

**Quarterly Model Portfolio Commentary**

Global equity markets posted strong returns in Q1 of 2024. Unlike the market rally in Q4, which occurred under the backdrop of a dovish pivot by the Federal Reserve, equity indexes both in the U.S. and around the world notched significant quarterly gains despite a more hawkish Fed stance. Q4 2023 GDP grew 3.4%<sup>1</sup> against previous the consensus of 2% with domestic consumer spending being a major tailwind, but the latest available employment data (275,000 increase in nonfarm payrolls)<sup>2</sup> and core PCE index (up 2.8% year-on-year)<sup>3</sup> suggests that while the U.S. economy is showing signs of resilience, inflation may remain a lingering concern for monetary policymakers. The S&P 500 and the Nasdaq 100 both recorded record highs in Q1 for the first time in over 2 years<sup>4</sup>, and global equity markets have also surged with Japan's TOPIX 500 (+18.7% in Q1) leading international markets<sup>5</sup>. After driving the majority of the S&P's gains last year, the "Magnificent Seven" stocks saw mixed results in the first quarter; Nvidia remained the standout performer after a stellar performance during earnings season, but Apple and Tesla finished lower in Q1<sup>6</sup>. For fixed income investors, the first quarter was a challenging one; 10-year Treasury Yield climbed above 4.3% near the end of March and the Bloomberg Aggregate Bonds Index declined -0.74%<sup>7</sup>. Overall, equity markets began 2024 with a strong showing with the S&P 500 rising 10.6%, the NASDAQ 100 climbing 8.7%, and the Dow gaining 5.5% to end the quarter<sup>8</sup>.

For the quarter, Qraft AI-Powered US Factor Rotation model portfolio had a return of 12.84%, which was higher than the benchmark return of 10.52%. The portfolio's holdings comprise of an equities and a cash component. The portfolio maintained a neutral position on cash relative to the benchmark, averaging 0% cash holding for the quarter. The equities component had a return of +12.84% while the cash component had a return of 0%, resulting in an active return of +2.28% and +0.01% respectively. February was the highest performing month with a 6.55% return, while January saw the smallest returns at 2.56%.

Qraft AI-Powered US Factor Rotation model portfolio seeks to exceed the return of the S&P 500 over time by rotating among a range of equity factor exposures (such as momentum, value, growth, low risk, and quality) and cash. The strategy aims to provide active exposure to a diversified basket of broad-based and factor ETFs and leverage Qraft's proprietary regime detection model that can dynamically increase its cash level up to 50% in an attempt to reduce market drawdowns. 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 factor exposures. 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 US Factor Rotation model portfolio.

<sup>1</sup>Gross Domestic Product, Bureau of Economic Analysis, February 28 2024 <sup>2</sup>Employment Situation Summary - 2024 M02 Results, Department of Labor Statistics, March 8 2024

<sup>3</sup>Personal Consumption Expenditures Price Index, Excluding Food and Energy, Bureau of Economic Analysis, March 29 2024 <sup>4</sup>S&P 500, NASDAQ 100, Morningstar, March 31 2024

<sup>5</sup>TOPIX 500, Morningstar, March 31 2024 <sup>6</sup>\$NVDA, \$AAPL, \$TSLA, Morningstar, March 31 2024 <sup>7</sup>10-year Treasury Yield, Bloomberg, March 31 2024 <sup>8</sup>Dow Jones Industrial Average. Morningstar, March 31 2024

## Trailing Returns

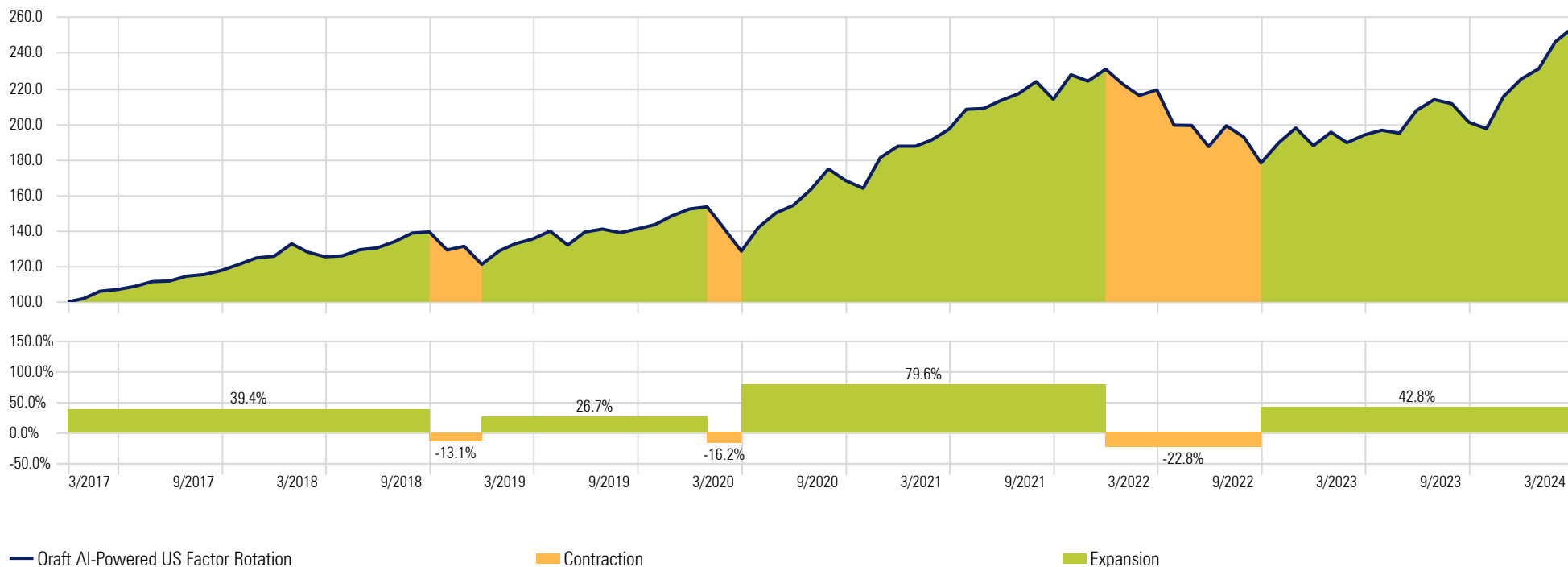
Data Point: Return Calculation Benchmark: SPDR® S&P 500 ETF Trust

