



**QRAFT**  
AIETFs

# Monthly Holdings Update

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2022 November

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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).

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# November Overview

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Most global equity markets showed positive results in October. US equities, as measured by the S&P 500 Index, were up 8%, despite confirmation from the US Federal Reserve that tighter monetary policy is still needed to help contain unacceptably high inflation.

Although the Fed has acknowledged the need to endure some economic pain to tame inflation, Q3 earnings reports have been largely resilient. As of November 4, 85% of S&P 500 companies had reported Q3 results and 70% of those companies had positive earnings-per-share (EPS) surprise and 71% of companies had a positive revenue surprise. Q4 earnings guidance, however, indicates some companies expect a more challenging environment ahead.\*

Economic data throughout October was mixed: after two quarters of declines, US gross domestic product (GDP) increased 0.6% in Q3. However, both US housing starts and home sales slowed, a fallout from higher mortgage rates, and Flash PMI data\*\* also disappointed.

\*[https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight\\_110422.pdf](https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_110422.pdf)

\*\* Flash Manufacturing PMI is an estimate of manufacturing for a country.



# QRFT

Qraft AI-Enhanced U.S. Large Cap ETF

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## **Sector Summary**

- QRFT added to Health Care (+3.9% to 16.9% of the portfolio), Industrials (+3.2% to 17.8% of the portfolio), and Consumer Discretionary (+2.2% to 11.6% of the portfolio).
- Reduced allocations to Financials (-7.5% to 11.1% of the portfolio), Materials (-1.8% to 3.3% of the portfolio), and Utilities (-0.9% to 4.1% of the portfolio).

## **Factor Summary**

- QRFT maintains a balance of factor exposures, with the largest allocations to Quality (27.8%), Momentum (26.2%), and Low Risk (22.3%).
- The portfolio's exposure to the Size factor remains the smallest allocation (6.9%).

## **Security Selection Update**

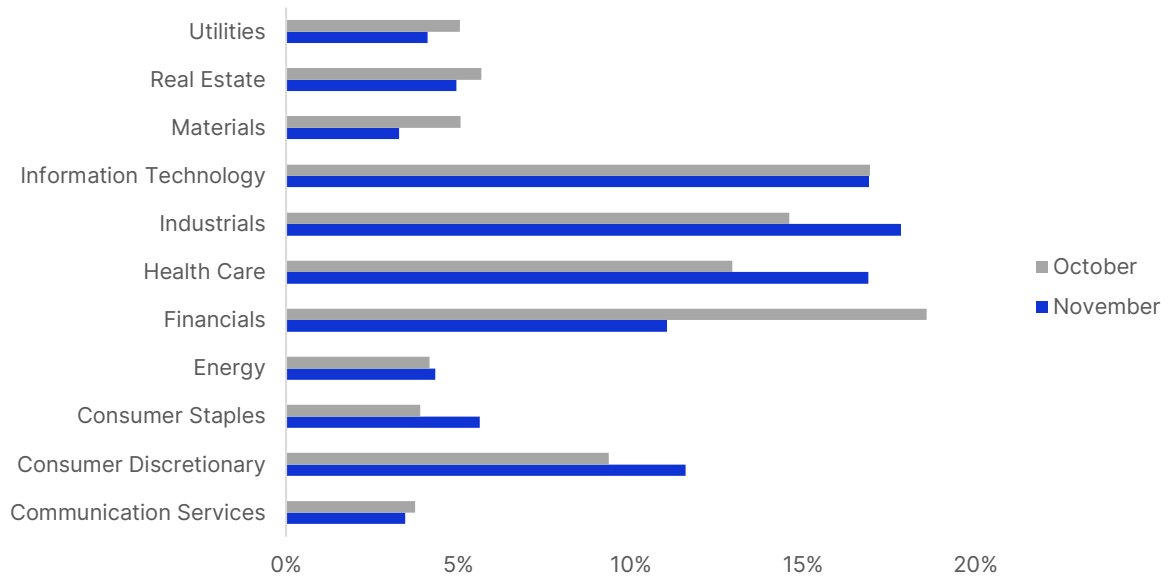
- Among new names added to the portfolio were Casey's General Stores (CASY, 1.1% of the portfolio) and DR Horton (DHI, 1.1% of the portfolio).
- Among names removed from the portfolio were First Industrial Realty (FR, previously 1.0% of the portfolio) and Raymond James Financial (RJF, previously 0.9% of the portfolio).

