



Suite of Rough and Polished Colored Diamonds

THE COLORS OF MONEY **By Alan Bronstein**

In today's rapidly changing political and socio-economic climate, few investments offer the opportunities and advantages of natural color diamonds. These are naturally occurring gemstones that exist in various shades and saturations of pink, blue, yellow, orange, green, etc. These diamonds can be incredibly rare and incredibly valuable. Taken to the extreme there are diamonds that exist that are worth \$5- \$25 million and they can easily fit in your pocket.

Why is this significant? Historically diamonds (and colored diamonds among them) have been the domain of European royalty, the sultans and sheiks of the Middle East, and the maharajahs and moguls of India and Asia. Ownership was a function of control of the land, the people, the natural resources and its wealth.

In the 20th century availability grew to a level making them accessible to upper and middle class individuals. The opportunity for ownership of diamonds by all classes has saved countless lives as well as many fortunes in the last century. Families that were forced to flee war, tyranny, and devastating natural disasters with only the shirt on their back, more than survived because of the diamonds in their pockets.

While we do not envision a similar scenario in the United States, the age of innocence and invulnerability has disappeared with our 9/11 experiences.

We have many options for investing our resources. Often we are looking for a return on investment. Financial institutions have a plethora of advice based on the reward/risk ratio. Given the debacle of the stock market bust of 2000, it is hard to trust information based on stock performance. This is not to say that many wonderful opportunities don't exist in the stock of great and innovative companies, its just guarantees we need to be wary of. One could always play it safe in low return treasury bonds, which should probably be a component of every portfolio.

Real estate has been a fantastic investment in the last 5-10 years and should remain steady with inevitable plateaus and downturns that are part of every investment cycle. Commodities such as oil, gold, silver, etc are certainly worth entertaining yet still are paper investments like stocks and bonds that exist only in cyberspace.

Then there are the assets we invest in not only for the anticipated value appreciation but their ownership brings great pleasure and joy. These are the things we love to collect. Art, cars, stamps, coins, memorabilia and jewelry. Add to that list a small but growing number of colored diamond collectors. The driving force for most collectors is the beauty, the rarity and the individuality of colored diamonds. From an investment perspective, since 1980 the finest stones in each color variety have appreciated between 100%-1000%.

Even though we can see the continued trend toward greater demand for the finite and shrinking supply, no one can accurately predict the rate of appreciation on a colored diamond as investment. We can only look at the historical trend over the last 25 years as an indication.

We must also include in this equation the portability factor, the intrinsic value and the international liquidity for the finest stones.

Every major city in the world has an infrastructure of buyers and sellers for liquidity. The following international cities would be the places where diamond centers exist: New York, Los Angeles, Miami, London, Antwerp, Geneva, Zurich, Tokyo, Hong Kong, Mumbai, and Tel Aviv. Many other major cities from Rio to Moscow have a vibrant market for diamonds making this small portable investment a liquid asset.

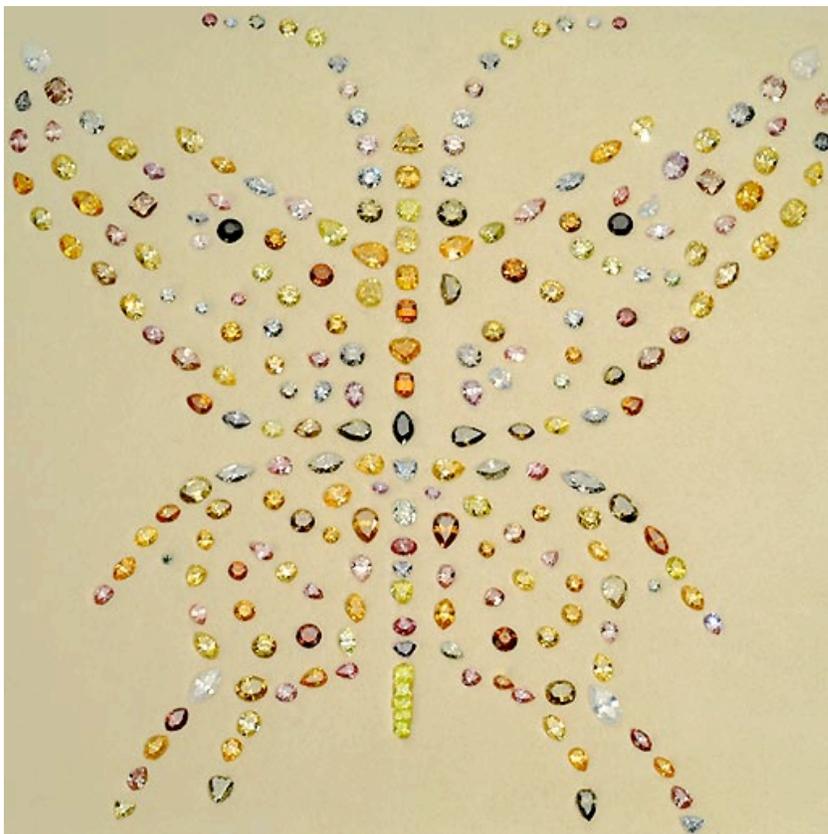
Most recently, consumer and trade magazines credit the publicity of the pink diamond engagement ring given to Jennifer Lopez by Ben Affleck, and the purple-pink diamond "forgive me" ring from Kobe Bryant to his wife as stimulating the demand for colored diamonds. This new surge in demand is happening in North America as European, Asian and Middle-Eastern buyers have purchased a majority of colored diamonds for the last century. America is only beginning its love affair with natural colored diamonds.

Just as one would use an expert in sourcing and acquiring art, it is highly recommended to obtain professional and qualified assistance if you desire colored diamonds as a major purchase for fashion jewelry, collecting and long term investment.

Grading reports from leading laboratories, which often are the arbiters of color description and thus generalized valuations for many dealers, are subjective and require interpretation by professionals. You wouldn't let any doctor look at your x-ray and determine the diagnosis of your health.

With the nicest stones now trading for \$50,000-\$1,000,000 per carat or more, with finite natural resources and growing interest in the United States and worldwide, all indications point to natural colored diamonds as a long term investment to consider, investigate and discuss with your experts.

Attribution: Alan Bronstein is the head trader and advisor at Aurora Gems Inc. based in New York. Trusted source for over 20 years to leading jewelers and independent clients.



Aurora Butterfly of Peace Collection