

Quarterly Model Portfolio Commentary

Investors received a pleasant holiday surprise in Q4 of 2023. Following a challenging period in Q3, growing market anticipation of earlier rate cuts by central banks sparked a rally that saw strong returns across most major asset classes to round off the final quarter of 2023. The S&P 500 was among the top-performing equity indexes during the quarter. After the AI Boom in 2023, the “Magnificent Seven” tech and AI stocks dominated much of the headlines and drove close to 80% of the S&P 500’s annual returns – however, the Q4 rally saw index returns broaden with 33% of the index reached new 52-week highs in December. The S&P 500 rose 11.7% in Q4, its strongest quarterly performance in three years according to Dow Jones Market Data. Bond markets also saw a rally in Q4 2023. Annual inflation rate in the US continued to slow from 3.2% in October to 3.1% in November, and the core personal consumption expenditure index (the Federal Reserve’s favored measure of inflation) was also more encouraging than previous expectations. Growing signs of slowing domestic inflation saw a clear dovish pivot from the Fed, and government bond yields fell sharply as markets priced in easing conditions – the US 10-year Treasury Yield fell from 4.57% to 3.87% in Q4. The Bloomberg US Aggregate Index was up 6.57% for the quarter, marking its best quarterly performance in over two decades. Overall, equity markets wrapped up Q4 on a strong note. The S&P 500 gained 11.64%, the NASDAQ returned 14.34%, and the Dow increased by 12.48% to round off the quarter.

For the quarter, Qraft AI-Powered Global 60/40 Tilt model portfolio had a return of 8.85%, which is lower than the benchmark return of 9.26%. The portfolio's return can be broken down into two asset classes: equity and fixed income. The portfolio maintained an overweight position on equities and an underweight on fixed income relative to the benchmark. The equity component had a return of 11.44% while the fixed income component had a return of 3.29% resulting in an active return of 0.37% and -0.81% respectively. November was the highest performing month with a 7.18% return owing much to the strong performance of the equity market, while October suffered lagging returns at -2.72%.

Qraft AI-Powered Global 60/40 Tilt model portfolio seeks to exceed the return of a static 60% equities and 40% fixed income portfolio over time. The strategy aims to achieve this objective using Qraft's AI-driven model to overweight or underweight equities and fixed income by as much as $\pm 10\%$. 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 Global 60/40 Tilt model portfolio.

Trailing Returns

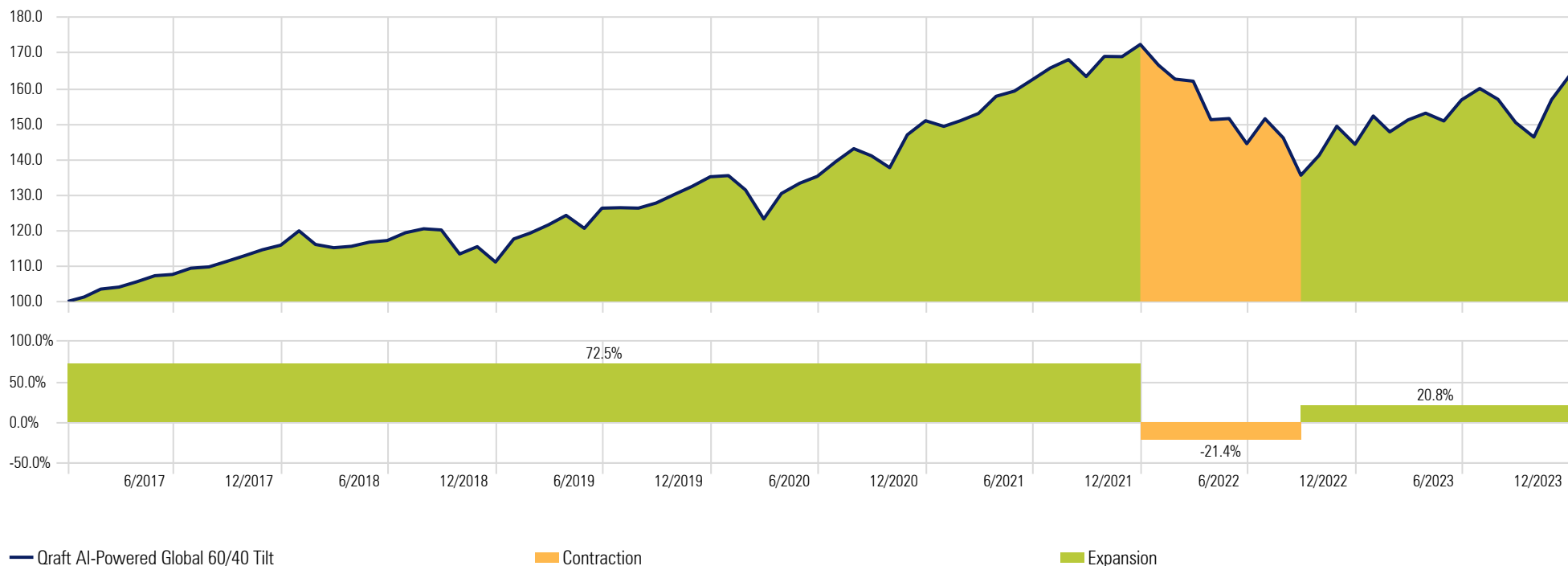
Data Point: Return Calculation Benchmark: iShares Core Growth Allocation ETF

