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Alternative investments

## Mistakes that will earn you a small fortune

Look out for stamps with errors in them if you want to make a really lucrative investment in philately. Nick Kettles on an imperfect art

**Sunday November 30, 2003**

[The Observer](#)



Earlier this month in Paris, at the auction of the prestigious 'La Fayette' stamp collection, hosted by the Spink auction house and Behr dealership, lot 50, a block of four vermilion one-franc stamps, in which one is inverted, fetched ~~£~~20,000, France's most expensive stamps to date. Because of their rarity, philatelic errors, the result of major mistakes in production, account for some of the most valuable and sought-after stamps in the world. Although difficult to verify - stamps often change hands without prices being disclosed - the world's most valuable stamp is an error, the Swedish 1855 3 skilling-yellow (it was supposed to be green). Only one is known to exist, and was last sold publicly in 1996, for over £900,000.

Like all types of collectables, philately has been subject to market fluctuations, notably in the late Seventies, when a heavily inflated market burst, leaving many investors burnt. But some believe this was caused by unscrupulous dealers flooding the market with heavily promoted, second-rate material. Since then dealers have worked together to police the industry and make stamps a safer investment. Prices have been steadily rising since the early Nineties.

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The Stanley Gibbons SG 100 Stamp Index, based on actual retail or auction prices for 100 of the world's most frequently traded stamps, shows a cumulative increase of 13.9 per cent over the past 12 months, and an increase since 1997 of 45.1 per cent. Stamps, and in

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particular errors, may prove to be a solid alternative investment because, as the oldest and most popular collectable item, investors can almost guarantee a bedrock of demand. Experts consider errors to be an important part of any serious stamp collection. Richard Watkins, director of stamps at Spink, says: 'Although difficult to quantify, 10-15 per cent of current market interest is in errors and varieties.'

Mark Brandon, owner of Brandon Galleries, a dealer in rare and classic stamps, says: 'There is a historical appreciation in errors over the last 10 years - it's a proven track record.' A sample portfolio of 40-plus classic and post-war errors, created by Brandon Galleries, increased in value from £156,622 in 1991 to £352,072 in 2001. The rarity of errors offers investors added certainty, but they are certainly not unavailable.

It's true you will never be able to buy the 1976 13p Briar Rose issue with the value missing. Catalogued at £22,000, only three exist, and two are in the Queen's private collection. But good examples from both the classic pre-1930 period, which are rarer, as well as post-war issues are available. For example there are a handful of 1891 Cape of Good Hope 1d 'wood-block' errors of colour, priced at over £20,000. Unperforated (imperforate) sheetlets of the Fun Fruit and Veg series issued in March this year are currently valued at about £1,500.

For investment purposes, it's best to focus on major errors of note, which include:

- Inverts, which must be in a pair or more - the 1918 US invert Jenny C3A, 'the upside-down aeroplane', is the best known example
- Missing or incorrect colours
- Imperforates, which must be in a pair or more to guarantee scissors have not created the effect
- Wrong or missing values (highly regarded)
- Double-printed stamps where the stamp has been printed twice up to a couple of millimetres to the edge of the design.

Avoid anything in volume - some suggest no more than a sheet. For example, earlier this year one stamp on every other sheet of £2 stamps had the pound sign missing. At least 4,000 have already reached the market, and are currently changing hands for over £100. But this is an artificially inflated price caused by initial excitement and is unlikely, experts say, to appreciate further. Unless you purchased one or more over the counter at face value, steer well clear. Moreover, the £2 stamp is technically a variety, (small flaws) for which



there is interest and demand, but considered more risky.

While major errors are constant on all or part of a sheet, varieties tend to appear as one stamp on every sheet. They are harder to spot and more make it to market. Hugh Jefferies, Stanley Gibbons Catalogue editor, says: 'What sets errors apart from other varieties is that they are listed in catalogues and are therefore more widely known.'

Expert knowledge is key for any investment, and the advice of a professional auctioneer or dealer is essential to mitigate your risk. They will be able to help you put together a portfolio of errors starting for as little as £1,000 - £2,000.

Try building a portfolio around a particular theme or country, which, viewed as a whole collection, can also add value. For example flowers, aviation and birds are popular themes among collectors. If you do your own research the least you should consider is the 2003 Catalogue of Queen Elizabeth II British Postage Stamp Errors by Tom Pierron, published this year. This is the first comprehensive catalogue of its kind and further evidence of the growing interest in errors.

Using one of the UK's three expert committees, who will verify the authenticity of any stamp for a reasonable fee, is also worth considering. It's a random process by which errors come to market, but that too is part of the intrigue. This is one area where fortune favours the eagle-eyed.

Since the Second World War, when stamps began to be produced with more colours and complex designs, errors have become more common, encouraged by superficial checking processes that failed to spot and destroy them all. More recently the introduction of self-adhesive stamps has presented the Post Office with a new set of challenges.

Indeed, one expert points out that since the first Christmas issue in 1966, there have only been three years when an error did not make it onto the counter in the UK.

While the lay person may not understand collectors' fascination with normal stamps, it is easy to see the appeal in errors.

Maybe it's the fact that we take satisfaction in pointing out someone else's mistakes. Maybe it's the stories that seem to surround their discovery.

For example, when CIA employees discovered a sheet of \$1 stamps picturing an inverted lamp stand, they purchased a normal replacement, sold the inverts for a hefty profit - and were then sacked.

### Frank advice

- Seek professional help from an auctioneer or dealer.
- Make friends with your local postmaster.
- Research online discussion boards and chatrooms.
- Make sure your purchase has a good provenance, or use an expert committee: the [Royal Philatelic Society](#), London 020 7486 1044; David Brandon Expert Committee, 01483 503335; British Philatelic Association, 01372 843085.
- Catalogues include: The 2003 Catalogue of Queen Elizabeth II British Postage Stamp Errors, by Tom Pierron, Bacchic Multimedia, £39.95, [www.errors.info](http://www.errors.info); [www.stanleygibbons.com](http://www.stanleygibbons.com).
- Useful contacts include: [Brandon Galleries](#); [Jack Nalbandian Inc \(US\)](#); [Simon Andrews Stamps](#); [Spink \(Auctioneers\)](#).
- To check dealer status: [www.ukphilately.org.uk](http://www.ukphilately.org.uk); [www.philatelic-traders-society.co.uk](http://www.philatelic-traders-society.co.uk).



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