

The world is your (investment) oyster

It used to be exclusively for the super-wealthy. Now, offshore investing forms an important part of your portfolio construction. Myriad investors, looking to diversify beyond what is offered locally, are seeing the benefits of taking some of their discretionary money into foreign markets – and not just because of poor performance in local markets.

Andrew Brochie, Managing Director at Glacier International shares some insights into why it's a good idea to include offshore investing as part of a diversified portfolio and some tips for hassle-free investing abroad.

The size of the opportunity

The South African market offers access to investment in various companies and sectors, but the opportunities in the local market make up less than 1% of the global market. This illustrates the size of the opportunity beyond our borders. Of course, where to invest and the funds to include in your portfolio can be daunting, which is why guidance from a trusted financial services provider is important.

Simplicity is key

Most first-time offshore investors are apprehensive as the process may be cumbersome and the regulatory environment unknown. Investors are looking for processes that are easy to understand and engage with, and general guidance to navigate this world. They also want a trusted forex service provider to assist with tax clearance and foreign exchange.

Less money required to invest

For many, investing a few thousand US dollars in a foreign market (which could equate to many hundreds of thousands of rands in current exchange rates), is not within their means, but the world is changing, says Andrew. Lower investment minimums allow for greater access for more individual investors. Products with a lower minimum investment amount of R100 000 widen the opportunities to optimally allocate capital between local and offshore investment products.

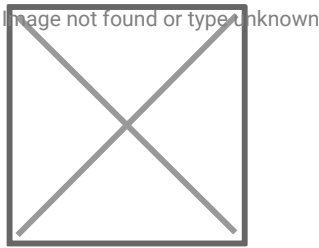
Andrew Brochie's five tips for hassle-free offshore investing

1. Appoint a qualified financial adviser. Even with simple processes, offshore investing can be overwhelming, and it isn't sensible to embark on any kind of investment without involving a qualified financial adviser. They would partner with you to design an investment portfolio, tailored to your unique needs and risk profile. They have the training and skill to assist you, so let them.
2. Consider the red tape. Consider solutions and products that, administratively, enable you to invest offshore with relative ease. Legal and tax implications need to be taken into account in the planning process when investments are being made in foreign currency. If they are not factored into the product or the planning, these implications could be costly.
3. Consider investing part of your retirement savings. If you have opted for early retirement or have been retrenched, perhaps consider investing a portion of your retirement fund offshore. You're allowed to withdraw up to a third as a lumpsum on retirement or retrenchment. You could diversify that capital by investing in foreign markets, industries and funds.
4. Choose an investment partner with a proven track record locally and abroad. The offshore fund universe is large with many unfamiliar asset managers and funds. Your investment partner provides guidance to help you make good offshore investment choices, so the partner you choose is key. Reputation and research are of paramount importance, and not enough can be said about an investment partner that:
 - Has a reputable brand and has been around for longer than a decade;
 - Has a strong research capability and the skill to do deep-dive study of funds and asset managers; and
 - Has a long-standing track record in the investment industry.
5. Look for transparency in the investment proposition. In a nutshell, consider one that is:
 - well-researched;
 - is offered by a provider with a good reputation and track record;
 - has good levels of feedback reporting; and
 - provides you with access to information.

You don't want to have to work hard to get information about your portfolio or how it is doing. After all, that is why you are investing offshore.

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Andrew Brotchie

Andrew Brotchie was appointed as managing director of Glacier International on 1 January 2015, prior to which he was head of product and investments with Glacier International from March 2011. Before joining Glacier International, Andrew spent more than 10 years working in the international investment arena (in South Africa, the United Kingdom, Hong Kong, Singapore and Taiwan), in the areas of business development, product and investments, and managing an investment advisory firm. He has a BA (Honours) in History and Politics and an MBA in International Management, both from the University of Exeter in the UK.

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