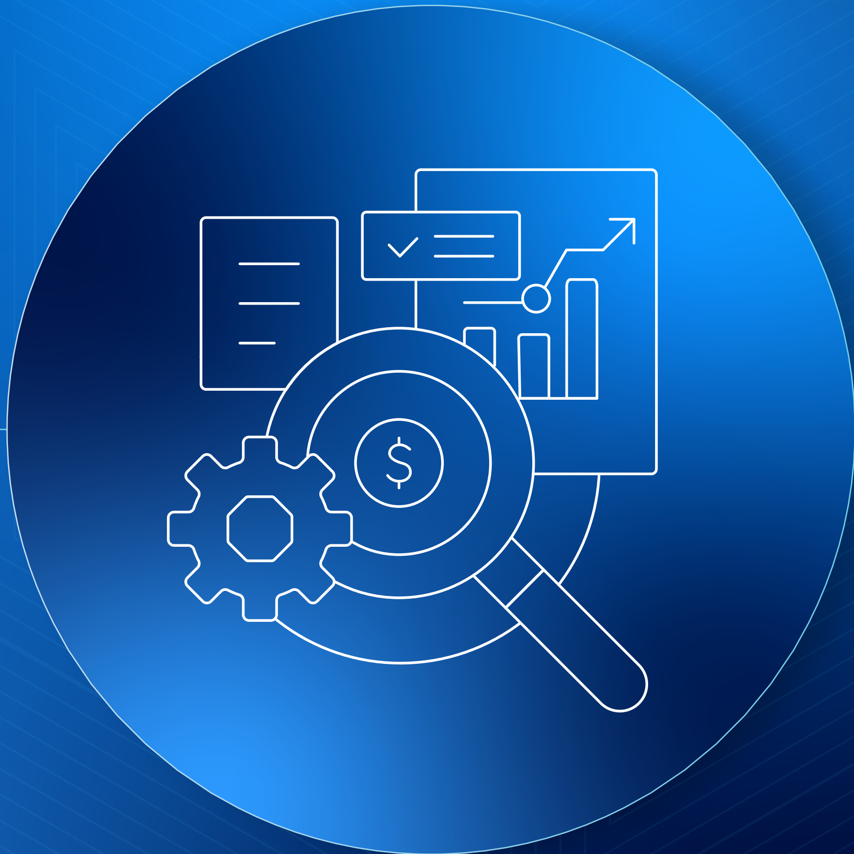
# The NAV Oversight Readiness Toolkit

A Practical Guide to Evaluating Your Book of Record



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# Introduction

Every NAV your firm publishes is only as credible as the data and controls behind it. Yet as publishing cadences tighten, fund structures grow more complex, and regulators expect documented evidence — not just a final number — the foundation under that NAV gets harder to hold together. This toolkit helps you assess whether yours can.

Use it to pressure-test your current setup, surface gaps before they show up in a NAV, and decide what to fix first. The goal isn't to adopt every capability at once — it's to sequence them so each one rests on a foundation that can actually support it.

