

# Generative AI Use Cases for Investment Firms



**AlphaSense**

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# Introduction

The dawn of generative AI (genAI) has piqued the interest of investment firms globally since its transformative debut.

Key findings from a recent BCG report indicate that while 72% of asset managers acknowledge that genAI will have a significant impact in their organizations, only 16% have fully defined a strategy to execute on.

Indeed, investment managers are actively identifying opportunities to enhance existing workflows with genAI to bridge enthusiasm for the technology with productivity-enhancing applications across their enterprises. There is also a heightened priority to align technology investment with high value-netting initiatives.

In this short report, we not only identify the most promising genAI use cases for asset managers and PE firms, we also highlight the ways AlphaSense clients are currently leveraging this tech in their everyday functions to consistently generate more alpha.



# Business Development & Client Communication

## 52% of executives indicate that GenAI is creating new revenue opportunities

The ability to synthesize large amounts of proprietary research AND create actionable insights is a hallmark feature of genAI that is creating front-office efficiencies for asset management firms. It is estimated that [client engagement can be optimized by 30%](#), and business development functions can see positive trends upward of 10%.

GenAI can analyze large amounts of proprietary and external content to surface the most relevant market trends and themes, assess risk profiles, and assist in creating pitch decks tailored to investors' needs and preferences.

By drawing on institutional knowledge and their colleagues' unique perspectives, business development teams can leverage genAI to generate insights for client meetings on the road, and streamline communication and findings back with CRM teams.

### WHAT OUR CLIENTS SAY

"Our sales team had to summarize research themselves, or go to the analysts, but now they can quickly give intel to clients on why a stock has underperformed, and why we have changed our position."

# Market Research

## 86% of hedge fund managers leverage genAI tools to bolster their work

GenAI is transforming the way investment teams conduct their market research by ensuring they quickly identify emerging trends and disruptors before anyone else. It streamlines and distills insights from company documents, industry briefs, lengthy regulatory filings, and other qualitative sources that are ordinarily time-consuming to scour and pinpoint valuable insights from.

An example of a purpose-built genAI tool is AlphaSense's [summarization capabilities](#). Drawing from a premium content universe and built on over 10 years of investment-specific AI technology and large language models, these generative summaries are designed to answer critical market intelligence questions with confidence.

It provides key findings across earnings, analyst research, and expert calls—all verifiable within a single click, enabling you to get smart on a company, industry, or trend in seconds.

### WHAT OUR CLIENTS SAY

"It's great for foundational research— 'Go find me everything available on this topic and organize it for me.' Traditionally an analyst would spend 3 weeks on this."

#### Search Summaries

##### Transcripts Summary

- **Annual General Meeting 2024 Key points, Infineon Technologies AG** — Infineon is participating in a joint venture with TSMC, Bosch and NXP to build a new factory for state-of-the-art chips in Dresden, which is a groundbreaking step for the entire European semiconductor industry.
- **Earnings, Q3 2024, Aramis Group SAS** — The company believes that building a European-wide group will provide additional value on the GPU, but the most important leverage is on operational improvements.
- **Earnings, H1 2024, u-blox Holding AG** — The company is implementing a strategy to win market share, leveraging their trustworthiness as a Swiss supplier in a multi-polar world, and using scale to become the western cost leader.
- **Earnings, Q1 2024, Amkor Technology Inc** — The company is the leading automotive OSAT and has multiple decades of experience meeting the stringent requirements of the automotive industry. During the quarter, they used their Portugal facility as a base for enhancing key partnerships with industry leaders in support of a resilient European semiconductor supply chain.
- **Earnings, Q4 2022, Infineon Technologies AG** — The company is building a new fab in Europe that would set new standards for manufacturing excellence and raise their virtual 300 millimeter factory in conjunction with Villach to a new level. This would increase their efficiency and create additional flexibility for their customers, as well as strengthen Europe's resilience in times of globally growing demand for semiconductors.

