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Diamond Investment & Intelligence Center
Passion Investment for Generations
AWDC
ANTWERP WORLD
DIAMOND CENTRE

Business Case

- Multi Functional Asset
- Tangible
- Rare high value Commodity
- Substantial ROI
- Favorable Demand – Supply trend
- Most Concentrated Form of Wealth

Buyer: Dubai Private Collector

Date: November 2013

Value: $35.53 Million

Carats: 14.83

Highest price per carat ever paid for a color diamond at that time

Gold has lost its luster –
at least as an investment…
Diamonds might be the new gold!

Fortune

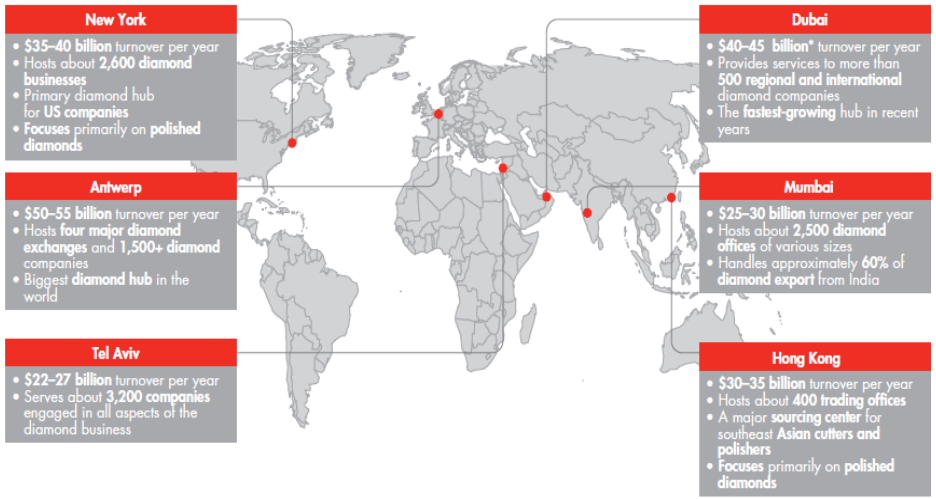
Global Market Analysis

Trading Volume/Liquidity

- **Presence:**
  - As of 2014 there were 6 major diamond trading hubs globally; New York, Antwerp, Tel Aviv, Dubai, Mumbai, and Hong Kong.
  - A new trading hub has opened in Panama (2015), which facilitate diamond trading in south America, thereby completing a global reach for the "lucky 7"
- **Turnover and Wealth Creation:**

  World turnover in 2011 was $202 – 232 billion, and in 2014 was about $ 240 billion.
- **Investment Community involvement:**

  Current ~ USD $1 trillion+ (low estimate) war chest had potential to increase turnover and wealth creation five fold in less than 10 years and with it, valuation



*Based on latest available figure (2011)

Global Market Analysis

Supply & Demand

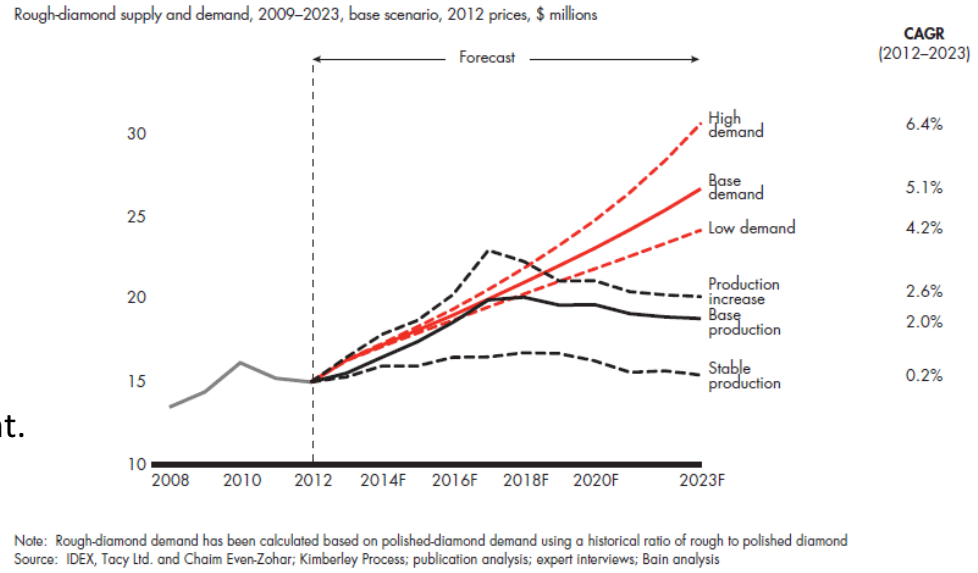
- **Are diamond price increases a short, or sustainable long term trend?**

  Due to the predicted Supply/Demand imbalance in gemstone diamonds, and the progressive increase in prices of fancy colored diamonds over the past 30 years, there should be a continued steady price appreciation over the medium and long term.

- **How can the potential demand by the investment community affect the current Supply & Demand of diamonds?**

  Bain & Company (2013) reported in *"Journey through the value chain"*, that:

  – The diamond investment market retains its allure
  – Investors continue searching for the best way to capitalize on the growth in diamond prices,
  – Diamonds, like gold and platinum, are destined to become a significant alternative investment.



