Busting the myths stopping South Africans from investing | EBnet



Ray Mhere, CEO of Curate Investments

Most of us want to build long-term wealth. Whether the goal is to provide for our families, buy a home, or achieve greater financial freedom, investing often plays a role in that journey. Yet many people hesitate to take the first step.

This hesitation is not necessarily due to a lack of interest. More often, it stems from uncertainty. People may not know where to start, may encounter conflicting information, or may view investing as complicated and accessible only to wealthy individuals.

In reality, the principles behind long-term investing are often simpler than many people expect. However, several common misconceptions continue to prevent people from getting started.

Myth 1: "I'll start investing when the economy or market improves"

It is natural to feel cautious during periods of economic or market uncertainty. Many people adopt a wait-and-see approach, believing they should delay investing until conditions feel more stable.

The reality is that waiting for ideal market conditions can result in long periods of inaction. Markets move through periods of strength and weakness, making it difficult to consistently predict the best time to invest. Delaying an investment decision may also mean missing periods of market growth.

Time is one of the most important factors in investing because returns can compound over time. This means that growth achieved in one period can generate additional growth in future periods. Periods of uncertainty can also coincide with lower asset prices. Investors who remain invested through different market conditions may participate in any subsequent recovery.

Consistency and time in the market matter far more than trying to time the market

Myth 2: "I need thousands of rands to begin"

A common misconception is that investing in unit trust funds requires a large amount of capital up front.

The reality is that many unit trust funds allow investors to start with relatively modest amounts. Unit trust funds pool money from many investors and invest it across a range of assets, such as shares, bonds and property. By investing collectively, individuals gain access to a diversified portfolio that might otherwise be difficult to build on their own.

This means investing can be accessible to a broader range of people, whether they start with a lump sum or make regular contributions over time.

Myth 3: "Only wealthy people invest"

Investing is often associated with high-net-worth individuals, professional investors or fund managers. As a result, some people view it as something beyond their reach.

The reality is that investing is not limited to any particular income group. It is one of the ways people across different income levels seek to grow their money over time. While savings accounts play an important role in meeting short-term needs and maintaining emergency reserves, investments can serve a different purpose by providing exposure to assets with the potential to grow over longer periods.

For many South Africans, investing is not about having substantial wealth already. It is about creating opportunities to build wealth gradually over time.

Myth 4: "Investing is too complicated"

Financial terminology, market commentary and the large number of available funds can make investing seem intimidating.

The reality is that unit trust funds are designed to make investing more accessible. Rather than selecting and managing individual shares or other investments yourself, you invest in a professionally managed fund with a defined objective. The investment manager is responsible for making investment decisions within that mandate.

For most investors, understanding a fund starts with a few key considerations: what the fund aims to achieve, how long they intend to invest, and whether the level of risk aligns with their expectations and circumstances.

Taking control of your financial journey

Misconceptions about investing can make it easier to delay decisions or avoid investing altogether. Yet investing does not require perfect market conditions, specialist knowledge or significant amounts of money to get started.

A clearer understanding of how investing works can help people evaluate their options with greater confidence and make decisions that align with their own financial goals and circumstances.

ENDS

Curate Investments (Pty) Ltd is an authorised financial services provider (FSP No. 53549). Registration number 2023/747232/07. The local and rand-denominated feeder funds are co-named portfolios administered by Momentum Collective Investments (RF) (Pty) Ltd, authorised in terms of the Collective Investment Schemes Control Act, 45 of 2002. Registration number 1987/004287/07.

The dollar- and pound denominated funds are sub-funds of the MGF SICAV, which is domiciled in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier. Momentum Global Investment Management Limited (MGIM) is the Investment Manager, Promoter and Distributor for the MGF SICAV. This document is not an offer to purchase any specific investment fund and should not to be construed as financial advice from Curate.

Investors are encouraged to obtain independent professional investment advice before making investment decisions. The terms and conditions, frequently asked questions as well as the minimum disclosure document (MDD) and quarterly investor report (QIR) for each investment fund are available on curateinvestments.com/sa.