# What This Toolkit Helps You Evaluate

Chapter 02

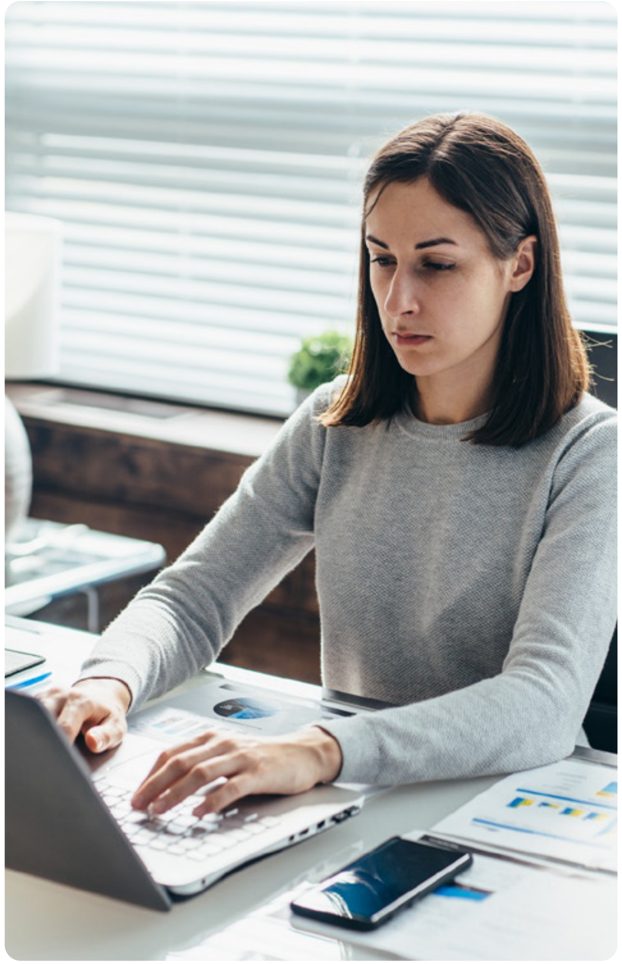
# 02

## What This Toolkit Helps You Evaluate

A NAV is only as trustworthy as the data and controls behind it. This toolkit walks you through the questions that separate a process that produces a number from one that can defend that number to a board, an auditor, or a regulator. Across the sections that follow, you'll evaluate four things:

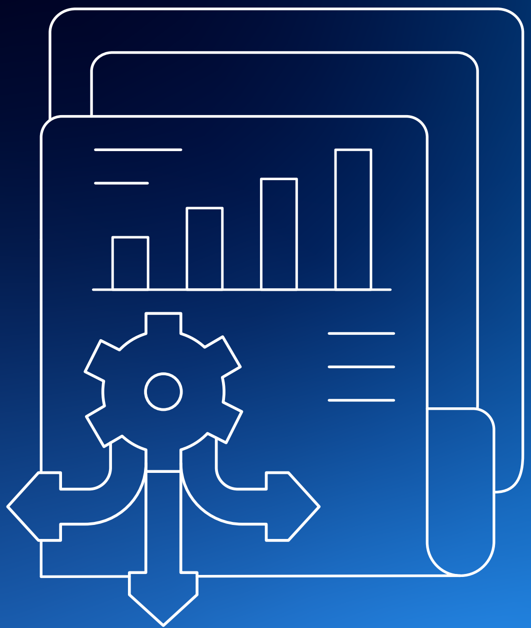
- **Coverage:** whether every input that should be in your book of record actually is.
- **Proof:** whether you can demonstrate your data is right, not just that you captured it.
- **Auditability:** whether each figure carries the history of who touched it and why.
- **Readiness for acceleration:** whether the foundation underneath any automation or AI is solid enough that faster doesn't just mean more frequent mistakes.

Work through the pillars in order. The later capabilities, exception-based governance, programmatic valuation, AI-assisted analysis, only deliver value when the earlier ones hold up.



Arcesium®

# Common Approaches — and Where They Fall Short



Chapter 03

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# Common Approaches — and Where They Fall Short

Before assessing your own operation, it helps to recognize the patterns that tend to undermine firms' NAV oversight. None of these are careless choices, most start as reasonable responses to immediate pressure. They become problems when they're treated as endpoints rather than stopgaps.

### Layering speed on top of gaps

Automating valuation, exception management, or analytics on top of data that is captured but incomplete or unreconciled doesn't accelerate the firm. It repeats the same error on a tighter timeline. A reporting layer can be redesigned quickly; the underlying book of record can't be rebuilt after the fact.

