



GRAFT  
AIETFs

# Monthly Portfolio Update

2022 December 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).

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# December Overview

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Equity markets were positive in November, gaining on signs that US inflation may have peaked: October's Consumer Price Index (CPI) reading increased less than expected, coming in at 7.7% year-on-year, easing from the prior month.

Following the mid-month CPI release, markets rallied on expectations that the future pace of interest rate increases from the US Federal Reserve could begin to slow as early as December. Indeed, on November 30 Federal Reserve Chair Jerome Powell signaled that a downshift in the pace of tightening could occur as early as December.

Geopolitics also continued to influence markets, with key issues being the war in Ukraine, supply chain disruptions, and the risk of global recession. However, signs that China is beginning to ease Covid restrictions was welcome news as it has the potential to improve economic activity globally.

In the December rebalance of the Qraft AI-Enhanced ETFs, QRFT, AMOM, and NVQ each added to the Information Technology sector to varying degrees.

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# QRFT

Qraft AI-Enhanced U.S. Large Cap ETF

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## **Sector Summary**

- QRFT added significantly to Information Technology (+12.1% to 29.0% of the portfolio), and to Health Care (+1.4% to 18.3% of the portfolio).
- Reduced allocations to Financials (-3.0% to 8.1% of the portfolio), Real Estate (-3.2% to 1.7% of the portfolio), and Utilities (-3.2% to 0.9% of the portfolio).

## **Factor Summary**

- QRFT maintains a balance of factor exposures, with the largest allocations to Quality (37.0%), Low Risk (21.6%), Momentum (20.2%), and Value (14.4%).
- The portfolio's exposure to the Size factor remains the smallest allocation (6.8%).

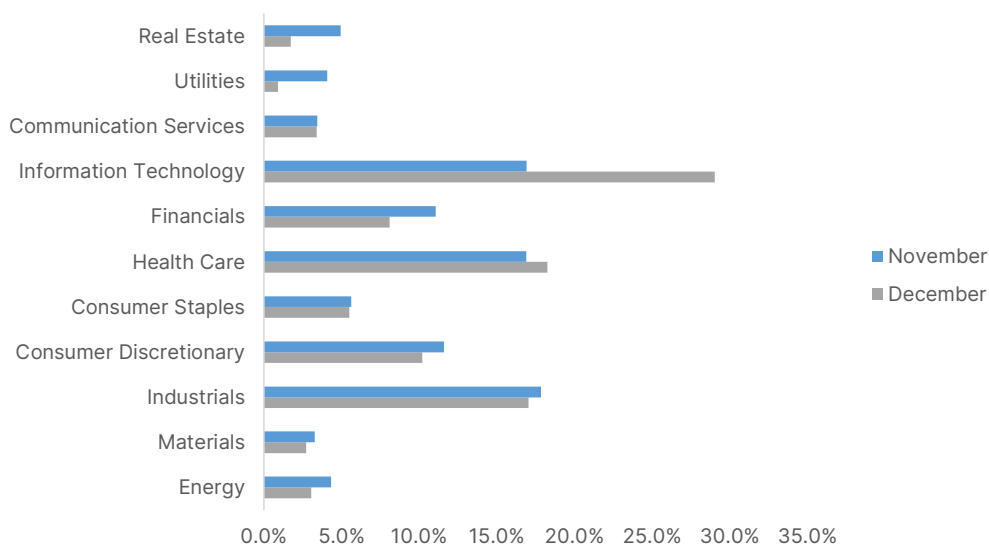
## **Security Selection Update**

- Among new names added to the portfolio were EPAM Systems (EPAM, 1.1% of the portfolio) and West Pharmaceutical Services (WST, 0.9% of the portfolio).
- Among names removed from the portfolio were Huntington Ingalls (HII, previously 0.9% of the portfolio) and Quest Diagnostics (DGX, previously 0.8% of the portfolio).

