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BUILDING WEALTH SINCE 2004

IN THIS ISSUE

South Africans face significant concentration risk by relying heavily on the JSE. Global investments broaden exposure across markets, sectors and currencies, reducing dependence on South Africa, the rand and a narrow local economy for wealth.

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WHY YOUR INVESTMENTS MUST BE IN GLOBAL MARKETS

CHARIZE BEUKES | CERTIFIED FINANCIAL PLANNER®, BWM PRETORIA

The JSE has delivered strong returns, but the real question isn't whether South Africa has good investments; it's whether one small, concentrated market should carry your entire retirement.

A strong home bias can leave South Africans overly exposed to the same economy, currency and market. Offshore assets provide a counterweight by adding companies, currencies and economic cycles beyond our borders.

Investors often ask me: "Why invest offshore when you live in South Africa, earn in rand and understand the local companies well?"

It is true that the JSE has served investors well recently. Over the past 10 years, it has returned close to 12% a year in rand, comfortably ahead of local inflation. This performance means that R100 000 invested a decade ago in a JSE tracker is worth roughly R308 000 today.

Local assets are essential, for the simplest of reasons: your everyday expenses are in rands, and local investments are the natural match for them.

The real question to ask is not whether South Africa has good investments – it clearly does. The question is whether one relatively small, concentrated market should carry such responsibility for funding your retirement, protecting your buying power, and supporting the people who succeed you.

In short, you need more than what the local market has to offer.

YOUR PORTFOLIO SHOULD NOT MIRROR YOUR PASSPORT

Most South Africans already hold a significant share in South Africa (SA) before they even open an investment statement. They earn income in SA. Own a home in SA. Most of their retirement capital is inside local rules and institutions, and most of what they will spend in future is priced in rand.

Filling the rest of your portfolio with more local assets doesn't reduce that concentration, it adds to it.

Offshore assets work as a counterweight by investing in companies which earn across many regions, in several currencies, and at different points in the economic cycle.

The risk in having a strong home bias isn't that South Africa might struggle, it's simply that too much of your financial life can rise or fall as a result.

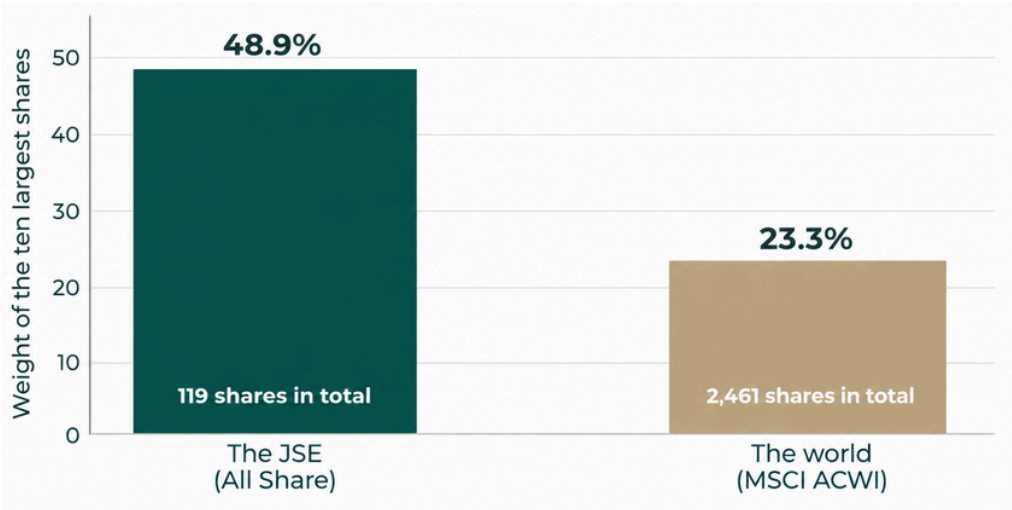
A BIG FISH IN A SMALL POND

Size is the first issue. The FTSE/JSE All Share Index holds around 119 shares. The MSCI ACWI, a broad global index, holds close to 2 461 stocks and still captures only about 85% of the world's investable market.

It's a well-known fact that South Africa makes up well under 1% of global listed equity.

Concentration is the second issue. The 10 largest JSE shares make up close to half the entire local market. Financials and basic materials alone account for close to 60% of the JSE, which leaves a local-only investor heavily exposed to a handful of banks and miners, the gold price and the rand.

HOW MUCH RESTS ON JUST TEN SHARES



Sources: FTSE Russell (FTSE/JSE All Share) and MSCI (ACWI), 30 June 2026.

The pond is shrinking too. The number of companies listed in South Africa has dropped from around 740 in 1990 to roughly 212 today.

Fewer listings mean fewer choices, and a greater chance that local portfolios crowd into the same handful of large shares, entirely missing the software, healthcare, semiconductor and global consumer businesses which barely exist on the JSE.

This is not a vote against South Africa, it is a realistic view of concentration. South Africa is one country, one currency, with a narrow stock market, and your future is too important to depend on a single economic and political outcome, however familiar it feels. Invest locally where the opportunity is attractive, and the expense is in rands. Invest globally because your wealth deserves more than one route to success.

THE RAND IS A RISK, AND A DIVERSIFIER

Currency isn't the whole offshore story, but it can't be ignored. In 2011, around R6.70 bought a US dollar. Today a dollar costs roughly R16.50, a decline of close to 60% over 15 years, or about 6% a year.