Note: Rough-diamond demand has been calculated based on polished-diamond demand using a historical ratio of rough to polished diamond
Source: IDEX, Tacy Ltd. and Chaim Even-Zohar; Kimberley Process; publication analysis; expert interviews; Bain analysis

Global Market Analysis

The diamond industry is subject to supply and demand dynamics.
The Emerging Markets' middle class means demand will rapidly increase as consumers purchases diamonds for jewelry or as a store of wealth.
However, supply is relatively constrained and unlikely to keep up with that demand; the diamond market is consolidated among a few players.

Mark Kiesel, PIMCO

Buyer: Private

Date: October 2013

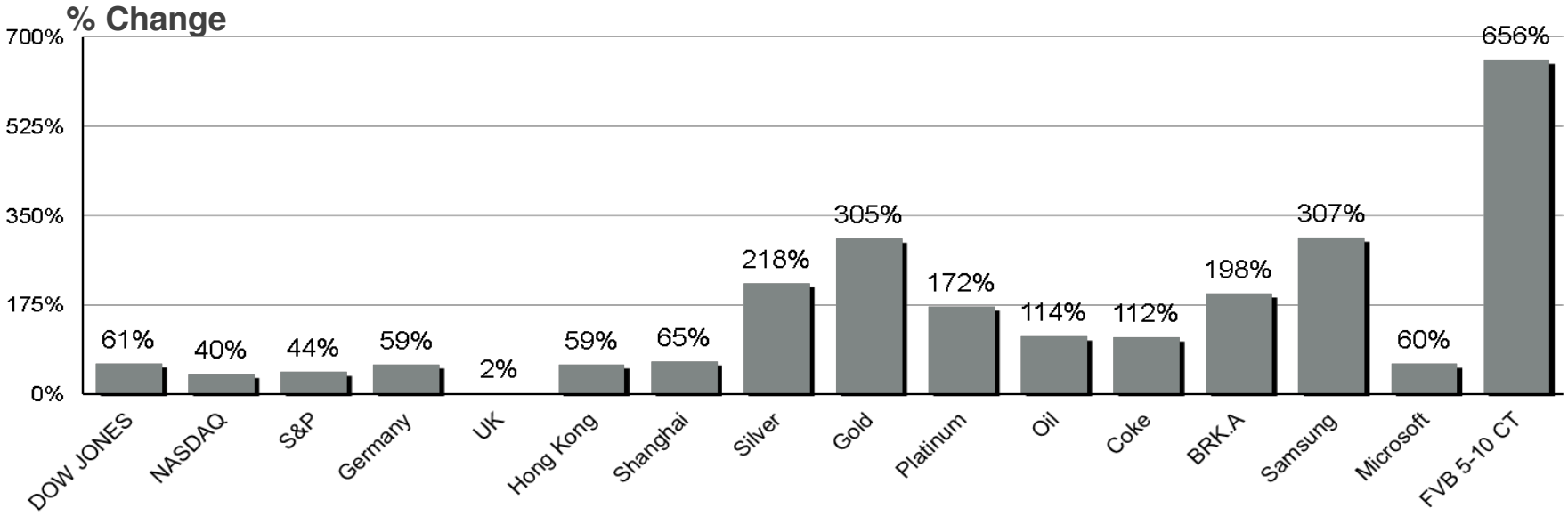
Value: $19 Million

Carats: 7.59

Performance against Capital Markets

A Consistent Leader

Fancy Vivid Blue 5-10 carats vs. Global Indices, Commodities & Major Corporations
(November 18, 1999 - November 20, 2014)



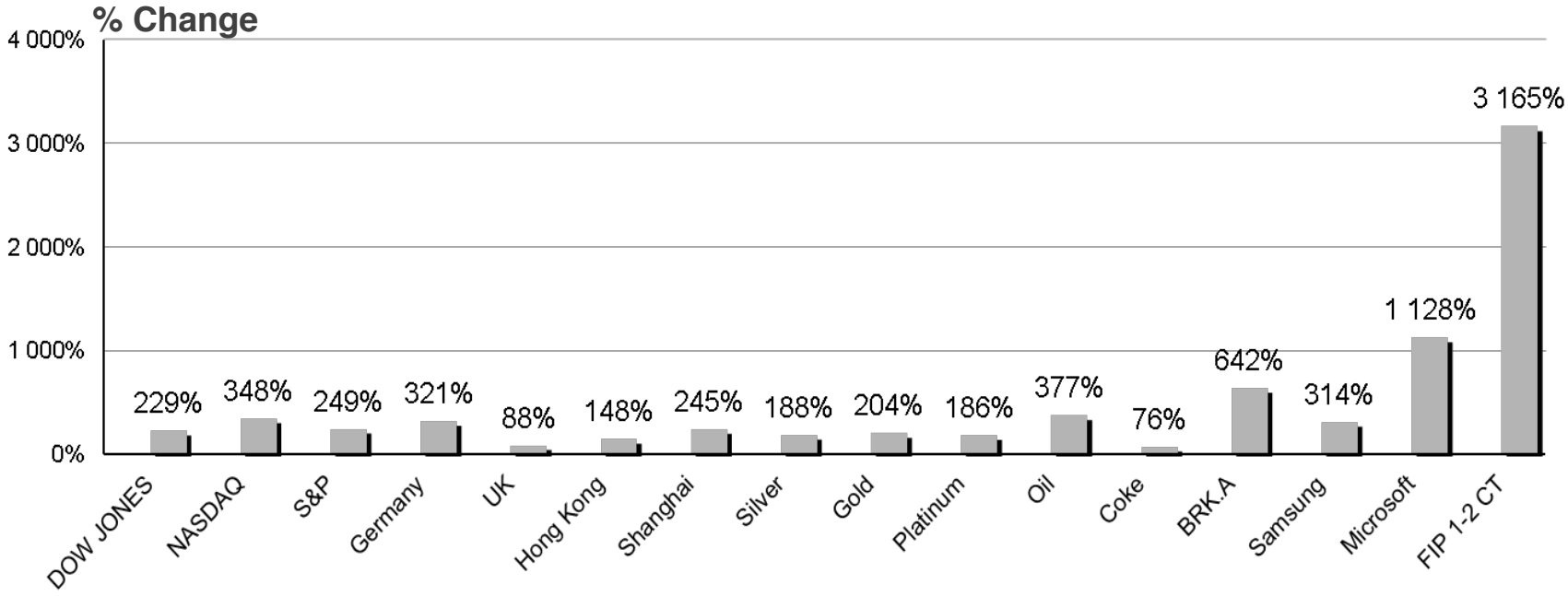
*Source, Yahoo! Finance, Sotheby's, Christie's, IndexMundi.com