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## QRFT Sector Change



| Sector Exposure        | December | November | Change |
|------------------------|----------|----------|--------|
| Energy                 | 3.1%     | 4.3%     | -1.3%  |
| Materials              | 2.7%     | 3.3%     | -0.6%  |
| Industrials            | 17.1%    | 17.8%    | -0.8%  |
| Consumer Discretionary | 10.2%    | 11.6%    | -1.4%  |
| Consumer Staples       | 5.5%     | 5.6%     | -0.1%  |
| Health Care            | 18.3%    | 16.9%    | 1.4%   |
| Financials             | 8.1%     | 11.1%    | -3.0%  |
| Information Technology | 29.0%    | 16.9%    | 12.1%  |
| Communication Services | 3.4%     | 3.5%     | 0.0%   |
| Utilities              | 0.9%     | 4.1%     | -3.2%  |
| Real Estate            | 1.7%     | 4.9%     | -3.2%  |

Source: Company Data; Data Available as 12/2/2022

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## QRFT Rebalance Tables

| December Top 10 |                         |      | November Top 10 |                            |      |
|-----------------|-------------------------|------|-----------------|----------------------------|------|
| AAPL            | APPLE INC               | 3.0% | AAPL            | APPLE ORD                  | 3.0% |
| MSFT            | MICROSOFT CORP          | 2.9% | MSFT            | MICROSOFT ORD              | 2.4% |
| HUM             | HUMANA INC              | 1.9% | UNH             | UNITEDHEALTH GROUP INC     | 1.9% |
| UNH             | UNITEDHEALTH GROUP INC  | 1.9% | HUM             | HUMANA INC                 | 1.8% |
| COST            | Costco Wholesale Corp   | 1.7% | BRK/B           | BERKSHIRE HATHAWAY         | 1.7% |
| LULU            | LULULEMON ATHLETICA INC | 1.6% | CI              | CIGNA ORD                  | 1.7% |
| GOOGL           | ALPHABET INC-CL A       | 1.6% | SNX             | TD SYNEX CORPORATION       | 1.6% |
| MUSA            | MURPHY USA INC          | 1.3% | GOOGL           | ALPHABET INC-CL A          | 1.6% |
| NVR             | NVR INC                 | 1.3% | CHRW            | C H ROBINSON WORLDWIDE INC | 1.3% |
| AMZN            | AMAZON COM ORD          | 1.3% | AMZN            | AMAZON COM ORD             | 1.2% |

\* effective date: 12/2/2022

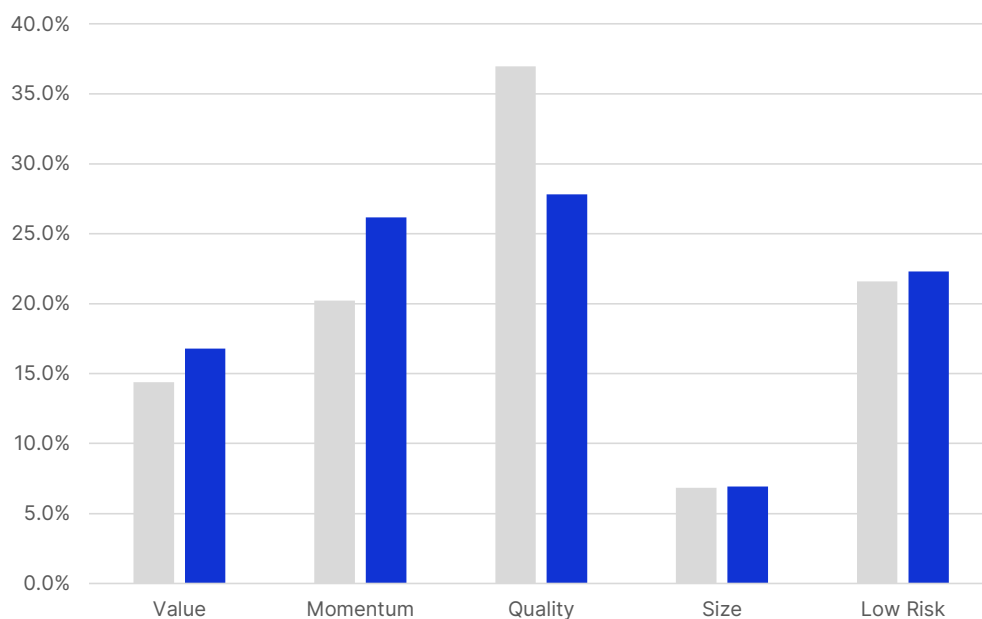
| Significant Additions |                           |      | Significant Removals |                        |      |
|-----------------------|---------------------------|------|----------------------|------------------------|------|
| EPAM                  | EPAM SYSTEMS INC          | 1.1% | HII                  | HUNTINGTON INGALLS IND | 0.9% |
| WST                   | WEST PHARMACEUTICAL SVCES | 0.9% | DGX                  | QUEST DIAGNOSTICS INC  | 0.8% |
| DOX                   | AMDOCS                    | 0.9% | ERIE                 | ERIE INDEMNITY COMPANY | 0.8% |
| MPWR                  | MONOLITHIC POWER SYSTEMS  | 0.7% | KIM                  | KIMCO REALTY CORP      | 0.8% |
| AMKR                  | AMKOR TECHNOLOGY INC      | 0.7% | PHM                  | PULTEGROUP INC         | 0.8% |

