

Guide

Investing for Beginners: A South African Guide

Grow your money with confidence, even if you're new to investing



Why Investing Matters

If you're working hard for your money, you need to make sure your money is working hard for you.

Saving is excellent and very important, but investing helps your money grow faster than inflation, so it keeps its power. Even if you only have R100 to invest per month, you can start building wealth.

The earlier you start, the more your money grows. It's about time in the market, NOT timing the market.

What's the Difference Between Saving and Investing?

This table shows how the difference is related to timing and objectives.

Saving	Investing
Short-term goals (0–2 years)	Long-term goals (3+ years)
Money is safe but grows slowly	Higher growth, some risk
Great for emergencies	Great for building wealth

Where Can You Start Investing in South Africa?

Turn your money into more money through **ownership**, of shares, property, businesses, or funds. **Building wealth is not about what you earn, it is about what you own.**

The best time to start is; AS SOON AS POSSIBLE. You haven't started, that's NO PROBLEM. **Start now!**

Here are some options of good places to start;

1. Tax-Free Savings Accounts (TFSA)

- Invest up to R36,000 per year, tax-free
- No tax on your interest, growth or withdrawals
- Easy to access if you need the money, but it is a long term vehicle. The money should not be withdrawn in the short term.
- Great for long-term savings and low-risk investing

Where to open one: Banks, etfSA, EasyEquities

2. Exchange Traded Funds (ETFs)

- A simple, low-cost way to invest in many companies at once
- Perfect for beginners (but also excellent for more experienced investors)
- You don't have to choose individual stocks, you have a share in the whole index that already exists.
- Buy them through EasyEquities, etfSA or investment platforms

Example: Satrix 40 ETF invests in the top 40 companies on the JSE.

Where Can You Start Investing in South Africa?

3. Unit Trusts / Collective Investment Schemes

- Professionally managed funds
- You can choose high or low risk depending on your goals
- Available directly from the Fund Managers (Alan Gray, Centaur, 36One) or via Platforms such as Allan Gray, Stanlib and BCI.

4. Retirement Annuities (RAs)

- Long-term investment vehicles for retirement
- You get a tax deduction, while building future wealth
- This option is very effective if you are planning for your future and want to ensure your money is out of reach (you can't withdraw before 55)
- Great to start in your 20s or 30s, even with small amounts.

5. Stokvel Investment Groups

- Team up with trusted family or community members
- Pool your money to invest in property, shares or savings
- Make sure you agree on the rules, goals, and risk



How Much Do I Need to Start?

You can start investing with as little as **R50 or R500** a month. Here's where:

Provider	Min. Amount	Good For
EasyEquities	R5+	ETFs, shares, tax-free investing
etfSA	R300	TFSA's, ETFs
SatrixNOW	R100	ETFs, TFSA's
Fund Managers Directly	R50	Unit Trusts, TFSA's

What to Avoid

- “Quick returns” scams or pyramid schemes
- Investing in something you don't understand
- Putting all your money in one place

If it sounds too good to be true, it probably is.

Match Your Investment to Your Goals

Goal	Time Frame	Suggested Option
Emergency fund	0–1 year	High-interest savings/Money Market
Buying a car/home deposit	2–3 years	ETFs/Unit Trusts
Children’s tertiary Education	5+ years	TFSA/Share Portfolios/ Unit Trusts
Retirement savings	5+ years	RA/ETFs/Share Portfolios
Building wealth over time	5+ years	ETFs, Unit Trusts, TFSAs

Beginner’s Action Plan

- 1. Open an account with a provider (Easy Equities, etfSA, Satrrix)**
- 2. Set a monthly debit order (R50–R500)**
- 3. Choose an ETF that tracks something you are interested in and understand** (SA Top 40 companies / The Top 500 Global Companies (S&P 500) / Property ETFs)
- 4. Track your investments** every 3–6 months. **Forget about them day to day!**
- 5. Keep learning** and increase your contributions as you earn more