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COURSE BROCHURE

AI Alpha Signals and Backtest Validation Training Course

jupiterprime.uk

info@jupiterprime.uk

Registered in the United Kingdom and Saudi Arabia

AI Alpha Signals and Backtest Validation Training Course

AI Alpha Signals and Backtest Validation is a 1-week training course for portfolio managers, investment analysts and risk officers who build or approve machine learning return signals. Each participant leaves with a signal validation dossier that records data sources, model design, backtest evidence and committee explanations. Asset owners now question every model-driven position before capital moves. Jupiter Prime Training runs the course with case data from equity and credit portfolios.

Why AI Alpha Signals and Backtest Validation Matters Now

Alternative data vendors, cheaper computing and language models that read earnings calls have put machine learning within reach of most investment desks. Yet the same tools make it easy to mine noise and present a flattering backtest. Investment committees and risk functions now ask how a signal was found, how many trials preceded it and why it should persist. Firms that answer clearly allocate with confidence; firms that cannot face drawdowns they did not foresee. The course draws on ISO/IEC 42001 for AI management and the NIST AI Risk Management Framework AI RMF for model oversight.

Who Gains Most from AI Alpha Signals and Backtest Validation

- Portfolio decision-makers who must accept or reject model-driven trade ideas
- Investment researchers who engineer features and test candidate signals
- Risk specialists who challenge backtests and monitor factor exposures
- Data sourcing leads who evaluate alternative datasets and their coverage
- Model validators who document assumptions and approve production use

Investment desks gain most when a portfolio manager and a risk officer attend together and agree acceptance criteria for new signals.

AI Alpha Signals and Backtest Validation Capabilities

Participants learn to separate durable predictive edge from data-mined coincidence.

- Assess alternative datasets for coverage, survivorship and point-in-time integrity — data purchase decisions
- Build return signals from engineered features and earnings call text — research pipelines
- Test signals with walk-forward splits and purged cross-validation — investment committees
- Calculate the deflated Sharpe ratio after counting all trials — risk officers
- Apply SHAP attributions to explain model-driven positions — portfolio managers and clients
- Specify monitoring rules for signal decay and exposure drift — model validators

Key AI Alpha Signals and Backtest Validation Terms

- Alpha signal — a quantitative indicator expected to predict returns beyond those explained by market and common factor exposures.
- Alternative data — non-traditional inputs such as transactions, satellite imagery or web traffic used to anticipate company or market outcomes.
- Look-ahead bias — a backtest error where information unavailable at the decision time leaks into the model, inflating results.
- Purged cross-validation — a testing method that removes overlapping observations between training and test folds to prevent leakage in time series.
- Deflated Sharpe ratio — a Sharpe ratio adjusted for the number of strategies tried and for non-normal returns.
- Signal decay — the gradual loss of a signal's predictive power as markets adapt or conditions change.

AI Alpha Signals and Backtest Validation Day by Day

Day 1: Data Foundations for Return Prediction

- Alternative Data Due Diligence — Coverage, Licensing and Point-in-Time Checks
- Survivorship and Look-Ahead Bias — Cleaning Historical Universes
- Feature Engineering From Prices and Fundamentals — Candidate Predictor Design
- Label Construction and Forecast Horizons — Matching Holding Periods
- ISO/IEC 42001 and NIST AI RMF — Model Oversight Expectations

Day 2: Machine Learning and Text Signals

- Gradient Boosting and Regularised Regression — Choosing Model Families
- Earnings Call NLP — Tone, Uncertainty and Guidance Change Scores
- Sentiment Embeddings From Filings and News — Event-Driven Signals
- Signal Combination and Orthogonalisation — Avoiding Hidden Factor Bets
- Portfolio Risk Models — Factor Exposures and Covariance Estimates

Day 3: Honest Backtesting

- Walk-Forward Testing — Realistic Out-of-Sample Performance
- Purged and Embargoed Cross-Validation — Preventing Time Series Leakage
- Transaction Cost and Capacity Modelling — Net Rather Than Gross Returns
- Trial Counting and Deflated Sharpe Ratio — Correcting for Selection
- Regime Stress Tests — Behaviour in Crises and Rate Shifts

Day 4: Model Risk and Committee Explanation

- SHAP Attribution — Explaining Individual Positions
- Model Inventory and Validation Records — Approval Evidence
- Signal Decay Monitoring — Retirement and Retraining Triggers
- Exposure Drift Alerts — Keeping Risk Within Mandate
- Committee Briefing Packs — Presenting Uncertainty Without Jargon

Day 5: Practising the Signal Validation Dossier

- Equity Case Study — Earnings Call Tone Signal From Data to Backtest
- Credit Case Study — Alternative Data Default Warning Signal
- Peer Challenge Round — Hunting Leakage and Overfitting
- Mock Investment Committee — Defending a Model-Driven Position
- Signal Validation Dossier — Final Evidence File for Approval

Applying AI Alpha Signals and Backtest Validation After the Course

- Re-run one live signal through purged cross-validation and the deflated Sharpe ratio, recording every trial behind it.
- Introduce a signal decay dashboard with retirement triggers for each model-driven strategy on the desk.

AI Alpha Signals and Backtest Validation Questions FAQ

What is AI alpha signals and backtest validation, and why does it matter now?

It is the practice of building machine learning return signals and proving they survive leakage-free, cost-aware testing. It matters now because alternative data and language models multiply candidate signals, and committees need evidence that results are not data mining.

Which roles gain most from AI alpha signals and backtest validation training?

Portfolio managers, investment analysts, quantitative researchers, risk officers and model validators gain most. Comfort with basic statistics and portfolio concepts is assumed; coding experience helps but is not required.

How does AI alpha signals and backtest validation differ from a general investment management course?

General investment management courses cover asset allocation and portfolio construction. This course concentrates on creating machine learning signals and testing them rigorously before they influence any allocation.

What do you bring back from AI alpha signals and backtest validation training?

You bring back a signal validation dossier covering data checks, model design, backtest evidence and committee explanation. You also return with checklists for spotting leakage and overfitting.

AI Alpha Signals and Backtest Validation: The Way Forward

The signal validation dossier first informs whether a candidate signal earns a capital allocation. Portfolio managers use it to size positions, risk officers to set exposure limits and validators to record approval. After the first live quarter, compare realised performance with the backtest and revisit the decay triggers, since live markets reveal costs and crowding that history hides.