Foundations can’t be generated

July 2026

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Why the advantage isn't the tool

AI hands no one an edge. As the tools spread to every desk, having them is the starting point, not the advantage.

Asked the same question and pointed at the same paper and data, AI returns much the same answers and models to everyone, and with it the same view of the market. The edge was never the technology itself, but the foundation it rests on and the people who direct it.

Plenty of firms will get value from AI. Getting durable value is the harder task, and it favours those already well-positioned to use it. That is where we stand. For an active systematic manager, AI is not a break from how we work but a natural extension of a philosophy we have followed for 28 years: combining data, technology and inquisitive people to decide on evidence, not emotion.

AI may sharpen the process, but it cannot generate the foundations, discipline or distinct thinking that create a durable investment edge.

Strong foundations

An active systematic process like ours runs on a great deal of data. There is nothing glamorous about the groundwork that handles it, and nothing artificially intelligent either. It is disciplined data engineering, and it is the bedrock the rest of the process stands on. Every file is automatically checked for missing fields, figures that should reconcile but do not, or data arriving late or unexpectedly. A failed check stops that file before anything corrupt flows downstream, and a live dashboard flags the anomaly the moment it appears. These same checks hold regardless of the data origin. Increasingly this means alternative and unstructured sources such as central-bank speeches and Federal Reserve Beige Books that we read automatically as they land.

This is the part the headlines miss: the groundwork no sophisticated model can do without. And the foundation does not stop at the data. On top of it sit the asset-allocation models, portfolio optimisation, and the large-scale simulations that map the trade-off between risk and return to surface the most attractive combinations. Each has been built and hardened over the years. Add AI to a structure like this and it compounds; add it to a weak one and you get faster, more confident mistakes. Twenty-eight years of this discipline, end to end, is something a new entrant cannot generate.

Asking more, keeping less

Because we trust what goes in, and because AI lets us work at new speed and scale, we can be ruthless about the signals that come out. Every new time series we produce, whether drawn from a new source or built by our quants from data we already hold, becomes a candidate. Each candidate is tested automatically against our existing models: how much does it add once everything we already capture is accounted for? The same test that confirms a genuine pattern is what catches a false one. A statistical result is never enough; without a plausible economic reason, we treat it as coincidence. We discard far more than we keep, and the ideas that survive we hold with conviction.

Why our thinking stays our own

The more widely AI is adopted, the more it pulls the industry towards the same answers: feed the same papers and data to the same tools, and you get the same models, and the same crowded positions. It is a risk much of the industry still underrates, yet exactly where a firm will sharpen its edge or quietly lose it.

Our defence is not a smarter algorithm, it is distinct thinking, and that begins with our people. We hire data scientists whose training reaches well past finance, into Applied Mathematics, Physics, Geo-informatics and Operations Research, precisely for the perspectives they bring. A geo-informatics specialist reads the world through satellite data, with an instinct for measuring economic activity from sources others overlook: shipping movements, crop conditions, the night-time lights of a city. An applied mathematician trained in graph theory sees the market as a web of connections, alert to how a shock in one corner can travel to assets that look unrelated on the surface. A conventional finance background rarely produces instincts like these. Putting their perspectives to work is where we are steering our research, and that difference is part of what keeps our thinking, and our portfolios, our own.

None of it comes at the expense of the fundamentals: within the same investment team, these minds sit alongside colleagues with deep market and financial expertise, and it is the combination that does the work, pairing the unconventional angle to see what others miss with the seasoned judgement to know what it is worth.

Sharpened, not replaced

For all the noise, our fundamentals have not changed. We neither fear technology nor overstate it. We direct it, sharpening a process we have spent nearly three decades building rather than upending it. We do not claim to predict markets; no one can. What we offer is the opposite of a shortcut: a disciplined, deeply tested process, resting on a foundation that cannot be generated overnight. Certainty of process is the one thing we can promise, and it is what lets you step into your future with confidence.