

Considerations When Investing In Pink Diamonds

Summary

Pink diamonds have garnered much attention recently as jewelry purchases and investments. This paper outlines the history and current market for pink diamonds and provides background information for potential investors.

Pink Diamonds 1. How does The GIA grade pink diamonds?

Natural Fancy Colored diamonds are graded based on the following three criteria:

- 1) Hue: yellow, orange, brown, blue, green and red. Color hue is the dominant color of the stone
- 2) Intensity: intense, vivid, etc. Usually, the higher the intensity, the rarer and more expensive diamond is.
- 3) Color Tone: This applies to how much the stone is dark or light; it can be graded from dark to very dark and from light to very light. ¹

Unlike Type 1 white diamonds, pink diamonds are considered Type II diamonds. They have no measurable nitrogen impurities but absorb in a different region of the infrared light and transmit in the ultraviolet below 225 nm. They also have differing fluorescence characteristics but no discernible visible absorption spectrum. Type IIa diamonds can be colored pink, red, or brown due to structural anomalies arising through plastic deformation during crystal growth. GIA's system for color-grading colored diamonds was developed in the mid-1950s and revamped in the mid-1990s. The diamond color grading system expresses color using the attributes of hue (the characteristic color), tone (the color's relative lightness or darkness), and saturation (the strength or weakness of the color). Using controlled viewing conditions and color comparators, the grader determines the stone's color from one of 27 hues. The fancy grade describes the stone's tone and saturation with romantic names like "Fancy Light," "Fancy Intense," and "Fancy Vivid." Today, the GIA color grading system for colored diamonds is used worldwide. Many of the most famous colored diamonds, including the Blue Hope, the Dresden Green, and the Hancock Red, have been examined by the GIA laboratory using GIA's color grading system. GIA offers two types of diamond grading reports for colored diamonds. The GIA Colored Diamond Grading Report contains the same comprehensive diamond information

¹ Serene Diamonds, <http://serenediamonds.com/>

as the GIA Diamond Grading Report. In addition, the GIA Colored Diamond Identification and Origin Report, known as the color-only report, gives a color grade and the nature of the color.²

Since the vast majority of natural pink diamonds are found in Australia, specifically at the Argyle mine, and because pink diamonds are so different from other colored and uncolored diamonds, Argyle Mines has a dedicated grading system. It grades each predominately by color. For example, a 1p is an intense pink, with graduations in color through to 9p. Colors range from Red to Pink, Purplish Pink, to Pink Rosé, Pink Champagne and Violet.³

Pink diamonds are graded on a scale of one to eight, with one being the most intense color and eight being the lightest shade of pink. Pink diamonds are ranked in order of rarity and include color ranges of purplish-pink, pink, brownish-pink, and pink champagne.

GIA color certificates do not grade pink diamonds based on PP1, PP2, etc., as they do regular diamonds. They grade them based on the following:

1. Faint
2. Very Light
3. Light
4. Fancy Light
5. Fancy
6. Fancy Dark
7. Fancy Deep
8. Fancy Intense
9. Fancy Vivid

Then they add the color of the modifier, such as brownish pink, purplish pink, orangy pink, etc.

4.

- (1) Light Pink,
- (2) Very Light Pink,
- (3) Fancy Light Pink,
- (4) Fancy Light Purple Pink,
- (5) Fancy Light Purplish Pink,
- (6) Fancy Purplish Pink,
- (7) Fancy Purple Pink,
- (8) Fancy Orangy Pink,
- (9) Fancy Orange Pink,

² Gemological Institute of America, <http://gia4cs.gia.edu/index.cfm?content=/grading-reports-colored-diamonds.htm&vs=4>

³ Argyle Pink Diamonds, the official website of Argyle Diamond Mines of Australia, http://www.argylepinkdiamonds.com.au/en/pink_diamond_colour_quality.asp

⁴Pricescope, <http://www.pricescope.com/idealbb/view.asp?topicID=10031>

- (10) Fancy Intense Orangy Pink,
- (11) Fancy Brownish Pink, Fancy Brown Pink,
- (12) Fancy Intense Pink,
- (13) Fancy Deep Pink,
- (14) Fancy Deep Brownish Pink,
- (15) Fancy Dark Brown Pink,
- (16) Fancy Dark Brownish Pink,
- (17) Fancy Vivid Purplish Pink,
- (18) Fancy Vivid Pink.⁵

As far as cut goes, many factors are considered when determining the cut of pink diamonds. Gemologists use various tools to assess diamond anatomy, including binocular microscopes and spectrometers. The cut is based on the height and width of the diamond and signifies its brilliance. The brilliance determines how light travels within the diamond, ultimately affecting its sparkle and shine.⁶

2. How Many colors of pink diamonds are there?

The physical conditions necessary to color a diamond naturally occur very seldom, making natural color diamonds extremely rare. For every natural color diamond, 10,000 colorless ones have made the trip from the earth's depths to its surface. It is this entirely natural process of geographical formation that ensures that each natural color diamond is one of a kind.⁷

Each pink diamond in existence results from a rare and extraordinary phenomenon and is a treasure to own.

