

# Innolab Has GRIT

Stockholm (HedgeNordic) - Danish artificial intelligence firm Innolab Technology has joined forces with Estlander & Partners and its sister company GRIT Fund Management Company to launch a new hedge fund fully powered by artificial intelligence. Scheduled to launch on January 1 in 2021, **GRIT Innolab AI Equity Arbitrage AIF** will employ an AI-powered equity arbitrage strategy based on pairs trading across a universe of more than 50 sector and country equity indices.

"This is an important milestone for Innolab Technology," says Henrik Bak, Partner and Board member of Innolab Technology. "We have worked the past year on making our 100% Artificial Intelligence-driven investment process available to the market through a simple and easy to understand equity investment strategy and in a regulated fund format, which would make our strategy available for professional investors," he adds.

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GRIT Governance is the solution provider with its subsidiaries GRIT Fund Management Company and Estlander & Partners, where GRIT Fund Management Company handles the fund management as the alternative investment fund manager (AIFM). The portfolio management function has been delegated to Finnish systematic asset manager Estlander & Partners. Innolab Technology, meanwhile, will be providing the daily buying and selling signals as well as be responsible for the distribution to professional investors in Denmark by acting as a Tied Agent. GRIT Governance, its subsidiaries and other partners have been collaborating in the development and administration of fund solutions.

"Innolab provides the AI engine, technology and investment strategy. In other words, the opportunity for investors," explains Walter Estlander, a Board Member of GRIT Governance. "GRIT Governance is the platform that makes the opportunity available to professional investors," he continues. "The value add of the cooperation comes from greater focus on the end customer - the investor, with the added value arising from Innolab's ability to focus and spend more time on the actual value-adding activities such as: investment strategy, management of the assets, and time spent on developing customer relationships," says Estlander.

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"The operations, legal and admin solutions, which essentially are all the activities that are "invisible" to the end customer, are all provided by GRIT Governance," adds Estlander. According to Bak, "GRIT Governance provides very comprehensive fund administration, trading and portfolio administration and legal and compliance solutions for this type of strategy, which is perfect for us as a fintech firm."

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The soon-to-launched GRIT Innolab AI Equity Arbitrage AIF relies on a pairs trade strategy designed to exploit deviations from long-run equilibrium relationships between pairs of indices. The strategy enters into a pairs trade if the likelihood of the pair return being positive within three months

exceeds 60 percent. The pairs are continuously monitored and are wound down should the return exceed a fixed profit or loss threshold.

GRIT Innolab AI Equity Arbitrage AIF aims to offer investors a stream of stable single-digit returns with low correlation to global equity markets. The fund targets an annual return between two to ten percent while maintaining a strong focus on risk management and portfolio construction to mitigate downside risk. The fund caters to professional investors from Denmark, Finland and Sweden, requiring a minimum amount for investing of €100,000. “We have made the fee structure attractive for seed investors to subscribe to the fund at or before the launch date,” says Peter Smedegaard (*pictured*), the CEO of Innolab Technology.