

# The Gemstone Forecaster



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**TABLE OF CONTENTS**

**Tucson Gem Shows 2012**  
**Rock Hard Assets**  
**Auction News**  
**Collector Diamond**  
**In The News**  
**Retail Gemstone Price Trends (1975-2011)**  
**Notable Quotes**

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**Tucson 2012**  
**by Robert Genis**

It's a challenge to discern trends at the Tucson Gem Shows. This is due to the fact that there are so many different vendors selling widely divergent goods, from million-dollar fancy color diamonds to dinosaur bones. Some vendors at this year's shows, held between late January and February 12, had strong sales, most had average sales and many reported weak sales. The most successful were those who had a desirable niche of in-demand gemstones or the right goods at the right price.

Sales at the Tucson Gem Shows suffered when the Great Recession started in 2008. However, the past two years have been surprisingly good for the high-end dealers. This probably reflects the continued demand from international collectors, investors and jewelry buyers. Many of these buyers are gun-shy of stock and real estate markets and are looking to further diversify their portfolios. It gives them peace of mind to place a portion of their wealth in high-end diamonds and gems. The middle and low-end markets still seem weak.

Traffic was about the same or slightly down when you take into account all 42 Tucson Gem Shows. Restaurants were packed for weeks, but you still don't need a hotel reservation a year in advance, like the old days..

For the second year in a row, there were no new "hot" stones to be seen at the show. Untreated and

unenhanced stones remained the most-sought-after items. The only exception to this was the low-heat Brazilian Paraiba tourmaline. Buyers also were demanding certificates confirming that the gemstones they were buying were not treated. A large 10-carat, gem-red Burma spinel was on view and some green unheated Mozambique tourmaline material.

**AGTA**

The American Gem Trade Association (AGTA) GemFair organizers said traffic at this year's show was comparable to 2011, the number of exhibitors was up by about 5 percent and exhibitors reported an increased amount of buying done on the show floor. Gemstones virtually take over this desert city for a two-week period every February, with a wide range of shows in a variety of venues, but GemFair is the largest.

Mike Romanella of Commercial Mineral, Scottsdale, Arizona, rated this year's GemFair as equal to 2011. "Interestingly, we sold at all three levels. We sold high-end emerald and blue sapphires, middle-end gems like Ethiopian opals and we even sold to the bargain hunters." But he did not see those sales as indications that the economy was back on track.

Bill Barker of Bill Barker and Company, also located in Scottsdale, commented that "We actually did 20 percent better than 2011." Barker displayed a collection of fine, old stones plus Nigerian red tourmaline. "We sold to retailers, wholesalers and manufacturers." As opposed to years past, the Chinese were missing from this year's show. Barker mused, "There were 10 to 12 Chinese buyers here. They were very quiet. I've heard the Chinese market died on the vine and many big dealers are now stuck with large amounts of inventory at very high prices. It's no wonder they're cautious."

**Centurion**

There was a different landscape to the Tucson shows in 2012 because the Centurion show — a fixture in

Tucson for many years and a popular stop for gem show attendees using a free one-day pass — moved this year to The Phoenician Resort in Scottsdale, Arizona, a Phoenix suburb 115 miles from Tucson. Centurion representatives, who boasted about easier, direct flights to Phoenix, said the show added both exhibitors and retailers at the new location, for a total of 125 exhibitors and almost 300 retailers. Still, the move was a disappointment to some Tucson show attendees, few of whom were willing to make the longer trip to the less convenient Scottsdale venue. In addition, fewer Centurion retailers made an appearance at the Tucson shows.

Jack Abraham of Precious Collection in New York City said, “I’m so happy we moved from Tucson. The move was fantastic. I’m elated. There was much more room because The Phoenician is spacious.” How were sales? “We don’t really go to this show to sell stones on the spot,” he said. “If someone needs an outstanding piece, we hope they call us. Our business is really show-and-tell. We’re there to network and make contacts.”

John Buechner of John Buechner, Inc. in Chicago had a different take. “I’ve been coming to Tucson since 1974. I love the town; it’s quaint and different, with great restaurants, like a small town. Scottsdale? Heck, we might as well be in Orlando — it’s just another big city.”

