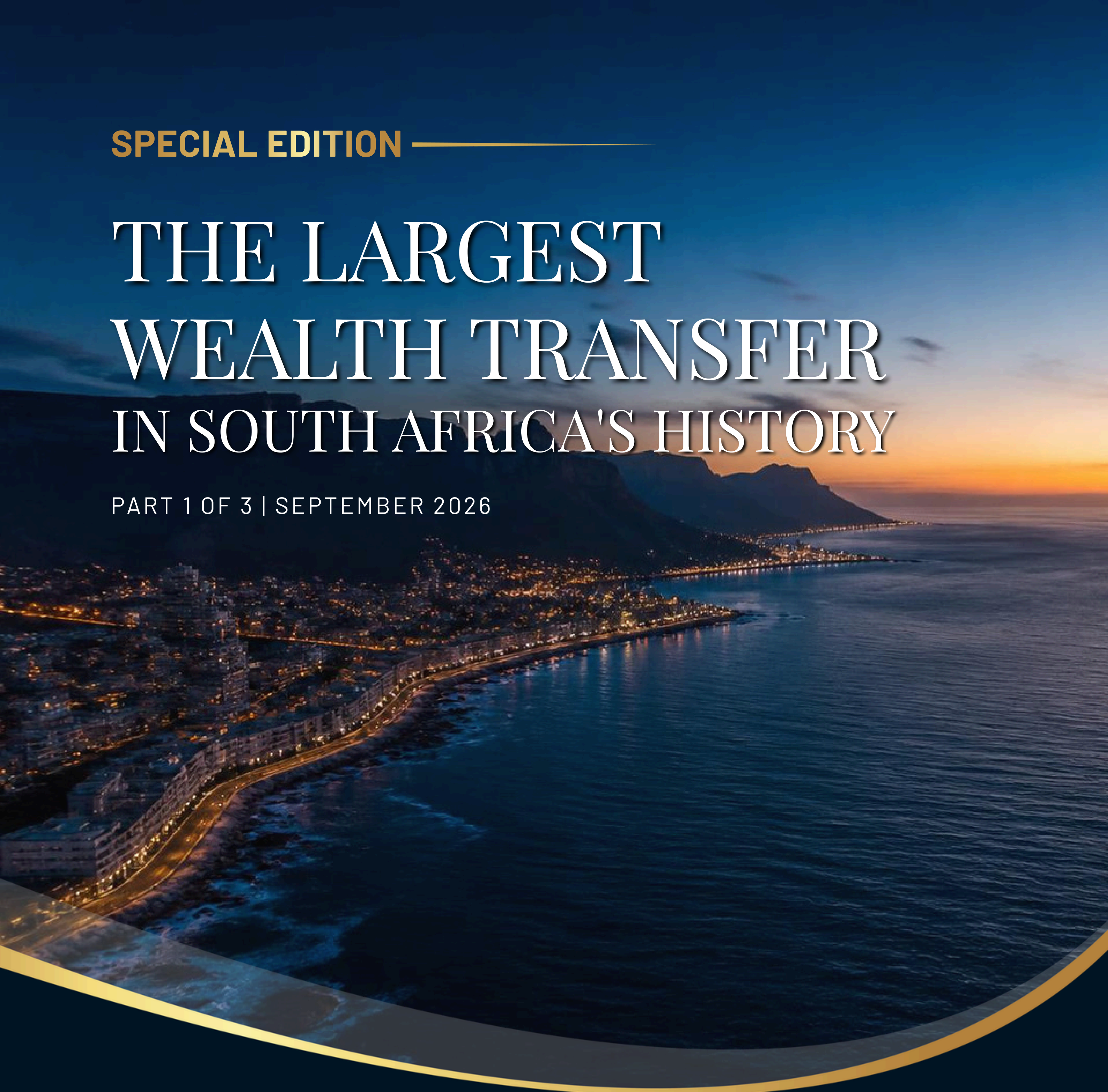

SPECIAL EDITION

THE LARGEST WEALTH TRANSFER IN SOUTH AFRICA'S HISTORY

PART 1 OF 3 | SEPTEMBER 2026

BRENTHURST WEALTH

INVEST BETTER *with* BRENTHURST

BUILDING WEALTH SINCE 2004

INSIGHTS BY MAGNUS HEYSTEK

FSP No. 7833

A WORD FROM MAGNUS HEYSTEK

DIRECTOR & INVESTMENT STRATEGIST

Dear Client,

For more than a decade, I have argued that South African investors should look beyond our borders when building and protecting their wealth.

When the offshore investment allowance was significantly increased in 2015, few could have predicted how important that change would become. What followed was not simply an increase in offshore investing, but a fundamental shift in how South Africans think about wealth, diversification and financial security.

Since then, more than a trillion rand has flowed offshore through these channels. Much of this capital has been invested in global financial markets, creating a substantial pool of foreign assets now owned by South African households and investors.

In this special three-part series, I examine how we arrived here, how much capital has moved offshore, where that money has gone and, perhaps most importantly, what it may be worth today.

The numbers tell a remarkable story. Behind them lies something even more significant: a generation of South Africans has quietly internationalised a meaningful portion of its wealth.

