



# Quest AI Driven Equities: AI Applications in Modern Finance

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Senior Client Portfolio Manager

MARCH 2026

PICTET ASSET MANAGEMENT

## AI is already all around us, why not in investing?



Email spam filters



Streaming  
recommendations



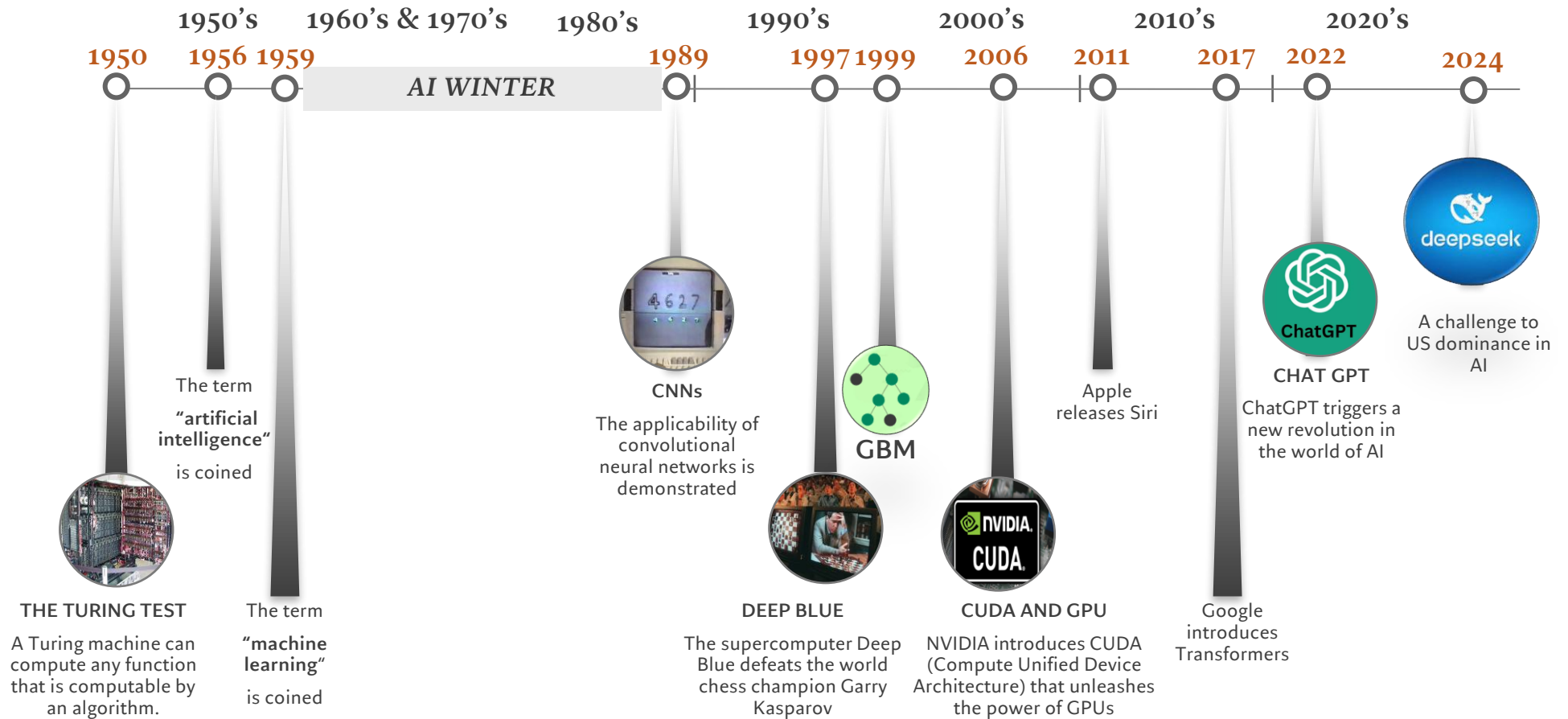
Route planning



Smart speakers

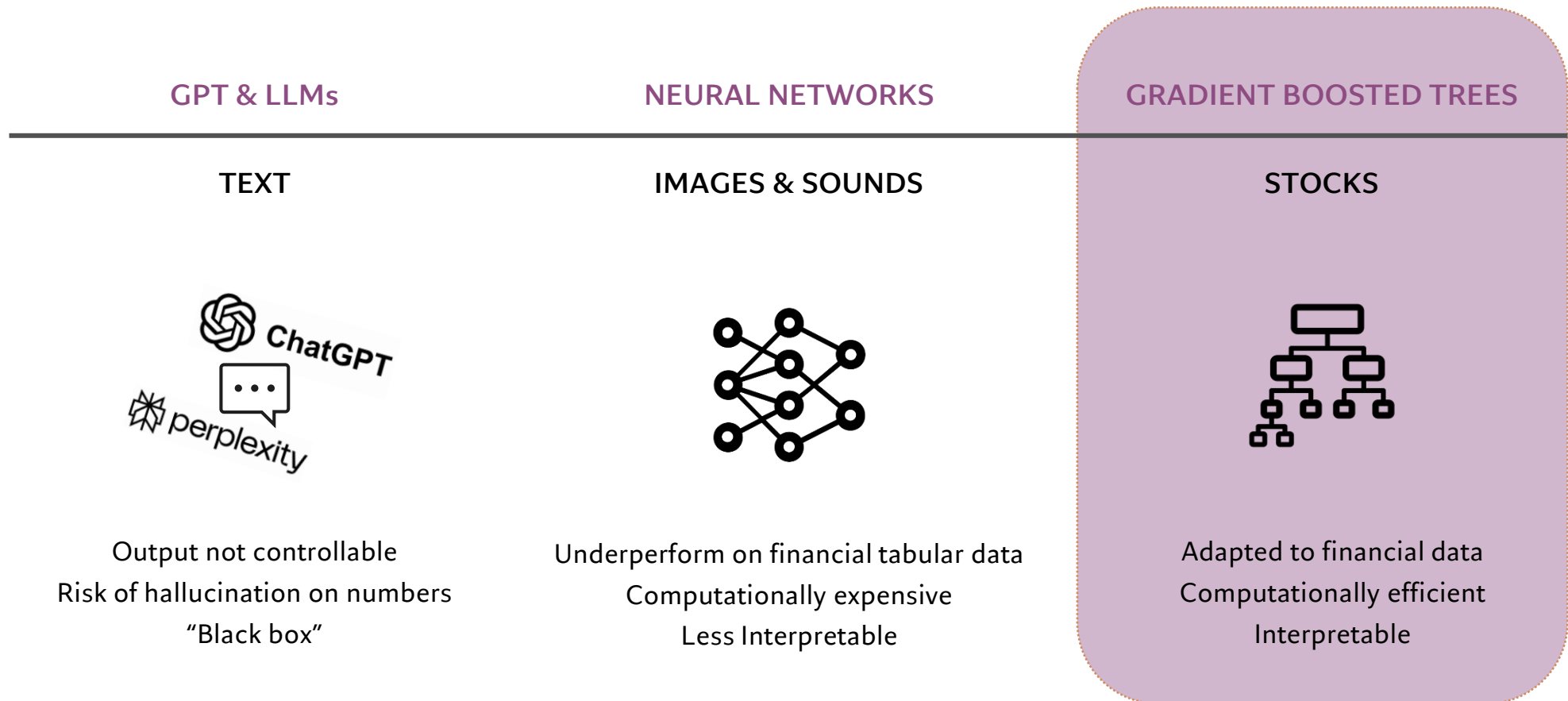
Artificial intelligence is seamlessly integrated into our daily lives, making decisions faster, smarter, and more efficient. We believe the same power can be harnessed for investing, if applied with discipline and the right expertise

## A short history of modern AI



Source: Pictet Asset Management, as of 31.07.2025. The mentioned companies are provided for illustrative purposes only.

## Choosing the right architecture

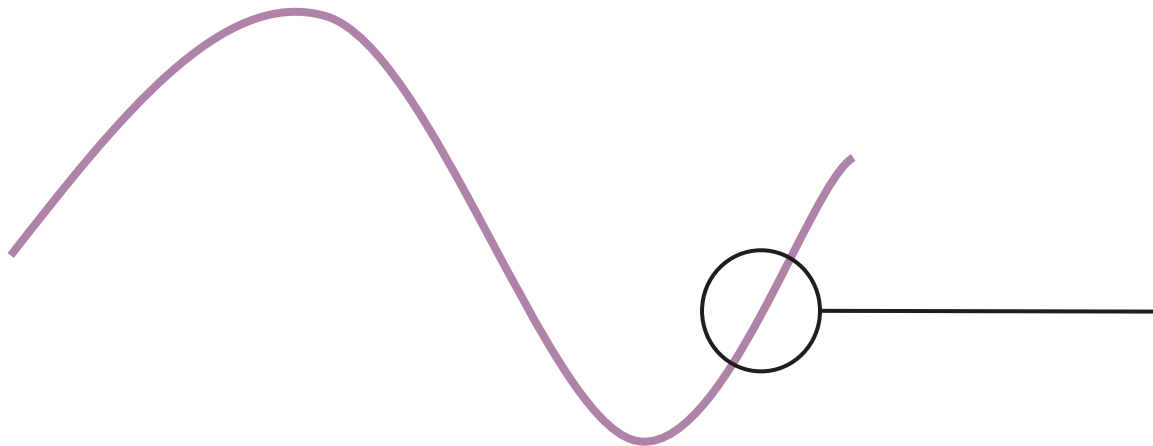


The trilemma to solve: Stability, Accuracy, Interpretability

## Targeting the right opportunity: AI excels at harvesting local inefficiencies

- **Macro-economic** and company **fundamentals** are more important in the **long-term**.
- **Harder-to-interpret anomalies** dominate over the **short** and medium **horizons**. Some of these phenomena are interpretable, many have no clear casual reason a human investor can understand or even identify.
- **Artificial intelligence** is required to effectively **identify and interpret these anomalies**.

