

OFFSHORE  
INVESTMENT  
PLATFORM

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## WHY INVEST OFFSHORE?

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“Investing offshore allows you to spread your investment risk across different economies, regions and currencies.”

### **Why invest offshore?**

Investing offshore allows you to spread your investment risk across different economies, regions and currencies. It also gives you access to industries and companies that may not be available locally and, in doing so, increases your potential to earn returns under different market conditions.

Offshore investments may perform better at times than local investments, and vice versa, depending on various factors, such as global economic conditions and exchange rates. Diversifying your investment portfolio with offshore exposure can be an effective way to mitigate risk and weakness and foreign currency fluctuations, which heavily influence the price of food, petrol and other goods and services

Over the years, South African exchange control regulations, which limit the amount that you can transfer or invest abroad, have been relaxed considerably, making it easier to invest directly offshore using your single discretionary allowance and foreign investment allowance. Of course, you can go directly to an offshore manager, but investing via a platform is much easier.

Invest via the Allan Gray Offshore Investment Platform to enjoy choice, simplicity, flexibility and service excellence.

## INVESTING VIA THE ALLAN GRAY OFFSHORE INVESTMENT PLATFORM

### Investing via the Allan Gray Offshore Investment Platform

Navigating the world of offshore investing can feel overwhelming because of the sheer volume of global unit trusts available to choose from. In addition, the process of investing with different foreign managers can be administratively demanding owing to the complexities of investing in multiple jurisdictions that may carry different regulatory requirements governing how you can access your funds.

Using an offshore investment platform can help when it comes to narrowing down the options and dealing with the associated administration. Furthermore, the minimum investment required is typically lower than when investing directly with a manager, and there are benefits from an estate-planning and capital gains tax perspective.

Domiciled and regulated in South Africa, the Allan Gray Offshore Investment Platform gives you access to a range of carefully selected foreign currency unit trusts managed by offshore investment managers, across the risk spectrum, with different investment styles and in different regions, including those managed by our offshore partner, Orbis. All the unit trusts listed undergo an independent fund-rating process to assist with decision-making.

### Three key benefits:

- **Control and flexibility**

You can choose the unit trusts that best suit your needs, add to your investment when you want to and access your money at any time – although we encourage a long-term approach.

- **One point of contact, consolidated reporting and transacting**

As with your local investments, you can interact with our Client Service Centre and you can view and transact on your offshore investments through Allan Gray Online.

- **Help with administration**

We can assist you with the administrative requirements involved in taking your money offshore.

HOW TO INVEST OFFSHORE VIA THE  
ALLAN GRAY OFFSHORE INVESTMENT PLATFORM

When you invest via the Allan Gray Offshore Investment Platform, your investment is in foreign currency and you will need to use your own single discretionary allowance (SDA) and/or your foreign investment allowance, as prescribed by the South African Reserve

Bank (see the FAQ table on page 7 for more information). It is your responsibility to ensure that you have received the necessary exchange control approvals and/or authorisations to make the investment.

There are two payment options:

Invest using rand	Invest using foreign currency
<p><i>Investing using your SDA</i></p> <p>You can deposit rand with us and use your single discretionary allowance (SDA) of R1 million per calendar year to invest offshore. Allan Gray will facilitate the conversion of these rand into the foreign currency of the unit trust(s) you want to invest in. We currently accept amounts of up to R1 million.</p> <p>It is your responsibility to ensure that you do not exceed your R1 million SDA limit across all your foreign spend, which includes monetary gifts, loans, foreign travel expenses, maintenance and offshore credit.</p>	<p>We accept US dollars, British pounds, euros, Australian dollars and Japanese yen. If you are investing in unit trusts that trade in different currencies, you can transfer a single currency into the appropriate bank account and Allan Gray will facilitate the necessary currency conversions.</p> <p>If you need to exchange your rand for foreign currency, we can assist with the administrative requirements of taking your money offshore. We have negotiated preferential rates with an independent foreign exchange provider who can assist you with applying for tax clearance, currency conversion and the transferring of foreign currency into Allan Gray's offshore bank accounts. Alternatively, you can choose your own foreign exchange provider.</p>
Investment minimums	
<ul style="list-style-type: none"><li>▪ R50 000 initial lump sum (R5 000 per unit trust)</li><li>▪ R5 000 for additional contributions</li></ul>	<ul style="list-style-type: none"><li>▪ US\$3 500 (or other currency equivalent) initial lump sum (a minimum of US\$400, or other currency equivalent, applies per unit trust)</li><li>▪ US\$400 (or other currency equivalent) for additional contributions</li></ul>

WHAT FEES ARE APPLICABLE?

Investment management fees

These are annual fees charged by each unit trust’s investment manager for investment management. They are deducted within the unit trust and are therefore accounted for in the unit trust’s published performance figures. The fee structures vary between unit trusts; fees may be fixed or based on the performance of the unit trust.

