



Coin Portfolio Management

Expert Guide

My Personal 5 Point Checklist for Owning Gold Coins

Managing Consultant Alex Hanrahan reveals his personal 5 point checklist for owning gold coins.

Coin Portfolio Management

PO Box 7776

Poole, BH12 9HR

0330 900 1180

www.coinportfoliomanagement.com

CONSULTANTS IN GOLD AND SILVER COINS

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"With so many coins being issued each year how do I select the best ones to own?"

That's a question I'm asked literally hundreds of times each year and it is **the answer to that question that is at the very heart of my philosophy for Coin Portfolio Management.**

From the very start, Coin Portfolio Management has held onto the abiding principle of ensuring that the coins we recommend to our clients have a strong **Numismatic Premium** associated with them.

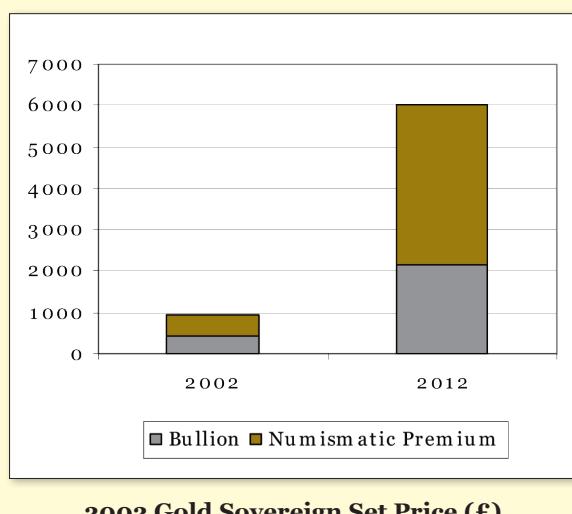
What I want to share with you is my **Personal 5 Point Checklist** to ensure that the coins we select for our clients hold the very best value in terms of Numismatic Premium. But first let me explain a little more about what I mean by Numismatic Premium.

Numismatic Premium

Expressed simply, Numismatic Premium is the value a coin can attract over and above its intrinsic precious metal value. That worth may be monetary it may also be more esoteric, vested in aspects such as the design or a unique minting element of the coin. More often than not, the two are inextricably linked.

To give you a simple example, the **2012 Gold Proof Sovereign** was a coin with a clearly identifiable potential for a strong numismatic premium.

The Gold Sovereign is already recognised as one of the world's leading gold coins, but in 2012 the Royal Mint took the unusual step of changing its design to celebrate the Diamond Jubilee. We looked back to 2002 when a similar design change was instituted and were able to highlight to our clients how that coin had seen a significant rise in its numismatic premium over the following 10 years.



Our strong recommendation to own the 2012 Gold Proof Sovereign ensured our clients were able to secure their coin before its sell-out in December 2011, just a few weeks after its issue. In fact **we are now actively trying to buy more 2012 pieces on the secondary market at well over issue price** to satisfy the needs of more recent clients who missed out.

See over for My 5 Point Checklist...



My 5 Point Checklist

1. The Issuing Authority

When assessing a coin's value for either my, or a client's portfolio, the first thing I do is look at the issuing country to make sure there is a strong tradition of numismatic heritage. This ensures the greatest potential for long-term interest in any particular issue.

As a result I generally restrict my recommendations to British Isles, United States, Canadian, South African and Australian coins, which not only ensures the highest quality mints and strong domestic markets but also benefits from maintaining a cultural link with the United Kingdom.

2. Scarcity of a Coin

Along with country of issue, the **scarcity** of a coin is the key factor in assessing whether to recommend a coin for a client's portfolio. It is also one of the more complex. Of course edition limits play a significant part but they are not the be-all and end-all.

When I assess the potential scarcity of a coin with my team of consultants, we don't just look at the absolute size of an edition limit. We always assess it against minting information we have for previous years as well as the sales performance of other "peer coins" (those of similar specification).

We then assess the strength of the theme and whether a coin has any particularly special features – maybe it is a "first" or it contains a particularly intriguing numismatic feature.

Together these elements enable us to make a pretty accurate assessment of whether a particular issue will see a rapid sell-out – and, of course, it is that speed of sell-out that is also important in terms of creating ongoing demand. **As a rule of thumb, I always look for coins that will sell-out in 3-4 months.**

Why you should own unpopular coins

However, there is one other type of coin that I also keep my eye out for. They don't come along very often but when they do they can be a real hidden gem. What are they? **The unpopular coin that sells very few.**

"They don't come along very often but when they do they can be a real hidden gem"

I haven't lost my marbles and you certainly have to choose very carefully, but over the years I have been able to identify a number of coins that have become scarce simply because they were unpopular with collectors at the time and under-marketed by the Mint. Now several years later, collectors keen to own a complete collection of issues really struggle to find these scarce missing pieces.



For example, the 2004 UK Entente Cordiale £5 Gold Coin only sold 926 pieces – 617 short of its edition and almost 1,000 pieces less than the average strike for a UK £5 Gold Crown over the following 5 years.

3. Portfolio Development

Each coin held in a collection is valuable in its own right, whether financially, sentimentally or aesthetically. However, the best collections or portfolios tend to be tied together in some way – perhaps by theme, country or a specific series of coins. By linking your individual pieces together in such a way you tend to create a portfolio of coins where the sum is greater than its individual parts.

4. Design

Coins are miniature pieces of art. Often designed by some of the world's leading artists and produced by craftsmen drawing on centuries of minting experience, you should never overlook the quality of a coin's design.

In my experience poor designs can have a significant adverse affect on the popularity of an issue. Similarly, designs by eminent sculptors and designers, which truly capture the essence of an event or commemoration can help create long-term value in the same way as you might expect to see with a piece of fine art or sculpture.

5. Tax Savings

Finally, let me explain why I tend to recommend gold coins to clients over silver. It is simple. EU VAT Regulations mean that certain gold coins are VAT exempt. That means that ALL of your money is going to towards the value of the coin and none to the taxman. What's more a few coins are exempt from Capital Gains Tax too.

Conclusion

I hope that I have been able to give you some real insight into how I select gold coins both for my own portfolio and for our clients. If you would like us to help you select the right coins for you to own, please contact one of our Consultants on 0330 900 1180.

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value in the same
way as you might
expect to see with a
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Alex Hanrahan

Managing Consultant

Numismatic pieces should be owned primarily for collector interest. Coin Portfolio Management offers no guarantees in terms of future value.