### LONG MARKET CYCLES



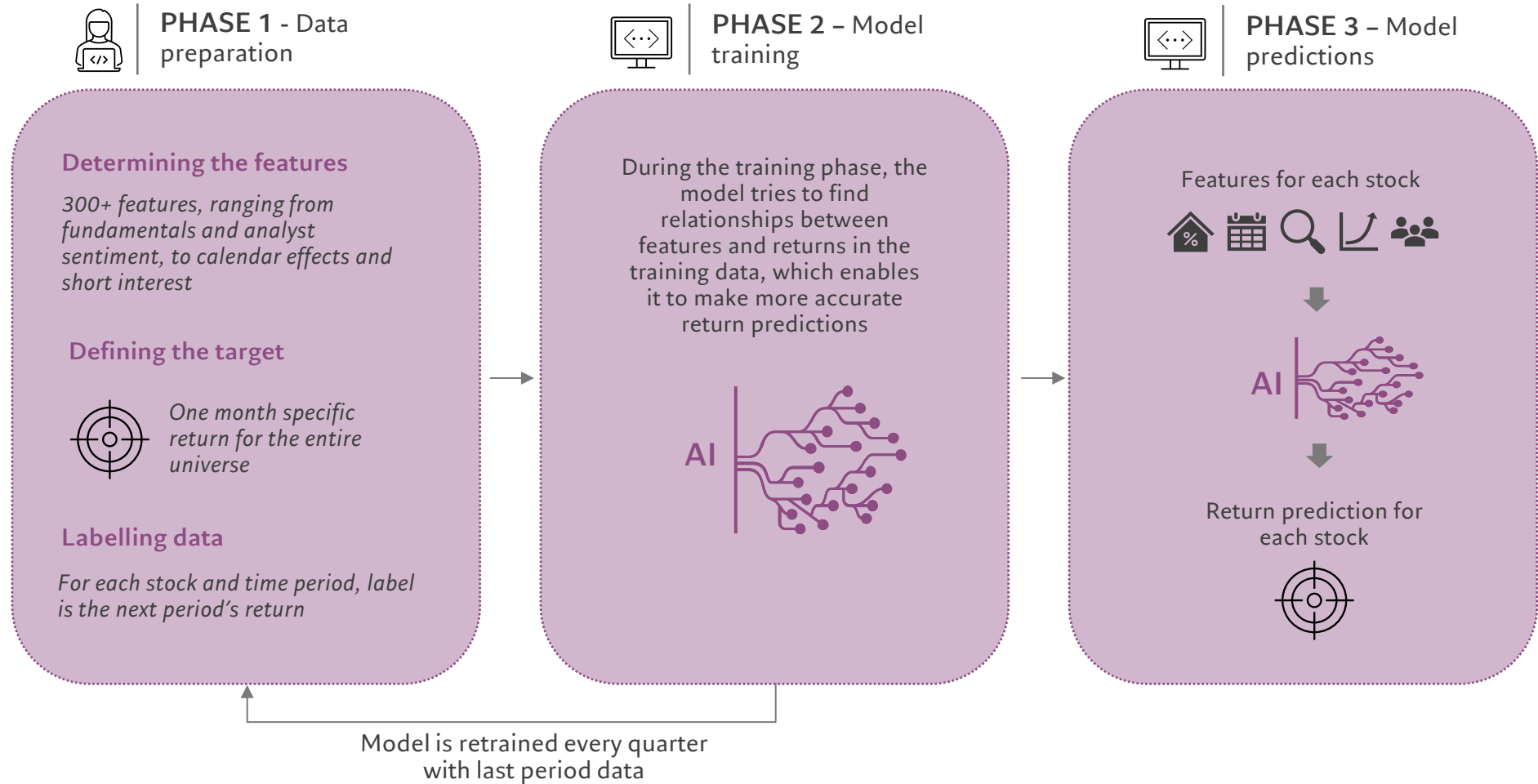
Equally captured by AI or traditional models. No consistent superiority of AI.

### LOCAL INEFFICIENCIES



AI efficiently exploits hidden, short-lived effects, interactions, and non-linearities that a human investor cannot identify

## Using machine learning to forecast stock returns



Source: Pictet Asset Management, as of 30.04.2025.

## Where does the alpha come from

We examine **~400+** company features

These fall into 3 categories

### Fundamentals

Cash/Debt  
R&D intensity

### Market activity

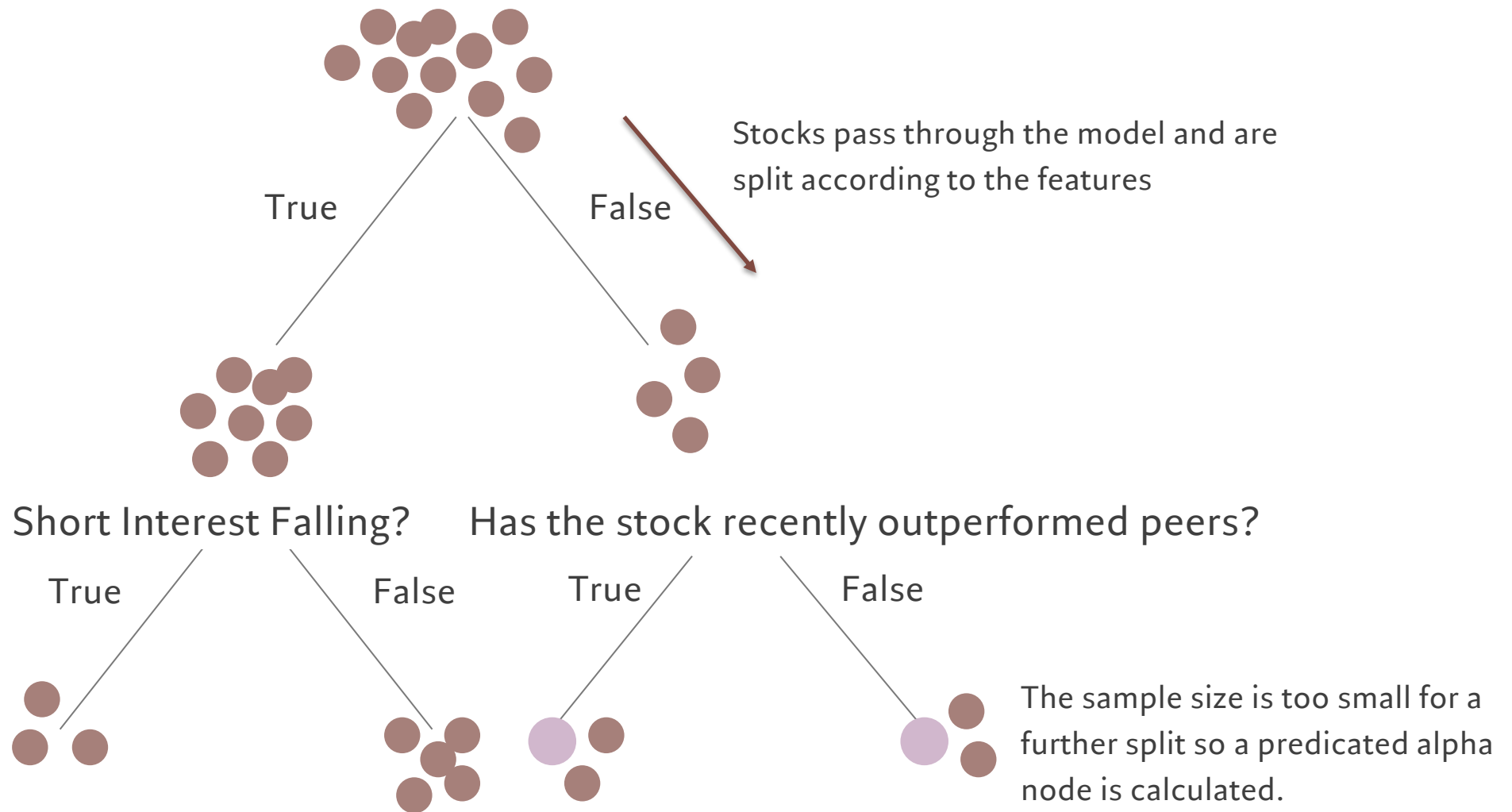
Specific volatility  
Market capitalization  
Lendable value  
Short interest

### Sentiment

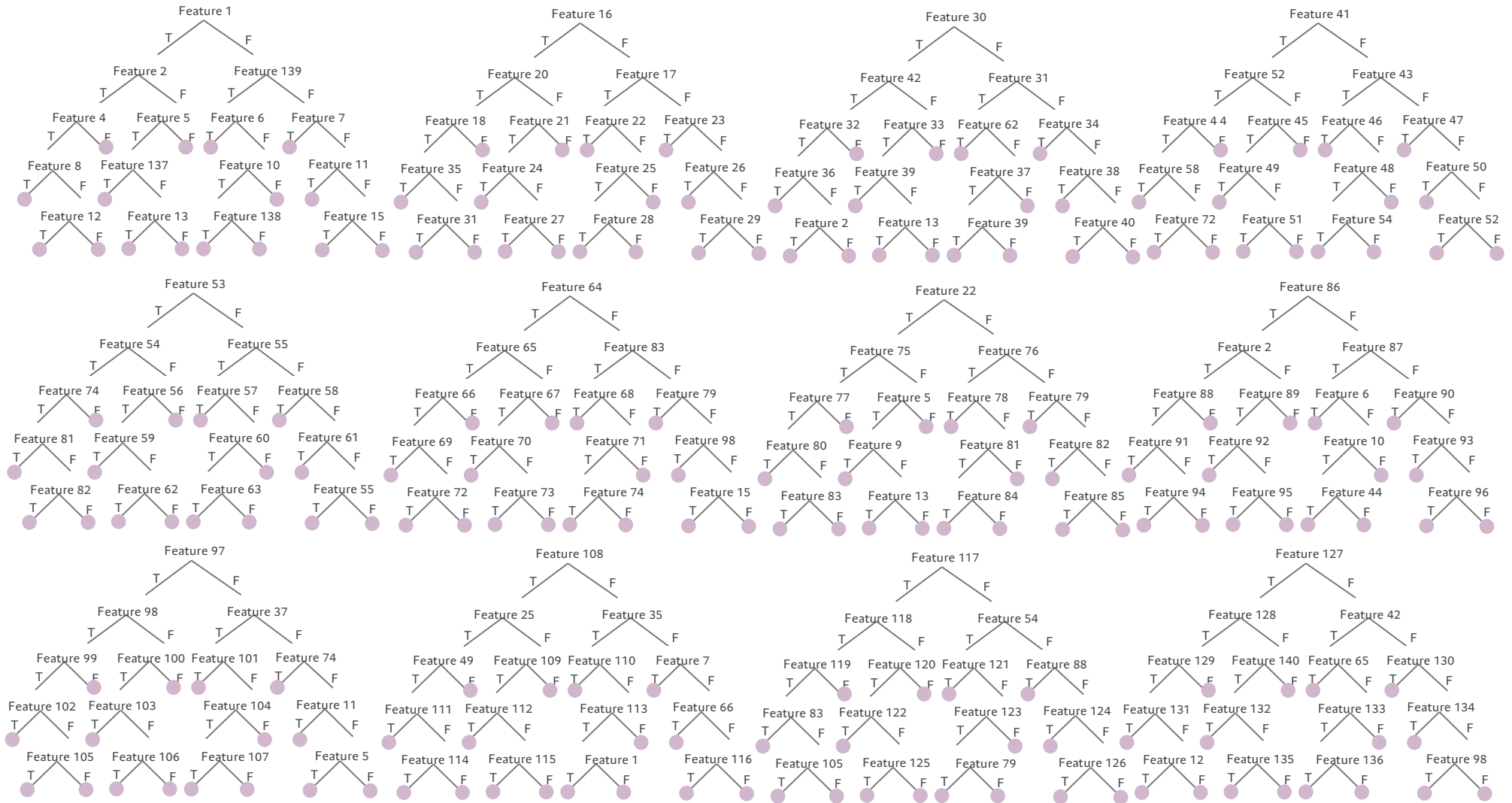
Predicted sales growth  
Number of analysts covering

## Each tree filters stocks based on quantified features

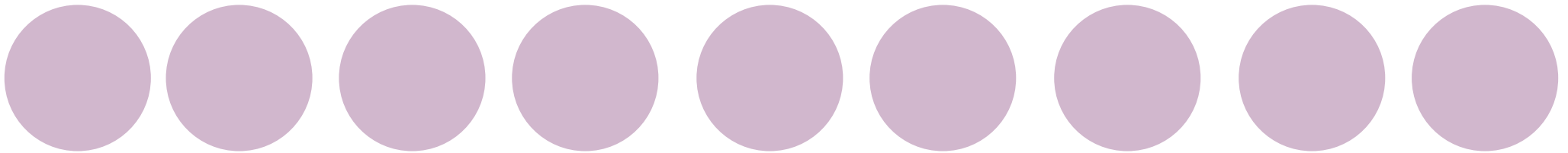
Are >60% sell side forecasts positive?



