



PINK DIAMOND INVESTMENT

2023 GUIDE



WHY PINK
DIAMONDS

SUPPLY
& DEMAND

HOW TO
INVEST

“Buying a pink diamond is like buying a painting by Pablo Picasso while he was alive. You know at some point they will run out and increase in value.

We have always known it was a limited source and that a time would come when this fabulous fluke of nature would end, but there is a lack of appreciation for what this will mean. In another decade the Pink Diamond will emerge as the new Faberge egg, the thing myths are made of. The value of rarity is the most priceless factor.”

THE AUSTRALIAN®
BUSINESS REVIEW



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Welcome to the Australian Diamond Portfolio's Pink Diamond Investment Guide 2023.

The investment world always represents a blend of challenges, and opportunities.

Given how rapidly the global economic landscape is evolving right now, never has this statement been more accurate.

From the March 2023 bank collapses in the United States and Europe, to the continued conflict between Russia and the Ukraine, the return of sky-high inflation rates in Australia and other parts of the world, and a rapid increase in interest rates, there is no doubt that we are living in uncertain times.

Most asset markets are beginning to feel the strain too, with 2022 representing one of the worst years on record for share and bond markets, the place where most investors concentrate their portfolios. Australia was not immune; most superfunds went backwards last year, while property prices are down around 10% now from their peak in nominal terms, and closer to 20% down once inflation is factored in.

Given this background, investors are beginning to shy away from traditional investments, and are instead turning to hard assets. As 2023 unfolds, this decision looks smarter by the day, with hard assets traditionally offering investors a number of benefits:

- Safety from market turmoil
- Protection from inflation
- Minimal volatility
- Reliable long-term returns
- Security (in that they are physical, tangible items, rather than digital data points.)

Indeed, in times like these, the rush for hard assets can become so significant that they offer something else investors are always looking for - namely, the ability to make a significant profit and return on investment, which is more valuable than ever during periods when other asset prices are falling.

Pink diamonds, which are now well established as an asset class, have been a primary beneficiary of these investment trends. Indeed, prices for these assets as a whole have risen by more than 50% in the last two years, again bucking the trend of price weakness and heightened volatility that we have seen in traditional assets.

Given that the trends which have propelled pink diamond prices higher are expected to remain in place for many years to come, there is a good chance that the bull market in these rare stones will not only continue, but strengthen.

Australian Diamond Portfolio is a specialist diamond brokerage helping investors capitalise on the potential gains of this unique asset class. With a focus on client education, we help clients create physical pink diamond portfolios ranging from thousands to millions of dollars.

It is our pleasure to share our expertise in this field with you.

This guide is designed as an introduction for Australian investors interested in exposure to physical pink diamonds as part of a diversified portfolio. It focuses on three key areas:

1. The benefits that pink diamonds can bring to an investment portfolio
2. What to look for when buying investment diamonds
3. How to invest & the Australian Diamond Portfolio solution

We hope that you find this guide useful and look forward to discussing the opportunity with you further.



Anna Cisecki
Executive Director



About Australian Diamond Portfolio

Founded in 2013, Australian Diamond Portfolio is Australia's largest independent investment diamond brokerage, specialising in the acquisition of rare pink diamonds. We provide investors with an easy, end-to-end solution that encompasses every step of the investment process.

Our mission is to make rare pink diamonds accessible to all investors. We provide diamond investment education and transparent market information that empowers investors to better understand diamonds as a hard asset class.

This includes the publication of our very own Australian Diamond Portfolio Pink Diamond Index (ADPPDI), a proprietary model that tracks the price growth of the major categories of pink diamonds, built using pricing data for thousands of pink diamonds from our global supplier base.

The highly experienced and expert team at Australian Diamond Portfolio are here to help clients from the first steps; learning about pink diamond investment, through the buying and storage process, and are on hand right through to the eventual end sale.



Our Expert Team



Anna Cisecki | Executive Director

Anna is an Accredited Diamond Expert (C.I.G.) with 20 years of experience in the diamond and precious metals industry. As the former Laboratory Director of the internationally recognised D.C.L.A. (Diamond Certification Laboratory of Australia) from 2006 to 2013, her experience was focused on consumer and industry education, and bringing greater transparency to diamond investment.

Her background also includes gemmological work with the E.G.L. USA Group and consulting roles for both diamond and precious metals investors such as the DCLA Diamond Exchange and First Gold, Australia's first investor accumulation plan for precious metals. Anna holds an AGSM Executive M.B.A. from the Australian School of Business and is a member of the DDCA (Diamond Dealers' Club of Australia) and the Canadian Institute of Gemology.

Anna is an ardent diamond connoisseur with a passion for educating clients and industry professionals alike about fancy coloured diamonds, and arming them with the information and tools they need to invest in diamonds the smart way.



David Burger | Principal Consultant

David is a globally acclaimed Master Diamond Polisher, with experience that is second to none in the diamond industry. Having spent 52 years polishing diamonds in South Africa and Australia, his specific area of expertise is with pink and red diamond cuts, in particular the large and important Tender diamonds.

Over the course of his almost three-decade career, David has polished most of the Signature Tender diamonds from the Argyle mine, master crafting the rough into the works of art they eventually become, accumulating thousands of hours of experience in polishing along the way.

In addition to his experience at the diamond polishing wheel, David has a well-known passion for promoting the diamond industry, and provides unique insider knowledge on the investment opportunities it offers.

MAIN REASONS
TO INVEST IN
PINK DIAMONDS



Pink diamonds have a history of strong long-term capital appreciation

Pink diamonds have the potential to deliver very strong long-term capital gains. Over the past fifteen to twenty years, anyone that has purchased a pink diamond has seen a significant appreciation in the value of their investment.

