

A GUIDE TO

**MAXIMISING
YOUR RETURNS**

FROM RARE STAMPS



Est 1856

**STANLEY
GIBBONS**

SUMMARY

This white paper outlines the following for you:

- ⦿ The strength and growth of the alternative investment market
- ⦿ Why investing in rare stamps is such a safe bet
- ⦿ The quality, expertise and assurance Stanley Gibbons offers you to underpin your investment
- ⦿ How you can benefit from 100% capital security

If you're serious about ensuring your money is secure for your future and you're looking for strong potential to achieve healthy growth in the medium to long term, we recommend you read this white paper.

THE ALTERNATIVE INVESTMENT MARKET

The combination of the sustained low interest rate environment and the equally sustained volatility of the financial markets has pushed increasing numbers of investors to look at alternatives to secure their wealth and diversify their assets.

It has been well documented in financial circles that one of the principal reasons that so many investors have found their wealth decimated in recent years was not just because the global markets crashed, but because the majority of investors were investing in the same places. Once panic set in, almost every area of investing was negatively affected as money was pulled out and demand plummeted. There was no diversity in most portfolios which led to the endemic loss of wealth; what people needed at a time like that was (and is) a safe haven to act as an anchor against such falls.

Art, forestry, fine wine, coins and rare stamps, for example have all come under the spotlight as diversification options. However, in early 2009, prices in popular tangible assets such as contemporary art and fine wine weakened as the financial crisis deepened; areas like this suffered because they had been target investments for bankers' bonuses. Art, for instance, saw an 80% drop in value in the last 5 years, wine wobbled too, but is showing signs of recovery. Of all the various options, **rare stamps** are attracting significant media coverage in both financial and mainstream press, such as The Daily Telegraph, The FT and Moneyweek, both as a secure option, "*a safe haven investment*" and one that has historically provided healthy returns over a sustained period.

STANLEY GIBBONS & RARE STAMP INVESTMENT IN THE MEDIA

“This is a small company with a big asset: its brand is imbued with an unblemished reputation for expertise and honest dealing.”

The Times

“Stamps have bucked the volatility of the market seen in almost every other category of antiques and collecting and have continued their remorseless increase in value.”

- John Ainsley, Antiques Info Sept / Oct 2010 edition

“Prices of old stamps are rising at perhaps 15 per cent a year, but the modern issues are growing at more than 100 per cent as clients speculate that values will continue to rise. Like all speculative investments, international clients are coming in to benefit from the market. The biggest buyer this weekend was a London investor who bought more than HK\$2m (£165,000). It’s not just mainland Chinese.”

- Mr Mangin, Director of Zurich Asia, talking to the Telegraph about Chinese stamps

“What is interesting is that the boom in Chinese stamps is flowing back into the West as collectors want to be a part of the boom. It’s a bit like the stock market; people want to get into it.”

- Rob Schneider, Interasia Auctions, describing the rise in price of Chinese stamps over the last two years to the Telegraph

“4 times profit. It’s better than the stock market.”

- Bill Gross, PIMCO, talking to the New York Times in 2007 after seeing his collection of early Great Britain rarities selling for \$9.1m at auction, having purchased the stamps for a little less than \$2.5m over 7 years before the auction.

The secret to this success is for the following reasons:

Stamps are a tangible asset and are actually the world's most valuable commodity by weight; by investing in a stamp portfolio you own a real, rare collectible that can be traded on the open market.

They are not volatile – yes, you lose the 'thrill' of stock-picking and you can't play the market using your 'skill' to monitor rising and falling trends, so thrill seekers need not apply. It is the reliability of rare stamps that provides an anchor for you over the medium to long term if you have neither the time nor the stomach to manage the vagaries of other markets.

5 REASONS TO INVEST IN RARE STAMPS

1. Stamps are a tangible asset, not correlated with any other asset class so unaffected by standard economic vagaries
2. Rare stamps have been historically very stable, rising in value through 2 World Wars (diminishing supply), 2 economic crashes and the period of hyper inflation in the 1970s
3. Stamps have actually shown an average annual return of 11.1% over the last 40 years
4. Those 'in the know,' largely the rich and famous have used stamps to protect and grow their wealth for centuries – from the British Royal Family, to the Rothschilds, to Eli Lilly, to Warren Buffet, to Bill Gross of Pimco
5. You will own a valuable asset, rich in history, available to be traded – not a 'virtual' unit trust or a share in a company that could be at the mercy of the market, changing consumer trends or poor management decisions.