##### Research Summary

- **Bernstein Research, Semiconductors** — European companies (namely ASML, ASM International, and Aistron) represent about 25% of the worldwide Wafer Fab Equipment (WFE) market.
- **BofA Global Research, Semiconductors** — European semiconductor companies like Infineon (IFX) and STMicroelectronics (STM) have been consistent share gainers in their core automotive and industrial semiconductor markets, while Chinese players' aggregate market share has been relatively stable.
- **BofA Global Research, Semiconductors** — The only notable exception has been the power transistor market where China chipmakers have increased their overall share from 2% in 2016 to 10% in 2023.
- **ABG Sundal Collier, Nordic Semiconductor** — Nordic Semiconductor has been gaining market share, reaching around 49% of the combined revenue with its key competitor Silicon Labs in Q3 2024.
- **Morningstar Equity Research, Nordic Semiconductor** — Nordic Semiconductor has a leading 40% market share in Bluetooth Low Energy chips.

[See More Research Summaries](#)

# Due Diligence

## 83% of leaders say their due diligence approach has substantial room for improvement

According to Accenture, genAI has the potential to automate up to [30% of due diligence tasks](#) and enhance an additional 20%, significantly reducing the time spent on manual processes, and re-allocating valuable time to devoted analysis and idea generation.

GenAI is accelerating the speed to critical insights for sourcing and evaluating potential deals and investments. Sophisticated tools are rapidly emerging to scan and procure insights from reams of data in a fraction of time it would take a human to do the same job. This has the potential to enhance and better streamline workflow, allowing more time for in-depth analysis and less time on manual tasks.

Beyond surfacing insights relevant to due diligence, AlphaSense's genAI tools synthesize answers to any pressing question—in real-time and on-demand. This gives you the ability to extract insights from billions of data points—alongside internal perspectives—and is designed to answer crucial investment questions, quickly and accurately.

### WHAT OUR CLIENTS SAY

"I use it for more abstract internal questions, like "What do we think about Microsoft's competitive advantage?" These are things the brokers don't necessarily talk about, but we do."

Peer Comparison										Export Table To Excel	
COMPANIES	MARKET CAP	REVENUE (TTM)	EMPLOYEES	SENTIMENT	SENTIMENT CHANGE	REV GROWTH (3YR AVG)	EARNINGS GROWTH (3YR AVG)	GROSS MARGIN (%)	P/E LAST YEAR		
Lynas Rare Earths Ltd	\$4.3B	464M AUD	911	-14	+5	-2.8%	-18.7%	46.8%	77.0		
Peer Median	-	-	-	19	+18	14.6%	4.2%	27.1%	36.5		
Neo Performance Mat...	\$240M	\$495M	1,912	28	+50	18.1%	4.2%	25.4%	82.4		
Arafura Rare Earths Li...	\$246M	-	6	-	-	-	-	100.0%	-		
Avalon Advanced Mate...	\$24M	8K CAD	9	-	-	-43.3%	-	20.1%	30.0		
Bri-Chem Corp	\$6M	94M CAD	63	-	-	32.9%	-75.1%	21.2%	6.7		
Frontier Lithium Inc	\$117M	-	33	-	-	-	-	100.0%	-		
5N Plus Inc	\$457M	\$268M	780	9	-13	11.0%	91.7%	27.1%	42.9		
Search Minerals Inc	\$13M	-	1 - 10	-	-	-	-	100.0%	-		

# Deal Sourcing

## **Generative AI can reduce the amount of time spent on deal sourcing by at least 50%**

GenAI is streamlining the deal sourcing process by helping PE investors screen thousands of potential target companies, and shortlist the most relevant ones using the firm's selected screening criteria. This is creating tremendous efficiencies, vastly expanding access to information and sharpening insights about both target companies and the macro conditions in which they operate.

Increasingly, firms are leveraging natural language processing (NLP) to drive investment hypothesis creation, and more quickly create initial drafts of investment memos. They are also opting toward an API integration route that works harmoniously with large language models (LLMs) to transform unstructured data into meaningful output.

## **WHAT OUR CLIENTS SAY**

"This is like having a junior analyst. It will be productivity enhancing because I'll spend less time reading and more time creating output."



# Portfolio Monitoring & Optimization

## A KPMG report shows that only 24% of private equity firms are using AI widely and effectively

The transformative power of genAI has empowered investment managers to shift away from reactive to proactive portfolio monitoring more seamlessly, allowing them to spend less time on repetitive, manual tasks—and more time on positioning and safeguarding their portfolio accordingly.

