QRAFT

AI-Powered Global 60/40 Tilt
Portfolio Monthly Update

Asset Class	AI Tilting vs Benchmark*	Macro & Market Environment
Equity	**+** Overweight	Investor sentiment was perhaps dampened somewhat by the debt-ceiling crisis that persisted for most of May, with the drama subsiding at the very last minute when Congress agreed to a two-year suspension. The S&P climbed 0.25% for the month, bringing YTD return to 8.84% (SPX, Morningstar)
Fixed Income	**–** Underweight	The Federal Reserve has decided to pause it's rate hike that begain in March of 2022. Target rate stands at 5.00% - 5.25%, with some speculating a rate cut as early as Q4 of 2023.

* Global 60/40 Multi-Asset Allocation

Sub-asset Classes	AI Signal Change (MoM)	Macro & Market Environment
Short Term Treasury	↘ Decreased	Concerns about the US economy resurfaced as troubled regional banks and rising geopolitical tensions reflect lingering macro uncertainties. Domestic economic growth remained low, and while the core consumer price index showed signs of slowing, 5.3% (y/y), inflation remains significantly higher than the Federal Reserve's 2% target. Intermediate and Long Term Treasury bond returns fell to end the month (IEF -1.44%, TLT -3.01%, Morningstar). Qraft's proprietaryAI engine maintains an underweight position towards fixed income, increasing allocation to Intermediate Treasury bonds while reducing allocation to Short and Long Term bonds.
Intermediate Treasury	↗ Increased	
Long Term Treasury	↘ Decreased	
US Equity	↗ Increased	Despite a rally led by large-cap technology stocks such as Apple, Meta, and chip manufacturer Nvidia in May, the US market ended May with mixed returns. For the month the S&P500 rose 0.25%, the Dow fell -3.49%, and the NASDAQ climbed 5.80% (SPX, DJI, NDX, May 1- May 31, 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: Qraft Technologies)