**SAFER THAN HOUSES, MORE VALUABLE
THAN GOLD, LESS RISKY THAN OIL,
UNAFFECTED BY INTEREST RATES & INFLATION
- THE SECURITY OF RARE STAMPS**

We are living in a world where you could genuinely lose almost everything you have worked for; many people have.

Our CEO was recently trying to emphasise the security of rare stamps in a discussion with an IFA, who suggested “there are many safe areas out there; just look at BP shares – they’re so safe most pension funds are linked to them...” After the share price dropped 40%, with the cost of the clear up still unknown and with BP shedding assets left, right and centre, the reliability of even the world’s largest companies and biggest brand names comes into question.

So, if you’re looking for potentially the best place to put your money over the next 5-10 years, the stability offered by a historical, alternative asset like rare stamps could be your answer.

To illustrate the potential of rare stamps as an investment vehicle, we have made a comparison with what are considered to be two of the UK’s safest assets, property and bullion.

1. THE HOUSING MARKET

In 1970, an average house in the UK would cost you just £4,452. Today, you'd need to be able to afford £162,887 to get the same house. That's a total increase in value over 40 years of 3559%, working out at a compound average annual increase of 9.4%. Clearly, £4,452 was worth a lot more money back then than it is now, but annual returns over the past 40 years still beat inflation by around 2.9% per annum, hence the well-coined phrase, "safe as houses".

As an indicator of the strength of the rare stamp market, you may have seen the recent coverage from the BBC, Times and Telegraph about Stanley Gibbons selling the rarest British stamp in a deal worth £400,000. This one stamp alone has trebled in value since 2005 whilst the world has been gripped by a global economic crisis and stock markets have crumbled. It has increased in value by 150% in the last 3 years and shows no sign of stopping. Why? Because this is a market driven by a steadily increasing group of dedicated (sometimes obsessive) collectors and now investors seeking out items of great rarity and premium quality.







Stamp values are also backed by solid historical data, with stamp prices charted annually back to the 1880s, so increases are transparent and can be tracked. This price data is behind investment indices such as the GB30 Rarities Index, an index that charts the increments of the top 30 GB stamps available on the open market over the last 40 years and which is quoted on Bloomberg Professional.

The index provides a telling snapshot of the value of rare stamps. Over the past 40 years (1970-2010), the index is up 6403%, giving a compound average annual increase of 11%. Annual returns beat inflation by an average of 4.4% per annum.

Perhaps more importantly, the index has not dropped in value over the past 40 years. You can now see why an increasing number of financial commentators are referring to our market as a "safe haven investment". After watching shares in BP drop over 40% recently, it's clear that fear and volatility still drive investor sentiment. The next unexpected event always seems to be just around the corner.

A SAMPLE RARE STAMP PORTFOLIO

Here is a selection of the type of rare stamps that Stanley Gibbons offers for investment purposes. Look at how their prices (taken from Stanley Gibbons published catalogues) have risen in the last 10 years.

Image	Description	2000 SG Catalogue Value £	2005 SG Catalogue Value £	2010 SG Catalogue Value £	10 Year % Growth
	Great Britain SG2 1840 1d Black Superb mint example	£3,500	£5,500	£10,000	186%
	Great Britain SG5 1840 2d Blue Superb mint example	£6,500	£12,000	£30,000	362%
	Great Britain SG132 1882 1£ Brown Superb mint example	£38,000	£70,000	£135,000	255%
	Malaya Straits SG215 Superb mint example	£32,000	£40,000	£70,000	119%
	Great Britain SG456a 1936 2½d Brown Superb mint example	£6,000	£8,000	£15,000	150%
	Great Britain SG1414a 1988 13p Christmas - error of value Superb unmounted mint example	£6,000	£6,500	£9,500	58%
Total		£92,000	£142,000	£269,500	193%

