

AI-Powered Global 60/40 Tilt Portfolio Monthly Update

Asset Class	AI Tilting vs Benchmark*	Macro & Market Environment
Equity	+ Overweight	Investor sentiment remained strong for the month of June, with favourable employment and consumer spending readings proving enough to push broad market returns in the green. The S&P climbed +6.47% for the month, bringing YTD return to +15.91% (SPX, Morningstar)
Fixed Income	- Underweight	Despite the decision to forgo a rate hike in the June FOMC meeting, the Federal Reserve appears to remain hawkish with further hikes very much on the table. A marginally improved economic outlook gives the Federal Reserve a chance to raise short-term interest rates by 25bp at the next meeting, on July 26. Current target rates remain at 500-525bp

* Global 60/40 Multi-Asset Allocation

Sub-asset Classes	AI Signal Change (MoM)	Macro & Market Environment
Short Term Treasury	 Decreased	The May US economic data release provided promising signs that a severe recession could be averted. The unemployment rate slightly increased to 3.7%, CPI rose by 0.1%, and US headline PCE beat market expectations by recording a +3.8% y/y increase. Short and Intermediate-Term Treasury bond returns fell to the end of the month (SHY -0.73, IEF -1.49%, Morningstar). Graft's proprietary AI engine maintains an underweight position towards fixed income as a whole, but increased its allocation to Long Term Treasury bonds while reducing allocation to Short and Intermediate-term bonds.
Intermediate Treasury	 Decreased	
Long Term Treasury	 Increased	
US Equity	 Increased	US large-cap technology stocks continued their strong performance in June, with names such as AAPL and TSLA recording some of the largest gains. The US stock market ended Q2 in the green; for the month, the S&P500 rose +6.47%, the Dow returned +4.54%, and the NASDAQ climbed +6.59% (SPX, DJI, NDX, June 1- June 30, Morningstar). Looking forward, our AI model maintains an overweight position on equities and predicts upside potential from US markets while taking a slightly conservative stance on Developed and Emerging markets equity.
Developed Market Equity	 Decreased	
Emerging Market Equity	 Decreased	

(Source: Graft Technologies)