Administration fees

Our fee for the administration of your investment is based on the market value (converted to US dollars, where applicable) across all local and offshore platform investments linked to your investor number (i.e. your “total investment value”). The tables below outline our tiered administration fees.

If your total investment value is less than R50 000 (or the equivalent in US dollars),

the tiers below will not apply and we will charge you a flat annual administration fee of 1.00% (excl. VAT).

Annual administration fees will be deducted from your investment account by selling units.

VAT will be included, where applicable.

Advice fees

Financial adviser fees are agreed between you and your adviser for financial advice and services provided. Initial fees are subject to a maximum of 3.00%. The annual fee is subject to a maximum of 1.00%, unless the initial fee exceeds 1.50%, in which case the maximum annual fee is 0.50%.

Annual administration fee (excluding VAT)	Standard
First US\$200 000	0.50%
Next US\$800 000	0.20%
Balance over US\$1 million	0.10%

Annual administration fee (excluding VAT)	Certain Allan Gray and Orbis unit trusts
First US\$600 000	0.30%
Next US\$400 000	0.20%
Balance over US\$1 million	0.10%

## FREQUENTY ASKED QUESTIONS

Who can invest?	<ul style="list-style-type: none"><li>▪ African residents (i.e. private individuals) over the age of 18</li><li>▪ South Africans who temporarily live in another country, but have not emigrated for tax purposes; they are still deemed to be SA residents by the South African Reserve Bank (SARB)</li></ul> <p>Note that some investment managers whose unit trusts are listed on the Allan Gray Offshore Investment Platform have country-specific restrictions regarding who can invest.</p>
Are there annual investment limits?	<p>To invest via the Allan Gray Offshore Investment Platform, you make use of your own offshore allowance or money that is already offshore. The SARB has rules about how much money SA individuals are allowed to take offshore for different purposes:</p> <p>Individuals older than 18 have an annual allowance of R11 million to invest offshore, split into two parts:</p> <ul style="list-style-type: none"><li>▪ R1 million single discretionary allowance (SDA)</li><li>▪ R10 million foreign investment allowance (FIA)</li></ul> <p>SA residents may use their R1 million SDA for investment purposes without obtaining tax clearance from SARS. Any amount over R1 million requires a SARS tax compliance status verification result to be obtained and provided to the authorised dealer before the funds can be transferred offshore.</p> <p>If you have reached your annual personal foreign investment limit, you will need specific approval from the SARB to invest more offshore.</p>
How can you access your money?	<ul style="list-style-type: none"><li>▪ You can withdraw at any time.</li><li>▪ Proceeds can be paid into a foreign or local bank account in your name. These payments may incur bank charges and there are fees associated with converting currencies.</li><li>▪ Proceeds are paid in the unit trust's currency.</li></ul>

<p><b>Does the investment form part of your estate on your death?</b></p>	<p>The offshore investment will be included in your estate for estate duty purposes. If you are a South African resident, estate duty will be levied on your estate and applied to your worldwide assets. If you are not a South African resident, estate duty will be levied on your South African assets. For assets registered in certain foreign countries, you may have to pay additional estate and inheritance taxes in the foreign country, even if you are not a resident of that country. If South Africa has a double taxation agreement in place with the foreign country, you may not have to pay estate tax twice.</p> <p>Executor fees will be payable to a South African executor, unless the estate is administered by a foreign executor.</p>
<p><b>How will the investment be treated on your death?</b></p>	<p>The investment can be dealt with by a local or foreign executor according to your local or foreign will – if a valid letter of executorship or the equivalent is provided.</p> <p>Currently, probate is not applicable to investments made via the Allan Gray Offshore Investment Platform.</p>
<p><b>Do the funds need to be repatriated on your death?</b></p>	<p>On instruction from the executor, the funds can be transferred to a nominated beneficiary stipulated in your will. The funds do not need to be repatriated.</p>
<p><b>What taxes will apply to a South African tax resident individual?</b></p>	<p>A capital gain or loss on unit trust investments will only be triggered once you sell the units (e.g. when you switch between unit trusts, withdraw or pay fees). Forty percent of the capital gain is taxed at your marginal tax rate, but your first R40 000 per tax year is exempt.</p> <p>If you invest directly in foreign currency with a foreign manager or through an offshore platform, you don't pay tax on currency movements while you are invested. When you sell assets bought in a foreign currency, the capital gain or loss is first calculated in foreign currency and then translated into rands using either the average exchange rate (available on the SARS website) or the exchange rate on the date of sale.</p> <p>Foreign dividends are included in your taxable income and are taxed at an effective rate of 20%. The full value of foreign interest is included in your taxable income. The unit trust may also be subject to foreign withholding taxes on foreign income received.</p> <p>Allan Gray provides tax certificates to investors annually. You are responsible for tax reporting and payment.</p>



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