It was a major move for Centurion and not universally popular. The reason the show moved was not that sales were bad in Tucson but rather that La Paloma, the former venue, couldn’t accommodate added exhibitors. In 2011, the latecomers were located on a lower level of the hotel, where they had less exposure to buyers. However, some exhibitors complained the layout at The Phoenician was like a maze and even more difficult to navigate than the Tucson space. According to Buechner, “It was worse than Tucson. It took me 20 minutes to find my booth after I went to the restroom.”

### **Tucson Troubles**

Tammy Moreau, who mines Oregon sunstone in the southeast part of the state and was a first-time exhibitor at the GJX show in Tucson, was the victim of a robbery. After the show closed, she packed her gemstones into a trailer hitched to a pick-up truck at Motel 6 on the south side of town. As she was checking out of the motel, one of her companions noticed the trailer’s door locks had been cut. She estimated the wholesale value of the missing stones at between \$800,000 and \$900,000. The gems were not insured and had not been recovered at press time. “I’m just sick,” Moreau said.

In other show security issues, U.S. Immigration and Customs Enforcement (ICE) agents arrested two gem show vendors for selling counterfeit jewelry and seized

fake goods estimated to retail at approximately \$1 million, almost \$35,000 in cash and more than 2,500 pieces of jewelry. The vendors, who were selling knock-off Tiffany & Co., Chanel, Hermes, Coach and Gucci jewelry at three booths at the Gem and Lapidary Wholesalers show, were arrested and released on their own recognizance. They face fraud, counterfeiting, money-laundering and illegal enterprise charges.

### **Will the Burma Embargo be lifted?**

The Burmese embargo of ruby and jade is now four years old. The recent changes made by the Burmese junta make it appear the US will soon lift these sanctions. After nearly half a century of outright military rule, the regime has surprised observers with reforms including welcoming the opposition back into the official political arena and releasing hundreds of dissidents from jail. Nobel Peace Prize winner Aung San Suu Kyi will run for a seat in parliament for the first time. The upcoming elections are viewed as a key test of the authorities' commitment to budding reforms.

The European Union has already lifted visa bans, some travel restrictions and have called for “progressive engagement” with the World Bank and the International Monetary Fund. The EU sanctions are expected to expire on April 30. If the Burmese election of April 1 is deemed to be free and fair, expect the sanctions not to be renewed. The US will probably follow Europe’s policies.

Many at the Tucson Gem Shows were predicting that the jade and Burma ruby ban will be lifted after the April 1 elections. Hopefully, this will bring more sought-after Burma goods to the market, although Burmese dealers say new production is low and Asian buyers are willing to pay top dollar. No one believes prices will decrease. It is not like there are thousands of carats of unheated Burmese goods sitting off shore waiting for the embargo to be lifted. This is not like the 1930’s when ships filled with liquor awaited the end of Prohibition.

### **Gem Prices**

We are increasing our **Gemstone Price Trends** (see page 7) for all things unheated from Burma. That includes Burma ruby, Burma sapphire and Burma spinel. Also, Colombian emerald dealers who specialize in untreated Colombian emeralds cannot replace their present stock without dramatic price increases. It appears the rest of the world finally caught on to what American collectors have wanted recently-not treated top color and clarity emeralds.

White diamonds continue their upward trajectory, probably following the prices of precious metals last year. We are keeping our Fancy intense Pink Diamond Chart the same as 2011.

Finally, Tanzanite remains in a 27 year old bear market.

## High End Gem Market Overview

Based upon the shows, the high-end gem market remains strong. Prices are crazy and goods are less expensive in the U.S. than the Far East. Volume is not as high as it was a few years ago during the internet, stock and real estate boom markets. The “mom and pop” players in the colored gemstone have left due to the bad economy. After all, who needs a colored gemstone or colored diamond if the value of your house keeps decreasing? It wasn’t that long ago that there were 20,000 people worldwide searching out the best stones. Now there are 10,000. However, these buyers are strong and go after what they want. These strong hands are moving the high end market all by themselves. From a pricing standpoint, even at the Tucson Gem Shows, many dealers see the auction results and are now demanding higher prices. The transparency of the net now works internationally. According to my Burmese sources, even the small miners and dealers know what large unheated Burma ruby is selling for at Christie’s and Sotheby’s. They figure why give the stones away?

