



# Zshares GOVI

Fixed Income / Bond

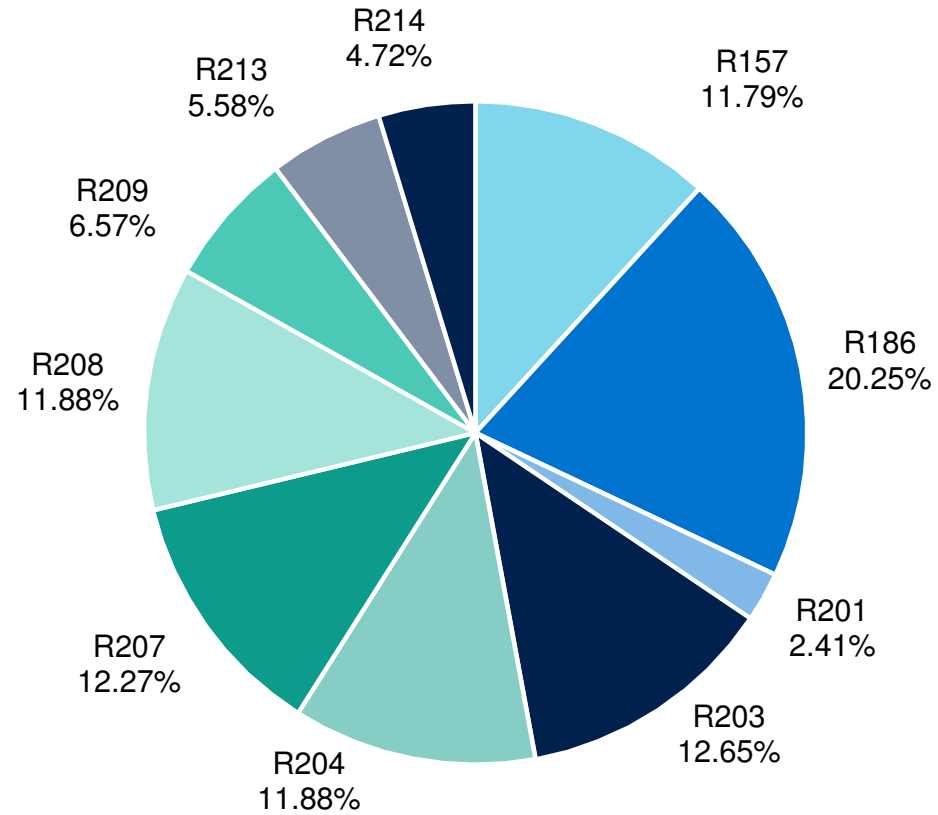
Exchange Traded Fund

*Out of the Ordinary®*

# What is Zshares GOVI?

## JSE GOVI INDEX

## ZSHARES GOVI ETF



# What is Zshares GOVI?

## ZSHARES GOVI ETF



# What is a bond?

## A definition

- NOT a HOME loan
- Long term loan - Government borrows from investors
- Loan amount is paid back on maturity as a lump sum
- Pay interest until the bond matures
- Interest is fixed – hence Fixed Income securities