According to auction results, for every 112 Picassos offered at auction, 1 blue diamond is sold.

Performance against Capital Markets

A Consistent Leader

Fancy Intense Pink 1-2 Carats vs. Global Indices, Commodities & Major Corporations
(October 1, 1995 - November 12, 2014)

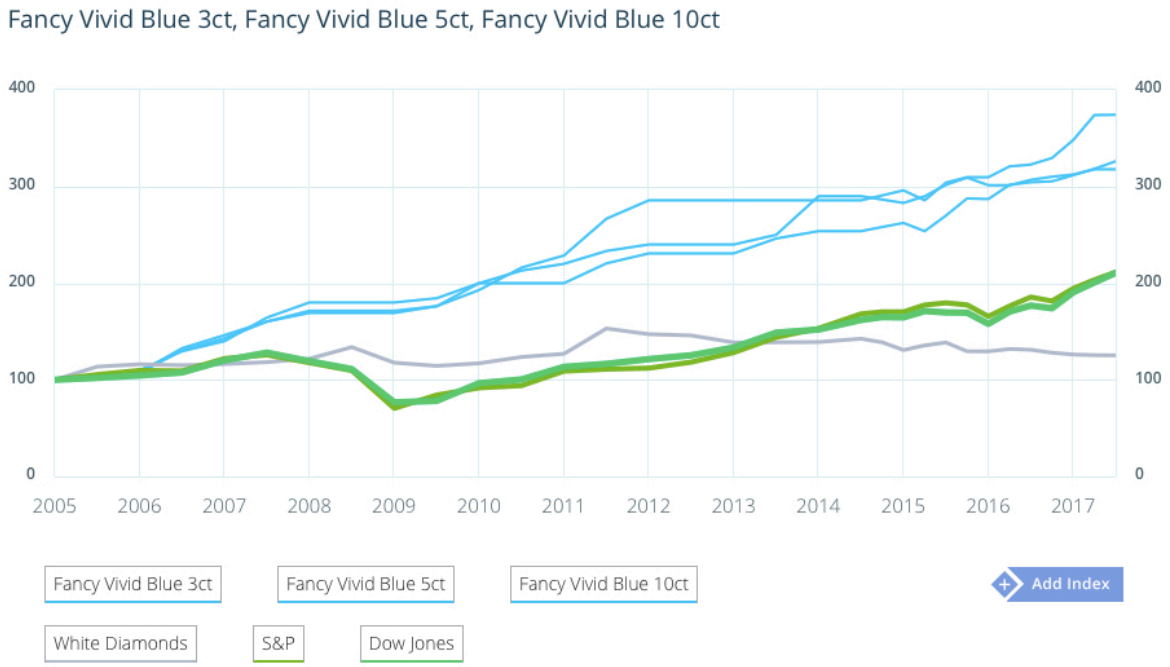


*Source, Yahoo! Finance, Sotheby's, Christie's, IndexMundi.com

Performance against Capital Markets

Fancy Vivid blue Diamonds in Various sizes

	CAGR Jan. 2005-Jul. 2017	Total Return Jan. 2005-Jul. 2017
Fancy Vivid Blue 3 Carats	10.10	217.80
Fancy Vivid Blue 5 Carats	10.40	226.10
Fancy Vivid Blue 10 Carats	11.60	274.20
Dow Jones	6.40	110.60
S&P 500	6.40	110.40
Colorless Diamonds	1.10	13.90