This is the first chapter in that story.

Magnus Heystek

Magnus Heystek
Investment Strategist & Director | Brenthurst Wealth

BizNews

In February 2015, a single line in the Budget lifted South Africans' offshore investment allowance from R4m to R10m - barely noticed at the time.

A decade on, Brenthurst Wealth's Magnus Heystek - once branded "Dr Doom" for urging clients offshore - tallies the result: roughly R1.25 trillion legally externalised, now arguably worth R2 trillion-plus thanks to rand depreciation and global equity gains.

He unpacks where it went, why local asset managers, such as Coronation, stagnated while Allan Gray and Ninety One thrived, and why he believes this "internationalisation of household balance sheets", not capital flight, is why older South Africans have largely stopped emigrating.

GOING GLOBAL with BRENTHURST

THE LARGEST WEALTH TRANSFER IN SOUTH AFRICA'S HISTORY

When the announcement was made in the February 2015 Budget it went almost unnoticed. In fact, it was a single line entry in the supplementary budget and was mostly missed by the pack of media commentors and analysts.

But there it was: **a massive jump in the foreign investment allowance from R4m to R10m,** while **the annual single discretionary allowance (SDA) was increased to R1m per year** as from 1st April 2015.

It took a few days to realise that exchange control for 99% of SA taxpayers had been scrapped. **The floodgates to offshore investments were opened** and what followed, in the subsequent 10 years and more, has been **the largest transfer of wealth in SA's history.**

This article will illustrate that

> ## MORE THAN R1.3 TRILLION
> **HAS LEGALLY LEFT SOUTH AFRICA SINCE 1 APRIL 2015**
>
> **dramatically changing the investment world for South African investors and their advisors.**

The biggest casualty of this massive outflow of capital was primarily the local asset managers, who battled vainly to stem the outflow, with little success. Campaigns were launched proclaiming "local is lekker" and anyone who advocated offshore investments, as I did, was labelled a doomsayer, disloyal and, in some cases, stupid.

Some analysts called it "capital flight" in an attempt to attach a negative connotation to this trend, but it was purely a natural reaction from wealthy and sometimes not-so-wealthy investors trying to put some distance between the engulfing chaos and their wealth. **I would call it smart.**

In 2016, SA's foremost finance publication Financial Mail called me **Dr Doom** for strongly recommending offshore diversification to retail investors. One of its regular commentators, Dr Stuart Theobald, wrote an article about how readers/investors should ignore the calls from those who advocated offshore investing, calling it a circus. He neglected to mention that the Johannesburg Stock Exchange was his client.

But the industry underestimated the massive demand for offshore diversification. Those institutions who tried to stem the tide have not seen much growth in their respective asset bases. Most local asset managers, without a compelling offshore offering, have seen very little in the form of new flows.

The assets under management (AUM) of Coronation, for instance, tells the story. Their AUM in 2015 was R610 billion. Today it's barely much higher, at R778 billion after 10 years of growth. I suspect the same has happened with most of the major players, while the smaller outfits have seen their AUMs shrink considerably.

R610 BILLION	VS	R778 BILLION
Coronation AUM in 2015		*Coronation AUM today*

Biggest gainers, most probably, would be Allan Gray with its established Orbis-range of funds and Ninety One, who years ago made their move offshore. But today most SA investors have become familiar with global giants such as Vanguard, Blackrock, Templeton and Fidelity, for instance.

Even today, there are some asset managers vainly trying to make a case for local investments, on the basis that it is "very cheap". That might be the case, but that's not what private investors want. They want their discretionary investments in another jurisdiction, at any cost.

Today, the current value of privately held portfolio assets – which I estimate to be around R3 trillion – are worth more than locally held investments in share portfolios, collective investments or other equity-based portfolios.

HOW MUCH HAS MOVED OFFSHORE?

So how much was actually transferred out of SA and where was it mostly invested? The difficulty is that neither SARB nor SARS publish a simple table saying, "South Africans have used Rxxx trillion of the R10m offshore allowance since 2015." However, one can get surprisingly close from the Balance of Payments reporting codes used by banks.

MY ESTIMATE: ROUGHLY
R1.2–R1.3 TRILLION HAS BEEN EXTERNALISED

Currency Partners data published by Ninety One shows the amounts transferred by South African residents under the relevant individual investment categories - **BoP codes 511 and 512** - from 2016 to 2025.

The chart implies approximates.

YEAR	OFFSHORE INVESTMENT FLOWS
2016	~R85bn
2017	~R84bn
2018	~R66bn
2019	~R66bn
2020	~R127bn
2021	~R158bn
2022	~R137bn
2023	~R137bn
2024	~R165bn
2025	>R160bn
2016 - 2025	~R1.18 trillion

The figures above are read from the Currency Partners chart, so they should be regarded as approximate rather than audited annual totals. Ninety One explicitly says **more than R160bn was externalised in 2025 alone** and that utilisation of offshore allowances has increased significantly over the decade.

Even the massive bull market and stronger rand during 2025 did not stop money flowing offshore. In fact, many investors view the current strength of the rand as an opportunity to remit more money. They are not swallowing the economic Kool Aid served by certain gung-ho economists and fund managers.

