3.33 respectively (VEA, VWO, Morningstar).
Developed Market Equity	 Increased	
Emerging Market Equity	 Increased	In January, our AI model maintains an overweight position on equities and predicts increased allocation to Developed and Emerging Markets while decreasing holdings in U.S. stocks.

Source: Qraft Technologies, Morningstar