



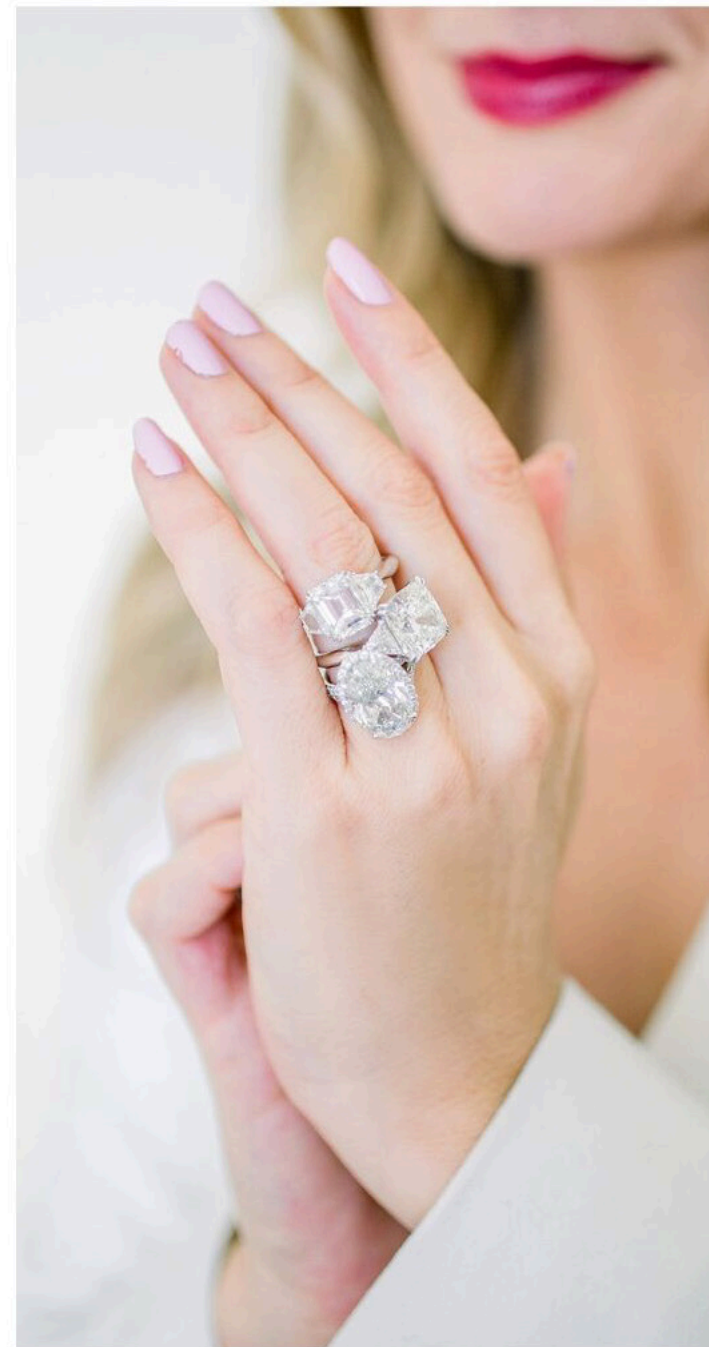
## COULD DIAMONDS BE AN INVESTORS BEST FRIEND?

Diamond concierge Michelle Rielly provides insight into the investment opportunities of diamonds.

When you think of investments, stocks, bonds, and ETFs come to mind, but what about something that you can physically hold onto and potentially use in a real time of need. And the best part is that aside from art, this is an investment the owner can actually enjoy. Since they are the hardest known matter on earth, their owners can actually wear them without reducing their value. Diamonds are extremely portable and

are commonly used during war time as liquid cash.

For these reasons, diamonds have gained popularity in recent years as a newfound coveted investment piece. Diamonds offer a handsome incentive that stays stable against inflation and a volatile stock market. For those willing to do their research, investing in the precious stones can yield a handsome return on investment, as long as you know what to look for!



