

AI IN INVESTING

HOW INVESTORS ARE USING NEW TOOLS

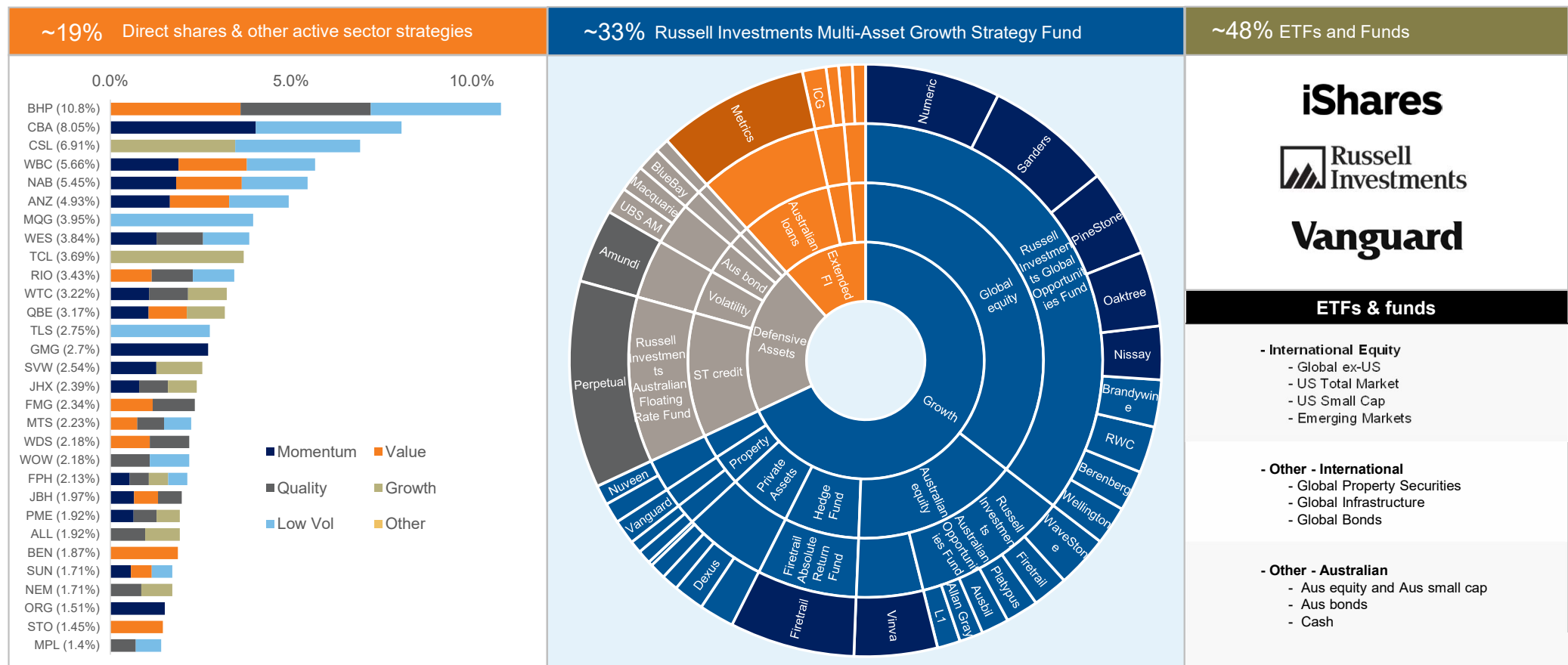
Jane Williams
Senior Investment Analyst, Russell Investments