This is captured in the table below, which highlights the total and annual returns generated by pink diamonds over this time period. It looks at the three main investment categories of pink diamonds in terms of colour:



Fancy Pink



Fancy Intense Pink



Fancy Vivid Pink

The table also shows the returns for pink diamonds as a whole, based on the average return of the above listed categories, as well as what a \$25,000 investment into pink diamonds at the end of 2004 would have grown to by the end of 2022.

Pink Diamond Historic Appreciation

December 2004 - December 2022

	TOTAL RETURN (%)	ANNUAL RETURN (%)	VALUE TODAY OF A \$25K INVESTMENT IN 2004
● Fancy	572%	11.17%	\$168,098
● Fancy Intense	664%	11.96%	\$190,913
● Fancy Vivid	748%	12.61%	\$212,121

As you can see, all categories have appreciated significantly over this time period, with gains of between 11-12.5% per annum on average, depending on which category of pink diamond you invested in. The average return for all pink diamonds was almost 12% per annum over this time period.

The table also makes clear that if you had invested \$25,000 at the end of 2004, it would now be worth somewhere between \$168,000 to \$212,000.

Relative returns for pink diamonds are just as impressive

To best visualise what kind of asset classes and investments you want to own, it is important to not only consider their absolute return, but their relative return as well.

After all, it may sound great to invest in an asset that increases by 10%; but if other assets have increased by 15-25%, then all other things being equal, the asset with 10% growth is not the best to own.

The performance of pink diamonds shines when compared to other assets, outperforming commodities, equities, cash and real estate. This can be seen in the following table, which compares the returns of the main categories of pink diamonds to a range of other asset classes, over multiple time periods to the end of 2022.

Annualised Returns Across Asset Classes to End 2022

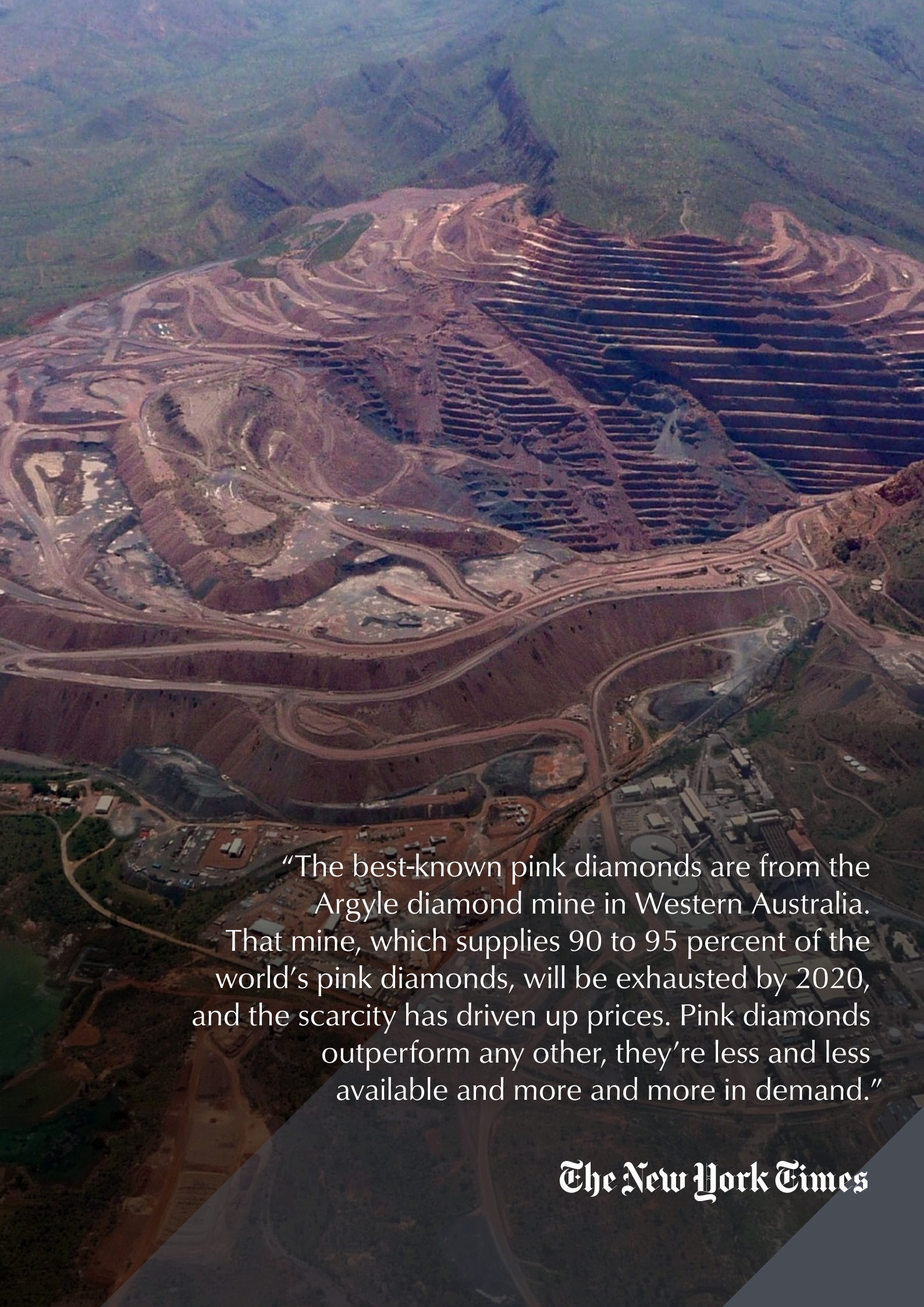
ASSET CLASS	1 YEAR	3 YEAR	5 YEAR	10 YEAR	15 YEAR	18 YEAR
All Pink Diamonds	12.4	17.7	10.3	6.5	9.8	11.9
Fancy Pink	13.4	17.3	9.8	8.0	9.9	11.2
Fancy Intense Pink	12.5	17.4	9.9	5.9	9.4	12.0
Fancy Vivid Pink	11.3	18.1	11.6	6.8	10.9	12.6
Gold	-0.4	6.0	6.9	0.9	5.3	8.2
Silver	3.7	9.9	7.3	-2.2	3.3	7.2
S&P 500	-19.2	6.0	7.6	10.4	6.6	6.6
ASX 200	-5.7	1.6	3.0	4.2	0.7	3.1
Commodities	13.3	11.6	5.0	-2.1	-3.3	-1.4
Oil	4.5	8.8	5.4	-1.5	-1.3	3.3
Housing	-5.3	6.7	3.4	5.5	4.5	5.0
Cash	1.7	0.7	1.0	1.7	2.7	3.3
Growth Funds	-4.6	3.9	5.4	7.6	5.5	7.3