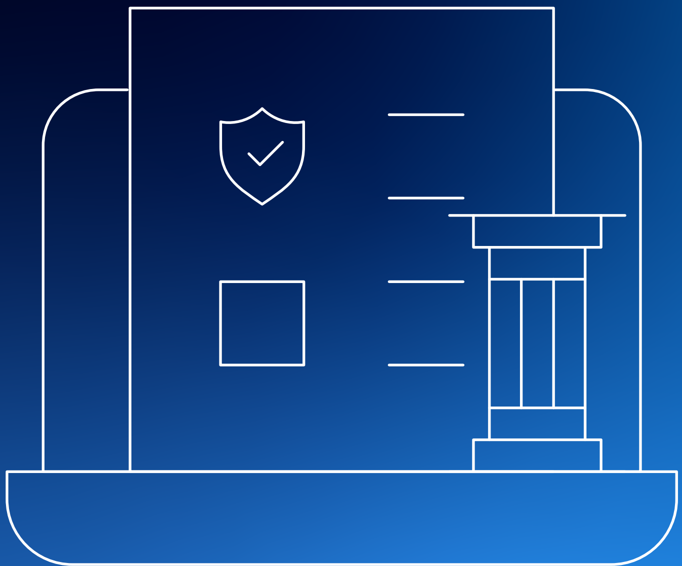
### Treating AI as the shortcut

The real shortcut isn't using AI, it's using AI without the same rigor the rest of the process demands. An agent that mis-maps a field, drops an exception, or invents a source doesn't just make a bad chart. It produces a valuation figure that real people may rely on, and the obligation to make it right lands on the firm regardless of what generated it.

### Underestimating the full cost

The price of a capability is rarely just the license or the build. It includes the people who maintain it, the ongoing revalidation as models drift and source data changes, and the integration work that compounds with every new system. Pricing only the demo hides the rest of the bill.

# The Three Pillars of a Defensible Book of Record



Chapter 04

# The Three Pillars of a Defensible Book of Record

Every downstream capability in NAV oversight — faster closes, programmatic valuation, governed AI — depends on one prerequisite: a complete, reconciled, defensible book of record. That foundation rests on three pillars. Work through each one to find where your operation stands and where the gaps are.

## Completeness

Completeness means every data point that belongs in the book of record is actually there — positions, cash movements, capital calls, distributions, valuations, and the economic entitlements built on top of them such as fees, carried interest, and allocations. "Close enough" doesn't hold up; it just delays the moment the gap surfaces, and that moment gets harder to absorb as your publishing cadence tightens.

| Key Questions to Evaluate | Best Practices | Benefits |
|---|---|---|
| Can you account for every data point that should be in your book of record, or are some categories captured inconsistently? | Ingest and reconcile positions, cash, capital activity, and pricing across custodians, fund administrators, and internal systems before any valuation runs. | Gaps close upstream, before they reach the NAV. |
| Where do breaks typically get discovered — at close, or earlier? | Treat completeness as a precondition, not a checkpoint: surface and resolve gaps before valuation, not after. | Your team fixes issues in time, rather than under deadline pressure. |
| If your cadence moved from monthly to weekly or daily, would today's gaps survive the tighter timeline? | Build for the cadence you're heading toward, not just the one you run now. | You avoid turning a manageable break into a recurring fire drill. |
| Are economic entitlements such as fees, carried interest, and allocations, held to the same standard as positions and cash? | Capture entitlements as part of the book of record, not as a downstream calculation. | The NAV reflects the full economic picture, not just the holdings. |
| When onboarding a new fund or security, can historical data be ingested swiftly and completely? | Build onboarding workflows that ingest and normalize historical positions, cash, and capital activity without manual, line-by-line reconstruction. | New funds and securities reach a defensible book of record in days, not months. |

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# The Three Pillars of a Defensible Book of Record

## Reconciliation Integrity

Capturing data isn't the same as proving it's right. Reconciliation integrity means your book of record checks out against every source that matters, including cash to the custodian, positions and trial balance to the fund administrator, and P&L and valuations to their origin. Breaks are resolved, not carried forward.

| Key Questions to Evaluate | Best Practices | Benefits |
|---|---|---|
| Does your book of record reconcile across every dimension that matters, or only some of them? | Reconcile cash to custodian, positions and trial balance to administrator, and P&L and valuations to source. | You can prove the data is right, not just that it's there. |
| Does your reconciliation frequency align with your NAV publishing cadence? | Run reconciliation at a cadence that matches or exceeds your NAV publishing schedule, so breaks are caught before, not after, a NAV is published. | Your NAV is always built on reconciled data, regardless of how often you publish. |
| Are reconciliation breaks cleared before valuation, or do some roll into the next cycle? | Resolve breaks before a single valuation is calculated, never carry them forward. | Errors stop compounding across cycles. |
| If a break surfaces after a NAV has been published, what is the process and does the NAV get restated? | Define a clear break-resolution and restatement process for post-publication breaks, with documented escalation and disclosure where required. | Post-publication breaks are handled consistently and defensibly, not ad hoc. |
| If asked today, could you demonstrate that your data matches its sources? | Maintain continuous reconciliation, not just at period-end. | Boards, auditors, and investors get evidence, not assurances. |
| Have you set reconciliation thresholds and tolerances, and are they reviewed as your portfolio and cadence evolve? | Define and periodically revisit break thresholds and tolerances so the exception-based review focuses on what genuinely matters. | Your team's attention goes to material breaks, not to noise. |
| How much of your reconciliation is genuinely automated versus still manual? | Automate reconciliation so review becomes exception-based rather than exhaustive. | Your team focuses on what broke, not on re-checking what didn't. |

