BEACON WEALTH SOLUTIONS
OFFSHORE SOLUTIONS

The Beacon Wealth Solutions Offshore model focuses on managing costs and controlling asset allocation. The asset managers selected use an index tracking approach and, where available, utilise an ESG factor tilt to provide investors with a Responsible Investment strategy. This solution is available through an asset swap ZAR denominated model portfolio. In the asset swap fund you hold a Rand investment, so you are also exposed to Rand/Dollar exchange rate volatility.

WHY INVEST OFFSHORE?

South Africa only makes up 0.7% of the World Index. South African investors who have discretionary funds to invest could consider offshore investing to diversify their risk across various regions and asset classes. By investing offshore, investors will benefit from different market exposure in their discretionary assets. Global exposure also provides some protection against sovereign risk. In addition, offshore investing allows clients to do asset and liability matching. For clients who are expecting to incur expenses in foreign currency in future, such as tertiary education, earning global returns in foreign currency could be useful. Clients can invest offshore in two ways; either through a Rand denominated unit trust that invests in offshore assets, but returns are earned in ZAR, or a Foreign Denominated fund where returns are earned in base currency.

THE SOLUTION

RAND BASED ASSET SWAP FUNDS AVAILABLE ON LOCAL LISP PLATFORMS	BENCHMARK
Beacon Wealth Solutions Offshore Portfolio	US Inflation plus 4%

UNDERLYING EXPOSURE

ASSET CLASS	UNDERLYING FUND OF ASSET SWAP	EXPOSURE
Developed Markets Equity	Old Mutual MSCI World ESG Index Feeder Fund	MSCI World ESG Index
Emerging Markets Equity	Old Mutual MSCI Emerging Markets ESG Index Feeder Fund	MSCI Emerging Markets ESG Index
	Prescient China Balanced Feeder Fund	MSCI Emerging Markets Index
Global Aggregate Bonds	Stylo Global Bond Fund of Funds	Barclays Global Aggregate Bond

FEES

For more information on our portfolio fees, please refer to our portfolio fact sheets.

SERVICES OFFERED

- Manager research and feedback
- Asset allocation
- Monthly and quarterly client reporting
- Ongoing performance monitoring and measurement

WHY ASSET SWAP INVESTMENTS THROUGH UNIT TRUSTS?

- Gain full exposure to offshore asset classes but returns reported in Rand.
- Investing through the Asset Swap Fund does not require offshore clearance from the Reserve bank and therefore discretionary investments are not limited. It also allows investors to gain additional foreign exposure when their direct offshore allowance is maximised.
- Exposure to global assets but exposed to Rand volatility.
- Ease of investment for investors with a smaller lump sum and allows for ease of investing monthly contributions.
- Investors are subject to individual Capital Gains Tax (CGT) rates based on the investor's individual tax rates when investing through a discretionary investment vehicle. Investors can also invest through an endowment structure, and it is therefore subject to a fixed corporate tax rate.
- Asset management fees are subject to VAT.
- Tax is payable on the returns based in ZAR.

CONCLUSION

For investors who want global exposure, deciding which investment vehicle to use depends on the personal circumstances of the investor. Asset swap unit trusts are simple and easier to administer than investing offshore, as no offshore capacity needs to be used or applied. Investors wanting to diversify their portfolios outside South Africa, without having to meet minimum investment requirements, would therefore benefit from the asset swap investment option.

For more information on how you can partner with us, please contact:

BRAND COETZEE
Cell: 082 783 3002
Email: brand@beacongroup.co.za

ZANO COETZEE
Cell: 082 821 8021
Email: zano@beacongroup.co.za