*This is an excellent article by Leila B. Boulton, a rising financial writer. The Gemstone Forecaster was happy to contribute. The piece is a comprehensive look at investment gems from many perspectives.* EDITOR

## Private Wealth

### March 2012 issue

#### Rock-Hard Assets

**The world’s super-rich are turning to rare colored diamonds and other gemstones as a store of wealth and a source of growth.**

**By Leila B. Boulton**

**Diamonds were once a girl’s best friend. Now they’re also an asset class.**

Growing numbers of the world’s ultra wealthy are investing in high-end, colored diamonds and gemstones as a hedge against global economic uncertainty and an opportunity for appreciation. The market for these tangible assets is being driven by nervous high-net-worth Westerners and newly affluent Asians, especially in India and China, where colored stones have long been seen as status symbols and good-luck charms.

“Diamonds offer a very attractive alternative to traditional asset classes. They are highly uncorrelated to equities and exhibit extremely low volatility, while at the same time offering very good potential for positive returns,” says Alan Landau, CEO of Novel Asset Management. The Novel Diamond Fund I, a private fund incorporated in the Cayman Islands, launched in October 2011, and it is the first in a planned series of funds from Novel aimed at the colored diamond market.

Colored diamonds are some of the priciest and rarest

gems in the world. Experts say only one carat of colored diamond is found for every 10,000 carats of colorless or white diamonds mined. (A carat is a unit of weight equivalent to 200 milligrams). Colored diamonds come in a range of hues, including red, purple, green, pink, blue, orange and yellow, as well as a variety of mixed hues. Like other precious colored gemstones, the purer, more intense colors are more rare and thus more valuable.

Landau says his fund operates as a trading vehicle for buying wholesale and selling retail, through the network of Novel Asset Management’s parent company, Novel Collection, a colored diamond trader and manufacturer (it cuts and polishes rough diamonds) with offices in the U.S., Europe and Asia. Although the fund can purchase colorless diamonds, Landau says it’s extremely unlikely to do so. “The profit margins in trading are higher in color diamonds,” he says.

Based on fund returns through January 2011 and the recent trading activity of Novel Collection, Landau expects net returns of 20% per year on average. The fund is closed-end and the minimum investment is \$250,000.

The fund targets wealthy individuals and single-family offices, in part because, in Landau’s experience, institutional investors find diamonds too “exotic.” But that attitude could be changing. Recent news reports indicate that hedge funds, private banks and even pension funds are showing increased interest in this niche asset.

Even funds that invest primarily or exclusively in colorless diamonds are popular with some investors. White diamond funds typically buy and sell high-quality stones from 1 to 10 carats. Last year, Malta-based Diamond Capital Fund, Zurich-based Diamond Asset Advisors and London-based Fusion Alternatives all started new funds.

## Hot Rocks

In an April 2011 paper, “Hard Assets: The Returns on Rare Diamonds and Gems,” Luc Renneboorg and Christophe Spaenjers of Tilburg University in the Netherlands, examined the recent performance in U.S. dollars of investment-grade white diamonds, colored diamonds and other gems (rubies, sapphires and emeralds), using worldwide auction transaction data from Sotheby’s and Christie’s.

From 1999 to 2010, the annualized real returns for white and colored diamonds were 6.4% and 2.9%, respectively, compared with –0.1% for global stocks, 3.3% for global government bonds and 11.6% for gold. Negative real returns occurred during two sub-periods: the dot-com bust and the recent financial crisis. But subsequent price rebounds more than compensated for the dips.

The authors used post-2003 data to calculate annualized real returns for white diamonds, colored

diamonds and other gemstones—10.0%, 5.5% and 6.8%, respectively.

Advisors should note that reported returns were gross, not net. Transaction costs for gemstone auctions, such as auction house commissions, average 10% each way, much higher than fees for buying and selling stocks, bonds or gold. In addition, the authors found that gem returns for the study period were positively correlated with the stock market, suggesting the existence of a stock market “wealth effect.”

Although the potential for gains can be substantial, the downside to investing in gemstones is the relative lack of short-term liquidity. To avoid having to sell at a steep discount, experts recommend allowing three to six months to find an appropriate buyer who will pay what the stone is actually worth.