Sources: ABS, Market Index, Chant West, World Gold Council, ASX, Fancy Colour Research Foundation (FCRF), Australian Diamond Portfolio (ADP). Pink diamond returns based on combined FCRF and ADP Index data.

As you can see, pink diamonds have significantly outperformed all traditional asset classes.

This performance has been driven by a number of factors, including higher inflation, renewed share market volatility, and in Australia at least, concern about the continued weakness in the real estate market.

Market fundamentals on both the supply and demand side suggest that this period of strong performance will continue in the years ahead.



“The best-known pink diamonds are from the Argyle diamond mine in Western Australia. That mine, which supplies 90 to 95 percent of the world’s pink diamonds, will be exhausted by 2020, and the scarcity has driven up prices. Pink diamonds outperform any other, they’re less and less available and more and more in demand.”

The New York Times

Pink diamonds offer opportunity for long-term outsized gains

Over 90% of the world's natural pink diamond supply for the last few decades was mined from one single source: Rio Tinto's Argyle Mine in Western Australia.

The mine, which was in operation from the early 1980's, closed just over two years ago in late 2020.

The closure of the Argyle Mine generated an enormous buzz, not just in the diamond industry, but across the broader investment community. Prices for pink diamonds from Argyle, which had already seen a sustained bull-market for a decade and half, soared in the aftermath.

	2020/21 FY	2021/22 FY	TOTAL RETURN	ANNUALISED
ADPPDI Average of all categories	30%	20%	57%	25%
Fancy Pink/Purplish Pink	23%	26%	55%	24%
Fancy Intense Pink/Purplish Pink	29%	20%	55%	24%
Fancy Vivid Pink/Purplish pink	39%	15%	60%	26%

The Argyle Mine: How important was it and why did it close?

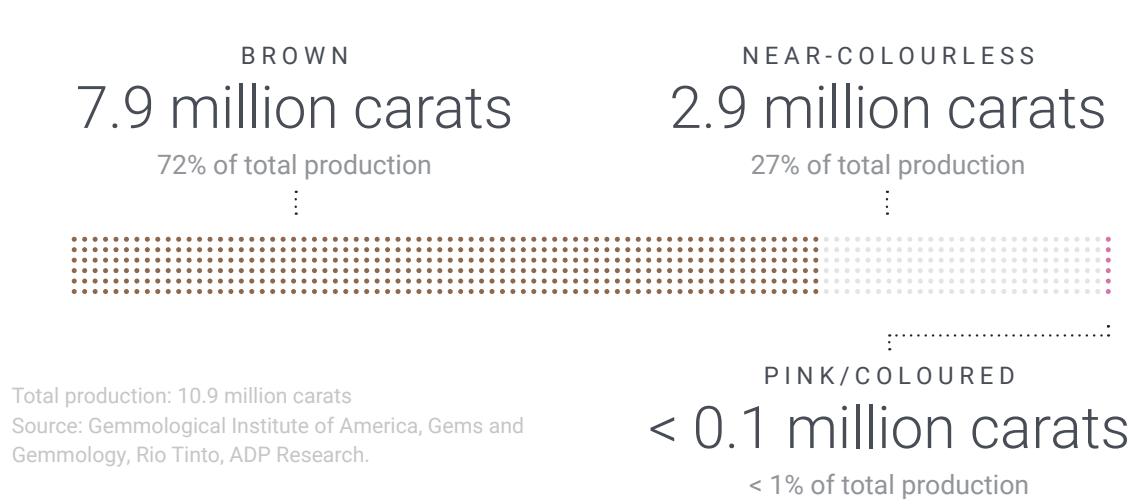
In the world of diamonds and precious gemstones, the Argyle Mine assumed a brand of its own.

In addition to being the fourth largest diamond mine in the world by volume, the mine was the largest and most significant source of rare pink diamonds, producing more than 90%-95% of the world's supply whilst it was in production.

While pink diamonds can occasionally be found in other mines (for example in Brazil, Russia and India), the Argyle Mine was unmatched in the quantity and quality of the pink diamonds it produced over the years.

This is not to say that pink diamonds were plentiful at Argyle. Indeed, quite the opposite, with pink diamonds themselves always incredibly rare even at Argyle, representing less than 1% of the total diamonds mined. This can be seen in the table below.

Argyle Diamond Mine 2020 (Final Year) Production



Very clearly, even when in production, the supply of pink diamonds from Argyle was highly limited.

By late 2020 it was no longer economically viable to continue mining at Argyle. As such, the mine's operator Rio Tinto ceased mining operations, bringing to an end the project that had been running for the better part of 40 years.

