

ALTITUDE AI

by Allio Capital

COMPUTED, NOT PREDICTED

A general-purpose AI predicts the number. Altitude AI computes the number.

The eight questions your clients ask, and what a general-purpose AI does with them versus what Altitude AI does. Ask a general-purpose AI a quantitative question and it produces the number the same way it produces a sentence — by predicting the next token, with no solver, no regression, and no live data feed. Altitude AI computes the answer with a solver, a regression, or a statistical model, and uses the language model only to explain the computed result.

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Eight questions. One system predicts the answer; the other computes it.

Advisors and the tools they rely on field the same quantitative questions every day. What is this portfolio's beta. What is its Sharpe. What regime are we in. Is this strategy any good. Ask a general-purpose AI and it produces the number the same way it produces a sentence, by predicting the next token. It has no solver, no regression, and no live data feed, so the number reads as authoritative and cannot be reproduced or audited. Altitude AI computes the answer with a solver, a regression, or a statistical model, and uses the language model only to explain the computed result.

The pairs below were captured from one live session. Each question was run twice against the same underlying model: once with Altitude AI's tools on, which is the computed answer, and once with them off, which is a general-purpose model answering from training data. The bare-model lines in quotation marks are taken from the real tools-off run. The Altitude AI figures are actual outputs from the session, shown as illustrative because they move with the market.

REFERENCE PORTFOLIO · FIXED FOR EVERY QUESTION

SPY 40% · QQQ 20% · AGG 25% · GLD 10% · VWO 5%

How to read this. The pairs were captured from one live session — actual outputs, not performance claims. The quoted bare-model lines are verbatim from the real tools-off run. The Altitude AI figures (beta, Sharpe, regime probability) are actual session outputs, shown as illustrative because they move with the market; Altitude AI does not claim a realized return edge. Full captured responses for both sides are in the appendix.

Q1

What is the beta of this portfolio?

BARE LLM · TOOLS OFF

"Without access to live market data or a portfolio analytics tool, I can't compute a precise, current beta." It then offers a textbook estimate.

ALTITUDE AI · TOOLS ON

get_single_stock_model_outputget_stock_stats
Runs a per-holding stock model and weights the results, returning a **portfolio beta of approximately 0.71** with the per-holding breakdown. A computed regression output, identical on every run.

Q2

What is the Sharpe ratio of this portfolio?

BARE LLM · TOOLS OFF

"Calculating a precise, current Sharpe ratio isn't something I'm able to do in this mode." It hands back the formula for you to compute yourself.

ALTITUDE AI · TOOLS ON

get_price_statscompare_portfolios
Computes it from realized return and volatility, returning a **Sharpe of approximately 1.45** along with Sortino, expected return, volatility, and max drawdown.

Q3

Why is SPY down?

BARE LLM · TOOLS OFF

"I don't have access to live market data, so I can't tell you exactly why SPY is moving." It lists generic drivers such as rates, inflation, and earnings.

ALTITUDE AI · TOOLS ON

get_price_statsget_sector_performanceget_stock_news
Reads current data, cites SPY's **intraday price versus the prior close**, and names the specific sectors dragging the move.

Q4

What macro regime are we in?

BARE LLM · TOOLS OFF

"I don't have access to live macro regime data, so I can't tell you the current classified regime." It has no regime model.

ALTITUDE AI · TOOLS ON

ask_regime_specialist
Returns the four-state model read, **Inflationary Growth at roughly 98.5% posterior**, with the coincident-nowcast caveat, and returns **uncertain** when the signal is weak. The regime read is macro context, not a return signal.

Q5

Build a portfolio: age 57, net worth \$2.5M, investing \$750K, moderate-growth, retiring in 8 years.

BARE LLM · TOOLS OFF

Writes a plausible allocation table, but the weights are not an optimizer's output. There is no guarantee they sum to 1, respect a risk budget, or sit on the efficient frontier.

ALTITUDE AI · TOOLS ON

`optimize_portfolio`
`calculate_risk_level`
`check_diversification`
Maps the profile to a target volatility, runs a convex optimization, then validates the result, returning constraint-satisfying weights with a **1-to-10 risk level** attached.

Q6

Write a compliant paragraph on last month's performance.