Source: Company Data; Data Available as of 12/2/2022

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## QRFT Factor Exposure Change



| Factor Exposure | December | November | Change |
|-----------------|----------|----------|--------|
| Value           | 14.4%    | 16.8%    | -2.4%  |
| Momentum        | 20.2%    | 26.2%    | -6.0%  |
| Quality         | 37.0%    | 27.8%    | 9.2%   |
| Size            | 6.8%     | 6.9%     | -0.1%  |
| Low Risk        | 21.6%    | 22.3%    | -0.7%  |

Source: Company Data; Data Available as 12/2/2022

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# AMOM

Qraft AI-Enhanced U.S. Large Cap ETF

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## **Sector Summary**

-AMOM added significantly to Information Technology (+8.1% to 10.7% of the portfolio) and added to Industrials (+4.1% to 15.1% of the portfolio).

-Significantly reduced allocation to Materials (-12.7% to 9.0% of the portfolio) and reduced allocation to Health Care (-2.2% to 7.1% of the portfolio).

## **Security Selection Update**

-Among new names added to the portfolio, one was in the Ten Largest Holdings as of December 2: Atkore Inc (ATKR, 3.8% of the portfolio). The portfolio also added positions in Gair Isaac Corp (FICO, 3.4% pf the portfolio) and Gartner Inc (IT, 3.4% of the portfolio).

- Among names removed from the portfolio were Coca-Cola (COKE, previously 2.6% of the portfolio), AMN Healthcare Services (AMN, previously 2.4% of the portfolio), and Diamondback Energy (previously 0.1% of the portfolio).

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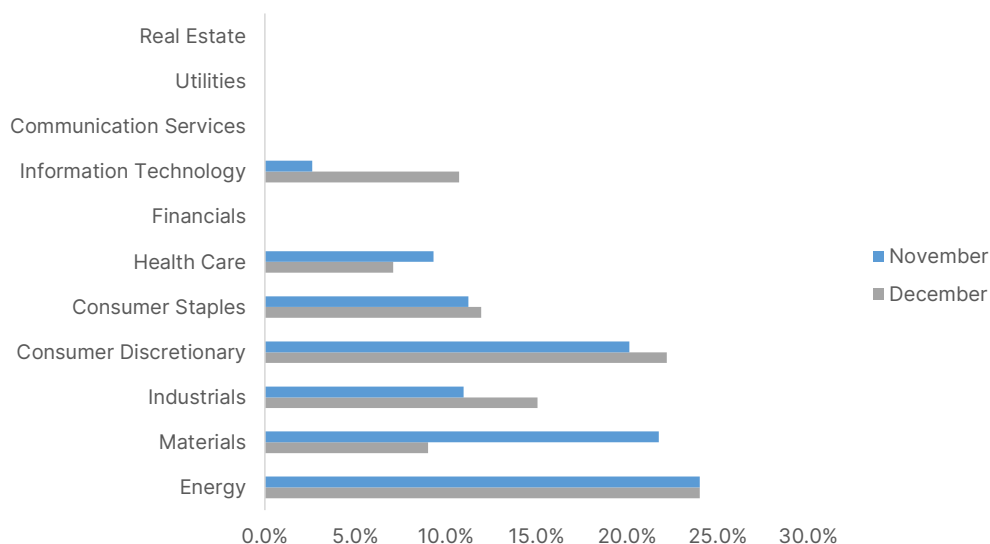
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## AMOM Sector Change



| Sector Exposure        | December | November | Change |
|------------------------|----------|----------|--------|
| Energy                 | 24.0%    | 24.0%    | 0.0%   |
| Materials              | 9.0%     | 21.8%    | -12.7% |
| Industrials            | 15.1%    | 11.0%    | 4.1%   |
| Consumer Discretionary | 22.2%    | 20.1%    | 2.1%   |
| Consumer Staples       | 11.9%    | 11.2%    | 0.7%   |
| Health Care            | 7.1%     | 9.3%     | -2.2%  |
| Financials             | 0.0%     | 0.0%     | 0.0%   |
| Information Technology | 10.7%    | 2.6%     | 8.1%   |
| Communication Services | 0.0%     | 0.0%     | 0.0%   |
| Utilities              | 0.0%     | 0.0%     | 0.0%   |
| Real Estate            | 0.0%     | 0.0%     | 0.0%   |