This decision drastically exacerbated the rarity and scarcity of pink diamonds, with supply of new stones to the market falling by upwards of 90%.

This will not change any time soon, for there have been no recent discoveries of viable mining opportunities to replace the unique Argyle mine, while curtailed mineral exploration over the past decade means that it is not likely that one will be discovered anytime soon, if ever.

Even if a new economic deposit of pink diamonds were to be discovered, it would still take a minimum of 10-15 years to reach the actual stage of production. As such, with the Argyle mine now closed, the supply of pink diamonds has reached a near finite stage.

Keeping in mind the laws of supply and demand, these supply dynamics reinforce why pink diamonds from Argyle are a truly rare opportunity. Combined with the rising demand that we have seen for these assets, it is clear that the bull market in pink diamonds has potential for a long run. Should this eventuate, rare pink diamonds can deliver significant capital gains to investors between now and the end of this decade.

These facts have not been lost on the growing army of Australian investors with a preference for hard assets, with the closure of Argyle reinforcing a sense of urgency amongst those looking to capitalize on the potential profitability of this unique asset class.



“While diamonds may be a girl’s best friend, pink diamonds now do it for investors. Times may be tough but in the world of pink diamonds, business is booming.”

BRW.

Pink diamonds offer protection from market volatility

Pink diamonds have shown a remarkable consistency of performance over the long-term. This is one reason why they are now considered an important holding for strategic investors.

Since formal records regarding diamond pricing were first kept at the beginning of the 1970's, prices for pink diamonds have appreciated on average 10-20% per year on average, depending on the size and colour category.

These long-term returns are even more impressive, and pink diamonds more useful for investors when considering their stability.

The strong long-term price rises have occurred with **minimal volatility, unlike shares, commodities and more recently, cryptocurrencies.**

Pink diamonds tend to have periods where they spike higher, and other periods where they appreciate more steadily, or even plateau. Importantly, **they do not tend to fall even in periods of sustained market turbulence.**

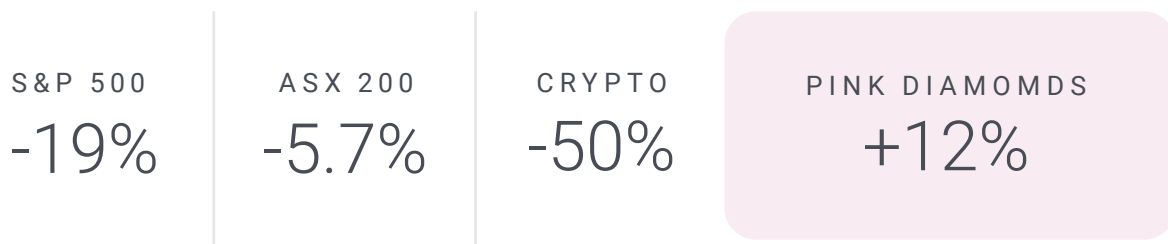
For example, during the worst of the Global Financial Crisis in 2008 and 2009, whilst share markets fell by up to and in some cases more than 50%, prices for pink diamonds remained steady, as investors held tight to existing holdings.

Similar dynamics were exhibited in the first quarter of 2020, as fears over the spread of COVID-19 saw stock markets fall by over 30% worldwide, in one of the fastest declines on record.

Pink diamond prices were unaffected by these declines, with investors actually looking to increase their exposure to tangible hard assets during this period.

Last year (2022) was another classic example, with shares (-19%), crypto (-50%), and even bonds falling. Rather than getting caught up in the market fallout, pink diamond prices rose by 12%.

2022 Asset Performance



In 2023 we have seen a continuation of robust demand levels for pink diamonds, as renewed equity market volatility, continued inflation, a weakening housing market, and more recently, bank collapses in both Europe and North America drive demand for tangible assets that can be held outside of the financial system.

Why are pink diamonds insulated from market volatility?

There are several factors that help pink diamonds as an asset class protect investors against volatility in traditional financial markets, and are important for investors to consider:

- Pink diamonds are not influenced by the speculative moods (of both greed and fear) of equity or cryptocurrency markets that create major short-term fluctuations. There are no options, futures or short selling in the pink diamond market, nor is it a highly leveraged market with people borrowing on margin, as can occur in these other markets. The absence of these factors, which create significant levels of added volatility in financial markets, protects diamond investors from these market risks.

- The fact that pink diamonds are an incredibly scarce resource is important, and indeed something that has only been exacerbated with the closure of the Argyle Mine, which was the source of over 90% of global pink diamond production. With no new sources of supply in the pipeline for the foreseeable future, supply will remain tight. This matters, because investors can rely on that scarcity. For example, it is not possible to say the same for cryptocurrencies, with new coins popping up and then disappearing regularly.
- A final factor, in part driven by the above two, is that typically only medium to long-term investors are attracted to pink diamonds. Many see it as a minimum five to ten year holding, with some seeing pink diamonds as a multi-generational asset for their families. They are not assets that people rush to sell.

These market fundamentals for pink diamonds contribute to the solid, stable foundation this asset class offers investors, and why they can continue to prosper going forward.

Pink diamonds are an attractive alternative investment to cash

Most investors already have significant exposure to traditional assets, including Australian equity markets, international shares, property, and corporate or government bonds.

These traditional financial assets are precariously positioned at best, with stock and bond portfolios having one of the worst years on record in 2022, and this is without even accounting for inflation, which was running at almost 10% per annum by the middle of last year.

Real estate also suffered, including in Australia, with the property market now off by about 10% from its all-time highs (closer to 20% after inflation). Market fundamentals continue to weaken, with hundreds of thousands of real estate investors set to be hit with much higher mortgage rates in 2023.