## Pricing a Bond

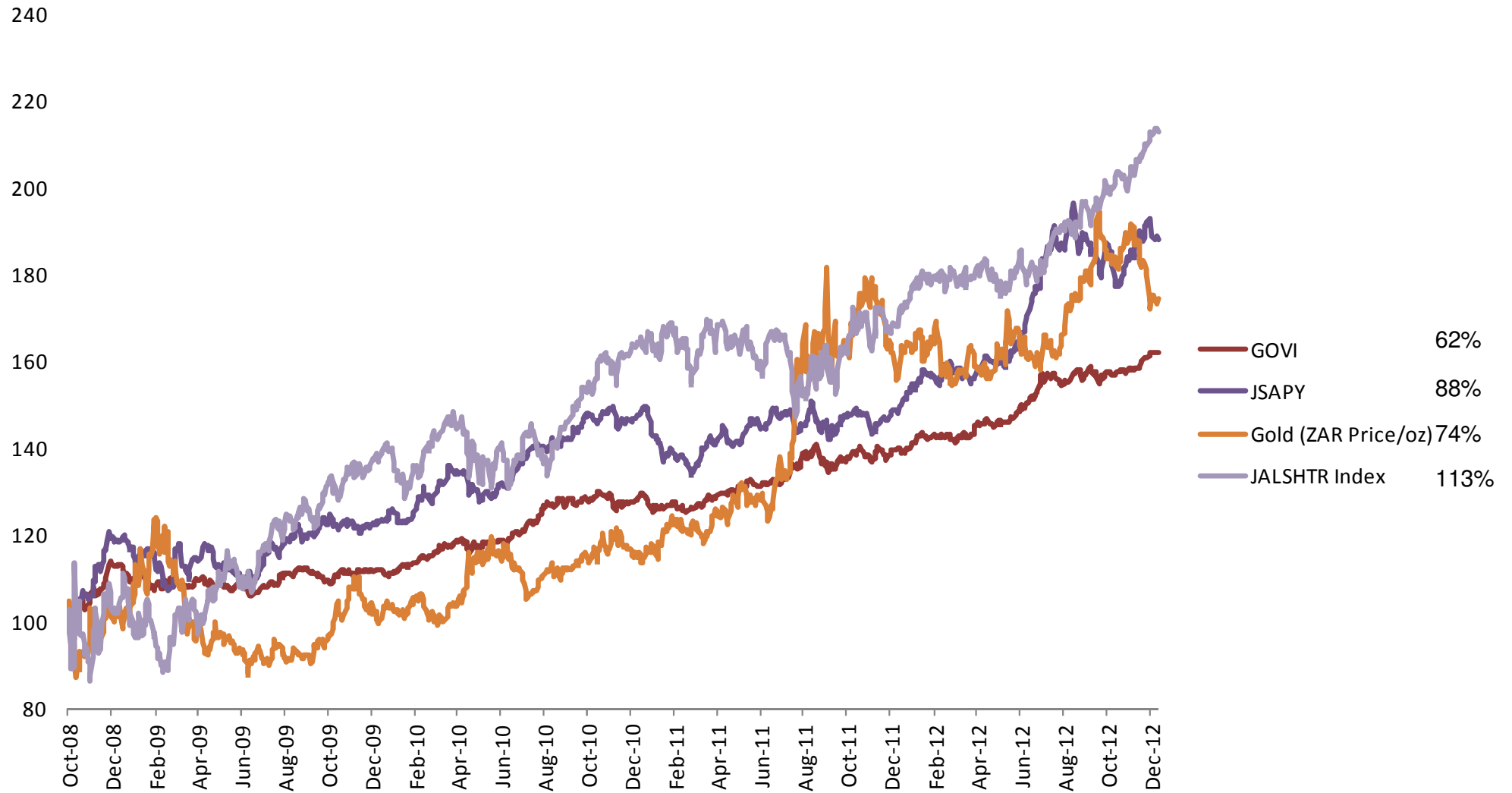
- Current interest rate determines the amount the lender / investor is willing to pay → “the Price of the Bond”

$$\begin{array}{c}
 \uparrow \\
 \text{Price Value} = \frac{\text{Loan Amount}}{(1 + r)^n} \\
 \downarrow
 \end{array}$$

- Therefore if interest rates go **DOWN** the Price of the Bond will **INCREASE**

• That is why we say there is an *inverse relationship* between interest rates (yield) and prices of bonds

