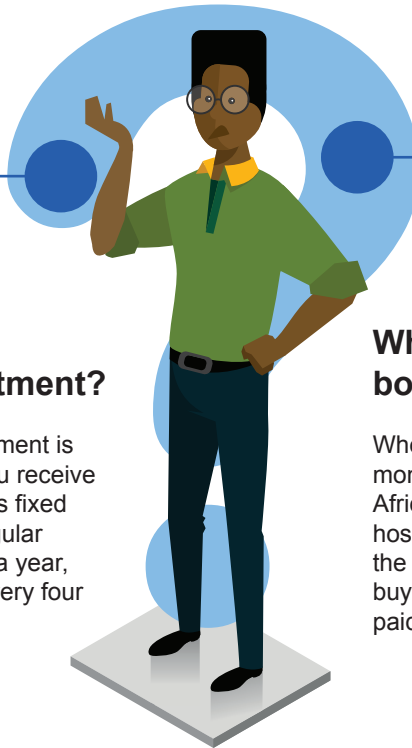




Financial  
**SAFEGUARD**

## Fixed interest investment

### Why do I need someone to help me with my finances?



#### What is fixed interest investment?

Fixed interest investment is when the interest you receive on your investment is fixed and paid out at a regular frequency like once a year, every six months, every four months or monthly.

#### What are savings bonds?

When the government needs money for improving South Africa like building roads and hospitals they sell bonds on the stock exchange. People buy these bonds and get paid a fixed interest rate.



## Government stock or RSA bonds

These are government issued bonds which quite simply imply that you lent the government money and that they promise to repay you. Interest is payable on these bonds, and the risk of default is quite low as the bonds are backed by the government.



## Semi-government stock or gilts

These are bonds issued by institutions owned in part by the government. Examples of these institutions include; Telkom, Transnet and Eskom. These institutions issue these bonds to raise funds for capital projects.

They are referred to as “gilts” because of the high degree of security that they offer, interest and capital redemption being guaranteed by the government.

The values of these bonds vary in accordance with the current inflation rate.



## Corporate bonds

These are bonds issued by corporates like Pick 'n Pay, Woolworths and Anglo American.



## Zero coupon bonds

These bonds pay no interest but instead, are sold at a substantial discount to the future redemption value, simply put, they are worth more in the future.



## Municipal bonds

Municipal bonds are bonds issued by a local government. Municipal bonds are generally used to finance public projects such as roads, schools, airports seaports, and infrastructure-related repairs.