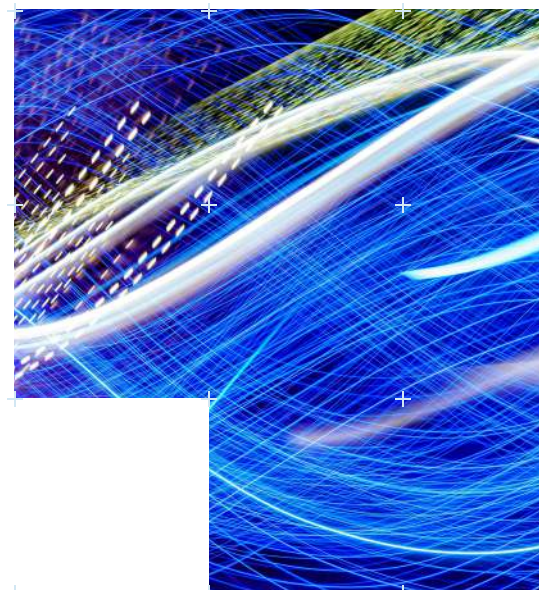
By streamlining market movements, events, and trends more fluidly, genAI helps managers optimize their portfolios by surfacing insights that have relevant implications in real-time. There can be correlations detected between certain market events and performance, prompting an allocation adjustment more readily as well. Ultimately, this drives more sound, well-informed investment decisions.

There are also emerging AI-led algorithms that may also optimize portfolios by analyzing historical data sets to identify optimal asset mixes and risk-adjusted returns.

Even in the most challenging market landscape, asset managers can proactively take control of their portfolio with genAI capabilities to navigate periods of volatility.

### WHAT OUR CLIENTS SAY

"I use [genAI] to compare views from sources that tend to be more positive or negative, or to find supporting or contradictory evidence about a statement."



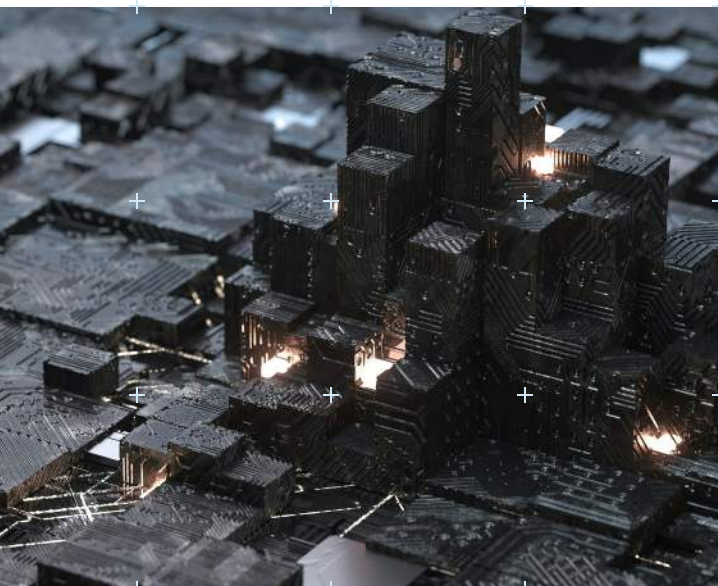


**Timothy D. Cook**  
CEO & Director

Yes. Erik, as you point out, we decreased by 6.5% year-over-year for the whole of Greater China. And if you look at it on a constant currency basis, **we declined by less than 3%.** So over 50% of the decline year-over-year is currency-related. **That is an improvement from the first half of the fiscal year** and so we're happy to see the acceleration.

If you look at iPhone, in particular, for Greater China, the installed base set a record. **We also, in Mainland China, set a June quarter record for upgraders.** And so **that's a very strong signal.** And in fact, the survey from Kantar this quarter showed that iPhones were the top 3 models in urban China. Also, one of the things we look at is the 15 family compared to the 14 family for the same number of weeks from launch, so this goes all the way back to the September of '23. If you look at that, **the 15 is outperforming the 14.** And so those are some of the color I would provide.