Matthew Fist
Portfolio Manager, Firetrail Investments

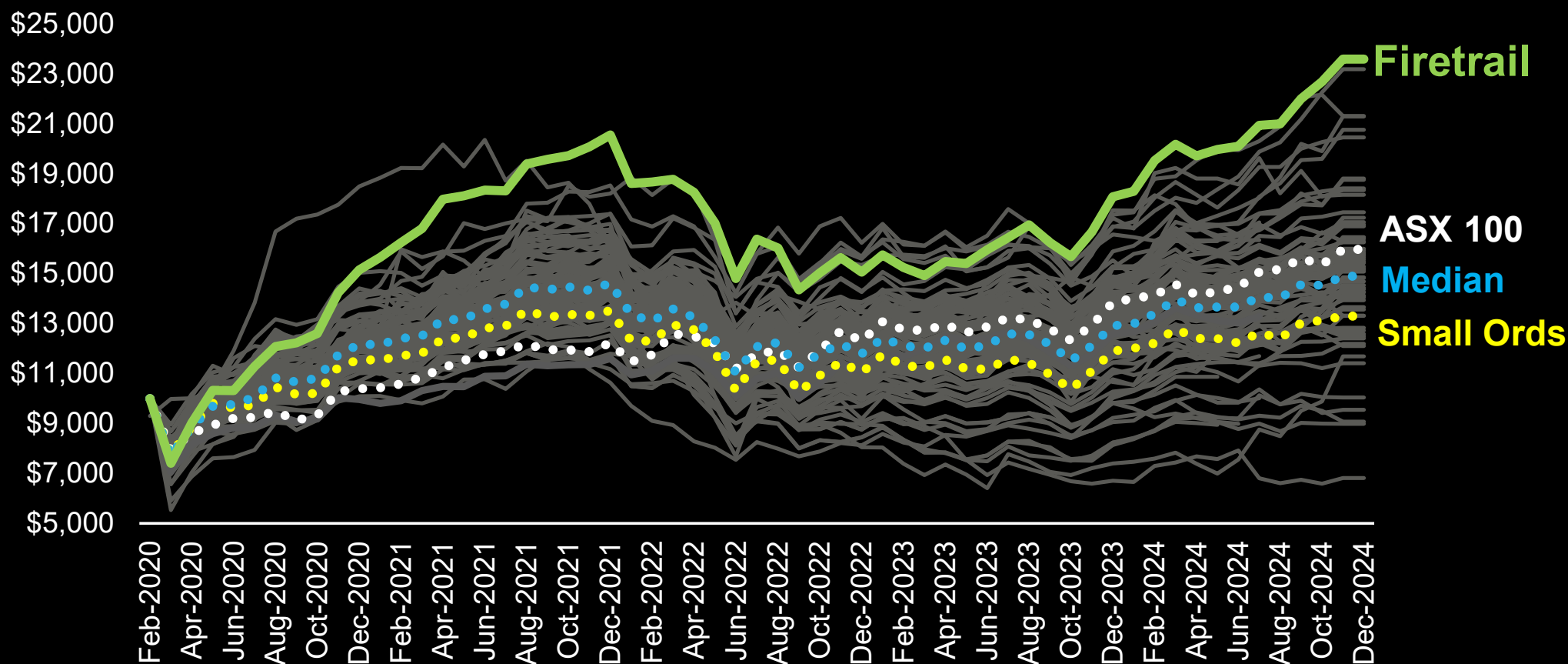
Robert Franklin
Research Manager, Vinva Investment Management



Russell Investments Balanced Managed Portfolio



Growth of \$10k since inception (after fees)