The color possibilities are endless. As each pink diamond is cut from the rough in such a way as to bring out the most color saturation, each pink diamond differs from the others. It is quite possible to find lighter and darker shades within each respective grade. For example, two pink diamonds could both receive a fancy pink grade from GIA, yet one may appear closer in color to that of a fancy light pink, and the other appears closer to a fancy intense.⁸

Visually, the color of pink diamonds varies from Very Light Pink to Vivid Pink, which is the highest intensity grade and the main factor influencing the price range. Most pink stones are

⁵ Table of colors by Serene Diamonds, <http://serenediamonds.com/>

⁶ Associated Content, Written by Kathy Browning - Featured Food & Wine Contributor, http://www.associatedcontent.com/article/320134/the_lure_of_pink_diamonds.html?cat=1

⁷ Gemological Institute of America, <http://gia4cs.gia.edu/index.cfm?content=/grading-reports-colored-diamonds.htm&vs=4>

⁸ AMGAD, http://www.amgad.com/Pink_Diamonds.asp

only faintly pink. With larger stones, it is quite easy to see the pink color. With smaller stones, however, the pink coloration may be almost unnoticeable. ⁹

The red diamond is the rarest among fancy-color diamonds, so rare that only a few stones are mined yearly. Most of these rare diamonds, produced by the Argyle mine, are not pure red colors but rather graded as fancy-brownish-red, vivid-purplish-pink, and a few other varieties of hues. It is also a well-known fact that most red diamonds are pique. ¹⁰

According to a 1998 study by AMGAD¹¹, the full spectrum of saturations and their overall occurrence in nature are listed below:

- Faint — 8%
- Light — 16%
- Fancy Light — 10%
- Fancy — 33%
- Fancy Intense — 19%
- Fancy Deep — 10%
- Fancy Vivid — 4%

Faint pink diamonds may only have a slight hint of pink, making them often indistinguishable from white diamonds. In contrast, vivid pink diamonds sometimes exhibit only a subtle tone difference from red diamonds.

It is not uncommon for colored diamonds to have 1-2 secondary colors in addition to their primary color. The most commonly occurring secondary color modifiers in pink diamonds include purple, brown, and orange. An example is a brownish-pink diamond. While still predominately pink (denoted by the word pink occurring after the modifier), subtle to noticeable shades of brown can be observed, giving the diamond a “warm” pink color. Another beautiful combination is the purplish pink. Purple throughout the diamond provides a sweet, vibrant color not often witnessed in pure pinks. Pink diamonds with secondary colors will generally cost less than pure pink. While budget influences the number of available options, the final decision on color should be personal preference.

⁹ The Diamond Experts, http://www.diamond-experts.com/diamonds_fancycolored.htm

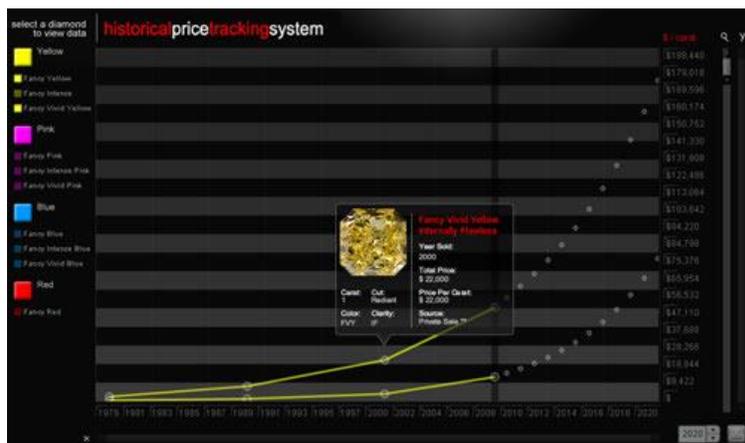
¹⁰ Serene Diamonds, <http://serenediamonds.com/>

¹¹ AMGAD, http://www.amgad.com/Pink_Diamonds.asp

3. Why are pink diamonds a stable investment?

In the recession period, when the prices of so many things seem to fall rapidly, diamonds, gold, and other valuable stones and metals have gained importance for their intrinsic values. The value of a diamond is not dependent on the stock market prices. So today, if I want to buy that sparkling rare piece, I'll have to pay the same high price, even though the current economic times of recession have rendered me poor. Another major advantage is that to start trading in diamonds, you don't need a huge space to keep the product. Just your small wallet can hold diamonds worth billions of dollars. Also, portability is a significant advantage. The icing on the cake is the property tax exemption on diamonds. Diamond is an important source of liquidity.

The value of diamonds is not determined by 'fiat currency'. The value of extremely precious commodities is independent of government laws, so they have retained their values even during the recession. In recent years, the demand for diamonds has increased, but the supply seems to be less. This is a highly favorable point to consider investing in diamonds from a business perspective. Polished diamonds seem to be the rarest and most valued of all diamonds, and you should try to invest in them.¹²



For an interactive chart of investment history, go to <http://www.rarecolorediamonds.com/HistoricalPriceTrackingsystem.html>

4. How do the different shades of pink affect the price?

Color is everything and is far and away the most important factor dictating. As expected, the nicer the pink, the more expensive the diamond.¹³ The deeper and more distinct the pink color, the more valuable the diamond.¹⁴

Remember that color refers to a diamond's intensity or lack of color when comparing pink diamonds to colorless diamonds. Diamond colors are graded using an alphabetical scale of D to Z. Colorless diamonds are graded as D, E, or F, with D being the most valuable. Near colorless

¹² Diamond Review.com, <http://www.diamondreview.com/forums/forums.cgi?cmd=welcome>

¹³ Pricescope.com, <http://www.pricescope.com/idealbb/search.asp>

¹⁴ The Diamond Experts, http://www.diamond-experts.com/diamonds_fancycolored.htm

diamonds are graded as G, H, I, or J and may have shades of yellow, grey, or brown. Faint yellow diamonds are graded as K, L, or M, with K having the lightest tint. Very light yellow diamonds are graded as N, O, P, Q, and R. Light yellow diamonds are graded as S through Z. Diamonds graded higher than Z enter into the category of fancy color diamonds, such as seen with pink diamonds. A fancy color diamond is significantly more valuable than a D colorless diamond because of its rarity.¹⁵

5. Is 4C just as important in colored diamonds?

When shopping for pink diamonds, it's important to adhere to the four "C's" criteria - carat, clarity, color, and cut. Carat refers to the weight of the diamond. One carat equals 0.2 grams and 100 points. If a diamond has 10 points, it is equal to one-tenth of a carat. If it has 50 points, it equals one-half carat, and so on. The price of diamonds is not solely based on the carat weight. For instance, a flawless one-carat pink diamond costs significantly more than a flawless one-carat colorless diamond.

