

# A GEM OF AN INVESTMENT



Dial up the sparkle in your portfolio with precious stones

Is there a place for a diamond tiara or tie clip in your portfolio?

Financial advisors are rethinking the old adage that you should buy jewelry just because you appreciate it and not because you expect it to appreciate.

The Internet has cut out some of the markups involved as gems moved from mines to the market place. And supply has tightened with exhausted resources, such as ruby mines in Burma and sapphires in Kashmir. This has more people eyeing diamonds, rubies, sapphires and emeralds for their growth as well as glitter potential.

However, if you want your investment as well as your décolletage to dazzle, here are a few things to keep in mind.

## Know the market

Fine jewels are like stocks and bonds. You've got to develop an eye for both quality and its relationship to price. Certified gemologists and appraisers can help. So can a trusted jeweler.

Resources: The Gemological Institute of America (gia.edu). For appraisers, the American Gem Society (ags.org) or the American Society of Appraisers (appraisers.org).

## Think like an investor, not a connoisseur

What sets off your neckline may do nothing for your bottom line. Intricate designs may tempt, but it's the rock that counts.

In fact, value investors often look for ugly settings that may have discounted the price of a high-quality stone.

Quality trumps size, after all. A flawless five-carat diamond is worth more than a 20-carat with cracks or blemishes.

Avoid novelty cuts such as princess and heart shapes. They may be the current fad, but are more likely to fall out of favor than classic round, brilliant or square cuts.

Resources: *Jewelry & Gems at Auction and Diamonds: The Buying Guide* by Antoinette Matins. The Accredited Gem Appraisers (AGA) grading system (gemappraisers.com/oldcutgraderules.asp).

## Know the pedigree

Being able to trace the provenance is as important for a piece of jewelry as it is for a painting. Signed pieces from the most notable jewelers — Boucheron, Bulgari, Cartier, Harry Winston, Tiffany and Van Cleef & Arpels — are likely to be worth more than comparable unsigned pieces.

But make sure they're not forged. Some of the major jewelers will provide a certificate of authenticity for a price. Also make sure the stone itself comes with a laboratory report that verifies its origin and natural state.

Resource: *Handbook of Gem Identification* by Richard T. Liddicoat and *Gems: Their Sources, Descriptions & Identification* by Robert Webster.

## Shop right

Don't expect the Koh-I-Noor diamond to show up in a flea market or garage sale. Families willing or needing to part with exceptional stones want an international audience. So, most outstanding pieces will pass through a trusted jeweler or a major auction house.

Resources: Bonhams & Butterfields (bonhams.com/us), Christie's (christies.com), Dupuis Fine Jewellery Auctioneers (dupuis.ca), Phillips de Pury & Company (phillipsdepury.com) or Sotheby's (sothebys.com).

## Have patience, will prosper

Precious stones can't pay the rent like real-estate income or stock dividends. So, they must be looked at as a long-term investment, generally 25 years or more, say the experts.

Resource: PriceScope (pricescope.com) for real-time prices with the average and lowest per-carat price based on shape, size, color and clarity.

## If all else fails, accessorize

While your investment in jewelry may not gain in value, it isn't likely to lose its luster either.

Besides, if you can't profit from your jewels, you can always wear them. Which is more than you can do with T-bills or municipal bonds. **N**