

How is technology transforming AIFM risk management from regulatory burden to strategic value?

*The landscape of risk management for Alternative Investment Fund Managers (AIFMs) is undergoing a profound transformation. Aztec's Group Head of AIFM Services, [Paul Conroy](#), and Quantyx Managing Director, **Michel Lempicki**, explain how a partnership approach combining market-leading technology and skilled teams can create a risk management solution which can truly add value.*

As regulatory requirements grow more complex and investor expectations rise, the limitations of traditional, manual approaches - often reliant on spreadsheets and fragmented workflows - are increasingly apparent. These legacy methods introduce inefficiencies, heighten operational risk, and constrain scalability. In this context, technology is emerging as a critical enabler, fundamentally strengthening the risk management process and repositioning [AIFM services](#) from a regulatory necessity to a strategic value-add.

The case for technology-driven risk management

Historically, AIFMs have managed risk through labor-intensive processes, with data scattered across disparate systems and manual interventions at every stage. This approach increases the likelihood of human error and makes it challenging to maintain robust controls or respond quickly to regulatory changes. The adoption of advanced technology platforms is changing this paradigm. Purpose-built risk management systems automate data aggregation, risk analysis, and reporting, providing a single source of truth and enabling real-time oversight.

One of the most significant advantages of these platforms is their ability to address the unique risk profiles of different asset classes. Unlike generic solutions, leading platforms now offer tailored risk categorization and reporting for the different private asset classes including private equity, real estate, infrastructure, private credit, and fund-of-funds. This granularity is essential, as

each asset class presents distinct risk factors and regulatory considerations. For example, the risk analysis required for a real estate fund is fundamentally different from that of a [fund-of-funds](#), and a one-size-fits-all approach is no longer sufficient for sophisticated managers, regulators or indeed investors.

Operational efficiency, regulatory confidence, and human expertise

The benefits of a technology-driven approach extend beyond accuracy. Automation enables AIFMs to scale their risk management functions rapidly, onboarding new funds and strategies without a linear increase in headcount. This is particularly valuable in a market where growth is often constrained by the availability of skilled personnel and the cost pressures associated with regulatory compliance. By adopting a per-portfolio business model, AIFMs can align costs with revenues, scaling up or down as needed and maintaining close control over expenses.

Regulatory scrutiny is another area where technology delivers tangible value. Modern platforms are designed with compliance in mind, incorporating features that support AIFMD and the Digital Operational Resilience Act ([DORA](#)) requirements. Automated pre-trade risk clearance, ongoing risk limit monitoring, and data validation against fund risk profiles are now achievable at scale, reducing the risk of breaches and ensuring that controls are consistently and timely applied.

Yet, technology alone is not enough. The partnership between Aztec Group and Quantyx exemplifies how combining cutting-edge technology with teams of industry-specific experts creates a bespoke managed partnership optimized for all private markets asset classes and strategies. This tech-enabled risk management solution is unique in the market today, evolving as tech capabilities do, and is distinguished by close collaboration to deliver best-in-class risk reporting at both fund and asset levels.

Data management, integration, and client-centric excellence

A critical component of effective risk management is the ability to aggregate and

exchange data seamlessly across systems. Technology platforms that offer integrated data management capabilities eliminate duplication, reduce manual intervention, and support more accurate and timely reporting. For larger AIFMs, the investment in data exchange infrastructure is justified by the scale of their operations, but even smaller managers benefit from solutions that streamline workflows and facilitate collaboration with service providers.

The human dimension remains vital. Teams interpret data, anticipate challenges, and provide strategic guidance, transforming a tech-enabled service into a client-centric managed solution. The solution includes risk assessments at fund and asset levels, covering both qualitative and quantitative key risk indicators (KRIs) tailored to specific strategies. Data are pulled from underlying fund documentation, collected and stored in the software application.

Freeing people from repetitive tasks necessary for efficient fund administration means more time to focus on building relationships, solving complex problems, and delivering value beyond compliance.

Integrated risk management: real-world impact

Clients benefit from real-time risk monitoring and robust compliance frameworks, reducing exposure and enhancing investor confidence. Automation eliminates duplication and manual intervention, delivering faster turnaround times and cost savings without compromising quality. Seamless data exchange between systems ensures accurate reporting and clear audit trails. Whether managing a single fund or a complex portfolio, the model adapts seamlessly to client requirements, which supports scalability.

Built on a robust Microsoft Azure infrastructure and leveraging Aztec SharePoint, Quantyx's risk management platform offers deep integration capabilities, supporting multiple private asset classes, to meet the highest regulatory standards possible. Enhancements are driven by user feedback and a commitment to operational efficiency and regulatory excellence.

The future evolution of AIFM services

Just as technology evolves, so too must AIFM services. Among the enhancements we expect to come are:

- **Enhanced workflow automation:** Streamlined data exchange and reporting, reducing friction and improving user experience.
- **Client access to risk dashboards:** Plans are underway to provide clients with direct online access to risk analytics, empowering them with greater transparency and control.
- **Advanced AI data extraction capabilities:** use of LLMs will hasten the extraction and controls to further improve data validation mechanisms.
- **Information security and compliance upgrades:** DORA's regulatory requirements mean continuous investment in the application which in turn strengthens the AIFM infrastructure.

The alternative investment industry faces more complexity and compliance requirements as investment opportunities open up to a wider pool of investors, investor expectations become more granular, and market volatility becomes the norm. Harnessing technology to better manage these risks and reporting requirements is essential to remain competitive. The partnership between Aztec Group and Quantyx is a prime example of how technological agility and human expertise come together to innovate and lead change.

Technology is reshaping the AIFM risk management landscape, offering the tools needed to enhance accuracy, efficiency, and strategic value. By embracing purpose-built platforms and fostering collaborative partnerships with technology providers and expert teams, AIFMs can meet the challenges of today's regulatory environment and unlock new opportunities for growth and differentiation.

If you'd like to discuss how AIFM services are evolving, please contact us directly.

This article first appeared in the LPEA's magazine, Insight/Out, you can read it here: [PRIVATE EQUITY INSIGHT/ OUT #37](#)

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