Source: Company Data; Data Available as 12/2/2022

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## AMOM Rebalance Tables

| December Top 10 |                         |      | November Top 10 |                         |      |
|-----------------|-------------------------|------|-----------------|-------------------------|------|
| WMT             | WALMART INC             | 8.0% | HD              | HOME DEPOT ORD          | 8.5% |
| XOM             | EXXON MOBIL CORP        | 7.9% | XOM             | EXXON MOBIL CORP        | 7.5% |
| LULU            | LULULEMON ATHLETICA INC | 4.8% | CVX             | CHEVRON CORP            | 6.4% |
| BKNG            | BOOKING HOLDINGS INC    | 4.4% | NTR             | NUTRIEN LTD             | 4.2% |
| BLDR            | BUILDERS FIRSTSOURCE    | 4.2% | LULU            | LULULEMON ATHLETICA INC | 3.7% |
| WING            | WINGSTOP INC            | 4.1% | ORLY            | OREILLY AUTOMOTIVE INC  | 3.5% |
| ATKR            | ATKORE INC              | 3.8% | NUE             | NUCOR CORP              | 3.5% |
| WSM             | WILLIAMS-SONOMA INC     | 3.8% | MTD             | METTLER-TOLEDO INTL INC | 3.5% |
| IDXX            | IDEXX LABS INC          | 3.6% | MCK             | MCKESSON ORD            | 3.4% |
| FICO            | FAIR ISAAC CORP         | 3.4% | SYU             | SYSCO ORD               | 3.2% |

\* effective date: 12/2/2022

| Significant Additions |                       |      | Significant Removals |                             |      |
|-----------------------|-----------------------|------|----------------------|-----------------------------|------|
| ATKR                  | ATKORE INC            | 3.8% | COKE                 | COCA-COLA CONSOLIDATED INC  | 2.6% |
| FICO                  | GAIR ISAAC CORP       | 3.4% | AMN                  | AMN HEALTHCARE SERVICES INC | 2.4% |
| IT                    | Gartner INC           | 3.0% | FANG                 | DIAMONDBACK ENERGY INC      | 0.1% |
| ROL                   | ROLLINS INC           | 0.3% | PDCE                 | PDC ENERGY INC              | 0.0% |
| LANC                  | LANCASTER COLONY CORP | 0.2% | AR                   | ANTERO RESOURCES CORP       | 0.0% |

Source: Company Data as of 12/2/2022

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# NVQ

Qraft AI-Enhanced U.S. Next Value ETF

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## **Sector Summary**

-NVQ added to Financials (+7.5% to 25.7% of the portfolio), Consumer Discretionary (+4.1% to 10.7% of the portfolio), and Information Technology (+3.9% to 10.2% of the portfolio).

-Significantly reduced allocation to Energy (-14.7% to 8.4% of the portfolio) and reduced allocation to Materials (-2.8% to 6.1% of the portfolio) and Real Estate (-0.5% to 0.0% of the portfolio).

## **Security Selection Update**

-Among new names added to the portfolio were Liberty Global (LBTYK, 1.4% of the portfolio), Manpower Group (MAN, 1.0% of the portfolio), and Ameris Bancorp (ABCB, 0.9% of the portfolio).

-Among names removed from the portfolio were Aercap Holdings (AER, previously 1.1% of the portfolio), International Paper (IP, previously 1.0% of the portfolio), and Liberty Global (LBTYA, previously 0.8% of the portfolio).