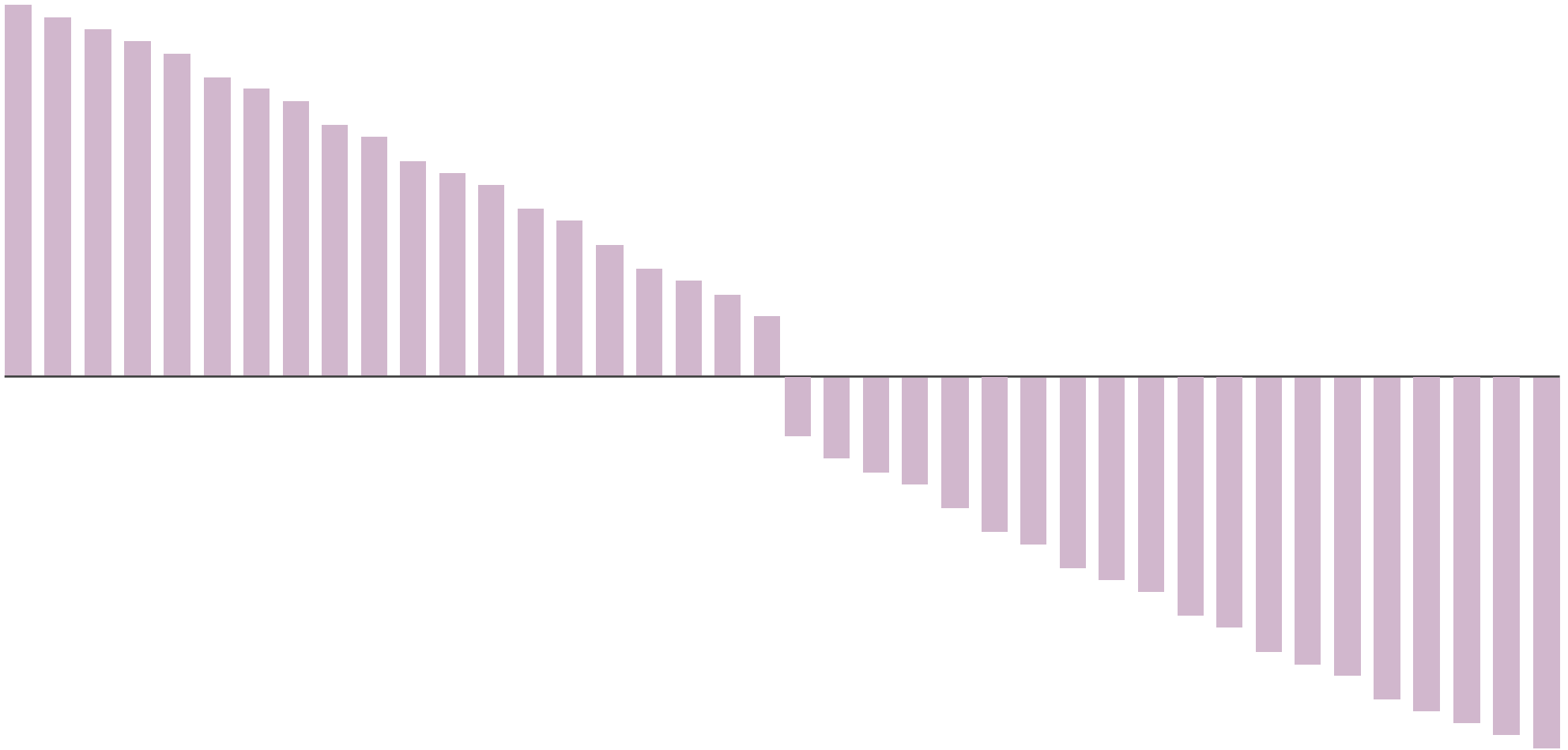
This iterative process creates thousands of trees, with 40–100 features, generating millions of data points.



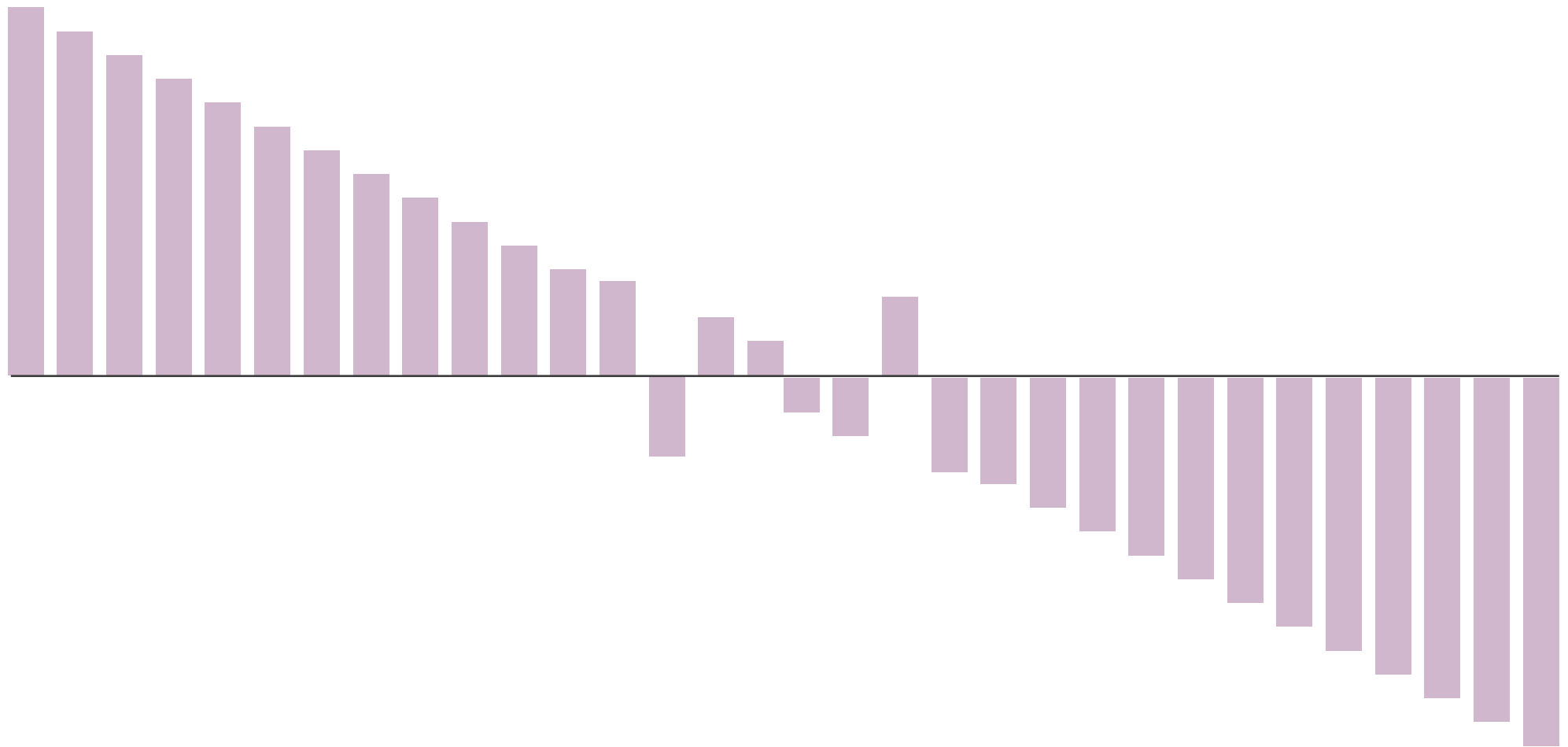
We combine the predicted alpha for each stock from all the trees to generate a single alpha prediction



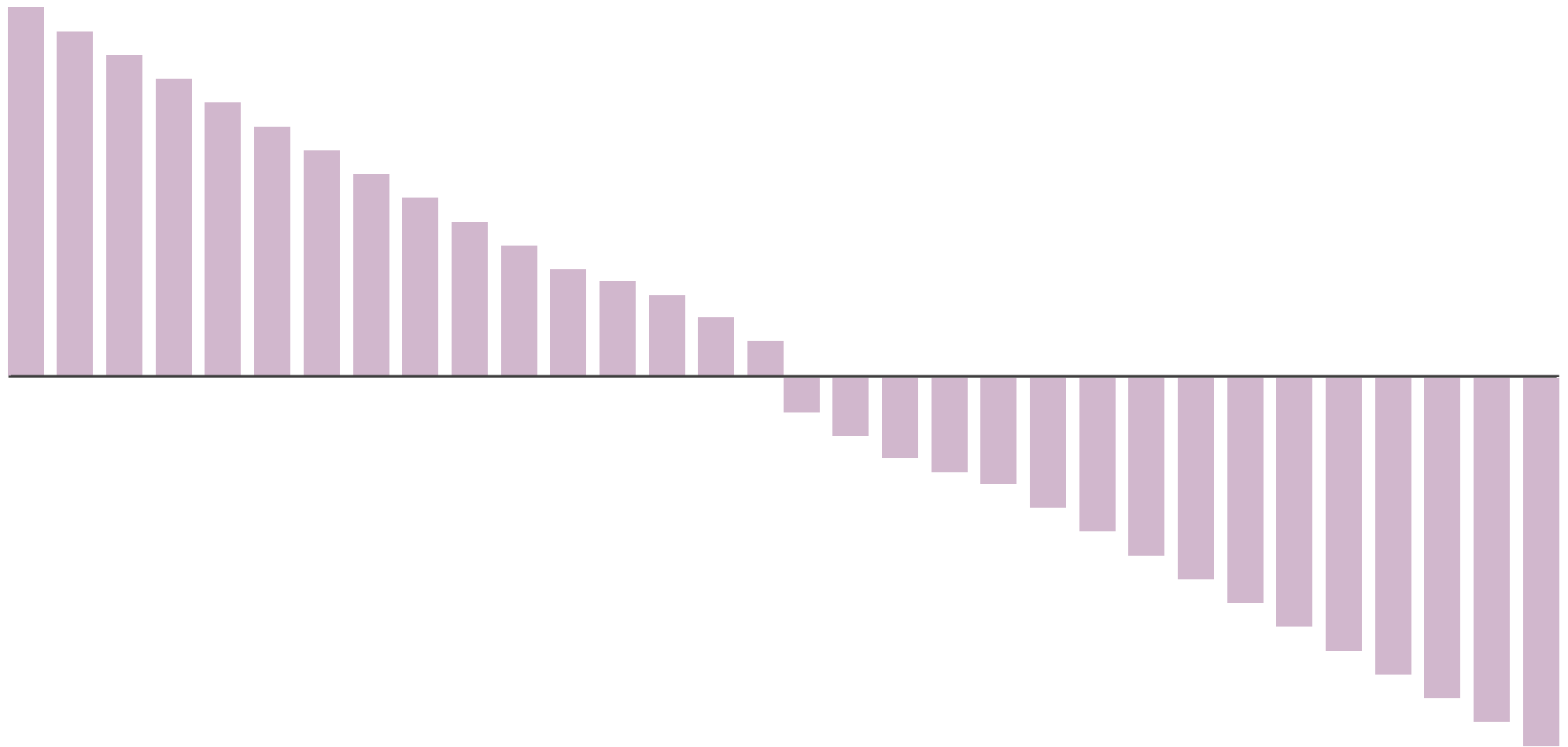
## Alphas fall into our portfolio optimizer



