



GRAFT  
AIETFs

# Monthly Portfolio Update

2023 August Monthly Holding Update

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## About Qraft Technologies

Founded in 2016, Qraft Technologies is on a mission to transform investing with artificial intelligence, or AI. Our team, comprised of data scientists and researchers, data engineers, and investment experts, develop and supervise investment solutions enabled by AI.

We believe investment processes powered by AI can lead to superior results over time by advancing the scope, speed, and scale of how data is analyzed and investment decisions are made. The name Qraft is an amalgamation of the words 'Quant' and 'Craft', conveying the purpose of the company in crafting quantitative solutions using our proprietary AI methods.

Qraft offers a full suite of AI-powered investment solutions for financial firms, from data handling (Kirin API) to Security Selection and Portfolio Construction (AI-Enhanced ETFs), to Asset Allocation and Model Management, to Trading Insights (AXE).

**Investing involves risks, including the potential for principal loss and there can be no guarantee that the strategies and processes promoted will be successful. Please see pages 14 and 15 regarding important risk information about the Qraft AI-Enhanced ETFs.**

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# Macro Backdrop

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The US stock market added another positive month in July. S&P500 and Nasdaq was up 3.11% and 4.05% in July, while Dow also gained 3.35% in the same period. The strong stock market was driven by the mitigated expectation of a hard landing recession. The US GDP rose at a 2.4% annual rate in the second quarter, topping the 2% consensus estimate from Dow Jones. Stronger-than-expected economy positively affected interest rates, as short-term treasuries were down -2.62% in July. The US consumer price index(CPI) for June was +3.0% year-over-year and the core CPI was +4.8% year-over-year, both lower than market consensus.

Securities selected for inclusion in each ETF are those that our AI models have identified as having the greatest potential to drive alpha in the coming month, taking into consideration macroeconomic and market data as well as the strategy-specific parameters designed to manage risk and exposures.

In the August rebalance, QRFT increased allocation to the Health Care and Financials sectors, and currently has it's targets allocation to the Information Technology sector. AMOM increased the Consumer Discretionary sector while reducing its allocation to the Information Technology and Consumer Staples sectors. NVQ significantly increased both the Health Care and Financials sectors while reducing Materials sector.

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# About Qraft AI ETFs

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## **QRFT** | Qraft AI-Enhanced U.S. Large Cap ETF

AI-enabled portfolio that dynamically shifts among proven factors. Optimized and actively managed by AI technology, the Qraft AI Enhanced U.S. Large-Cap ETF seeks long-term capital appreciation by dynamically shifting among five proven factors: quality, size, value, momentum and low volatility.

## **AMOM** | Qraft AI-Enhanced U.S. Large Cap Momentum ETF

AI-enabled portfolio investing in momentum stocks. Optimized and actively managed by AI technology, the Qraft AI-Enhanced U.S. Large Cap Momentum ETF seeks capital appreciation by investing in stocks that exhibit higher price momentum.

## **NVQ** | Qraft AI-Enhanced U.S. Next Value ETF

AI-enabled portfolio investing in value stocks. Optimized and actively managed by AI technology, Qraft AI Enhanced U.S. Next Level ETF seeks capital-appreciation by investing in value stocks adjusted for intangible assets, which may represent a significant portion of a company's net worth.

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# QRFT

Qraft AI-Enhanced U.S. Large Cap ETF

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## **Sector Summary**

- The most significant sectors were Information Technology (26.2%) and Health Care (17.3%).
- The portion of Industrials in the portfolio was reduced to around 2.3%, and it now accounts for 16.7%.

## **Factor Summary**

- The largest exposure in the portfolio this month was to the Quality (35.8%).
- The smallest allocation remained in the Size (7.6%).

## **Security Selection Update**

- Two new names, CARDINAL HEALTH INC (1.0%) and UBIQUITI INC (0.9%), were added to the portfolio.
- BERRY GLOBAL GROUP INC, which accounted for 0.6% of the portfolio last month, was removed.