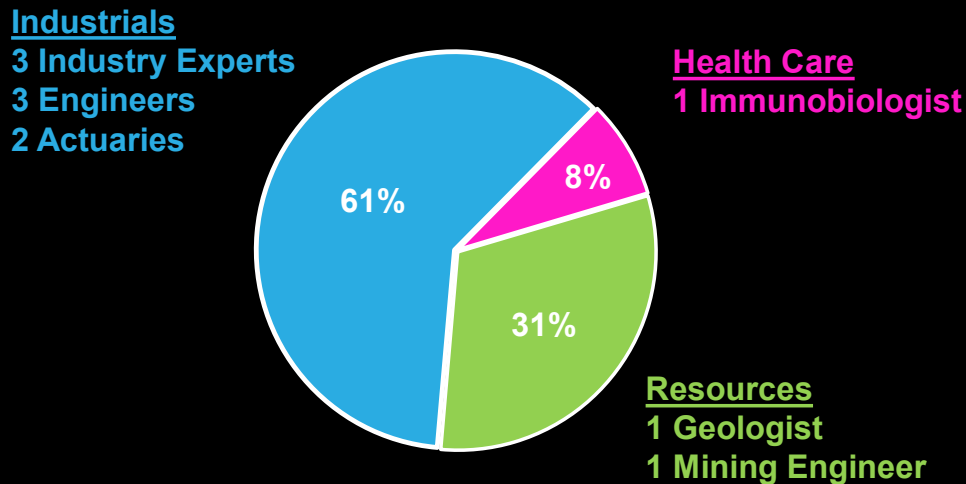


Fund has materially outperformed benchmark and peers

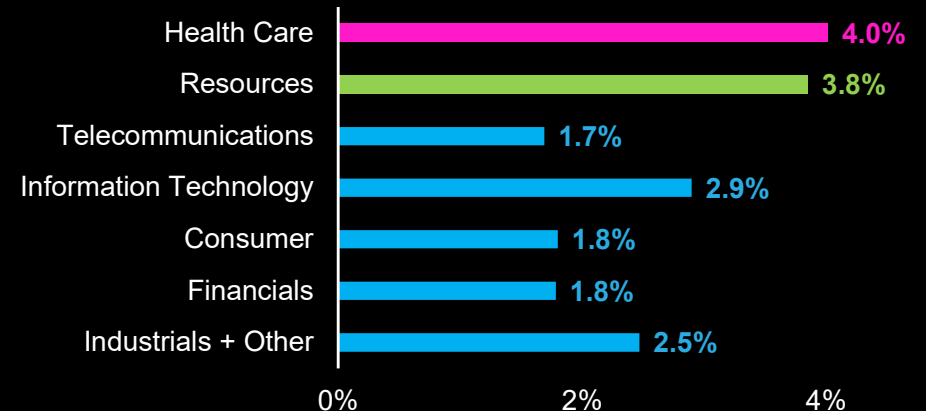
Source: Morningstar, Firetrail. As of 31 December 2024. Since Fund inception: Feb 2020. Peer group is the Morningstar Aus small companies peer group. Excludes long/short, midcap, and microcap funds.

We cover all segments of the market

S&P/ASX Small Ordinaries Index



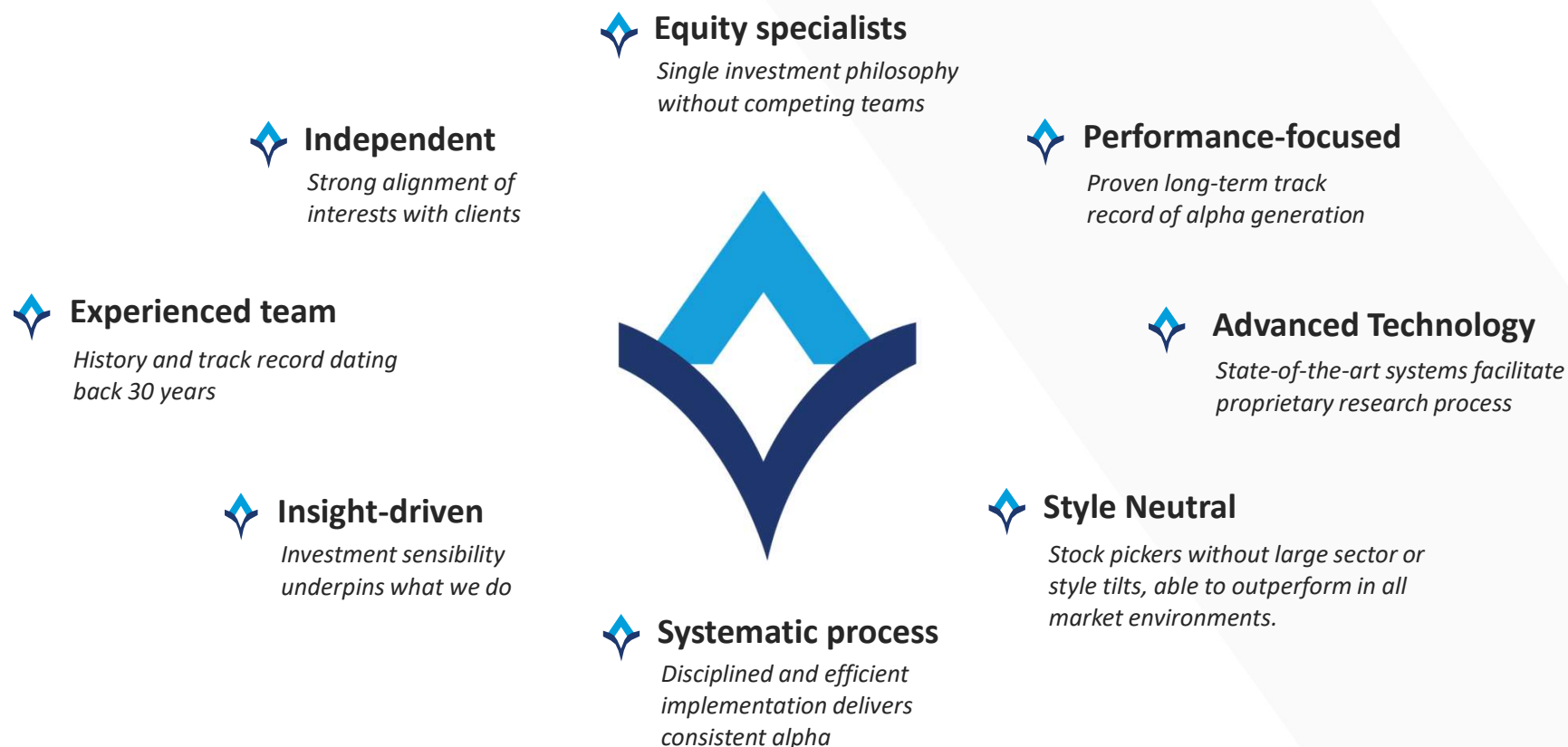
Excess returns by Sector
Since Fund inception* (annualised)



