

ANDERSON | PARKER | ROSE

INVESTMENT GRADE DIAMONDS



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Anderson Parker Rose

Profile

Anderson Parker Rose is an independent, specialist diamond brokerage based in the city of London, with secure viewing locations in Geneva, New York, Hong Kong and Antwerp. The founders have considerable knowledge and experience totalling in excess of 75 years in Diamonds and Global Investment Markets. Our reputation has been built upon absolute confidentiality, secrecy, integrity, honesty, and excellent growth returns upon investments.

We offer investors the unique opportunity to protect and improve their existing wealth by acquiring tangible assets in Investment Grade diamonds.

Our objective

Our experience as professional dealers in stocks, bonds and derivatives has made us acutely aware of Global Markets, the volatility and the “contagion” that can spread from continent to continent, undermining, and in some cases seriously damaging investment portfolios.

Anderson Parker Rose was established with the view to allow access to what was traditionally the domain of the privileged elite, with a view to providing low risk investments with a 30 year pedigree of consistent growth to every investor, despite their portfolio size.

Through our worldwide connections and specialist relationships with some of the leading producers and suppliers of rare coloured diamonds in the world, is able to gain access to exceptional investment opportunities, in Investment Grade Diamonds.

Diversification philosophy

Most investors know that it is not wise to be over exposed in one particular investment vehicle or asset class for fear of losing the whole lot. This is why experts spread their risk through various investment products. In recent years, non stock-correlated investment strategies have been used by investors to neutralise or counterbalance the risk that one or more of the holdings in a traditional portfolio of stocks and bonds. Among the spectrum of asset classes targeted by high net worth individuals, institutional investors, pension funds and private banks, alternative investments are becoming more main stream, offering greater diversification to an investor’s portfolio with a view to provide greater stability and growth.

In fact, prices for the finest quality coloured diamonds have increased in value by an average of between 15-25% per year for the last 30 years.

“ If we continue to diamond mine at this rate we shall run out within 20 years ”

Gareth Penny, ex Managing Director of De Beers (2010)



Overview of the diamond market

Over the past decade there has emerged a new generation of owners and admirers of coloured diamonds, equally discerning and drawn by the same desire to possess something of value with no match anywhere in the world. These adherents are people who have learned that every coloured diamond, no matter its size or hue, is unique - each with its own shade of colour, and degree of colour saturation, its own indescribable quality of brightness.

Today the market in coloured diamonds goes far beyond the confines of the major auction houses, where, in the past, only the very finest diamonds of intense pink, blue, yellow and green were deserving of attention. Coloured diamonds are still among nature's rarest works, and rarity defines their commercial value. As more and more people become educated about coloured diamonds, and as the breadth of appreciation expands, so does the breadth of the market.

Coloured diamonds are becoming increasingly popular, and that has only heightened their prestige. Their consistently rising value is making them all the more coveted. For some people, a coloured diamond is not only an object to be possessed and admired, but also a source of comfort at a time when precious metals, , and even the world's stock markets have become less reliable protections against inflation and other erosions of capital.

Fancy coloured diamonds are growing in fashion. But they're still as rare as ever. Red, green, purple, and orange diamonds are generally the rarest, followed by blue and pink. Some experts estimate that only two percent of total rough diamond production is fancy coloured. The percentage is even lower for fashioned diamonds: Only one out of 10,000 carats of fashioned diamonds displays fancy colour, and a diamond's chances of displaying intense colour are even lower – one in 25,000!

“ Diamonds could very well outperform base metals in the coming years ”

Andrew Ferguson
New City Investment Managers
London



Investment grade diamonds

An Investment Grade Diamond represents approximately 1-2% of the diamond market and is typified as a flawless stone and coloured. The quality can vary but never less than VVS2 providing the colour, clarity, cut and size are outstanding to exceptional. In general colour is the main consideration and can be at the expense of quality.