	1 Month	3 Months	6 Months	YTD	1 Year	3 Years	5 Years
Qraft AI-Powered US Factor Rotation	3.27	12.84	26.50	12.84	31.13	29.03	87.82
SPDR® S&P 500 ETF Trust	3.21	10.52	23.39	10.52	29.71	38.26	100.82

## Investment Growth

Time Period: 1/4/2017 to 3/31/2024

Define drawdown as decline by 10% or more



### Monthly Returns - Qraft AI-Powered US Factor Rotation

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	2.56	6.55	3.27										12.84
2023	4.01	-3.00	2.31	1.34	-0.85	6.56	2.94	-1.06	-4.94	-1.83	9.18	4.59	19.96
2022	-3.73	-2.76	1.44	-9.05	-0.08	-5.96	6.24	-3.23	-7.53	6.38	4.38	-5.01	-18.61
2021	0.01	1.83	3.19	5.69	0.23	2.15	1.79	3.15	-4.47	6.46	-1.56	2.97	23.09
2020	0.78	-7.74	-9.22	10.37	5.79	2.79	5.77	7.13	-3.73	-2.60	10.49	3.59	23.19
2019	6.27	3.11	2.02	3.27	-5.65	5.57	1.21	-1.45	1.53	1.69	3.44	2.64	25.70
2018	5.63	-3.53	-2.08	0.43	2.75	0.77	2.72	3.60	0.46	-7.31	1.64	-7.74	-3.57
2017	—	3.96	0.93	1.62	2.50	0.30	2.47	0.79	2.01	2.95	2.92	0.71	—

### Monthly Returns - SPDR® S&P 500 ETF Trust

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	1.67	5.33	3.21										10.52
2023	6.27	-2.44	3.67	1.55	0.43	6.58	3.20	-1.60	-4.77	-2.11	9.11	4.52	26.14
2022	-5.18	-3.00	3.70	-8.72	0.17	-8.22	9.21	-4.07	-9.21	8.08	5.56	-5.74	-18.14
2021	-1.02	2.75	4.37	5.33	0.69	2.33	2.37	3.03	-4.65	6.99	-0.70	4.47	28.59
2020	-0.05	-8.21	-12.26	12.80	4.74	1.97	5.63	7.17	-3.79	-2.66	10.93	3.83	18.40
2019	7.99	3.20	1.93	4.04	-6.34	7.01	1.43	-1.59	1.86	2.15	3.62	3.00	31.29
2018	5.71	-3.69	-2.55	0.38	2.40	0.60	3.70	3.24	0.56	-6.84	2.03	-8.98	-4.45
2017	1.89	3.96	0.10	1.02	1.40	0.61	2.05	0.30	2.06	2.32	3.05	1.10	21.69