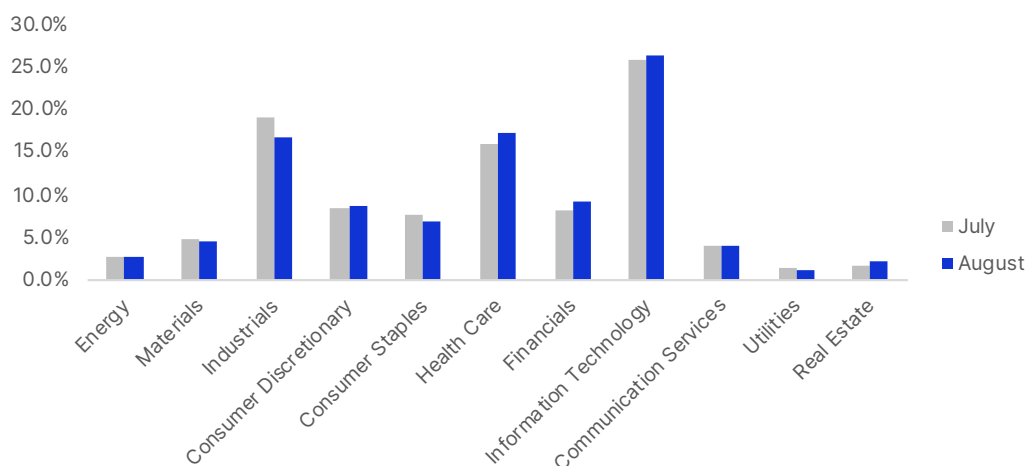
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## QRFT Rebalance Tables



Sector Exposure	August	July	Change
Energy	2.7%	2.7%	-0.1%
Materials	4.4%	4.9%	-0.4%
Industrials	16.7%	19.1%	-2.3%
Consumer Discretionary	8.8%	8.5%	0.3%
Consumer Staples	6.9%	7.7%	-0.8%
Health Care	17.3%	16.0%	1.4%
Financials	9.2%	8.1%	1.1%
Information Technology	26.2%	25.8%	0.4%
Communication Services	4.2%	4.1%	0.1%
Utilities	1.3%	1.5%	-0.3%
Real Estate	2.3%	1.7%	0.6%

Source: Company Data; Data Available as of

2023.8.2

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## QRFT Rebalance Tables

August Top 10			July Top 10		
AAPL	APPLE ORD	3.47%	MSFT	MICROSOFT CORP	3.51%
MSFT	MICROSOFT ORD	3.28%	AAPL	APPLE INC	3.46%
POOL	POOL CORP	1.88%	UNH	UNITEDHEALTH GROUP INC	2.07%
GOOGL	ALPHABET CL A ORD	1.75%	COST	Costco Wholesale Corp	1.91%
UNH	UNITEDHEALTH GROUP INC	1.58%	POOL	POOL CORP	1.84%
IDXX	IDEXX LABS INC	1.55%	GOOGL	ALPHABET INC-CL A	1.75%
COST	Costco Wholesale Corp	1.53%	AMZN	AMAZON COM ORD	1.51%
FSV	FIRSTSERVICE CORP	1.49%	HUM	HUMANA INC	1.39%
AMZN	AMAZON COM ORD	1.49%	EXPD	Expeditors Intl of WA Inc	1.38%
EPAM	EPAM SYSTEMS INC	1.41%	BAH	BOOZ ALLEN HAMILTON HLDG CP	1.35%

\* effective date:

2023.8.2

Significant Additions			Significant Removals		
CAH	CARDINAL HEALTH INC	1.04%	BERY	BERRY GLOBAL GROUP INC	0.64%
UI	UBIQUITI INC	0.87%	SITE	SITEONE LANDSCAPE SUPPLY INC	0.61%
MORN	MORNINGSTAR INC	0.83%	DOX	AMDOCS LTD	0.59%
ALLE	Allegion plc	0.73%	DCI	DONALDSON CO INC	0.54%
BALL	BALL CORP	0.70%	FLEX	FLEX LTD	0.52%

