



GRAFT
AIETFs

Monthly Portfolio Update

**2022
May**

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About Qraft Technologies

Founded in 2016, Qraft Technologies is on a mission to innovate the asset management process. From AI-powered ETFs to AI Order Execution, we seek to leverage AI to expand the capability of finding alpha at a lower cost than in the traditional asset management process.

The name Qraft is an amalgamation of the words 'Quant' and 'Craft', conveying the purpose of the company in crafting quantitative solutions for clients using our proprietary AI technology. Qraft's in-house, vertically integrated, AI suite offers nimbleness and ability to adapt to the changing needs and condition of the market. Qraft is developing a full comprehensive suite of AI-powered enabling services for financial firms, from building portfolio (Asset Allocation Engine), data handling (Kirin API), identification of alpha (Alpha Factory), to order execution (AXE). Our mission is to enable AI-driven technology to fundamentally change investing for the better.

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May Overview

May will be an important period for investors, with the Fed widely predicted to hike up the federal funds rate by half a percentage point and announce how they plan to unwind its \$9 trillion asset portfolio¹ during their upcoming conference on May 4th.

Unsurprisingly, inflation remains the paramount concern for investors as they expect both supply-push and demand-pull inflation to continue into the foreseeable future. Furthermore, fresh lockdowns in China have once again bogged down supply chains, and in recent earnings reports², firms including Apple are acknowledging the potential impact on performance these lockdowns could have on Q2 performance.

With persistent inflation and the continued occurrence of idiosyncratic risk events, many believe that the Fed may have to implement drastic measures in the next year to curb inflation as the market points towards historical events to build cases for interest rate hikes of more than 250 basis points by the end of 2022. There are fears that dramatic increases may spark a recession, with the last such increase happening through 1979-1981 under Paul Volcker leading to the 1980-1982 recession.

These fears seem to have been all but reflected in the market, with indices now hitting their lowest point of the year to date and the NASDAQ officially entering bear territory with a drawdown of 22.46% compared to its peak in November 2021 and having its worst month since 2008³.

These bearish sentiments appear to be manifested in AMOM's May rebalance, with its AI engine making dramatic cuts to the IT sector and adding to the Energy, Consumer Staples, and Materials sectors, signaling a defensive portfolio composition.

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AMOM Key Takeaways

Consecutive significant decrease in IT sector holdings

- IT sector weight decreases by 18.46% in April, followed by 16.09% in May, resulting in 3.45% total IT sector weight
- Tech heavy NASDAQ sees its worst month since 2008 with tech stocks being seen as unattractive as further interest rate hikes loom³
- First time AMOM has not had any tech listings in its top-10 holdings

Continued increases in Energy, Consumer Staples, and Materials holdings

- Energy sector weight increase by around 7% after 11.05% increase in April
 - Energy related stocks comprise 4 out of AMOM's top 10 holdings as Ukraine conflict enters its third month
 - Increased holdings in Canadian Natural Resources (CNQ) & Conoco Phillips (COP)
- Consumer Staples sector holdings rises by 10.66% after 5.13% increase in April
 - Consumer Staples was the only sector in the green during April, as companies are adapting to inflation by raising prices⁴
 - Walmart (WMT) is the top holding for May, with an approximate 2.5% increase in holdings size month-over-month
- Materials sector holdings increase by 6.05%

Exposure to Financials removed

Absence of Communication Services, Real Estate, and Utilities holdings for three consecutive months

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AMOM Rebalance Tables

| April Top 10 | | May Top 10 | |
|--------------|-------|------------|-------|
| AAPL | 7.71% | WMT | 8.00% |
| WMT | 5.43% | PEP | 6.13% |
| HD | 4.44% | COST | 6.10% |
| COST | 3.65% | CNQ | 3.84% |
| CNQ | 2.95% | NTR | 3.78% |
| LOW | 2.69% | TGT | 3.46% |
| COP | 2.53% | COP | 3.07% |
| NTR | 2.53% | REGN | 2.74% |
| CVE | 2.45% | TECK | 2.27% |
| EOG | 2.02% | CVE | 2.23% |

| Significant Removals | | Significant Additions | |
|----------------------|-------|-----------------------|-------|
| AAPL | 7.71% | PEP | 6.13% |
| HD | 4.44% | TGT | 3.46% |
| LOW | 2.69% | TECK | 2.27% |
| EW | 1.94% | HSY | 1.98% |
| BX | 1.90% | BBY | 1.72% |

