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GENERATIVE AI IN ASSET MANAGEMENT: PRACTICAL EXAMPLES

**IMPACT OF AI ON ECONOMY, FINANCE AND SUPERVISION,
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MATTIAS LAGERSPETZ, PORTFOLIO MANAGER, SYSTEMATIC FUNDS

Atlas

In Brief

One size does
not fit all

“The [portfolio]
that’s perfect
for you is not
perfect for me”

– **Harry Markowitz**, the
founder of modern
portfolio theory

A tech-enabled equity investment platform

- Adapts to Unique Investor Preferences
Including sustainability, risk tolerance, and individual market views
- Serves a Diverse Group of Users
From hyper-customized to ready-made portfolios
- Broad Range of Investment Strategies
Thematic, index+, factor and alpha strategies, ESG
- Converts any Dataset to a Portfolio
Creates portfolios based on insights from any data
- Harnessing Artificial Intelligence
Uses LLMs to create new proprietary structured datasets
- Over a Decade of Systematic Investing
Currently managing €1.2 bn of assets in data-driven strategies

Role of Data in Investing

- **Any (structured) dataset can be turned into an investment strategy**

A systematic investment strategy is an algorithm that turns input data into portfolio weights or required trades, enabling precise, rules-based investment decisions.

- **We were traditionally big consumers of data**

Historically, we relied heavily on external data sources like Bloomberg, Factset, MSCI and other data vendors. A diverse data library provided the foundation for analysis and strategy development.

- **Gen AI allows us to create our own data**

Today, Generative AI enables us to produce unique datasets tailored to our (clients') specific investment needs, from ESG metrics to thematic analysis, transitioning us from data consumers to data creators.

- **The Bloomberg Terminal**

and similar data platforms revolutionized access to structured financial data, empowering asset managers to build data-driven strategies. Over time, the integration of these data feeds became essential in systematic investing.

- **Difference between structured and unstructured data**

Structured data, like financial statements or stock prices, is organized and easily analyzed by algorithms. Unstructured data, such as news articles and social media, requires additional tools to extract valuable insights.

- **Traditional investment styles**

essentially involve turning unstructured qualitative inputs (e.g., analyst opinions, management interviews) into structured investment decisions. This process mirrors systematic strategies but relies on human experience and judgment to convert unstructured information into actionable insights.

LLMs in Professional Settings

— ChatGPT and other personal assistant tools

Commonly used as general-purpose knowledge machines for broad, everyday questions. However, for complex queries, these models may 1) lack the required depth of knowledge and 2) rely too heavily on “first instinct” answers, which may not be sufficient.

— More difficult questions in professional settings

Professional applications require deeper guidance and specialization. Here, AI must follow custom processes, adhere to specific frameworks, and reflect unique organizational insights. Unlike general tools, professional AI relies on proprietary data rather than common, internet-based knowledge.

Three Pillars of an Analysis

— Process:

Every data-driven analysis follows a process (sometimes unknowingly).

For LLMs, complex tasks must be broken into steps with clear instructions, using a framework of LLM agents, each with its own tools and guidelines; to follow *your process*.

— Experience:

Background knowledge is used to handle edge cases. This is what makes a senior analyst more effective.

LLMs should be enhanced with your expert insights and examples (e.g., few-shot prompting), embedding *your experience* in its responses.

— Input data:

All analysis relies on data.

While general-use LLMs rely on pre-trained knowledge, professional AI should be equipped with specified data or use search tools (e.g., semantic search, RAG, web search, SQL-queries) to access *your relevant information*.

Atlas Intelligence: LLMs and Agentic Workflows

Atlas Intelligence

Main Insights

Atlas Intelligence is a proprietary AI system for analyzing companies from a thematic perspective



Break complex issues into smaller problems



LLM agents perform specific tasks, such as data retrieval and analysis



Large-language models know a lot, but not about individual companies





Feeding relevant company-specific data ensures that the model has the right information





Apply analysis frameworks to create new structured datasets


Atlas Intelligence: Example Process Overview


 **Stage 1: Data Collection:** AI gathers data from diverse sources, identifying relevant documents

 **Stage 2: Document Processing:** Documents saved to suitable format (text embeddings for search, tables extracted using vision, etc.)

