

AI-Powered US Equities Long-Short Portfolio Monthly Update

Strategy Description

Qraft AI-Powered US Equity Long-Short model portfolio seeks to generate an uncorrelated return by rotating among a range of Select Sector SPDR ETFs, and the ProShares Short S&P500 ETF (SH US). The strategy aims to leverage Qraft’s proprietary sector allocation model that dynamically adjusts US equity market exposure in an attempt to navigate market drawdowns and rebounds. 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 market exposures. Qraft’s AI engine is constantly evolving based on new market trends and optimization of risk-adjusted returns, which may result in weekly rebalancing for the Qraft AI-Powered US Equity Long-Short model portfolio.

Short Leg	Beta Exposure	Macro & Market Environment
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AI Risk Indicator

November: **Risk On**

The US Equity Long-Short portfolio assesses market risk using Qraft’s proprietary AI risk signal. The strategy dynamically adjusts the short leg in order to navigate turbulent market conditions.

November AI Risk Indicator: Risk On. Despite rising treasury yields and the escalation of the Israeli-Palestinian conflict, Qraft’s risk indicator detects limited signs of systematic risk and adopts a risk on approach.

Long Leg	AI Tilting vs Benchmark*	Macro & Market Environment
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Cyclical Sectors

+
Overweight

The US Equity Long-Short portfolio invests in a range of Sector Select SPDR ETFs. The strategy dynamically adjusts sector exposure of the long leg to optimize risk-adjusted returns.

October was a challenging month, with stocks slipping for the third consecutive period. All three major indices saw red; the S&P 500 dropped 2.1%, the Dow fell 1.3%, and the NASDAQ declined 2.8% (SPX, DJI, NDX, Morningstar).

Defensive Sectors

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Underweight

The Energy sector was the biggest laggard last month. After a strong August and September, the sector reversed much of its gains and dropped -5.7% in the previous month. Utilities (+1.3%) and Technology (+0.1%) were the only sectors that recorded positive returns in October.

For the November rebalance, the US Equity Long-Short strategy remains overweight on Cyclical sectors and underweight on Defensive sectors.

*SPDR S&P 500 ETF Trust