# ABSTRACTS

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## GENESIS OF THE «INDIRECT INVESTMENT THEORY» DEVELOPMENT

A great emphasis on a problem of indirect investment is being paid nowadays among experts in science. Russian scientists extensively discuss a question connected with the main principles and results of the influence of this theory in modern financial world.

Let's consider the main stages of the «Indirect investment theory» building-up. The first stage of the investment theory development dates back to 20s-30s of the 20th century and represents the period of indirect investment theory origin as a science on the whole. This stage is described in works of I. Fisher (theory of rate of interest and discounted cost).

The second stage is the stage of «modern investment theory» (1952) represented by works of H. Markowitz. In the first half of 60s W. Sharpe, the pupil of Markowitz suggested a one-factor model of capital market, where such characteristics of shares as «alpha» and «beta» appeared for the first time. On the basis of the one-factor model W. Sharpe suggested a simplified method of portfolio choice, which reduced the problem of square optimization to linear optimization. This simplification made the methods of portfolio optimization possible to apply practically.

Beginning with 1964 the capital asset pricing model (CAPM) was worked out and also works of Sharpe, Linthner and Mossin appeared. According to expert opinion, CAPM is macroeconomical generalization of the H. Markowitz theory. Primary result of CAPM was the establishment of connection between profitability and asset risk for the balanced market.

The third stage of the modern investment theory (70s) is defined by expanding and extension of financial analysis mathematical sources. In 1973 M. Sholes and F. Black suggested the options pricing model, which was given a name «Black-Sholes model». This model was based on the possibility of riskless transaction carrying out with the usage of share and an issued option at the same time.

It is worth noting that the usage of portfolio theory in the last decades extended significantly. All the more investment managers and Investment Fund Managers put its methods into practice.