

AI-Powered All-Weather Tilt Portfolio Monthly Update

Strategy Description

Qraft AI-Powered All-Weather Tilt model portfolio seeks to exceed the return of the RPAR Risk Parity ETF (RPAR) over time. The strategy aims to achieve this objective using Qraft's AI-driven model to overweight or underweight equities, fixed income, and commodities by as much as $\pm 30\%$. Qraft's proprietary AI engine utilizes a deep neural network to actively generate signals by analyzing macro variables such as interest rates and economic growth, among others, and their impact on each asset class. Qraft's AI engine is constantly evolving based on new market trends and optimization of risk-adjusted returns, which may result in monthly rebalancing for the Qraft AI-Powered All-Weather Tilt model portfolio.

Asset Class	AI Tilting vs Benchmark*	Macro & Market Environment
Equity	Increased	<p>U.S. equity indexes went from strength to strength as the S&P rose +3.22% in March and closed out Q1 of 2024 with three consecutive months of gains. Led by the remarkable stock rally in Japan, Developed and Emerging markets also performed strongly for the month (VEA +3.54%, VWO +1.57%, Morningstar).</p> <p>While the previous market rally in Q4 occurred under the backdrop of a dovish pivot by the Federal Reserve, equity indexes both in the U.S. and around the world notched gains despite more hawkish rhetoric from the Fed. Investors may have been encouraged by resilient U.S. economic data (domestic GDP grew +3.4% in Q4, Bureau of Economic Analysis), but persistent inflation and unemployment data may remain a lingering concern for monetary policymakers. U.S. Treasury bonds experienced notable volatility in March, but ended the month in slightly positive territory (SHV +0.44%, IEF +0.69%, TLT +0.87%, Morningstar).</p>
Fixed Income	Decreased	<p>Commodity prices soared for the month (GSG +4.65%, GLD +8.09%, Morningstar), with gold as well as cryptocurrency prices scaling new heights in March. Crude oil rose 5% to \$87 a barrel, and the surprise pick for the month was cocoa with futures prices rising +61.45% in March alone due partly to international supply shortages.</p>
Commodity	Increased	<p>For the April rebalance, the All-Weather Tilt maintained increased allocation in Equity and Commodity asset classes, while decreasing exposure on Fixed Income.</p>

(Source: Qraft Technologies)