

Insights

Tax-free investing: Choosing a fund to maximise the benefits

February 2025

**M&G Investments**

This month, we're reminding South Africans to make the most of their annual tax-free allowance and invest tax free before the end of February. At M&G Investments, we believe tax-free investments play a valuable role in helping you grow your wealth over the long term. But which fund is right for your needs?

Key takeaways so far:

- South Africans can invest up to R36 000 tax free every year, with a lifetime limit of R500,000. When you invest tax free, for example in a tax-free unit trust fund, you don't pay any South African tax on the growth of your investment while your money remains invested. You are also not taxed when you withdraw your investment.
- The key to maximising your benefits of investing tax-free is to invest for the long-term. Start investing as early as possible in your life and stay invested for as long as possible.

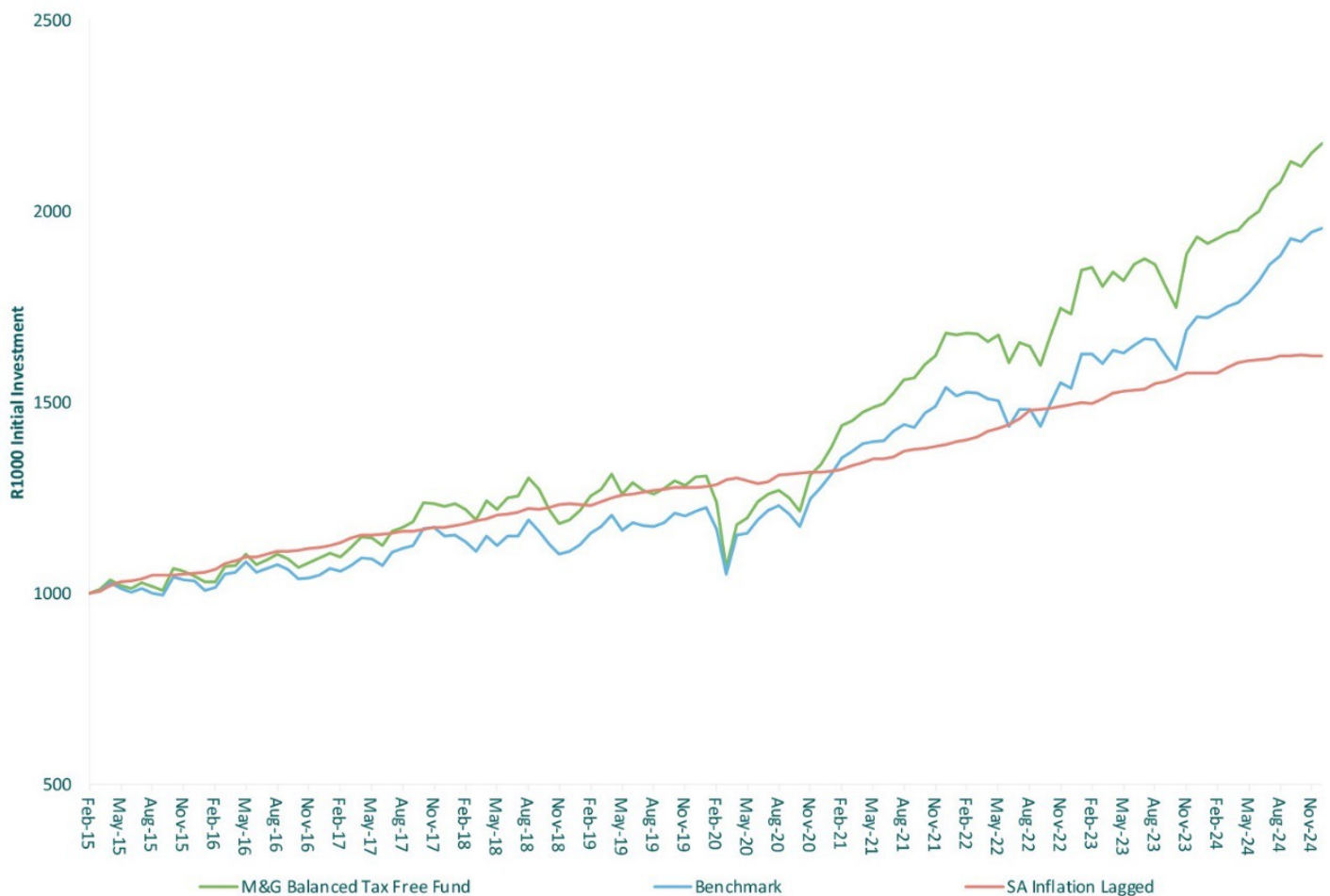
What's a smart choice of fund for tax-free investing?

With M&G Investments, you can invest tax free in a range of [nine of our top unit trusts](#), which include equity, multi-asset, property and rand-denominated global funds. They are all great options from which to build a well-diversified tax-free investment portfolio depending on your risk profile and investment time horizon.

For most investors, a growth-oriented multi-asset fund such as the [M&G Balanced Fund Tax Free](#) is an appropriate choice to maximise the benefits of investing tax free and to successfully navigate the market ups and downs over multiple decades.

M&G Balanced Fund is well-suited to investors looking for steady long-term growth of their capital and income from a diverse portfolio of actively managed South African and global assets. The added advantage is that all growth in your investment is fully exempt from any tax on interest, rental income, dividends or capital gains. The fund is also Regulation 28 compliant, which makes it suitable for building up long-term retirement capital.

Since its inception in 2015, the M&G Balanced Fund Tax Free has delivered an annualised return of 8.23%, consistently outperforming inflation, which stands at 5.04% per year. (See chart below).



Invest by end of February to take full advantage of your allowance for this tax year

If you would like to add to your existing tax-free investment with us, you can do so through your online account or by completing the tax-free additional contribution form. For new investors, simply complete the [10-minute application process online](#) or download the tax-free application form.

You can start investing with us today from as little as R500 monthly via debit order or make lump-sum investments from R10 000 to R36 000 per year.

Remember that if you already have a tax-free savings account with a bank, you can switch it to an M&G Investments TFI at no cost.

To meet the cut-off for investing tax-free with us this tax year, please ensure we have your completed instructions and all supporting documents by 1:30pm on 26 February for new investors or by 1:30 pm on 28 February for existing clients.

[Try our tax-free calculator](#) to see how much you could save by investing in one of our top-performing tax-free funds. To choose the funds that best meet your needs, speak to your financial adviser or [explore our tax-free funds here](#).

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