ACCORDING to Raymond Berelowitz, CEO of SYmmETRY, one significant change in the multimanagement industry has been the considerable increase in the offshore allowance, which he says has to be part of any investment strategy.

Investec Asset Management hosted an investment conference last week of several panel discussions featuring South Africa's leading portfolio managers.

The common theme throughout was that given how hard emerging markets and South African equities have run, money managers are bearish on future returns from current levels.

While there wasn't much discussion around potential crises or corrections, single digit equity returns for South Africa going forward seemed the consensus.

Jeremy Gardiner, director, Investec Asset Management, says: "So what should South African investors be doing? Future returns depend enormously on what price you buy your assets.

"The choice at this stage is tricky. Nothing is particularly cheap, and although equities are more attractive than cash,

From a currency perspective, the timing for diversifying offshore looks favourable

Raymond Berelowitz, CEO of SYmmETRY.

potential equity returns are not that appealing and do carry risk.

"One area which South Africans should be considering is offshore diversification. The rand has run hard and is not expected to maintain current strength for too much longer than the World Cup.

"While the direction of the rand is impossible to call, you could probably rely on some weakness at some stage going forward.

"Unfortunately, however,

most South African investors are jaundiced towards offshore investing, after having (along with the rest of the word) invested every cent they could, by hook or by crook, into the US markets at the end of the Nineties.

"At that stage, the US markets and the US dollar were viewed as 'bullet proof', and the JSE as 'avoid at all costs'," says Gardiner.

"For the first ten years of this century, the US dollar has halved and the US equity markets basically delivered a zero return. Over the same period, the local market returned 15,8 percent a year in US dollars."

He describes the lesson here as twofold: Firstly, no financial asset goes up or down forever.

There was a time people thought the US dollar only went up and the rand only down.

Rather, financial assets all go through periods of over- and undervaluation, and it is the level at which you buy them that is important.

Secondly, be careful of buying anything after a strong run or an extended period of strong returns, as your potential returns going forward will be limited.