



# Investing Offshore For South African Expats

Using your international  
status to secure your  
perfect tomorrow

Once you make the decision to leave South Africa, your expat status immediately opens up numerous investing opportunities. It also impacts the way you manage your wealth back home too.

**Whether you have been based outside of South Africa for decades, or just made the leap to your new expat life there are a host of key benefits to your new status, namely in the way you save and invest for the mid-long-term future.**

Of course, something as important as investing for your future can't be completely covered in one e-book. However, this guide will provide you with the knowledge to make informed decisions about how best to protect and grow your wealth whilst living abroad as a South African national.



“You may believe that now you are out of South Africa that your investments must either remain in South Africa or be located in your current home country, but potentially the greatest opportunities are now available to save and invest internationally”

**Christopher Bowler**

Senior Financial Advisor and  
South African Expat Expert



# Financial Control At Your Fingertips. Wherever You Are In The World

Combining a wealth of experience, with global coverage and local knowledge, Skybound Wealth Management is a leading International Independent Financial Advisory Company. For over 20 years, we have been providing global client-conscious financial advice.

Through a combination of passion for what we do, a desire to innovate and our ambition to define the future of the offshore advice industry, we aim to be the anchor that keeps you grounded whilst allowing your investments to soar.

We do this by delivering bespoke financial plans for the immediate future and for the long-term security of you & your family. This means you can live for today, knowing tomorrow is taken care of.





● CURRENT OFFICES

# Investing In Hard Currencies

The Rand, like many currencies has suffered its fair share of volatility over the years. As an expat you are most likely receiving a higher income and being paid in either USD, EUR or GBP, and it's worth considering utilising these currencies to diversify your investment portfolio.



The above chart shows how the Rand has fared against other currencies since 1995.

Diversifying your exposure in major hard currencies such as GBP, USD and EUR helps to reduce your exposure to the potential volatility of the Rand.

**It's also worth considering where you might choose to retire and making provisions to ensure your retirement pot isn't unnecessarily losing value due to exchange rates and the fees associated.**




# Keeping Equity Exposure Outside of South Africa Of Your Retirement Account

Since the early 1990's, South African investors have been made to keep the majority of their pension portfolio's equity exposure within South African companies, with only 30% allowed to be invested offshore. And even though this increased to 45% earlier this year, it still makes it vital that you maximise the diversity of your investments sufficiently to ensure you aren't completely at the mercy of one nation's markets and the South African economy.

The JSE (Johannesburg Stock Exchange) has 442 listed securities, with a total market cap of \$1.36 Trillion USD (ZAR equivalent). In comparison, the current global market capitalization (all the global equity combined) sits at \$93,000,000,000\* meaning that South African companies currently only contribute to 1.21% of total global equity.

Holding 45% of your equity in currently 1.2% of all global equity and can potentially increase levels of risk and dependency on the South African economy and the performance of companies based there in order to drive portfolio returns.

Luckily, now you hold exclusive expat status, investing in offshore jurisdictions allows you to hold 100% in equity markets on a global scale for your retirement, including the US, China and Europe.





# Protection of Your Assets!

With something as important as planning for the future, you can't put a price on peace of mind. Throughout history, banks often seen as being too big to fail have done exactly that. And while savers in the UK have their deposit protected up to £85,000, and the US provides insurance up to \$250,000, savers with South African banks are only protected up to 100,000 ZAR or \$6,521 USD.

While it's not an everyday occurrence, using your international status to protect your wealth helps provide you with peace of mind, knowing more of your wealth is protected.





# International Portability and Tax Efficiency

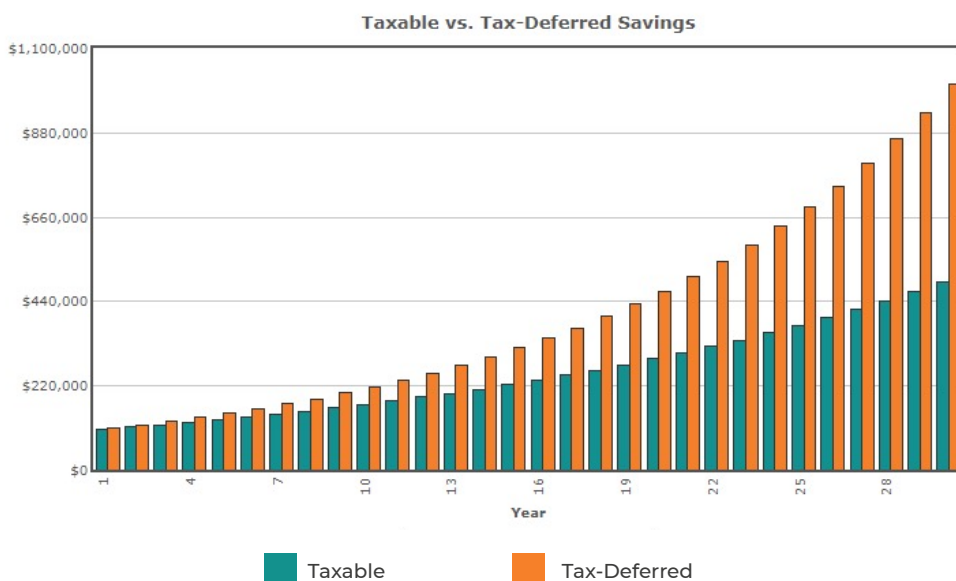
Being an expat, your future and where you eventually retire has probably not been decided yet. Or if it has, its likely to change!

Investing offshore in a jurisdiction different to your home and your current location provides you with the ability to travel around the globe during your working career whilst continuing to save in a tax efficient environment via the same account.

Although it's not always the case with some countries, many provide the opportunity to reduce, or even completely eliminate tax on your investment growth.

When you consider Capital Gains Tax in South Africa is currently included within your income tax and stands at anywhere between 18%-40%, this is something you must consider so as to ensure you aren't needlessly sacrificing a large chunk of your wealth through capital gains for no reason.

The image below demonstrates how the benefit of investing in a tax efficient environment reaps the rewards of your policy over the medium-long term.





### **Christopher Bowler**

Senior Financial Advisor and  
South African Expat Expert

Christopher Bowler is a Senior Financial Adviser with Skybound Wealth Management based in London, UK. Christopher is a member of the Chartered Institute of Securities and Investments. He started his career with Skybound in Geneva, Switzerland and for several years advised expats from a wide range of different nationalities and in companies such as Procter and Gamble, PepsiCO, Novartis, Roche and Glencore. You can find out more about Christopher by clicking [here](#).

“Of course, every individual circumstance is different so it is always vital that you speak to a professional advisor who can help you plan in line with your attitude to risk and investing goals.”



Skybound is part of a group of several organisations, each of which is regulated in the respective jurisdictions where they are based. With specialist product divisions covering matters such as Pensions, Repatriation and Investments, and specialist teams dedicated to assisting international workers from nations such as the UK, US, South Africa and Australia, we are perfectly placed to help you wherever your expat journey may take you.



## Securing Your Future.

Wherever You Are Today.

We exist to educate and guide you through the important decisions required today, to ensure you benefit from the freedom of tomorrow.