Given this backdrop, investors are feeling cautious, and are focusing more on preservation of capital. This is natural, as buying more shares or bonds, or keeping too much money in the bank or real estate only serves to potentially increase risk.

While interest rates have risen in the last year, which in theory makes cash in the bank more attractive, the reality is that inflation has risen by much more. As a result, the return on cash in the bank remains deeply negative.

A guaranteed loser of sorts, which will only get worse if inflation persists and/or the Reserve Bank of Australia soon needs to start cutting interest rates again due to persistent recession and banking stability fears.

Pink diamonds present an attractive alternative to investors seeking to preserve their wealth, with their value growing over time, offsetting the impact of inflation, and strongly outperforming cash in the bank.

This final point is captured in the table below, which shows the average returns pink diamonds over multiple time periods to the end of 2022, and the returns for cash in the bank.

Pink Diamond Returns Compared to Cash (Annualised)

ASSET CLASS	1 YEAR	3 YEAR	18 YEAR
All Pink Diamonds	12.4%	17.7%	11.9%
Cash	1.7%	0.7%	3.3%

Source: Reserve Bank of Australia, FCRF, ADP. Fancy Colour Research Foundation (FCRF), Australian Diamond Portfolio (ADP). Pink diamond returns based on combined FCRF and ADP Index data.

Given the above comments about the risk that inflation will continue to eat away at the real value of cash in the bank, and how positive the outlook for hard assets like pink diamonds is, it is no surprise investors and their advisors are looking to switch part of their portfolio into pink diamonds.

Not only can they participate in the long-term potential upside this unique asset class offers, but they will likely better protect their portfolio against inflation.

Pink diamonds act as a hedge against a falling Australian dollar

Like most commodities, pink diamonds are priced in US dollars (USD). This is actually very helpful for Australian investors, including clients at Australian Diamond Portfolio, as it means that pink diamonds provide Australian investors with a natural foreign currency hedge that helps manage the risk of a depreciating Australian dollar.

Should the Australian dollar (AUD) fall in value relative to the USD, then the value of your diamond portfolio in AUD increases, magnifying the returns that these assets can generate.

This fact may be particularly useful going forward, with the chart below covering the performance of the AUD vs. the USD since the start of the 1990s, more than 30 years ago.

Historic Exchange Rates
Australian Dollar (AUD) to US Dollar (USD)



Source: Reserve Bank of Australia

Driven largely by the mining boom that occurred over the 10 years from 2000 onward, the chart highlights that the value of the Australian dollar started to rise from about 2001, culminating in a peak of approximately AU \$1.10 against the USD in 2011.

Since the peak in AUD value just over a decade ago, prices have been falling, with the AUD now closer to \$0.70 against the USD.

Between now and 2025, we may well see a weaker, or at best stable AUD. This is because the Australian economy continues to face a number of structural headwinds, while a global recession, which looks increasingly likely, would sink commodity currencies like the AUD if history is any guide.

The potential for a period of extended weakness in the AUD combined with the likelihood of further upside in pink diamond prices in USD terms provides a compelling investment argument for allocating a portion of your investment portfolio to pink diamonds today.

Not only do you stand to benefit from the price appreciation of the pink diamonds themselves, but also from any further weakness in the AUD, which will magnify gains.

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“The prospect of rising rates outside of Australia means further pressure on the Australian dollar. Despite its poor performance over the last two years, our local currency is still widely considered to be overvalued. If the US raises rates, as expected, and the gap between US and Australian rates is getting squeezed from both sides of the Pacific, we expect the Australian dollar to decline further.”

ASX Long Term Investing Report



“The Australian-produced pink stones have become highly sought after by investors of all stripes, led by the rise in self-managed super funds...[with] a growing trend towards self-managed super funds following the GFC, [it’s not] just the super rich putting in bids for the stones.”

Pink diamonds for estate planning & wealth preservation

When it comes to estate planning, as a private collectible, pink diamonds are a discreet way of transferring wealth. A cache of these unique assets can be seamlessly passed from one generation to the next.

Pink diamonds have also long been considered the ultimate form of concentrated wealth. Their size to value ratio makes them the densest store of value out of all the natural resources and other assets investors like to put their money into.

You can literally hold a one million dollar diamond on the tip of your finger, making it a private and easily transportable international asset.

Historically, this a real and significant reason people bought diamonds - portable assets, as they were the best and easiest form of wealth transfer in history.

They are also physical, tangible assets, not just digital data points. This is becoming increasingly important in a world where banks are falling over, and your money may or may not be safe depending on what a regulator decides on any given day.

A bird in the hand is worth two in the bush as the saying goes.

In terms of privacy, most governments do not require the ownership of pink diamonds to be disclosed to any authority as they are considered personal property.

Diamond certificates are always in bearer form - there are no names or serial numbers, and there are no registration requirements for pink diamonds.

In other words, coloured diamonds remain one of the most discreet, convenient, and concentrated stores of value in the world.

Self-Managed Superannuation Funds

Pink diamonds are allowable investments inside a SMSF Portfolio

There has been a massive surge in the number of Australians setting up Self Managed Super Funds (SMSF's) over the last two decades, taking personal control of this key financial asset.

Today, there are over one million Australians controlling their superannuation through a SMSF, collectively managing almost AUD \$900 billion in investable funds.

DEMAND

250%

increase in demand from SMSF's in the last financial year.

CREATION

45%

of new SMSF's created by those aged between 25-44.

TOTAL

3-year high

in the total number of SMSF establishments.