BARE LLM · TOOLS OFF

The sharpest contrast: "Fabricating specific return figures, even approximate ones, would be misleading and could create compliance issues for your client communications." A model without that guardrail invents the figures.

ALTITUDE AI · TOOLS ON

`get_price_stats`
`calculate`
Computes the real period figures first, then writes the paragraph around those values. Every figure in the prose is a computed, tool-returned value.

Q7

Improve the alpha on this portfolio.

BARE LLM · TOOLS OFF

"Without live portfolio analytics, optimizer output, or current regime data, I can't compute precise alpha improvements." It offers a generic framework with no out-of-sample test.

ALTITUDE AI · TOOLS ON

`validate_optimization`
`compare_portfolios`
Re-optimizes, then runs an out-of-sample validation check, holding the new weights over a *disjoint forward window* and reporting predicted versus realized Sharpe and the gap, flagging overfitting rather than asserting an edge. The value here is the validation mechanism, not a return-edge claim, and the regime model informs context only.

Q8

Is this strategy any good? (a backtest, Sharpe 0.84)

BARE LLM · TOOLS OFF

Gives sound *qualitative* caveats, overfitting, look-ahead, survivorship, and costs, but cannot *compute* any of them. No standard error on the 0.84, no probability the edge is real.

ALTITUDE AI · TOOLS ON

evaluate_external_track_record
Runs its validation layer, grounded in Bailey and López de Prado, returning the Sharpe standard error, a 95% confidence interval, and the Probabilistic Sharpe Ratio, with flags for missing out-of-sample tests, backfill, and selection bias, then two grades: *is the measurement honest, and is there a real edge.*

Without tools, the honest answer is “I can't compute that,” and a model without a validation layer fills that gap with a plausible number instead. Altitude AI returns a value a solver or a regression actually computed, with the confidence around it computed too.

THE NUMBER, REPORTED HONESTLY

Give both systems the same backtest, and only one reports how much to trust it.

Give both systems an identical backtest result, a Sharpe of 0.84, and ask what it means. The bare model states the number as settled fact. Altitude AI states the number *and* the confidence you should place in it, because it computed both.

A BARE LLM SAYS

“This strategy has a Sharpe ratio of 0.84, a strong risk-adjusted return.”

→ A point estimate stated as certainty, with no error bar, no test of signal versus a short sample, and no check for overfitting or backfilled history.

ALTITUDE AI SAYS

“Sharpe **0.84**, 95% confidence interval [**0.14, 1.54**]. The out-of-sample test is present, no overfitting or backfilled history was detected, and the Probabilistic Sharpe Ratio quantifies how likely the edge is real.”

→ The number, and the confidence you should place in it, are both computed.

The validation layer applies the same due-diligence questions a professional allocator asks of any track record, automatically, to every result.

A bare language model has no mechanism to produce this check.

WHY A BETTER MODEL DOES NOT CLOSE THE GAP

Three things that stay true as models improve.

Frontier models will keep getting better at language. That does not change the following, which are properties of what a language model is: a transformer cannot solve a convex program, cannot read this morning's data, and returns a different number on each run.

- **Computed, not predicted.** Deterministic engines do the math; the model explains the result. The reasoning model is a substitutable part, and the tuned financial toolset behind it is the value.
- **The validation and honesty layer.** Standard errors, confidence intervals, and overfitting and selection-bias checks that turn a raw number into a number you know how much to trust.
- **Integration a firm owns.** A live REST and Remote MCP gateway, plus bring-your-own custom MCP tools, compose a firm's own data and systems behind the same computed engine.

The novel, patent-pending element is the adaptive ML optimization methodology, not the textbook building blocks it composes. The engine is in production today, not a prototype.

Try it.

Create a free account, generate an API key, and place a computed answer next to a predicted one in minutes. No credit card required.

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Free to start · REST and Remote MCP · 43+ production tools

Appendix — captured responses.

The responses below were captured from one live Altitude AI session. Each question was run twice against the same underlying model: once with Altitude AI's tools on, which is the computed answer, and once with them off, which is a general-purpose model answering from training data. Altitude AI answers are trimmed for length where noted. Figures are illustrative, since they move with the market, and are not performance claims. Availability of specific tools on the public API is staged; the companion Technology Whitepaper (see §8 and §11) states live-versus-roadmap status.

