



Trade Publication

In the Age of AI, A Quant's Edge is Human

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In finance, quantitative investors have historically led the charge in using new technologies. As the name suggests, we use quantitative data, models, and technology to invest more systematically than what's possible through human effort alone. Technological advancements are part and parcel of what we do.

So it often surprises people when we tell them that at AQR, amid the AI revolution, we are doubling down on our *people* as our competitive edge.

The investment industry has long competed on analytical capability and technical skills. But AI is making many of those capabilities easier to automate. Today's tools show immense potential in processing information, testing hypotheses, and optimizing portfolios. Those capabilities will only improve over time.

The question being asked not only in finance but also across industries and business schools is what remains a durable differentiator once AI has surpassed many of humanity's analytical and technical capabilities?

Our answer is not what most people would expect to hear from a quantitative investor and business-school dean: creativity and emotional intelligence. Not because these qualities are wholly immune to AI, but because in the age of AI, they are domains where people can develop a durable advantage.

Developing both EQ and IQ

Many assume "soft skills" like creativity and emotional intelligence matter less in business than analytical acumen. But even in most technical fields, like quant investing, there's always been a deep need for these traits.

Quantitative investing depends on original thinkers who can reframe an intractable problem or design a novel test. Additionally, our leaders need to truly connect with clients, understand their problems, and help translate what we do from inscrutable complexity into clear, practical solutions. We have seen too many brilliant analysts fail as leaders—not because their thinking was wrong, but because they could not get their people fully on board.

The good news is these characteristics aren't innate "intangibles," as they are often perceived. They are skills that can be developed and built upon at universities and companies.

At Kellogg, developing empathetic leaders has been central to the school's mission for decades, long before it became a business buzzword.

In 2020, Kellogg created the MBAi program, a joint degree between Kellogg and Northwestern's McCormick School of Engineering, because we saw the need to bridge technical skills with leadership. Today, this challenge has only intensified, and across Kellogg's curriculum students are learning to pair analytical rigor with judgment, creativity, and emotional intelligence.

The goal is for students to tap both EQ and IQ, with the ability to read a balance sheet as well as the room.

Investment firms are also grappling with the same concerns. At AQR, this need drove the creation in 2015 of Quanta Academy, a professional- and personal-growth curriculum built on the conviction that a more-complete human being is a better investor and a better colleague. We are now expanding Quanta to meet the AI moment directly, building the creative and interpersonal capacities that AI cannot replicate alongside the quantitative tools that define our work.

A warning and an opportunity

Kellogg Professor William Brady, the 2025 recipient of the **Kabiller Science of Empathy Prize**, researches how artificial intelligence and algorithms shape human psychology and how technology can either erode or actively promote our capacity for genuine connection. Professor Brady finds that AI's impact on empathy is not fixed. It depends on the choices people make about AI tool design, as well as the incentives and culture we choose to build around them.

For many organizations, this observation presents both a warning and an opportunity. On one hand, the same pressures that make organizations more efficient can erode the conditions that make creativity and empathy possible. The challenge is for firms to build a balanced culture that treats human development as seriously as technological deployment.

Leaders who understand what motivates their people and what holds them back unlock something no performance system can manufacture. People do not give their best thinking to institutions that treat them as replaceable cogs. They give it to leaders who treat them well, understand the work, and provide them with the resources to do it better. In an era when retaining exceptional people is itself a competitive differentiator, the capacity to lead with empathy is paramount.

That insight gets to the heart of the AI debate. The quality of AI-enabled work will still depend on the quality of the people using the tools and fostering the culture that surrounds it. AI is only as inspired as the humans who direct it, so the firms that lead the next era will be equally, if not more, focused on developing the human factor as they are on keeping pace with ever-advancing technology.

The tools will get better than ever. And so will we ... if we do the work.

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