With adequate lead-time, clients who want to exit their positions can sell to dealers, jewelers, auction houses or private buyers. For truly exceptional collections, donation to a museum could provide tax benefits.

Besides higher transaction costs and lower liquidity than for diamonds and gems, the costs of storage and insurance for them can reduce profits, which are, meanwhile, subject to capital gains taxes. However, clients can make tax-free exchanges, if they trade their gems for stones of equal value, or defer taxes if they trade up.

In addition, advisors must caution their clients to avoid “conflict stones”—those that are traded to fund a war. For example, the U.S. currently bans imports of rubies and jade from junta-ruled Myanmar (Burma), although there’s no prohibition on buying or selling stones that are already in the U.S.

### **Gem Hounds**

Colored diamonds, Burma or Kashmir sapphires, Burma rubies and Colombian emeralds are currently the most popular with sophisticated investors, according to Robert Genis, president of National Gemstone and editor of *The Gemstone Forecaster*, a quarterly newsletter for gem collectors and investors. Genis calls these the “Big Four.” “These are stones that have a long history of being traded. They’re the Rolls Royces of the gem world,” he says.

A 30-year industry veteran, Genis has traveled extensively in search of rare gemstones for clients. He says few wealthy individuals purchase white diamonds, as most of these stones are not actually rare. Those who do buy colorless diamonds seek out one carat or larger “D-Flawless” gems, the highest quality available. Genis says most connoisseurs invest in colored diamonds, the rarest of which are red. Approximately 30 of these magnificent stones are known to exist in gem qualities, and they almost never become available for purchase. When they do, they can command over \$3 million a carat. Next in rarity are blue, pink, green, orange and purple, which sell for millions of dollars per

carat at auction. Yellow and brown diamonds are considered second tier, although Genis likes the outlook for yellow diamonds. “Yellows can look like the sun. They’re just gorgeous. There’s more upside potential. Browns violate the first precept of high-end gems. They should be beautiful, but they’re ugly,” he says.

Serious collectors and investors buy only natural gems and avoid stones that are treated in any way, Genis says. He says 95% to 99% of all gemstones are treated through heating, irradiating, oiling and fracture-filling.

High-quality untreated Colombian emeralds can command \$25,000 per carat or more. But they’re not easy to find. Genis had one client who was “obsessed” with emeralds. “He loved green stones. Only green stones. For ten years, once a year, I went to Colombia to look through 10,000 stones to buy him one. Each stone took two weeks to find,” he says.

Overall, the keys to successful gem investing are buying important stones below retail from primary dealers or wholesalers, holding them for three to five years, and in some cases ten years or more, and obtaining industry-recognized grading reports from major laboratories to ensure the stones are authentic and investment quality.

American Gemological Laboratories (AGL) reports are the gold standard for colored gemstones. The Gemological Institute of America (GIA) is the reigning authority on colored diamonds and white diamonds.

Because each gem is unique, grading reports provide important information on a stone’s carat, color and tone, clarity and cut (the “4C’s”). They also discuss any treatments applied as well as the stone’s country of origin, which significantly impacts value.

While Genis doesn’t think it’s feasible for wealth advisors to become gemologists and buy the scientific equipment necessary to become experts in evaluating gems for their clients, he does believe they can learn to read AGL and GIA grading reports to gain a basic understanding of the qualities of a particular stone. He has posted a primer on how to read an AGL report at [preciousgemstones.com](http://preciousgemstones.com). The site also has charts on retail gemstone price trends from 1975 to 2010.

Although recognized grading reports establish quality, they do not establish value. Prices for polished white diamonds can be compared to benchmarks like the RapNet Diamond Index (RAPI) and the PolishedPrices.com index. By contrast, colored diamond and gemstone prices are generally set by sales at major auction houses.

### **Buying Bling**

Besides investing in a fund or buying loose gems, those of means can always invest in high-end finished jewelry made by big-name jewelers such as Van Cleef & Arpels, Bulgari, Cartier and Tiffany’s. The more expensive and exclusive—pieces produced in

quantities of no more than a few hundred—the more likely the items are to grow in value, the so-called “masterpiece effect.”

