



Autograph Investment Guide

Your depictive guide to autograph investing

Historical autographs are those rare collectibles that mix pride of ownership with great investment potential...

“People have been collecting autographs for thousands of years,” says Maddalena. “Aristotle was the first known collector. He collected manuscripts and maps.”

Many wonderful collections have been amassed by private individuals. Letters written by Abraham Lincoln, George Washington, Albert Einstein and Robert E. Lee are not exclusively the domain of librarians and archivists at The Library of Congress, the National Archives or state historical societies. Private collectors can *and do* legally own such rare documents. And over the years they have been among the safest and most reliable tangible assets you can invest in.

Maddalena emphasizes that investment decisions of all kinds require careful consideration. How confident are you in the safety of the investment? What about liquidity, in the event you need to sell? And what kind of track record does the investment have? Historical documents, interestingly enough, are subject to the same evaluation criteria as stocks and bonds: Affordability, Liquidity, Appreciation and Pride of Ownership.

Affordability

Charles Hamilton said, “*In my view, they [autographs] are the most undervalued of all areas of collecting, especially when you consider what people are paying for even second rate paintings.*”

Maddalena agrees. “You can’t get into first-rate art for under seven figures. Great, single U.S. rare coins will run you six figures each. But you can buy a good quality handwritten letter signed by George Washington or Abraham Lincoln for about \$25,000.

This historical autograph market offers sound investment opportunities at many different levels. Just as “blue-chip” stocks like Google and Wal-Mart can be affordable if shares are purchased in limited numbers, quality investment-grade historical documents are available in many price ranges. In the autograph market, the “blue-chips” are items signed by historical figures such as George Washington, Abraham Lincoln, Thomas Jefferson, Albert Einstein and others who have left an indelible mark on history. Depending on content, for instance, Lincoln autograph material can be purchased for as little as \$10,000, and as much as \$1 million or more.

Why are historical autographs such a good value? “The field is still largely undiscovered by collectors”, says Maddalena. “There isn’t enough material available to promote the market like rare coins, sports cards, comic books, so most new collectors are brought into the field by existing collectors, not rooms full of telemarketers. That means prices rise due to true collector interest—not speculators. The market is small but it’s solid. Prices for top quality material have steadily appreciated since the 1950s.”

Liquidity

Quality autograph material has always found an eager market, particularly at public auction. Sotheby’s and Christie’s, for example, have been selling historical documents for more than 100 years. In fact, there are at least two dozen major auction houses actively seeking consignment of autograph material for sales held regularly throughout the world.

Even in the face of a faltering economy with declining interest rates, dismal bond yields and an unpredictable stock market, autographs can stand on their own. Consider what happened to the stock market back in 1987. Two months after the Dow Jones Industrial Average hit an all-time high, it plummeted over 500 points on “Black Monday”—October 19, 1987. What happened to the collectibles market after the crash, and, in particular, to the autograph market?

The effect on the collectibles market was *positive* across the board. Jittery investors pulled their money out of stocks and began to invest, or invested more heavily, in the tangible collectibles markets, making them more liquid. As a result of this increased liquidity, prices for collectibles, including autographs, either held their own or continued to rise. And quality historical documents went on to set new price records. Only three days after “Black Monday”, for example, a portion of a Gutenberg Bible from the Estelle Doheny Collection sold for \$4.9 million, well above the auction house’s pre-sale estimate of \$1.5 – \$2 million.

Charles Hamilton, one of the autograph industry's premier elder statesmen, once remarked that autograph letters "are a sounder investment than gilt-edged securities." When the stock market took the plunge in 1987, his theory was borne out—the autograph market not only survived, but climbed to new heights.

In today's climate, following in the wake of the Great Panic of 2008, the U.S. government has embarked on the greatest expansion of its role in the private sector since the 1930s, shown clearly by its massive spending program. This tremendous government spending leads many to believe that we are headed towards inflationary times. This possibility, coupled with the likelihood of upcoming tax-rate increases, will create major turbulence for investors. Tangible assets that will appreciate will be highly sought after investments by savvy collectors. Case in point, on February 12, 2009, at the height of economic turmoil, Abraham Lincoln's handwritten 1864 Election victory speech sold for an astounding \$3,442,500 at Christie's NYC, establishing a *new world record* for any American historical manuscript.

