

COIN COLLECTING:

A Fun Investment?



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Text and photos by Dr Jimmy Teo, Editorial Board member

I started collecting coins in earnest in the beginning of 2019, though I had coin and banknote albums as a kid. As part of my investment portfolio review in mid-2018, I looked at gold prices and found that they had been getting lower for quite a few years. Gold is a lousy investment as it has a negative carry, which means it costs to maintain your stash. It does not earn interest and significant amounts have to be put into a safe or safe deposit box. Nonetheless, many people think it prudent to have a small proportion of your total portfolio in physical gold.

Some people buy gold in gold savings accounts (eg, United Overseas Bank), or through a gold-backed exchange traded fund, but these carry a counter-party risk, as the custodians can refuse to let you have the physical gold when you really need it. As Singaporeans, we should learn to be like the Shaw brothers and keep

a stash for any eventuality, but most of us do not have a backyard to bury it in. My research into physical gold coins shows that Singapore is a pretty good place to collect gold bullion (monetary or investment gold) as the prices are competitive with small buy and sell differences, and there is no goods and services tax (GST). Do note that you can expect to pay about 5% to 15% above the spot gold price for physical gold due to costs incurred in minting, storage and other administrative costs. You can check prices on websites like BullionStar and Gold Price. Of course, your spouse might very well prefer that you invest in gold jewellery that they can wear and run away with!

Collectible coins

Government-backed bullion coins like Canada's Maple Leaf, the US' Eagles and

Buffalos, and Australia's Kangaroos, among others, are legal tender. Theoretically you can bring them to a bank and deposit them for the stated value. But of course, the coin is literally worth its weight in gold, and its intrinsic value is usually considerably higher than its face value. Coins can come in 916 or 9999 fineness (or purity). For example, American Eagles are 916 (22 karat) and Buffalos are 9999 (24 karat). They come in various weights and may be in troy ounces (oz) or in grams (g). Usually, people collect 1 oz or 30 g coins since lower weights make very small coins.

Though bullion coins are nice to collect, they are common and usually not encapsulated in plastic. They require careful handling in order to preserve their appearance. Serious collectors usually look to acquire proof coins (specially struck coins with outstanding finish and detail) which are encapsulated to protect their finish. There are usually proof versions of bullion coins, and many mints also produce commemorative coins. However, these coins are considered numismatic coins (ones that collectors will pay a premium for), are subject to GST and often priced much higher when first sold. Singapore used to mint the Lion bullion coins from 1990 to 2002.

The Singapore Mint produced many commemorative proof coins over the years, made of copper-nickel, aluminium, silver, gold or platinum. You can purchase these coins at the Singapore Mint, bullion stores, numismatic shops, numismatic society meetings or auction houses. But nowadays, many collectors use Carousell (an online marketplace where individuals can list and buy items), which is my



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preferred way of getting coins. Once you meet other sellers and collectors, you will have a network where you may also be able to get the coins you desire.

Singapore's collectible coins

The first gold coin issued by Singapore was the 1969 \$150 Lighthouse gold coin (containing 24.88 g or 22.79 g 916 gold) commemorating the 150th anniversary of the British founding of Singapore. It was issued as a bullion coin and came with optional boxes. Collectors often like to collect an original set (comprising the box and plastic envelope with intact staple). There is also a proof coin which is very rare and commands a high premium, whereas the bullion coin can be purchased at close to spot gold price. Investments in gold bullion were more popular in the years after World War 2 and the immediate post-independence period due to concerns about the stability of fiat currencies.

The 1975 Singapore 10th Anniversary of Independence gold bullion coins are often available. These are 1 oz, 0.5 oz and 0.175 oz gold coins in 900 fineness of \$500, \$250 and \$100 value respectively. The design and images are an interesting reflection of that period (a lion, multi-racial arm-holding and a Housing Development Board apartment block). The proof versions are rarer and may command a 50% premium compared to the bullion version. Singaporeans like to collect Lion bullion coins and proof coin sets, though you can often get certain years of mintage close to spot gold prices. Fewer sets were produced in later years and these may command higher prices. You can check on the numbers produced at the Monetary Authority of Singapore's (MAS) website.