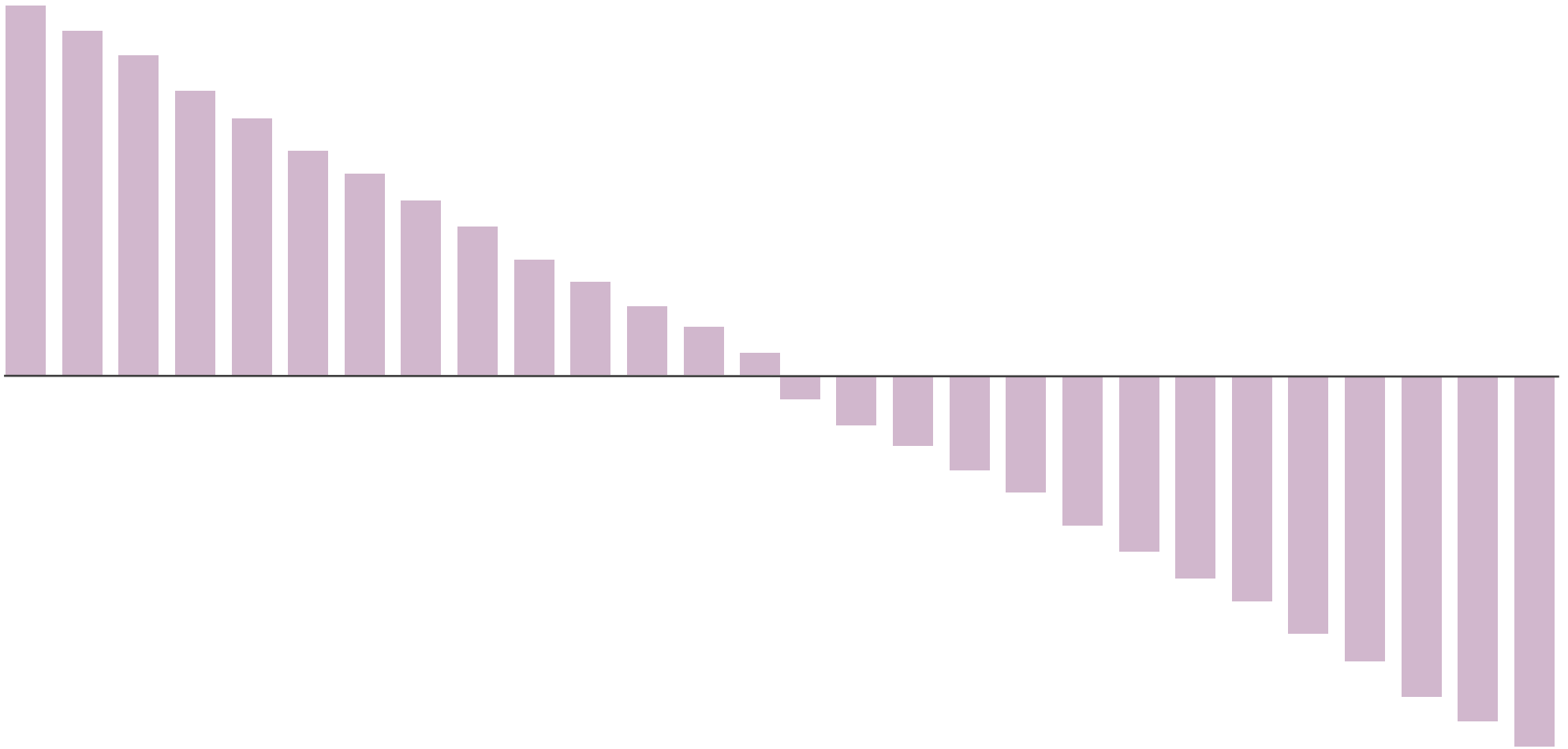
To further optimize the portfolio, we remove any residual factor biases and adjust weights.



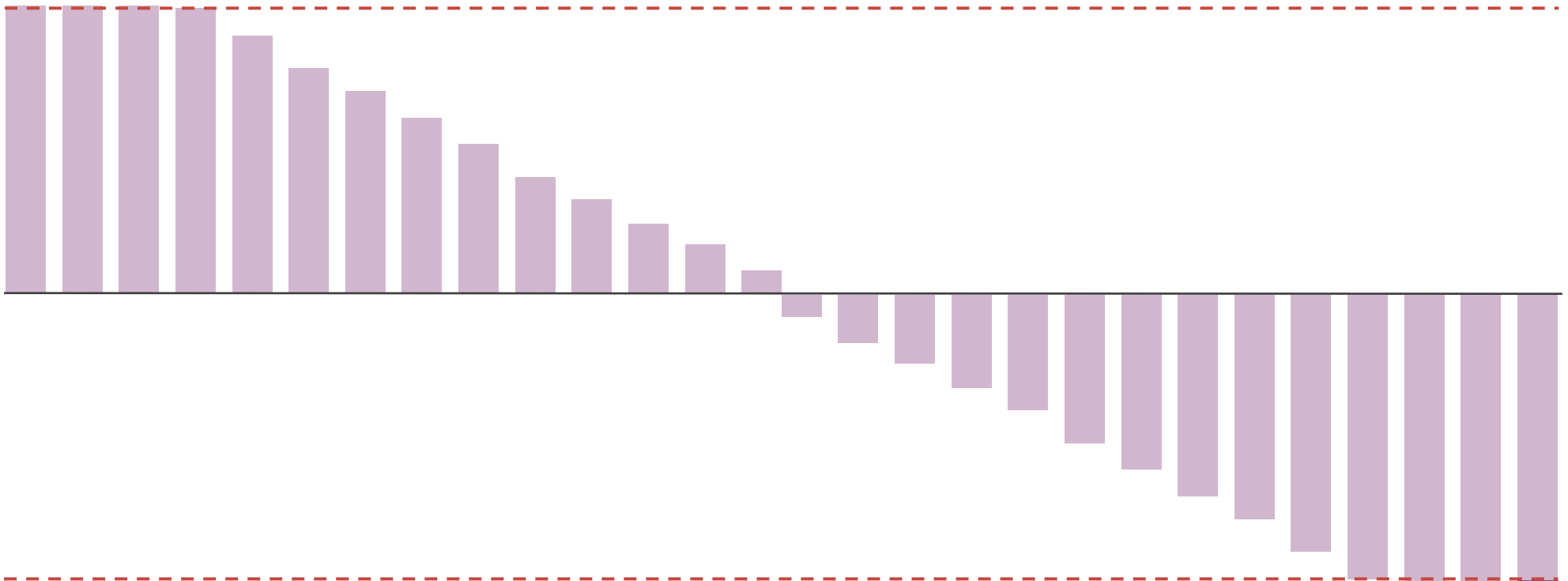
To further optimize the portfolio, we remove any residual factor biases and adjust weights.



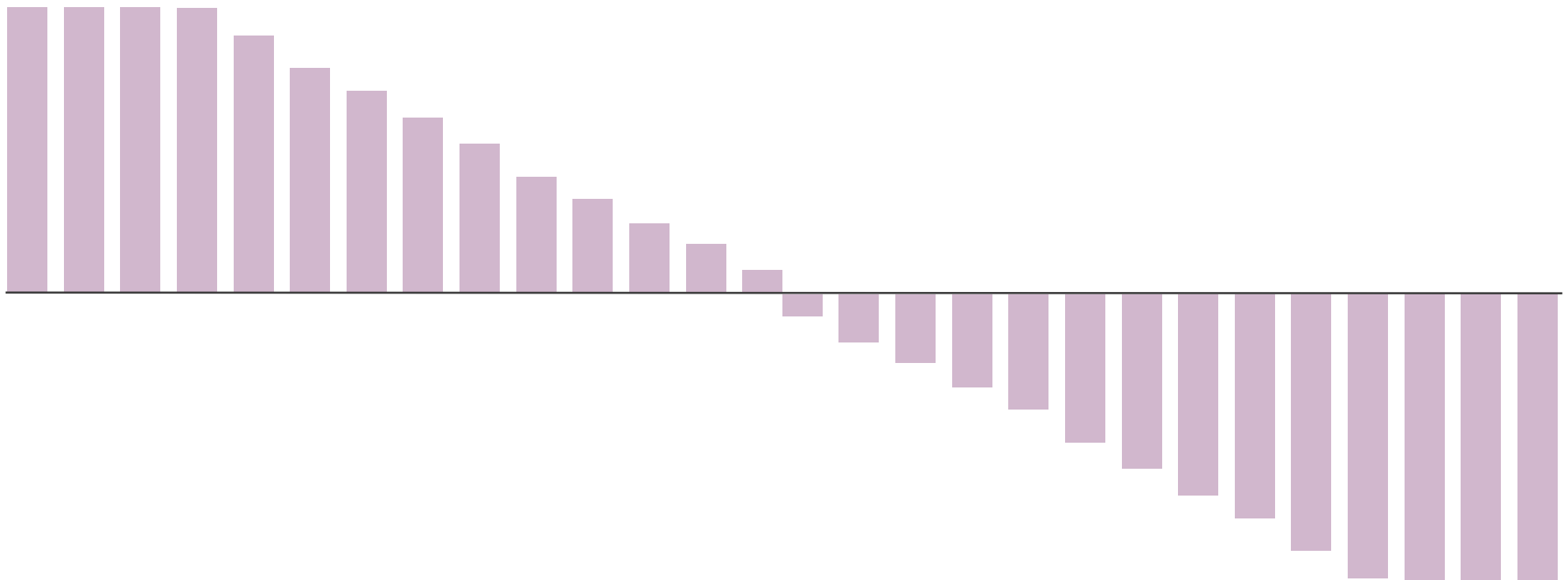
## We exclude stocks with an alpha below trading costs