Appreciation

Humorist Will Rogers once remarked that he was putting what little money he had into ocean frontage "*for the simple reason that there was only so much of it and no more, and that they weren't making any more.*" The same can be said for historical documents. Not only are Abraham Lincoln, Thomas Jefferson and their historical counterparts not *writing* anymore, but also the limited supply of their letters and documents has greatly diminished with a trend from 1996 to 2006 where large numbers of historical documents were purchased and donated to public institutions.

Maddalena explains, "The most amazing part of my business right now is that I'm having a tough time finding quality material to buy. There's no panic selling going on. Actually, I've had my best two years in business in the last decade as people have found preservation of capital more important than 'pie in the sky' artificial rates of return.

"I have a client who was always getting into the doghouse with his wife. He'd go home and she'd say, 'What? You bought another Lincoln document? Another Einstein photo? Are you crazy?'" She used to beat him up about buying this stuff. Then the stock market crashed and she called me up and said, 'I can't thank you enough because our 401k is worthless, our stock holdings are worthless and it's only because we own these collectibles that we're able to pay our mortgage.'

"Ideally, as with any investment, you should be buying to hold long-term for the appreciation in value – but in this case, my client was forced to sell. The difference is that he didn't get 10 cents on the dollar. Even in a desperation sale, this couple was able to get 80-90 cents on the dollar, and in many cases make a profit. These people were able to keep their lives going because they had something that was of intrinsic value...a tangible asset such as gold, but not maxed out like gold."

This economy offers a unique window to investors to acquire material that is "blue-chip." There is a limited supply, but there are also situations where collections are coming up for sale that in different economic times would have never been available for purchase. Original historical documents are one-of-a-kind. They are not "created" collectibles like baseball cards, coins, stamps and comic books that were mass manufactured for consumption by our entire society. Thus, the supply is fixed and as demand increases, prices will go up.

Historically, autographs have proven to be a safe long-term investment, and top quality items have performed very well over time. It's difficult to find other investments that meet these criteria:

- Autographs have risen reliably and reasonably for the past 50 years
- Autographs as an investment have no correlation with any other asset class
- Autographs offer an unlimited upside potential
- Autographs are easy to buy with no hidden costs
- Autographs have performed well historically during recessionary periods—even the Great Depression
- Autographs are a tangible asset with a value embedded in history.
- Autographs are portable wealth

Pride of Ownership

To own a letter of historical significance is to own a moment in time—“*a piece of history*”—not to mention a wise investment.

Join the ranks of banker-financier J. Pierpont Morgan, whose philanthropic legacy includes the Pierpont Morgan Library that houses his vast autograph collection. President Franklin D. Roosevelt was an avid autograph collector. Publisher Malcolm Forbes assembled the highest quality private autograph collection of the second half of the 20th century, which was sold at auction early in this decade for remarkable sums.

Each of these men recognized the tangible investment value of their collections, but they also knew that this type of asset brings another kind of return—pride of ownership—that cannot be matched by most other investments. While the government may tax stock dividends and interest earned from bonds, it cannot lay claim to the priceless dividends that come from owning and sharing your collection with others. That’s why notable Americans like Bill Gates and H. Ross Perot are among today’s historic autograph collectors.

Show someone a \$10,000 baseball card, a \$10,000 U.S. coin and a \$10,000 Civil War military commission signed by President Abraham Lincoln, and watch what happens! No matter who you ask, it is Lincoln’s original *autograph*, which will impress people as being more valuable. And fifty to one hundred years from now, people will continue to view it with a sense of awe because of its unique historical significance.

Also, consider the fact that baseball cards, coins and most other collectibles are all mass-produced in huge quantities for mass consumption by society. In contrast, each and every *autograph* is a one-of-a-kind *original*—not mass produced, but created by the very hand of its signer. This is what pride of ownership is all about—the thrill of owning treasures that most people don’t even realize exist outside the Library of Congress.

Nothing is more important than choosing the right dealer.