6. How can I detect the presence of brown in the body color?

For some fancies with a tiny tint of brownish modifier, it is hard to discern the presence of brown in the body color. The GIA certificate does not provide details on the intensity of the secondary color. Often, the only way for a non-professional to know if a pink diamond has brown is when the price is disclosed.¹⁶

7. What causes a pink diamond to be pink?

The formation of natural color diamonds is a process that requires the presence of additional trace elements and distortions to the typical diamond crystal. During the creation of a diamond, if an element interacts with its carbon atoms, the color can change. Natural radiation and pressure on a diamond's structure can intensify its color.¹⁷

Exactly what gives a pink diamond its color is largely unknown and the subject of ongoing debate, but this intrigue adds a delightful inimitability to each stone. According to Argyle Pink Diamonds, It is thought that pink diamonds obtain their color due to pressure beneath the Earth's surface. As pressure raises the diamond closer to the surface, its structure is believed to be altered, thus absorbing light and producing color.

¹⁵ AssociatedContent.com, http://www.associatedcontent.com/article/320134/the_lure_of_pink_diamonds.html?cat=1

¹⁶ Pricescope.com, <http://www.pricescope.com/idealbb/search.asp>

¹⁷ *Gems & Gemology Magazine*, Summer 2002

AMGAD attributes the color in most pink diamonds to graining, with the actual color change caused by a trace element (such as boron in blues). Pink diamond color may be caused by internal blemishes known as graining. The term pink, as it relates to diamond grading, is used to describe colors in the hue range from reddish purple to orange. Differences in tone give a diamond its pink appearance, while saturation of color determines a color grade. Changes in lighting environments also dramatically affect the appearance of a pink diamond.

A local Australian legend says that the Argyle mine was created when three women were fishing for a barramundi fish, but the fish was smart and jumped through the net, landing in the area where the mine is today. The believers say that the colors of the mine come from the different parts of the fish, and pink diamonds come from the heart of the barramundi. ¹⁸

8. What are some alternative modes of diamond investment?

Buying shares in diamond mining companies is another viable option for diamond investments. With a rise in the number of people investing in the diamond market, the first publicly listed fund investing company for rare white and colored diamonds was also launched in June 2008. This closed-end fund would invest in the high-quality segment of the physically polished diamond market. ¹⁹

9. How rare are pink diamonds, especially compared to clear ones?

Diamonds are divided into two types: white (transparent) and colored (natural fancy color diamonds). The rarity of colored diamonds makes them more valuable than white ones. ²⁰

In 2009, CNN reported that in the world of rare-colored diamonds, pink diamonds are the rarest of them all. For every 10,000 carats mined, only one will be colored; of those colored diamonds, a handful will sparkle pink. The majority of the world's pink diamonds are mined in the Argyle mines in Australia. ²¹

Other reports say that for every million carats of rough white diamonds produced, only one carat can be defined as fancy pink. And only 50 - 60 carats of fancy pink diamonds are mined annually, with the Argyle mine in Australia producing about 90% of those. ²²

Pink diamonds were relatively unknown until 1985 when the Argyle diamond mine began production. Today, more than 90 percent of the world's pink diamonds are derived from this

¹⁸ Serene Diamonds, <http://serenediamonds.com/>

¹⁹ Gemisimo, <http://diamonds.gemisimo.com/en/Diamond-Project/Advanced-Information/gia-grading-for-pink-colored-diamonds.html>

²⁰ Lebish & Co. Fancydiamonds.com, <http://www.fancydiamonds.com/shop.php?k=investing&c=1>

²¹ Rarecoloreddiamonds.com, <http://www.rarecoloreddiamonds.com/investing.html>

²² The Diamond Experts, http://www.diamond-experts.com/diamonds_fancycolored.htm

110-acre mine in Western Australia. The Argyle diamond mine produces more than 35 million carats of diamonds annually. Less than one percent is pink diamonds. Of these, only 10 percent weighed more than 0.20 carats.²³ Additionally, the pink diamonds found in this region have been dated back more than one billion years, making them extremely rare and highly valuable.

“Pink diamonds are becoming increasingly difficult to source, which is putting tremendous upward pressure on prices,” says Stephen Hershoff, senior executive and managing director at Pastor-Genève, in a 2008 interview with NuWire Investor. “Diamond supply is declining for the first time in 30 years, and it is primarily happening in areas where they find rare colored diamonds.”²⁴ The Argyle mine saw a drop of 30 percent last year in supply. An additional decline of 20 to 30 percent is expected for this year.²⁵

Argyle pink diamonds are rare; in fact, they are beyond rare. With just an estimated decade of supply remaining in the mine, the Argyle pink diamond becomes ever more precious as time passes.²⁶ In the 2007-2008 fiscal year, there was a decline in diamond production, which stood at 16.5 million carats, compared to 24.5 million carats during 2006-2007. The Argyle open-pit diamond mine is approaching the end of its life span, which affects production. The company is currently considering a transition to underground mining. Production at Ellendale is also declining, and the company is currently testing and excavating in nearby areas in the search for additional deposits. In 2006, the Argyle Australian fancy color diamond tender included 63 diamonds, with a total diamond production of around 30 million carats. There was only 1 GIA-graded red diamond – 0.54 ct. Fancy Purplish Red, I1 clarity. A whole year’s worth of production of stones over half a carat would fit in the palm of your hand. The larger rare violet diamonds would barely fill a teaspoon. The amount of new pink diamonds that enter the marketplace is decreasing. Although they will continue to be offered to select diamond dealers at auction.²⁷