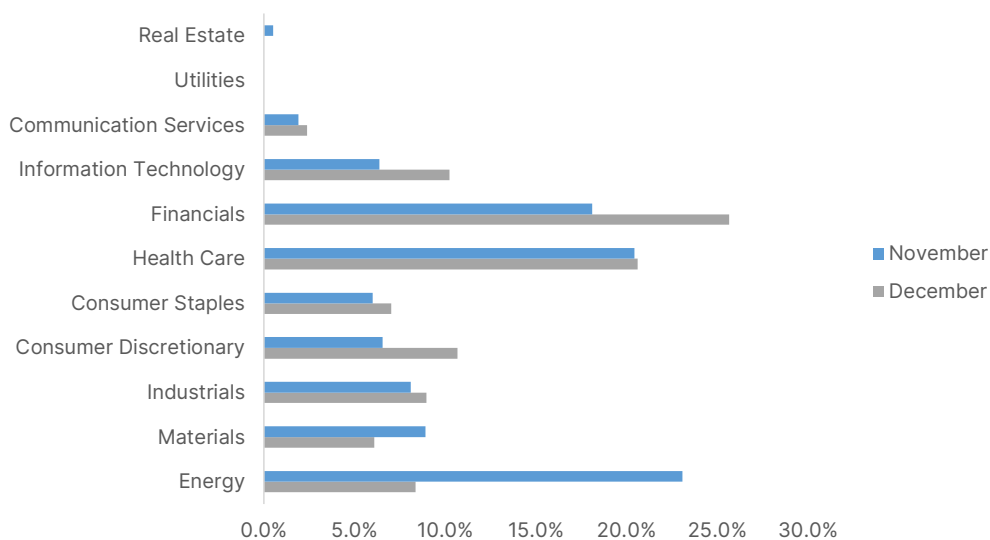
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## NVQ Sector Change



| Factor Exposure        | December | November | Change |
|------------------------|----------|----------|--------|
| Energy                 | 8.4%     | 23.1%    | -14.7% |
| Materials              | 6.1%     | 8.9%     | -2.8%  |
| Industrials            | 9.0%     | 8.1%     | 0.9%   |
| Consumer Discretionary | 10.7%    | 6.6%     | 4.1%   |
| Consumer Staples       | 7.0%     | 6.0%     | 1.0%   |
| Health Care            | 20.6%    | 20.4%    | 0.2%   |
| Financials             | 25.7%    | 18.1%    | 7.5%   |
| Information Technology | 10.2%    | 6.4%     | 3.9%   |
| Communication Services | 2.4%     | 1.9%     | 0.5%   |
| Utilities              | 0.0%     | 0.0%     | 0.0%   |
| Real Estate            | 0.0%     | 0.5%     | -0.5%  |

Source: Company Data; Data Available as 12/2/2022

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## NVQ Rebalance Tables

| December Top 10 |                             |      | November Top 10 |                             |      |
|-----------------|-----------------------------|------|-----------------|-----------------------------|------|
| CVS             | CVS HEALTH ORD              | 8.1% | CVS             | CVS HEALTH ORD              | 8.2% |
| CI              | CIGNA ORD                   | 7.8% | CI              | CIGNA ORD                   | 7.6% |
| MET             | METLIFE INC                 | 4.8% | MET             | METLIFE INC                 | 4.4% |
| PRU             | PRUDENTIAL FINANCIAL INC    | 4.0% | MPC             | MARATHON PETROLEUM CORP     | 4.2% |
| MPC             | MARATHON PETROLEUM CORP     | 3.7% | CNC             | CENTENE CORP                | 3.8% |
| CNC             | CENTENE CORP                | 3.3% | VLO             | VALERO ENERGY               | 3.8% |
| WBA             | WALGREEN BOOTS ALLIANCE ORD | 3.0% | PSX             | PHILLIPS 66                 | 3.6% |
| GPN             | GLOBAL PAYMENTS INC         | 2.8% | PRU             | PRUDENTIAL FINANCIAL INC    | 2.8% |
| ET              | ENERGY TRANSFER LP          | 2.5% | ET              | ENERGY TRANSFER LP          | 2.7% |
| SNX             | TD SYNEX CORPORATION        | 2.4% | WBA             | WALGREEN BOOTS ALLIANCE ORD | 2.5% |

12/2/2022

| Significant Additions |                           |      | Significant Removals |                              |      |
|-----------------------|---------------------------|------|----------------------|------------------------------|------|
| LBTYK                 | LIBERTY GLOBAL PLC        | 1.4% | AER                  | AERCAP HOLDINGS NV           | 1.1% |
| MAN                   | MANPOWERGROUP             | 1.0% | IP                   | INTERNATIONAL PAPER CO       | 1.0% |
| ABCB                  | AMERIS BANCORP            | 0.9% | LBTYA                | LIBERTY GLOBAL PLC - CLASS A | 0.8% |
| MTX                   | MINERALS TECHNOLOGIES INC | 0.8% | ICFI                 | ICF INTERNATIONAL INC        | 0.5% |
| ASB                   | ASSOCIATED BANC-CORP      | 0.8% | UBSI                 | UNITED BANKSHARED INC        | 0.4% |

Source: Company Data; Data Available as 12/2/2022

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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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