Maddalena cautions that it is important to work with a knowledgeable and reputable dealer. To ensure that your collection contains only authentic material, your dealer should be able to authenticate every item he sells and back it up with a written lifetime guarantee of authenticity. Profiles in History proudly stands behind every item offered for sale with the most detailed background information available and a *lifetime guarantee of authenticity*.

Beyond this lifetime guarantee, however, you’ll want a dealer who will share with you his knowledge of the dynamics of the autograph market, and lend his expertise on developing your collecting interests.

A dealer will help you understand the factors that impact value:

- Content is core to the current and future value of your investment. A letter that describes an event in history or that has a close association to the author’s fame may be described as having “high content.”
- Association: letters between famous individuals are very desirable.
- Desirability: letters by Jefferson, Lincoln and Einstein are not particularly rare, but they are highly collected.
- Condition: while condition is often the sole factor impacting the value of collectibles such as coins and stamps, condition of historical autographs is secondary to content, association and desirability.

“Collecting is simple,” Maddalena says, “buy historical autographs because you love them. Find where your passion is. Then allow experts to help you locate authentic original autographs that stir your interest. Profiles in History is unparalleled in its expertise and experience in helping you make a wise and informed decision. But the investor can take best advantage of our services by developing a sense of what they are interested in and the range of prices for such items.”

He does recommend investing in the best quality documents you can afford. “I only sell the top 10 percent of the market. If there are 20 George Washington signed items on the market place and there are two great ones, I’d rather pay a premium and own one of the two great ones. If you buy the best, then when you go to sell it you’re going to be rewarded. Over the past 25 years, my clients who have sold their collections have done very

well when they've gone back to public auction because they bought the best." Maddalena continues, "In 1993 I sold an Albert Einstein Autograph Manuscript Signed on the Unified Field Theory to a private client for \$85,000. On February 12, 2009, at the height of the current recession, this same item sold at Christies, New York for \$230,500. I tell clients over and over, no matter what you buy, buy the best. Find a dealer who will put you into first rate material and in time that material will perform."

Is Autograph Investing for You?

Ask yourself these questions:

1. Should I consider diversifying my portfolio by placing a percentage into alternative investments with proven track records?
2. Do I have an interest in history, science, law or the arts that would make collecting autographs personally, as well as financially, rewarding?
3. Would I like to hold history in my hands?

If your answer to these questions is yes, call Profiles in History at (800)942-8856 or (310)859-7701.

To present a realistic overview of the autograph market, Profiles in History has done a long-term tracking study of prices realized at public auction for a representative sampling of Abraham Lincoln items. The cornerstone to any autograph collection is an Abraham Lincoln signed piece. Since 1985, prices for Lincoln material elevated the 16th President from a consistent performer to a *stellar* performer. While some of his written words have commanded prices in excess of \$3.5 million, many of his writings are still within reach of the average collector.

Two types of Lincoln autograph pieces, in particular, are both readily available to potential buyers, and relatively down-to-earth in pricing. The first is a Military Commission. The other is known as an "Oath of December 8th," referring to the oath of allegiance required of all Confederate rebels in 1863 before they were permitted to return to their homes from behind Union lines. Most oaths are comprised of just three or four lines written by Lincoln on the back of a letter requesting the specific prisoner's release.

Below we have tracked public prices realized for examples of these two types of Lincoln autographs through the years. As busy as Lincoln was with fighting the Civil War, it was not unusual for him to sign *dozens* of such documents and oaths on the same day. Given the fact that each of these documents was virtually identical, the prices we have noted are representative of the document categories as a whole.

Lincoln Handwritten Oaths of December 8th

Lincoln Signed Military Commissions

Date Sold	Prices Realized	Average Rate of Return Compounded Annually	Date Sold	Prices Realized	Average Rate of Return Compounded Annually
1965	\$200	11.84%	1946	\$40	9.59%
1970	\$350	6.30%	1968	\$300	10.31%
1975	\$475	12.34%	1978	\$800	9.4%
1980	\$850	12.03%	1985	\$1,500	23.59%
1985	\$1,500	14.87%	1989	\$3,500	16.26%
1990	\$3,000	22.47%	1992	\$5,500	3.27%
1992	\$4,500	4.49%	2009	\$9,500	

Average Rate of Return 1965 – 2009: **9.17%**

Average Rate of Return 1946 – 2009: **9.07%**