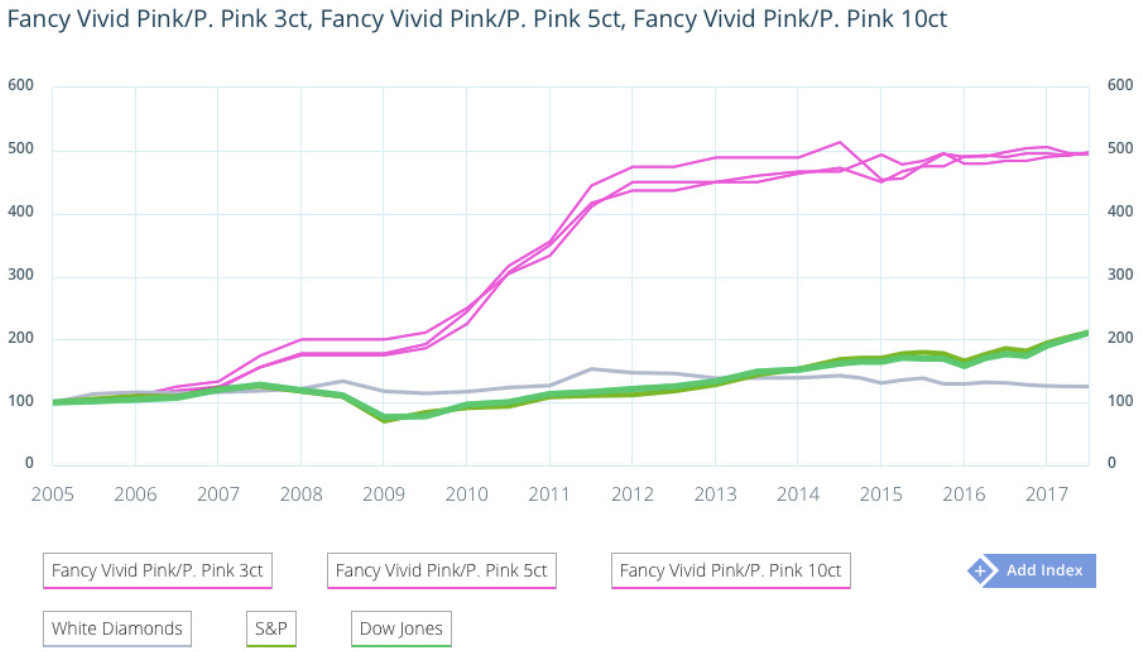


This data is collected anonymously every quarter from the top 22 dealers in the world. It is then transformed into an index and reviewed by an Independent accounting firm before publication. Every quarter each dealer gets a different list from the previous quarter and they mark down prices. Dealers are not aware of other dealers as to avoid any "price fixing".

Performance against Capital Markets

Fancy Vivid Pink Diamonds in Various Sizes

	CAGR Jan. 2005-Jul. 2017	Total Return Jan. 2005-Jul. 2017
Fancy Vivid Pink 3 Carats	14.30	395.80
Fancy Vivid Pink 5 Carats	14.20	394.20
Fancy Vivid Pink 10 Carats	14.30	396.9
Dow Jones	6.40	111.60
S&P 500	6.40	111.40
Colorless Diamonds	1.10	13.90



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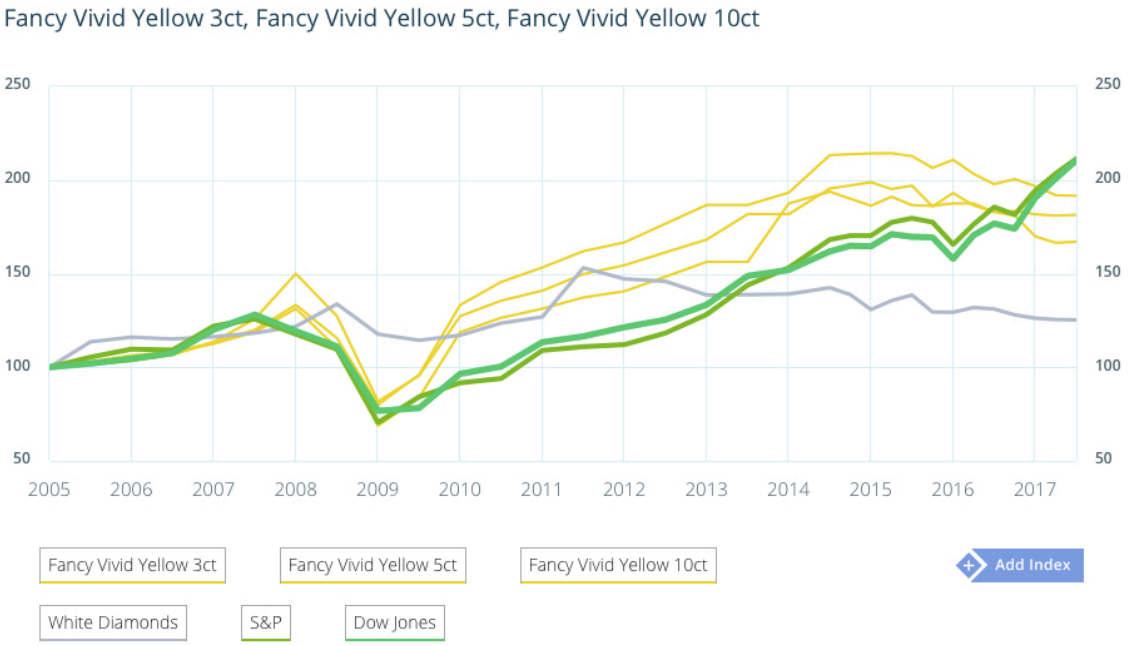
Performance against Capital Markets

Fancy Vivid Yellow Diamonds in Various Sizes

	CAGR Jan. 2005-Jul. 2017	Total Return Jan. 2005-Jul. 2017
Fancy Vivid Yellow 3 Carats	5.60	91.60
Fancy Vivid Yellow 5 Carats	5.10	81.40
Fancy Vivid Yellow 10 Carats	6.40	67.10
Dow Jones	6.40	110.60
S&P 500	6.40	111.40
Colorless Diamonds	1.10	13.9



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Performance against Capital Markets

A Consistent Leader

- Over a long period of time (+15 years), fancy color diamonds have outperformed North American and other major indices, major corporations, and tradable natural resources.