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## QRFT Sector Change



Sector Exposure	November	October	Change
Communication Services	3.5%	3.8%	-0.3%
Consumer Discretionary	11.6%	9.4%	2.2%
Consumer Staples	5.6%	3.9%	1.7%
Energy	4.3%	4.2%	0.2%
Financials	11.1%	18.6%	-7.5%
Health Care	16.9%	13.0%	3.9%
Industrials	17.8%	14.6%	3.2%
Information Technology	16.9%	16.9%	0.0%
Materials	3.3%	5.1%	-1.8%
Real Estate	4.9%	5.7%	-0.7%
Utilities	4.1%	5.0%	-0.9%

Source: Company Data; Data Available as of 2022-11-03

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## QRFT Rebalance Tables

November Top 10			October Top 10		
AAPL	APPLE ORD	3.1%	AAPL	APPLE ORD	3.2%
MSFT	MICROSOFT ORD	2.2%	MSFT	MICROSOFT ORD	2.2%
UNH	UNITEDHEALTH GROUP INC	2.1%	HUM	HUMANA INC	2.1%
HUM	HUMANA INC	2.1%	UNH	UNITEDHEALTH GROUP INC	2.1%
CI	CIGNA ORD	1.8%	BRK/B	BERKSHIRE HATHAWAY	1.9%
BRK/B	BERKSHIRE HATHAWAY	1.7%	LULU	LULULEMON ATHLETICA INC	1.8%
SNX	TD SYNnex CORPORATION	1.5%	BAH	BOOZ ALLEN HAMILTON HLDG CP	1.6%
GOOGL	ALPHABET INC-CL A	1.4%	GOOGL	ALPHABET INC-CL A	1.5%
BAH	BOOZ ALLEN HAMILTON HLDG CP	1.3%	CI	CIGNA ORD	1.4%
CACI	CACI INTL INC -CL A	1.2%	SPGI	S&P GLOBAL ORD	1.4%

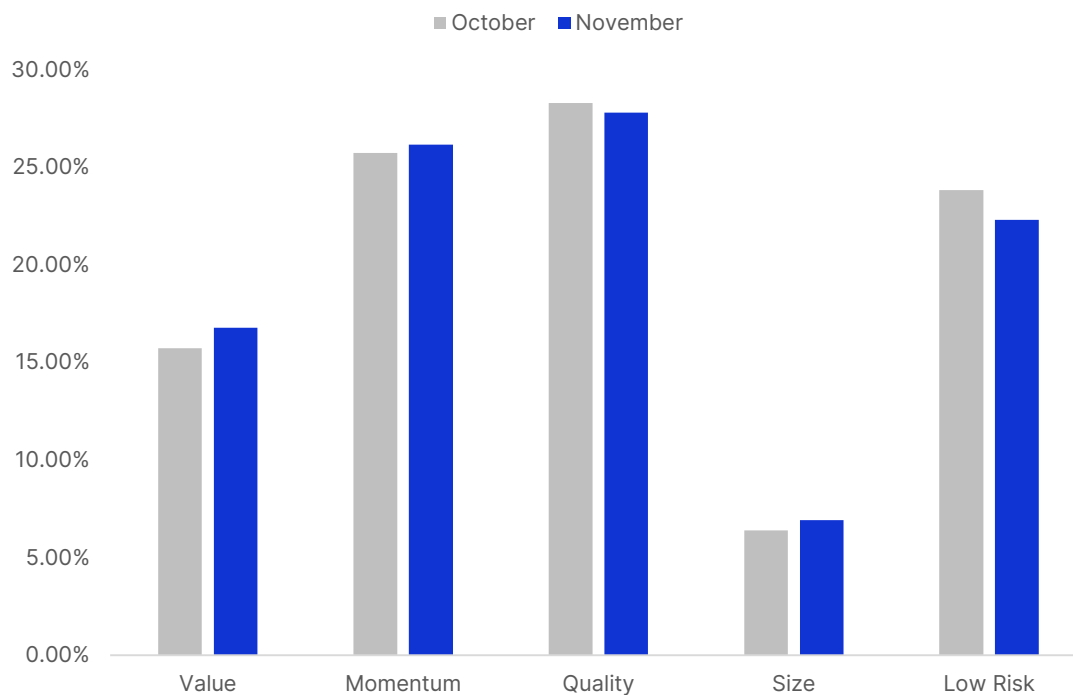
Significant Additions			Significant Removals		
CASY	CASEYS GENERAL STORES INC	1.1%	FR	First Industrial Realty Trust	1.0%
DHI	D R HORTON INC	1.1%	RJF	RAYMOND JAMES FINANCIAL INC	0.9%
HII	HUNTINGTON INGALLS IND INC	1.0%	EPAM	EPAM SYSTEMS INC	0.8%
ARW	ARROW ELECTRONICS INC	0.9%	RGLD	ROYAL GOLD INC	0.7%
EME	EMCOR GROUP INC	0.9%	BEN	FRANKLIN RESOURCES INC	0.7%

