

Introduction

This Fact Sheet provides an overview of AGEST's unit pricing structure, the benefits it provides to members and how your account is managed under this structure.

What is unit pricing?

- ▶ Unit pricing refers to the process of putting a daily value on each unit you hold in the fund. Each investment option has its own unit price, which moves up or down each day, reflecting the investment returns (positive or negative) for the investment option.

How are units allocated to a member's account?

- ▶ The number of units allocated as a result of a contribution equals the contribution amount (net of any tax) divided by the unit price for the day that the contribution was received by AGEST. This price is determined the following day.

Example: Assume you make a personal contribution of \$1,000 into an investment option with a unit price for that day of \$1.123456. It will add 890.110516 units (that is, \$1,000 divided by \$1.123456) to your account.

What about deductions from a member's account?

- ▶ Deductions such as fees and insurance premiums result in a reduction in units equal to the amount of money to be deducted divided by the unit price for the date of the deduction.

Example: An insurance premium of \$50 deducted from an investment option with a unit price of \$1.123456 will result in a deduction of 44.505526 units (that is, \$50 divided by \$1.123456) from your account.

Why use unit pricing?

- ▶ It is the best way of calculating and tracking the value of your AGEST account at any one time.
- ▶ It gives you greater flexibility in switching between investment options.
- ▶ It provides greater fairness to all members in the allocation of investment earnings.

How are investment earnings included in unit prices?

- ▶ Unit prices fluctuate daily reflecting the investment performance of each investment option. This includes income and capital gains.
- ▶ When investment earnings are positive, the unit price goes up. Conversely, the unit price goes down when investment earnings are negative.

How are unit prices calculated?

- ▶ Unit prices are dollar values that reflect the value of one unit of your investment at any time. Like shares, the unit price can move up or down each day, reflecting the value of the assets in the investment option in which you are invested.
- ▶ Unit prices are calculated daily by the fund's custodian, based on a combination of actual and estimated asset values and using pre determined assumptions for tax and fee deductions. This method involves converting the daily changes in relevant market indices into daily unit prices.
- ▶ Because some assets (such as unlisted property) are valued infrequently, valuation estimates are necessary for those assets until the next valuations are received, at which time the next day's unit prices are updated to reflect the new valuations.

- ▶ As daily unit pricing involves a number of assumptions, AGEST's unit prices are best estimates of the underlying value of each unit.
- ▶ Once a unit price for a particular day is set in accordance with the fund's policy, it will not be changed for that day, even if more accurate data in respect of that date later becomes available (eg if the valuation of a property investment at 31 March is received by the fund in later April). When new data becomes available, that data will be reflected in future unit prices, although the Trustee reserves the right to alter any unit price, in the interests of equity for all members, at any time.
- ▶ On rare occasions and without notice, the calculation of unit prices may be delayed and transaction processing suspended. This may occur if investment market information is not available or an extraordinary event has occurred which we deem may have significant adverse implications for the fund. If such an event occurs, transaction processing shall be suspended until the situation is resolved to our satisfaction. We would keep members posted with developments with a notice on our website.
- ▶ The calculation of unit prices will also be delayed for several days after 30 June each year while the 30 June unit prices are being determined. Any benefit payments processed during that period will be processed using the latest available unit pricing on the morning of the date the benefit is processed.
- ▶ No investment reserves are held for any of our investment options. This means that all investment earnings are reflected in the unit prices of each investment option.

When are unit prices calculated?

- ▶ AGEST's unit prices for a particular day are not calculated until the close of all markets (including overseas) for that day. This means, for example, that unit prices for a Monday cannot be calculated until late Tuesday morning, then they will usually be placed on the AGEST website by approximately 5.00pm on Tuesday. This also means that Thursday's unit prices will remain in the website's unit price table until the unit prices for Friday, Saturday and Sunday are entered by approximately 5.00pm on the following Monday (unless the Monday is a public holiday, in which case the process will be delayed 24 hours).
- ▶ In the event of a significant market correction, AGEST reserves the right to suspend any processing which would require the use of a unit price, until the market movement has been incorporated into the unit price.
- ▶ We have unit prices on weekends so that accurate monthly performance calculations can be done when the last day of a month falls on a weekend. As investment markets do not trade on weekends, pricing data for Saturday and Sunday is the previous Friday's data (unless that day was a public holiday, in which case it would be Thursday's data). The main exception to this is cash - because cash earns interest daily, interest accrues on weekends and public holidays. This is why the Cash option unit price changes on Saturdays and Sundays by a similar amount to weekday changes. Other investment option unit prices may also change on weekends due to some exposure to cash and also due to an allowance for fees (which we deduct every day not just weekdays).