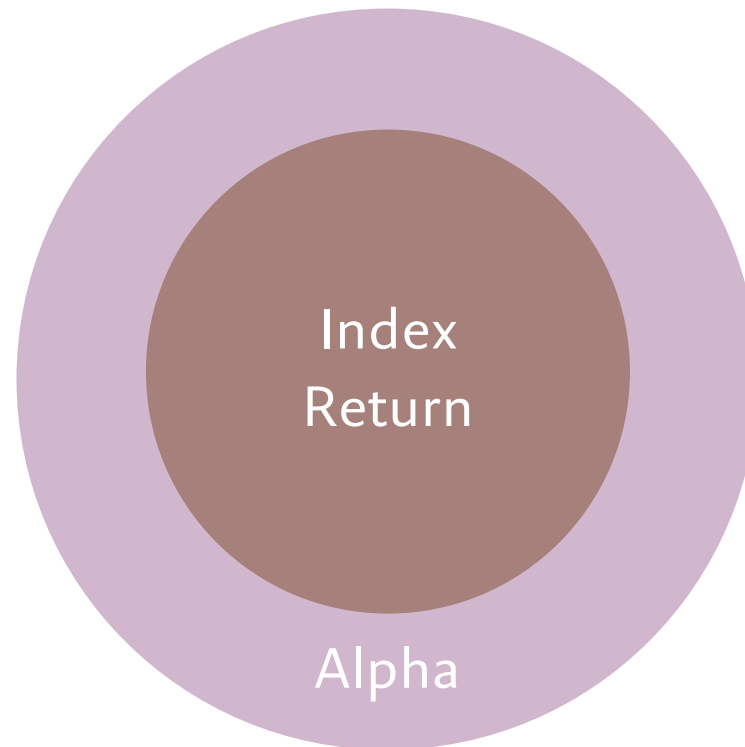
Finally, we apply a risk budget to avoid extreme positions or biases.



## This is the final portfolio



The result is a portfolio that delivers resilient, repeatable alpha. This alpha is independent of market cycles and volatility.



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The Journal of Finance and Data Science 8 (2022) 86–104  
<http://www.keaipublishing.com/en/journals/jfds/>

Performance attribution of machine learning methods for stock returns prediction<sup>☆</sup>

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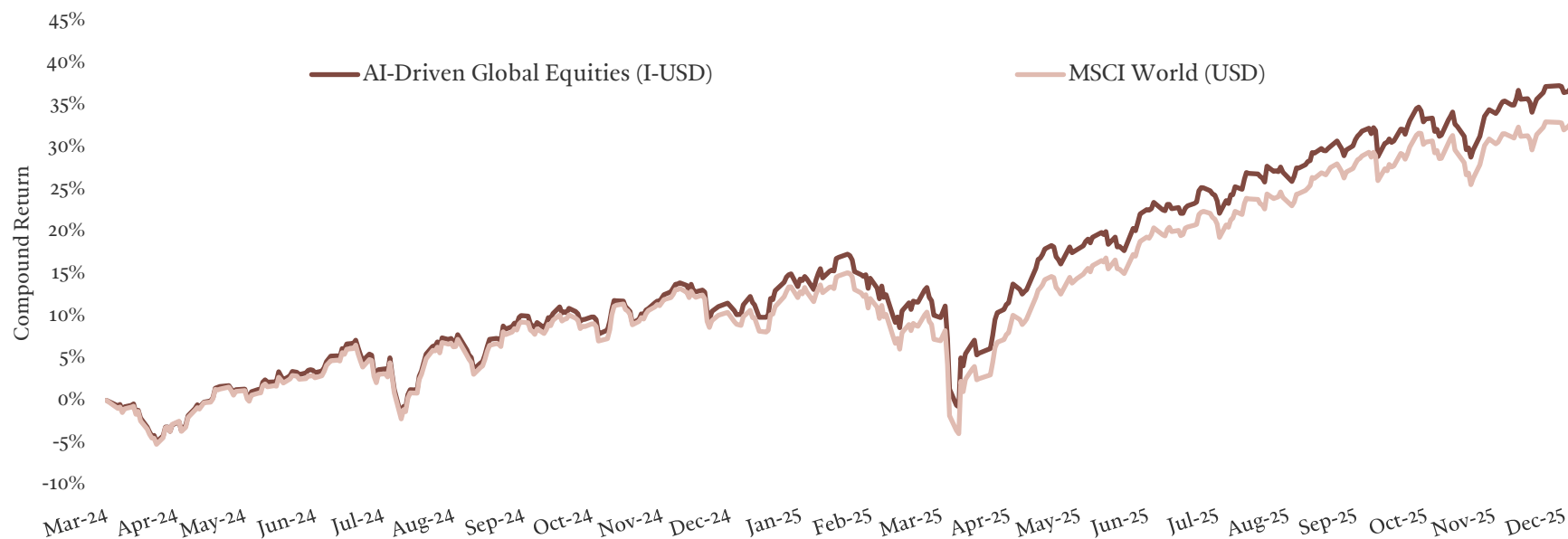
**Abstract**

We analyze the performance of investable portfolios built using predicted stock returns from machine learning methods and attribute their performance to linear, marginal non-linear and interaction effects. We use a large set of features including price-based, fundamental-based, and sentiment-based descriptors and use model averaging in the validation procedure to get robust out-of-sample predictions. We find that the superiority of regression trees and neural networks comes from two points: their strong regularization mechanism and their capacity to capture interaction effects. The non-linear component of the marginal predictions on the other hand has no predictive power. Thanks to our methodology, we manage to isolate and study in detail the interaction component. We find that it has significant long term performance independent from the linear modeling and is stable through time.

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**Keywords:** Machine learning; Return prediction; Performance attribution; Cross sectional returns; Lasso; Boosted trees; Neural networks

## Quest AI-Driven Global Equities I-USD net performance to 30 January 2026



### Monthly performance (net of fees, USD)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD	SI	SI p.a.
<b>2024</b>				-3.61%	4.82%	2.22%	1.71%	2.62%	2.01%	-1.92%	4.32%	-2.12%	10.14%		
Active				<b>0.08%</b>	<b>0.36%</b>	<b>0.18%</b>	<b>-0.05%</b>	<b>-0.03%</b>	<b>0.18%</b>	<b>0.06%</b>	<b>-0.27%</b>	<b>0.49%</b>	<b>1.12%</b>		
<b>2025</b>	3.88%	0.04%	-4.05%	1.58%	5.64%	4.04%	0.85%	2.74%	3.02%	1.87%	0.84%	1.50%	23.90%		
Active	<b>0.35%</b>	<b>0.76%</b>	<b>0.40%</b>	<b>0.69%</b>	<b>-0.28%</b>	<b>-0.28%</b>	<b>-0.44%</b>	<b>0.13%</b>	<b>-0.19%</b>	<b>-0.13%</b>	<b>0.56%</b>	<b>0.69%</b>	<b>2.81%</b>		
<b>2025</b>	1.85%													38.99%	19.56%
Active	<b>-0.39%</b>													<b>4.02%</b>	<b>1.88%</b>




Source: Pictet Asset Management, as of 30.01.2026. Past performance is not a guarantee or indicative of future investment results. Performance data does not include the commissions and fees charged at the time of subscribing for or redeeming shares. The benchmark is MSCI World, an index that does not take into account environmental, social and governance (ESG) factors. It is used for portfolio composition, risk monitoring, performance objective and performance measurement.

## Computational capacity commensurate with the stakes

Training models requires substantial computing power that combines CPU and GPU resources.

10 pétaFLOPs  
= 10 million of billion operations / sec

15 servers exclusively dedicated to Quest  
in our datacenter in Geneva

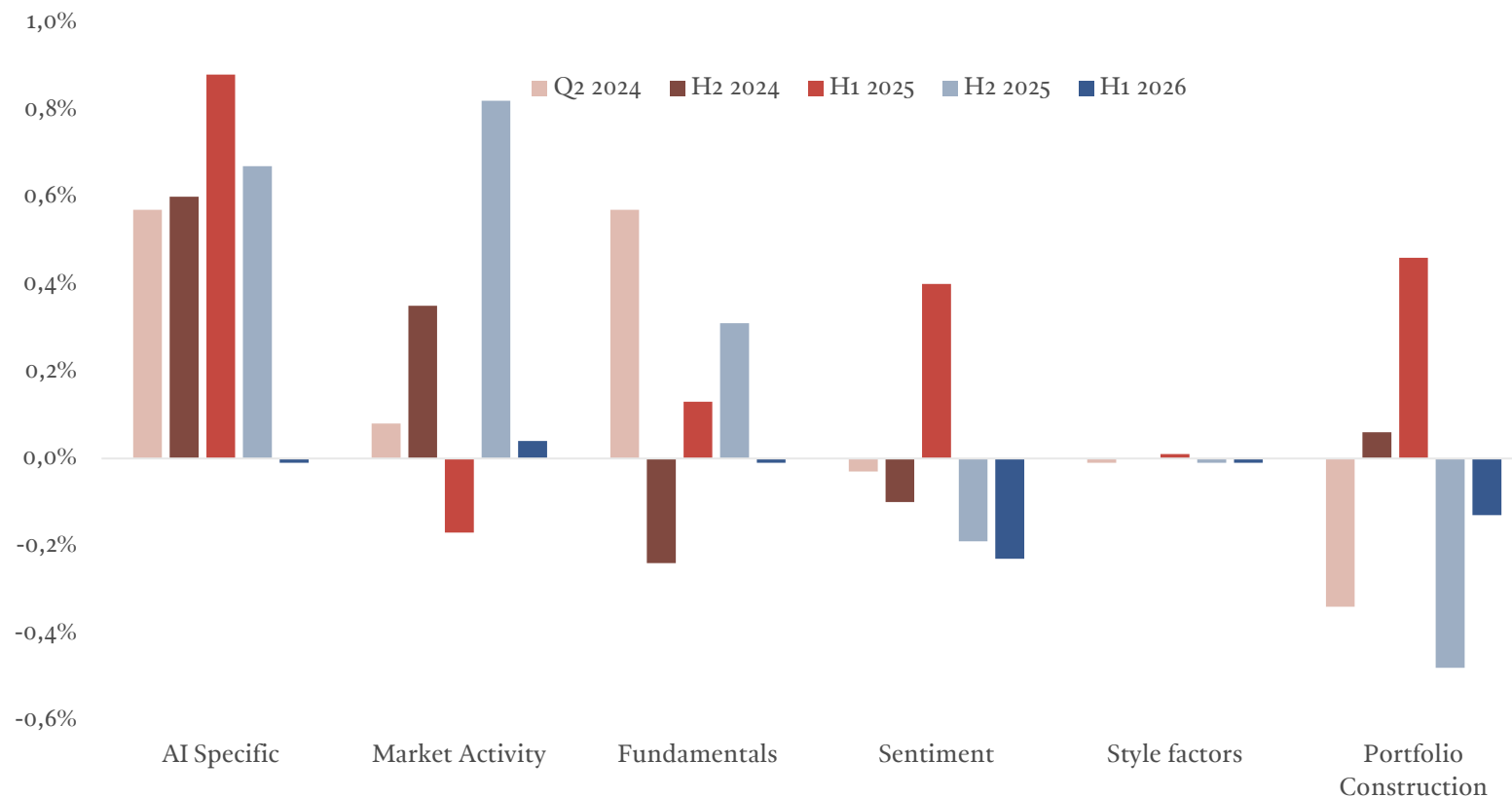
3 200      4      2  
 +  +   
CPU<sub>s</sub>      Nvidia L40 GPU<sub>s</sub>      Nvidia T4 GPU<sub>s</sub>