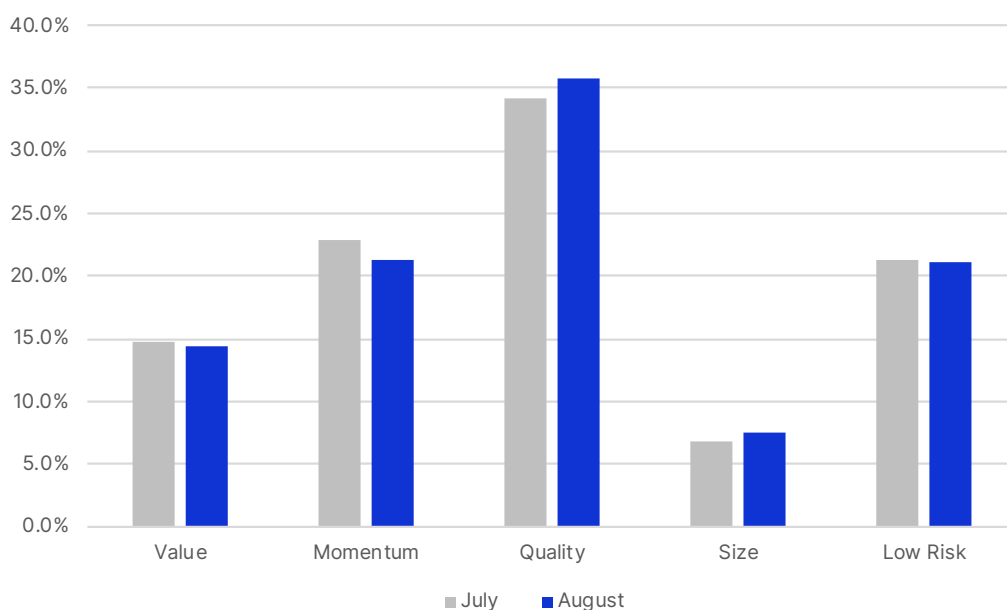
Source: Company Data as of

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## QRFT Factor Exposure Change



Factor Exposure	August	July	Change
Value	14.3%	14.8%	-0.5%
Momentum	21.3%	22.8%	-1.5%
Quality	35.8%	34.2%	1.6%
Size	7.6%	6.9%	0.7%
Low Risk	21.1%	21.3%	-0.3%

Source: Company Data as of  
2023.8.2

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# AMOM

Qraft AI-Enhanced U.S. Large Cap Momentum ETF

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## **Sector Summary**

- The Consumer Discretionary (35.9%) and Industrials (27.5%) were the most significant sectors this month.
- AMOM has reduced the portion of Information Technology to approximately -6.5%, with the sector now accounting for 16.4% this month.

