



GRAFT  
AIETFs

# Monthly Portfolio Update

2023 May Monthly Holding Update

Transforming Investing with Artificial Intelligence  
Powered by technology, enabled by people



## 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.**

Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people

# Macro Backdrop



---

April saw a rally in the equity and fixed income markets since mid-March. After a lull in February, the S&P finished higher for the second consecutive month delivering a 1.46% return for the month and bringing its YTD return to 8.59% (SPX, Morningstar). Bond prices rose as the yield on 10-year Treasury note fell from 4% to 3.5% over the past seven week period. The US Federal Reserve's dovish rhetoric has also provided cause for optimism - while the Federal Open Markets Committee announced another 25bps rate hike in early May, its softening stance towards future interest rate hikes has led many to believe that we have reached the end of the current hiking cycle. Market reaction towards 2023 Q1 economic data has been mixed; while some point towards slow economic growth (1.1%) and tightening credit conditions as warnings for an imminent recession, others argued that strong US domestic demand (up 3.7% for the quarter) as well as improved employment metrics as positive indicators for the economy.

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 May rebalance, QRFT increased allocation to Industrial sector and significantly reduced allocations to the Information Technology sector. AMOM also reduced allocation to Information Technology, as well as reversing its trend last month by reducing allocation to Health Care. Similarly, NVQ reduced allocation to Information Technology and Health Care, in favor of Financial and Communication Services sectors.

Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people



# About Qraft AI ETFs

---

## **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.

Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people

---



# QRFT

Qraft AI-Enhanced U.S. Large Cap ETF

---

## **Sector Summary**

- The most significant sectors were Industrials (22.5%) and Information Technology (19.5%).
- The portion of Information Technology in the portfolio was reduced to around -11.6%, and it now accounts for 19.5%.

## **Factor Summary**

- The largest exposure in the portfolio this month was to the Quality (33.1%).
- The smallest allocation remained in the Size (7.7%).

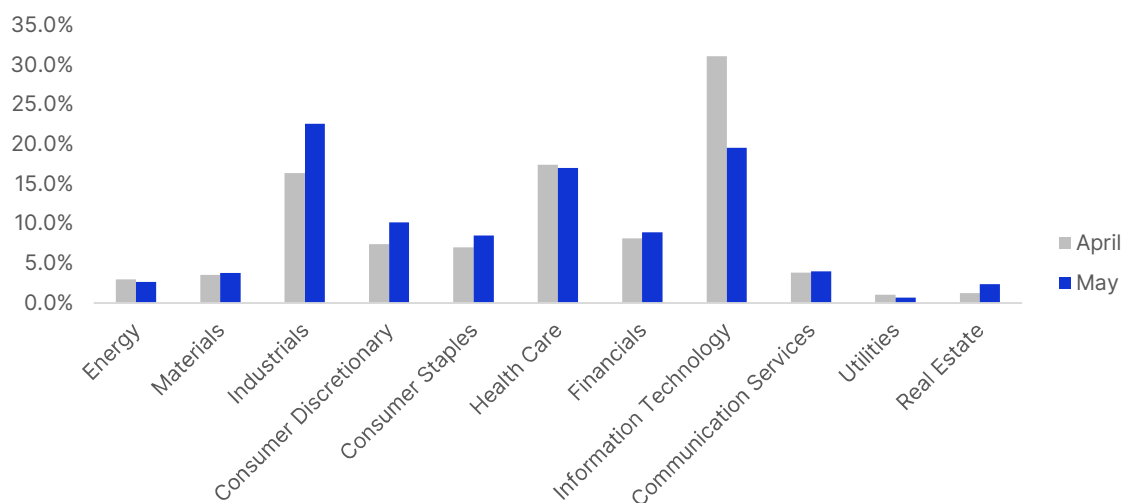
## **Security Selection Update**

- Two new names, MASCO CORP (1.2%) and TOPBUILD CORP (0.7%), were added to the portfolio.
- MANHATTAN ASSOCIATES INC, which accounted for 1.2% of the portfolio last month, was removed.

Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people

## QRFT Rebalance Tables



Sector Exposure	May	April	Change
Energy	2.7%	3.0%	-0.3%
Materials	3.8%	3.5%	0.3%
Industrials	22.5%	16.4%	6.2%
Consumer Discretionary	10.2%	7.4%	2.8%
Consumer Staples	8.5%	7.0%	1.5%
Health Care	17.0%	17.4%	-0.4%
Financials	8.9%	8.1%	0.8%
Information Technology	19.5%	31.1%	-11.6%
Communication Services	4.0%	3.8%	0.2%
Utilities	0.7%	1.1%	-0.4%
Real Estate	2.4%	1.2%	1.1%

Source: Company Data; Data Available as of  
 2023-05-02

Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people

## QRFT Rebalance Tables

May Top 10			April Top 10		
AAPL	APPLE INC	3.39%	MSFT	MICROSOFT CORP	3.40%
MSFT	MICROSOFT CORP	2.90%	AAPL	APPLE INC	3.35%
UNH	UNITEDHEALTH GROUP INC	2.02%	HUM	HUMANA ORD	1.86%
HUM	HUMANA ORD	1.95%	IDXX	IDEXX LABORATORIES ORD	1.85%
COST	Costco Wholesale Corp	1.85%	UNH	UNITEDHEALTH GROUP INC	1.84%
GOOGL	ALPHABET INC-CL A	1.65%	GOOGL	ALPHABET INC-CL A	1.59%
AMZN	AMAZON.COM INC	1.40%	AMAT	APPLIED MATERIALS INC	1.44%
CHRW	C H ROBINSON WORLDWIDE INC	1.39%	BAH	BOOZ ALLEN HAMILTON HLDG CP	1.38%
POOL	POOL CORP	1.33%	COST	Costco Wholesale Corp	1.38%
BAH	BOOZ ALLEN HAMILTON HLDG CP	1.33%	AMZN	AMAZON COM ORD	1.29%

\* effective date:

2023-05-02

Significant Additions			Significant Removals		
MAS	MASCO CORP	1.16%	MANH	MANHATTAN ASSOCIATES INC	1.15%
BLD	TOPBUILD CORP	0.72%	DOX	AMDOCS LTD	0.87%
J	JACOBS SOLUTIONS INC	0.69%	ARW	ARROW ELECTRONICS ORD	0.80%
TTEK	TETRA TECH INC	0.68%	BAX	BAXTER INTL.	0.72%
HII	HUNTINGTON INGALLS IND INC	0.64%	TER	TERADYNE INC	0.70%

