



Danish AI Specialist to Launch New Alpha Product

Stockholm (HedgeNordic) - Innolab Capital, a Danish alternative asset manager that specializes in strategies powered by artificial intelligence, is planning to launch a new multi-asset AI-assisted fund in the second half of 2019. In the out-of-sample backtest, the new fund named **Innolab Capital Alpha** has proven to be holding up well in stress periods for equity markets, acting as a “shock-absorber” for broader portfolios. The fund is beta and dollar neutral.

The new fund’s investment universe includes over 100 global liquid instruments that are divided into three legs: stock market indices, bonds, and commodities. A deep learning algorithm developed by founder and CEO Peter Smedegaard (*pictured*) and his team at Innolab Capital provides daily one-month-ahead price predictions for all instruments in the three asset classes. The instruments with the highest likelihood of experiencing price changes on the upside and downside are included in the portfolio and weighted so that each asset group contributes an equal amount of risk (risk parity).

Innolab Capital Alpha aims to generate returns that are independent of market behavior, while still exhausting a risk budget of 10 percent annually. According to Smedegaard, the fund is designed to “deliver a non-linear risk premium that is overlooked by standard statistical models and offer safe harbor during equity

market turmoil.” Around one year ago, Innolab Capital launched its first artificial intelligence-powered fund, [**Innolab Capital Index**](#). The fund returned 4.5 percent since launching in May of last year following a gain of 11.5 percent this year. Relying on an autonomous investment robot that processes a vast amount of data daily to predict stock market movements, the existing fund takes long and short positions in five liquid stock market indices.

With the strategy behind Innolab Capital Alpha having been developed and tested, the team at Innolab are in the process of searching for seed investors for the new fund. “We are currently looking for a strategic investor or partner that could take a stake in our management company and seed the fund at the same time,” Smedegaard tells HedgeNordic. He reckons that “the new partner would leverage our AI knowledge in the future, which would allow us to launch AI funds together.”