

Bonds

A bond is a loan to an issuer that pays regular interest.

Bonds are issued by



Corporations



Financial institutions



States and territories



Governments

- 1 Bonds pay a fixed income regardless of market conditions.
- 2 They may be sold for a profit.
- 3 The principal is repaid at the end of the term.



The main risk

The issuer may become insolvent and fail to repay.