	1 Month	3 Months	6 Months	YTD	1 Year	3 Years	5 Years
Qraft AI-Powered Global 60/40 Tilt	4.39	8.85	4.42	13.47	13.47	2.75	8.07
iShares Core Growth Allocation ETF	4.49	9.26	5.61	15.24	15.24	2.75	7.57

Investment Growth

Time Period: 1/4/2017 to 12/31/2023

Define drawdown as decline by 10% or more



Monthly Returns - Qraft AI-Powered Global 60/40 Tilt

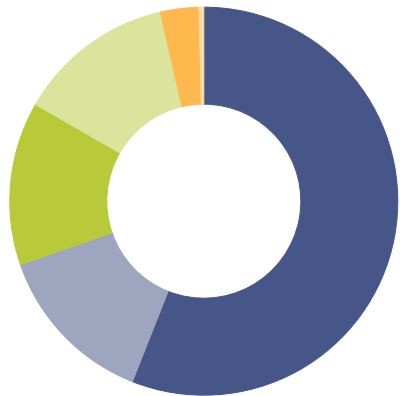
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	5.53	-2.94	2.28	1.27	-1.44	3.93	2.06	-1.92	-4.17	-2.72	7.18	4.39	13.47
2022	-3.39	-2.36	-0.36	-6.70	0.22	-4.68	4.87	-3.56	-7.21	4.15	5.80	-3.41	-16.33
2021	-1.06	1.06	1.37	3.17	0.92	1.99	2.06	1.44	-2.85	3.48	-0.04	2.04	14.26
2020	0.24	-2.99	-6.22	5.83	2.21	1.46	3.03	2.66	-1.41	-2.37	6.73	2.70	11.69
2019	5.86	1.41	1.95	2.20	-2.95	4.72	0.10	-0.09	1.13	1.89	1.74	2.06	21.65
2018	3.49	-3.20	-0.80	0.35	1.03	0.38	1.88	0.93	-0.28	-5.63	1.82	-3.76	-4.11
2017	—	2.19	0.55	1.43	1.63	0.33	1.64	0.34	1.40	1.47	1.48	1.12	—

Monthly Returns - iShares Core Growth Allocation ETF

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	5.81	-2.93	2.74	1.17	-1.22	3.47	2.13	-1.93	-3.49	-2.25	6.97	4.49	15.24
2022	-3.45	-2.22	0.16	-6.17	0.64	-5.67	5.23	-3.71	-7.18	3.41	6.75	-3.12	-15.30
2021	-0.44	1.17	1.77	2.79	1.13	0.86	0.90	1.33	-2.86	3.06	-1.35	2.40	11.14
2020	-0.33	-4.24	-9.16	6.37	3.53	2.05	3.59	3.35	-1.87	-1.47	7.39	3.03	11.60
2019	5.12	1.61	1.52	2.11	-3.06	4.24	0.09	-0.18	1.14	1.79	1.22	2.11	18.96
2018	2.99	-3.16	-0.40	-0.11	0.41	-0.38	1.94	0.62	0.02	-4.95	1.12	-3.79	-5.84
2017	1.60	1.99	0.93	1.33	1.59	0.39	1.81	0.48	1.15	1.41	1.15	1.01	15.88

