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**REFINITIV**<sup>TM</sup>

The Refinitiv logo, which is a blue stylized 'R' shape composed of two L-shaped elements: one on the left and one on the right, both pointing towards the bottom-right.



# Using AI and Factor Testing to Find Multiple Sources of Alpha



Evovest founder,  
Carl Dussault.

In 2017, Evovest founder Carl Dussault launched a fund that offers streamlined investment management services using artificial intelligence and evolutive learning techniques.

Evovest uses data and factors from Thomson Reuters cloud-based backtesting and research platform, QA Point powered by Elsen, which gives his proprietary AI agent the fuel it needs to find investment opportunities and get results.

The objective of the AI-enabled fund is to generate strong results for clients by removing human biases from the process. The data and research workflows from Thomson Reuters' products also allow Evovest to run a streamlined operation with just a few employees, resulting in lower fees and greater returns for investors.

- Generated returns that beat key benchmarks by several percentage points.
- Started researching and generating results within a day of using QA Point and before the fund officially launched.



## Combining AI and Traditional Investing

In 2017, Evovest founder Carl Dussault launched his fund with the goal of taking the personal service of traditional investment advising and combining it with a level of affordability and speed not typically seen in the traditional modes of investment management.

Before engaging with Thomson Reuters, Dussault had developed a powerful proprietary AI agent for his fund that would help him achieve his goals. At the time, he sought a solution that would provide Evovest with premium data and accurate factor backtesting to import into the AI agent without requiring the help of a large team.

## Using StarMine Factors for Faster Testing

Dussault found that Thomson Reuters QA Point powered by Elsen would give him the turnkey solution he needed to fuel Evovest's AI architecture without having to add an unnecessary headcount. Alternatively, the competitor offerings were either too expensive or required several employees to build and check the accuracy of all the factors.

QA Point makes it simple to build customized universes and obtain benchmarks in just minutes using reliable factors from the StarMine library. For Dussault, the ability to take accurate pre-built factors directly from the StarMine library and modify them with minimal coding to fit his research was the key factor in his decision to partner with Thomson Reuters.

"The StarMine factor models make it so you don't have to spend time making sure the factors are correct," Dussault said. "QA Point made it possible for me to build up investment strategies while operating with a lean staff for the first eight months."

Evovest supplements the universe creation and factor backtesting it does in QA Point with another Thomson Reuters platform, Eikon. Eikon allows users to quickly pull macroeconomic data and news, as well as sector and asset class-specific data. Like QA Point, Eikon is designed to make exporting data into other parts of the workflow fast and simple, so Evovest could quickly add Eikon data to its AI agent.

## Harnessing Data for Rapid Evolutive Learning

QA Point helps Evovest build and test universes across multiple factors rapidly and design an efficient workflow. The platform can export the output from the factor backtester into a database so the AI algorithms can learn from it. Evovest's AI design is based around being able to ask specific questions, such as, "Do you want buy/sell signals? Do you want to build a portfolio? Do you want to forecast volatility?" and get answers to those targeted questions in order to build a strategy.

The AI agent learns from dozens of periods of historical data and uses its findings to make predictions about the future performance of a given QA Point-built universe. The AI agent is constantly learning as data is added to it, creating an evolutive process that is always refining its results over time.

Evovest can then build portfolios based on the AI agent's results and execute trades to implement a given strategy. QA Point makes the testing and research process significantly faster by allowing Evovest to easily harness data and export it to different parts of the workflow without interruption. The value to Evovest and its clients is that they can identify multiple sources of alpha more quickly and with fewer resources as compared to more traditional funds that might have to spend days or weeks doing research to find a single source of alpha.

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# The Outcome

## Building a 'Next-Gen' Asset Manager with Thomson Reuters Platforms

QA Point's simple user interface and web-based platform allowed Dussault to quickly start building and testing models. Upon his initial login, he was able to instantly input his own algorithms and access global data. His learning curve was significantly shortened even further by the extensive training and support he received from the Thomson Reuters and Elsen teams.

"The customer service from the Elsen team has been great," said Dussault. "They make you feel like they're really with you. They are entrepreneurs, and they know what it's like to build something from scratch."

The resulting combination of QA Point, Eikon, and proprietary AI architecture make Evovest a "next-gen" asset manager. The typical front-office operations one would see at a traditional fund have either been replaced outright or are automated by technology, creating several benefits for both Evovest and its clients.

- **Reduced bias**
  - Even experienced investors have biases that lead them to make emotional investments. The workflow facilitated by QA Point, Eikon, and the AI is based on specific rules that take the emotion out of decision-making and helps Evovest exceed its benchmarks.
- **Scalable workflow**
  - QA Point's ability to run tests on massive data sets quickly, plus the ease with which users can export data in a usable form, makes the workflow highly scalable. Evovest can serve a growing customer base without hiring a large staff or taking on significant overhead.
- **Streamlined operations**
  - The technology automates most of Evovest's operations, allowing the fund to focus more on strategy and less on the typical day-to-day processes of a traditional fund. As a leaner organization, Evovest can reduce fees for clients and let them keep a greater percentage of their returns.

QA Point's ability to scale with and generate alpha for Evovest as it grows is a key reason why Dussault sees it as a long-term part of the Evovest workflow. Evovest continues to rely on QA Point's rapid factor backtesting to provide its AI agents the data needed to learn, make predictions, and find multiple sources of alpha faster.

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