Source: Company Data; Data Available as of 2022-11-03

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## QRFT Factor Exposure Change



Factor Exposure	November	October	Change
Value	16.8%	15.7%	1.1%
Momentum	26.2%	25.7%	0.4%
Quality	27.8%	28.3%	-0.5%
Size	6.9%	6.4%	0.5%
Low Risk	22.3%	23.8%	-1.5%

Source: Company Data; Data Available as of 2022-11-03

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# AMOM

Qraft AI-Enhanced U.S. Large Cap ETF

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## **Sector Summary**

- AMOM added to Materials (+9.2% to 21.8% of the portfolio) and Energy (+6.8% to 24.0% of the portfolio).
- Reduced allocations to Consumer Staples (-4.3% to 11.2% of the portfolio) and Information Technology (-3.4% to 2.6% of the portfolio).

## **Security Selection Update**

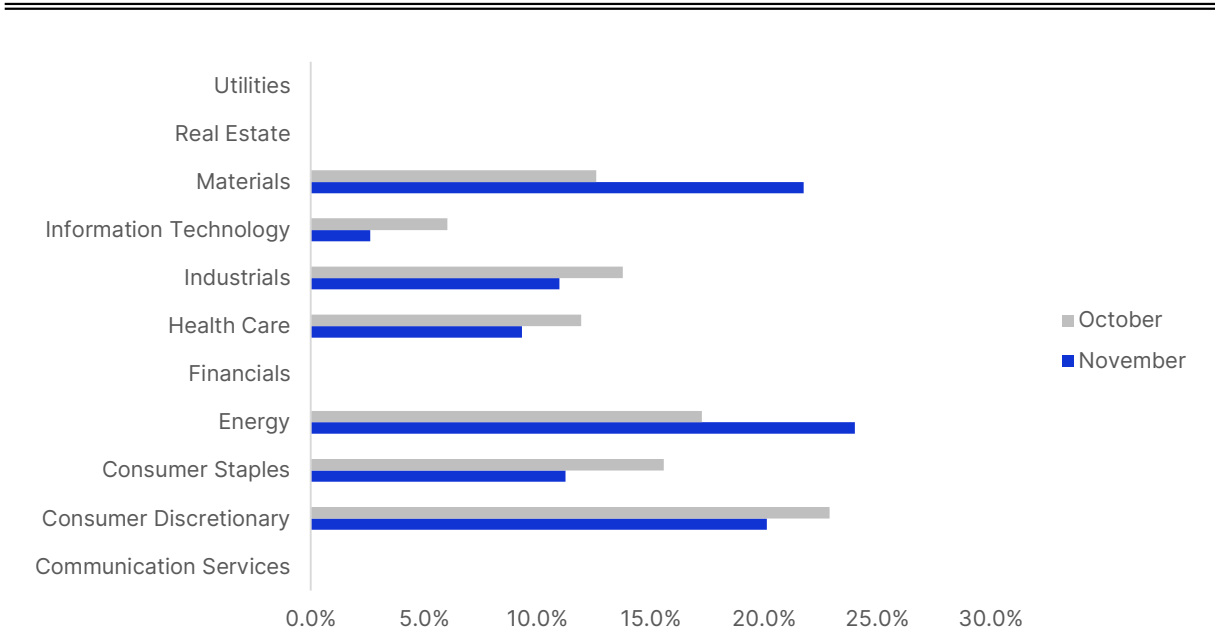
- Among new names added to the portfolio, two were in the Ten Largest Holdings as of November 4: Exxon Mobil (XOM, 7.9% of the portfolio, the largest allocation) and Chevron (CVX, 6.7% of the portfolio).
- Four names were removed that were previously in the Top 10 Holdings: Wal-Mart Inc (WMT, previously the largest portfolio holding), Lowe's Corp (LOW), Vertex Pharmaceuticals (VRTX) and Humana (HUM).