### Knowing what diamonds to invest in

There's much more to it than just the carats and clarity; it's the supply, demand, and overall investment opportunity. The price of blue diamonds has climbed 228% over the past decade and yellow diamonds by nearly 49%. White diamond prices are up just 3.5% over that period. What does this mean? The investment opportunity for colored diamonds is too lucrative to ignore. As the luxury diamond retailer Kormind notes, "Diamonds are not only a store of value but they have outperformed any stock market in recent years."

Only 1 in 10,000 diamonds mined are of fancy color. Due to their elusive nature, this makes blue, pink, and other rare colored diamonds such as red, orange, and green an enticing investment. Factor in that the life supply of mines are of very short time span; on average, ten years. Dwindling supply means investors must act now if they want to get the best ROI in the long term.

To get a better understanding of the problem, it's important to factor in that the Kimberlite mining companies have to dig on average, a staggering 8000,000,000 tons in order to produce 750, 1-1.39-carat high quality (D-White) diamonds. That's less than 900 carats per year, a mere 750 diamonds for retail and investment.

The scarcity of colored diamonds is a looming reminder of their selling and investment power. Josephine Johnson, business manager of Argyle Pink Diamonds, illustrates how consumer trends have changed today compared to 2007. Back then, only one or two of the firm's colored diamonds were purchased by India or China. Today those markets account for a full 20% of colored diamond consumption with demand growing every year.

### Understanding The Six C's of Diamonds

So what should a prospective investor look for in these small but mighty treasures? The Six Cs: Cut, Color, Clarity, Carat Weight, Certificate and Character.

### Color

The color of an investment worthy white diamond should be graded D to F, while fancy colored stones are deemed at best "vivid" and at least "light fancy."

When opting for color diamonds however, the limited supply should be a signal to investors that they carry a low correlation to other asset classes. In other words, a safe hard asset that delivers stable returns over time. “Fancy Intense” and “Fancy Vivid” colored diamonds occur infrequently in nature and become more exceptionally rare the greater the carat weight.

#### **Cut**

The precision with which a diamond is cut will yield the best light refraction, sparkle, and scintillation. “Excellent” to “Very Good” marks in cut should be the only option considered when in search of a quality diamond.

#### **Clarity**

How flawless and eye clean is the diamond? The fewer inclusions (imperfections that occur naturally during the diamond’s formation) there are, the more rare the diamond will be. In white diamonds grades Flawless to VVS2 would be the ideal range. Colored diamonds allow more flexibility in clarity as color and carat weight are more important features which determine the stone’s value and rarity.

#### **Carat Weight**

How many carats (how big) is the diamond? For white diamonds, 5 carats and above is an ideal starting point. For colored diamonds, carat weights are in the lower range starting at 2-3 carats, due to how rarely these remarkable diamonds occur in nature in large sizes. With colored diamonds, color is the most important factor and the larger those colorful diamonds are, the more sparse they are.

#### **Certificate**

The certificate is paramount in determining your diamond’s total value. A certificate from an accredited, internationally-recognized body such as the Gemological Institute of America means that the diamond has been independently assessed for authenticity and graded according to its quality. Any diamond purchase should come with this certificate; not one that is written in-house by the jeweler or dealer as this bears no meaning on the stone’s authenticity. Each stone should also have a laser inscription corresponding to its certificate, which should be checked by an independent third party.

#### **Character**

The quality that is indiscernible on paper and only determined by the eyes and heart of the beholder is the character of a diamond. This is the part of your purchase where you let your heart do the decision-making. No two diamonds are the same regardless of certificate, and they all emit different energy, beauty, and sparkle. The advantage of a diamond purchase is the joy it will bring to the woman wearing it and the meaning and sentiment behind it. Once you have sorted through the 5 Cs, choose the diamond that has the character which will bring the most joy to the woman you love.

Keeping these important factors in mind as well as consulting an expert in diamonds can help ease the strain of selecting not only a statement piece, but a wise investment piece that will only get better with time.

#### **Bring a professional**

If you are serious about investing in diamonds, I would recommend engaging the services of a diamond concierge. Just like a real estate agent, they are on your side to make sure you don’t get ripped off. They stand by you to make sure you are choosing a top quality diamond that will increase in value. Furthermore, they can help you procure the diamonds at the best price. A good diamond concierge will have the inside track to the dealer network around the world and can help you procure diamonds for 30%-50% off retail or in-store prices. ➔



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