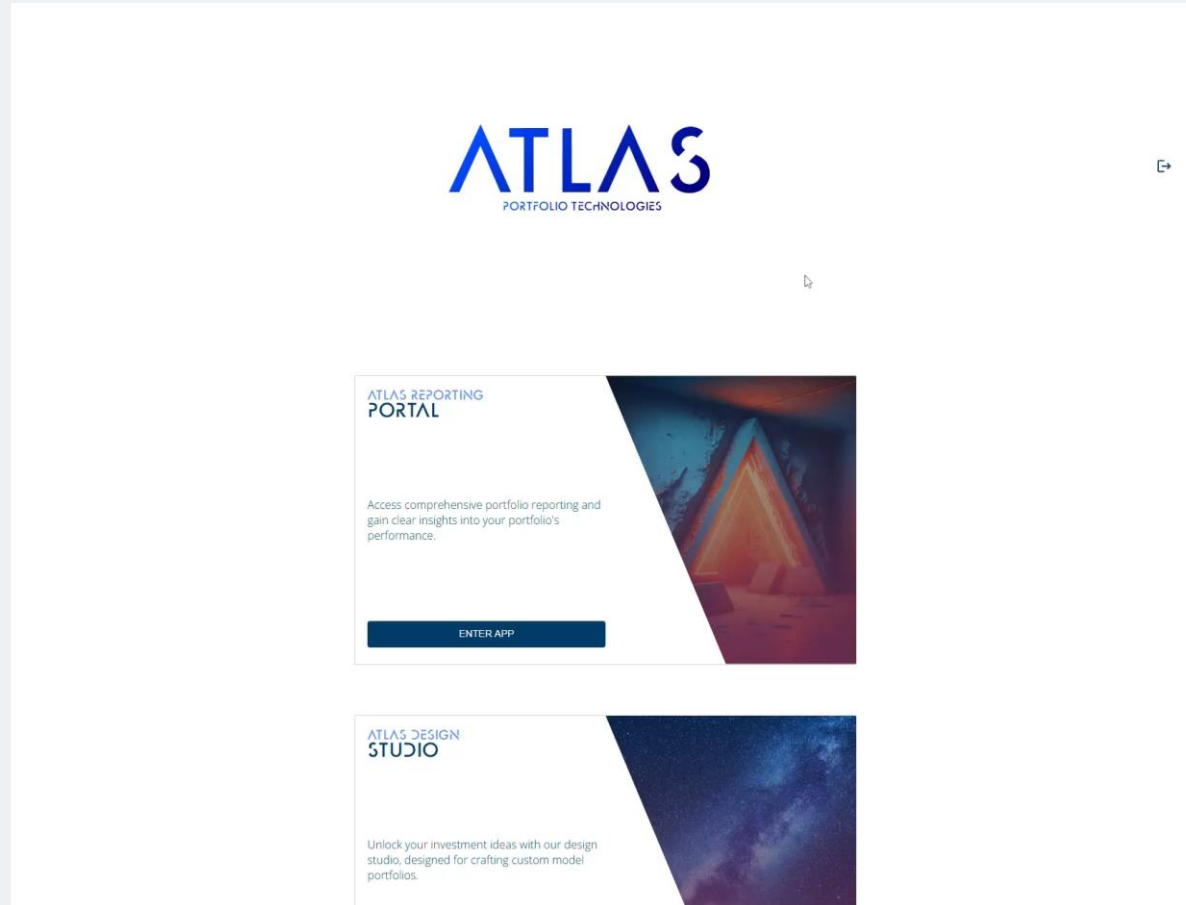
 **Stage 3: Data Extraction:** Extract necessary qualitative and quantitative data to a standardized database

 **Stage 4: Thematic Analysis:** Use pre-existing frameworks, like the UNICEF Tool for Investors, or custom-built frameworks for themes like AI, Robotics, or ESG topics such as veganism. AI scores companies on alignment with these themes for targeted insights.

 **Stage 5: Portfolio Construction:** Use newly generated structured data as a signal to create a thematic investment portfolio

 **Stage 6: Supplementary Materials:** Generate additional resources like strategy descriptions, company profiles, and news analyses to support deeper investment insights and client communications.

Atlas Intelligence: Example Output



The Future of Systematic Investing: Driven by AI

— Near-term predictions:

- *Custom Portfolios at Scale:* AI makes it easy to create personalized portfolios that reflect individual themes, values, and risk preferences.
- *Rapid, Deeper Insights from Complex Data:* AI speeds up analysis and delivers actionable insights from diverse data sources, enabling faster, informed decisions.
- *Expert-Driven, AI-Augmented Models:* Human expertise sets the guidelines, while AI scales the analysis.

— Long-term visions:

- *Investors as Fund Managers:* AI allows investors to manage tailored portfolios independently.
- *Infinite Investable Preferences:* Almost any personal or thematic preference becomes investable.
- *Real-Time Analysis:* AI delivers continuous insights, enabling fast response to market changes.

Tier 1 making the first moves in Europe

“...Ronald van Dijk, APG's Managing Director for quant strategies, predicted that **"standard products that should be suitable for everyone will...gradually disappear"** in favour of custom versions that integrate the sustainability preferences of individual asset owners.”

Invesco climate transition ETF launches with \$1.6 billion from Finnish pension insurer

CFA Institute Research Foundation (2024)

Our thinking is that the next phase in the evolution of asset management, which will be driven by advances in technology and concomitant decreasing costs, will see investment companies evolve from providing asset management as a product to offering asset management as a service. The winning asset management firms from this point forward will be those that can successfully market to and engage with investors in developing low-cost customized solutions.

Key Takeaways



From unstructured data to actionable insights



From standardized products to personalized portfolios



From manual processes to AI–augmented efficiency

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