Buy-sell spread explained



Rest

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 spread or sell spread may change within the range without prior notice.

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

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	Buyprice
Money taken out of your account	Withdrawals, pension payments, payment of fees (including insurance)	Sellprice
Switching Investment options	Move from an investment option; and	Sellprice
	move to another investment option	Buyprice

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 Growth option. If the Growth option sell price was 1.0500 then the value of her Growth 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 the Growth option. The Growth option's buy unit price was \$1.0514 and sell price was \$1.0500.

Transaction type	Calculation
Initial purchase of Growth units: \$1,000 of units at buy price of \$1.0514 per unit	\$1,000 ÷ \$1.0514 = 951.1128 units
Balance: 951.1128 units at sell price of \$1.0500 per unit	951.1128 × \$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 the Growth option but after receiving financial advice has decided to switch to 100% into the Balanced option.

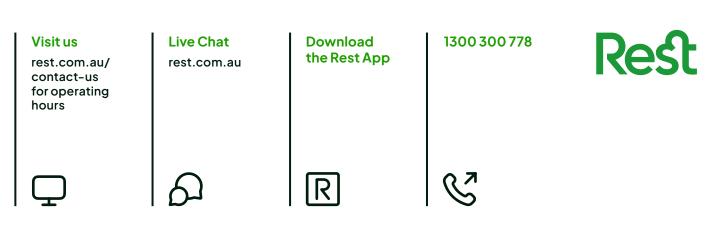
He lodges a valid switch request which sells out of the Growth option and purchases units in the Balanced option. The unit prices were:

Sell price for Growth \$1.0500

Buy price for Balanced \$2.6624

Sell price for Balanced \$2.660

Transaction type	Calculation
Sell Growth 25,000 units at sell price of \$1.0500	25,000 × \$1.0500 = \$26,250.00
Buy \$26,250 of Balanced units at buy price of \$2.6624 per unit	\$26,250 ÷ \$2.6624 = 9,859.53 units
Jeff's account balance after switch: 9,859.53 units at Balanced sell price of \$2.6600 per unit	9,859.53 × \$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



This information has been prepared without taking account of your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a product, consider its appropriateness and the relevant PDS and Target Market Determination available at **rest.com.au/pds**. The cost of providing financial services is included in the fees as disclosed in the relevant PDS. Rest and the Fund do not charge additional fees or obtain commissions for the advice provided. Rest employees are paid a salary and do not receive commissions. They may receive a performance related bonus that takes into account the financial services provided. Super Investment Management Pty Limited, a wholly owned company of Rest, manages some of the Fund's investments. Rest has no other relationships or associations with any related body corporate or product issuer that might reasonably be expected to influence Rest in providing financial services. For more information, contact us at **rest.com.au/contact-us**. Issued by Retail Employees Superannuation Pty Ltd ABN 39 001987739 as Trustee of Rest (Retail Employees Superannuation Trust ABN 62 653 671394).

957.109/24 ISS9 DC25991

This material is current as at 30 September 2024 and is subject to change.