



*Coin Portfolio Management*

# Expert Guide

## Why buy Gold Sovereigns?

*Managing Consultant Philip Symons explains the history behind the UK Gold Sovereign.*

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CONSULTANTS IN GOLD AND SILVER COINS

# Introduction

Widely regarded as the most prestigious gold coin in the world and highly sought after by numismatists year on year, the gold sovereign has undoubtedly proved one of the most popular coin with our clients.

With the numismatic markets awash with literally thousands of collectable coins, what makes the gold sovereign a must-have issue for so many portfolios? The reasons are many, but I've chosen to focus on just 6 key areas below that I feel explain further why the sovereign continues to be the coin of choice for so many.

*the most popular  
coin with our  
clients*

## 1. Their remarkable history

The sovereign has a history dating back over 500 years. The first gold coin to be known as a 'sovereign' was introduced by King Henry VII as far back as 1489 and was struck in 23 carat fine gold, with the prominent image of the King on the coin giving rise to the sovereign name.



*The Queen Victoria Shield-back Gold Sovereign*

The first modern day gold sovereigns, with the same specifications as we have today, were struck in 1817 at The Royal Mint's new Tower Hill Site in London. From 1855 onwards, the expanding British Empire saw the production of the sovereign grow significantly, with branches of The Royal Mint opened across the Empire specifically to mint sovereign coins.

This resulted in hugely increased circulation until the pressures of World War I saw production of the sovereign as a circulating coin cease.

Full sovereign production finally resumed in 1974, with the highly desirable Proof sovereigns first making an appearance from 1979, specifically for the ever increasing collector market. Since then the sovereign has had two separate functions. On one hand the bullion coin competes with other international bullion coins, such as the US Eagle and South Africa Krugerrand as a significant investment piece, whilst on the other, the proof coin has cemented itself as one of the premier annual collector coins issued today.

## 2. An unrivalled international pedigree

The Great Recoinage of 1816 fixed the sovereign's gold fineness at 22 carat or 916/1000 and its diameter at 22.05mm. It is these trusted specifications that have endured completely unchanged for almost two centuries right up until the present day.



This heritage, backed by the British Crown and the 1,100 years of history of The Royal Mint, has served as a sign of quality, meaning that when you obtain a sovereign you can be sure of the gold content. As a result, it has become one of the most commonly traded and collected gold coins in the world.

### 3. The history of the St. George and the Dragon design

Benedetto Pistrucci's magnificent St. George and the Dragon reverse design has become synonymous with the gold sovereign and with the nation as a whole, having first appeared on the coin in 1817.



*Sovereign struck at the Melbourne Mint in Australia*

Due to the huge expansion in the minting of the sovereign in the 19th century, when the coin was struck throughout the British Empire, the classic St. George and the Dragon design rapidly became recognised all over the world and set the sovereign apart from every other gold coin in circulation.

This design quickly became so associated with not just the sovereign, but also with the power and prestige of the British Empire, that it explains why St. George and the Dragon remains the iconic design of the gold sovereign and why its presence on the coin still attracts collectors worldwide.

### 4. Prestigious one year only designs

The iconic St. George and the Dragon design has featured on nearly every sovereign coin struck since 1887. However, on four occasions since that date, The Royal Mint has taken the decision to feature a one year only design on the coin. This has generally occurred to mark only the most significant celebrations – such as the Golden and Diamond Jubilees of Queen Elizabeth II.



*The 2012 Diamond Jubilee Sovereign*

These beautiful and prestigious one year only designs and the infrequency with which they are issued, have only added to the allure of gold sovereigns. Indeed, it is the infrequency of their occurrence which has generated the phenomenal interest in them when they do appear.

### 5. Unrivalled collector interest

Serious collectors have always sought out the pieces that are most likely to sell-out. This is why the proof sovereigns, with the very low annual edition limits and the consistent worldwide demand, have become so desirable.



This has only served to stoke further interest year on year as the sell-outs feed demand for the following year's issues. Indeed, within the last 12 months the 2012 Gold Proof Sovereign coin sold out in record time.

***consistent  
worldwide  
demand***

These sell-outs are not just limited to the single sovereigns, but also apply to the sovereign proof sets that are also issued, For example, the Four Coin Proof Set has sold out in both 2011 and 2012, clearly demonstrating that a sovereign or sovereign set with a low edition limit is something that collectors should be looking for.

## **6. VAT and Capital Gains Tax Exempt**

Gold sovereigns are in the advantageous position of being exempt from both VAT and Capital Gains Tax, so this is just another reason why they should be included in your portfolio.

### **In summary**

All of these features have collectively ensured that the popularity of sovereign coins endures stronger than ever. This continued strong demand is why Coin Portfolio Management continues to recommend them to our clients.

***one of the  
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This popularity with numismatists shows no sign of decline, with a history dating back over 500 years and the popularity of the coin remaining as high as ever, there is no reason why we should not expect the sovereign to remain one of the most significant and collected annual issues for many more years to come.