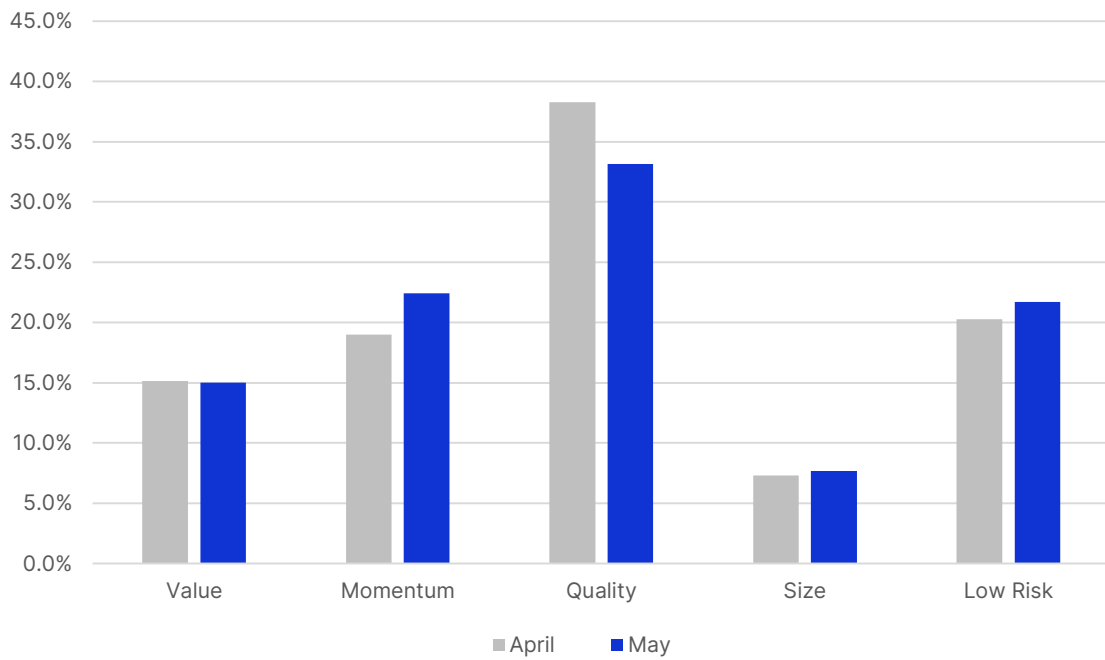
Source: Company Data as of

2023-05-02

Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people

## QRFT Factor Exposure Change



Factor Exposure	May	April	Change
Value	15.0%	15.1%	-0.1%
Momentum	22.4%	19.0%	3.4%
Quality	33.1%	38.3%	-5.2%
Size	7.7%	7.3%	0.4%
Low Risk	21.7%	20.3%	1.5%

Source: Company Data as of  
2023-05-02

Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people



# AMOM

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

---

## **Sector Summary**

- The Consumer Discretionary (32.9%) and Consumer Staples (17.8%) were the most significant sectors this month.
- AMOM has reduced the portion of Health Care to approximately - 17.0%, with the sector now accounting for 7.0% this month.

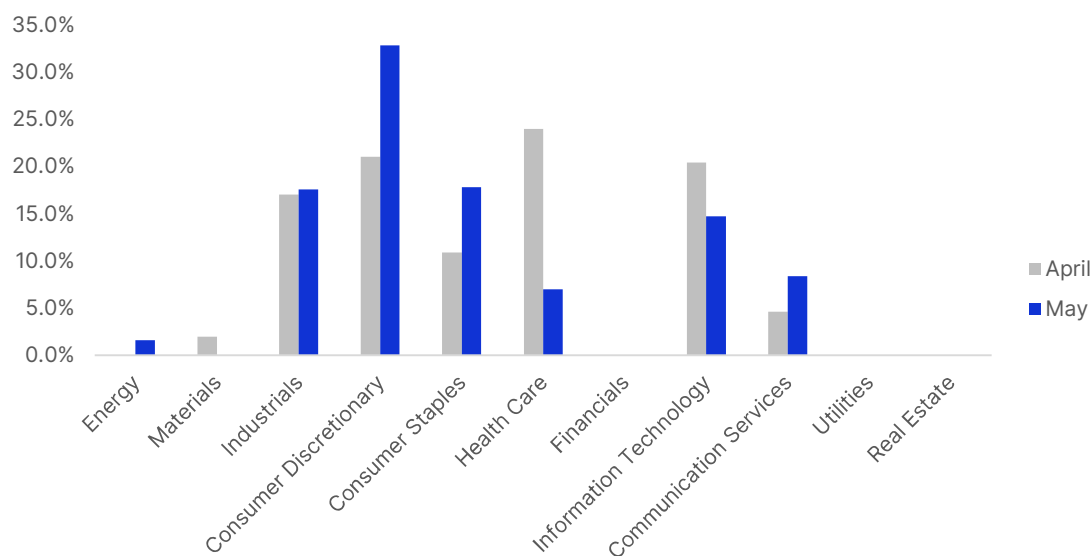
## **Security Selection Update**

- New additions to the portfolio include NVIDIA CORP (8.0%) and WALMART INC (7.8%).
- APPLE INC, which accounted for 8.0% last month, has been removed from the portfolio.

Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people

## AMOM Sector Change



Sector Exposure	May	April	Change
Energy	1.6%	0.0%	1.6%
Materials	0.0%	2.0%	-2.0%
Industrials	17.6%	17.0%	0.6%
Consumer Discretionary	32.9%	21.1%	11.8%
Consumer Staples	17.8%	10.9%	6.9%
Health Care	7.0%	24.0%	-17.0%
Financials	0.0%	0.0%	0.0%
Information Technology	14.7%	20.4%	-5.7%
Communication Services	8.4%	4.6%	3.8%
Utilities	0.0%	0.0%	0.0%
Real Estate	0.0%	0.0%	0.0%

Source: Company Data as of  
2023-05-02

Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people

## AMOM Rebalance Tables

May Top 10			April Top 10		
NVDA	NVIDIA CORP	7.99%	AAPL	APPLE INC	7.96%
WMT	WALMART INC	7.84%	LLY	LILLY (ELI) & CO	6.52%
META	META PLATFORMS INC	6.62%	META	META PLATFORMS INC	5.11%
HD	HOME DEPOT ORD	5.21%	HD	HOME DEPOT ORD	4.32%
CL	Colgate-Palmolive Co	3.39%	CL	Colgate-Palmolive Co	3.40%
ORLY	O'REILLY AUTOMOTIVE INC	3.08%	VRTX	VERTEX PHARMACEUTICALS INC	3.23%
AZO	AUTOZONE INC	2.99%	ORLY	O'REILLY AUTOMOTIVE INC	3.13%
TJX	TJX COS INC (THE)	2.98%	REGN	REGENERON PHARMACEUTICALS	3.00%
SBUX	Starbucks Corp	2.87%	MNST	MONSTER BEVERAGE CORP	2.72%
LOW	LOWE'S COS INC	2.72%	CHE	CHEMED CORP	2.70%

\* effective date:

2023-05-02

Significant Additions			Significant Removals		
NVDA	NVIDIA CORP	7.99%	AAPL	APPLE INC	7.96%
WMT	WALMART INC	7.84%	LLY	LILLY (ELI) & CO	6.52%
AZO	AUTOZONE INC	2.99%	VRTX	VERTEX PHARMACEUTICALS INC	3.23%
TJX	TJX COS INC (THE)	2.98%	REGN	REGENERON PHARMACEUTICALS	3.00%
SBUX	Starbucks Corp	2.87%	MNST	MONSTER BEVERAGE CORP	2.72%

Source: Company Data as of

2023-05-02

Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people



# NVQ

Qraft AI-Enhanced U.S. Next Value ETF

---

## **Sector Summary**

- The two most significant sectors this month were Consumer Discretionary (15.9%) and Financials (15.7%).
- The allocation of Energy was reduced to around -4.8%, and it now accounts for 10.9% of the portfolio this month.