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## AMOM Sector Change



Sector Exposure	November	October	Change
Communication Services	0.0%	0.0%	0.0%
Consumer Discretionary	20.1%	22.9%	-2.8%
Consumer Staples	11.2%	15.6%	-4.3%
Energy	24.0%	17.2%	6.8%
Financials	0.0%	0.0%	0.0%
Health Care	9.3%	11.9%	-2.6%
Industrials	11.0%	13.8%	-2.8%
Information Technology	2.6%	6.0%	-3.4%
Materials	21.8%	12.6%	9.2%
Real Estate	0.0%	0.0%	0.0%
Utilities	0.0%	0.0%	0.0%

Source: Company Data; Data Available as of 2022-11-03

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## AMOM Rebalance Tables

November Top 10			October Top 10		
XOM	EXXON MOBIL CORP	7.9%	WMT	WALMART INC	7.8%
HD	HOME DEPOT INC	7.7%	HD	HOME DEPOT INC	7.5%
CVX	CHEVRON CORP	6.7%	LOW	LOWES COS INC	3.6%
NTR	NUTRIEN LTD	4.0%	NTR	NUTRIEN LTD	3.4%
MCK	MCKESSON ORD	3.8%	CVE	CENOVUS ENERGY INC	3.3%
ORLY	OREILLY AUTOMOTIVE INC	3.5%	EOG	EOG RESOURCES INC	3.0%
LULU	LULULEMON ATHLETICA INC	3.3%	VRTX	VERTEX PHARMACEUTICALS	2.8%
SYU	SYSCO ORD	3.2%	HUM	HUMANA INC	2.7%
NUE	NUCOR CORP	3.2%	MPC	MARATHON PETROLEUM	2.4%
FAST	FASTENAL CO	3.1%	MCK	MCKESSON ORD	2.4%

Significant Additions			Significant Removals		
XOM	EXXON MOBIL CORP	7.9%	WMT	WALMART INC	7.8%
CVX	CHEVRON CORP	6.7%	LOW	LOWES COS INC	3.6%
TRQ	TURQUOISE HILL RESOURCES	3.1%	VRTX	VERTEX PHARMACEUTICALS	2.8%
COP	CONOCOPHILLIPS	3.0%	HUM	HUMANA INC	2.7%
COKE	COCA COLA CONSOLIDATED	2.6%	AZO	AUTOZONE INC	2.2%

Source: Company Data; Data Available as of 2022-11-03

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# NVQ

Qraft AI-Enhanced U.S. Next Value ETF

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## **Sector Summary**

- NVQ added most significantly to the Energy sector (+15.7% to 23.1% of the portfolio).
- Reduced allocation most significantly to Financials (-24.8% to 18.1% of the portfolio).