(Source: Company data; Data available as of May 3, 2022)

Table showing key AMOM metrics

| Ticker | Product | Return Type | 1 Month | YTD | Since Inception |
|--------------------|---|---------------|---------|---------|-----------------|
| AMOM | Graft AI-Enhanced U.S. Large Cap Momentum ETF | Market Return | -5.20% | -22.82% | 45.26% |
| MIUS ⁱⁱ | MSCI USA Momentum Index* | Index Return | -11.56% | -17.93% | 33.99% |

(Source: S&P Compustat; Data available as of May 2, 2022; Subject to change)

Since AMOM inception: May 19, 2019

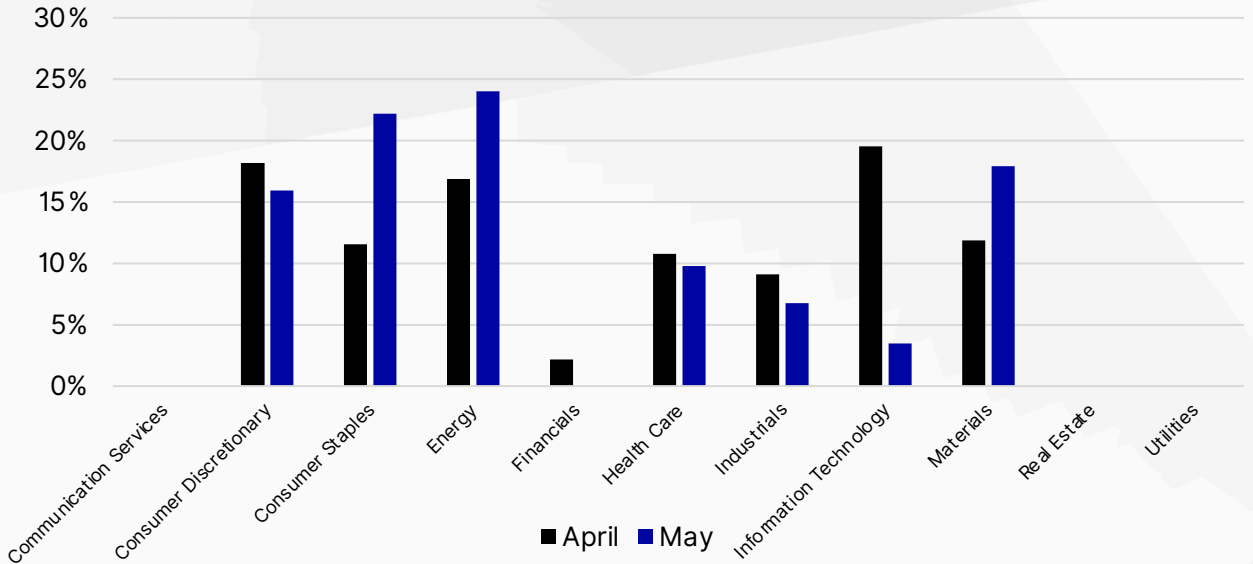
*Investors cannot directly invest in an index

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Returns less than one year are not annualized. For current standard performance and expenses, visit www.graftaietf.com/amom

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AMOM Sector Change



| Sector | April | May | Change |
|------------------------|--------|--------|---------|
| Communication Services | - | - | - |
| Consumer Discretionary | 18.17% | 15.94% | -2.23% |
| Consumer Staples | 11.54% | 22.20% | 10.66% |
| Energy | 16.85% | 24.00% | 7.15% |
| Financials | 2.16% | - | -2.16% |
| Health Care | 10.75% | 9.76% | -0.99% |
| Industrials | 9.12% | 6.73% | -2.39% |
| Information Technology | 19.54% | 3.45% | -16.09% |
| Materials | 11.86% | 17.91% | 6.05% |
| Real Estate | - | - | - |
| Utilities | - | - | - |

(Source: Company data; Data available as of May 3, 2022)

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QRFT Key Takeaways

Increase in Momentum, Value, Size, and Low Risk factors

- Increase of Momentum factor by 1.34%, Value by 5.06%, Size by 0.42%, and Low Risk by 0.46%