The best bet on jewelry appreciation might just be to collect like film star Elizabeth Taylor. Her iconic handcrafted bespoke jewels, with exceptionally rare gemstones and pearls, all in exquisitely designed settings, established a world record for the sale of a private collection. Christie's December 2011 auction was estimated to bring in at least \$30 million. It ultimately grossed a staggering \$137 million, topping the 1987 record for the auction of the Duchess of Windsor's jewels. The fact that they were owned by a Hollywood legend and the unusually large size of some of the stones and pearls were undoubtedly factors in the fantastic success of the auction.

### **Ensure Insurance**

In August 2011, a dozen thieves posing as maintenance workers broke into 170 safe deposit boxes at Banco Itaú in São Paulo, in the heart of Brazil's financial district, making off with over \$50 million in cash, gemstones, jewelry and gold bullion. Banks typically provide very little insurance on deposit boxes without an appraisal of the contents. The majority of customers in this unfortunate case had neither obtained appraisals nor adequate insurance.

“Many affluent people are underinsured,” says Eric Gordon, a principal with Denver Agency Company, a Denver-based independent insurance brokerage that provides commercial and personal insurance to the wealthy. As part of a client's overall insurance program, Gordon recommends a few specifics when it comes to jewelry and gemstones: having the items valued by a reputable appraiser; purchasing an insurance policy that includes a reasonable inflation guard (e.g., 4% to 6% annually); and reviewing the client's insurance needs yearly to update values, add items purchased since the last review and delete items the client no longer owns.

Because of the difficulty of valuing rare gems and high-end jewelry, Gordon says the final safeguard is to choose an insurance company that will pay more than the insured amount for the items. His firm works frequently with the Chubb Group of Insurance Companies, which offers a 150% valuable articles replacement clause for scheduled items in its policies. “We can't be completely certain that we're going to get the value of the piece absolutely correct because it's based on perception, market value and other variables. If there's a loss and we're underinsured, at least we have an increased market value clause,” he says.

### **Collector Diamond**

#### **12.76 Pink Diamond**

A 12.76 rough pink diamond has been unearthed in Rio Tinto's Argyle diamond mine in Western Australia,

It's expected to sell for up to \$10.6 million. It is named the Argyle Pink Jubilee, the gem is similar in color to the 24-carat Williamson Pink given to Britain's Queen Elizabeth II as a wedding gift. The Williamson pink is not a real vivid pink color but rather would probably grade fancy light or fancy pink. The gem is being cut and polished into a single stone over a 10 day period and will be up for auction later in the year. Generally, a diamond loses about 50% of its weight when cut and polished. Most of the world's pink diamonds today come from the Argyle mine.

### **Auction News**

#### **Sotheby's Hong Kong April**

Sotheby's Magnificent Jewels will be held on April 3 in Hong Kong.

Here are some interesting pieces:

An emerald cut 8.01 Vivid Blue diamond. The estimates are \$11.5 million-\$14 million.

A 5.03 pear shape Vivid Pink. The estimates are \$5.4 million-\$6.7 million.

A pair of AGL graded Kashmir sapphire earrings. They weigh 4.61 and 4.96. The estimate is \$360,000-\$420,000.

A 8.18 Colombian emerald. An untreated gem with an AGL grading report. The estimate is between \$360,000-\$420,000.

A 17.06 unheated Burma sapphire. Estimated between between \$300,000-\$360,000.

### **In The News**

*It's pretty hard to tell the good guys vs. the bad guys in Colombia. It was recently reported that Victor Carranza has cancer-ED*

#### **Colombia emerald tsar Victor Carranza investigated**

##### **BBC**

##### **February 3, 2012**

Prosecutors are investigating a businessman who controls much of Colombia's emerald trade for suspected links with paramilitaries.

Prosecutors say they are trying to find out if Victor Carranza financed a number of paramilitary groups in Colombia in the 1990s.

The investigation was launched after jailed paramilitary members reportedly gave evidence of meetings between Mr. Carranza and paramilitary leaders.

Mr. Carranza has denied any wrongdoing.

The Prosecutor General's office said it had opened a preliminary investigation into Mr. Carranza following evidence given by former paramilitary leader Fredy Rendon Herrera.

Rendon, also known as "The German", was giving evidence as part of his demobilisation from the United Self-Defence Forces of Colombia (AUC), a paramilitary

umbrella group.

