momentum
wealth international

The big swap: Considerations for trusts when investing offshore

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About Independent Securities

A Trusted Investment Solutions Partner

Independent Securities is a privately owned, founder-led investment solutions firm established in 1998.

We provide the market infrastructure that enables advisory businesses like yours to offer clients seamless offshore investment access. Our Asset Swap service allows South African trustees and entities to invest globally within exchange control regulations.

With nearly three decades of experience, full regulatory licensing, and deep expertise in cross-border investment structures, we're built to support advisory firms and clients alike.

1998 to ‘99
Founded as a JSE Member; obtains CSP licence

2005
Launched first PSP in SA with Momentum

2010
Becomes first Saxo White Label partner, providing global investment services

2018
Launched BCI Independent Worldwide Flexible Fund

2024
Cape Town branch established

WHAT WE DO

Investment Management | Collective Investment Schemes | Investment Administration | Asset Swaps | Cash Management | Stockbroking

A Solid Foundation

Our Credentials

R37.4bn
Assets Under Administration

Privately Owned
CAT II and IIAFSP | JSE MEMBER

Privately Owned
Years Collective Experience

24
Years Avg. Experience

Credentials and Capabilities

REGULATORY STATUS

Privately owned, founder-led CAT II and IIA FSP.
JSE member with TSP, ISP and CSP licenses.

INFRASTRUCTURE

Well-established business and administrative platform with vigilant regulatory monitoring, risk management and compliance adherence.

