

# Smart Money

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## Collectibles

### Stamp Act

BILL GROSS is known as the “Bond King” for his ability to spot values in the fixed-income market. He’s also a bit of a philatelic wheeler-dealer.

Gross started buying rare U.S. stamps anonymously in 1991. By late 2005 the only stamp missing from his collection of 19th-century U.S. postage was the 1-cent 1868 “Z-Grill,” so-called for its waffle pattern, which was meant to discourage reuse. With the missing item, he would have a complete set of 19th-century U.S. postage.

Only two Z-Grill stamps are known to exist: One is owned by the New York Public Library, and the other was in the hands of collector Donald Sundman, who outbid Gross in 1998, purchasing it for \$935,000.

Gross had tried to buy the stamp several times since, but was always rebuffed. Recently, however, Sundman told Gross’s dealer that he’d consider swapping the stamp for a particular block of stamps that was missing from his collection. So in October, Gross anonymously paid \$2.97 million at auction for a block of four “Inverted Jenny” stamps. These rare 1918 stamps bear the image of an upside-down biplane, the result of a printing error. Fewer than 100 are known to exist, and there are only six known four-blocks.

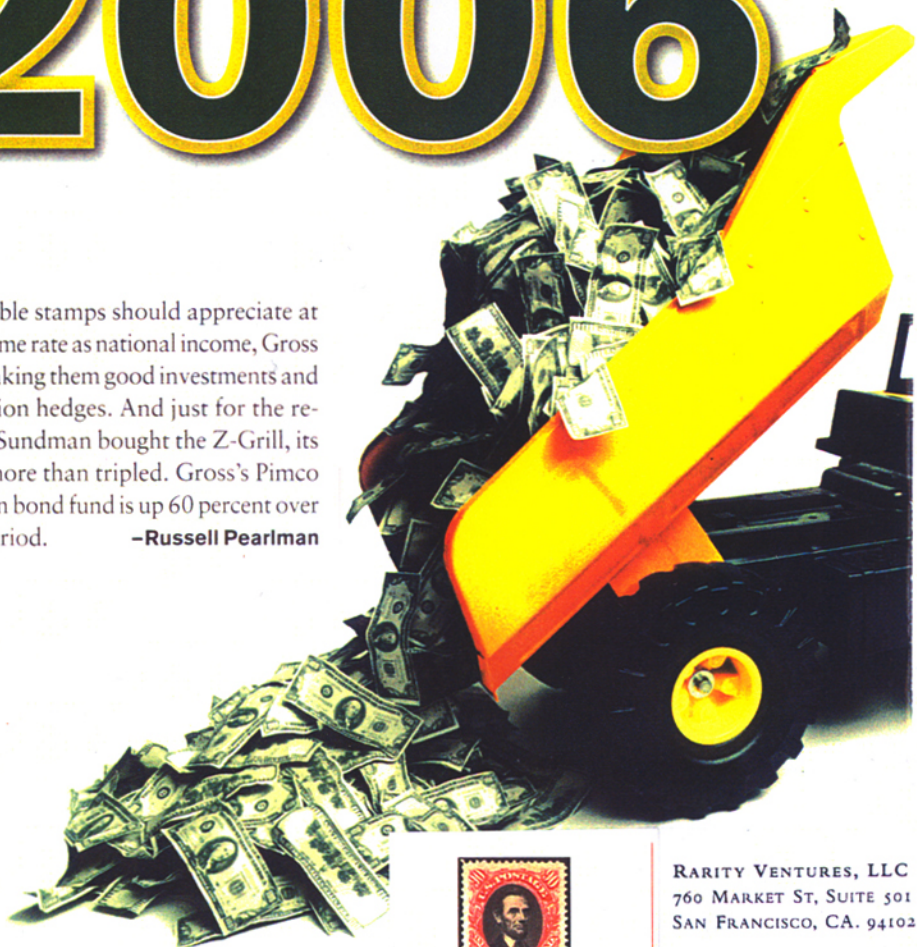
Gross already owned four of those blocks, but the most recent purchase was especially prized because it had a registration number identifying the printing plate. That was enough to sway Sundman to part with his Z-Grill in November, and perhaps to earn Gross the title of “Stamp King.”



# WHERE TO INVEST 2006

Collectible stamps should appreciate at about the same rate as national income, Gross reckons, making them good investments and great inflation hedges. And just for the record, since Sundman bought the Z-Grill, its value has more than tripled. Gross’s Pimco Total Return bond fund is up 60 percent over the same period.

—Russell Pearlman



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