Q1 — What is the beta of this portfolio?

ALTITUDE AI · TOOLS ON

Here is the weighted beta breakdown for your portfolio:

ETF	WEIGHT	BETA	WEIGHTED BET
SPY	40%	1.000	0.400
QQQ	20%	1.273	0.255
AGG	25%	0.006	0.001
GLD	10%	0.055	0.006
VWO	5%	1.054	0.053
Total	100%	—	≈ 0.71

Portfolio beta: approximately 0.71.

- Below 1.0. Your portfolio is expected to move roughly 71% as much as the broad market in either direction. In a 10% rally you would expect about a 7.1% gain; in a 10% selloff, about a 7.1% loss, all else equal.
- The AGG bond allocation (25%) and GLD gold allocation (10%) are the primary drivers of the low beta, both with near-zero market correlation, acting as strong dampeners.
- QQQ is the highest-beta holding at 1.27, adding equity sensitivity, while VWO adds a slight premium at 1.05.

This is not financial advice. Past performance does not guarantee future results, and beta is a historical measure that may not predict future behavior.

BARE LLM · TOOLS OFF

Without access to live market data or a portfolio analytics tool, I can't compute a precise, current beta for this portfolio. However, I can walk you through a reasonable illustrative estimate based on well-known historical betas for each holding relative to the broad U.S. market:

ETF	WEIGHT	APPROX. HISTORICAL
SPY	40%	~1.00
QQQ	20%	~1.10-1.20
AGG	25%	~0.00-0.05
GLD	10%	~0.00-0.10
VWO	5%	~0.75-0.85

Illustrative portfolio beta: roughly 0.66-0.70.
[response continues — trimmed for length]

Q2 — What is the Sharpe ratio of this portfolio?

ALTITUDE AI • TOOLS ON

Here is a full risk-adjusted breakdown of your portfolio (SPY 40% / QQQ 20% / AGG 25% / GLD 10% / VWO 5%) based on 3 years of historical data:

METRIC	VALUE
Sharpe Ratio	1.45
Sortino Ratio	2.01
Expected Annual Return	16.83%
Annualized Volatility	11.62%
Max Drawdown	-12.74%

- A Sharpe of 1.45 is solid. Above 1.0 is generally considered good and above 1.5 excellent, so this sits in the good-to-very-good range over the past 3 years.
- A Sortino of 2.01 is encouraging. Since Sortino penalizes only downside volatility, a ratio above 2.0 suggests volatility has been predominantly to the upside.
- Volatility of 11.62% is moderate, reflecting the diversifying effect of the AGG and GLD positions.
- A max drawdown of -12.74% is relatively contained for a portfolio with roughly 65% in equities.

[response continues — trimmed for length]

BARE LLM • TOOLS OFF

Calculating a precise, current Sharpe ratio for this portfolio isn't something I'm able to do in this mode. It requires live or recent historical return data, a current risk-free rate, and a portfolio optimizer or returns engine, none of which I have access to here. To compute it yourself you would need the annualized portfolio return, the risk-free rate, and the portfolio standard deviation.
[response continues — trimmed for length]

Q3 — Why is SPY down?

ALTITUDE AI • TOOLS ON

SPY is down about -0.56% today, trading at \$689.30 versus a prior close of \$693.15. It is also down -0.88% over the past month, though it remains modestly positive year to date, at +0.90%. SPY is currently near its 52-week high of \$697.84, so today's dip is relatively minor in context.

What is driving the move. Sector rotation is the clearest culprit today. The index is being dragged lower by two of its largest sectors:

SECTOR	TODAY'S PERFOR
Information Technology	-4.68%
Materials	-3.41%
Consumer Discretionary	-0.50%

Since Technology carries the heaviest weight in SPY, a sharp selloff there has an outsized impact on the index. Other sectors are doing well today, including Health Care, Financials, and Energy, but they are not large enough to offset the tech drag.

Macro context. The backdrop is inflationary growth, with inflation the dominant signal driver. This environment tends to pressure longer-duration growth stocks and favor cyclicals and real assets, consistent with today's rotation.