Decrease in Quality factor

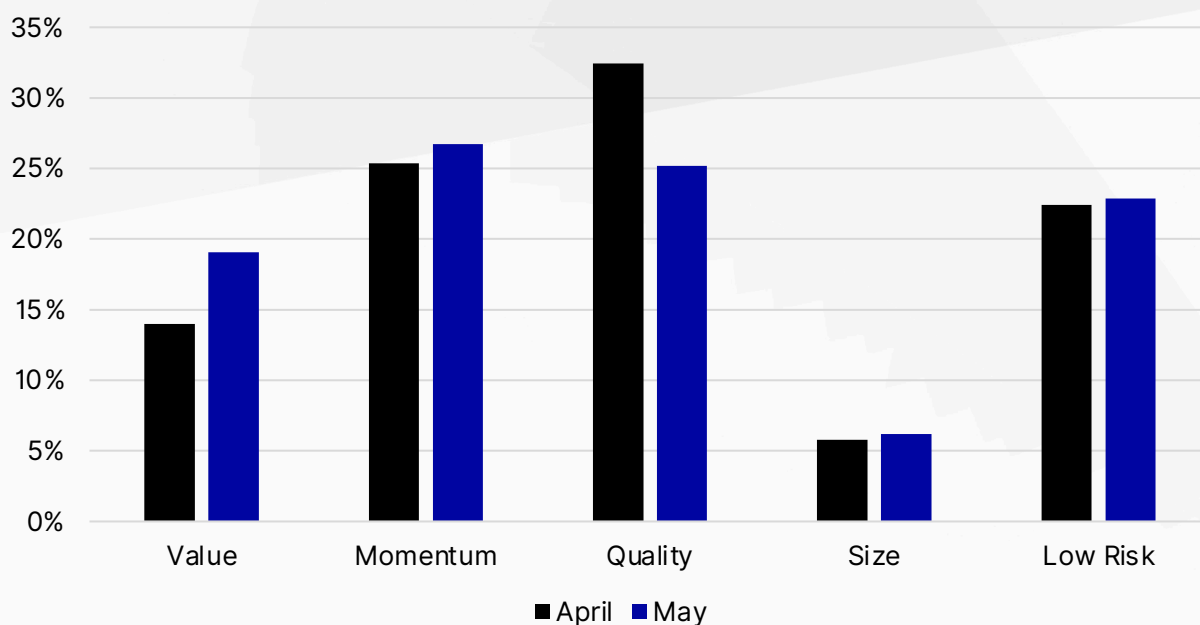
- Decrease in Quality factor by 7.28%

Dramatic decrease in IT sector holdings

- IT sector holdings decrease by 13.06%
- This decrease is consistent with the general market environment which has seen tech stocks underperform significantly YTD. The performance of the NASDAQ 100 has represented this event, with it passing into recession territory³

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QRFT Factor Change

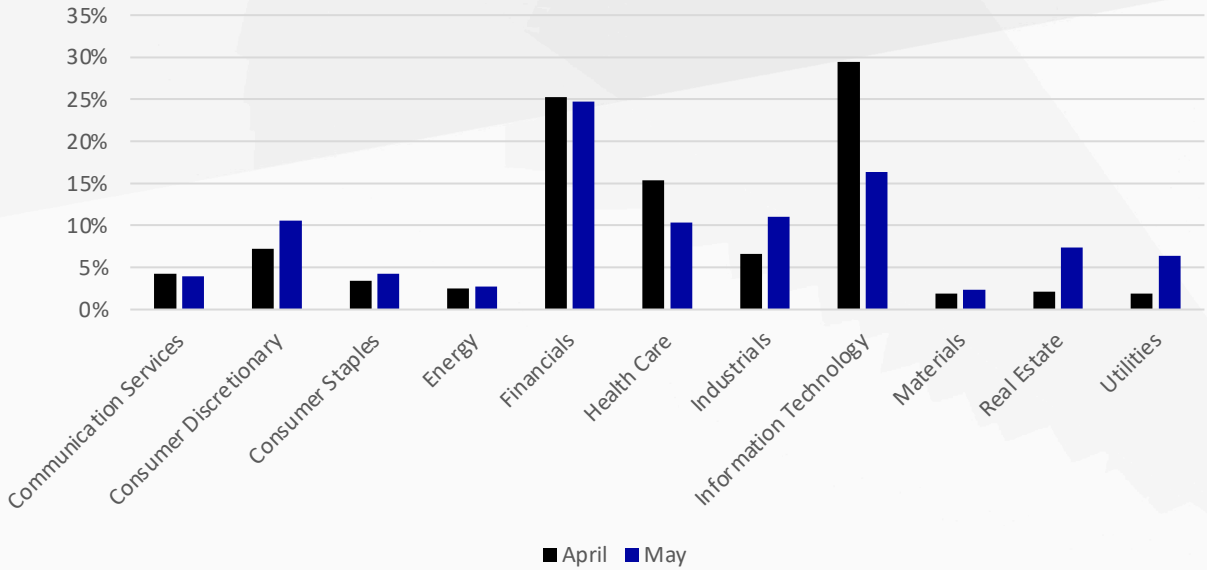
| Factors | April | May | Change |
|----------|--------|--------|--------|
| Value | 14.00% | 19.06% | 5.06% |
| Momentum | 25.37% | 26.71% | 1.34% |
| Quality | 32.44% | 25.16% | -7.28% |
| Size | 5.78% | 6.20% | 0.42% |
| Low Risk | 22.41% | 22.87% | 0.46% |

