

# Aggregate Function

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## DEFINITION of 'Aggregate Function'

An aggregate function is a mathematical computation involving a set of values rather than a single value. Aggregate functions are often used in databases, spreadsheets and many other data manipulation software packages now common in the workplace. Aggregate functions occur regularly in programming languages and relational algebra. The calculation performed by an aggregate function returns a single value from multiple values.

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## BREAKING DOWN 'Aggregate Function'

The use of computers has revolutionized the way that calculations are performed, allowing aggregate functions to produce results very quickly. Also, aggregate functions can handle ever larger and more complex data sets, which has allowed the construction of aggregate supply and demand functions.

Common aggregate functions include:

- Average (also called arithmetic mean)
- Count
- Maximum
- nanmean (mean ignoring NaN values, also known as "nil" or "null")

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- Median
- Minimum
- Mode
- Sum

These measures relate to the central tendency, which describes the distribution of a dataset. In simpler terms, central tendency describes the center or location of a distribution. When combined with aggregate functions, these methods begin the foundation to many common financial risk management methods, such as [Value-at-Risk](#) (VaR).

Needing greater oversight and control of business functions, financial managers have increasingly turned to data-driven decisions to help guide complex strategies and diverse teams. These methods utilize aggregate functions to add quantitative analysis to other financial and operational performance measurement methods.

The proliferation of big data and analytical methods has been a boon for aggregate functions and individuals with the creativity to unlock their potential. Machine learning, neural networks and [artificial intelligence](#) all rely on aggregate functions to produce advanced algorithmic and computational heavy outputs.

Many business schools and increasingly many employers are upskilling their cohorts in theory and the practical application of aggregate functions now standard in data analytics methods.

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