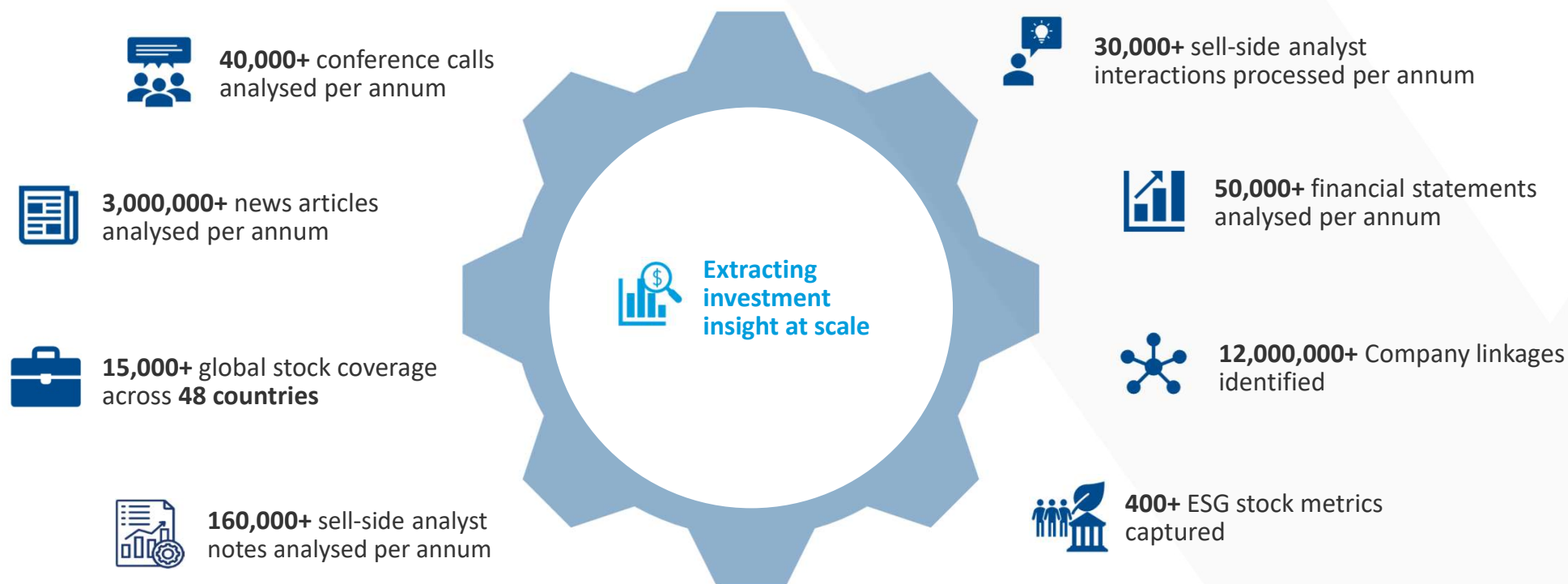
Unique skillsets to find opportunities where others aren't looking