= ~600 high-end  
MacBook-class laptops



## Sources of alpha - from a 'Black Box' to a 'Crystal Box'

Contribution to quarterly active return since inception return (net of fees, USD)



Source: Pictet Asset Management, as of 30.01.2026. Inception 28.03.2024. Attribution based on track record of a representative strategy, net of fees. Past performance is not a guarantee or a reliable indicator of future performance. Performance data does not include the commissions and fees charged at the time of subscribing or redeeming shares. The client's returns will be reduced by the management fees and other expenses. Portfolio construction includes the impact of risk/cost penalties, the long only structure and limits on factor, country, industry & position sizing.

## Human augmentation not replacement

# Human–Machine Collaboration

## AI

STATISTICAL PREDICTION

Systematic decisions across thousands of securities

## Human

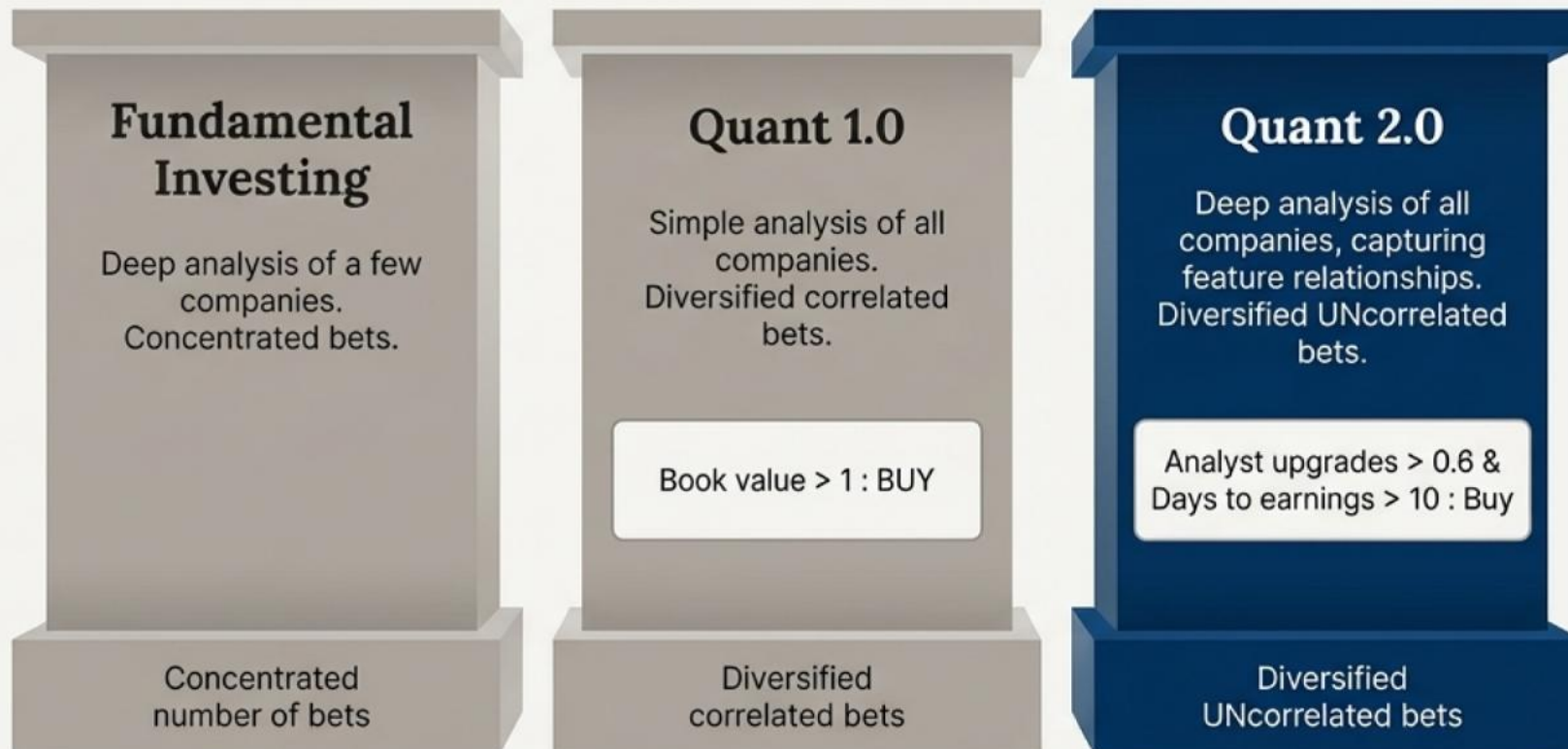
EXCEPTIONAL CONTEXT

Targeted intervention for M&A, special situations

Every execution validated by at least two PMs · Portfolios reviewed weekly

## AI – the foundation for Quant 2.0

Our approach represents the next step in quantitative investing. It combines the breadth of traditional quant with a depth that rivals fundamental analysis, but its true power lies in capturing the complex interactions between hundreds of features.



Source: Pictet Asset Management, as of 31.07.2025. \*accounting for non-linear and interaction effects.

## The **THIRD PILLAR**

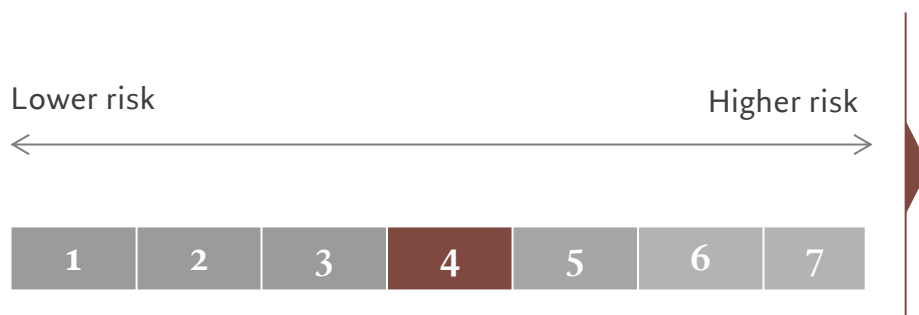
AI doesn't replace **fundamental** or **quant** management –  
it creates a **third pillar**

Regime-independent, factor-neutral alpha from pure stock selection

The future: deeper features, better stability, disciplined integration

## Risk and reward profile – Pictet-Quest AI-Driven Global Equities - I USD

### Summary risk indicator (SRI)



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

The risk indicator assumes you keep the product for 3 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

This product may be exposed to further risks that are not included in the Summary Risk Indicator, for example:

**Currency risk:** where your reference currency differs from the currency of the share class, you will receive payments in a different currency, so the final return you will get depends on the exchange rate between the reference currency and your local currency.

**Financial derivatives risk:** the leverage resulting from derivatives amplifies losses in certain market conditions.

**Sustainability risk:** ESG related risk events or conditions could cause a material negative impact on the value of the investment if they were to occur.

Further information can be found in the prospectus.

This product does not include any protection from future market performance so you could lose some or all your investment.

The risk profile is given on a scale from 1 to 7, with 1 being the lowest risk and 7 the highest risk. The Summary Risk Indicator (SRI) is defined by the PRIIPs regulation and is designed to show the relative risk of a product, using a combination of market and credit risk measures. This slide is intended for all investors excepted UK investors.

Source: Pictet Asset Management, as at 31.01.2026

## Fund terms

<b>Management company</b>	Pictet Asset Management (Europe) S.A., part of the Pictet group
<b>Compartment name</b>	Pictet-Quest AI-Driven Global Equities
<b>Domicile / legal status</b>	Compartment of a Luxembourg SICAV – UCITS compliant
<b>Custodian / administrator</b>	Pictet & Cie (Europe) S.A.
<b>Launch date</b>	28 March 2024
<b>Reference currency</b>	USD
<b>Investment policy and portfolio assets</b>	Actively managed equity
<b>Investment horizon</b>	The fund may not be appropriate for investors who plan to withdraw their money within 5 years
<b>Reference index</b>	MSCI World USD (net div reinvested). The reference index does not take environmental, social and governance (ESG) factors into account. It is used for portfolio composition, risk monitoring, performance objective and performance measurement.
<b>Settlement</b>	Daily; settlement NAV + 2
<b>SFDR classification</b>	The fund promotes environmental and/or social characteristics (SFDR Article 8). Please see “SFDR Pre-Contractual Disclosures” for more information.