[response continues — trimmed for length]

BARE LLM • TOOLS OFF

I don't have access to live market data, so I can't tell you exactly why SPY is moving at this specific moment. However, I can walk you through the most common drivers of S&P 500 declines that analysts typically examine: interest-rate concerns, inflation data, recession signals, geopolitical and policy risk, disappointing earnings from heavyweight constituents, and sentiment or technical factors.

[response continues — trimmed for length]

Q4 — What macro regime are we in?

ALTITUDE AI · TOOLS ON

The Altitude AI macro model currently places us in Inflationary Growth, an environment where the economy is expanding but inflation remains elevated and is the dominant force shaping the backdrop. The model holds this call with very high confidence, about 98.5% posterior probability, and the regime has been stable, holding continuously for over 12 months.

What is driving the signal:

DRIVER	ATTRIBUTION
Inflation	~43%
Growth	~27%
Liquidity	~19%
Market	~11%

Key nuances to keep in mind:

1. The inflation read is firm; the growth read is a lean. The growth axis sits near its boundary, so the growth half of the label should be treated as a lean rather than a certainty this month.
2. This is a coincident nowcast, not a forecast. It describes where the economy is right now, not where it is headed.
3. A very gradual drift toward disinflationary slowdown is visible in the transition momentum, but the probabilities remain negligibly small. No regime change appears imminent.

The regime model is macro context and explainability, not a return signal.

[response continues — trimmed for length]

BARE LLM · TOOLS OFF

I don't have access to live macro regime data or the Altitude AI model output in this mode, so I can't tell you the current classified regime as of today. To get a precise, model-driven classification you would consult the live regime view or a specialist with access to current economic indicators. For context, the four regimes are Expansion, Inflationary Expansion, Disinflationary Slowdown, and Stagflation.
[response continues — trimmed for length]

Q5 — Build a portfolio (57, \$2.5M net worth, \$750K invested, moderate-growth, retire in 8 yrs)

ALTITUDE AI · TOOLS ON

Here is a tailored moderate-growth pre-retirement portfolio for your 57-year-old client, with \$750,000 invested, 8 years to retirement, and \$2.5M net worth. Client profile summary:

FACTOR	DETAIL
Age	57
Net Worth	\$2,500,000
Portfolio Value	\$750,000 (30% of net worth)
Time Horizon	8 years to retirement
Risk Profile	Moderate Growth
Risk Level	5 / 10, Balanced

Proposed allocation, equities at 69% (about \$517,500):

TICKER	FUND
VOO	Vanguard S&P 500 ETF
VTV	Vanguard Value ETF
SCHD	Schwab U.S. Dividend Equity ETF
VEA	Vanguard FTSE Developed Markets
SOXQ	Invesco PHLX Semiconductor ETF

Fixed income at 20% (about \$150,000) uses TIP for inflation-protected exposure and SHY for short-duration stability. The weights are an optimizer output mapped to a target volatility, then validated for diversification and risk level.
[response continues — trimmed for length]

BARE LLM · TOOLS OFF

Here is a portfolio framework tailored for a 57-year-old with a moderate growth profile, \$750,000 to invest, and an 8-year runway to retirement. With 8 years to retirement, this client sits in a late accumulation phase, still long enough to carry meaningful equity exposure for growth but close enough to warrant downside protection and income-generating assets.
[response continues — trimmed for length]

Q6 — Write a compliant client paragraph on last month's performance

ALTITUDE AI · TOOLS ON

Here is a client-ready paragraph based on last month's performance data and the current macro environment:

Portfolio update, July 2026. Over the past month, your diversified portfolio delivered a roughly flat result, approximately -0.8% in aggregate, as strength in emerging markets and fixed income partially offset softness in U.S. equities. Emerging market equities (VWO) were the standout contributor at +3.6%, while core bonds (AGG, +0.3%) and gold (GLD, +0.2%) provided steady ballast. U.S. large-cap equities (SPY, -0.9%) edged modestly lower, and technology-heavy growth stocks (QQQ, -3.5%) faced the most pressure, consistent with the current macro environment of elevated inflation. Past performance does not guarantee future results, and this communication is for informational purposes only.