Three primary factors have driven the growth of the SMSF sector:

- The desire for transparent and fixed costs, rather than percentage-based fees.
- The desire for legal control of assets held by the super fund.
- The flexibility for people to make their own investment choices and buy into asset classes that traditional funds ignore.

Whilst property, equities and term deposits remain the major assets that SMSF trustees tend to invest in, pink diamonds are also allowable investments inside a SMSF portfolio.

Demand from this sector of the market has boomed in the last ten years, with many holding 10%-20% of their portfolio (often \$100,000 to \$250,000) in pink diamonds.

Below we highlight some key considerations for trustees looking to invest in pink diamonds through their SMSF.

Guidelines for buying diamonds with your SMSF

As with all assets held in your SMSF, there are a number of administration and compliance responsibilities for trustees who choose to invest in diamonds, art, or other collectibles.

Please note, the following information is a guideline only, and does not represent financial advice. Be sure to consult your SMSF advisors and/or do your own research so as to fully understand the requirements and obligations.

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In a high inflation environment characterized by higher equity market volatility, SMSF trustees are understandably looking at alternative assets. Fancy coloured diamonds are an attractive way to diversify and grow wealth, with a history of strong performance.

Anna Cisecki, Executive Director, Australian Diamond Portfolio 2023

Storage The diamonds you purchase for your SMSF may not be displayed or stored in your home, nor the home of any related party of the SMSF. This storage requirement has been introduced to prevent SMSF trustees receiving a personal benefit from the SMSF investment.

SMSF trustees must record in writing the reasons for the decision on where the diamonds will be stored and keep that record for 10 years.

Insurance SMSF trustees must ensure the diamonds are insured within 7 days of acquisition.

Valuation	Valuations must be performed on a regular basis by a qualified independent valuer. Most SMSF trustees will have their pink diamonds valued once per year.
Sales	Diamonds can be sold to a related party provided the sale is at a market price as determined by an independent valuer.
Usage	Diamonds are not to be used by any related party of the SMSF (which unfortunately means you can't wear them for fun!).
Leasing	You may not lease any diamonds in your portfolio to any related party of the SMSF. A 'related party' includes the SMSF members and their relatives, and any partnerships, partners of partnerships (if a member is in partnership with them), or trusts and companies that SMSF members control.

How Australian Diamond Portfolio help SMSF trustees invest in pink diamonds

As part of your diamond investment through Australian Diamond Portfolio, we include professional third-party storage and valuation with each diamond purchased. We are also able to arrange insurance through our service partners as an additional service.

Australian Diamond Portfolio helps make buying and storing diamonds for your SMSF easy. Speak to your Investment Diamond Advisor for full details.

Source: www.ato.gov.au



“Buying a pink diamond is like buying a painting by Pablo Picasso while he was alive. You know at some point they will run out and increase in value.”

THE AUSTRALIAN
BUSINESS REVIEW

INTRODUCTION TO INVESTMENT GRADE PRODUCTS



Not all diamonds make the grade

Like all things in life, the rarer the item, the more precious and valuable it is; something that is especially true when it comes to investing in diamonds. Not all diamonds can be considered investment diamonds, which are the type of diamond most likely to maintain and grow in value over time.

Indeed, the majority of diamonds on the market, particularly the familiar colourless diamonds seen in jewellery stores, are actually quite common. Investment-grade diamonds must be of a degree of rarity that holds an intrinsic value.

While there are many layers to assessing the value and investment potential of a pink diamond, they are not difficult to understand.

At a very high level, the rarer and more beautiful the colour, the more valuable. However, very small gradations in colour can translate into significant differences in value. Pricing a pink diamond cannot be done according to a simple, precise formula; there are multiple layers to consider.

This is one of the many benefits of working with an experienced brokerage such as Australian Diamond Portfolio. We peel away the layers of complexity on your behalf. We select the best and brightest stones for you, based on your desired investment budget.

Every pink diamond we source for our clients is certified by Argyle Pink Diamonds and/or the Gemological Institute of America (GIA), with independent verification carried out by the Diamond Certification Laboratory of Australia (DCLA).

Below we introduce a few of the key layers to help you better understand what it is we look for in an 'investment grade' pink diamond.

For a more detailed discussion on colour, grading, and value, we encourage you to open an account and book an educational consultation with a member of our gemmological sourcing team.

Elements of colour

There are three fundamental factors important to understanding the colour of pink diamonds, and differences in value between individual stones: hue, saturation, & tone.

Hue is the dominant colour of the diamond, taking into consideration any overtone or secondary modifying colours; saturation is the strength of hue; and tone is the amount of light or darkness in the diamond.

These three factors work together, and one combination may result in a diamond with spectacular fire and top value, while another may result in a diamond with dull glow and pedestrian appeal; and of course, the full spectrum in between.

While diamond certification is a critical element when buying a diamond to authenticate and identify it, a diamond's value is dictated by its visual aspects.

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In the colourless diamond world, buyers pursue 'less': less colour, fewer inclusions and little if no fluorescence, to the point where the 'void' symbolises perfection...

In sharp contrast, in the fancy colour diamond sphere, we pursue 'more': more colour, more saturation, brighter tone, and more character. The 'absence' of other features is simply meaningless.

Eden Rachminov, Fancy Colour Research Foundation

Hue

The primary hue of pink diamonds is quite obvious – PINK. However, just like in the world around us, a diamond with a primary pink hue may appear with a variety of secondary, ‘modifying’ overtones. Examples of these overtones include purple, orange, brown, and grey.