Does AGEST have buy/sell spreads?

- ▶ Some superannuation funds have a "buy/sell spread" on their unit prices which means that the price at which you buy units is different to the price at which you sell units, even on the same day.
- ▶ AGEST does not have buy/sell spreads. This is because buy/sell spreads in AGEST would mean that members could incur some costs that are not actually incurred by the fund. This would not be consistent with AGEST's **Straightforward. Simple. Fair** philosophy.
- ▶ AGEST does however reserve the right to introduce buy/sell spreads if in the future, it feels it would be more equitable to do so.

How do I work out the value of my account?

- ▶ To work out your account balance at any time, you simply multiply the number of units in your account by the latest unit price.
- ▶ You must do this for each investment option in which you are invested, as the unit price varies from one investment option to another. Simply add the result for each investment option to obtain your total balance.
- ▶ We do this calculation for you – simply log into your account at www.agemst.com.au to see your current account balance. Remember that unit prices change daily, so this is not a guaranteed value.

Are there different unit prices for Pension investment options?

- ▶ Yes. Given that earnings within a Pension investment are not taxable, the unit prices for the Pension investment options are different to those for the same investment options for Superannuation members.
- ▶ Whilst the difference between the unit prices for Superannuation and Pension members is just tax, that difference will vary from day to day and will not be a constant percentage. Although both sets of unit prices are based on the same underlying investments, there can be changes in tax provisions each day for varying reasons.

For example, when a share moves from having been held for under one year to over one year, our provision for tax payable on any unrealised capital gain falls by one third. So, even if the pre tax return (for pensioners) was zero that day, there would be a positive return for Superannuation members due solely to the reduction in tax (which would appear as a positive return for Superannuation members). There are other similar tax events that can result in positive or negative tax changes on any day.

- ▶ Whilst one may expect changes in Pension unit prices to be greater than Superannuation member unit prices, this is not always the case, again, for tax reasons. When returns fall, tax provisions also fall, so the after tax return will be greater than the pre tax return, resulting in higher unit price changes for Superannuation members during that period.

Are there any fees for switching between investment options?

- ▶ Currently AGEST does not charge a fee for investment switching.
- ▶ AGEST does however reserve the right to limit the number of switches that a member makes or to charge a fee, if the frequency of switches is excessive and impacts adversely on the fund.
- ▶ We would give you at least 30 days notice if any fees were to be levied for future switches.

Which unit prices are used to process transactions?

TRANSACTION DESCRIPTION	DATE OF UNIT PRICE TO BE USED TO PROCESS THE TRANSACTION
Money into your account	
Contributions	The day we receive your money.
Rollovers into the fund	The day we receive your money.
Insurance proceeds	The day we receive your money.
Money out of your account	
Pension payments and lump sum withdrawals	Latest available unit price on the morning of the day when we are processing the payment.
Fees and charges (including insurance premiums)	Effective date of the transaction.
Investment option changes	
Switch out	Next business day after receipt of the switch request.
Switch in	Next business day after receipt of the switch request.
Internal transfers (such as the merging of multiple accounts for the one member, contribution splitting with a spouse's AGEST account or the transfer to or from an AGEST pension account)	
Transfer out	Latest available unit price on the morning of the day when we are processing the transfer.
Transfer in	Latest available unit price on the morning of the day when we are processing the transfer.

You can find AGEST's unit prices at www.agemst.com.au.

There are two sets of unit prices - one for accumulation accounts and one for account-based pensions.

There is a unit price for every day of the year, including weekends and public holidays.

Want more information ?

You may wish to attend one of our many seminars run throughout the country. For more information on our seminars or to register, please go to www.agemst.com.au or email seminars@agemst.com.au.

You can contact our Member Services Manager, Louise Aracas on (03) 9674 9321 or email louise.aracas@agemst.com.au