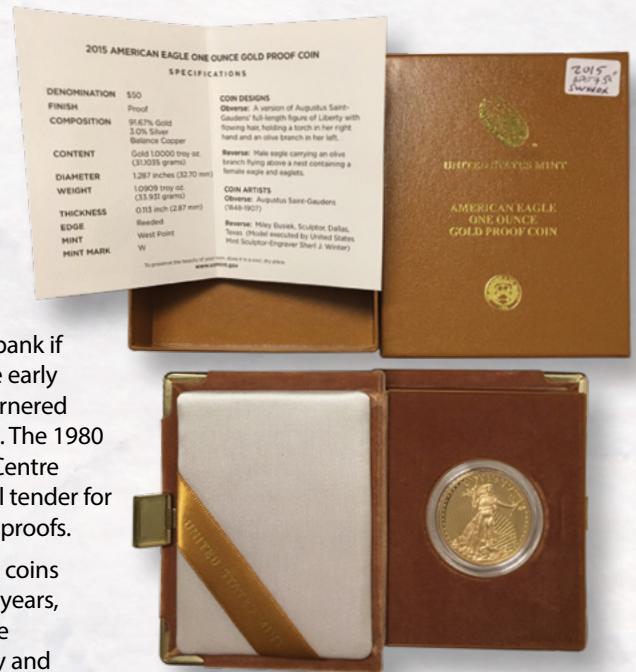
After reviewing many coins from different countries, I noticed that Singapore minted some of the highest legal tender value of precious metal coins (also printing the largest denomination banknotes for that matter)! In fact, if you are starting out and are worried about losing money in your coin collection, you may consider collecting the first series Singapore \$500 Chinese zodiac 0.5 oz gold coins (1981 to 1992). You can redeem

them with the bank or central bank if the price of gold crashes. In the early 1980s, the silver market was cornered and the price of silver was high. The 1980 and 1981 Singapore Financial Centre commemorative coins are legal tender for \$50! These are also available in proofs.

There are very few platinum coins issued by Singapore. For many years, platinum has always been more valuable than gold due to rarity and correspondingly, their stated legal tender values are higher. The 1990 Singapore 25th Anniversary commemorative coins were issued in aluminium bronze (\$5 non-proof), 1 oz silver, 1 oz gold and 1 oz platinum (\$10, \$250 and \$500 proof coins, respectively). The other 1 oz platinum proof coin is the Board of Commissioners of Currency of Singapore (BCCS, which has merged with MAS). Currently, 1 oz of platinum is much cheaper than 1 oz of gold (about \$1,400 versus \$2,100), but the BCCS platinum coin carries a higher premium due to rarity (mintage 300 pieces). Another unusual coin is the Year 2000 Millennium bimetal piedfort proof coin (54 g). Piedfort refers to an unusually thick coin. This coin also has a holographic coat of arms!

There have been three series of Singapore general circulation coins since independence. The first carried images of marine creatures, the second had a floral theme and the current ones have national icons or landmarks. The first series had bare metal proofs which can command fairly high prices. There were some silver proofs of the stylised Lion \$1, Sea Eagle \$10, and Satellite Ground Station \$10 coins. For some reason, Singaporeans like the stylised Lion \$1 coins – the silver proofs are \$80 to \$100, and even general circulation ones are priced \$4 to \$8 on the market. The rare 1975 silver proof \$1 coin can command prices in excess of \$300 to \$500. Sterling silver proof coin sets (silver at 92.5% purity) of the floral series were also minted. The sets contained rarer coins not usually seen in general circulation including the scallop-edged \$5 coin. Some circulated when they were taken out of their festival packs (like the Lunar New Year Hongbao coin set).

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More than just coins

One can appreciate the artistry of the designers of the coins. The photos here do not do them justice. Reading about coins, one also learns about history and fun facts. Do forgive me when I hold up the line using paper currency to get loose change. You can easily collect coins for investment, insurance and as a hobby in Singapore. Part of the fun is hunting down your desired coins or completing your collection. And you have a gold stash for the next calamity. ♦

Note: The prices for gold and platinum were accurate at the time of writing in January 2020.

Legend

1. 1990 25th Anniversary coin silver gold platinum proof coin set
2. 2000 Bimetal gold-silver piedfort coin
3. American gold eagle proof coin

Further readings

1. Singapore Numismatics Association. Available at: <https://bit.ly/3Bahnoz>.
2. Mavin International. Available at: <https://bit.ly/3xLLtwv>.

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