10. How portable are pink diamonds?

Another major advantage is that to start trading in diamonds, you don’t need a huge space to keep the product. Just your small wallet can hold diamonds worth billions of dollars. Also, portability is a major advantage.²⁸

²³ *Gems & Gemology*, Summer 2002

²⁴ Nuwireinvestor.com article Published on Thursday, March 27, 2008, Written by Melana Yanos, <http://www.nuwireinvestor.com/articles/investing-in-diamonds-the-terms-of-engagement-51499.aspx>

²⁵ Pricescope.com, <http://www.pricescope.com/idealbb/view.asp?topicID=95204>

²⁶ Argyle Pink Diamonds, the official website of Argyle Diamond Mines in Australia, http://www.argylepinkdiamonds.com.au/en/rare_unique_pink_diamonds.asp

²⁷ AMGAD, http://www.amgad.com/Pink_Diamonds.asp

²⁸ Prime Targeting, <http://www.prime-targeting.com/diamonds-for-ornamentation-as-well-as-for-investment/>

11. Are natural pink diamonds a better investment than synthetic ones

Synthetic or cultured diamonds come with a considerably lower price tag.²⁹ These stones are grown in laboratories and enhanced with high pressure and high temperature (HPHT) to improve color. The process causes surface graphitization, and the diamond needs to be polished to remove it. It isn't easy to differentiate between regular natural diamonds and HPHT-treated diamonds. Still, HPHT can cause marginal weight loss in a diamond, and it can reduce the clarity of the stone.³⁰

12. How do pink diamonds compare to colorless diamonds with good specs?

Pink diamonds are cut to bring out the best of the colors in mind (P). “Natural-color diamonds—they are the ultimate colored gemstones,” Greene said. In addition to being a favorite among customers, natural-color diamonds—unlike colorless diamonds—cannot be shopped on price, Greene said, which allows jewelers to obtain greater margins with these stones.³¹

For fancy color diamonds, more color equates with more value. A diamond with fancy, intense pink or blue color can have visible internal characteristics determining clarity or purity and is still worth tens of thousands or even hundreds of thousands of dollars per carat. No colourless or near-colourless diamond with visible imperfections will ever come close to these values. The reason for this lies in the rarity of natural fancy-color diamonds. Indeed, natural red, purple, or green diamonds in small sizes will carry huge price tags simply because of their rarity. During mining and extraction, more than 5 tons of earth and gravel must be screened to find one carat of rough diamond of jewelry quality, which yields, on average, 50% or half a carat of a polished diamond. Of that, it is estimated that mines generate fancy color diamonds at a rate of 1 to 2cts for every 3,000cts extracted of jewelry quality. About 85% of these are brown or yellow, a mixture of both, or orange. The rest are red, pink, and blue. These command much higher prices per carat than any other gemstone, including emerald, ruby, and sapphire. A record auction price of over USD900,000 was set at Christie's in 1987 for a purplish-red diamond weighing just below 1 carat. There are probably not more than 15 of these intense red diamonds worldwide, making them serious collectors' items.³²

13. How can I tell if a pink diamond is natural or treated?

At present, there is no tool available to identify treated stones. However, according to Federal Trade Commission guidelines, jewelers must disclose any alterations made to a stone that

²⁹ Associated Content.com, http://www.associatedcontent.com/article/320134/the_lure_of_pink_diamonds.html?cat=1

³⁰ Gemisino, <http://diamonds.gemisimo.com/en/Diamond-Project/Advanced-Information/gia-grading-for-pink-colored-diamonds.html>

³¹ By Michelle Graff May 29, 2009 <http://www.ColorDiamondCommunity.com>

³² Solitaire Magazine Asia-Pacific June July 2005, by Marc Brauner

affect its price. When shopping for pink diamonds, always inquire if the stone has been altered in any way.³³

When you check the certificate for details about fancy color diamonds, it is very important that the word “NATURAL” appears on the diamond grading report because the word NATURAL with reference to color is the most important factor when determining the value of the color of the diamond. The certificate is the best proof that you will have that the diamond has not undergone any type of treatment to enhance its color.³⁴

Every Argyle pink diamond is 100% natural in color and clarity. None are ever altered in any way. Argyle Pink Diamonds’ artisans manage the transformation from rough diamonds to polished stones. Argyle remains the sole custodian from the day it is unearthed until the day it is sold as a polished diamond.³⁵

Organizations and HPHT

Because HPHT is controversial, different bodies follow different guidelines for HPHT. As per the Federal Trade Commission, HPHT-treated diamonds must be disclosed to the user. General Electric follows this norm, and all diamonds that are HPHT treated are laser inscribed with the terms ‘HPHT PROCESSED,’ IRRADIATED. If [GIA](#) notes diamonds to be HPHT treated, it also specifies them as ‘HPHT ANNEALED’ or ‘Artificially Irradiated.’ Such details are displayed prominently on the grading report under ‘origin’ in the ‘color’ section of the report. (Gemisimo)

As **HPHT diamonds** have become more commercially available today, there are various methods available to detect if your stone has been HPHT processed or not. At the basic level, diamonds over 0.5 carats can only be HPHT treated. A trained gemologist may use equipment like the SSEF spotter and crossed polarization filter to detect the same. DiamondSure is also used to separate cape diamonds from the rest. FTIR and UV-VIS spectrometers are used at the next level, and synthetic and PT-treated diamonds can easily be identified. Besides this, renowned laboratories use many other proprietary procedures to identify such diamonds.³⁶

³³ Associatedcontent.com, http://www.associatedcontent.com/article/320134/the_lure_of_pink_diamonds.html?cat=1

³⁴ Serene Diamonds, <http://serenediamonds.com/>

³⁵ The official website of Argyle Diamond Mines in Australia, http://www.argylepinkdiamonds.com.au/en/natural_pink_diamond.asp

³⁶ Gemisimo.com, <http://diamonds.gemisimo.com/en/Diamond-Project/Advanced-Information/gia-grading-for-pink-colored-diamonds.html>

14. What does the future look like for diamond investments?

Diamond analyst James Allan once revealed that the diamond demand will grow by 10% by 2015. As the demand for high-quality diamonds will increase, purchasing them now could prove to be a good investment. Martin Rapaport says that the decline in the value of the dollar, the currency used in pricing diamonds, has increased investment values in diamonds. This has made diamonds suitable as a hedge against inflation.³⁷ The value of diamonds is not dependent on the stock market prices. The icing on the cake is the property tax exemption on diamonds. Diamond is an important source of liquidity.

