
Global Investors Look to Diversify Portfolios amid Coronavirus Chaos
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The outbreak of the coronavirus, coupled with record valuations in equity markets, has triggered a global sell-off of high-risk investments and a significant shift in sentiment among global investors. Accompanying the dip is a well-reported surge into traditional safe-haven assets such as gold. As global investors remain concerned that the virus could become far more globally significant, inflows into gold exchange traded funds are 30% higher than last year. Other low-risk investments have reported similar inflows of capital.

[Henley & Partners](#) CEO [Dr. Juerg Steffen](#) notes that there is also growing interest in [residence-](#) and [citizenship-by-investment programs](#) among wealth managers and high-net-worth (HNW) individuals as a result. Dr. Steffen explains: “Investment migration programs enable countries to grant residence or citizenship rights to individuals in exchange for a substantial investment. Savvy investors are embracing investment migration - the newest option in the safe-haven asset class - as it unlocks novel risk management and optimization options for the HNW portfolio. The current market turbulence and increased political risks – not least also connected to the Coronavirus outbreak – is accelerating the momentum for wealthy individuals to include alternative residence and citizenship as a necessary component of their portfolios – one that can expand their footprints and market reach, offer them greater mobility and additional opportunities, and protect them from the dangers of volatile markets and political instability.”

Over 100 countries have some form of investment migration legislation in place, and there are over 60 different programs active around the world. In terms of the industry’s size, citizenship-by-investment contributes about USD 3 billion a year to the global economy, while the residence-by-investment sector contributes about USD 15 billion a year, putting the industry as a whole at around USD 18 billion. Increasing demand indicates that the industry will soon reach USD 20 billion annually.

Henley & Partners Chairman and pioneer of the modern investment migration industry, [Dr. Christian H. Kaelin](#), says additional citizenship in a favorable jurisdiction provides robust downside protection against various risks and potential geopolitical instability. Dr. Kaelin observes, “Visa rules can and do change, as do governments, but citizenship, when legitimately acquired through an established program, is for life and can normally be passed down to future generations.”

“Investment migration programs are fundamentally designed to balance risk and opportunity,” Dr. Kaelin adds. “On the one hand, holding additional residence or citizenship provides security, reliably diversifying risk through greater protection from volatile markets and political instability. On the other hand, investment migration programs permit access to a significantly expanded suite of opportunities for travel, investment, and access, creating substantial value. In either case, the benefits that accrue from multiple

citizenships and residencies generate unique value for the investor that goes beyond simply providing political risk insurance,” Dr. Kaelin concludes.

For an investment of between EUR 1 million and EUR 2 million, [Malta](#) and [Cyprus](#) offer the most sought-after citizenship-by-investment programs in the EU, and along with most other EU member states, the two countries also offer residence-by-investment, at lower price points. The minimum real estate investment requirement for the [Malta Residence and Visa Program](#) is EUR 270,000, while the most affordable qualifying investment for the [Cyprus Permanent Residence Program](#) is purchase of real estate with a total market value of at least EUR 300,000 plus VAT. The minimum real estate investment requirement for the popular [Portugal Golden Residence Permit Program](#) is EUR 350,000, and the permit enables one to apply for full citizenship after five years.

Dr. Kaelin points out that another benefit of holding more than one citizenship is that it prevents individuals from being dependent on a single country: “Acquiring alternative citizenship of an EU country, for example, guarantees the right to travel, trade, and settle anywhere in the EU without restriction, as well as granting access to all the benefits enjoyed by other citizens of the state in question. For business owners this can also support business expansion and facilitate overseeing international operations. This, in turn, benefits the countries where those investors and entrepreneurs are active, and overall contributes to a more interconnected world.”

“This has a major impact on wealth planning and financial services providers,” Dr. Steffen adds. “Advisors who don’t recognize the power of investment migration as a key risk diversification tool for their clients will ultimately lose market share to those who do. Given the unequivocal value that wealthy individuals see in residence and citizenship planning, it’s a prudent move to include this important planning tool alongside more traditional instruments in any asset allocation.”

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Notes to editors

About Henley & Partners

Henley & Partners is the global leader in residence and citizenship planning. Each year, hundreds of wealthy individuals and their advisors rely on our expertise and experience in this area. The firm’s highly qualified professionals work together as one team in over 30 offices worldwide.

The concept of residence and citizenship planning was created by Henley & Partners in the 1990s. As globalization has expanded, residence and citizenship have become topics of significant interest among the increasing number of internationally mobile entrepreneurs and investors whom we proudly serve every day.

The firm also runs a leading government advisory practice that has raised more than USD 8 billion in foreign direct investment. Trusted by governments, the firm has been involved in strategic consulting and in the design, set-up, and operation of the world's most successful residence and citizenship programs.

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