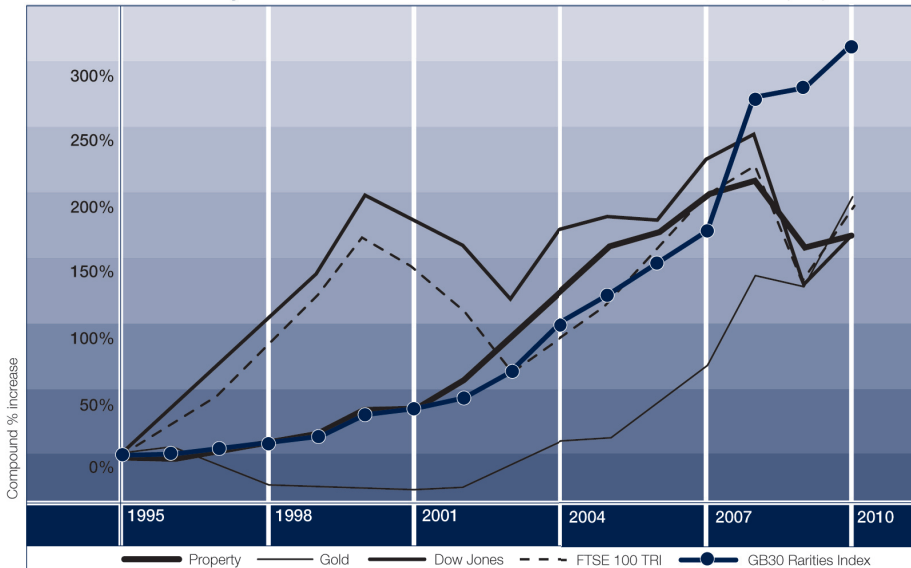
2. GOLD

In times of uncertainty, gold has always been a popular choice amongst risk-averse investors as a safety net. Back on a high since 2009, gold has proved a lot less valuable than rare stamps over the past 40 years.

Not only that, if you were invested in gold between 1980 and 1985, you would have lost 38% and between 1995 and 2000, 29%. So gold is only safe if you get your timing right – not always the perfect safe haven investment.

Look at the graph below, which clearly emphasises the volatility of gold and property (as well as other conventional investment vehicles) and the strength of the premium stamp market. It demonstrates the rise of the GB 30 Rarities index on Bloomberg, the index of the top GB rare stamps:

Performance of **Stanley Gibbons GB30 Rarities Index** vs. Stock Markets, UK Property & Gold



The GB30 Rarities Index as quoted on Bloomberg Professional®

STANLEY GIBBONS - QUALITY, EXPERTISE & REASSURANCE FOR YOU

Located in the heart of London at 399 Strand, Stanley Gibbons has been the home of stamp collecting since we started trading rare stamps in 1856. Stanley Gibbons is a globally recognised name and a brand synonymous with quality and expertise. We were even awarded the Royal Warrant by King George V in 1914 – an honour that we still hold proudly today and we maintain by trading with the Royal household.

What that means for you is that you can rely on over 150 years' experience and skill in appraising, buying, describing and selling stamps; **in today's uncertain times, trust and security may not be flashy, but they are fundamentally important to preserve your wealth.**

In a market awash with small (and occasionally unscrupulous) stamp dealers but also rife with clever forgeries, it is vital to go with a name you can trust. Look at the examples below; our experts know the difference between an investment grade stamp and 'just another stamp' or a worthless forgery.

One of these stamps is worth £240.
The other is Britain's most expensive
stamp worth £375,000.

Can you tell which is which?



"A few years ago (2004) you put together a portfolio of stamps for me (approx £14,000 in value). I recently had them valued and they have increased to a pleasing degree. I am aware that this increase is due to a large degree to the quality of the stamps that you selected. I therefore wanted to drop you a quick email to express my thanks."

- G.B. United Kingdom (Investor)

OUR GUARANTEE TO YOU

It's that quiet confidence in our expertise, combined with our stringent adherence to quality that allows us to offer you a **Lifetime Guarantee of Authenticity** on all the stamps you purchase from us.

It also gives us the confidence to underpin our investment offering to you by guaranteeing your capital – we have not seen the value of premium stamps fall in decades; on the contrary, prices have risen steadily (driven by the principles of basic supply-demand economics; a finite supply of the top stamps and an increasing number of collectors and investors entering or re-entering the market, both in the UK and particularly in Asia and the Indian sub-continent, where both the numbers and the appetite is huge) and we see no reason for this trend to stop.

