

DIAMONDS – A SPARKLING GIFT OR INVESTMENT

Henry Pruwer is a diamond expert who learnt his art in the diamond capital of Antwerp, and now creates bespoke pieces at his Hatton Garden studio in London. Henry provided insight into investing in diamonds.

The purchase of a diamond or a piece of diamond-set jewellery often has deep personal significance. Emotional attachment is quickly formed with these chunks of pure carbon, formed into diamonds deep below the earth under intense heat and pressure over billions of years. Investing in diamonds should therefore be done with a cool head.

When considering diamonds as an investment, perhaps aim to buy with the intention of enjoying the stone, rather than viewing diamonds as a mere commodity. Whether purchased specifically as an investment or a gift, there is an implicit understanding that diamonds represent timeless value. Fine diamonds are one of the few things that are instantly recognisable for their inherent worth. In contrast to art, wine or cars, diamonds are tiny, perfectly portable and virtually maintenance free.

One can enjoy loose diamonds by occasionally taking them out of the safe and admiring their scintillating perfection, or else have the diamonds set into jewellery and take pleasure in seeing them worn by someone

dear to you, a dividend beyond calculation. Being so small, diamonds can accompany you wherever you choose to travel.

Loose diamonds or diamond jewellery can also be purchased as an investment in a personal relationship. The gift of diamond jewellery is the ultimate symbol of love and affection. The investment aspect is often unspoken, but the recipient will appreciate both the beauty and the lasting value of diamonds.

Always look for a certificate from the Gemological Institute of America (GIA) as this is internationally recognised. Diamonds purchased for investment should not lose value if set into jewellery, as long as the stones do not get damaged when worn or stored. A beautifully set piece of diamond jewellery can attract more attention and a better price at auction than a loose stone. Consider setting fine diamonds into necklaces, pendants, or earrings, as diamonds set in a ring tend to suffer most from knocks and other accidental damage from daily wear.

Flawless diamonds must be handled and worn with care, as scratches could cause the diamond to lose this perfect grading. Diamond is the hardest material known to man, however, diamonds can easily scratch each other – hence it is extremely important not to bundle loose diamonds or jewellery into pouches, where

they can become damaged. Keep each piece separately, this applies even to earrings.

Rarity and condition are important factors when valuing any luxury asset, and this applies equally to diamonds. Everyday diamond jewellery may not really appreciate much in value over time, if at all. On the other hand, rare, fine diamonds and jewellery set with exceptional stones can increase substantially in value over the years.

The typical diamond jewellery buyer wants to purchase something of natural rarity and beauty, a piece that their loved one will delight in wearing for many years. They will have an idea for a bespoke piece, or hints will have been dropped as to what is expected. The unspoken expectation is that this jewel will serve as a wearable investment, appreciating and appreciated over time.

When investing in diamonds, seek advice and expertise to help choose the best quality diamonds or the piece of jewellery that can be worn comfortably and look stunning. An investment piece of jewellery could also include other precious stones such as rubies or sapphires.

Investors will not be interested in paying a high retail mark-up, but they do expect a high level of service in terms of value proposition, trustworthiness and reliability.

A large diamond can look wildly extravagant or an everyday trinket, depending on the attitude of the wearer. The way a diamond is set can also change its appearance. A diamond can be subtle in a discreet solitaire pendant, or glitter madly, surrounded by halos of smaller stones or combinations of diamond colours, shapes and sizes. In an investment piece, it will be the central diamond that represents the major value of the jewel, unless it contains many larger stones.

Although Europe, the Middle East and the Far East are important markets for high quality diamonds, the USA is still the world's largest diamond jewellery consumer, with healthy demand for lower colour, larger sized diamonds, particularly in the larger ranges. American consumer appetite for such stones has been consistent, keeping prices on an upward curve over the years. This demand underpins the suggestion of investing in larger but more affordable diamonds, which represent better value for most buyers.

Expert advice can assist when deciding on a round brilliant diamond or a different fancy shape or colour. For pure investment purposes, a set of perfect round white stones may be more tradeable.

Fancy pink diamonds are a popular investment category unto themselves. Interest in pink diamonds has recently spiked, as in 2020 the Argyle mine in Australia ceased production. Argyle was the last major producer of pink diamonds in the world, so the supply has effectively dried up. Indeed, there have been no significant finds of new diamond sources in the last 20 years or more, and this could have a long-term effect on values.

When purchasing a high value diamond, seek a reliable source. Thorough checks should be carried out on the authenticity of certificates and on the diamond itself. Only an expert can differentiate between diamond simulants, laboratory grown stones, and natural diamonds. Most certified diamonds will have the certificate number laser inscribed on the stone. This inscription is invisible to the naked eye, and often can only be identified with difficulty using a loupe, a 10x magnifying glass used as the industry standard. As with art and other collectables, provenance is key, and supposed bargains from dubious sources should be treated with due caution. Never rely entirely on certificates or inscriptions, it is the quality of the actual diamond that counts. www.henrypruwer.com