Portfolio Holdings - Craft AI-Powered Global 60/40 Tilt

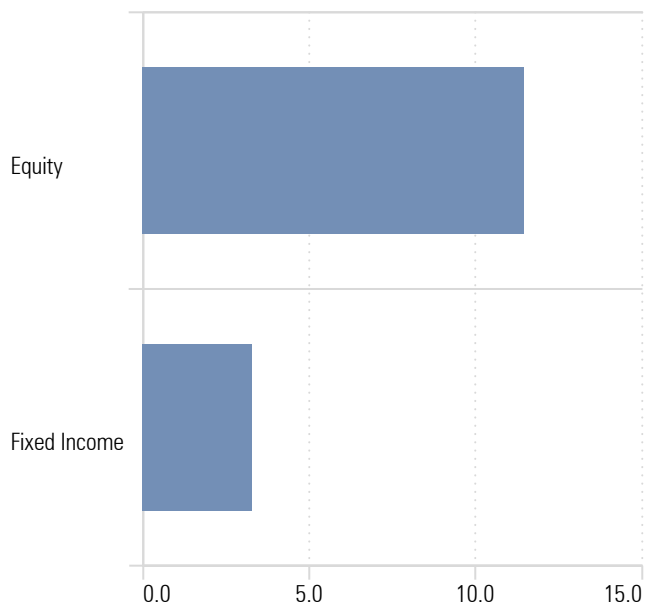
Portfolio Date: 10/31/2023



	%
• Vanguard S&P 500 ETF	56.0
• iShares 20+ Year Treasury Bond ETF	13.7
• Vanguard FTSE Developed Markets ETF	13.6
• iShares 7-10 Year Treasury Bond ETF	13.1
• iShares Short Treasury Bond ETF	3.2
• Vanguard FTSE Emerging Markets ETF	0.4
Total	100.0

Return

Time Period: 10/1/2023 to 12/31/2023



Portfolio Holdings - Craft AI-Powered Global 60/40 Tilt

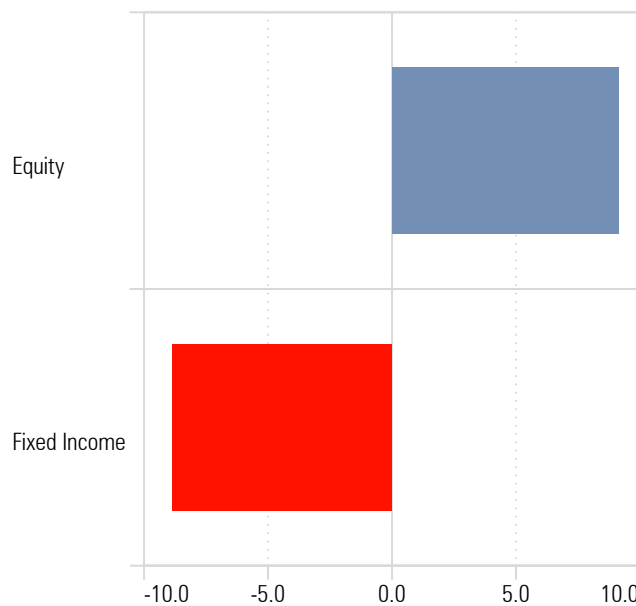
Portfolio Date: 11/30/2023



	%
• Vanguard S&P 500 ETF	50.2
• iShares Short Treasury Bond ETF	19.8
• Vanguard FTSE Developed Markets ETF	17.8
• iShares 7-10 Year Treasury Bond ETF	11.4
• Vanguard FTSE Emerging Markets ETF	0.8
• iShares 20+ Year Treasury Bond ETF	0.0
Total	100.0

Relative Weights

Time Period: 10/1/2023 to 12/31/2023



Portfolio Holdings - Craft AI-Powered Global 60/40 Tilt

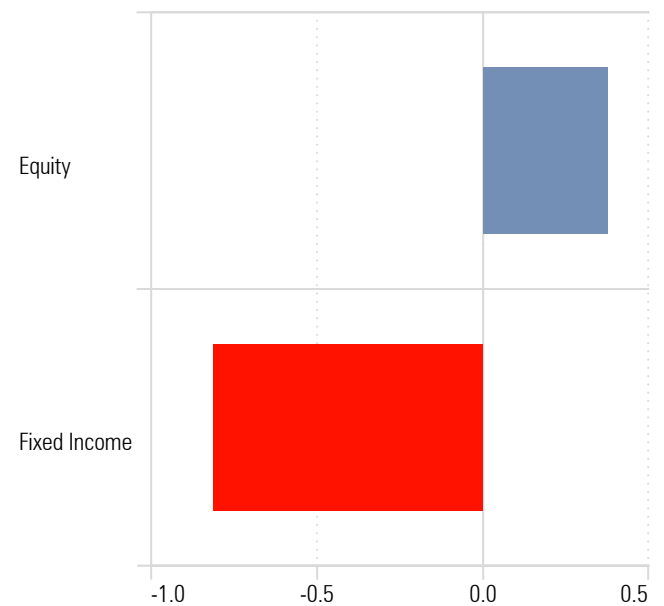
Portfolio Date: 12/31/2023



	%
• Vanguard S&P 500 ETF	48.6
• Vanguard FTSE Developed Markets ETF	19.8
• iShares Short Treasury Bond ETF	11.5
• iShares 7-10 Year Treasury Bond ETF	9.9
• iShares 20+ Year Treasury Bond ETF	8.6
• Vanguard FTSE Emerging Markets ETF	1.6
Total	100.0

Active Return

Time Period: 10/1/2023 to 12/31/2023



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