How are bonds different from stocks?

	Stocks	***Bonds***
1. Advantages	Shareholders increase the value of capital through capital gains (increase in the stock prices on the market). If the company makes a profit, the shareholder may also receive a dividend.	**The bondholder receives back the invested principal** with some compensation for their investment, mainly in the form of interest. **Interest payments are usually predetermined and predictable.**
2. Risks	Possible higher returns when investing in stocks are a substitute for a higher degree of risk. Stock prices move up and down, and sometimes these trends can be extremely fast and unpredictable. Capital gains on stocks are uncertain, and dividend payments are not guaranteed. If bankruptcy proceedings are initiated, the shareholders are the last to be settled from the company's assets. In this case, shareholders may lose the entire value of their investment.	In the event of non-performance of the company's obligation**, the bondholder, as well as any creditor, has at their disposal legal mechanisms to enforce their rights.** If the bond is secured, the risk to the bondholder can be minimized.
3. Facilitated provision of investment for the company	Facilitated acquisition of additional capital from investors investing in the company's share capital depends on numerous external and internal factors. The attractiveness of the offer of stocks depends on the perspective of the company and its ability to convince investors that the rules of good corporate governance will be observed.	**Bonds are attractive to investors who are interested in predictable and secure income**. Good operation of the company, including compliance with good corporate governance practices, is important for the company's credit rating and will affect the price at which the company may borrow.
4. Prices	Investors charge a premium for the higher risk associated with the stocks.	**Bonds are less risky and investors charge a lower risk premium.**
5. Duration of the investment	Not defined. The company does not return the paid-up capital.	Bonds have a predetermined maturity date. Although there are different types of bonds, the principal is usually repaid at interest. **The repayment is predictable and regular, which reduces the risks for the bondholders.**
6. Liabilities of the company in exchange for the investment	Shareholders can expect dividend payments when the company makes a profit, in accordance with the Dividend Policy. Dividend payments shall be made in accordance with the decision of the majority of shareholders.	**The company must repay the principal and usually pays interest as well,** if it is such type of bond.
7. Voting rights	The holder of ordinary stocks has the right to vote in the Shareholders Assembly. The holder of preferential shares has the right to vote only exceptionally, under the conditions laid down by law. Voting rights reduce the risk of investing in share capital.	Bondholders shall not, in principle, have voting rights.