The value of diamonds is not determined by ‘fiat currency’. The value of extremely precious commodities is independent of government laws, and that’s why they have retained their value even during recessions. In recent years, the demand for diamonds has increased, but the supply seems to be less. This is a highly favorable point to think about investing in diamonds from a business perspective. Polished diamonds seem to be the rarest and most valued of all diamonds, and you should try to invest in them.³⁸

While fine, large 5+ carat white diamonds can make very acceptable long-term investments, the diamonds with the best appreciation track record are natural fancy color diamonds such as yellow, pink, blue, green, purple, and red. Since the serious recording of prices started on these stones around 1970, they have never fallen in price. In recessions, they tend to move laterally; in healthy economies or inflationary times, they tend to increase prices. Blue diamonds have approximately doubled in price every five years, pink diamonds have doubled in price about every 6-7 years, and yellow diamonds have doubled in price about every 8-10 years since 1970. These diamonds are hundreds and thousands of times rarer than the finest "D" color diamonds. And most famous diamonds are not white. Think about it! The Hope is blue, and the Tiffany is yellow, just to mention two stones.

15. Are pink diamonds worth the higher cost? Especially when I can get pink sapphires cheap, and they seem almost as sparkly as diamonds?

Even though there are ways to enhance the color and treat a diamond, a naturally colored one is the most sought.³⁹ Pink sapphires could not match the performance of pink diamonds, even if they were very well-cut examples. Most sapphires are not cut with the consistent pattern and look of diamonds, so there is not much of a contest between the two. Diamond-cut sapphires may be well matched, but they appear watery because when cut like a diamond, the pavilions leak a lot of light that would be reflected in a diamond of a similar cut.⁴⁰

³⁷ Gemisimo, <http://diamonds.gemisimo.com/en/Diamond-Project/Advanced-Information/gia-grading-for-pink-colored-diamonds.html>

³⁸ Prime Targeting.com <http://www.prime-targeting.com/diamonds-for-ornamentation-as-well-as-for-investment/>

³⁹ The Diamond Experts, http://www.diamond-experts.com/diamonds_fancycolored.htm

⁴⁰ As posted on Pricescope.com by David S. Atlas GG(GIA), ASG, Sr. Mbr. NAJA, <http://www.pricescope.com/idealbb/search.asp>

16. How stable have prices been for pink diamonds?

History reveals that the price of diamonds has steadily increased over the years. Prices have risen at an average of 15% every year since 1949. Over the past 30 years, the value of colored diamonds has doubled every six to seven years. ⁴¹

17. Is it true that the margins on pink and yellow diamonds are huge compared to other diamond colors? Why?

Depending on the hue and intensity of a diamond's coloration, a diamond's color can either detract from or enhance its value. For example, most white diamonds are discounted when the more yellow hue is detectable, while intense pink or blue diamonds (such as the Hope Diamond) can be dramatically more valuable.⁴² Pink diamonds are MUCH rarer, so it's a seller's market. Also, because of the wide range of colors, colored diamonds have not been so well organized and graded as to become the semi-commodity that the near-colorless diamonds have gradually become. When one commodity can be substituted for any other, you don't get nearly as much tightness in the seller's cost to the end-user selling price. The more common the fancy color, the more commoditization has happened and the tighter the selling profits. Some say blue diamonds are more rare than pink. Look at the stone; any given pink may cost more than a given blue, depending on beauty. ⁴³

18. Considering the price of natural pink diamonds, are treated ones a good investment?

For investment purposes, it is important that colored diamonds are natural stones as opposed to synthetic creations. Synthetic-colored diamonds are much more abundant and priced much lower than their authentic counterparts. ⁴⁴

Natural fancy-color diamonds are rare in nature and found in a limited number of mines worldwide. Several factors, including the color's density and hue, significantly influence their price. ⁴⁵

19. What is the ROI of Natural Pink Diamonds?

⁴¹ Gemisimo, <http://diamonds.gemisimo.com/en/Diamond-Project/Advanced-Information/gia-grading-for-pink-colored-diamonds.html>

⁴² Wikipedia, [http://en.wikipedia.org/wiki/Diamond_\(gemstone\)](http://en.wikipedia.org/wiki/Diamond_(gemstone))

⁴³ As posted on Pricescope.com by David S. Atlas GG(GIA), ASG, Sr. Mbr. NAJA

⁴⁴ Nuwireinvestor.com article Published on Thursday, March 27, 2008, Written by Melana Yanos, <http://www.nuwireinvestor.com/articles/investing-in-diamonds-the-terms-of-engagement-51499.aspx>

⁴⁵ Serene Diamonds, <http://serenediamonds.com/>

Diamond investments are often met with pessimism and, sometimes, downright condescension. But is investing in diamonds as imprudent as it sounds? Contrary to what the skeptics might expect, institutional investors are beginning to enter the diamond investment market.

According to the international diamond wholesaler Ajediam, prices for diamonds have increased by 15% on average each year since 1949. However, investing in diamonds comes easier to those deep-pocketed individuals with the extra money to spare. Capital requirements for diamond investing are high; most new investors are already millionaires. The price of a premium cut 1-carat diamond can range from \$14,000 to \$25,000, depending on the quality. Diafon.net and Ajediam.com have graphs and current prices of diamonds.