Source: Morningstar Direct

**Portfolio Holdings - Qraft AI-Powered US Factor Rotation**

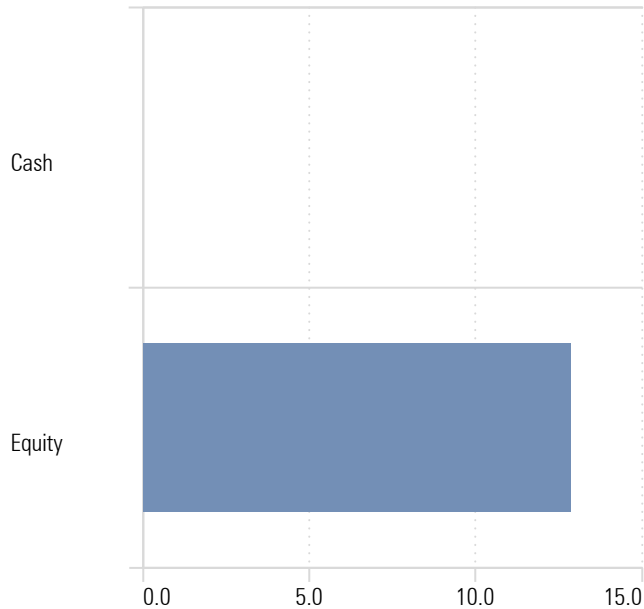
Portfolio Date: 1/31/2024



	%
• Vanguard Growth ETF	30.0
• Vanguard S&P 500 ETF	24.4
• iShares MSCI USA Momentum Factor ETF	15.0
• QRAFT AI-Enhanced US Large Cap Mmntm ETF	15.0
• Invesco S&P 500 High Div Low Vol ETF	8.0
• Vanguard Value ETF	7.6
<b>Total</b>	<b>100.0</b>

**Return**

Time Period: 1/1/2024 to 3/31/2024



**Portfolio Holdings - Qraft AI-Powered US Factor Rotation**

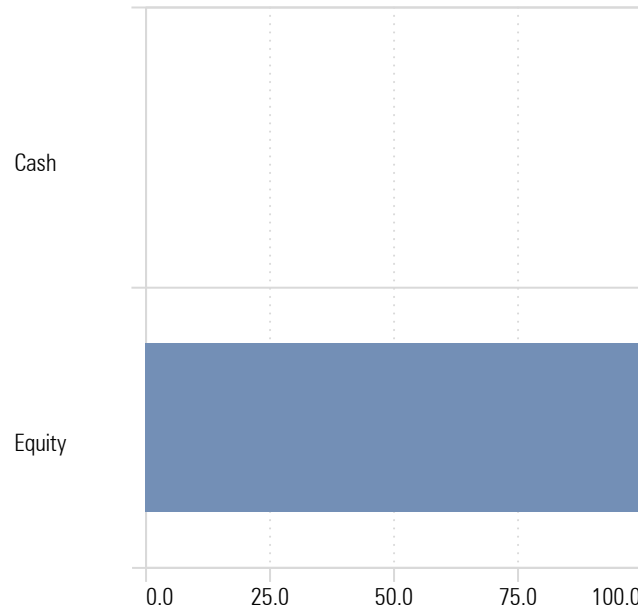
Portfolio Date: 2/29/2024



	%
• Vanguard Growth ETF	29.9
• Vanguard S&P 500 ETF	26.1
• iShares MSCI USA Momentum Factor ETF	15.0
• QRAFT AI-Enhanced US Large Cap Mmntm ETF	15.0
• Invesco S&P 500 High Div Low Vol ETF	8.3
• Vanguard Value ETF	5.7
<b>Total</b>	<b>100.0</b>

**Weights**

Time Period: 1/1/2024 to 3/31/2024



**Portfolio Holdings - Qraft AI-Powered US Factor Rotation**

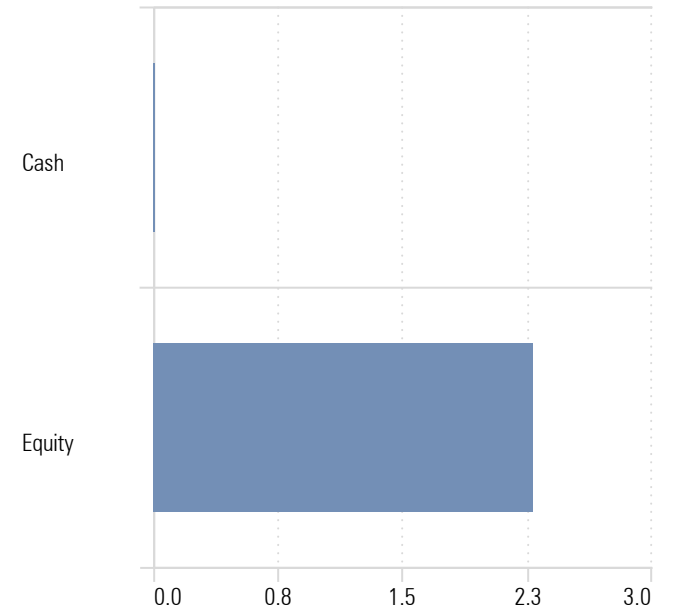
Portfolio Date: 3/31/2024



	%
• Vanguard Growth ETF	30.0
• Invesco S&P 500 High Div Low Vol ETF	16.4
• Vanguard Value ETF	16.4
• QRAFT AI-Enhanced US Large Cap Mmntm ETF	15.0
• QRAFT AI-Enhanced US Large Cap ETF	10.0
• Vanguard S&P 500 ETF	10.0
• iShares MSCI USA Momentum Factor ETF	2.2
<b>Total</b>	<b>100.0</b>

**Active Return**

Time Period: 1/1/2024 to 3/31/2024



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