(Source: Company data; Data available as of May 3, 2022)

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QRFT Sector Change



| Sector | April | May | Change |
|------------------------|--------|--------|---------|
| Communication Services | 4.25% | 3.93% | -0.32% |
| Consumer Discretionary | 7.20% | 10.57% | 3.37% |
| Consumer Staples | 3.42% | 4.28% | 0.86% |
| Energy | 2.54% | 2.76% | 0.23% |
| Financials | 25.23% | 24.69% | -0.54% |
| Health Care | 15.40% | 10.31% | -5.08% |
| Industrials | 6.58% | 11.00% | 4.41% |
| Information Technology | 29.44% | 16.38% | -13.06% |
| Materials | 1.92% | 2.31% | 0.39% |
| Real Estate | 2.13% | 7.36% | 5.22% |
| Utilities | 1.88% | 6.40% | 4.52% |

(Source: Company data; Data available as of May 3, 2022)

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QRFT Rebalance Tables

| April Top 10 | | May Top 10 | |
|--------------|-------|------------|-------|
| MSFT | 3.34% | AAPL | 3.18% |
| AAPL | 3.18% | MSFT | 2.57% |
| KLAC | 1.87% | BRK.B | 2.09% |
| AMZN | 1.75% | UNH | 1.98% |
| GOOGL | 1.74% | RJF | 1.91% |
| LULU | 1.61% | GOOGL | 1.74% |
| LMT | 1.54% | FNF | 1.63% |
| BRK.B | 1.45% | COST | 1.61% |
| CACC | 1.44% | AMZN | 1.56% |
| MKTX | 1.38% | EGP | 1.49% |

| Significant Removals | | Significant Additions | |
|----------------------|-------|-----------------------|-------|
| VEEV | 1.15% | POOL | 0.95% |
| UI | 1.15% | DHI | 0.94% |
| AKAM | 1.09% | LSI | 0.87% |
| ANSS | 1.00% | RS | 0.83% |
| DOX | 1.00% | FR | 0.80% |

(Source: Company data; Data available as of May 3, 2022)

Table showing key QRFT metrics

| Ticker | Product | Return Type | 1 Month | YTD | Since Inception |
|----------------------|---------------------------------|---------------|---------|---------|-----------------|
| QRFT | Qraft AI-Enhanced Large Cap ETF | Market Return | -8.64% | -16.56% | 64.44% |
| SPXTR ⁱⁱⁱ | S&P 500 Total Return Index | Index Return | -8.51% | -12.42% | 52.35% |

(Source: S&P Compustat; Data available as of May 2, 2022; Subject to change)
Since QRFT inception: May 19, 2019

*Investors cannot directly invest in an index

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Returns less than one year are not annualized. For current standard performance and expenses, visit www.graftaietf.com/grft

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NVQ

Key Takeaways

Consumer Staples continue increase since March

- Consumer Staples sector weight increases by 2.35% in April. and increased 3.27% in May as the sector became the best performing sector in April⁴
- Many Consumer Staples producers see strong demand despite of inflation-driven price hikes