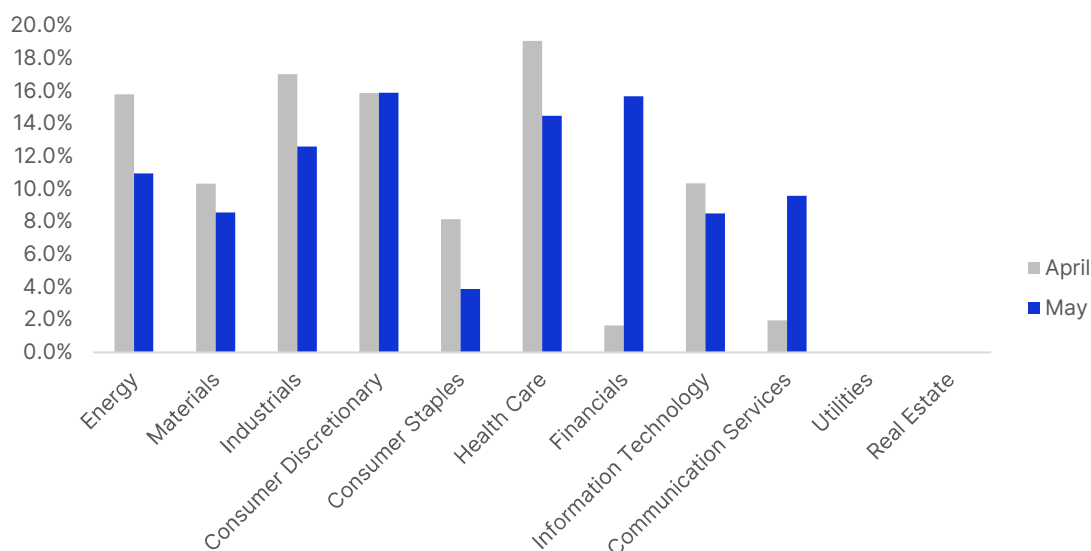
## **Security Selection Update**

- VERIZON COMMUNICATIONS ORD (7.9%) and METLIFE INC (3.8%) were added as new names to the portfolio.
- WALGREEN BOOTS ALLIANCE ORD, which accounted for 3.1% of the portfolio last month, was removed.

Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people

## NVQ Sector Change



Sector Exposure	May	April	Change
Energy	10.9%	15.8%	-4.8%
Materials	8.6%	10.3%	-1.8%
Industrials	12.6%	17.0%	-4.4%
Consumer Discretionary	15.9%	15.8%	0.0%
Consumer Staples	3.9%	8.1%	-4.3%
Health Care	14.5%	19.0%	-4.6%
Financials	15.7%	1.6%	14.0%
Information Technology	8.5%	10.3%	-1.8%
Communication Services	9.6%	2.0%	7.6%
Utilities	0.0%	0.0%	0.0%
Real Estate	0.0%	0.0%	0.0%

Source: Company Data; Data Available as of

2023-05-02

### Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people

## NVQ Rebalance Tables

May Top 10			April Top 10		
VZ	VERIZON COMMUNICATIONS ORD	7.91%	CVS	CVS HEALTH ORD	8.03%
CVS	CVS HEALTH ORD	6.65%	CI	CIGNA ORD	6.56%
CI	CIGNA ORD	5.05%	EOG	EOG RESOURCES INC	4.53%
MET	METLIFE INC	3.83%	MPC	MARATHON PETROLEUM CORP	4.36%
EOG	EOG RESOURCES INC	3.32%	WBA	WALGREEN BOOTS ALLIANCE ORD	3.08%
ET	ENERGY TRANSFER LP	3.03%	CNC	CENTENE CORP	2.99%
STT	STATE STREET CORP	2.87%	PSX	PHILLIPS 66	2.94%
MPC	MARATHON PETROLEUM CORP	2.73%	SNX	TD SYNEX CORPORATION	2.34%
IVZ	INVESCO LTD	2.64%	ARW	ARROW ELECTRONICS ORD	2.24%
SNX	TD SYNEX CORPORATION	2.40%	RS	RELIANCE STEEL & ALUMINUM CO	2.16%

\* effective date:

2023-05-02

Significant Additions			Significant Removals		
VZ	VERIZON COMMUNICATIONS ORD	7.91%	WBA	WALGREEN BOOTS ALLIANCE ORD	3.08%
MET	METLIFE INC	3.83%	PSX	PHILLIPS 66	2.94%
ET	ENERGY TRANSFER LP	3.03%	SKX	SKECHERS USA INC-CL A	1.41%
STT	STATE STREET CORP	2.87%	RL	RALPH LAUREN CORP	1.18%
IVZ	INVESCO LTD	2.64%	KMT	KENNAMETAL INC	1.01%

Source: Company Data as of

2023-05-02

Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people

### **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.**

Distributed by Foreside Fund Services, LLC

*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*

**Transforming Investing with Artificial Intelligence**

Powered by technology, enabled by people

### **Important Information**

**GRAFT 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.

**GRAFT 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.

**GRAFT 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.

Transforming Investing with Artificial Intelligence

Powered by technology, enabled by people