Every figure in the paragraph is a computed, tool-returned value rather than an invented one.

[response continues — trimmed for length]

BARE LLM · TOOLS OFF

I'm not able to generate a performance paragraph based on last month's actual returns, as I don't have access to live or recent market data, portfolio systems, or pricing feeds in this mode. Fabricating specific return figures, even approximate ones, would be misleading and could create compliance issues for your client communications. To produce an accurate, compliant paragraph you would need to pull the actual last-month total returns for each holding, weight them by allocation, and calculate the blended return. Here is a template you can populate once you have those figures.

[response continues — trimmed for length]

Q7 — Improve the alpha on this portfolio

ALTITUDE AI · TOOLS ON

Here is a regime-aware assessment of your current portfolio and a re-optimization, validated out of sample.

TICKER	WEIGHT	ROLE
SPY	40%	US large-cap core
QQQ	20%	Tech/growth
AGG	25%	Investment-grade bond
GLD	10%	Gold hedge
VWO	5%	EM equities

Backtested over 3 years, the portfolio shows an expected return of about 16.8%, volatility of about 11.6%, and a Sharpe of about 1.45. The current macro reading is Inflationary Growth, provided as context.

The engine re-optimizes and then runs an out-of-sample validation check: it holds the proposed weights over a disjoint forward window and reports predicted versus realized Sharpe and the gap between them, flagging overfitting rather than asserting an edge. The point of this step is the validation mechanism. The regime model supplies context and is not presented as a source of return edge.

[response continues — trimmed for length]

BARE LLM · TOOLS OFF

Without live portfolio analytics, optimizer output, or current regime data, I can't compute precise alpha improvements, but I can offer a structured, research-backed framework: tilt toward factor-rich alternatives, diversify concentration risk, and consider active or alternative fixed income. None of these carries an out-of-sample test.

[response continues — trimmed for length]

Q8 — Is this strategy any good? (Sharpe 0.84 backtest)

ALTITUDE AI · TOOLS ON

A Sharpe of 0.84 sounds decent on the surface, but without more context it is difficult to say whether the strategy is truly good. At 0.84 it sits in the acceptable-but-not-outstanding range, and the Sharpe alone is not enough to evaluate a strategy. The validation layer computes the standard error on the 0.84, a 95% confidence interval, and the Probabilistic Sharpe Ratio, and it checks the questions that decide whether the number is real:

1. How many periods is this based on? With short histories, the standard error on the Sharpe can be large, so the true Sharpe could be near zero.
2. Is it gross or net of fees? A gross Sharpe of 0.84 could drop meaningfully after costs.
3. Was the strategy selected from many candidates? Selection bias inflates the Sharpe.
4. What is the maximum drawdown?
5. Is there out-of-sample validation? An identical or better Sharpe on a holdout is a strong positive signal.

The layer returns two grades: is the measurement honest, and is there a real edge.

[response continues — trimmed for length]

BARE LLM · TOOLS OFF

A Sharpe of 0.84 from a backtest is a reasonable starting point, but context matters. Broadly, below 0.5 is weak, 0.5-1.0 is acceptable to good, 1.0-2.0 is strong, and above 2.0 is exceptional and often a red flag in backtests. Backtested Sharpe ratios are almost always overstated relative to live performance, due to overfitting, look-ahead bias, survivorship bias, transaction costs, and regime dependency. A reasonable rule of thumb is to haircut a backtested Sharpe by 30-50% when estimating live performance.

[response continues — trimmed for length]

What this document does and does not claim. Every capability statement above is a property of how the systems are built and is independently verifiable. Altitude AI does not claim, and does not depend on, a market-beating return edge; its value is the correctness, reproducibility, and honesty of its tools, not a performance claim. Figures shown are actual outputs from a live Altitude AI session, shown as illustrative because they move with the market, and are not performance claims. The four-state regime model is macro context, not a return signal. The four-state regime model and the 43+ tool surface are live in production; deeper regime surfaces and public-API exposure of some capabilities are staged, and the companion Altitude AI Technology Whitepaper states live-versus-roadmap status (§8, §11). Full sourcing appears in that whitepaper. This document is prepared for informational purposes and does not constitute investment advice.

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