

# RESERVE BANK OF FIJI



## Investing in Viti Bonds

*In this article, we will highlight key features of the Viti Bond and how people can invest in it. A Viti Bond is one of the types of investments currently issued in the Fijian bond market.*

A Viti Bond is an alternative option to other investments such as term deposits, shares or units in a trust fund. It is a new type of fixed income instrument/paper targeting retail or small investors. The Viti Bond is issued by the Government of Fiji. A total of \$10 million has been allocated for the issue of Viti Bonds for 2016-2017. In the case of the Viti Bond, the investor is the general public and the issuer is the Government of Fiji. The appointed registrar of Viti Bonds is the Reserve Bank of Fiji.

### What are the terms and interest rates on Viti Bonds?

Term	Interest Rate
5 years maturing on 30 June 2021	4.00% p.a.
7 years maturing on 30 June 2023	4.50% p.a.
10 years maturing on 30 June 2026	5.00% p.a.

### When and how will interest be paid on Viti Bonds?

Interest will be paid quarterly on the following dates until the bond matures:

- 30 March
- 30 June
- 30 September
- 30 December

Interest will be deposited directly into the investor's local commercial bank account.

### Is there any tax charged on interest earned on Viti Bonds?

Interest earned from investing in Viti Bonds is exempted from tax.

### Who is eligible to invest in Viti Bonds?

This is open to the general public. Anyone, including companies, pensioners and foreigners may invest in Viti Bonds.

As for investors residing overseas, you will need to make arrangements with the Reserve Bank of Fiji on the following:

- Transfer of funds to Fiji;
- Submission of a completed Fiji Government Viti Bond Tender Form;
- Opening a local bank account with any of the commercial bank operating in Fiji. Interest earned from your Viti Bond investment will be deposited directly into this bank account; and
- Arrangement of the delivery of your Viti Bond certificate.

### **What is the minimum and maximum amount of investment in Viti Bond?**

The minimum amount of investment is \$1,000 and thereafter in multiples of \$1,000 up to a maximum amount of \$200,000 per fiscal year.

### **What are some of the advantages of investing in Viti Bonds?**

The benefits of investing in Viti Bonds are as follows:

- There is no risk that interest will not be paid or that total funds invested will not be recovered as the bonds are issued by the Government of Fiji;
- Interest earned on the investment is exempt from income tax;
- The rate of interest on the bonds is competitive compared to other similar investments;
- Viti Bonds are transferable and the transfers are free from Government Stamp duty. This means Viti Bond holders can choose to sell part or all of their bond holdings in situations when there is a need for cash.

### **How to invest in Viti Bonds?**

Interested applicants who wish to participate may fill in the Viti Bond Tender Form and lodge it with the Reserve Bank of Fiji.

Detailed information about Viti Bonds, including how to make a Viti Bond investment, is included in the Viti Bond Prospectus. A copy of the prospectus can be obtained from the Reserve Bank of Fiji office and website.

### **When Can I Purchase the Viti Bond?**

Viti Bonds are available for purchase every business day between 1 August 2016 and 22 July, 2017.

For more information you can visit the Reserve Bank of Fiji website ([www.rbf.gov.fj](http://www.rbf.gov.fj)) or liaise directly with the Domestic Markets Unit, Financial Markets Group at Tower 2 of the Reserve Bank of Fiji Building, Pratt Street, Suva.