Significant decreases in Consumer Discretionary, Energy, and Financials sectors

- Consumer Discretionary holdings continues decrease by 2.67% after 9.49% decrease in April
- Energy sector holdings decreases by 7.14% following a 4.11% decrease in April
 - Energy prices have remained high, however, have fallen back from historical highs of last month
 - Natural gas prices rise as Russia cuts natural gas shipments to certain countries⁵
- Financials sector decreases dramatically by 14.84% continuing on from a decrease of 5.54% in April
 - Many Wall Street giants have reported double-digit declines in profit in Q1 of 2022, as the pandemic-driven boom in financials sector comes to an end⁶
- Consumer Discretionary sector holdings fall by 5.24% as persistent high inflation and gas prices puts many consumers in a quandary in their personal budgets
 - Other drawbacks include the increases and further potential increases in interest rates, which make big ticket purchases more expensive to purchase on credit
 - Mattress companies, seen as a bellwether for the sector, start to cut costs and revise earnings projections⁷

Large increases in Industrials and Health Care sectors

- Health Care sector holdings increase by 10.22% with names such as CVS, CI, MET, and CNC in the top 10 holdings
- Industrials sector increases by 12.01%

Introduction of Real Estate sector holdings with a weight of 4.16%

NVQ Rebalance Tables

| April Top 10 | | May Top 10 | |
|--------------|-------|------------|-------|
| CVS | 8.13% | CVS | 8.00% |
| CI | 5.57% | CI | 5.80% |
| EOG | 4.41% | EOG | 4.58% |
| TFC | 4.20% | TFC | 4.31% |
| COF | 3.86% | MET | 3.73% |
| MET | 3.69% | COF | 3.71% |
| CNC | 3.25% | CNC | 3.41% |
| MPC | 3.19% | MPC | 3.36% |
| VLO | 3.09% | VLO | 3.21% |
| VMW | 3.06% | KR | 3.07% |

| Significant Removals | | Significant Additions | |
|----------------------|-------|-----------------------|-------|
| VMW | 3.06% | PRU | 2.73% |
| STT | 1.61% | PARAA | 1.34% |
| CLR | 1.35% | WRK | 0.90% |
| PFG | 1.23% | MHK | 0.82% |
| ECPG | 1.22% | WBD | 0.65% |

(Source: Company data; Data available as of May 3, 2022)

Table showing key NVQ metrics

| Ticker | Product | Return Type | 1 Month | YTD | Since Inception |
|----------------------|-----------------------------------|---------------|---------|--------|-----------------|
| NVQ | Graft AI-Enhanced Next Value ETF | Market Return | -4.26% | -1.84% | 27.96% |
| SPXVTR ^{iv} | S&P 500 Value Total Return Index* | Index Return | -5.39% | -5.06% | 20.85% |

(Source: S&P Compustat; Data available as of May 2, 2022; Subject to change)

Since NVQ inception: December 3, 2020

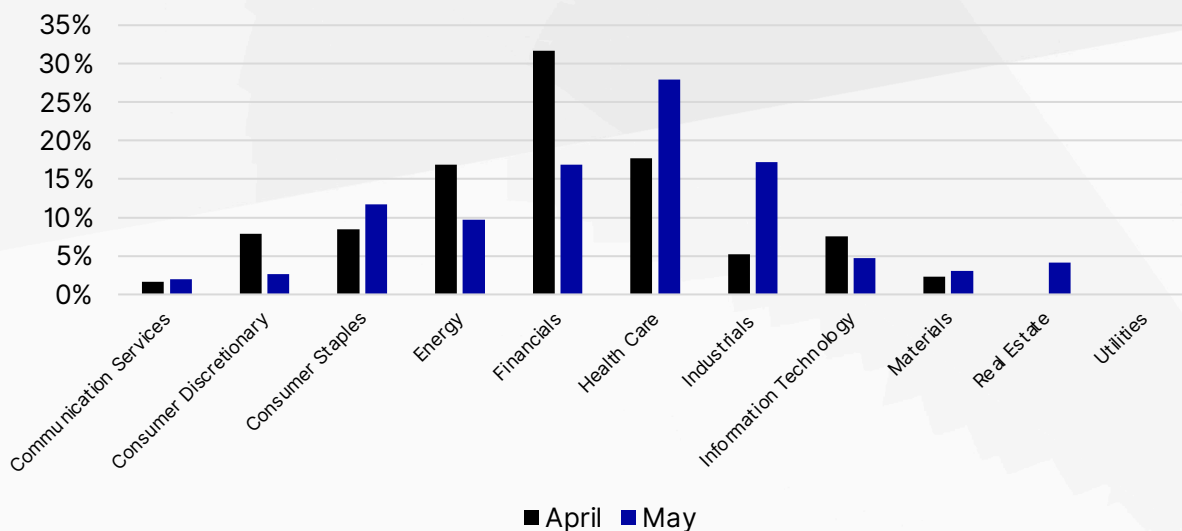
*Investors cannot directly invest in an index