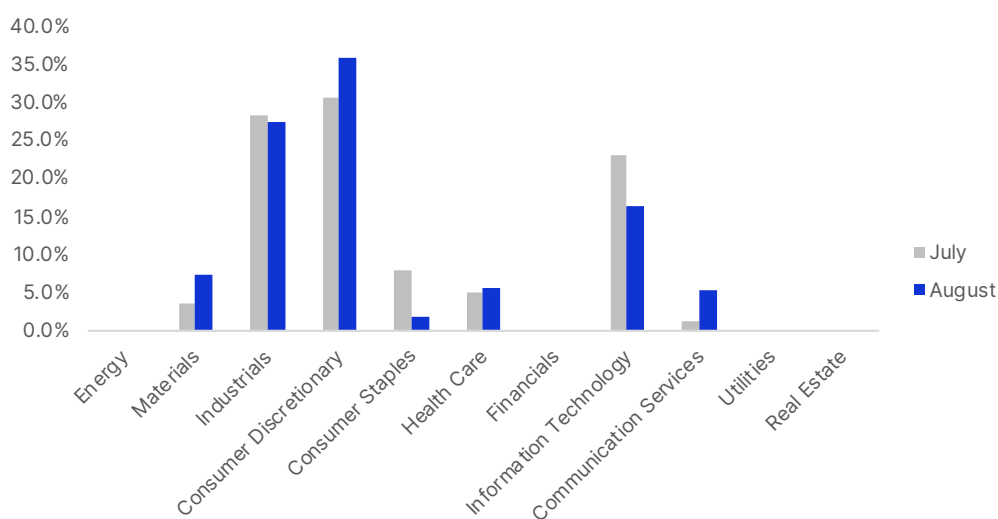
## **Security Selection Update**

- New additions to the portfolio include ROLLINS INC (6.4%) and META PLATFORMS CL A ORD (5.3%).
- WALMART ORD, which accounted for 7.9% last month, has been removed from the portfolio.

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## AMOM Sector Change



Sector Exposure	August	July	Change
Energy	0.0%	0.0%	0.0%
Materials	7.2%	3.7%	3.6%
Industrials	27.5%	28.3%	-0.8%
Consumer Discretionary	35.9%	30.7%	5.2%
Consumer Staples	2.0%	8.0%	-6.1%
Health Care	5.7%	5.1%	0.6%
Financials	0.0%	0.0%	0.0%
Information Technology	16.4%	23.0%	-6.5%
Communication Services	5.3%	1.2%	4.1%
Utilities	0.0%	0.0%	0.0%
Real Estate	0.0%	0.0%	0.0%

Source: Company Data as of  
2023.8.2

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## AMOM Rebalance Tables

August Top 10			July Top 10		
NVDA	NVIDIA ORD	6.90%	NVDA	NVIDIA CORP	7.95%
ORLY	O'REILLY AUTOMOTIVE INC	6.80%	WMT	WALMART ORD	7.88%
ROL	ROLLINS INC	6.42%	HD	HOME DEPOT ORD	5.71%
YUM	YUM BRANDS INC	5.66%	ORLY	O'REILLY AUTOMOTIVE INC	5.50%
HD	HOME DEPOT ORD	5.54%	YUM	YUM BRANDS INC	4.76%
META	META PLATFORMS CL A ORD	5.28%	AVGO	BROADCOM INC	4.46%
TTC	TORO CO	4.14%	RS	RELIANCE STEEL & ALUMINUM CO	3.85%
RS	RELIANCE STEEL & ALUMINUM CO	4.02%	TTC	TORO CO	3.47%
TSCO	TRACTOR SUPPLY CO	3.95%	EME	EMCOR GROUP ORD	3.31%
EME	EMCOR GROUP INC	3.46%	CTAS	CINTAS CORP	3.09%

\* effective date:

2023.8.2

Significant Additions			Significant Removals		
ROL	ROLLINS INC	6.42%	WMT	WALMART ORD	7.88%
META	META PLATFORMS CL A ORD	5.28%	AVGO	BROADCOM INC	4.46%
TSCO	TRACTOR SUPPLY CO	3.95%	HUBB	HUBBELL INC	2.81%
SCCO	SOUTHERN COPPER CORP	3.02%	GWV	GRAINGER (W W) INC	2.61%
PEN	PENUMBRA INC	2.22%	ROST	Ross Stores Inc	2.59%

Source: Company Data as of

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# NVQ

Qraft AI-Enhanced U.S. Next Value ETF

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## **Sector Summary**

- The two most significant sectors this month were Industrials (20.5%) and Consumer Discretionary (14.0%).
- The allocation of Materials was reduced to around -5.2%, and it now accounts for 9.8% of the portfolio this month.

