



TOP 5 CONSIDERATIONS FOR MANAGING YOUR ALTERNATIVE ASSET DATA

Alternative investment strategies are a major focus for institutional investors, offering a valuable means of portfolio diversification. Effective data management is critical to fully realize the benefits alternative assets can offer. However, it can often be difficult to collect and analyze the vast amounts of alternative asset data, hindering the ability to gain an accurate and comprehensive view of your investments.

Leveraging artificial intelligence (AI) can enhance your data management, which in turn helps your decision-making. It can extract and analyze vast amounts of unstructured data, digitize documentation to enable more transparent alternative asset reporting, and develop models that adjust asset allocations in a timelier manner. This allows investment teams to spend more time analyzing decisions rather than inputting data or downloading and uploading documents.

When considering an AI-driven data management strategy for your alternative investments, reflect on these five crucial questions:

- 1. What data do you need to effectively manage your alternative investment allocations?**
 - a. Assess the scope and depth of your current data, both internal and external, to see if it meets your needs now and into the future.
 - b. Consider the importance of right-sizing your data to enhance operational efficiency, optimize costs and more effectively manage your analytics.
- 2. For internally managed data, what operating model is most effective?**
 - a. Assess how scalable and flexible your current technology is to support your alternative investments (e.g., How much do you rely on Excel? Would AI complement your current processes?).
 - b. Evaluate whether you have the expertise in-house to manage your data from both a technology and private market perspective.
- 3. For internally managed data, if you've decided to use an AI / automation provider to help procure and extract it, how do you evaluate your options?**
 - a. As AI technology evolves, you need a provider that can keep up and grow with the innovations available in the marketplace.
 - b. Evaluate a provider's ability to integrate with your existing systems and data infrastructure to help ensure compatibility.
- 4. For externally managed data, how do you select a data provider and how many data providers should you use?**
 - a. Investigate the sources of the data provided, including whether it is sourced directly from asset managers or aggregated from public web sources.
 - b. Examine how the provider leverages AI in their data management processes, including their use of AI for data extraction, normalization and quality control, to ensure it aligns with your requirements for accuracy and efficiency.
 - c. Consider the challenges of consolidating data from multiple providers and weigh the benefits of a single provider, which can help streamline processes, enhance data consistency and improve data integration.

5. If you manage your data both externally and internally, how do you bring the data together and what role can AI play?

- a. Explore the use of data warehousing solutions to centralize and consolidate data from both sources, leveraging AI to enhance data integration, quality and accessibility.
- b. Assess strategies for aggregating public and private market data and consider how AI can streamline the integration of various data types to provide a unified and comprehensive view.

As asset owners continue to invest in alternative assets, their data management needs will grow in complexity. Incorporating AI, whether the data is internally or externally managed, will offer opportunities to effectively navigate these complexities and enhance operational efficiencies.

HOW CAN ASSET OWNERS LEARN MORE?

For more information on Northern Trust products and services, please visit our [website](#).

© 2024 Northern Trust Corporation. Head Office: 50 South La Salle Street, Chicago, Illinois 60603 U.S.A. Incorporated with limited liability as an Illinois corporation under number 0014019. Products and services provided by subsidiaries of Northern Trust Corporation may vary in different markets and are offered in accordance with local regulation. **This material is directed to professional clients (or equivalent) only and is not intended for retail clients and should not be relied upon by any other persons.** This information is provided for informational purposes only and does not constitute marketing material. The contents of this communication should not be construed as a recommendation, solicitation or offer to buy, sell or procure any securities or related financial products or to enter into an investment, service or product agreement in any jurisdiction in which such solicitation is unlawful or to any person to whom it is unlawful. This communication does not constitute investment advice, does not constitute a personal recommendation and has been prepared without regard to the individual financial circumstances, needs or objectives of persons who receive it. Moreover, it neither constitutes an offer to enter into an investment, service or product agreement with the recipient of this document nor the invitation to respond to it by making an offer to enter into an investment, service or product agreement. **For Asia-Pacific markets, this communication is directed to expert, institutional, professional and wholesale clients or investors only and should not be relied upon by retail clients or investors. For legal and regulatory information about our offices and legal entities, visit [northerntrust.com/disclosures](#).** The views, thoughts, and opinions expressed in the text belong solely to the author, and not necessarily to the author's employer, organization, committee or other group or individual. The following information is provided to comply with local disclosure requirements: The Northern Trust Company, London Branch, Northern Trust Global Investments Limited, Northern Trust Securities LLP and Northern Trust Investor Services Limited, 50 Bank Street, London E14 5NT. Northern Trust Global Services SE, 10 rue du Château d'Eau, L-3364 Leudelange, GrandDuché de Luxembourg, incorporated with limited liability in Luxembourg at the RCS under number B232281; authorised by the ECB and subject to the prudential supervision of the ECB and the CSSF; Northern Trust Global Services SE UK Branch, UK establishment number BR023423 and UK office at 50 Bank Street, London E14 5NT; Northern Trust Global Services SE Sweden Bankfilial, Ingmar Bergmans gata 4, 1st Floor, 114 34 Stockholm, Sweden, registered with the Swedish Companies Registration Office (Sw. Bolagsverket) with registration number 516405-3786 and the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) with institution number 11654; Northern Trust Global Services SE Netherlands Branch, Viñoly 7th floor, Claude Debussylaan 18 A, 1082 MD Amsterdam; Northern Trust Global Services SE Abu Dhabi Branch, registration Number 000000519 licenced by ADGM under FSRA #160018; Northern Trust Global Services SE Norway Branch, org. no. 925 952 567 (Foretaksregisteret), address Third Floor, Haakon VII's gate 6 0161 Oslo, is a Norwegian branch of Northern Trust Global Services SE supervised by Finanstilsynet. Northern Trust Global Services SE Leudelange, Luxembourg, Zweigniederlassung Basel is a branch of Northern Trust Global Services SE. The Branch has its registered office at Grosspeter Tower, Grosspeteranlage 29, 4052 Basel, Switzerland, and is authorised and regulated by the Swiss Financial Market Supervisory Authority FINMA. The Northern Trust Company Saudi Arabia, PO Box 7508, Level 20, Kingdom Tower, Al Urubah Road, Olaya District, Riyadh, Kingdom of Saudi Arabia 11214-9597, a Saudi Joint Stock Company – capital 52 million SAR. Regulated and Authorised by the Capital Market Authority License #12163-26 CR 1010366439. Northern Trust (Guernsey) Limited (2651)/Northern Trust Fiduciary Services (Guernsey) Limited (29806)/Northern Trust International Fund Administration Services (Guernsey) Limited (15532) are licensed by the Guernsey Financial Services Commission. Registered Office: Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3DA. Northern Trust International Fund Administration Services (Ireland) Limited (160579)/Northern Trust Fiduciary Services (Ireland) Limited (161386), Registered Office: Georges Court, 54-62 Townsend Street, Dublin 2, D02 R156, Ireland.