### **Financial backer**

According to Rendon, Mr. Carranza contributed funds to the right-wing paramilitary groups which were active in Colombia's eastern plains in the 1980s and 1990s.

"At first, the group was supported by local cattle ranchers, land owners and businessmen... Later, it was mainly financed by the logistical and financial support of the emerald dealer Victor Carranza, a known member and supporter of the Autodefensas de Henry Perez (paramilitary group), and co-founder in 1997 of the United Self-Defence Forces of Colombia," Rendon said. Mr. Carranza has always denied having links with the paramilitary groups.

He has in the past said that rather than collaborating with them, they had extorted money from him.

Mr. Carranza has also pointed to the assassination attempts against him by former paramilitaries as evidence that he is not on good terms with them.

### **Spectacular attack**

In the latest attempt on his life in 2010, members of a gang led by former paramilitary leader Pedro Guerrero, known as "the Knife", drove a petrol truck into the convoy of armoured cars taking Mr. Carranza and his son back from the emerald mines in Puerto Lopez to his home in the city of Villavicencio.

Mr. Carranza managed to escape unharmed from the firefight which followed.

The paramilitary groups, originally created to fight left-wing rebels, often resorted to extortion and drug trafficking to finance themselves.

They also committed a series of massacres, moving into villages and killing anyone they suspected of sympathising with left-wing rebels.

They demobilised in 2006 under a peace agreement with the government.

It is under the terms of this peace agreement that former paramilitary leaders, such as Rendon, have been giving evidence of their time in the illegal groups.

Mr. Carranza owns some of the most lucrative emerald mines in Colombia, a country which produces around 60% of the world's emeralds.

### **Diamonds Could Be This Fund's Best Friend**

#### **Barrons**

**March 6, 2012**

**By Brendan Conway**

The idea of an exchange-traded fund to track diamonds is here. IndexIQ just asked regulators' permission for what would be the market's first such ETF, the IQ Physical Diamond Trust, which would hold Gemological Institute of America-approved stones. Talk about a niche: There's no futures market for the ETF to track, and DeBeers' Diamond Trading Company is estimated to sort and value half the world's supply, according to the filing.

How volatile would a diamond fund be? Probably very.

That could end up being especially true if a widely available trading product, like this one, were ever to cram its way into this clubby market. But a diamond ETF also might have outperformed stocks over the last decade. Here's an excerpt from a Dec. 13, 2010 Barron's "Commodities Corner" column by Naureen S. Malik noting an especially friendly-looking return from the colored variety:

Colored stones in particular haven't dropped in value in 37 years, and draw interest because "they aren't correlated to any other asset class," says Philip Baldwin, managing director of London-based Sciens Diamond Management. Last month, a "fancy intense" 24.78 carat pink diamond sold for a record \$46 million, or \$1.86 million a carat, at a Sotheby's auction in Geneva, and Christie's sold the "Perfect Pink" diamond in Hong Kong for \$23.1 million, or \$1.6 million a carat.

The filing itself also touts a few of the arguments its managers may make for diamond bulls:

Since 2003, there has been a significant increase in diamond prices due to, among other things, increased consumer spending in the United States and Asia, targeted marketing of diamond jewelry and accelerating shortage of high-quality rough diamond supplies. In contrast to the market in 1998, when De Beers' actively employed a stockpile of rough diamonds stood close to \$8 billion, it has now effectively been reduced to a working stock level of around \$1 billion by the end of 2007.

And this from the Wall Street Journal in December:

According to Kleinwort Benson, rough-diamond prices rose 25% in 2010, while polished gems rose 17%, with prices hitting their highest levels since 2002. Rough diamonds continued to rise in value in the first quarter of this year, and broke their pre-recession levels.

Stephen Lussier, chief executive of the De Beers diamond brand Forevermark, says while the Europe has seen considerable economic turbulence in 2010 and 2011, the diamond market has been very strong. The overall demand by diamond jewelry retailers for the first half of the 2011 was up 10%-15%, he says.