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NVQ Sector Change



| Sector | April | May | Change |
|------------------------|--------|--------|---------|
| Communication Services | 1.63% | 2.01% | 0.38% |
| Consumer Discretionary | 7.92% | 2.68% | -5.24% |
| Consumer Staples | 8.44% | 11.70% | 3.27% |
| Energy | 16.83% | 9.69% | -7.14% |
| Financials | 31.71% | 16.88% | -14.84% |
| Health Care | 17.68% | 27.90% | 10.22% |
| Industrials | 5.20% | 17.21% | 12.01% |
| Information Technology | 7.56% | 4.72% | -2.84% |
| Materials | 2.33% | 3.05% | 0.72% |
| Real Estate | - | 4.16% | 4.16% |
| Utilities | - | - | - |

(Source: S&P Compustat; Data available as of May 3, 2022)

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Endnotes

1. Purvis, Benjamin, and James Hirai. "Markets Bet on Sharpest Pace of Fed Tightening Since 1994." *Bloomberg.com*, Bloomberg, 6 Apr. 2022, <https://www.bloomberg.com/news/articles/2022-04-06/markets-bet-on-sharpest-fed-tightening-in-almost-three-decades>.
2. Higgins, Tim. "Apple Says Covid-19 Lockdowns in China Loom over Sales." *The Wall Street Journal*, Dow Jones & Company, 28 Apr. 2022, <https://www.wsj.com/articles/apple-aapl-q2-earnings-report-2022-11651115203>.
3. Banerji, Gunjan, and Caitlin Ostroff. "Tech Rout Drags Nasdaq to Worst Month since 2008." *The Wall Street Journal*, Dow Jones & Company, 29 Apr. 2022, https://www.wsj.com/articles/global-stocks-markets-dow-update-04-29-2022-11651217787?mod=markets_lead_pos10.
4. Langley, Karen. "Consumer-Staples Stocks Take Their Turn in Limelight." *The Wall Street Journal*, Dow Jones & Company, 2 May 2022, <https://www.wsj.com/articles/consumer-staples-stocks-take-their-turn-in-limelight-11651432456>.
5. Grossman, Matt. "Russian Supply Concerns Drive Natural-Gas Prices Higher." *The Wall Street Journal*, Dow Jones & Company, 27 Apr. 2022, <https://www.wsj.com/articles/russian-supply-concerns-drive-natural-gas-prices-higher-11651077617>.
6. Grant, Charley, and David Benoit. "Wall Street's Deal-Making Boom Starts to Sputter Out." *The Wall Street Journal*, Dow Jones & Company, 14 Apr. 2022, https://www.wsj.com/articles/goldman-posts-lower-profit-in-mixed-quarter-for-wall-street-11649937059?mod=business_minor_pos13.
7. Broughton, Kristin. "Mattress Companies Trim Costs, Delay Product Launches as Demand Falls." *The Wall Street Journal*, Dow Jones & Company, 25 Apr. 2022, <https://www.wsj.com/articles/mattress-companies-trim-costs-delay-product-launches-as-demand-falls-11650916104>.

Definitions

- i. Alpha describes an investment strategy's ability to beat the market
- ii. Based on MSCI USA Index, its parent index, which captures large and mid cap stocks of the US market. It is designed to reflect the performance of an equity momentum strategy by emphasizing stocks with high price momentum, while maintaining reasonably high trading liquidity, investment capacity and moderate index turnover.
- iii. The index includes 500 leading companies and covers approximately 80% of available market capitalization.
- iv. Measures value stocks using three factors: the ratios of book value, earnings, and sales to price. Constituents are drawn from the S&P 500

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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.graftaief.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 US High Dividend ETF (HDIV): Securities that pay dividends, as a group, may be out of favor with the market and underperform the overall equity market or stocks of companies that do not pay dividends. In addition, changes in the dividend policies of the companies held by the Fund or the capital resources available for such company's dividend payments may adversely affect the Fund. In the event a company reduces or eliminates its dividend, the Fund may not only lose the dividend payout but the stock price of the company may also fall.

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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