The GIPS standards do not permit double-counting of assets when calculating composite assets and total firm assets. In the case of master-feeder structures with "cross investments", firms are required to eliminate any double-counting of assets when calculating composite assets and total firm assets.

When calculating composite returns, firms may choose to adjust the actual holdings to eliminate any cross investments for the calculation of portfolio and composite performance, although this is not required. Firms should consider if it is appropriate to include these portfolios in the same composite where double-counting of assets occurs. If a firm would like to present composite performance eliminating "cross-investments", it must disclose this fact in the GIPS Composite Report.

Consider the following example for how to eliminate cross-investments for the calculation of composite performance:

• The Composite includes two funds: A and B.

• Fund A invests 50% of its value in fund B and 50% in other third-party funds.

• Assume that the total return of Fund B and the third-party funds are 10% and 0%, respectively.

a) Scenario without elimination of double-counting:

Fund	**Value at the beginning of period, USD millions**	**Period return**
Fund A (invests 50% in fund B)	100	5.00%
Fund B	200	10.00%
Composite	**100+200=300**	**5%×(100/300)+10%×(200/300)=8.33%**

b) Scenario with elimination of double-counting:

Fund	**Value at the beginning of period, USD millions**	**Period return**
Fund A (invests 50% in fund B)	100	5.00%
- Contribution of fund B to fund A	*50*	*10.00%*
- Contribution of other funds to fund A	*50*	*0.00%*
Fund B	200	10.00%
Composite	**100+200-50=250**	**0%×(50/250)+10%×(200/250)=8.00%** **or** **5%×(100/250)+10%×(150/250)=8.00%**