

# It's easier than you think to invest offshore: just consider these 5 facts

In light of current financial, political, and global challenges, South Africans are increasingly seeking ways to bolster their financial stability and pursue wealth within a more secure framework.



Source: [Pexels](#)

The world of offshore investments is no longer an exclusive domain reserved for the wealthy elite; it has become accessible and more affordable than ever.

Let's explore the five essential facts you need to consider before embarking on your offshore investment journey:

- **You may have enough.** Many investors saving to retire in South Africa through a domestic balanced fund may already have the appropriate level of offshore exposure to fund their future liabilities in rand. This is because Regulation 28 now permits investment managers to hold up to 45% of international assets.

- **But you may need more.** Investors who can invest beyond what they need to fund a retirement income in rand terms will benefit from additional international exposure in their overall investment portfolio.

When we earn a salary or income in South Africa, we are all exposed to the domestic economy. As such, country-specific challenges and the volatility of the rand can materially impact the purchasing power of our income over time

as many consumer products such as fuel, food and technology are priced in foreign currencies and are imported.

You may also have future international expenses, such as education and travel, or plan not to retire in South Africa. In all these instances, it is sensible and probably prudent to build up a pot of capital outside of South Africa which can effectively assist in meeting your long-term financial planning objectives.

- **It's more straightforward and more accessible than you think.** You can invest your rands in a South African fund that invests all or part of its underlying assets internationally or via an offshore fund. The latter option diversifies jurisdiction risk and allows settlement in foreign currency, making it easier to fund those future international expenses mentioned above.



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Katja Hamilton 19 Oct 2023



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- **But what about the paperwork and minimum investment requirements?** Offshore investments can be funded from your existing foreign-currency holdings or your annual single discretionary allowance of R1m. This allowance is available to all South Africans over 18 without any tax-clearance requirements (i.e., minimal paperwork).

Some incentives exist making it more accessible, for instance, Coronation has made its offshore funds more accessible by reducing the minimum initial investment required to \$500.

Domestic banks are also making it easier and more affordable to obtain foreign exchange and open a foreign-currency bank account, while the emergence of global money apps such as Standard Bank's Shyft is also making it easier to turn rands into foreign currency.

- **How do I choose the right fund for my future offshore expenses?** You need to go for an offshore fund range that is easy to understand and specifically tailored to meet critical investor needs, simplifying the fund-selection process for new investors.

Funds that span across global markets and asset classes will be well-positioned to meet the needs of most long-term global investors, and those who are more risk averse and have shorter-term capital preservation needs can also seek out lower-risk fund alternatives.

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