



A Novice guide to investing in physical silver

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Madstacks

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Introduction.

First a Bit about myself, I am a small time personal UK investor who has been buying silver for the last two years - I made some mistakes but now have my investing very well covered. I am just your average person looking to preserve wealth and indeed grow it at the right market time.

Starting to invest in Physical silver is an exciting and slightly daunting experience with plenty of potential lessons to be learnt.

My aim for this book is to help new investors not make the same mistakes I did and save some money, I will also teach you how you can make silver profitable in the UK in a Flat market! this book is aimed at new small public investors/collectors just like myself and I hope that you Enjoy the read and learn a few lessons along the way.

Before we start the book, for reference here is a few terms and silver purities that you may or may not know but will need to learn. If you are not completely new to physical silver investing you may want to skip this page.

Widely recognised silver purities..

.500 - 50% pure - used in pre 1947 pre decimal coinage

.800 - 80% pure - used in continental silver

.900 - 90% pure - used in older American coins

.925 - 92.5% pure , also known as "Sterling Silver"

.958 - 95.8% pure , also known as "Britannia silver"

.999 - 99.9% pure , Investment grade silver known as bullion

Terms & references

Spot price - current market value of 99.9% pure silver

Numismatic - Highly collectable often vintage coins with value well in excess of the silver content.

Semi Numismatic - Modern collectable bullion coins

Stack - a physical silver collection/portfolio

Exit strategy.

Whilst it might seem strange to start a book on silver investing with talk on how to exit the market, in my opinion this question is key to what you should buy. When I first started buying this is a question I had not even considered, I was just blindly buying ounces of silver.. And whilst that got me started on the path to building a core stack (this is how a physical silver bullion portfolio is often referred to) it ultimately led me to have swap some of my stack around to suit my needs, so it is a good idea to ask yourself this question now.

So when the time comes and you would like to exit the market, be it taking some profit on silver bought or selling due to other reasons..How would you like to do so? there are two main options and each one has different silver that is suited better to each strategy..

The next pages will discuss the two main options.

Option 1. The cut and run quick hassle free exit..

Silver has performed well and you want a quick exit, you don't want to be dealing with multiple people, you don't want a long wait to get squeeze every penny..You want to take to a refiners and get the cash instant with no hassle!

In this case I recommend you buy the cheapest recognizable silver you can lay your hands on, regardless of condition - refiners pay by weight and nothing else matters. Here in the UK pre 1947 coinage contained 50% silver and can be regularly obtained at "spot price" and without paying the dreaded VAT that UK buyers have to pay.

Refiners pay as much for this taken into account its purity as they do for shiny .999 pure bullion so this makes it a very attractive for the quick exit strategy.

It Is worth considering that This form of exit strategy is highly tied to the current market value of silver, and often needs 1 - 5 + kg to get the best price for your silver.

The yearly flip for profit..

This is an entirely different strategy, whilst the last strategy is a quick exit from the market if needed it is highly tied to the spot price of silver.. This strategy is partially tied to the "collector" market and can turn yearly profits even in a falling market if you pick the right coins.

For this method you buy what is known as "semi numismatic coins" Numismatic means the coin has collectable value above the metal content.

Have a look at the "lunar series" from the Perth mint and the prices they command, every year brings a new collectable coin and new collectors of the series to the market, and regardless of silver price last year's coins command more than this year's.

So in effect you can buy coins, wait a year or two and then resell for a profit, even in a downwards trending market these coins still perform well and doing this can lead to more silver for your stack.

This strategy is also tied to spot price but more loosely than the cut and run strategy. If you don't mind putting in a bit of work then these coins can really work for your stack and enable you to grow it with raised revenue from sales, however these coins generally cost a little more and sales can take much longer than the cut and run strategy. They also need to be sold privately to maximise returns.

Some semi numismatic series that have shown consistent returns when sold are as follows.