For investment purposes, Australian Diamond Portfolio only recommend ‘straight’ pink diamonds with no visible overtone, as well as purplish pink diamonds with a purple overtone. **These combinations are the most rare and desirable.**

Saturation

Saturation refers to the strength of a stone’s colour – generally speaking, the stronger the colour, the more valuable the stone. However, saturation must not be confused with tone, which refers to the amount of lightness or darkness in the diamond.

Tone

Tone refers to the degree of lightness or darkness in a diamond, and affects how bright the diamond appears. The brightest, ‘sweetest’ tones are those with no elements of brown or grey. Tone is independent of the degree of saturation and also has a tremendous impact on value.



From left to right: a 0.91 ct Fancy Intense purplish pink triangular brilliant cut; a 1.02 ct Fancy Intense pink round brilliant cut; a 1.53 ct Fancy Intense pink radiant cut; a 0.66 ct Fancy Vivid purplish pink emerald cut; a 0.69 ct Fancy purplish red emerald cut; a 1.74 ct Fancy purplish red oval brilliant cut.

THE PROCESS OF INVESTING IN PHYSICAL DIAMONDS



OPEN AN ACCOUNT



END SALE

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STORAGE

5



VALUATION

4



ACQUISITION

3



Starting a diamond portfolio

The decision to start a diamond portfolio, and the level of investment, is a personal decision to be undertaken while considering your entire portfolio of investments, and your financial circumstances.

PORTFOLIOS
START FROM 
\$25,000 AUD

Whilst every investor is unique, below are a few key points to take into consideration when making the decision.

Investment Objective

Pink diamonds have historically been a store of value and long-term vehicle for capital appreciation. They have delivered strong price growth, which is particularly attractive in a difficult economic and market environment, where positive returns on traditional assets are harder to come by. The prime holding period to consider should be at least 5-10 years.

Minimum Recommended Entry Level

As mentioned previously in this guide, not all diamonds can be considered investment diamonds, which are the type most likely to maintain and grow in value over time.

While prices for different colour and size combinations vary significantly, an entry level of approximately AUD \$25,000 should be allocated in order to buy a pink diamond with a size, colour, and rarity of sufficient investment potential.

Portfolio Divisibility

Many investors choose to accumulate a range of stones in their portfolio over time, while others prefer to concentrate their allocation on a single special diamond.

Storage & Insurance

Security, convenience, and cost-effectiveness are all important factors to consider when choosing a storage option for investment diamonds and other valuable hard assets. Most diamond investors opt for storage in a private vault facility, storage in a bank safety deposit box, or storage at home.

Whilst the decision is entirely up to you, Australian Diamond Portfolio recommends private or private custodial vault storage for a number of reasons, which we outline below.

To help clients with private vault storage, Australian Diamond Portfolio partners with Guardian Vaults in both Sydney and Melbourne. Australian Diamond Portfolio can also assist and arrange independent vaulting and insurance for your investment diamonds via this partnership.

Australian Diamond Portfolio partners with private-vault facility Guardian Vaults to offer storage and insurance for our clients.



GUARDIAN VAULTS



Private Vault Storage: The Recommended Solution

A private vault is a high-security storage facility where you have personal control over your own individual safe deposit box and safe contents.

There are several high-security, purpose-built vault facilities in Australia that specialise in private safe deposit services. Each offers safety deposit boxes that can be leased on an annual and sometimes monthly basis.

Boxes come in various sizes that are suitable for storing diamonds, precious metals, art, and other hard assets. Importantly, they also provide added services like insurance, audit or inventory statements, and help to arrange shipping if needed.

The security procedures are sophisticated and combine high-tech identification systems and complex access protocols including facial recognition software, in facilities that are heavily guarded with advanced layers of security.

In these facilities, the contents of your safety deposit box are private and can only be accessed by you and persons you explicitly authorise.

Liquidity & Selling

A commonly asked question from investors regards the liquidity of pink diamonds. In a nutshell, investors want to know how easy it is to liquidate their diamond portfolio, and how to go about selling when they are ready.

Rare pink diamonds are among the most liquid and sophisticated markets for any collectible asset. They can be transported discreetly and sold globally in most major cities. There are thousands of participants in the market, from collectors & investors to dealers and jewellery buyers.

However, pink diamonds are similar to real estate, in that they may take time to find the right buyer. It is considered a decentralised market as there is not one centralised exchange or market where the majority of transactions take place.

When you do want to sell, start the process at least 90 days before you would like the money. This will give you, your broker, auction house, and any other party you are working with the chance to find the right buyer. In this, again, pink diamonds are similar to real estate.



Auction

As with property, auction houses tend to be the preferred method of sale for realising full market value due to the greater exposure to a wide range of potential buyers that these auction houses provide.

The auction houses will charge a percentage of the selling price, depending on the value of the sale. The higher the selling price, the lower the commission price will be. Generally speaking, this commission is negotiable and ranges from 0-10%.

However, the auction houses have the advantage of getting the kind of exposure that brings out buyers through their global marketing efforts and extensive list of wealthy clients.

Also of note, auction houses have come leaps and bounds over the past few years in terms of making auctions more accessible to a greater number of investors, with bidders now able to bid online at live auctions all around the world. For example, when Sotheby's started using eBay technology to power their auction platform, they reported 40% more global participation on the first round.

Experts agree that auction sales will continue to grow as new buyers in Asia, the Middle East, Europe, and North America learn to appreciate the rarity and beauty of pink diamonds. HSBC Private Banking has already worked with Sotheby's on several auctions in the UAE, and major European private banks are advising their customers on rare coloured diamond purchases.

Broker

Another excellent way to sell is to use a specialised broker such as Australian Diamond Portfolio. A broker will market your stone at an agreed market value, either for a fixed fee, or for a fee based on a percentage of the final sale price if and when sold. Australian Diamond Portfolio has an extensive database of clients with which to work, and often know which clients may be in the market for a particular type of stone.



