

## RARE STAMPS

### David Brandon on investing in rare stamps

Philatelic Investment, the investment of funds in collectible postage stamps for the purpose of realising a profit, is a relatively recent phenomenon...

Stamp collecting has long had the reputation of being an unprofitable hobby for most beginning collectors; nevertheless, investing in stamps is growing in popularity among more advanced collectors. Rare stamps are among the most portable of tangible investments, and are easy to store. They offer an attractive alternative to art, other collectible investments, and precious metals. In addition, for those wary of investing in single-country mutual funds or individual stocks of developing nations, stamps may provide the advanced collector/investor with a means of profiting from their economic growth.

#### What makes investing in rare postage stamps a unique collectible?

Collectibles of all types have an inherent weakness in that their value is entirely perceptual. One cannot eat or wear or live in a painting, vase or stamp. Perceptual value is, therefore, a very fickle attribute that may be subject to broad swings in attitude and thereby, price. This has certainly been true for all collectibles, and stamps have been no exception. Even so, there are numerous differences between stamps and all other collectibles which give them some unique investment advantages.

#### What peculiar about rare stamp investing?

Stamps have been valued as a collectible since their inception. Its 150 year history provides confidence that it will be maintained through all types of economic or political stress. Besides, when one is investing thousands in stamps, it is important to know that the purchase price is in line with prices that can be traced back for decades. This also establishes a foundation for the quick resale of the item at a predictable price, something most collectibles don't have. Numerous books have been written on stamps, thereby providing in depth information for evaluating individual items as well as specialty areas. The mere existence of extensive data on particular items increases the level of comfort with an investment in such items and consequently, demands.

#### Who should be investing in this collectible?

Collecting stamps appears to satisfy a natural human need, given the fact that it is done worldwide across all income levels. Before international travel and television, it provided a link with an exotic and unknown world far away. There is still some of this today, perhaps motivated more by a desire to maintain a link with ones country of origin. The fact that collecting continues to be strong confirms that its foundations are rooted in a need that is not being satisfied by other means.

#### Can one liken collecting rare stamps to paying a fortune for acquiring a work of art?

All collectibles are generally pursued by the collector for some internal satisfaction. With knowledge of stamps comes aesthetic satisfaction. This has been best portrayed in the media by wealthy individuals paying thousands of pounds for works of art. It is no different for stamp collectors with their stamps. A stamp, unlike a work of art, is not unique. There are generally thousands of similar copies. To a collector, however, this does not diminish the appeal since for most, it is not founded on having exclusive possession of an item. As an aside, however, note

that it is possible to build a collection which is unique and of exhibition quality. This is the pursuit of many collectors.

#### Like gold, are rare stamps a repository of value?

One of the strongest attributes of stamps is their retention of value and value appreciation. In today's investment world where we face an unending selection of investment alternatives, one would question the need for stamps as a repository of value. The same has, from time to time, been said about gold. Two factors account for this continuity of value. First, investors with years of experience know that few investment alternatives have worldwide recognition and exchangeability, provide long term stability and freedom from government intervention. Gold and diamonds are popular for this reason, however, their value is too easily recognised and they are not as easily hidden as stamps. The second reason stamps are popular is that in many parts of the world, where investment alternatives are severely limited, they do represent a preferred investment vehicle. Countries with organised securities markets and the free movement of funds across national borders is still the exception for most people of the world. Even when such freedoms are finally established, confidence that they will not be taken away by the next government is always a concern. For individuals with some accumulated wealth, stamps represent a portable vehicle for flight, should that become a necessity. The world of stamp collecting is filled with stories of how stamps were used precisely for this purpose. In addition to this portability is the fact that even when openly visible, their value is not apparent to the non-collector.

#### What is and why is expertising of such importance?

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#### Remarks/comments:

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