Blue Moon diamond

Sale price: $48.5 million

Date: November 2015

Colour: IF Fancy Vivid Blue

Carats: 12.03 carats

Performance - Rough and Polished Stones

Substantial ROI

Rough

2008

2013

2014

2008 – 2014

283%

Price per carat increase

Polished

2008 – 2014

410%

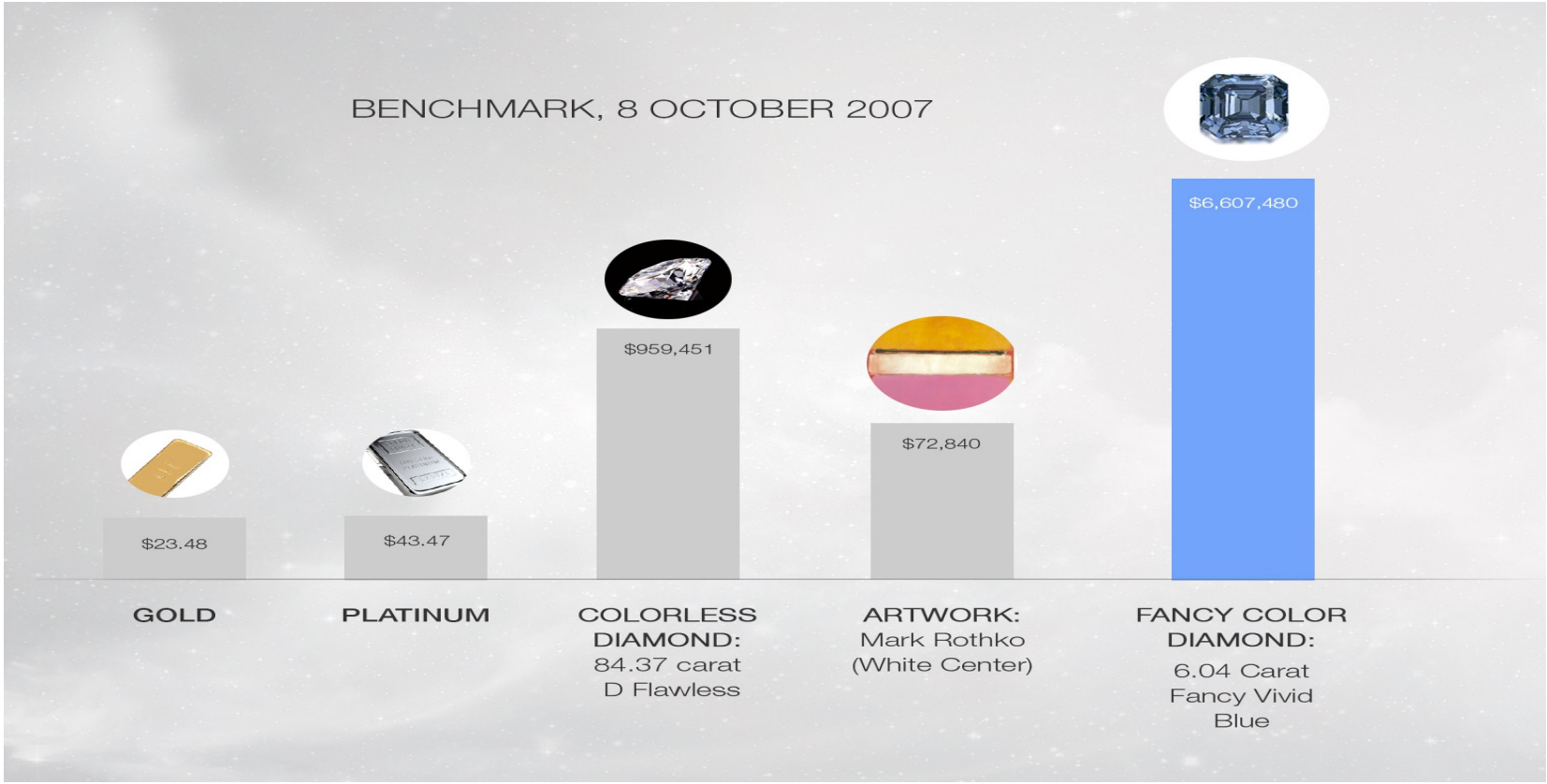
Price per carat increase

"Every once in a blue moon, something new comes along that scrambles your preconceptions"

Anonymous

Performance against other 'Commodities'

Wealth Concentration 2007



Dollar Value in ONE GRAM

Performance against other 'Commodities'