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# The Three Pillars of a Defensible Book of Record

## Governance and Lineage

A defensible figure carries its history: who touched it, when, why it changed, and what was approved. Under the SEC's Rule 2a-5, boards and valuation designees need that audit trail as evidence of a good-faith fair-value determination, not just the final number.

| Key Questions to Evaluate | Best Practices | Benefits |
|---|---|---|
| Can you produce, for any figure, a trail of who touched it, when, why it changed, and what was approved? | Keep full lineage on every adjustment: the audit trail boards and valuation designees need under Rule 2a-5. | The book of record becomes evidence, not just a dataset. |
| Do your boards and valuation committees have something they can stand behind, or only a dashboard? | Provide sign-off and transparency capabilities for boards and committees, not just reporting views. | You meet regulatory obligations with documented methodology, testing, and escalation. |
| Where does your data physically live: on your infrastructure, or replicated into a vendor's environment? | Operate against data that stays on your own infrastructure. | You keep control of your data and avoid vendor lock-in. |
| Can your other tools connect to the book of record directly, or only through a single vendor's layer? | Be open by design: let BI and data-quality tools connect directly. | You're not locked into one vendor's roadmap. |

# Sequencing for Acceleration

Chapter 05

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# Sequencing for Acceleration

Once the three pillars hold, a firm can start to move faster and do it safely. The order matters. Getting the sequence wrong is what turns acceleration into compounded risk.

1. **Book of record first.** Complete, reconciled, and governed. Nothing downstream is defensible without it.

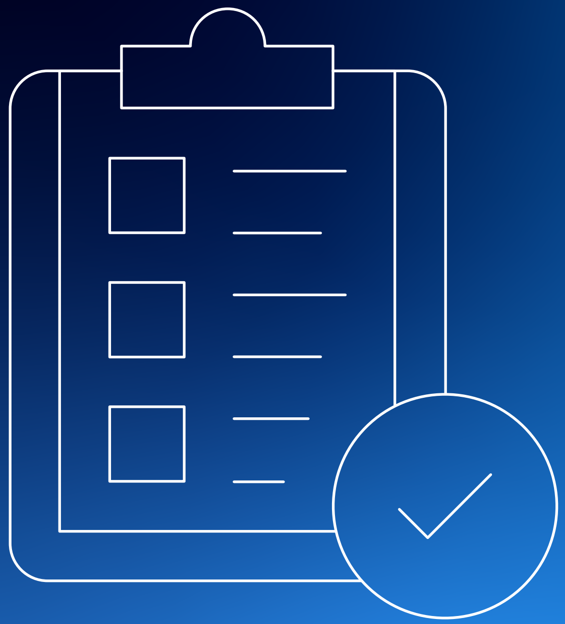
2. **Governance second.** Shift to exception-based review: your team examines what changed and what fell outside tolerance, rather than re-checking every position, because the underlying review is now trustworthy.

3. **Acceleration third.** Run valuation programmatically on governed data, and layer AI agents and analytical tools on top of the same foundation: summarizing valuation drivers, flagging market anomalies before they become audit findings, answering investor questions.

4. **Price all three honestly.** Budget for the book-of-record infrastructure, the governance layer that makes any agent auditable, the people who maintain it, and the ongoing compute and revalidation, not just the cost of a demo.

The firms getting this right aren't avoiding AI. They're putting it in the right place in the sequence.

# Readiness Assessment



Chapter 06

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# Readiness Assessment

Use this assessment to see where your firm stands today and where to focus next. For each statement, mark your status: In place, In progress, or Not yet started.

## Completeness

- [ ] We capture every data point relevant to the book of record such as positions, cash, capital activity, valuations, and economic entitlements.
- [ ] We surface and resolve data gaps before valuation, not at close.
- [ ] Our book of record is built for the cadence we're moving toward, not just the one we run today.
- [ ] When onboarding a new fund or security, we can ingest historical data swiftly and completely.