## **Security Selection Update**

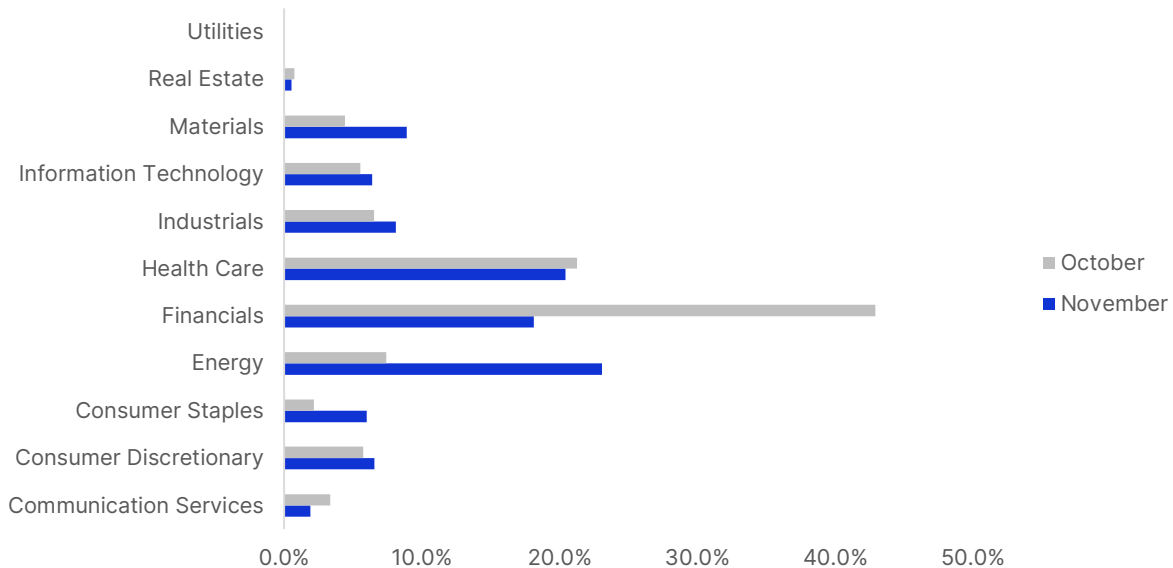
- Among new names added to the portfolio were Marathon Petroleum (MPC, 4.4% of the portfolio), Valero Energy (VLO, 4.0% of the portfolio), and Phillips 66 (PSX, 3.7% of the portfolio).
- Among names removed from the portfolio were Truist Financial (TFC, previously 4.4% of the portfolio), American International Group (AIG, previously 3.3% of the portfolio), and M&T Bank Corp (MTB, previously 2.3% of the portfolio).

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## NVQ Sector Change



Factor Exposure	November	October	Change
Communication Services	1.9%	3.3%	-1.4%
Consumer Discretionary	6.6%	5.7%	0.8%
Consumer Staples	6.0%	2.2%	3.9%
Energy	23.1%	7.4%	15.7%
Financials	18.1%	42.9%	-24.8%
Health Care	20.4%	21.3%	-0.8%
Industrials	8.1%	6.5%	1.6%
Information Technology	6.4%	5.5%	0.9%
Materials	8.9%	4.4%	4.5%
Real Estate	0.5%	0.8%	-0.2%
Utilities	0.0%	0.0%	0.0%

Source: Company Data; Data Available as of 2022-11-03

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## NVQ Rebalance Tables

November Top 10			October Top 10		
CVS	CVS HEALTH ORD	8.4%	CI	CIGNA ORD	8.3%
CI	CIGNA ORD	8.1%	CVS	CVS HEALTH ORD	7.1%
MET	METLIFE INC	4.5%	MET	METLIFE INC	5.1%
MPC	MARATHON PETROLEUM	4.4%	TFC	TRUIST FINANCIAL CORP	4.4%
CNC	CENTENE CORP	4.0%	CNC	CENTENE CORP	4.0%
VLO	VALERO ENERGY CORP	4.0%	AIG	AMERICAN INTERNTL GROUP	3.3%
PSX	PHILLIPS 66	3.7%	PRU	PRUDENTIAL FINANCIAL INC	3.2%
ET	ENERGY TRANSFER LP	2.9%	ET	ENERGY TRANSFER LP	3.0%
PRU	PRUDENTIAL FINANCIAL INC	2.8%	GPN	GLOBAL PAYMENTS ORD	2.5%
WBA	WALGREEN BOOTS ALLIANCE	2.3%	MTB	M&T BANK CORP	2.3%

Significant Additions			Significant Removals		
MPC	MARATHON PETROLEUM	4.4%	TFC	TRUIST FINANCIAL CORP	4.4%
VLO	VALERO ENERGY CORP	4.0%	AIG	AMERICAN INTERNTL GROUP	3.3%
PSX	PHILLIPS 66	3.7%	MTB	M&T BANK CORP	2.3%
WBA	WALGREEN BOOTS ALLIANCE	2.3%	CFG	CITIZENS FINANCIAL GROUP	1.7%
MOS	MOSAIC CO	1.3%	L	LOEWS CORP	1.1%

Source: Company Data; Data Available as of 2022-11-03

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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.qraftaief.com](http://www.qraftaief.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*

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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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