



EXPANDED OFFSHORE INVESTMENT LIMITS FOR SOUTH AFRICANS

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The 2026 budget has introduced a landmark shift for South African investors. For the first time in nearly 15 years, the government has adjusted the Single Discretionary Allowance (SDA), from R1 million to R2 million per calendar year.

This change is more than just a regulatory update; it is a necessary correction for inflation and currency fluctuations that have eroded the purchasing power of the previous limit since 2011. For investors, this means greater flexibility and a significant reduction in administrative friction when building a global investment portfolio.

Exhibit 1 | Summary of regulatory changes (2026)

Allowance Type	Old Limit	New Limit (2026)	SARS/SARB Approval
Single Discretionary (SDA)	R1 Million	R2 Million	Not Required
Foreign Investment (FIA)	R10 Million	R10 Million	Required (TCS PIN)
Total Annual Capacity	R11 Million	R12 Million	Combined

What the new limits mean in practice

Starting in April 2026, the new regulations simplify the offshore investment process in several key ways:

- **No prior approval needed:** Investors can now expatriate up to R2 million annually without having to obtain a Tax Compliance Status (TCS) PIN or prior approval from SARS.
- **Increased total capacity:** When combined with the R10 million Foreign Investment Allowance (FIA) - which still requires tax clearance - the total individual offshore capacity increases to R12 million per year.
- **Household strategy:** Because the allowance is granted per individual, a married couple can now effectively externalise R4 million annually under the SDA alone.
- **Ease of access:** This higher threshold allows for more meaningful global allocations, helping to protect long-term purchasing power.

Why global diversification matters

While it may feel counterintuitive to move money offshore when local markets show resilience, history and data suggest that diversification remains a "free lunch" in volatile times.

1. Beyond the "Tiny Pool"

The South African market accounts for less than 1% of the global investable universe. By remaining purely local, investors miss out on the other 99%, including high-growth sectors such as artificial intelligence, biotech, and clean energy, which are underrepresented on the JSE.

To illustrate the scale of this opportunity, consider two leaders in their respective fields:

- **Pony AI: From code to commerce**

While many still view self-driving cars as a "future" concept, Pony AI is proving that autonomous mobility is already a commercial reality. For years, AI was about proving it could drive; now, it's about proving it can make money.



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- Commercial milestone: In February 2026, Pony AI achieved Unit Economics (UE) Breakeven in Shenzhen. This means the revenue from each robotaxi trip now exceeds the direct cost of operating it.
- The "brain" strategy: Unlike companies focused only on passenger cars, Pony AI uses a single "L4 Intelligence" brain to power three revenue streams: Robotaxis, Robotrucks, and Consumer Licensing.
- Scale: With over 55 million km of testing across four continents and deep partnerships with Toyota and NVIDIA, they are moving from prototypes to mass-produced "Gen-7" vehicles, with a goal of 3,000+ vehicles on the road by the end of 2026.

- WuXi Biologics: The engine of modern medicine

If Pony AI represents the future of transport, WuXi Biologics represents the infrastructure of global health. As a leading CRDMO (Contract Research, Development, and Manufacturing Organisation), they don't just make drugs; they provide the technology platforms that the world's biggest pharmaceutical companies use to discover and manufacture them.

- "Follow the Molecule": Their unique strategy involves partnering with biotech firms at the earliest discovery phase and staying with them all the way through to commercial mass production. As the drug succeeds, WuXi's revenue scales with it.
- Advanced Modalities: They specialise in complex areas like Antibody-Drug Conjugates (ADCs)- often called "biological missiles" - which target cancer cells with extreme precision.
- Global Footprint: With state-of-the-art facilities in the U.S., Ireland, and Singapore, they offer a level of geographic and industrial diversification that is simply unavailable to a Rand-only investor.

- Why these examples matter for your portfolio

Investing in companies like Pony AI or WuXi Biologics isn't just about chasing "tech." It is about structural diversification. These companies operate in value chains- like global semiconductor integration or specialised clinical research- that have no local equivalent.

The increased R2 million SDA gives you the room to move from being a spectator of these global shifts to being a participant.

2. Managing concentration risk

The JSE is highly concentrated, with the top 10 shares often accounting for 60-70% of the index. Global diversification spreads risk across different regions and industries, reducing the impact of domestic economic or political downturns.

3. Navigating geopolitical uncertainty

Geopolitical tensions often lead to instinctive, emotional reactions like panic-selling. However, history shows that staying the course and maintaining a disciplined, globally diversified strategy is one of the most powerful ways to build wealth. Markets often recover after initial wartime shocks, and having assets in hard currencies (USD, EUR, GBP) serves as a critical hedge against local volatility.

Strategic structuring

Taking money offshore is not solely about returns, but also about aligning your portfolio with defined financial objectives. Whether funding education abroad or ensuring estate-planning continuity through offshore structures, the investment structure is as important as the allocation itself.



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When to invest offshore

The “perfect moment” to invest offshore is often the one that has already passed. With a more accommodating regulatory environment and a doubled SDA, the focus should shift from attempting to time the currency to implementing a disciplined, strategic allocation. Consistent use of your allowance enables a phased approach, reducing timing risk while steadily building meaningful global exposure. Over time, this consistency, rather than short-term opportunism, is what underpins a resilient, world-class portfolio designed to preserve purchasing power and support long-term financial objectives.

In closing

The increase in the SDA is a meaningful step toward a more practical and globally aligned investment framework for South Africans. However, regulation alone does not determine outcomes and must be combined with discipline, consistency, and thoughtful structuring. Investors who approach offshore allocation with clear intent, rather than reacting to short-term currency movements or market noise, are better positioned to preserve and grow wealth over time. In this context, the opportunity is not simply to move more capital abroad, but to do so deliberately, as part of a coherent long-term strategy that balances local relevance with global resilience.

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