Daily Long Stocks AI Model

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Introduction

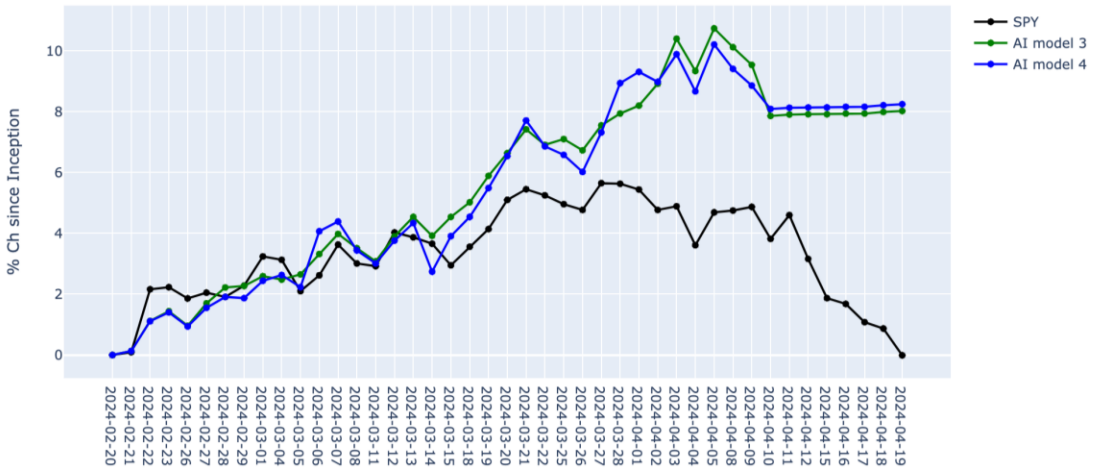
The experiment involved two artificial intelligence models, built using the TensorFlow library, that traded S&P 500 stocks. Testing began in a paper trading environment on 21 February 2024 and concluded on 19 April 2024. A key constraint was that the models were trained using only daily price data, excluding fundamental or macroeconomic information. The initial results from both paper trading and backtesting suggested the models represent a strong starting point for AI application in asset management.

How it works

The models use daily prices as their primary input. Additionally, both models receive an output signal from a separate broad market AI model, integrating a top-down view into their stock-selection process. Trades were consistently executed 15 minutes before the market close. Adhering to a non-shorting mandate, a short signal was not an execution command but was instead processed as switching the position to a money market ETF.

Conclusion

By the end of the experiment on 19 April 2024, the results led to a firm conclusion: beating the market index is achievable. The performance demonstrated that artificial intelligence has the power to challenge the widespread notion that passive management is superior to active management. This outcome indicates that AI will significantly empower actively managed portfolios over passively managed ones in the future.



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