Adding a reasonable R50–R70bn estimate for April–December 2015 takes the cumulative figure since the R10m regime began to approximately

> ***R1.23 trillion to R1.26 trillion of gross capital transfers.***

I would, therefore, use about **R1.25 trillion** as the best defensible headline number.

There is an important qualification. The Currency Partners series combines **BoP 511 and 512. Code 512 specifically refers to foreign investment by a resident individual "in respect of the investment allowance",** whereas code 511 covers individual foreign investments not specifically related to that allowance. The permitted categories include shares, bonds, money market instruments, foreign bank deposits, collective investment schemes, property and "other".

So R1.25 trillion is broader than the R10m FIA alone. Unfortunately, publicly available data does not cleanly split the two series. My judgement would be that the true amount transferred specifically using the R10m/FIA channel is probably somewhere around **R800bn – R1.0 trillion,** with the balance going through the smaller discretionary-investment channel and related classifications.

WHERE HAS THE MONEY GONE?

I suspect the overwhelming majority has not gone into foreign bank accounts or villas. It has gone into global financial assets.

My approximate allocation of the cumulative capital would be:

55% - 65%

1. GLOBAL EQUITIES AND EQUITY FUNDS: 55% - 65%.

This would include direct holdings in companies such as Microsoft, Apple, Amazon, Alphabet and Nvidia, but much more importantly global unit trusts, ETFs, offshore wrappers and discretionary portfolios. The popularity of offshore collective investments is substantial. By the end of 2024, foreign-currency collective investment portfolios available to South Africans held about **R975bn in assets,** with 727 offshore portfolios registered for sale.

10% - 15%

2. FOREIGN CASH, MONEY MARKET FUNDS AND BANK DEPOSITS: 10% - 15%

Particularly during periods of political uncertainty or sharp rand weakness, investors often externalise the capital first and decide where to invest later.

10% - 15%

3. GLOBAL BONDS AND FIXED INCOME: 10% - 15%

Mostly through global bond funds, income funds and private bank portfolios.

PERHAPS 5% - 10%

4. OFFSHORE PROPERTY: PERHAPS 5% - 10%

London, Mauritius, Portugal, Dubai, Australia and, increasingly, the US would probably dominate. Property purchases are explicitly permitted under the FIA-reporting categories.

PERHAPS 5% - 10%

5. PRIVATE EQUITY, TRUSTS, STRUCTURED PRODUCTS, CRYPTO AND OTHER ASSETS: PERHAPS 5% - 10%.

WHAT IS IT WORTH TODAY?

There is another point that is easily missed. **R1.25 trillion transferred is not the same as R1.25 trillion currently sitting offshore.** Some money has been repatriated, spent, used to buy property, transferred to children or restructured. Conversely, money invested offshore 10 years ago has appreciated enormously because of both **global equity market growth and rand depreciation.**

For example, money invested offshore in 2016, when the average exchange rate was **R14.70/$**, has subsequently benefited from the weaker rand, as well as the long rise in global equity markets. The Currency Partners data shows average exchange rates ranging from roughly R13–R16/$ in the earlier years to around R18/$ in 2023–2025.

R14.70/$

Approximate average rand exchange rate in 2016

THE NUMBER I FIND MORE INTERESTING

If roughly **R800bn–R1 trillion** of the original transfers went into growth assets, **the current market value of the wealth created from these transfers could easily be R2 trillion or more.**

R2 TRILLION+

POTENTIAL CURRENT MARKET VALUE OF THE WEALTH CREATED FROM THESE TRANSFERS

That is economically much more significant than the original capital outflow. South Africa has effectively developed a large pool of privately-owned foreign assets belonging to households, entrepreneurs and high-net-worth investors.

It also helps explain an apparent paradox: South Africa today has a **positive net international investment position.** In June 2025, the country's foreign assets exceeded foreign liabilities by approximately **R2.475 trillion.**

So, what is sometimes described simply as "capital flight" is partly something else: **South African households have been systematically internationalising their balance sheets.**

To date it is still not clear what prompted government to increase the offshore allowances, which were first introduced in 1998, by a massive 150%. There were no discussions about it beforehand, nor was it even remotely speculated on. Some cynical commentators suggested it was a way for the looters of the Gupta-billions to legally externalise some of their loot, but this could never be proven.

One consequence of this relaxation, as I mentioned during a speech at the BizNews Conference earlier this year, was that SA has actually become a better place for many middle-aged and older individuals who might have been considering emigration, considering the chaos that ruled at the time (and still does).

Emigration amongst older people has completely dropped off and is now mainly concentrated among young graduates who leave in search of discrimination-free job opportunities elsewhere – primarily UK, Australia and New Zealand.

Mom and Pop are happy to stay in SA with their circle of friends, family and hobbies, **but their nest egg is offshore!**

This applies to me. I don't want to emigrate, even though I spend a lot of time in Mauritius. But it is comforting to know there is a Plan B in place in case living in SA becomes totally unbearable or unsafe.


South African households have been systematically internationalising their balance sheets.
The largest wealth transfer in South Africa's history