Famous diamonds like the Hope from India, the Yellow Tiffany from South Africa, and the Williamson Fancy Pink inspire the imagination and are so valuable they seem almost like fictional objects of desire. Their size can leave you in awe, and you can practically go blind from their beauty when in their presence. But diamonds can also be a practical investment. In markets where inflation rates have soared, investors have sought out diamonds as a way to put a hold on the value of their currency. The wealthy have used their diamonds to get them through tough economic times, such as during WWII and the Asian economic crisis of 1997. In our current economy, investing in diamonds is paying off for many. ⁴⁶

Lately, diamond dealers have begun to increase their stock of pink diamonds in anticipation of further price increases. Since their incorporation into the jewelry industry in the late seventies, the value of a pink diamond has nearly doubled every five years. Since then, inflation, recessions, and other economic factors have influenced most investment vehicles. However, a pink diamond has never decreased in value, and there has been virtually no consumer demand to drive the price up. Now that we are seeing more widespread use of these diamonds in jewelry fashions, those currently purchasing a premium pink diamond avoid future price increases and maximize resale profits.⁴⁷

Generally, the most demand is for 1-2carat pink diamonds, making this size infancy or intense pink an excellent investment opportunity. If budget is a factor, we recommend purchasing intense or vivid pink diamonds in smaller sizes (0.25-0.80cts) as a close alternative.

Swiss firm Diapason Commodities has been raising money to launch its Diamond Circle Capital product, according to an article published in Investment Adviser last June. The fund will only buy polished diamonds worth more than £506,000, or approximately \$1 million. The product will be the first London Stock Exchange-listed fund to invest in diamonds and trade them on the secondary market.

⁴⁶ Mint.com, article by Ana Gonzalez Ribeiro on 8/4/2009, <http://www.mint.com/blog/investing/investing-in-diamonds/>

⁴⁷ AMGAD, http://www.amgad.com/Pink_Diamonds.asp

Investors should try to obtain stones that are as rare as possible, such as stones of the colored varieties. By virtue of their rarity, colored stones are comparatively easy to pass on and are “consequently popular investments,” according to the Pastor-Genève website.⁴⁸

Even today, when the economic situation in the US and around the world is marked with uncertainty, the leaders of the World Trade Organization expect the diamond market to remain firm and steadfast.

When looking for pink diamond jewelry, it's important to keep in mind that pink diamonds are an investment. On average, the value of pink diamonds increases between 10 and 15 percent annually. Currently, the demand for natural-colored diamonds is strong, with the market seeing price increases of more than 25 percent.

Real pink diamonds are worth the hunt. Not only are they stunningly beautiful, they are a sound investment and can be passed on from generation to generation. Thoroughly research diamond dealers and obtain certification before purchasing any diamonds, particularly diamonds that are pink.⁴⁹

The fancy color diamonds can be used for estate planning purposes, as a non-traditional asset with potential economic value (alternative asset), or as a collector’s item. They are both highly functional and beautiful. Consumer demand for these fancy color diamonds has steadily increased over the years, thanks to their intrinsic value and rarity, and they have always shown a steady price appreciation. There are established and professional methods for measuring the quality and worth of a fancy color diamond. The expertise of a trained GIA Graduate Gemologist will provide you with a reliable grading service and evaluate the precise market value of the diamond you are investing in while considering the current fashion trends.⁵⁰

According to NuWire Investor.com, the value of colored diamonds has roughly doubled every six to seven years during the past 35 years. Furthermore, the colored diamond market has always been an asset class that has held its value during recessions and economic downturns. A recent survey in the US found that women prefer to cut spending in other areas but still receive their diamond jewelry for Christmas. Here is an example of an excellent investment opportunity with a romantic twist, which, of course, is characteristic of diamonds.⁵¹

⁴⁸ Nuwireinvestor.com article Published on Thursday, March 27, 2008, Written by Melana Yanos, <http://www.nuwireinvestor.com/articles/investing-in-diamonds-the-terms-of-engagement-51499.aspx>

⁴⁹ Associated Content, Written by Kathy Browning - Featured Food & Wine Contributor, http://www.associatedcontent.com/article/320134/the_lure_of_pink_diamonds.html?cat=1

⁵⁰ Lebish & Co. Fancydiamonds.com, <http://www.fancydiamonds.com/shop.php?k=investing&c=1>

⁵¹ Lebish & Co. Fancydiamonds.com, <http://www.fancydiamonds.com/shop.php?k=investing&c=1>

Most investors look at holding periods of at least five years. When they do look to sell, they allow a few months to broker the stone, whether at auction, at the dealer level, through trade shows, or to retail buyers. ⁵²

As a highly concentrated and portable asset, diamonds can be easily lost or stolen without proper security measures.

As mentioned previously, the amount of new pink diamonds mined from the earth is dwindling. The relatively short supply, coupled with an increasing demand, means significant price increases in the near future.

Some additional Investment Tips: ⁵³

- Smaller pink diamonds (0.25-0.80cts) often yield the best values due to their higher saturation of color. ⁵⁴
- Pure pinks with a heavy saturation of color have the most long-term value
- 1-1.5 carat pink diamonds have the highest demands
- Purchasing at wholesale prices ensures a bigger ROI when reselling
- Certified pink diamonds carry more weight in the marketplace than non-certified

20. What can I expect to pay for pink diamonds?

These rare gems are much more expensive than totally white diamonds of similar quality. At the famous auctions, bids for fancy-colored diamonds can reach hundreds of thousands of dollars per carat, if not one million dollars. ⁵⁵

Faint pinks are within the range of most consumers. Deeply saturated pinks are among the most expensive diamonds on the market. As to prices, these can vary tremendously, and in some cases, these stones can be hugely expensive; if you are thinking about buying a fancy color, do your research first, as there is a lot to consider. ⁵⁶