## Share classes terms

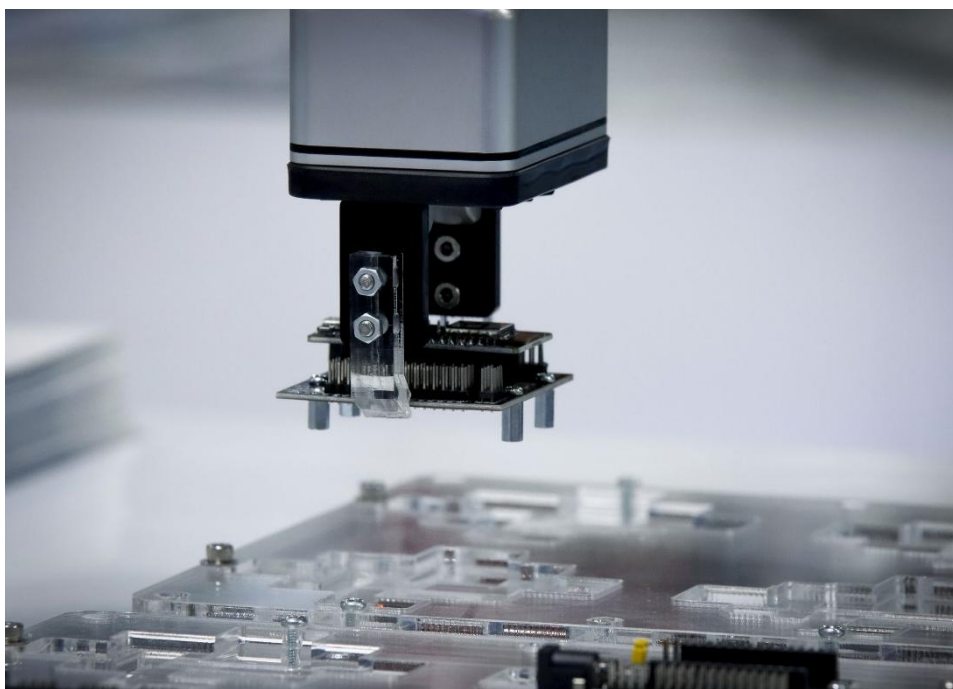
SHARE CLASS	ISIN	PERFORMANCE FEES	TER	ONGOING COSTS	MINIMUM SUBSCRIPTION (USD)	ENTRY & EXIT COSTS*
Pictet-Quest AI-Driven Global Equities-Z USD	LU2749783176	No	0.08%	0.08%	-	0 USD
Pictet-Quest AI-Driven Global Equities-Z EUR	LU2749782954	No	0.09%	0.09%	-	0 USD
Pictet-Quest AI-Driven Global Equities-J USD	LU3023497541	No	0.28%	0.27%	100,000,000.00	0 USD
Pictet-Quest AI-Driven Global Equities-J dy USD	LU3023497624	No	0.28%	0.27%	100,000,000.00	0 USD
Pictet-Quest AI-Driven Global Equities-J EUR	LU2903310212	No	0.28%	0.28%	100,000,000.00	0 USD
Pictet-Quest AI-Driven Global Equities-I USD	LU2749781717	No	0.44%	0.44%	1,000,000.00	0 USD
Pictet-Quest AI-Driven Global Equities-I CHF	LU2749781394	No	0.44%	0.44%	1,000,000.00	0 USD
Pictet-Quest AI-Driven Global Equities-I EUR	LU2749781550	No	0.44%	0.44%	1,000,000.00	0 USD
Pictet-Quest AI-Driven Global Equities-I dy GBP	LU2749781980	No	0.44%	0.44%	1,000,000.00	0 USD
Pictet-Quest AI-Driven Global Equities-HI EUR	LU2749780404	No	0.48%	0.47%	1,000,000.00	0 USD
Pictet-Quest AI-Driven Global Equities-P EUR	LU2749782103	No	0.63%	0.63%	-	0 USD
Pictet-Quest AI-Driven Global Equities-P CHF	LU3105524022	No	0.63%	0.62%	-	0 USD
Pictet-Quest AI-Driven Global Equities-P USD	LU2749782368	No	0.63%	0.63%	-	0 USD
Pictet-Quest AI-Driven Global Equities-HP EUR	LU2749780743	No	0.66%	0.67%	-	0 USD
Pictet-Quest AI-Driven Global Equities-R USD	LU2749782871	No	0.84%	0.84%	-	0 USD
Pictet-Quest AI-Driven Global Equities-R EUR	LU2749782525	No	0.84%	0.84%	-	0 USD

Source: Pictet Asset Management, as of 31.01.2026

The costs are based on figures denominated in USD. \*We do not charge an entry or exit fee, however the person selling you the product may charge you up to a maximum of 5% entry fee, up to 3% as an exit For all share classes a conversion rate up to 2%.

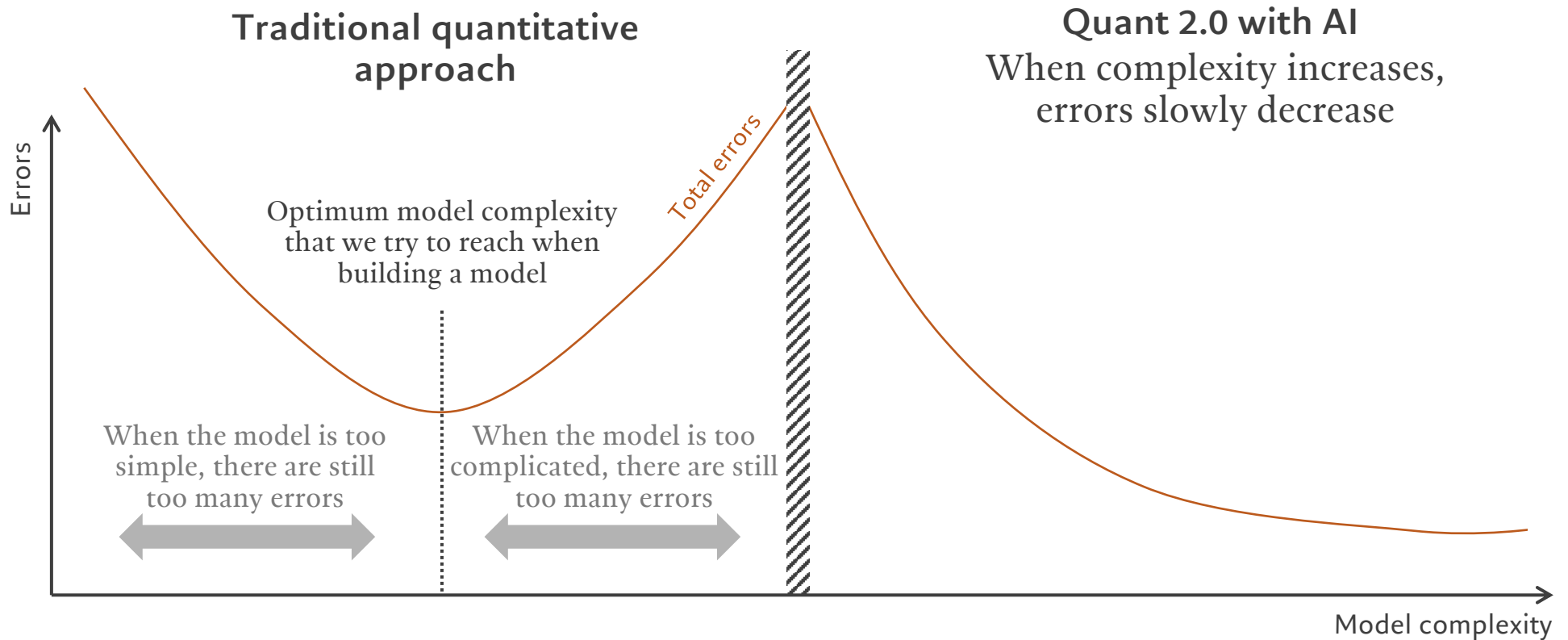
## Main risks of the strategy

- **Counterparty risk:** losses occur when a counterparty does not honour its obligations related to contracts such as over-the-counter derivatives.
- **Collateral risk:** although collateral can be taken to mitigate the risk of counterparty default, there is a risk that collateral taken, particularly in the case of securities, when realised, may not generate sufficient liquidity to settle the debts of the counterparty.
- **Depositary receipts risk Derivatives & EPM techniques risks:** whilst the depositary receipts are traded on Recognised Exchanges, there may be other risks associated with such instruments to consider for example the shares underlying the instruments may be subject to political, inflationary, exchange rate or custody risks.
- **Liquidity risk:** liquidity risk exists when a particular instrument is difficult to purchase or sell.
- **Market risk:** loss due to movements in financial market prices and changes in factors that affect these movements.
- **Real Estate Investment Trusts (REITs) risk:** there are special risk considerations associated with investing in the real estate industry securities such as Real Estate Investment Trusts (REIT) and the securities of companies principally engaged in the real estate industry.
- **Sustainability and ESG risks:** ESG related risk events or conditions could cause a material negative impact on the value of the investment if they were to occur.



## Appendix: AI at work

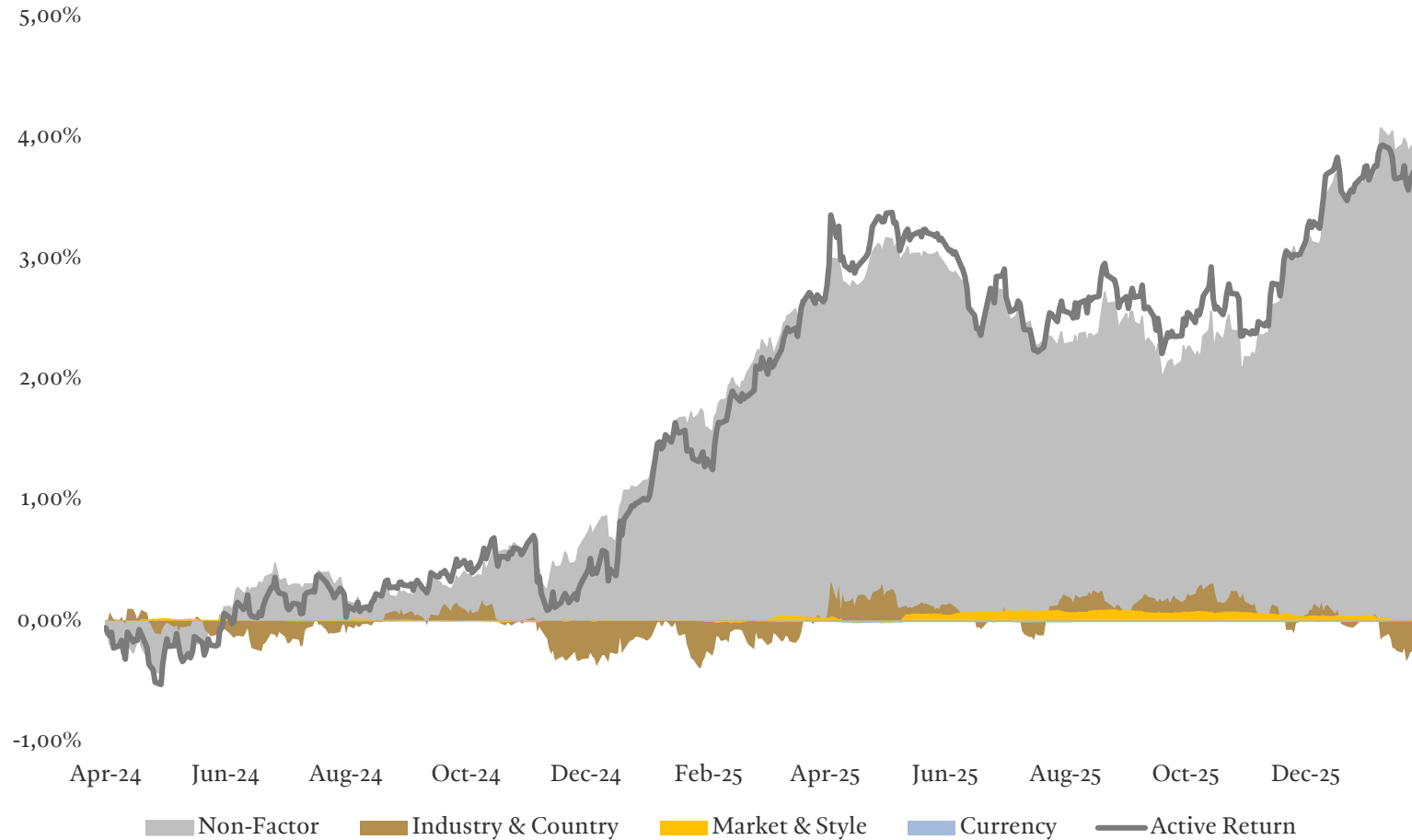
## We need to think differently with AI



Source: [Reconciling modern machine learning practice and the bias-variance trade-off](#), Mikhail Belkin, Daniel Hsu, Siyuan Ma, and Soumik Manda, September 2019.

