

GPT-Augmented Momentum (L/C) Strategy - Results

Objective

Demonstrate that a GPT-augmented, human-governed research workflow can deliver **credible, improvements in risk-adjusted performance** for a classic L/C momentum strategy — in days, not months.

Canonical Results (Long-Cash Strategy)

Universe: 30 liquid U.S. equities

Frequency: Weekly

Validation: Walk-forward with embargo

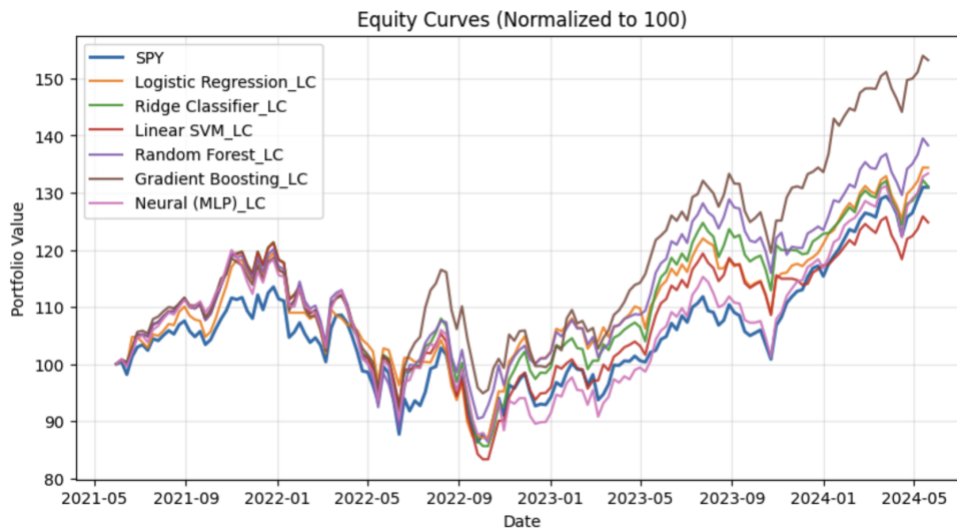
Model: Gradient Boosting (classification)

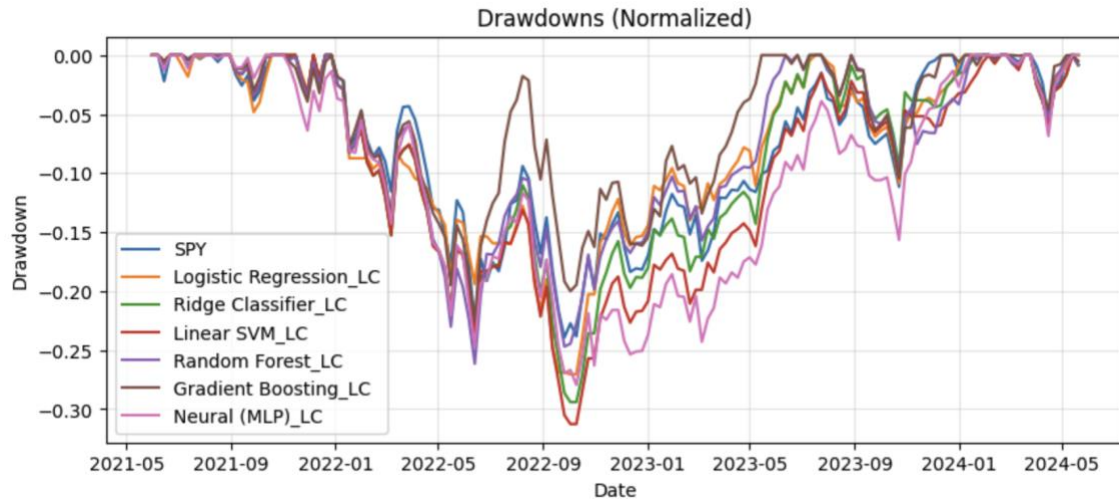
Strategy	CAGR	Sharpe	Volatility	Max Drawdown
SPY (Benchmark)	0.149	0.594	0.200	0.322
Gradient Boosting — LC	0.154	0.717	0.174	0.226

Key observation:

The improvement is **modest, stable, and economically believable** — exactly what one expects after removing leakage and enforcing strict research discipline.

Equity Curve and Drawdown





- Outperformance driven by **drawdown reduction**, not leverage
- Volatility materially lower than SPY
- No reliance on extreme tail events

Why This Result Matters

Most “AI alpha” demonstrations fail because:

- results are too good to be true,
- leakage is hidden,
- or governance is absent.

Here, the opposite occurred:

- Early results were **rejected** by human judgment as implausible
- GPT was used to **locate the exact leakage mechanism**
- The final result survived audit — and remained positive

GPT + Human Value Proposition

- **GPT accelerated execution** (code, diagnostics, iteration)
- **Human judgment enforced credibility** (data integrity, leakage detection, economic plausibility)
- Together, they compressed a full professional research cycle from **months to days**

The real breakthrough is not higher returns — it is faster, safer, and more credible research.