

Rare provenance, to phrase a coin



By **JAMES KIRBY**, WEALTH EDITOR

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You just sold a coin for \$500,000 — why was it so special — does that happen very often?

The coin that sold for \$500,000 is special on two counts. First up, it was a “holey dollar” which is Australia’s very first coin. There are about 300 holey dollars still in existence, 100 of which are housed in museums, leaving a balance of about 200 available to collectors. There are different styles of holey dollars, and the \$500,000 piece is unique.

Second is its provenance. That coin is called the Hannibal Head Holey Dollar. It was discovered in a bushranger’s hoard in Tasmania in 1881 and presented to the governor of Van Diemen’s Land, Sir John Henry Lefroy. A collector himself, Lefroy penned an article on the coin’s discovery along with a pencil drawing which he submitted to the Royal Numismatic Society in London. It is the earliest pencil drawing of Australia’s very first coin.

What sort of investor spends half a million on a coin and how did you connect with them?

Investors are as unique as the coins themselves. They come from many walks of life but all share a passion for history, a love of owning something few others are able to and the patience to let time make money for them.

What’s the most an Australian coin has sold for?

Coinworks sold the Proof 1930 Penny in 2011 for \$1.05 million. (The coin previously changed hands through Coinworks in 2005 for \$620,000).

What portion of collectors would you say use an SMSF?

It is a low number at the higher end of the market (20-30 per cent) as their decisions aren’t necessarily tax-driven. That said, many people still see benefit in using their SMSF as the vehicle for their investment.

Is it more complicated to use a SMSF these days after the ATO clampdown on collectables?

No. Storage, insurance and valuations are part of the new regime following the Cooper Review — dealers can do whatever a client needs. Most collectors already housed their coins in bank vaults anyway ... so very little changed after the ATO clampdown. (It is not like art that was impacted because paintings were hung on a wall.)

We established a policy through Lloyd's of London that allows all purchases through Coinworks to be insured within the seven-day requirement period and in the name of the fund. Easy. Confirmation of insurance is normally confirmed within 48 hours.

The Knight Frank Luxury index suggests coins will lift in value by 4 per cent a year — is that a realistic expectation?

Yes 3-4 per cent is a realistic expectation. We are certainly seeing signs of a market upturn. In years past, we were often the only people bidding (on behalf of clients) for a coin, whereas now there are multiple bidders.

There are some very obvious investors in rare cars and other collectables, the coin scene seems much more discreet ... is that true?

Absolutely. Our clients more often than not prefer to remain anonymous. That said they are keen for people to see their coins. We are talking to some private and public institutions about curating some very exciting exhibitions for next year.

Your company, Coinworks, has survived a tough industry — the collapse of The Rare Coin Company must have hit the industry — how do investors defend themselves from rogues?

The collapse did impact the industry but at the end of the day it was a Ponzi scheme which caused the problem, not the underlying asset class. As with any investment, investors need to ask questions. As we found out with the collapse of that Albany-based company, investors were not interested in asking questions but were simply lured in by the promise of abnormally high returns.

Among people who come up to you at fairs with coins for assessment, how many would have something genuinely valuable?

Perhaps 5 per cent. The people that attend fairs occupy two groups. The first are collectors. The second are members of the public that hope that their jar of coins will yield a fortune. The making of a fortune out of a jar of coins is sadly a myth. The buyers that are making money out of rare coins do their due diligence when they buy the piece and do their due diligence when they sell.

You mentioned there only a few hundred holey dollars — what is a more accessible coin that investors might seek?

The 1930 penny is a more accessible coin for collectors simply because of the availability. (There are about 1500 1930 pennies versus 200 holey dollars). A 1930 penny can be acquired for a little over \$20,000, a well circulated holey dollar for \$40,000.

What are your own investments — which was your best, and which was your worst?

Probably my best investment has been the ownership of Coinworks. My worst has been an investment in art where I acquired a few paintings through my SMSF. Once I could no longer hang them on the wall, they were bought out of the fund. I also reflect on the fact that I didn't ask the questions when I bought. I simply bought because I loved them.

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James Kirby, The Australian's Wealth Editor, is one of Australia's most experienced financial journalists. He is a former managing editor and co-founder of Business Spectator and Eureka Report and has previousl... [Read more](#)