‘Swinging’ single pricing (fund pricing)

What you need to know?

Change to the pricing of the funds (dual to single pricing)
The pricing of units/shares of some of our funds is currently done on a ‘dual pricing’ basis. This means that two prices are calculated each day:

− the ‘offer’ price (the price at which an investor buys units/shares in a fund); and
− the ‘bid’ price (the price at which investors can sell their units/shares in a fund).

With effect from the 21 January 2019, units/shares in the Rathbones funds will be single-priced which means one price is issued for the each fund at each valuation point. Both buying and selling in units/shares will be based on this single price.

‘Swinging’ single pricing... but why?
We intend to operate a ‘swinging’ single pricing mechanism. This mechanism is intended to ensure the fair treatment of all the investors because it helps to make sure investors are not materially disadvantaged by the impact of others’ selling or buying.

How does ‘swinging’ single pricing work?
As investors trade daily in and out of funds (which will of course cause the fund to grow or shrink respectively), ‘swinging’ single pricing is designed to minimise the effect on the value of the fund as a result of the costs incurred in dealing in the underlying investments. The sell or buy price for deals can be adjusted (swung) to offset the transactional costs associated with sales or purchases. This means existing investors in the fund are not impacted by such costs.

The actual cost for us buying or selling a funds’ investments may be higher or lower than the mid-market value used in calculating the unit/share price for the fund – for example, due to dealing charges, or through dealing in assets at prices other than the mid-market price. The fund may suffer a reduction in value as a result of any spread between the purchase and sale prices of those investments. To prevent this disadvantage, when net purchases or net sales of units/shares in a fund exceed a set threshold, we will swing the price either up or down. So for publication purposes, we will not publish prices labelled ‘bid’ and ‘offer’, just the single price.

It is important to remember that swing pricing can sometimes make the fund seem slightly more volatile than it otherwise might have been.
The main takeaways

- Dual pricing and single pricing are both designed to protect the interests of existing investors in a fund.
- ‘Swinging’ single pricing does not impose additional charges on your investments.
- Single pricing is now the most commonly used methodology in the fund industry.
- We believe that moving to single pricing provides a greater level of simplicity at a particular valuation point and is easier to understand.
- A single price is applied to any transaction whether you are buying or selling units/shares in the fund – all investors always buy and sell at the same current price.
- Lastly, ‘swinging’ single pricing ensures fairness to all investors and compliance with all applicable rules and regulations.

Past performance should not be seen as an indication of future performance. The value of investments and the income from them may go down as well as up and you may not get back your original investment.