Source: Firetrail, to 31 December 2024, *Fund inception: 20 February 2020

Vinva Investment Management

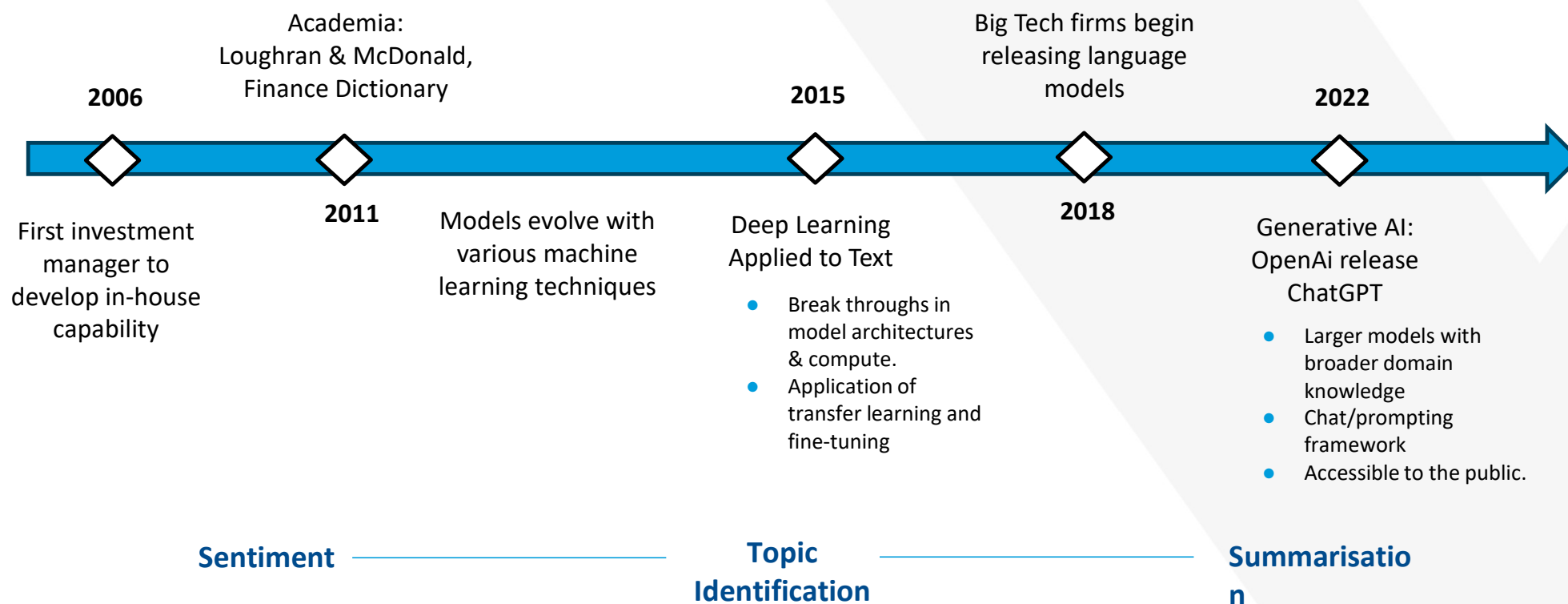


AI Tools: Extract Investment Insight from Text at Scale



»» Exploiting an information advantage with superior processing of information.

A Brief Timeline of Text Processing Capabilities



Quantitative Analysis of strategies

Using a LLM to analyse information and write commentary

Quantitative Findings Report

Firetrail Investments Pty Limited

Firetrail Investments Pty Limited: Australian Small Companies

S&P/ASX Index Small Ordinaries

REPSMLCO Universe

December 31, 2024



Contents

Summaries

Links used in the analysis

Product features: what is it?

Hire list impact: why is it additive to Hire list?

Expected performance pattern: how does it generate returns?