“Individuals across the globe are ploughing millions into rare coloured diamonds as a stable, ‘safe haven’ asset class. People are loving them as an alternative investment. It is a tangible, moveable asset, so you can carry your wealth in your pocket or on your finger.”

The Telegraph

The Australian Diamond Portfolio Solution

We make buying a diamond as clear-cut as buying any other traditional asset.

Australian Diamond Portfolio offers a comprehensive investment solution to ensure you get your diamond portfolio started the right way. From your first exploratory enquiry where you decide if this investment is right for you, through to sourcing, buying, storage, and eventual resale, we can provide a complete end-to-end solution.





Step 1: Open an account

Creating and maintaining an account at Australian Diamond Portfolio is simple.

There is also no obligation for you to buy, though once your account is open you can request a formal investment diamond proposal, regular consultations, product & market updates, and a variety of other value-added services.



Step 2: Sourcing

As a brokerage, we act as your agent to locate and acquire the most appropriate investment diamond(s) matching your specified level of investment, starting from A\$25,000.

This is one of the primary benefits of using a brokerage; rather than having to choose from a single vendor's existing stock, Australian Diamond Portfolio custom-selects stones and negotiates the lowest cost from our network of reputable diamond cutters, brokers, dealers and wholesalers both in Australia and overseas, ensuring that you get the right diamond at the right price.



Step 3: Investment diamond proposal

Your Investment Diamond Advisor will present you with a formal proposal once we have selected a pink diamond, which includes all specifications, image(s), relevant certification, and historical performance analysis.

We will work with you to ensure you have a comfortable understanding of the proposed investment.



Step 4: Approval & acquisition

When a proposal meets your approval, you simply purchase the pink diamond. As soon as full payment is received, Australian Diamond Portfolio will complete the acquisition, which normally takes 7-10 business days.



Step 5: Independent verification & valuation

Australian Diamond Portfolio submits every diamond acquired to the Diamond Certification Laboratory of Australia (DCLA), the only internationally recognised laboratory in the country, for independent verification and a valuation report.

DCLA verifies that the diamond you have purchased matches the GIA Certificate or Argyle Report associated with that diamond, including laser inscription.

The verification is conclusive - no two diamonds in the world are exactly the same, each one bears unique identifying markers that act as a 'fingerprint' to distinguish it.

This provides additional peace of mind for customers, and is an important value-add service offered by Australian Diamond Portfolio.



Step 6: Physical delivery, storage, & insurance

Australian Diamond Portfolio offers each client the option of one year complimentary vaulting at Guardian Vaults, a private high-security safe deposit facility with locations in Sydney and Melbourne.

Storage Costs

Australian Diamond Portfolio is pleased to take care of the costs of your first full year of storage.

Guardian Vaults will also require a refundable key deposit totaling AUD \$300 to issue your personal vault key and FOB to access the facility - this is a deposit only and will be refunded to you in full when you close your account and return the keys

Storage Fees After Your First Year

LOCATION	SIZE	FEE
Guardian Vaults Sydney	Small (6cm x 11cm x 53cm)	\$272
Guardian Vaults Melbourne – William Street	Small (6.8cm x 10.5cm x 53cm)	\$300
Guardian Vaults Melbourne – Collins Street	Small (9.5cm x 13.5cm x 48cm)	\$282

*Prices as at March 2023 and are subject to change.



Step 7: Selling

Australian Diamond Portfolio will assist you in marketing all or part of any diamond portfolio opened with us.

While we do not buy back directly, we do offer a brokerage service whereby we will seek out a buyer from our extensive database of over 40,000 clients and subscribers.

When the sale is completed, a 10% brokerage fee will be deducted from the sale cost.

What our clients are saying

“
I have already recommended
and would recommend again
Australian Diamond Portfolio to
friends and colleagues.

—— DW, Western Australia

“
I have felt the process to be
transparent and ADP have always
been there to assist me with any
questions that may arise.

—— SE, New South Wales

“
The diamonds are exceptional.
Only the highest quality are
presented. The advice and service
has always been exceptional.

—— BV, Tasmania

“
Anna was very personable and
helpful, lovely to do business with.

—— JK, New South Wales

“
Very professional and
helpful throughout the
whole process.

—— PA, Western Australia

“
All in one operation,
makes it easy to
purchase, store etc.

—— MS, Queensland

“
Have already told people
about this service and the
benefits of doing this.

—— BS (New South Wales)

“
Excellent service. Anna is
extremely professional and
knowledgeable. Very happy with
the service I've received from
everyone at ADP.

—— JE, ACT

NEXT STEPS

We hope you that you have found the information in this guide useful and feel much more informed about letting us help you navigate this unique and highly profitable asset class.

If you are ready to take the next step in your diamond investment journey, please complete a short 1-minute application to open an account, and one of our Investment Diamond Advisors will be in contact with you shortly, to welcome you to our company.

Again, there is no obligation to purchase; the account will help us better serve you with consultations, product & market updates, and a variety of other value-added services.

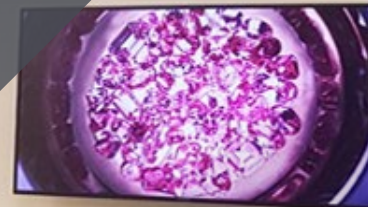
Please also feel free to contact us on [02 9238 2727](tel:0292382727) or email info@diamondportfolio.com.au with any questions.

OPEN AN ACCOUNT



Australian
DIAMOND PORTFOLIO

OFFICE HOURS
TREATMENT





Australian
DIAMOND PORTFOLIO

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GUARDIAN VAULTS

