

How offshore ETFs can add value to your investment portfolio

An exchange traded fund (ETF) is a type of security that tracks an [index](#), sector, commodity, or any other asset. It offers cost-effective access to indices across various industries and geographies. Marc Krom, Regional Manager at Glacier International explains how ETFs – available on Glacier International's platform – bring you into the realm of global investing, with the added advantage of simple administration, saving you time, effort and costs.

Offshore ETFs offer wide choice beyond our borders

Whether you're a small or large investor, says Marc, ETFs can be a good investment vehicle if you're looking to broaden the diversity of your portfolio without the time, effort and skill it takes to analyse hundreds of individual stocks or markets.

Offshore investing offers access to markets with different growth cycles to the local ones. There are 11 sectors offshore to choose from compared to South Africa's primary three – resources, financials and industrials.

Cutting the red tape

We've taken the heavy lifting out of the process for investors, says Marc. Traditionally, to include an ETF in your portfolio, you'd need to open a custody or stock broking account to place the order.

Glacier International has enabled access to a wide range of ETFs that can be purchased directly off its platform. With no additional custody accounts required, this creates a simple and cost-efficient way of adding global ETFs to your portfolio.

Seven reasons why an ETF is a smart addition to your investment portfolio

We know that investors are continually looking for simple, cost-efficient ways to enhance their investment portfolios both locally and abroad, so an offshore ETF offers:

1. Transparency – ETFs show every security currently in the fund, so that you know exactly what you own.

2. Flexibility – ETFs provide exposure to enhance your core portfolio as well as your tactical investment strategy.
3. Cost-effectiveness – ETFs often have lower expense ratios compared to other investment vehicles.
4. Liquidity – ETFs are listed on exchanges and can be traded at any time.
5. Diversification – ETFs offer a single source of instant exposure to returns from diverse securities.
6. Access. ETFs are available directly on the Glacier International platform with no additional paperwork and fees required to open custody accounts.
7. Tax efficiency. Capital gains tax is limited as the trading of the underlying portfolio of securities does not incur capital gains tax as would be the case if each of the securities was held independently by the investor.

Before you decide to invest in an offshore ETF, says Marc, start by determining the appropriate offshore portfolio to meet your investment objectives. Your appropriately authorised financial adviser is well-placed to determine the best solutions based on your requirements. As with all financial planning, unless you're a skilled, qualified expert, decisions about investing and the vehicles to opt for, should be made with your adviser.

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