⁵² Nuwireinvestor.com article Published on Thursday, March 27, 2008, Written by Melana Yanos, <http://www.nuwireinvestor.com/articles/investing-in-diamonds-the-terms-of-engagement-51499.aspx>

⁵³ AMGAD, http://www.amgad.com/Pink_Diamonds.asp

⁵⁴ AMGAD, http://www.amgad.com/Pink_Diamonds.asp

⁵⁵ The Diamond Experts, http://www.diamond-experts.com/diamonds_fancycolored.htm

⁵⁶ Pricescope.com, <http://www.pricescope.com/idealbb/view.asp?topicID=95204>

The deeper the pink color, the more rare and valuable the diamond is. A natural, fancy, colored pink diamond of a carat size can cost over one million dollars wholesale. And pink is definitely one of the most desirable colors for diamonds.⁵⁷

Unlike white diamonds, no price list determines the value of a pink diamond. Since each stone is uniquely different, pricing will almost always fall within a range associated with its color scale but not always the same as a similar stone. The following chart describes average wholesale price ranges to give you an idea of what type of the current market prices. Lighter pink diamonds with multiple colors make up the lower end of the spectrum, and heavier saturated pure pinks demand higher prices. Here are some average values of the various categories of pink diamonds:

Vivid \$150,000-\$200,000/ct

Deep \$120,000-200,000/ct

Intense \$70,000-\$150,000/ct

Fancy \$35,000-\$80,000/ct

Light \$10,000-\$30,000/ct

Faint \$5,000-\$15,000/ct

Avg. wholesale pricing per carat for a one-carat

Factors that influence pricing:⁵⁸

- Color Saturation and Intensity
- Rarity of Color or Size
- Presence and Intensity of Secondary Color Modifiers Such as Brown, Orange or Purple
- Cut
- Carat Size
- Clarity

21. Is it safe to purchase a pink diamond long distance, based on GIA specs?

It is not easy to purchase a colored diamond long distance. One has to really view it in person to appreciate the color and the make. Unlike white diamonds, evaluating the final product based

⁵⁷ Pricescope.com, <http://www.pricescope.com/idealbb/view.asp?topicID=95204>

⁵⁸ AMGAD, http://www.amgad.com/Pink_Diamonds.asp

on specifications and data is hard. There is too much room for error. Comparing one diamond to another is practically impossible for pink diamonds. Another aspect that makes it difficult is that two stones with identical color grades can have widely differing values. This subtle difference between the fancy scale with pink diamonds can adversely affect a price. It is, therefore, extremely important to view pink diamonds in person and compare color to one another. ⁵⁹

22. Is it best to get pink diamonds from Australia (Argyle mine), or does it make any difference?

When you're dealing with pink diamonds, the vendor that the stone is originating from is important, but the certificate accompanying the stone is more important. You should also get an independent analysis done.⁶⁰ Pink diamonds have only been found in a few mines across the world. The Rich Golconda River in India, Brazil, and Tanzania all produced notable diamonds in the 17th and 18th centuries. Today, the Argyle mine in north-western Australia is famous for the number of pinks it produces and especially for generating the hugely coveted full-bodied hot pink diamonds. No other diamond locality in the world produces pink and reddish diamonds with as much regularity as the Argyle mine in Australia. Different buyers bid on a given lot of stones after a year's production from the Argyle Mine. ⁶¹

The Argyle diamond mine is the largest diamond mine in the Kimberly region of Western Australia. It is the only known significant source of pink diamonds, producing 90 to 95% of the world's supply. Most of the Argyle diamonds are put to tender every year. ⁶²

Experts doubt that any significant undiscovered pink diamond sources remain. ⁶³

23. Are pink diamonds highly taxed when exported to the US and other countries?

Customs policies and taxes vary widely from country to country. Import duties and taxes can be as much as 15% or more in some countries. Conflict diamond laws such as the U.S. Clean Diamond Trade Act or Kimberly Process may also regulate the importation of diamonds. You should check with your local import and customs office for rates and restrictions.

24. Is the Argyle mine economically and environmentally responsible?

⁵⁹ Pricescope.com, <http://www.pricescope.com/idealbb/view.asp?topicID=10031>

⁶⁰ Pricescope.com, <http://www.pricescope.com/idealbb/view.asp?topicID=95204>

⁶¹ The Natural Color Diamond Association, <http://www.ncdia.com/color-diamond/index.cfm?sh=pink>

⁶² Serene Diamonds, <http://serenediamonds.com/>

⁶³ AMGAD, http://www.amgad.com/Pink_Diamonds.asp

The Argyle mine is owned by the Rio Tinto Group, a diversified mining company that owns the Diavik Diamond Mine in Canada and the Murowa Diamond Mine in Zimbabwe. The pink diamonds are processed and sold as polished diamonds to customers worldwide by a specialized team based in Perth. Despite the low production volume of pink and red diamonds, the Argyle mine is considered the only reliable source globally, producing 90 to 95% of all pink and red diamonds.

Each year, a small collection of the best pink diamonds is offered in an exclusive sale known as the Argyle Pink Diamond Tender. Only one polished carat will be offered for sale at the tender for every one million carats of rough pink diamonds produced by the mine.¹ The invitation-only tender event highlights the colored diamond industry's calendar. Access to the collector's edition catalog and website access in itself is highly sought after. ⁶⁴