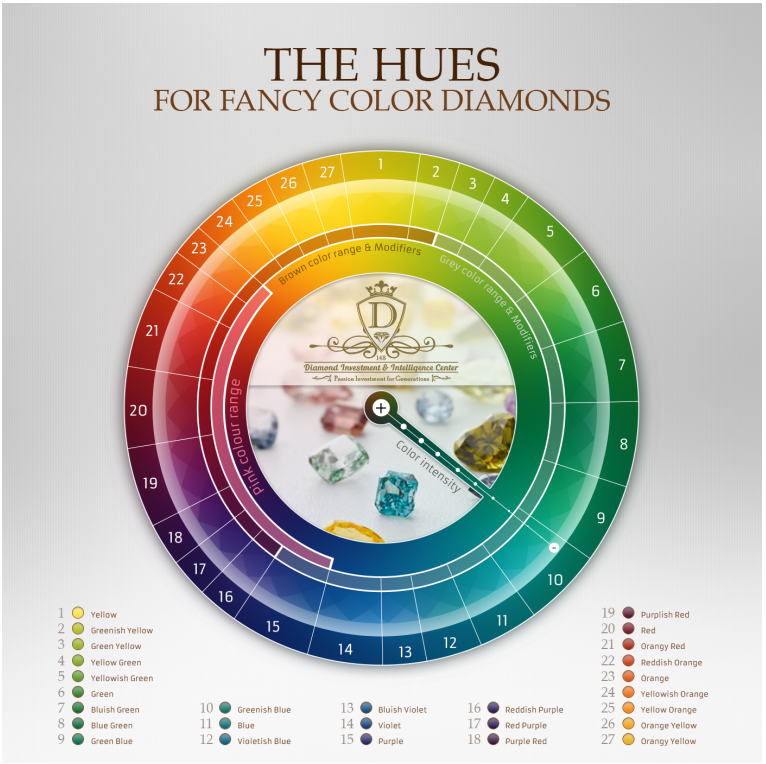
Wealth Concentration 2015

Dollar Value in ONE GRAM

Characteristics of Fancy Color Diamonds

The 4 C's of Fancy Color Diamonds

- There are 27 Hues in Fancy Color Diamonds.
- Only a handful of them are Investment Grade.

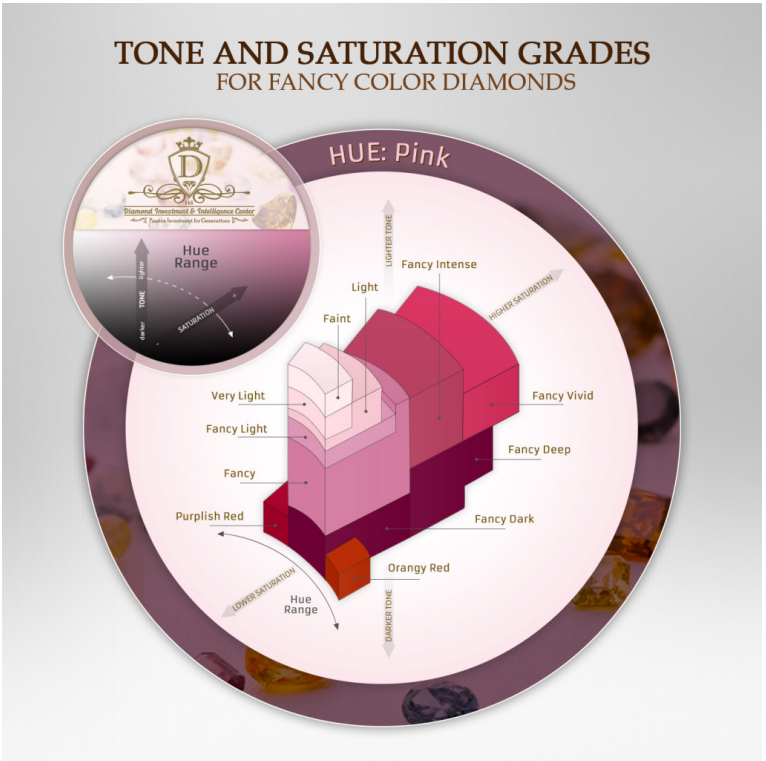


Source: http://www.investments.diamonds/fancy-color-diamonds-interactive-guide/

Characteristics of Fancy Color Diamonds

The 4 C's of Fancy Color Diamonds

- There are 9 Grades in Fancy Color Diamonds.
- Less than half of them are Investment Grade.

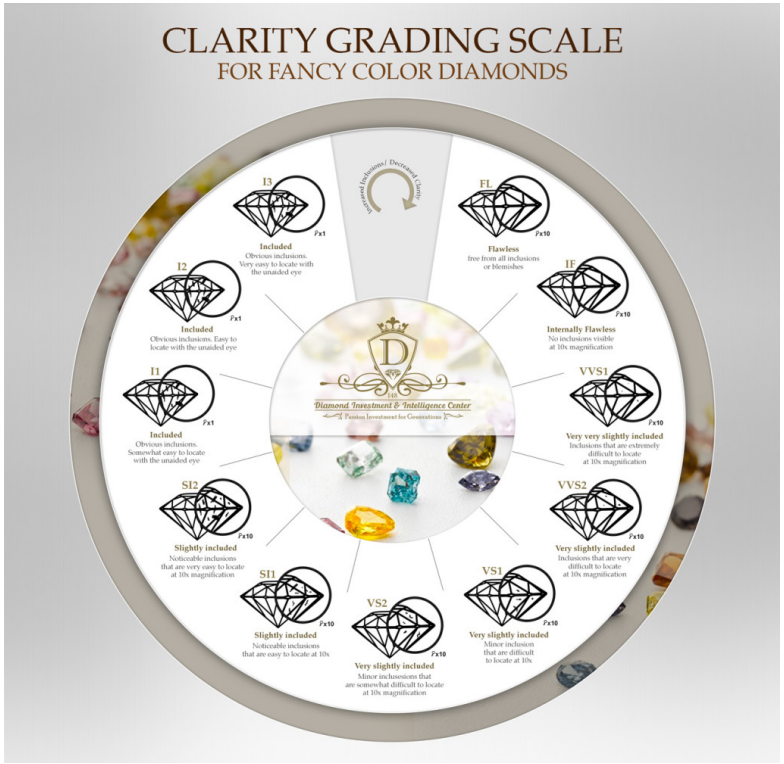


Source: http://www.investments.diamonds/fancy-color-diamonds-interactive-guide/

Characteristics of Fancy Color Diamonds

The 4 C's of Fancy Color Diamonds

- There are 11 Clarities in Fancy Color Diamonds.
- Unlike Colorless, most of them are Investment Grade.