Rarity of investment grade 'fancy' coloured diamonds

Coloured diamonds are truly rare: For every 10,000 carats of diamonds that are cut, a mere one-carat may possess fancy colours. A purplish-pink diamond from the Argyle mine in Australia may, literally, be a one-in-a-million proposition. This is among the reasons their prices have never gone down at the dealer level during the past thirty years. In fact, prices for the finest quality coloured diamonds have increased in value by an average of between 15-25% per year, which means that some

have, on average, doubled in price every 5 years at the dealer level. The rise in value has not been in a straight line: There have been pauses, during which prices were static or barely increasing in times of economic contractions. But except for these short pauses, prices of coloured diamonds have gone in only one direction – upwards. In contrast to the uncertain and wavering values of stocks, real estate and other assets, the downside financial risk from owning a coloured diamond is minimal and has existed only during very short periods, the potential upside is exceptional. There is an additional bonus for sophisticated investors and collectors who experience enchantment from the ownership of beautiful works of art, in this case, nature's works of art.

Owning a coloured diamond has become a mark of prestige as well as sophistication. It is very difficult today to read an up market magazine without seeing two or three advertisements featuring coloured diamond jewellery.

Ownership of a fine coloured diamond is now, more than ever, within the reach of people of relatively modest means as well as

connoisseurs and collectors. Multi-carat stones of pink, blue, yellow and green worth millions of dollars each may still change hands behind the velvet curtains of high society's auction rooms, but within the past decade a different and much larger market has emerged outside these sanctums, where coloured diamonds, of all sizes and all colours are regularly bought and sold. Few people pause to realise that the world's most celebrated diamonds are coloured diamonds.

“ Out of 170 diamond mining companies there are only 25 in production ”

Bloomberg



Investment potential

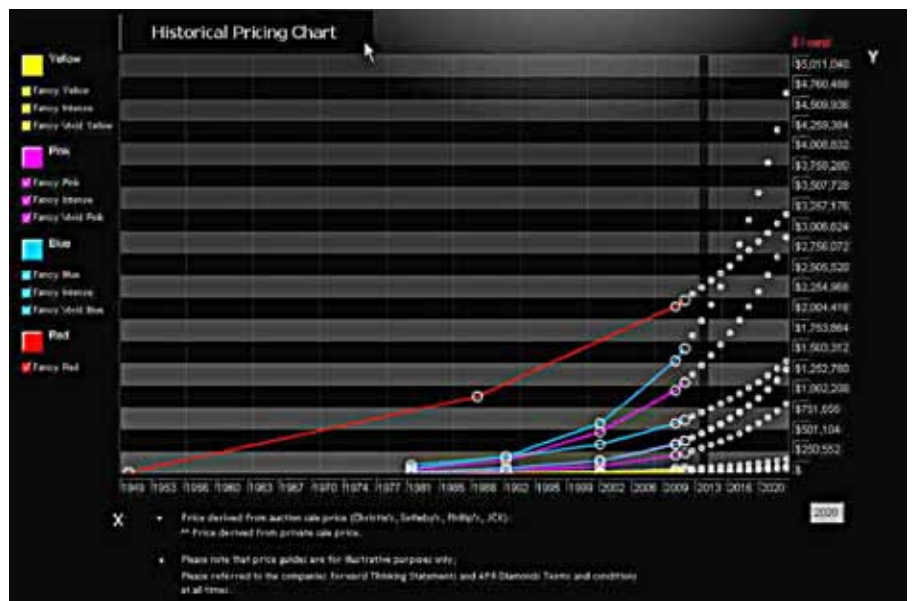
Why invest in rare 'fancy' coloured diamonds?

Ordinarily as the demand for a product increases the price goes up which attracts new suppliers who bring more such products to market which makes the price return to normal. This very basic law of supply and demand does not apply to coloured diamonds because each and every one of them is truly unique. Fashioned by nature over many millions of years, each coloured diamond, no matter its size or hue, has its own shade of colour and its own indescribable quality.

