AI in Hedge Funds and Asset Management

Interview preparation summary · HF track

INT.XH.1.a · AI in Hedge Funds and Asset Management

Use an AI assistant to scan and summarise filings, transcripts and broker notes for a first view, and verify the output against the source before relying on it.

In a hedge fund or asset manager, a junior is now expected to use an approved AI assistant to get through earnings transcripts, annual reports, broker notes and regulatory filings faster, and to produce a first view for the portfolio manager. The skill is the checking. Ask for the page or section behind every figure and quotation, then open the source and confirm it. Watch for invented citations and quotations, wrong units (thousands read as millions), wrong periods, reported growth presented as organic, and conditional statements turned into guidance. Ask what the document does not say, such as customer concentration, litigation or accounting changes, then search the source to confirm each absence. Never paste the fund's positions, unpublished ideas, client or counterparty data into a public tool, and follow your firm's policy on which tools are approved. Interviewers ask this to see whether you are faster without being careless. The common mistake is trusting a confident, tidy summary because it reads well.

WORKED EXAMPLE: CHECKING AN AI SUMMARY OF HARROWGATE COMPONENTS RESULTS

An assistant summarises the annual results of Harrowgate Components, an invented parts maker. It says: revenue grew 10% to 478.5m, organic growth was strong, and management guided to a margin recovery. The filing shows revenue of 478.5m against 435.0m last year, including 17.4m from an acquisition. The transcript says margins might recover if input costs ease. Check the summary. Convention: organic growth excludes the full acquired revenue and uses last year's revenue as the base.

Answer: Reported growth is 10.0%, but organic growth is 6.0% once the 17.4m acquisition is removed, and the margin point was conditional, not guidance. The summary was useful for speed and wrong in two places that matter to the thesis.

> **Interview tip:** Say it aloud as: it saved me time on the first read, I checked every number against the filing, and I found it had presented reported growth as organic and dropped an if from the margin comment.

INT.XH.1.b · AI in Hedge Funds and Asset Management

Use an AI assistant to review and build analysis, check its calculations and formulas independently on known cases, and document what was AI-assisted.

AI can speed up screens, models and checks: it can draft a spreadsheet formula or a short script, point out a suspicious assumption, or play devil's advocate on a valuation. It can also make arithmetic and logic errors that look fluent, so every number needs an independent check. Test any generated formula on three or four rows you can compute by hand, including awkward ones such as negative earnings or missing debt. Reconcile to the source, for example segment revenue to reported revenue, and chase any gap rather than accept an explanation of rounding. Watch the enterprise value bridge, units, compound versus simple growth, and sensitivities that ignore fixed costs or interest. Be alert to overfitting: when many filters are tried on a short history, the best result is partly luck, so test it on data it was not fitted to. Use the assistant to challenge your assumptions, and note in the model which parts were AI-assisted and how you checked them.

WORKED EXAMPLE: CATCHING AN ENTERPRISE VALUE ERROR AT TARNWICK LOGISTICS

An assistant values Tarnwick Logistics, an invented haulier. Market capitalisation is 1,200m, borrowings 450m, cash 150m and EBITDA 200m. The assistant reports enterprise value of 1,800m and an EV to EBITDA multiple of 9.0x against a peer multiple of 8.0x, and calls the stock expensive. Check it. Convention: ignore leases, minorities and pensions.

Answer: Enterprise value is 1,500m, not 1,800m, so the multiple is 7.5x against 8.0x for peers, and the stock is about 8.3% cheaper than the peer multiple implies. The assistant's error reversed the conclusion.

> **Interview tip:** Say it aloud as: the assistant added cash instead of subtracting it, I rebuilt the bridge by hand, the multiple moved from 9.0x to 7.5x and the call reversed.

INT.XH.1.c · AI in Hedge Funds and Asset Management

Use an AI assistant to draft pitch notes, emails and slides in house style, then own the content: edit for accuracy, tone and calibration, keep an audit trail and be honest about AI use.

A junior can use an approved AI assistant to draft a pitch write-up, a morning note or an email, to tidy structure, or to turn their own reasoning into the house layout. The recommendation, the numbers and the sizing remain yours, and you must be able to defend every line to the portfolio manager. Fluent text sounds more certain than the evidence allows, and drafts tend to list supporting points and leave out the case against, so edit hedges to match the evidence and ask separately for the strongest counterargument and what would break the thesis. Replace phrases such as low risk or high conviction with the upside, the bear case and the loss budget. Keep prompts free of confidential detail, follow firm policy, save versions and note what was AI-assisted. Be honest if asked: say what you used it for and where you did not trust it. Do not delegate the decision, the position size or the choice of what to leave out.

WORKED EXAMPLE: EDITING AN AI-DRAFTED PITCH LINE FOR CALLOWAY BRANDS

An assistant drafts this line for your long pitch on Calloway Brands, an invented consumer company: attractive risk/reward with 40% upside and low risk. The price is 50.00. Your base case is 10x earnings per share of 7.00, and your bear case is 7x earnings per share of 5.40. Test the line and rewrite it. Convention: ignore dividends and time.

Answer: Upside is 40.0%, downside in the bear case is 24.4%, so reward to risk is about 1.6 to 1, and a 50bp loss budget supports roughly a 2.0% position. The draft's low risk wording was not supported.

> **Interview tip:** Say it aloud as: the draft had the upside right but called it low risk, so I wrote in the 24.4% bear case, the 1.6 to 1 ratio and the size my loss budget allows.

Summary of the Charta interview-preparation topic. Companies and figures in the examples are invented. Draft content, not yet expert reviewed.