Key characteristics

Sectors

Risk

Risk & Volatility

ESG

Performance

Historical Performance

Correlation Matrix

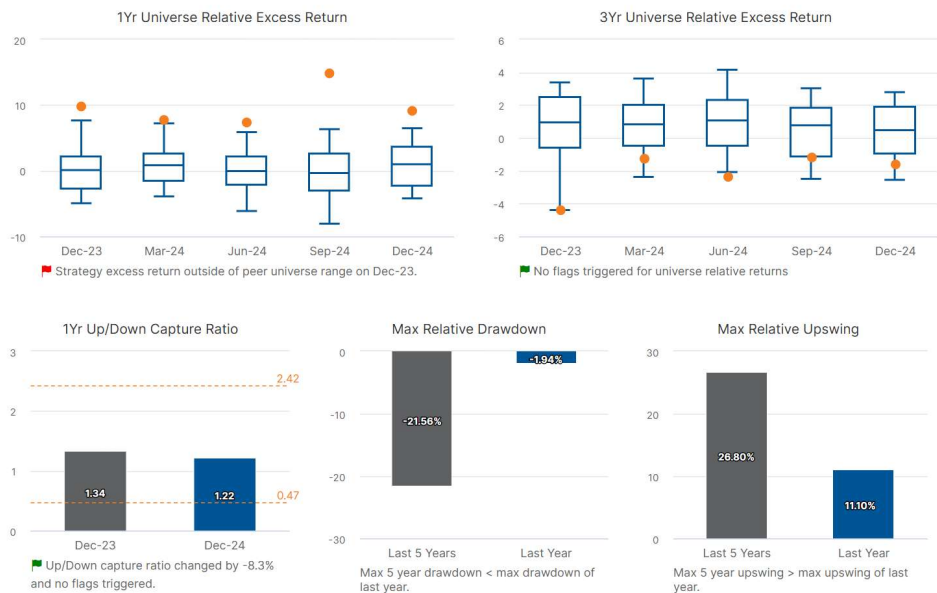
Scenario Analysis



Quantitative Analysis of strategies

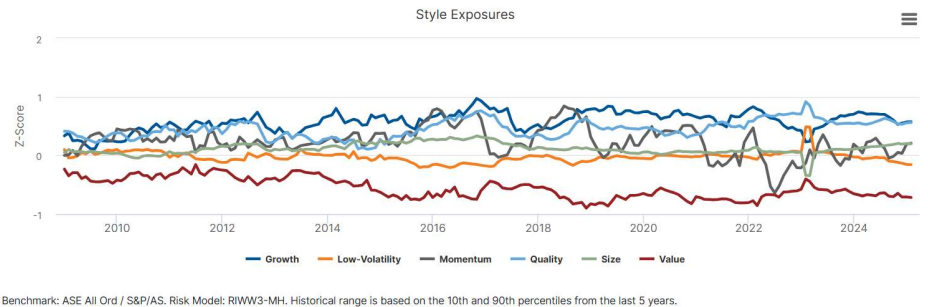
Using AI to flag potential anomalies in performance, investment styles, sectors, turnover & risk

Performance December 31, 2024



Portfolio Drivers - Styles December 31, 2024

Style Z-scores	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	1Yr Avg	Bot. 10%	Top 90%
Growth	0.7	0.71	0.7	0.6	0.57	0.66	0.47	0.75
Low-Volatility	-0.03	-0.05	-0.04	-0.1	-0.15	-0.08	-0.07	0.06
Momentum	0.19	0.22	0.2	-0.02	0.2	0.16	-0.21	0.42
Quality	0.54	0.53	0.6	0.58	0.56	0.56	0.37	0.7
Size	0.11	0.14	0.16	0.19	0.2	0.16	0.04	0.16
Value	-0.65	-0.67	-0.65	-0.71	-0.71	-0.68	-0.78	-0.58



Risks of using AI for Investing

- Only use AI where it adds value
- Prioritise transparency over complexity
- Ensure quality underlying data
- Don't overfit to the past
- Stay ahead of the crowd

The Future of AI in Investing

- **Broader adoption** – as models become smarter / faster / cheaper / private.
- **Bespoke solutions at scale** – personalised solutions for individuals.
- **Greater efficiency:**
 - **Summarising information:** analyst reports, commentaries, “Deep Research”
 - **Automation of tasks:** “Agent AI” will handle routine workflows
 - **More time for high value work:** humans can focus on big picture decision making