Gold Bullion Coin Checklist

When selecting gold bullion coins, it is important to focus on low premium products with global recognition and good liquidity.

Coins generally sell for higher premiums than bars or rounds of the same weight due to higher fabrication costs and in some instances because of legal tender status.

The checklist below sets out some of our most important considerations when selecting gold coins:

- Choose coins from well-known national mints with 999.9 purity for gold and 99.9% for silver. These coins are often government backed with an assurance of quality and provide further confidence through various security features. Rounds issued by private mints are usually available at a lower premium but can be more difficult to sell.
- Avoid small denominations as the premiums are often excessive (especially for silver). For gold we recommend 1 troy oz coins except for the China Panda where 30 gram is preferred.
- For silver, bars are a more sensible option as coin premiums are often too high.
- Buy bullion coins only. Avoid collectable coins as premiums are often much higher than bullion.
- Some coins have legal tender status which in turn creates legal status, certain protections and aids portability. However, in some circumstances a legal tender status could limit options to melt coins and leave them vulnerable to tender rules.
- Certain coins have capital gains tax advantages for residents of some countries (such as the Britannia for UK resident) which is a significant advantage that justifies a slightly higher premium.
- Simple, recognisable and popular coins with standardised features and large mint runs tend to be better choices due to higher liquidity and lower premiums compared to small runs and ornate designs.
- Where possible, buy coins that dealers have received fresh from the mint. If the coins are re-sale, ensure they are in good condition and have been verified as genuine or certified. Pay less for resale coins as dealers often get these on favourable terms.
- Only buy from reputable dealers or direct from the mint.
- Diversify by issuer. Holding coins issued by foreign nations has benefits in certain instances.

Some argue that holding collectable or numismatic coins reduces the risk of seizure and forced sales as happened in the USA in 1933. This observation has merit but requires specialist knowledge that we do not have and can be managed in other ways. This approach carries additional risks or complexity compared to pure bullion investment, including:

- Trends and fashions in collecting can be volatile.
- Resale options are limited and can be costly if you have to go to auction.
- Greater storage/insurance complexity.
- Premiums can be substantial and highly volatile.
- Need for real numismatic knowledge.
- The incentive to forge is higher.

We have limited knowledge to offer on this but can see the appeal of collecting historical items, but do not regard this as bullion investment.

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