

# BANKING ON YOUR WEALTH

**With its expertise in private banking, wealth management, corporate and investment banking, global business and treasury, Mauritian-based AfrAsia Bank leads the way. GM Thierry Vallet shares the fundamentals of wealth creation and protection**

**What is the foundation of wealth creation?** Successful wealth creation is usually obtained by taking calculated risks and choosing the right business model. Wealthy people have these traits in common: they set goals, are disciplined and remain focused on achieving them. They plan to have diversified income sources and embody the spirit of entrepreneurship.

**In turbulent economic times, how should we protect our wealth?** By sticking to a long-term plan and considering the bigger picture. It is the nature of markets to fluctuate and it's common to want to pull out during volatile periods. Time evens out imbalances, so keep a long-term perspective; try not to let short-term fluctuations sway your investment decisions. However, ensure you have a well-diversified portfolio of investments, with a significant portion invested into low-risk asset classes, such as fixed-income (bonds/deposits), cash and gold.

**Are there any non-traditional investments we should consider?** Yes – these include alternative investments and structured products. However, it depends on risk tolerance, the time horizon and financial goals. Alternative investments relate to products such as hedge funds and private equity. Their returns generally tend to differ from the broader markets, thus providing better portfolio diversification. Structured products were created to provide investors with easy access to derivatives. These products can offer the opportunity to reduce market risk, while increasing potential returns and improving portfolio diversification. Proper diversification and risk management are the essential elements of a sound investment strategy. When properly implemented in a portfolio, non-traditional investments can help lower overall portfolio risk and potentially increase returns.

**Why is private banking very beneficial to wealth creation?** Private banking will help grow your wealth at every life stage through the financial planning process. A financial adviser will partner with you to effectively plan for your financial goals and aspirations, while helping you manage the risks.

**What makes AfrAsia's Mauritian base such an attractive proposition for individuals looking to grow their wealth?** Mauritius is considered to be one of the most stable economies in Africa. It offers favourable tax rates, with a maximum 15% for both corporate and personal taxpayers. In 2014, Mauritius was voted the Best Country for Doing Business in Africa and 20<sup>th</sup> globally. High net-worth individuals are encouraged to become Mauritian residents via different investment schemes and benefit from the island's fiscal regime.

**Why does Africa present investment opportunities?** A total of 22 economies in sub-Saharan Africa are expected to grow by more than 5% this year alone. Also, foreign direct investment activity on the continent has increased



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and we see this supported by an increase in the urban middle class, which drives retail property development, as well as a growing number of multinationals searching for office space in emerging cities, the rise of regional tech hubs and expanding oil and gas sectors creating job opportunities with no place to house employees. A need for mass-market, affordable housing, high-end properties and in-between estates stems from the diversity in the multiplying populations, including middle- to high-income locals and young entrepreneurs.

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