## **Security Selection Update**

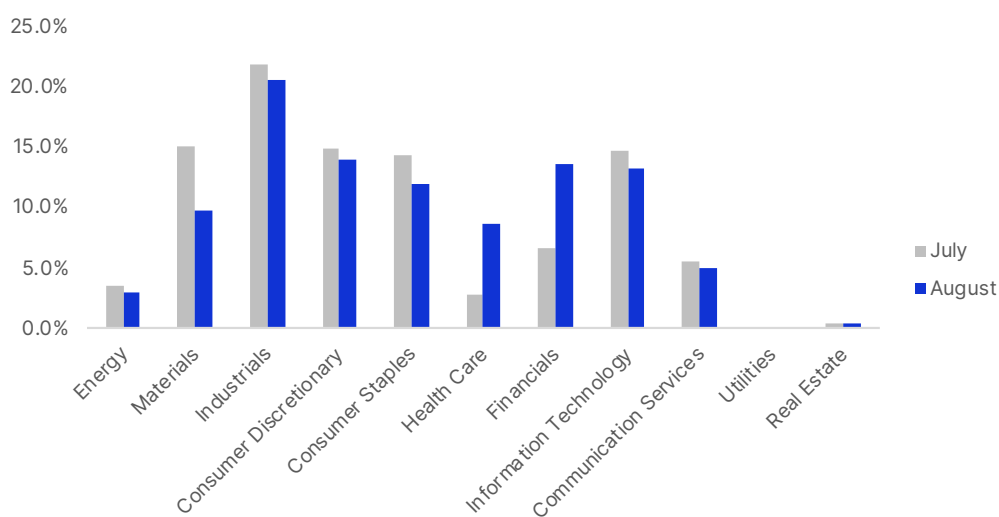
- CVS HEALTH CORP (8.2%) and CAPITAL ONE FINANCIAL CORP (3.5%) were added as new names to the portfolio.
- DUPONT DE NEMOURS INC, which accounted for 4.5% of the portfolio last month, was removed.

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## NVQ Sector Change



Sector Exposure	August	July	Change
Energy	3.0%	3.6%	-0.6%
Materials	9.8%	15.0%	-5.2%
Industrials	20.5%	21.9%	-1.4%
Consumer Discretionary	14.0%	15.0%	-0.9%
Consumer Staples	11.9%	14.3%	-2.4%
Health Care	8.7%	2.8%	5.9%
Financials	13.5%	6.7%	6.9%
Information Technology	13.3%	14.8%	-1.5%
Communication Services	4.9%	5.6%	-0.7%
Utilities	0.0%	0.0%	0.0%
Real Estate	0.4%	0.4%	-0.1%

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## NVQ Rebalance Tables

August Top 10			July Top 10		
CVS	CVS HEALTH CORP	8.22%	FDX	FEDEX CORP	7.14%
FDX	FEDEX CORP	6.15%	MU	MICRON TECHNOLOGY INC	6.84%
MU	MICRON TECHNOLOGY INC	6.15%	DD	DUPONT DE NEMOURS INC	4.53%
LEN	LENNAR CORP	3.97%	LEN	LENNAR CORP	4.35%
COF	CAPITAL ONE FINANCIAL CORP	3.55%	RS	RELIANCE STEEL & ALUMINUM CO	4.06%
RS	RELIANCE STEEL & ALUMINUM CO	3.25%	WTM	WHITE MTNS INS GROUP LTD	3.86%
TSN	TYSON FOODS INC -CL A	2.64%	TSN	TYSON FOODS INC -CL A	3.58%
NNI	NELNET INC	2.36%	TGNA	TEGNA INC	2.88%
PAA	Plains All American Pipeline LP	2.24%	PAA	Plains All American Pipeline LP	2.72%
ARW	ARROW ELECTRONICS INC	2.24%	LSXMK	LIBERTY MEDIA SIRIUSXM GROUP	2.48%

\* effective date:

2023.8.2

Significant Additions			Significant Removals		
CVS	CVS HEALTH CORP	8.22%	DD	DUPONT DE NEMOURS INC	4.53%
COF	CAPITAL ONE FINANCIAL CORP	3.55%	XRAY	DENTSPLY SIRONA INC	1.23%
NNI	NELNET INC	2.36%	SKX	SKECHERS U S A INC	0.91%
THS	TREEHOUSE FOODS INC	1.80%	AZPN	ASPEN TECHNOLOGY INC	0.60%
ESGR	ENSTAR GROUP LTD	1.72%	NUS	NU SKIN ENTERPRISES INC	0.29%

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### **Important Information**

Portfolio holdings are subject to change and should not be considered investment advice.