BENEFIT FROM FULL CAPITAL PROTECTION & GROW YOUR WEALTH

For a minimum investment of £5,000, we can offer you a balanced portfolio of rare stamps in our **Capital Protected Growth Plan**.

As its name suggests, the plan gives you 100% capital security; whatever sum you put in will be fully guaranteed and returned to you in full, so you are assured of never experiencing a reduction in your capital. That's your secure anchor; on the plus side, should the stamp market continue to show healthy growth, your returns are not capped in any way, so the potential upside is unlimited.

Since rare stamps can remain stable for a time and then jump up in value in steps (as collectors and investors chase particular items or a major stamp show looms), we recommend a minimum holding period of 5 years and ideally 10 or more. However, if you do need to release your capital early for whatever reason, we offer you an early exit opportunity, any time after one year.

We then offer you a series of flexible options to sell your stamps:

- ⊙ Free of charge through one of our auctions
- ⊙ You can market them yourselves
- ⊙ You can use our expertise to sell them to our collectors for a small performance related commission
- ⊙ Or of course, you can reinvest the proceeds, as many of our investors currently do
- ⊙ We will buy them back for an agreed price

STORAGE & INSURANCE: Rare stamps are both a precious and a fragile commodity; a change in the condition of a stamp due to it being mishandled or kept in the wrong conditions could reduce its value substantially. So, we take care of this for you – after all, we may end up buying these stamps back from you at some future point, so we are simply protecting our longer term investment too. We offer you **free storage and insurance** as part of our service to you.

YOU CAN START YOUR INVESTMENT WITH A CAPITAL GAIN OF 11.1%

We will also give your investment a head start. If you invest between £25,000 and £49,999, we will give you a 5% upfront discount on the current market value. If you invest £50,000 or more, we will give you a 10% discount. By a quirk of mathematics, this means that your investment could start with an immediate capital gain of 11.1%.

	5% Discount	10% Discount
Actual Portfolio Value	£31,579	£55,555
Discount %	5%	10%
Initial Total Investment	£30,000	£50,000
Immediate Capital Gain	5.2%	11.1%

However, please note - we can only accept a limited amount of money in our Capital Protected Growth Plan each year. In light of our guarantee, irrespective of the performance of the stamps invested in, we restrict our risks to a level we can manage easily for both your sake and ours. That means we do have a subscription ceiling for the CPGP and so would urge you to follow up on your interest urgently to ensure you secure the share of this that suits your budget.

If you are you looking for somewhere safe and potentially profitable to put your cash, then we can offer you an investment in a tangible asset that protects your capital to remove your risk, whilst offering the potential of healthy and unlimited returns.

BECOME A HAPPY INVESTOR

If you would like to invest today or would like more information on this investment opportunity, we have a dedicated Investment Portfolio Manager team who would be happy to provide you with a free, no obligation and personal consultation. Please quote AG1.

SIMPLY CALL US ON 0845 026 7170

OR EMAIL investments@stanleygibbons.co.uk

Here's just a taste of what some of our happy investors have had to say about us and our investment offering:

"Every now and again, I like to look at my stamps - so much more rewarding than a share certificate! When I get more money to invest, Stanley Gibbons will be my first port of call."
- Nick S (Investor)

"Thank you for the updated valuation of my portfolio. Very nice gains for an almost no-risk investment! If I also factor in the rise of the GBP vs USD, the total gains are about 48% for a two year holding period... You can be sure that I will share my results and recommendation with friends and family. Thanks for your meticulous attention!"
- S. Vence, Colorado, US (Investor)

Remember, with your capital protected, there is no downside and an unlimited upside. Don't miss out on the peace of mind – not to mention the potential returns – that our Capital Protected Growth Plan offers.

We look forward to building a long and mutually successful relationship with you.

Best wishes,



Keith Heddle | Investment Director | The Stanley Gibbons Group plc

Should you wish to explore a more flexible way of investing with us, but without Capital Security, please ask about our other products: ☉ **Flexible Trading Portfolio** ☉ **Portfolio Builder**

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WEB www.stanleygibbons.com/investment

Please quote AG1