Source: http://www.investments.diamonds/fancy-color-diamonds-interactive-guide/

Characteristics of Fancy Color Diamonds

The 4 C's of Fancy Color Diamonds

- There are 15 main shapes in Fancy Color Diamonds.
- Some of them are rarer than others which will command a higher price.

Source: http://www.investments.diamonds/fancy-color-diamonds-interactive-guide/

Characteristics of Fancy Color Diamonds

The 4 C's of Fancy Color Diamonds

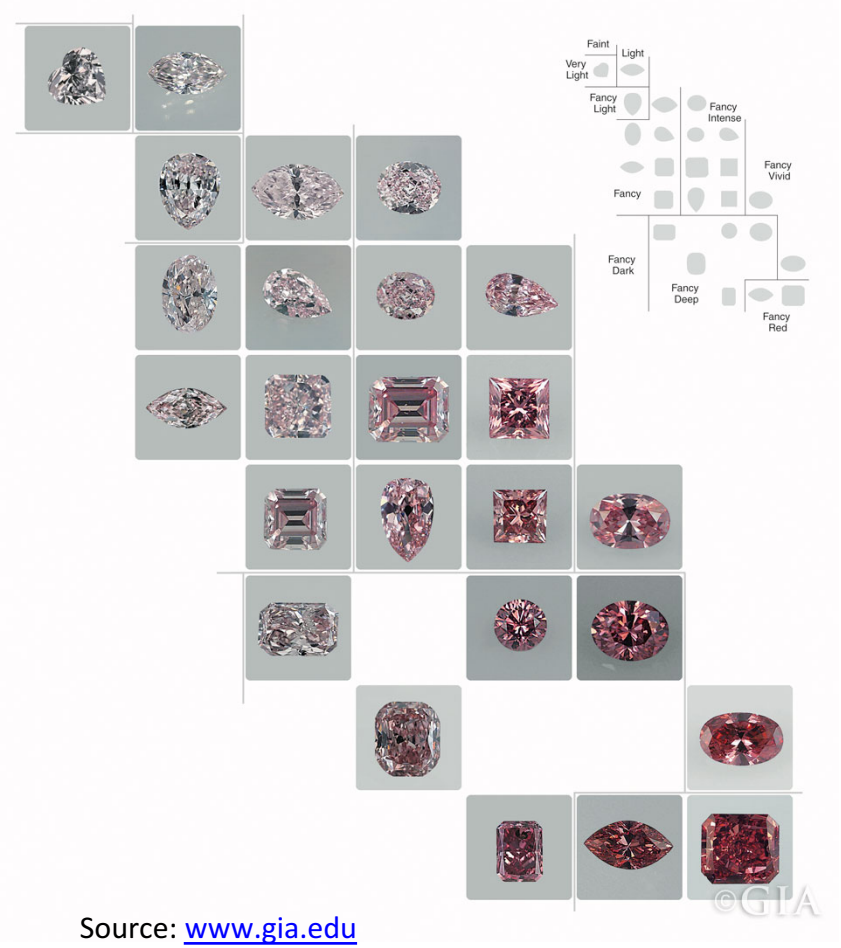
- There are 8 pure color Hues that are the most rare.
- They are divided into 2 main groups; Investors & Collectors

Source: http://www.investments.diamonds/fancy-color-diamonds-interactive-guide/

Upgrading Returns

How upgrading a Diamond Intensity can greatly enhance potential returns

- Trading in Fancy Color Diamonds can result in modest returns in the 10-30% per transaction.
- Upgrading a color Intensity can yield returns well above 100% per transaction



Source: www.gia.edu

Regulation by banks?

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Regulators slap $4.3bn fines on six banks in global forex probe

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NOVEMBER 12, 2014 by: Daniel Schäfer and Caroline Binham in London and Kara Scannell in New York

Six major banks have been fined more than $4bn as regulators punished them for their role in a foreign exchange rate-rigging scandal that once again called into question the integrity of global financial markets.

The tally of the fines, agreed in separate settlements with UBS, Citi, JPMorgan Chase, HSBC, Royal Bank of Scotland and Bank of America, is already close to the $6bn paid so far over the long-running Libor rate-rigging probe. Other regulators including the US Department of Justice, which is known for levying heavy fines, are still investigating.

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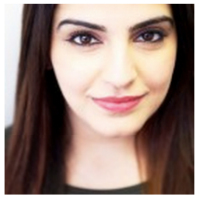

Halah Touryalai
Forbes Staff

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Big Banks Fined $2.3B Over Illegal Libor Cartels, More Fines On The Way

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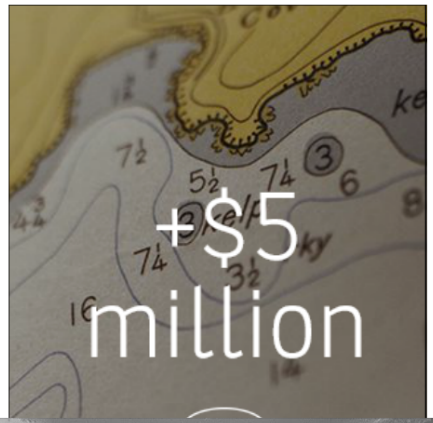
Libor rigging allegations continue to cost the world's big banks.