Source: Apple Q3 2024 Earnings Call layered with AlphaSense Sentiment Analysis, an NLP-based feature that uses color coding to help readers identify the document's positive, negative, and neutral sentiments



# Knowledge Sharing & Compounding

## **U.S. firms suffer annual losses exceeding \$40 million as a result of inadequate knowledge sharing**

GenAI is already impacting how investment firms overcome knowledge fragmentation as a result of siloed team structures, lack of process around document storage and tagging, and quality control and compliance issues. Institutional knowledge sharing challenges are quickly becoming an antiquated notion.

As investment managers seek out best practices to better share and surface internal content, it is becoming apparent that genAI tools are central to this endeavor. Aligning with the right set of genAI tools is essential to ensure accurate, relevant, and secure intelligence sharing across an organization. Features such as a trustworthy content universe, transparent citations, verifiable references, customizable user permissions, and enterprise-grade data protection capable of delivering the insights managers need are essential to this end.

Solutions such as AlphaSense's Enterprise Intelligence work to mitigate knowledge centralization challenges. Our genAI-powered platform helps you search, discover, and interrogate both your internal research and external content for accurate, verifiable summarizations and answers questions like, "how does our thesis on a company differ from analyst consensus?," or "what are the takeaways from my colleagues' recent management meetings?"

## **WHAT OUR CLIENTS SAY**

"When we have a ton of information internally about an investment, but I need to refer back and synthesize it into one document, this makes writing memos meaningfully easier."

# Risk Management

## 41% of executives plan to double investments in generative AI to optimize operational efficiencies

In periods of market volatility, genAI is particularly useful to help asset managers protect their portfolios from downtrends. Evolving capabilities are becoming trained on analyzing historical market data, financial statements, and leading indicators to flag potential risks such as defaults and liquidity issues.

Investment teams can leverage these findings to develop strategies that mitigate risk, ensuring portfolio stability and resilience even during market fluctuations.

## WHAT OUR CLIENTS SAY

"I use AlphaSense for mission critical answers, where I need to trust the sources."

### What impact would an EU oil embargo have on crude flows?

Summarizing...

Insights from 105 relevant documents...

1 Interpreting your question

2 Searching...

3 Summarizing...

Timeframe

Last 1 year

What impact would an EU oil embargo have on crude flows?

What would be the impact of an EU oil embargo on global crude oil supply?

How would an EU oil embargo affect crude oil flows to the EU?

What would be the consequences of an EU oil embargo on global oil prices?

Insights from 105 Documents

#### Redirection of Russian Oil Flows

The EU oil embargo on Russian crude has led to a significant shift in global oil trade patterns, with Asia emerging as a key destination for Russian oil exports.

- Imports of Russian oil to Asia have increased by 347%, with India and China becoming major buyers as Russian oil is diverted away from Europe.

21 Jan 24 • "Asia overtakes Europe as key importer of seaborne Russian oil: report"

- Despite a 2 mb/d drop in Russian crude and oil products shipments to Europe, the US, Japan, and Korea since the start of the year, the rerouting of flows to countries like India, China, and Turkey has mitigated upstream losses for Russia.



# Conclusion

Increasingly, asset managers and PE firms are identifying and implementing a variety of use cases for genAI across their enterprises. Doing so ensures they are capitalizing on the many value-driven opportunities this tech brings, and keeps their firms at the competitive forefront.

AlphaSense clients have found success integrating our platform's genAI tools across their workflows, from knowledge discovery and synthesization, understanding the role of market events and impacts on their portfolio, having additional, built-in 'virtual' staff to deal source, to streamlining fundamental research and driving business development opportunities.

Discover how your team can harness the power of genAI and expand its many use cases across your organization.

**Start your free trial today.**

AlphaSense

# About AlphaSense

The world's most sophisticated companies rely on AlphaSense to remove uncertainty from decision-making. With market intelligence and search built on proven AI, AlphaSense delivers insights that matter from content you can trust. Our universe of public and private content includes equity research, company filings, event transcripts, expert calls, news, trade journals, and clients' own research content. Our platform is trusted by over 4,000 enterprise customers, including a majority of the S&P 500.

Founded in 2011, AlphaSense is headquartered in New York City with over 1,300 people across the globe and offices in the U.S., U.K., Finland, India, and Singapore.

[Learn More at AlphaSense.com](https://alphasense.com)

