

What are the risks  
associated with  
investing in bonds?

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## Interest Rate Risk

When interest rates rise, bond prices fall, and the bonds that you currently hold can lose value. Interest Rate movements are a major cause of price volatility in bond markets.



# Inflation Risk

Inflation is the rate at which the price of goods and services rises over time. If the rate of inflation outpaces the fixed amount of income a bond provides, the investor loses purchasing power.



# Credit Risk

Credit risk (also known as business risk or financial risk) is the possibility that an issuer could default on its debt obligation.

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# Liquidity Risk

Liquidity risk is the possibility that an investor might wish to sell a bond but is unable to find a buyer.



## Stocks v/s Bonds

Stocks tend to earn more money than bonds when compared to the average of return between stocks and bonds.

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# Investment Horizon

Bonds can freeze your investment of a fixed period of time. This creates a potential for your initial investment to lose value. Stocks, on the other hand, can be sold faster as compared to a bond.



You can manage these  
risks by diversifying  
your investments  
within your portfolio.

**Find a trusted professional to assist  
your fixed income investments.**

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