The European Commission, the region's antitrust regulators, hit eight big financial firms with $2.3 billion in fines for their alleged roles in the global Libor-rigging scandal. The settlement is based on antitrust laws and accuse the banks of participating in cartels.

Among the banks fined are two U.S. banks; JPMorgan will pay $107 million and Citigroup will cough up $95 million.



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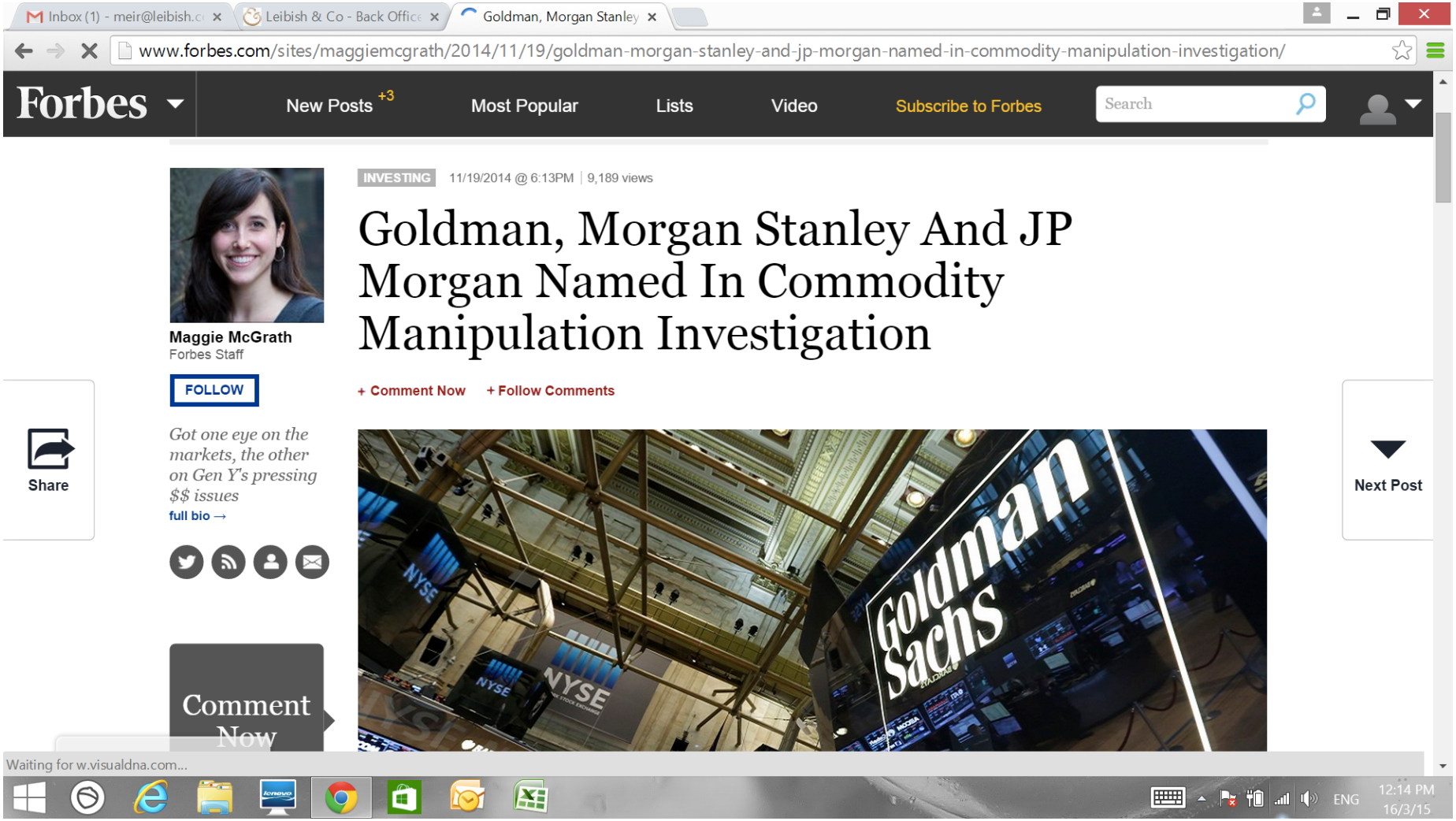
ENG 12:08 PM 16/3/15

Regulation by banks?



Where does the industry stand?

Challenges of today are the opportunities of tomorrow!

- **Challenges/Threats**
  - Liquidity, Financing (New Money channel)
  - Lab Grown, will it ever be considered an investment
  - Valuation, price list?
  - Money Laundry (misconception)

- **Opportunities**
  - New Sales Channel
  - Generational evolution of traders/manufacturers
  - Advisory

- **Investors**
  - High Net-worth Individuals, Family Offices, Private Equity Funds
  - Volatility in world equity markets

Colour: IF Fancy Vivid Pink

Price: Bid $83 m but not paid

Carats: 59.60

Where does the industry stand?

Challenges of today are the opportunities of tomorrow!

- **Investors**
  - High Net-worth Individuals, Family Offices, Private Equity Funds
  - Volatility in world equity markets
  - cars, wine, musical instruments, watches

- **Education**
  - Industry initiatives such as the AWDC
  - Investment community
  - Rarity, also dynamic…

- **Guidelines**
  - Regulatory bodies
  - FCRF, SDIX, India Futures

Colour: IF Fancy Vivid Pink

Price: Bid $83 m but not paid

Carats: 59.60