Perth mint Lunar series

Perth mint kookaburra series

Chinese pandas

Royal mint Britannia's

There is constantly new Semi numismatic series coming out and choosing the right one can give lucrative returns however I would go with tried and tested series to begin with.

I believe Diversity is key, and that it is a safe bet to spread your purchases into both of these categories. However one may stand out as more suitable for you.

For the cut and run strategy you can use many other types of silver, have a look and see what your local refineries pay for different purities and what suits your location, it may be something completely different like 92.5% sterling

In my case 50% silver sourced from eBay gives the smallest margin between price I pay and what I can sell it to the refiners for, but in your location this may be different, do check and see what's best for you.

Now let's talk about where it is best to source your physical silver from and as a treat for UK readers how to completely and legally bypass VAT on semi numismatics, this one tip alone could save you a small fortune! I really wish I knew this when I started!

To source your silver you have three main options..

1. online bullion dealers - read reviews before you buy from any company but this is the safest way to buy bullion, when buying from reputable dealers you can be assured you have the real deal, from time to time special offers will pop up and you can order as much silver as you can afford to buy.

Here is a list of reputable silver dealers that can be trusted, I have no affiliation with any of these companies whatsoever, but have personally used several of them and know others who have used the others.

For UK..

Atkinson's bullion

Bullionbypost

the bullion centre

Hatton garden metals

2. online auctions..

Online auctions can be a great source of well priced silver (along with a lot of very over priced silver too!) If you know what you are looking for It is a great tool, however when you are just starting it can be a potential minefield with a lot of fake silver out there..I recommend new investors if using eBay stick to hallmarked products and old coinage that contained silver..Stay clear of bullion till you know what you are doing and how to test silver is genuine.

There is many terms that unscrupulous sellers try to peddle fake silver bullion under, if you see any of these terms online DO NOT BUY.

Plated - Very thin coat of silver over base metal.

layered - the same as plated .

Clad - the same as plated.

Tibetan silver - base metal contains no real silver.

German silver - again contains no real silver.

3. carboot/yard sales, charity/thrift shops and private sales.

Bargains can be had in all of these locations if you fancy the thrill of the chase, however this is more for a bit of fun and it is hard to obtain much silver this way. it's a case of getting lucky so you may like to look but it is not practical to use this as your main source.

These three options are the main ways of buying physical silver in the UK and indeed the world over, But what I am about to share with you is possibly the best bit of information you will receive in this whole book, How to obtain semi numismatic coins without paying 20% VAT. Many do not know this, you can sell these coins on eBay straight away and profit in a flat silver market!

This one bit of information can save you a small fortune and really make a difference to your stack in a huge way if you are a UK collector/investor..

Semi Numismatic coins are not eligible to pay vat on if ordered from outside the UK under the VAT margins scheme for second hand goods - art and antiques.

Since the Semi numismatic coins are classed as collectable they fall under this scheme, and VAT is only payable on the dealers margin on the coin NOT the coins total cost, Giving us the buyers a HUGE saving compared to buying in the UK.

I source my Coins from a well known Dealer in Germany and Pay vastly less per coin than I would have to pay in the UK for the same coin!

I could take that Coin and sell it immediately online for a profit to someone who does not know this information, and it would be still cheaper for the buyer than ordering from a UK company!

This only works for Semi numismatic coins and this really makes them an attractive opportunity.

Semi numismatic coins are also beautiful and great to collect yourself!

This short book was never meant to be the definitive guide to investing in silver as I feel everyone forges their own path and ultimately makes their own decisions. But armed with this information I hope you will be able to make some decisions easier and that it will have given you ideas on the paths you might like to take.

Investing in Silver can not only be a great way to financial freedom, it can lead you down new paths you may have never seen yourself take. It can also be a great hobby with a great online community with a wealth of information out there.

There is a lot to learn and a lot that you need to learn communicating with others, You will have many questions I cannot cover in this book. I highly recommend joining some online silver communities.

I hope this book has been of good use to you and wish you success with your new venture should you choose to take this path.