Investing involves risk including possible loss of principal. Diversification does not ensure profits or prevent losses.

*Artificial intelligence selection models are reliant upon data and information supplied by third parties that are utilized by such models. To the extent the models do not perform as designed or as intended, the strategy may not be successfully implemented. If the model or data are incorrect or incomplete, any decisions made in reliance thereon may lead to the inclusion or exclusion of securities that would have been excluded or included had the model or data been correct and complete. Service providers may experience disruptions that arise from human error, processing and communications error, counterparty or third-party errors, technology or systems failures, any of which may have an adverse impact. While it is anticipated the Adviser, Exchange Traded Concepts LLC, will purchase and sell securities based on recommendations of QRAFT AI, the Adviser has full discretion over investment decisions for the Fund.*

**Investors should consider the investment objectives, risks, charges, and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the Qraft ETFs, please call (855) 973-7880 or visit our website at [www.qraftaietf.com](http://www.qraftaietf.com). Read the prospectus or summary prospectus carefully before investing.**

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*Investing involves risk, including loss of principal. The Funds are subject to numerous risks including but not limited to: Equity Risk, Sector Risk, Large Cap Risk, Management Risk, and Trading Risk. The Funds rely heavily on a proprietary artificial intelligence selection model as well as data and information supplied by third parties that are utilized by such model. To the extent the model does not perform as designed or as intended, the Fund's strategy may not be successfully implemented, and the Funds may lose value. Additionally, the funds are non-diversified, which means that they may invest more of their assets in the securities of a single issuer or a smaller number of issuers than if they were a diversified fund. As a result, each Fund may be more exposed to the risks associated with and developments affecting an individual issuer or a smaller number of issuers than a fund that invests more widely. A new or smaller fund's performance may not represent how the fund is expected to or may perform in the long term if and when it becomes larger and has fully implemented its investment strategies. Read the prospectus for additional details regarding risks*

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### **Important Information**

**QRAFT AI-Enhanced U.S. Large Cap ETF (QRFT):** Companies in the health care sector are subject to extensive government regulation and their profitability can be significantly affected by restrictions on government reimbursement for medical expenses, rising costs of medical products and services, pricing pressure (including price discounting), limited product lines and an increased emphasis on the delivery of health care through outpatient services.

**QRAFT AI-Enhanced U.S. Large Cap Momentum ETF (AMOM):** The Fund is subject to the risk that market or economic factors impacting technology companies and companies that rely heavily on technology advances could have a major effect on the value of the Fund's investments. The value of stocks of technology companies and companies that rely heavily on technology is particularly vulnerable to rapid changes in technology product cycles, rapid product obsolescence, the loss of patent, copyright and trademark protections, government regulation and competition, both domestically and internationally, including competition from foreign competitors with lower production costs. Technology companies and companies that rely heavily on technology, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall market.

**QRAFT AI-Enhanced U.S. Next Value ETF (NVQ):** The value approach to investing involves the risk that stocks may remain undervalued, undervaluation may become more severe, or perceived undervaluation may actually represent intrinsic value. Value stocks may underperform the overall equity market while the market concentrates on growth stocks. The small- and mid-capitalization companies in which the Fund invests may be more vulnerable to adverse business or economic events than larger, more established companies, and may underperform other segments of the market or the equity market as a whole. Securities of small- and mid-capitalization companies generally trade in lower volumes, are often more vulnerable to market volatility, and are subject to greater and more unpredictable price changes than larger capitalization stocks or the stock market as a whole.

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