On Argyle Mine's website, the company states its case for environmental responsibility: "As but a fleeting visitor in this precious environment, we work in respectful partnership with the local indigenous people of the East Kimberley to protect all sites of cultural significance to protect local water sources and to rehabilitate the landscape with native plant species that are important to Aboriginal people. On a broader environmental scale, our energy efficiency programs are working to reduce greenhouse gas emissions throughout the mining process. While all mines inevitably leave their mark, Argyle endeavors to leave the smallest environmental footprint possible. Argyle's precious pink diamonds are mined in a region of Western Australia that has traditionally suffered significant social and economic disadvantage. Thankfully, we are able to help redress this imbalance through the sharing of our wealth and our expertise. Under a landmark Land Use Agreement signed with local Traditional Owners, income from the Argyle mine is being used to fund community development initiatives for local Aboriginal people, now and for many generations to come. By providing training, employment, and business development opportunities – and supporting local health and education initiatives – we are helping to develop the infrastructure for local communities to generate their own wealth well beyond the life of the mine. Argyle's mining operations will help leave behind a much healthier, wealthier, stronger East Kimberley. Be assured of your diamond's integrity. You can, therefore, be assured that your Argyle pink diamond has never been used to fund conflict and that all companies involved in its production chain employ fair trade practices and meet international environmental standards. Quite simply, our customers expect ethical business practices. Rio Tinto was a founding member of the Council For Responsible Jewelry Practices, which has recently been renamed the Responsible Jewellery Council (RJC). Concerned with global standards across the entire jewelry supply chain—from mining through manufacturing to the retail showcase—the RJC has developed Principles and a Code of Practices to which all members must adhere. Rio Tinto is fully committed to this vital initiative. Argyle pink is indeed a sustainable product, mined with care. "

⁶⁴Wikipedia, http://en.wikipedia.org/wiki/Argyle_diamond_mine

25. How popular are pink diamonds?

Pink diamonds are highly sought after by investors, jewelers and their customers, celebrities, and diamond aficionados. They are prized by all who possess them and revered for their unique provenance, intrinsic beauty, and extreme rarity. ⁶⁵

Pink diamonds have graced the red carpets of the hottest events.

Celebrities are expressing their love of pink diamonds. The trend started in 2002 when Ben Affleck proposed to Jennifer Lopez with a 6.1-carat pink diamond ring worth a reported \$1.2 million. Since then, the pink diamond has been making rare appearances on the red carpet at the Emmies and Academy Awards and even on the big screen.

Actress **Vivica Fox** wore a sparkling pink diamond dress by Randi Rahm to the 2004 Oscars and teamed it with pink and yellow diamond earrings and a pink flower ring.

Actress **Salma Hayek** wore a 6.17-carat intense pink diamond to the Academy Awards.

Pop star **Kelly Price** wore a heart-shaped pink to the Grammys.

Actress Calista Flockhart and supermodel Kate Moss adore their pastel pink diamonds.

After widely reported allegations that football player **David Beckham** had an affair with personal assistant Rebecca Loos, a well-known UK newspaper reported that Beckham bought his wife a \$1 million pink diamond ring as a surprise birthday present... to avoid being shown a red card by his wife, Victoria. ⁶⁶

Mariah Carey's wedding to Nick Cannon came as a shock to many. But even more shocking than their one-month relationship-turned-marriage is the ring that hangs off her finger. The emerald-cut fancy light pink 10-carat diamond is surrounded by 58 intense pink diamonds- 17 carats worth \$2.5 million.

Comedian and talk-show host **Ellen Degeneres** proposed to long-time lover Portia de Rossi with a fabulous marquise-cut pink diamond that glittered in the spotlight at this year's Emmies.

In the 2006 feature film *The Pink Panther*, the heroine, played by **Beyonce Knowles**, is adorned in pink diamonds.

Here are some other famous pink diamond sightings:

⁶⁵ Argyle Pink Diamonds, the official website of Argyle Diamond Mines in Australia, http://www.argylepinkdiamonds.com.au/en/rare_unique_pink_diamonds.asp

⁶⁶ The Natural Color Diamond Association, <http://www.ncdia.com/color-diamond/index.cfm?sh=pink>

- The most famous Brazilian red diamond is 0.95 ct. Fancy Purplish Red was purchased by a collector in 1956 for \$ 13,500. This stone made worldwide news when it was sold at **Christie's** in 1987 for \$ 880,000 or more than \$ 926,000 per carat.

- A 1.92 ct, Fancy Red/VS2 was sold at a **Phillips** auction for \$ 1,652,500 total or \$ 860,677 per carat.

- A 1.00 ct. Red stone that was presented at the **Millionaire Show in Moscow** and sold for 2 million. EURO.

The famous pink Diamonds - The **Darya-ye Noor** "Sea of Light," "River of Light," or "Ocean of Light" is one of the largest diamonds in the world, weighing 182 carats (36.4 g). Its color, pale pink, is one of the rarest to be found in diamonds. This diamond, like the Kohinor, was mined at the Golconda mines in India. In 1965, a Canadian team conducting research on the Iranian Crown Jewels concluded that the Darya-e-Noor may well have been part of a large pink diamond that had been studded in the throne of the Mughal emperor Shah Jehan and had been described in the journal of the French jeweler Tavernier in 1642, who called it the "Diamante Grande Table." This diamond may have been cut into two pieces; the larger part is the Darya-e-noor ("Sea of Light"); the smaller part is believed to be the 60-carat (12 g) Noor-ol-Ein diamond, presently studded in a tiara also in Iranian Imperial collection.

The **Hortensia**, weighing 20.00 ct., is "a very nice pink color with a slight orangy tone to it," writes Michael Hing, a jeweler from Great Britain. This peach color diamond was named after Hortense de Beauharnais, Queen of Holland - Josephine's daughter and the step-daughter of Napoleon Bonaparte. After Louis XIV bought it, the Hortensia became a part of the French Crown Jewels. It can be viewed in the Louvre Museum in Paris. The Hortensia was among the jewels stolen from the Garde Meuble in September 1792. It was found one year later in Paris. A number of jewels were then found, with the Regent Diamond among them. When the French Crown Jewels were sold in 1887, the Hortensia was one of the items excluded, along with the Regent, because of their historical and artistic interest. The Fancy Diamond wouldn't join them in the Louvre until less than a century later.

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