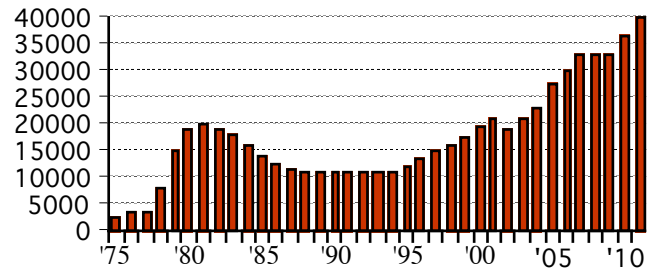
Although it's currently difficult for most investors to get a piece of this market, they do have a few options already in this niche, according to the filing. Diamond Circle Capital, a closed-end fund traded on the London Stock Exchange, is one such option that's noted here, plus an unspecified number private funds including KPR Capital Diamond Fund.

Finally, a word on "conflict diamonds": The fund pledges it wouldn't have any. "All diamonds held by the Trust will be natural, mined stones certified to be other than a conflict diamond," reads the filing.

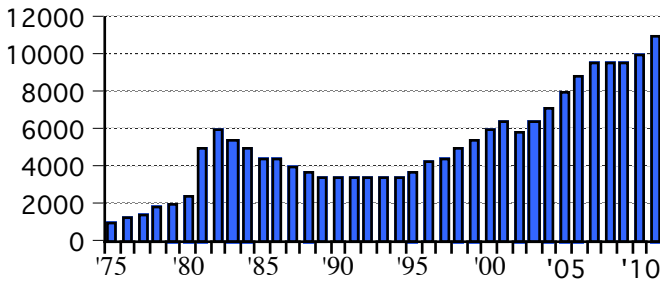
### Retail Gemstone Trends (1975-2011)

These charts are indications only and should be used to decipher the general price trends of a particular market. They are price per carat indications for GIA graded diamonds and AGL graded colored gemstones only, for standard shapes with ideal parameters. Prices represent high ranges encountered in US markets. Most stones will be offered at a discount to these charts. The only true price is what a knowledgeable seller and buyer agree to as a transaction price. No guarantees are made and no liabilities are assumed as to the accuracy or validity of these prices. Copyright 2012 by NGC. Reproduction is strictly prohibited.

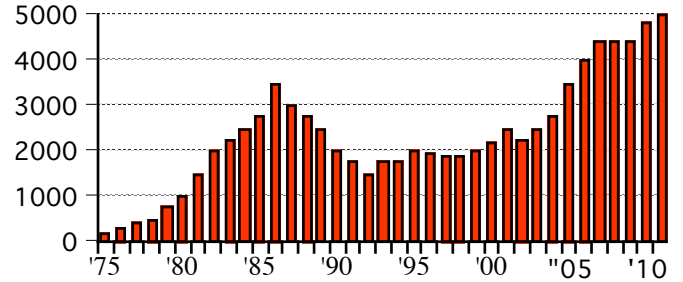
Classic Burma Ruby, 1ct., 2.5/75, LI, No Heat



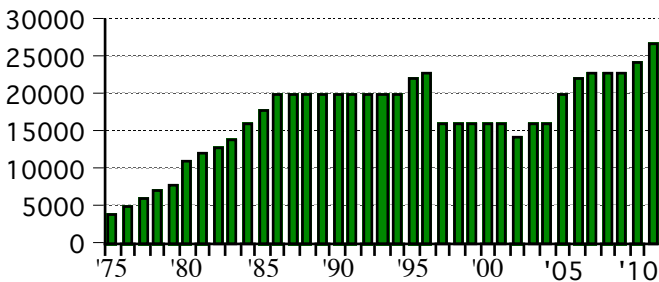
Burma Blue Sapphire, 1ct., 2.5/75, LI, No Heat



