







AI-Powered Global 60/40 Tilt Portfolio Monthly Update

Asset Class	AI Tilting vs Benchmark*	Macro & Market Environment
Equity	+ Overweight	August saw a correction in the U.S. stock market, as underwhelming performances in Chinese and Emerging Markets proved enough to end an equities rally that began in March 2023. The S&P 500 was down 1.77% to end the month, bringing YTD return to +17.40% (SPX, Morningstar).
Fixed Income	- Underweight	Chairman Jerome Powell reiterated the Federal Reserve's "higher for longer" rhetoric on interest rates at the annual Jackson Hole Summit, and the Fitch's downgrade of U.S.' long-term credit rating did little to raise spirits among investors. Borrowing costs remain at 5.25-5.5%, with all eyes on the FOMC's meeting in September.

* Global 60/40 Multi-Asset Allocation

Sub-asset Classes	AI Signal Change (MoM)	Macro & Market Environment
Short Term Treasury	 Decreased	Domestic economic data painted a mixed picture for inflation. While U.S. headline personal consumption expenditures for July showed signs of slowing (rising 3.3% y/y compared to 6.3% a year ago), it remains well above the FED's 2% target. U.S. 10-year treasury yield peaked at 4.37% in August, its highest level since 2008 - as a result, longer term treasuries declined (IEF -0.73%, TLT -3.14%) while short term treasuries rose slightly (SHY +0.41).
Intermediate Treasury	 Increased	
Long Term Treasury	 Decreased	Qraft's proprietary AI engine maintains an underweight position towards fixed income, and increased its allocation to Intermediate term treasury bonds while reducing allocation to Short and Long term bonds.
US Equity	 Decreased	U.S. equities declined for the month of August. Despite a strong earnings report from Nvidia, lingering uncertainty over the Fed's stance on further tightening as well as China's faltering real estate sector meant that markets finished in the red. For the month the S&P 500 dropped 1.77%, the Dow fell 2.36%, and the NASDAQ declined 1.62% (SPX, DJI, NDX, Morningstar). Developed and emerging markets both erased much of the gains from July (VEA -3.95%, VWO -5.90%, Morningstar).
Developed Market Equity	 Increased	
Emerging Market Equity	 Decreased	In September, our AI model maintains an overweight position on equities and predicts upside potential from Developed markets while taking a slightly conservative stance on U.S. and Emerging markets equity.

Source: Qraft Technologies, Morningstar