

Give your portfolio a tax-free boost before 29 February

February 2024



M&G Investments

All investors should capitalise on tax-free investing in order to grow their savings more quickly and efficiently. With the deadline for the 2023-24 tax year rapidly approaching, read more about M&G Investments' tax-free unit trusts and how to invest.

Tax-free investments offer a great opportunity for investors to boost their portfolio without the need to pay taxes on that growth. Unlike a taxed investment, you are not liable to pay income tax, dividends tax or capital gains tax on the returns from tax-free investments. In addition to the tax benefits, here are some key strategies to consider to maximise the benefits of a tax-free investment.

Use contribution limits wisely

Be mindful of the contribution limits set for tax-free investments set at R36,000 per tax year and R500,000 over your lifetime. You can either invest through a monthly debit order, which can help you benefit from rand cost averaging, or via a lump sum investment offering you more time in the market and a compounding effect over the long-term. Consider using our [tax-free calculator](#) to see just how much you could save in taxes when investing tax-free. Remember that exceeding the contribution limits can result in tax penalties of up to 40%.

Choose top-performing funds

Select funds that have a long-term track record of delivering top-quartile performance consistently over time to maximize the benefits of your tax-free allowance. With top-performing track records, our range of 10 tax-free unit trusts* (six local and four offshore) are positioned to deliver consistently over time. The tax savings coupled with good returns, year after year, has a compounding effect over time.

Diversify your portfolio

Take advantage of the flexibility in asset allocation with tax-free investments to diversify your holistic portfolio effectively according to your risk-return profile. Tax-free investments could be considered as part of your retirement planning strategy to offset any asset class limitations and gives a retirement portfolio a tax-free boost.

Opportunities for offshore diversification

Explore offshore fund options for your tax-free investment to add an extra layer of diversification to your portfolio and potentially benefit from global market opportunities. Our tax-free fund range includes the [M&G Global Balanced Feeder Fund](#); [M&G Global Property Feeder Fund](#); [M&G Global Equity Feeder Fund](#) and the [M&G Global Inflation Plus Feeder Fund](#). These offshore funds are managed by our expert investment team in London, who hold a long and successful track record of investing around the world using the latest technology. This includes an advanced and proprietary machine-learning model incorporating artificial intelligence that aids in analysing the thousands of global equities in the investment universe to select the underlying stocks, with the ultimate input of our portfolio managers in building the optimal portfolios. This technology is used for the M&G Global Equity Fund and the M&G Global Property Fund.

Patience and consistency are key

Patient and consistent investors can really maximise the benefits of tax-free investments. Stick to the contribution limits, choose the right funds, diversify your portfolio, and stay invested for the long term to unlock the full potential of tax-free growth. Allow your investments to compound over time by staying invested and avoiding withdrawals. The power of compounding can significantly boost your returns in the long run.

Keen to invest in, or switch to a tax-free investment with M&G Investments? [Simply complete the application process online](#) or contact our client services team on 0860 105 775 or info@mandg.co.za.

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