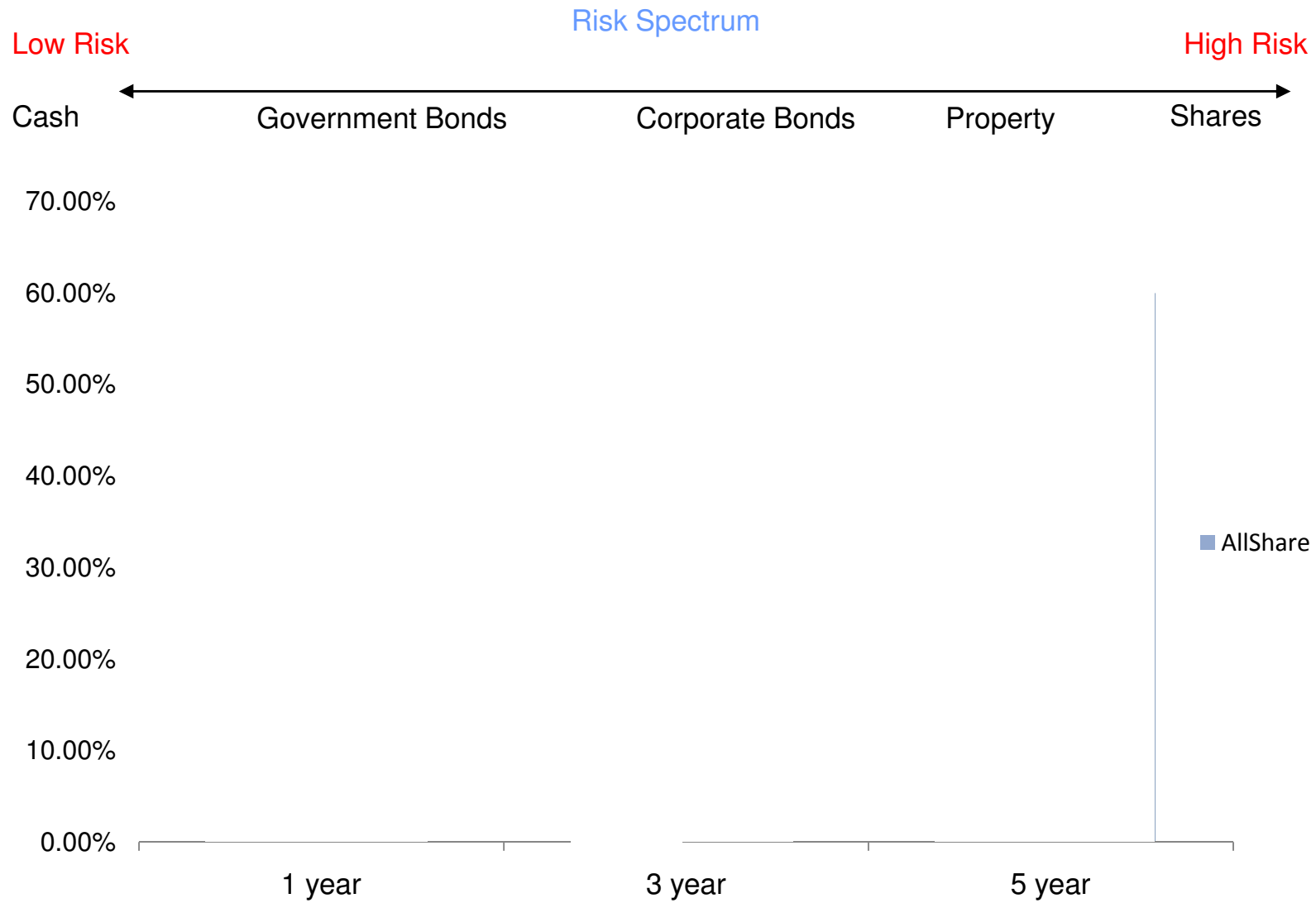
# performance of GOVI Index since inception...



Source: Bloomberg

As at 31 December 2012

# Why hold government bonds?



Source: Bloomberg, Investec Capital Markets Research and Strategy

Discover Zshares GOVI for the 1st time





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