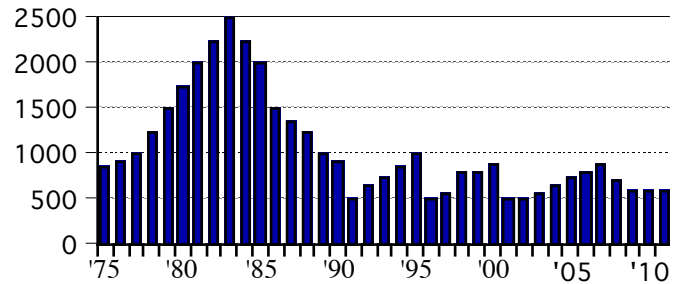
Burma Red Spinel, 1ct., Red 2.5/75, LI



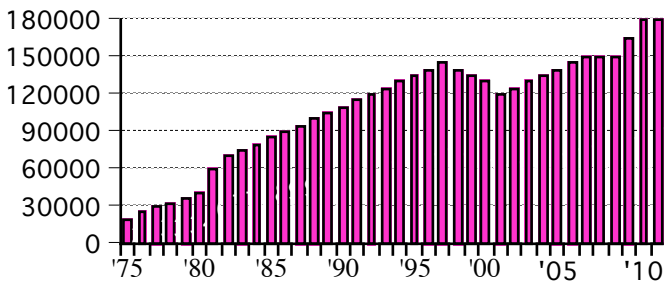
Colombian Emerald, 1ct., 2.5/75, LI, No Treatment



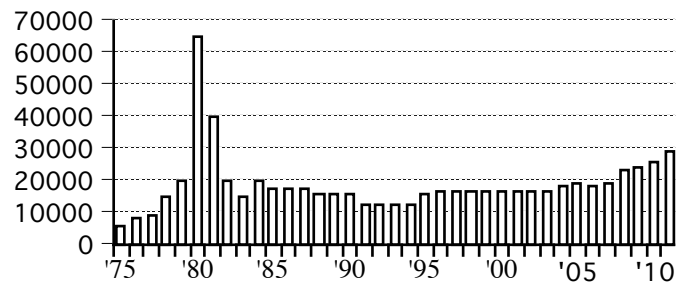
Tanzanite, 10ct., 2.5/70, FI, Heated



Fancy Intense Pink, 1ct., FL-VVS, Round



Diamond, 1ct., D-IF, Round



## Notable Quotes

"Considering the number of gems in museums or private hands, and by comparing past production figures of mining areas to their current activity...the probably conservative estimate is that fewer than 2% of gemstones in circulation were mined in the last two years."

**Laurent E. Cartier and Vincent Pardieu,  
Gemologists  
NATGEO  
January 12, 2012**

"The rarest and most valuable gemstones are rubies, sapphires and emeralds, which we call 'the Big Three'," Most Thais regard the ruby as the best, while Indians generally prefer the emerald. The sapphire is most popular in the US ....Spinel occurs in a wide range of colours - red, blue, pink, green and black - and the best source is Burma. Red spinels are often mistaken for rubies."

**Sakrapee Saejoo, Thai gemologist  
The Nation  
February 19, 2012**

"Natural colored diamonds make up only 1 percent of global production, which gives them "unquestionable value. There is a tremendous demand for yellow diamonds, but also blue and pink. There are not enough diamonds to satisfy one-tenth of the new billionaires that every month are created in China."

**Bruno Scarselli, diamond dealer  
Reuters  
March 16, 2012**

"Our sapphires in the past have drawn record prices whenever displayed in international market. To name a few occasions, it was in Christie's auction in 2007 when a cushion cut 22.66 carat Kashmir sapphire, set in a pendant surrounded by diamonds and recording the highest price paid for a sapphire in the world, was sold for \$3,064,000. Then in 2008 Kashmir sapphire cushion -- 42.28 carats -- was sold at a record price for \$3.5 million by Christie's in Hong Kong."

**Sajjad Bazaz  
Greater Kashmir  
March 3, 2012**

"As long as there continues to be improvement of relations with the U.S. government and further progress on human rights reforms, Jewelers of America will look forward to the eventual easing of the ban on precious stones."

**Matthew A. Runci, President  
Jewelers of America  
March 20, 2012**

"Colored diamonds also had an excellent year at auction with a pear-shaped diamond of 32.77 carats realizing \$6.6 million in New York. During one New York auction, a Burmese ruby of 8.62 carats sold for \$4.2 million and an emerald of 23.46 carats was sold for \$6.6 million. In Geneva, a Burmese sapphire of 130.50 carats sold for \$7.1 million. The famous 16th century Peregrina pearl sold for \$11.8 million in New York in December. Another pearl necklace, which Christie's had sold in New York in 1981 for \$72,000, was sold again in Geneva in November for \$790,000."

**Christie's  
Rapaport  
February 3, 2012**

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