FIO CAPITAL

INVESTMENT **FAQS**

WHAT IS A **DEBENTURE?**

When considering investments, debentures are seen as an alternative to your traditional routes. Read more about debentures in this informative document.

DEBENTURES: A BRIEF OVERVIEW & CHARACTERISTICS

A debenture is a type of debt instrument that is not backed by physical assets or collateral. Instead, it is backed only by the general creditworthiness and reputation of the issuer, which can be a corporation or government entity. Debentures are used by companies to raise capital and typically come with a fixed interest rate and a specified maturity date.

UNSECURED

Unlike secured loans or bonds, debentures are not backed by specific assets. If the issuing entity defaults, debenture holders have a claim on the issuer's assets, but they are treated as general creditors.

INTEREST PAYMENTS

Debentures usually pay a fixed rate of interest, often referred to as a coupon, at regular intervals until maturity.

MATURITY DATE

Debentures have a set maturity date, at which point the principal amount is repaid to the holders.

CONVERTIBLE VS. NON-CONVERTIBLE

Some debentures can be converted into equity shares of the issuing company (convertible debentures), while others cannot (non-convertible debentures).

IN **SUMMARY**

Debentures are a popular way for companies to raise funds without diluting equity ownership, and they appeal to investors seeking regular interest income with a moderate level of risk.

INVEST NOW

HEAD OFFICE

63 Saal Street,
Olympus, Pretoria,
Gauteng, South Africa, 0081

CONTACT

Corné Mostert,
Executive Assistant

+27(12) 140 3494
invest@fio.group