QRAFT

AI-Powered China Golden Butterfly Tilt
Portfolio Monthly Update

Strategy Description

Qraft AI-Powered China Golden Butterfly Tilt model portfolio seeks to exceed the return of a static 40% China equities, 40% China fixed income, and 20% gold portfolio over time. The strategy aims to achieve this objective using Qraft's AI-driven model to overweight or underweight China equities, China fixed income, and gold by as much as ±25%. 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 China Golden Butterfly Tilt model portfolio.

Asset Class	AI Tilting vs Benchmark*	Macro & Market Environment
China Equity	− Underweight	Since China began rolling back their strict anti-Covid measures in November, China's economy has delivered strong results, and the CSI300 Index was up over 19% in January. However, the higher valuation appears to have made China equities less attractive, and Qraft's AI engine is now underweight China Equity and overweight China Fixed Income, supported by expectations for cooling inflation. The AI engine also reduced the allocation to gold to an underweight position, with gold prices facing ongoing volatility from geopolitical tensions and hawkish comments from the US Federal Reserve.
China Fixed Income	+ Overweight	
Gold	− Underweight	

* Global Golden Butterfly Multi-Asset Allocation: Equity(40%), Fixed Income(40%), Commodities(20%)

Sector	AI Signal Weight (MoM)	Macro & Market Environment
China Equity	↘ Decreased	China equity markets rallied in January, riding on COVID policy relaxation in China and Hong Kong. However, Qraft's proprietary AI engine showed less confidence in "persistent surging." Given the chance of short-term correction, the China Equity allocation was decreased significantly in favor of increasing the allocation to China Fixed Income. China Fixed Income appears supportive given inflation in China is still well below the 3% target and considering the diversification benefits of bonds in a portfolio. The Gold allocation also decreased slightly in the face of hawkish comments from the Federal Reserve and the volatile geopolitical front.
China Long Term Treasury	↗ Increased	
SPDR Gold	↘ Decreased	

(Source: Qraft Technologies)