

WHAT MAKES BONDS A GREAT HEDGE?

Bonds are risk-free financial instruments that help you guard your investments against possible market risks.



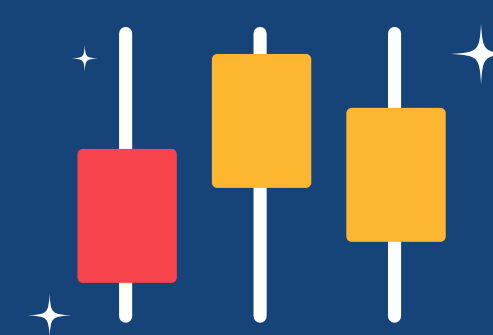
Lower risk as they are regulated by the government



Act as insurance for an investment portfolio



Relatively immune to cyclic market rotations



Outshine market fluctuations if held for long periods of time

TYPES OF BONDS



Zero-coupon Bonds

These bonds are issued at a discount to the face value.



Treasury Bills

These are short term securities issued by the central government



Convertible Bonds

These bonds can be converted into equity at a conversion price.

THREE MAIN FACTORS THAT DETERMINE THE PRICE OF BONDS:



The price quoted by the investors through an auction



The prevailing market conditions



The cost of other competing bonds in the market