



Buy-sell spread explained

Fact sheet

What is a buy-sell spread?

Rest member transactions may result in underlying assets being purchased or sold. These transactions, which include contributions, withdrawals, switches or deduction of fees or insurance costs, generally incur a cost.

The buy-sell spread represents the estimated transaction costs incurred when buying or selling underlying assets in relation to investment options.

Transaction costs differ between Rest investment options. This is because of the different costs, such as brokerage and stamp duty, associated with different asset classes.

Understanding unit pricing and buy-sell spreads

Unit prices are calculated by dividing the investment option net asset value by the total number of units held by members in that investment option. The buy spread is added to the unit price to obtain the buy price and the sell spread is deducted to obtain the sell price.

The difference between the investment option buy price and the sell price is the total buy-sell spread for that option. Buy-sell spreads are expressed as a percentage of the investment option net asset value.

Changes in spreads

Rest reviews and sets the buy-sell spread range annually and discloses it in the Product Disclosure Statement (PDS).

The buy-sell spread may change within the range without prior notice to meet changes in transaction costs, including in circumstances of adverse market conditions.

The spreads are reviewed on a regular basis and published at go.rest.com.au/buysellspace

Why Rest has buy-sell spreads

The use of buy-sell spreads is a fairer way of allocating the underlying asset transaction costs related to member activity. The buy-sell spread ensures transaction costs incurred in buying or selling assets are fairly allocated to those members who transact in an investment option. The spread is not a fee paid to Rest.

Examples of the buy or sell price used in common transactions

The following table shows an example of the buy or sell price used in common transactions but does not show all possible transaction types.

Buy or sell price examples

Transaction type	Example	Unit price type
Money going in to your account	Contribution, rollover, transfer in to an investment option	Buy price
Money taken out of your account	Withdrawals, pension payments, payment of fees	Sell price
Switching investment options	Move <i>from</i> an investment option; and move <i>to</i> another investment option	Sell price Buy price

The investment options will be valued at the applicable sell price, when money is taken out of your account or your balance is quoted.

Example 1: Member balance

Sue holds 2,000 units in the Core Strategy option. If the Core Strategy option sell price was \$1.0500 then the value of her Core Strategy investment would be \$2,100 ($2,000 \times \$1.0500 = \$2,100$).

Example 2: Member contribution

Jane's employer made an initial SG contribution into her account of \$1,000. Jane invests 100% in Core Strategy. The Core Strategy buy unit price was \$1.0514 and sell price was \$1.0500.

Transaction type	Calculation
Initial purchase of Core Strategy units: \$1,000 of units at buy price of \$1.0514 per unit	$\$1,000 \div \1.0514 $= 951.1128 \text{ units}$
Balance: 951.1128 units at sell price of \$1.0500 per unit	$951.1128 \times \$1.0500$ $= \$998.67$
Buy-sell spread (transaction cost): initial investment less current balance	$\$1,000 - \998.67 $= \$1.33$

Example 3: Member switch

Jeff has 25,000 units invested 100% in Core Strategy but after receiving financial advice has decided to switch to 100% Balanced option.

He lodges a valid switch request which sells out of Core Strategy and purchases units in the Balanced option. The unit prices were:

Sell price for Core Strategy \$1.0500

Buy price for Balanced \$2.6624

Sell price for Balanced \$2.660

Transaction type	Calculation
Sell Core Strategy 25,000 units at sell price of \$1.0500	$25,000 \times \$1.0500$ $= \$26,250.00$
Buy \$26,250 of Balanced units at buy price of \$2.6624 per unit	$\$26,250 \div \2.6624 $= 9,859.53 \text{ units}$
Jeff's account balance after switch: 9,859.52 units at Balanced sell price of \$2.6600 per unit	$9,859.53 \times \$2.6600$ $= \$26,226.35$
Buy-sell spread (transaction cost): initial account balance prior to switch less account balance after switch	$\$26,250 - \$26,226.35$ $= \$23.65$

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