GenAI & LLM Terms – for DiligenceVault Users

A Field Guide for Asset Management, IR, and Due Diligence Teams

Feeling lost in the AI buzz? This guide is your compass. We have distilled the most important GenAI and LLM terms into plain English, with real-world analogies from investor due diligence and investor relations workflows. Use it to drive smarter conversations and more strategic AI adoption across your diligence processes.

🧩 Basic Terms to Know

Term	Simple Definition	Analogy
LLM (Large Language Model)	A type of AI trained to understand and generate human-like text.	Like a junior analyst who's read every manager deck, RFP, and DDQ ever submitted.
Foundation Model	A large, general-purpose model that can be adapted to many tasks	Like a generalist investment associate who can be trained to focus on real estate, credit, or ESG.
Hallucination	When the AI makes something up or gives an inaccurate answer.	Like citing a nonexistent track record in a pitch book — it looks polished but needs fact-checking.
System Prompt	Hidden instructions that guide the AI's behavior before you interact with it.	Like a template DDQ where the structure subtly nudges how answers are framed.

🔧 Model Development & Use

Term	Simple Definition	Analogy
Training	Teaching the AI by feeding it huge amounts of text data.	Like giving an intern a library to study for months or like onboarding a new ops analyst with every DDQ, consultant database, and fund doc available.
Fine-Tuning	Giving a trained model extra training for a specific domain.	Like training a generalist to specialize in private credit product, hedge fund ODD or infra ESG risks.
Prompt Engineering	Writing smarter, clearer instructions to get better AI output.	Like framing an RFP question clearly to avoid vague manager responses.

Multi-Chain Prompting	A sequence of prompts chained to solve complex tasks.	Like a multi-step fund review workflow: IR intake → Ops → Investment → Compliance signoff.
Inference	When the model reads your prompt and generates a response.	Like emailing a question to your DD team and getting a response based on what they've seen.
Tokens	Pieces of words or text the model reads and writes with.	Like the word count limits in DDQs that force concise and structured thinking.

📚 Knowledge & Context

Term	Simple Definition	Analogy
Model Context Protocol (MCP)	The limit of how much the model can "remember" at once (measured in tokens). This makes models less forgetful.	Like a person who remembers the last 10 minutes of a meeting or like a DD reviewer who can keep a few manager responses in view.
RAG (Retrieval-Augmented Generation)	Combines LLM with search and pulls in relevant documents before responding.	Like an analyst pulling up the fund's LPA and track record to verify claims before replying.

🤖 Autonomous AI

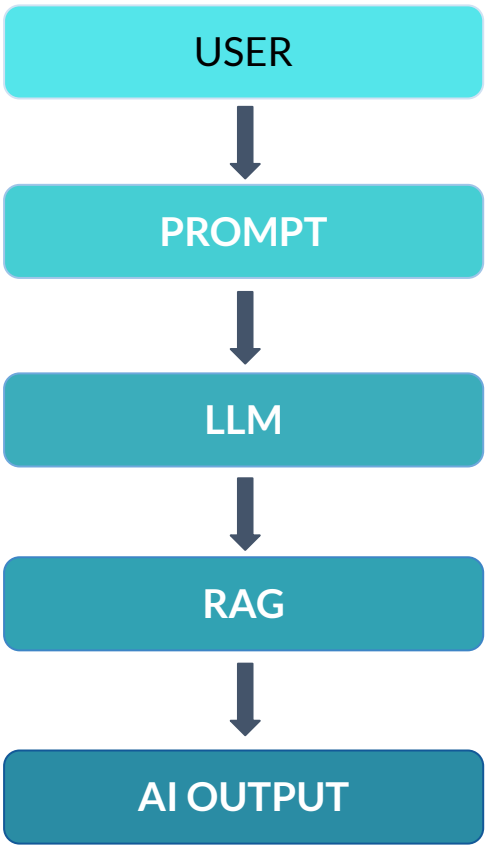
Term	Simple Definition	Analogy
Agentic AI	AI that can reason, take multiple steps, and act toward a goal.	Like a junior PM who analyzes fund data, flags anomalies, and drafts a manager follow-up.
A2A (Agent-to-Agent)	Multiple AI agents collaborating to complete a task.	Like IR, Ops, and Compliance working in tandem to complete a full RFP or DDQ.goog

🚦 Risk Controls

Term	Simple Definition	Analogy
Bias	Unfair or skewed outcomes due to unbalanced or flawed training data.	Like a DD process that overweights managers from certain geographies or fund vintages.
Guardrails	Rules or mechanisms to ensure AI stays within ethical and business limits.	Like a manager approval framework that restricts who can respond to LP due diligence asks.

How Do They Come Together?

Here's an example of one AI process:



Key Takeaway

AI is a force multiplier. Understanding how GenAI works helps you build smarter workflows, improve due diligence efficiency, and drive better engagement with stakeholders.

Explore AI @ DiligenceVault