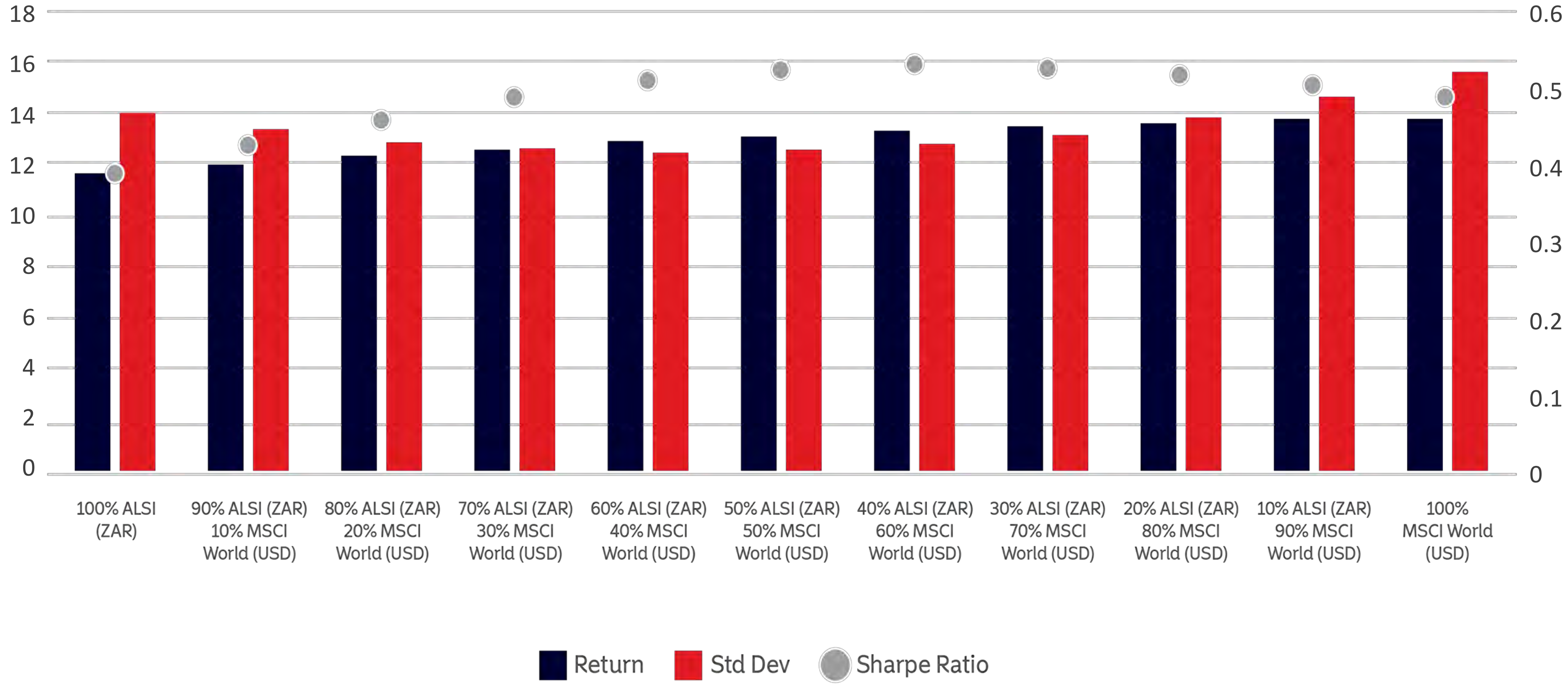
TEAM

Strong team with extensive industry network and deep institutional experience.

FOOTPRINT

Johannesburg | Pretoria | Cape Town | Stellenbosch

Effect of home bias on returns from 2015 to 2025



What is a Foreign Portfolio Investment Allowance?

The 'FPIA' aka 'Asset Swaps'

What is an Asset Swap?

A simple mechanism to invest offshore, enabling clients to earn hard currency investment returns. SARB grants permission to invest 45% of total client assets offshore via this allowance.

Key Benefits

✓ No SARB permission required
✓ Client doesn't use personal allowance
✓ No Tax Clearance Certificate (TCC) needed
✓ ONLY option for SA trusts to invest offshore

Investment Universe

- Equities
- Bonds
- Exchange-traded funds
- Mutual funds
- Structured products

Flow of Funds

1. Funds ZAR* → Paid into ISEC client account (designated 'AS')

↓

2. ISEC Trust Account → Forex executed, currency transferred offshore

↓

3. Offshore Investment Account → 'Easy Nominees OBO Client'

Disinvestment: Funds repatriated to SA, payment in rands

*Minimum investment: R500,000

Offshore allowances

Available for natural persons who are taxpayers in good standing and 18 years or older

Single discretionary allowance	Foreign investment allowance	Special allowance
R2 million* per calendar year	**R10 million** per calendar year	**>R10 million**
No SARS approval needed	**SARS approval needed**	**Special SARS approval needed**

According to current tax legislation, South African Trusts do not have an offshore allowance and would have to use prudential limit capacity to obtain offshore exposure

**As per February 2026 budget speech. SARB is currently finalising the relevant circular to formalise this change. It is anticipated that the new limit will be available for transaction towards the end of March.*

Allowances are granted per calendar year – valid from 1 January – 31 December

Capital gains tax calculation

Local endowment and feeder funds
(prudential limit capacity)

The capital gain/loss was calculated using rand values of the base cost and the investment value of disposal.
Any currency movement between the rand and the underlying investment currency will contribute to the capital gain/loss.

Initial investment	US$100 000
Initial investment in rand (exchange rate R15/US$1)	R1 500 000
Closing value	US$110 000
Closing value in rand (exchange rate R18/US$1)	R1 980 000
Gain for tax purposes	R480 000

South African rand

Offshore endowment
(life insurance bond and sinking fund)

The potential capital gain/loss is calculated by using the base cost in US dollars (i.e. functional currency). This is then converted to rands using the spot exchange rate at disposal.

Initial investment	US$100 000
Closing value	US$110 000
Capital gain	US$10 000
Rand/US$ at date of disposal	R18/US$1
Gain for tax purposes	R180 000

Hard currency

When a natural person invests in the GWI or when investing foreign-currency with Momentum Wealth (using the FIO), rand depreciation/appreciation is NOT included in the calculation of the capital gains for tax purposes

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