



Prudential Investment Managers
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Investing on a budget

There's an old saying that would have you believe that you need to have money in order to make money. For someone who's just starting out as an investor, that can be hugely off-putting. After all, if you only have a few hundred rand a month to spend on investments, what's the point of even trying? The good news is that – like many old sayings – that one's not entirely true. There are plenty of wealth-building investment options available for all kinds of investors. And – as you're about to learn – it's not a matter of whether or not you can afford to invest. The reality is, you can't afford not to.

DON'T WAIT

You certainly can't afford to keep delaying things. [Compounding interest is a real wealth builder](#), but it needs time to work its mathematical magic. So start now and put your money to work. You don't even have to invest huge amounts – especially not if you're investing in unit trusts. Unit trusts are a good option for beginner investors, for a number of reasons. They're easy to buy and easy to sell, so there's no waiting period to get your money out. The industry is also highly regulated, so your money is well looked after.

At Prudential we do not charge any upfront fees, so your full investment amount will go towards your investment. Our [unit trusts](#) do charge an annual management fee, which is calculated daily and factored into the calculation of the daily price for each

fund. Set a goal, and then use our online tools to figure out which unit trusts best meet your investment objectives. Then [get started](#) by completing an online application form.

START SMALL

By investing as little as R500 a month, you can slowly build up a large amount. The relatively flexible nature of unit trusts means that you can increase or decrease your debit order contribution amount whenever you like. And if you get a sudden windfall, you can also invest larger lump sums on an ad hoc basis. If R500 a month sounds like too much, then you might want to relook your household budget. There's a [world of difference between saving and investing](#), but in some circumstances you may need to save in order to invest. Trim your budget, and adjust your spending to allow yourself a minimum monthly investment amount of R500. You can work with less, but – as the old saying goes – you need to have (at least some!) money in order to make money!

If you have more than R500 to invest – say, R1500 a month – then you may want to consider diversifying your investment portfolio. Speak to your financial adviser ([yes, you should definitely get one of those!](#)) about what your options are, and make sure you're getting the balance right when it comes to diversification. While passive investing is popular in the US, , remember that [the South African market is quite different to the US market](#)... so don't take all your advice from US-based websites. Taking an active interest in your investments will help you make sure you're managing your money wisely, especially if you don't have huge amounts to play with!

TAKE THE TAX BREAK

Finally, if you're investing on a budget, be sure to take advantage of tax-free investments. You need every break you can get. Prudential offers a range of [five tax-free funds](#) suitable for a variety of investment goals. Just remember that the government has imposed strict limits of R500 000 per individual over a lifetime and R33 000 per year for tax-free savings products. If you're only working with R500 or R1500 a month, that's very good news for you!

Play it smart, choose wisely, get the basics right, and work with your financial adviser, and you'll find that your investment returns over time will be far more rewarding than simply stashing your extra pennies in a jar. Investing – even if it's on a budget – can be rewarding. You just need to get started.

If you have any questions about how to start investing, speak to your financial adviser or contact our Client Services Team on 0860 105 775 or email us at query@prudential.co.za.