This matters because so much of what you'll eventually spend on international travel, imported goods, medical technology or children studying abroad is priced in hard currency.

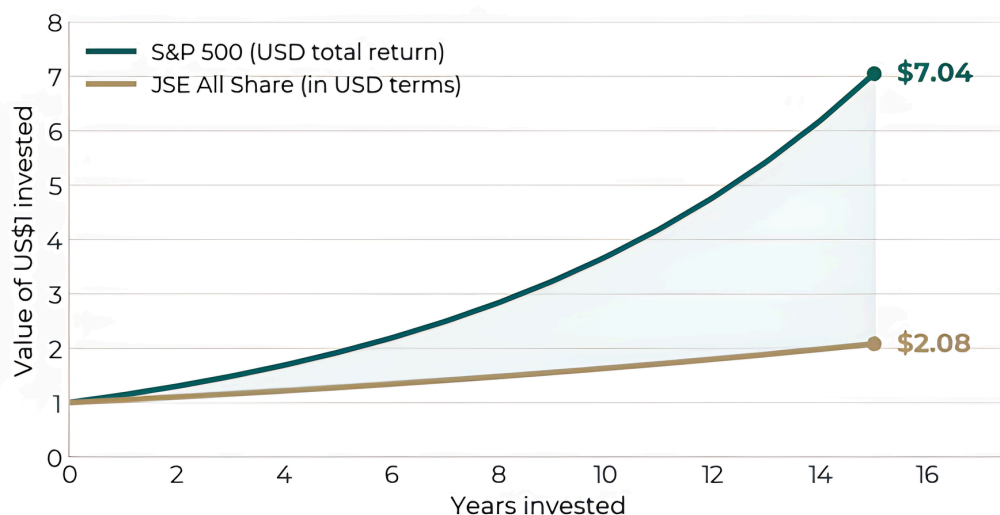
As we all know, the rand can strengthen as well as weaken, and a stronger rand reduces offshore returns in the short term. So, the aim isn't to gamble on the exchange rate, it's to avoid having every asset and every future expense depend on a single currency.

Phasing money offshore steadily over time is a far more sensible approach than trying to time the perfect moment.

When you translate returns into a hard currency, the local picture shifts. Over the past 15 years, the S&P 500 compounded at close to 14% a year in dollars.

Measured in the same dollars, the JSE delivered far less because much of its rand return was offset by the weaker currency. A few percentage points a year, compounded over 15 years, becomes a very large difference in the end.

MEASURED IN DOLLARS, THE GAP BECOMES HARD TO IGNORE



Illustrative growth of US\$1 over 15 years. S&P 500 shown as USD total return; JSE All Share converted to USD. Start and end dates materially affect these figures.

THE STRONGEST OBJECTIONS, ANSWERED HONESTLY

Here's how I consider the most common concerns clients raise.

WHAT CLIENTS OFTEN SAY	THE HONEST ANSWER
"The rand looks too weak to send money out now."	It may weaken further, or it may strengthen. Phase money offshore over time and anchor the decision to a long-term target, not an assumption about the exchange rate.
"The JSE looks cheaper than global markets."	Valuation matters, but cheap markets can stay cheap for years. Hold local value opportunities alongside global quality and growth, rather than forcing an all-or-nothing choice.
"Global markets are just a handful of US tech shares."	That concentration is real and worth managing. Even so, global investing still opens up far more regions, sectors and styles than a single local market can.
"But my expenses are in rands."	True, and that's exactly why you keep meaningful local assets. It isn't a reason to tie your long-term growth capital to one economy and one currency.

A MORE GENEROUS OFFSHORE ALLOWANCE

In the 2026 Budget, the single discretionary allowance doubled from R1 million to R2 million per adult per calendar year, effective from April 2026. The foreign capital allowance remains R10 million per adult per year, subject to tax clearance.

Why this matters is that structure is as important as your decision to invest offshore. A rand-denominated global fund isn't the same as money physically externalised, even when the underlying investments look similar. **Tax, estate planning, offshore situs exposure, platform costs and access to capital all need to be weighed properly, and that's exactly where I can help you make the right decisions.**

CHARIZE BEUKES | CERTIFIED FINANCIAL PLANNER®, BWM PRETORIA

Phone: +27 (0) 12 347 8240 | **Email:** charize@brenthurstwealth.co.za

CONTACT ANY OF OUR HIGHLY QUALIFIED FINANCIAL ADVISORS AT OUR NINE OFFICES COUNTRYWIDE TO DISCUSS YOUR INVESTMENT STRATEGY

EMAIL US:
invest@brenthurstwealth.co.za

BRENTHURST OFFICES

Johannesburg +27 (0) 11 799 8100
Sandton +27 (0) 10 035 1391
Pretoria +27 (0) 12 347 8240
CPT Granger Bay +27 (0) 21 418 1236
George +27 (0) 44 050 6057
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Val de Vie Estate +27 (0) 21 100 3901
Southern Paarl +27 (0) 21 141 4774
Mauritius North +230 260 1738
Mauritius South +230 484 2175

SATELLITE OFFICES

LIMPOPO: Ruan Breed | +27 82 551 3299
FREE STATE: Iniel Van Zyl | +27 72 298 3212
NORTH WEST: Maria Smit | +27 79 696 6860
MPUMALANGA: Marise Reinach | +27 72 795 3604
KWAZULU-NATAL: Arin Ruttenberg | +27 84 582 8581

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