

Week 08: Exercise

With swing pricing, a single price is issued, which all clients will buy and sell at this particular price. To calculate the dealing price, the administrator calculates the net asset value (NAV) for the fund before consideration of payments and redemptions and then adjusts ("swings") the NAV by a pre-determined amount. The direction of this swing depends on whether the fund is undergoing net inflows or net outflows on the dealing day, while the scale of the swing is based on pre-determined approximations of the average trading costs of the basic investment. Whether or not a swing is applied to the single price will depend on whether net subscriptions or net redemptions on a particular day exceed the threshold (if any) stated in the Prospectus.