## AI long-only - Active Return Decomposition

### Axioma Relative Return Decomposition, vs. MSCI World since inception



Source: Pictet Asset Management, as of 30.01.2026. . Past performance is not a guarantee or a reliable indicator of future performance. Performance data does not include the commissions and fees charged at the time of subscribing or redeeming shares. The client's returns will be reduced by the management fees and other expenses. Portfolio construction includes the impact of risk/cost penalties, the long only structure and limits on factor, country, industry & position sizing.

## Case study



Classic factors suggest an unfavorable future performance:

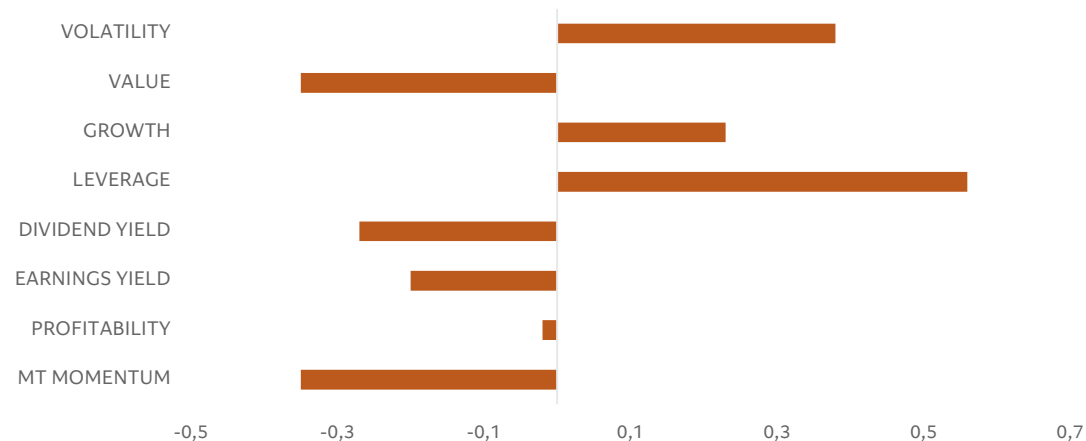
- Negative momentum
- High valuation
- Significant debt
- Low profitability

However, our model anticipates a positive **idiosyncratic return**. This forecast is mainly driven by **analysts' views** on the company and its recent price movement.

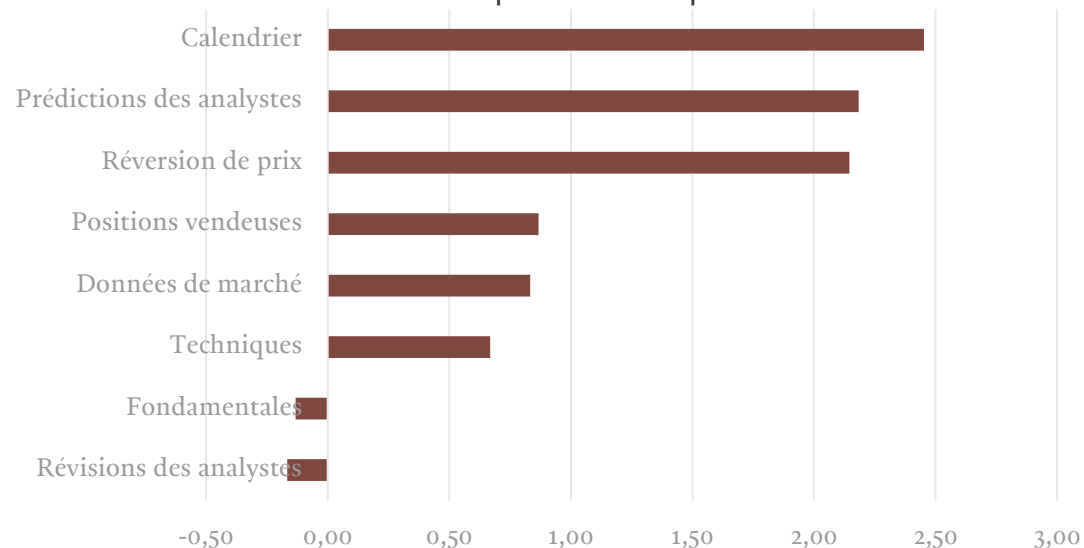
At the end of January 2025, we were overweight this security by **+65 basis points** relative to the benchmark.

We locally profited from this.

Facteurs classiques



Décomposition des prédictions



## Our strategy at a glance

Next generation AI approach implemented in factor neutral long/short strategy aiming to deliver pure alpha

AUM  
€1105m/\$1315m



### Absolute risk

Up to 10% p.a



### Benchmark

Beta of 0 on average  
Minimal exposure to factors, countries, regions, industries, sub-industries



### Portfolio shape

550-700 stocks  
Turnover of ~800-1000%  
one way  
Max long/short position +3%  
Weekly rebalancing



### Exposure

MSCI World universe  
Gross 350-500%  
Net 0% on average (max 10%)

Source: Pictet Asset Management, as of 30.01.2026.

All forms of investment involve risk. The value of investments and the income derived from them is not guaranteed and it can fall as well as rise and you may not get back the original amount invested.

## Quest AI Long/Short representative portfolio performance to 30 January 2026

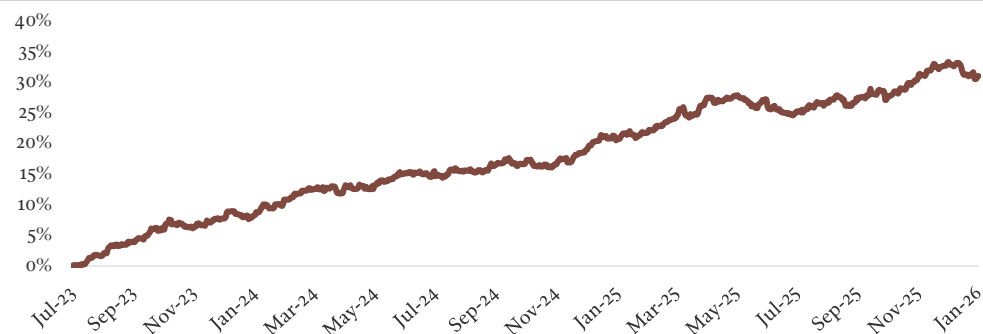
### Monthly performance (gross, EUR)

%	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2023</b>	-	-	-	-	-	-	-	1.81%	2.12%	2.08%	0.04%	1.49%	<b>7.76%<sup>1</sup></b>
<b>2024</b>	0.51%	1.69%	2.16%	0.14%	0.71%	1.59%	0.43%	0.05%	0.72%	0.47%	-0.29%	2.00%	<b>10.40%</b>
<b>2025</b>	1.48%	0.85%	2.11%	2.07%	0.79%	-0.46%	-1.65%	1.19%	0.58%	0.23%	2.08%	2.26%	<b>12.12%</b>
<b>2026</b>	-1.70%												<b>-1.70%</b>

### At a glance (gross, EUR) – since inception

Inception	<b>1 August 2023</b>
Cumulative return	<b>31.05%</b>
Annualised return	<b>11.42%</b>
Annualised risk <sup>2</sup>	<b>3.2%</b>
Sharpe Ratio <sup>3</sup>	<b>2.2</b>
Maximum Drawdown <sup>2</sup>	<b>-2.55%</b>

### Cumulative performance (gross, EUR) - since inception



For illustrative purposes only.

Source: Pictet Asset Management, data as of 30.01.2026 of actual gross returns for the Quest AI-driven long/short segregated segment within Pictet-Multi Asset Global Opportunities from 01.08.2023 to 30.01.2026 (since inception). The Pictet-Multi Asset Global Opportunities fund invests in strategies managed and selected by Pictet AM teams. These investment strategies have exposure to various financial assets (equities, bonds and other debt-related securities, financial derivatives) globally. We would be happy to provide the performance information for the Pictet-Multi Asset Global Opportunities fund upon request. Please note that a standalone vehicle will be subject to fees and expenses such as management, performance, administration, operational etc. that will result in lower net returns for your investment. Performance data does not include the commissions and fees charged at the time of a fund subscription or redemption.

<sup>1</sup> Partial month / year. <sup>2</sup> Based on daily returns, 01.08.2023 to 30.01.2026. <sup>3</sup> Sharpe calculated removing cash impact from returns & risk. Note: All performance data are shown gross of fees in EUR. Past performance is not a reliable guide to future performance. All forms of investment involve risk. The value of investments and the income from them may fluctuate and investors may not get back the full amount invested. The client's returns will be reduced by the management fees and other expenses. The model makes use of a boosted decision tree technique and has been trained on decades of information to forecast the stocks returns from a large range of data like fundamentals accounting metrics, analyst sentiment, prices and market activity, short interest, calendar effects. Portfolio construction is implemented with traditional portfolio optimisation techniques, so that the portfolio return is maximised subject to a penalty for the relative risk. Specific constraints are imposed to ensure factor neutrality. Our strategy seeks to pursue its investment objective by using proprietary models that incorporate quantitative analysis. Investments selected using these models may perform differently than as forecasted due to the factors incorporated into the models and the weighting of each factor, changes from historical trends, and issues in the construction and implementation of the models (including, but not limited to, software issues and other technological issues). There is no guarantee that our use of these models will result in effective investment decisions for the strategy. The information and data used in the models may be supplied by third parties. Inaccurate or incomplete data may limit the effectiveness of the models. In addition, some of the data that we use may be historical data, which may not accurately predict future market movement. There is a risk that the models will not be successful in selecting investments or in determining the weighting of investment positions that will enable the strategy to achieve its investment objective.

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