

Artificial Intelligence Supported by the Human Kind



EQUITY VALUATION SPECTRUM

Traditional Sell Side Research

Alpha Source

- Analyst's experience and skill

Pros:

- Human judgment assigns value to information – outlier vs. trend
- Knowledge of operating details, all data is verified and communicated

Cons:

- Severe capacity limitation
- Research universe driven by relationships, not valuation
- Limited coverage of small caps, mismatches with portfolio needs; value / infrequent issuers ignored
- Sector specialists fight liquidity cycles, often trailing indicators
- Benchmark against 'consensus' misses turning points
- Management communication skewed, PR filtered

Rational Investing

AI Based Forward Looking Valuation

- Data viewed through the lens of alpha
- Automates heuristics - decision trees - supporting intuitive cash flow valuation
- Focus on marginal revenue, costs, and cyclical risks
- Interpolation and projection applied uniformly across sectors in 'clean room' i.e. no outside inputs
- Quantified risk settings blend micro and macro uncertainties and dampen data volatility
- Scrubbing corporate events and non-recurring data and monitoring value swings reduce errors, false positives
- Analysts review highest / lowest valuation stocks
- Consistent global, DCF solution

Statistical Models

Alpha Source

- Multi-factor or principal components modeling

Pros:

- Scalability, capture short term momentum or long term value relationships; breakup value
- Familiar interface, statistical and accounting concepts

Cons:

- Focus limited to multi-factor return analysis or anomalies
- Data history alone does not explain expectations or contingencies; unpredictable points of failure
- Statistical horizon a challenge for hedged performance
- Factor effectiveness constrained by central banks