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Features

Things to Consider

Cryptocurrencies also known as Virtual Currencies

We hear a lot about cryptocurrencies such as Bitcoin and often we think it's a fast way to make money. But there are some important things to know about cryptocurrencies. A cryptocurrency or virtual currency is a unit or medium of exchange that is digitally created and stored. People who trade and transact (purchase goods and services), in virtual currencies accept these to represent a value, in the same way that a currency such as the SA Rand, is accepted to have a certain value. Virtual currencies are not regulated by any central bank such as the South African Reserve Bank and are not a form of currency that you can transact with at commercial banks. Examples of virtual currencies are Bitcoin, Darkcoin, Peercoin, Litecoin and Ripple.

It's important to know that cryptocurrencies are virtual currencies. This means that you can't hold it in your hand like a rand or a dollar and you can only buy and sell the currency on-line. You can buy cryptocurrencies with rands but once you've bought them, they are stored in a digital wallet on-line. You can only convert them back to rands when you sell it to someone who wants to buy them.

Cryptocurrencies are not regulated by any national government so there is no-one in charge who can try and make sure that their value is maintained. Cryptocurrencies are an accepted form of investment but they are very high risk. This means that you could make more money by investing in them but you could also lose more money. And if you lose money, you cannot claim for your losses.

RSA Retail Bonds

Retail Savings Bonds are a savings vehicle available to all individuals who are citizens or permanent residents of the Republic of South Africa and who are in possession of a valid South African identity number, and who operate bank accounts with financial institutions in the Republic. The Fixed Rate Retail Savings Bond series (where interest remains the same and does not change when there are changes in inflation) consists of bonds with 2-year, 3-year and 5-year terms. The Inflation Linked Retail Savings Bond series (interest and returns are adjusted according to inflation) consists of bonds with either a 3-year, 5-year or 10-year maturity. The RSA Retail bonds can be purchased at any branch of the South African Post Office, Pick n Pay, online on the RSA Retail Savings Bond Website.

A minimum of R1 000 (one thousand rands) is required to invest. The investment is fixed for a minimum of 2 years so you do not have access to the money invested. Where individuals need to access the money sooner than the specified term, they can only access money after 12 months of investment, subject to penalty fees.