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PROVISION OF MECHANISM OF FUNCTIONING OF JOINT INVESTMENT INSTITUTIONS IN GLOBALIZATION SPACE

The concept of providing a financial mechanism for the functioning of joint investment institutions, whose components are the evaluation of elements, analysis of the results of activity, is substantiated. The content is focused on the implementation of international standards for evaluating the financial performance of joint venture institutions, improving methodological approaches to the formation of investment composite of a joint venture, calculating the value of direct investment portfolios.

In conditions of market volatility, the criteria for verifying financial assets and investment portfolios need to be refined, and indicators that characterize their reliability become relevant and allow assessing the level of risk per unit of income. Given the low economic quality of most financial instruments in the domestic financial market, modern conditions are met by the need for verification, which is defined as the certification of processes and procedures for measuring investment performance.

The conceptual framework for the implementation of Global Investment Performance Standards (GIPS) provides for verification of a specific joint venture that is performed for each of its composites (portfolios). The essence of the standards involves the pooling of portfolios that have the same strategies for investing in a single composite and yield calculation, which does not include additional fund replenishment and payment of remuneration [1].

Composite is a combination of financial instruments on the principle of unity of investment strategy and has a standard that allows you to evaluate the effectiveness of its management (the criterion is the deviation of the actual indicators of investment performance from benchmarks). Yields on composites are calculated by weighing the assets of individual portfolios using estimates at the beginning of the period, with income from cash and cash equivalents included in the portfolio being calculated in the calculation of total profitability and calculated after deducting all actual trading expenses, period.

For each filing period, co-investment institutes must include ratios in the report: total value of paid-in investment ratio or TVPI (coefficient representing the ratio of total return on investment to initial investment, without taking into account investment time).Total value can be found by adding residual value and distributed capital); cumulative distribution of paid-in capital (Sales Ratio or DPI (Distributions to Paid-in Capital)); paid-up capital to invested capital (PIC (Paid in Capital) ratio); Residual Value to Paid-in Capital (RVPI).

If results are given for the standard, then the cumulative SI-IRR (Since Inception-Internal Rate of Return) annualized rate for the standard corresponding to the composite strategy and start year is given for the same periods for which the composite results are presented.

Portfolio methods of strengthening the financial component of co-investment institutions are proving effective in the context of limited opportunities to increase profitability through the negative impact of external and internal environmental factors. The optimal distribution of capital in the structure of composites of joint venture institutions contributes to the diversification of financial risks, increases the information transparency of their activities, guarantees investor confidence in the financial market.

References:

1. Global Investment Performance Standards. Financial Analysts Journal. 2010. URL: https://www.gipsstandards.org/compliance/Pages/index.aspx.