## Reconciliation Integrity

- [ ] Our book of record reconciles across every dimension that matters: cash, positions and trial balance, P&L, and valuations to source.
- [ ] Our reconciliation frequency aligns with our NAV publishing cadence.
- [ ] Reconciliation breaks are resolved before valuation and never carried forward.
- [ ] We have a defined process for post-publication breaks, including whether the NAV gets restated.
- [ ] We have set reconciliation thresholds and tolerances, and review them as our portfolio and cadence evolve.
- [ ] The majority of our reconciliation is automated, not manual.

## Governance and Lineage

- [ ] We can produce an audit trail for any figure showing who touched it, when, why it changed, and what was approved.
- [ ] Our boards and valuation committees have evidence they can stand behind, not just a dashboard.
- [ ] Our data stays on our own infrastructure, and other tools can connect to it directly.

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# Readiness Assessment

## Acceleration Readiness

- [ ] Our governance is exception-based therefore we review what changed, not every position.
- [ ] Our valuation runs programmatically on governed data.
- [ ] Any AI agents we use reason over a reconciled book of record inside a governed orchestration layer, not an unreviewed script.
- [ ] We have priced the whole stack (infrastructure, governance, people, and ongoing revalidation), not just the demo.

## Scoring guidance

- **Mostly "In place":** Your foundation is solid. Focus on sequencing acceleration correctly and pricing the whole stack honestly.
- **Mostly "In progress":** You're on the right track. Prioritize closing completeness and reconciliation gaps before layering AI on top.
- **Mostly "Not yet started":** Start with the book of record. Everything downstream depends on it, and speed layered on an incomplete foundation only makes mistakes more frequent.

# How Arcesium Can Help

Chapter 07

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# How Arcesium Can Help

Arcesium approaches NAV oversight through two connected layers: a governed foundation and an AI platform built on top of it, so firms can adopt acceleration without taking on the risks of building that layer alone.

## NAV Oversight — the governed foundation

- Ingests and reconciles positions, cash, capital activity, and pricing across custodians, fund administrators, and internal systems, closing completeness and reconciliation gaps before any valuation is calculated.
- Supports exception-driven governance: teams review what actually changed, with full lineage on every adjustment — the audit trail boards and valuation designees need under Rule 2a-5.
- Runs daily and on-demand NAV on the same governed data, so a tighter cadence doesn't multiply operational risk by the number of extra pricing days.
- Operates against data that stays on the firm's own infrastructure and connects directly to other tools, rather than locking BI and data-quality tools into a single vendor's reporting layer.
- Covers the asset classes firms actually hold, including private equity, real estate, private credit, infrastructure, and fund-of-funds or secondaries, as well as public assets for hybrid funds. Firms don't need a second oversight process for parts of the portfolio.

# How Arcesium Can Help

## Arcesium Intelligence — governed agents, not vibe-coded ones

- Provides a catalog of over 100 pre-configured agents, including agents for NAV review, P&L explanation, portfolio monitoring, and transaction-cost and financing analytics. Each is built with a bias toward determinism so error tolerance stays near zero where it matters most.
- Speeds onboarding: produces a first-pass mapping of a new data source in days, with a person reviewing and approving it before anything goes live.
- Offers Agent Studio for firms that want to build their own agents, though most won't need to for the basics.
- Runs every agent inside a domain-aware orchestration layer that manages model selection, access, human oversight, auditability, and governance (the structural answer to "the AI did it"), and is model-agnostic, so firms aren't locked into one provider's roadmap.
- Replaces open-ended internal build spend with transparent, predictable economics, so firms can budget for what NAV oversight and AI-assisted analysis actually cost.
- Scales down as well as up: the same governance backbone supports a firm managing a handful of funds and one managing dozens. cess for parts of the portfolio.

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## Get in Touch

Arcesium helps private markets firms differentiate their business by intelligently integrating the data, analytics, and tools fundamental to creating transformational outcomes. Arcesium's breadth of solutions, managed services offering, focus on R&D, and professional services for bespoke requests have made us a trusted partner to many financial institutions at various stages of their journey.

Interested in seeing our data platform in action?

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