With no new significant diamond mine discoveries in the last two decades, prices have continued to increase at approximately 15-25% year on year; larger, rarer stones have seen considerably stronger performances and often have doubled estimates at auctions.

The global demand for diamonds is set to continue rising as emerging markets, predominantly China and India, continue to purchase rare fancy coloured diamonds in order to protect and increase their wealth.

There are numerous reasons why investment graded coloured diamonds have not fallen in value for the past 30 years. The main reasons being are supply and demand fundamentals.



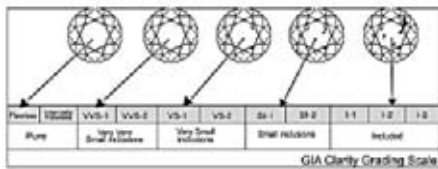
Understanding diamonds

Diamond grading terminology

A diamond's cost is based on the characteristics known as the "4 C's". Clarity, Colour and Cut (proportion) are the quality elements which together with the Carat Weight determine the value of a stone. The closer a diamond grades to the left of one or all of these scales the rarer and the more costly it will be. While clarity is frequently assumed to be the most important factor of all the "C's", in fact, colour and cut have a more profound effect on the visual appearance of a diamond.

Carat weight

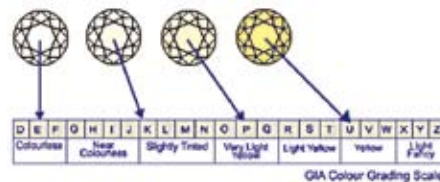
Carat is the unit of weight for all gemstones. One carat is subdivided into 100 "points". Therefore a diamond measuring 75 points is 3/4 carat in weight, or 0.75ct. There are five carats in a gram. The word "carat" comes from the seed of the carob tree pod which is found in tropical climates. These seeds were used until this century to weigh precious gems.



Clarity

A diamond's clarity is determined by the number, nature, position, size and colour of internal characteristics called "inclusions" and surface features called "blemishes". These irregularities occurred in the liquid magma (volcanic rock) within which the diamond was created. Diamonds are mostly pure carbon, however, during crystallization other minerals nearby, or even other bits of carbon forming more quickly may have become trapped within the cooling mass. These show themselves as the various characteristics which make up the clarity of a diamond (included crystals, feathers, clouds etc). Clarity is measured on a scale ranging from pure (flawless) to heavily included (I-3). The clarity of a diamond is graded by using 10X magnification under good

lighting by an experienced grader. The final clarity grade is usually determined by how easy the inclusions and blemishes are for the grader to see.



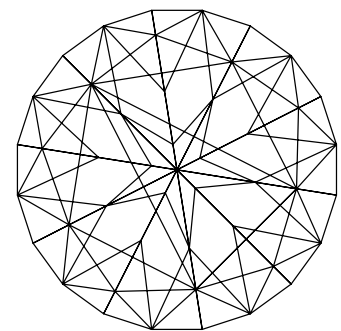
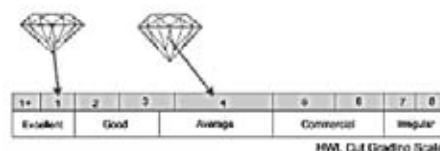
Colour

Increasing degrees of body colour are measured on a scale ranging from no colour at all (D) to deeply coloured (Z). Beyond "Z" is the range where the diamond's colour is vivid and rich, called "fancy colours". Diamonds of known colour are used as comparison stones for colour grading. Grading is done by comparing the diamond to be graded against these "master stones" under either artificial or natural north daylight (in the Northern Hemisphere). A machine called the "Colorimeter" can be used for colour grading but there is no substitute for the trained human eye.

Cut

Cut, sometimes the forgotten "C", ensures that a given stone has maximum brilliance and sparkle which would not be the case were the stone cut for weight alone.

The following scale is used to grade a stone on its overall appearance. The proportions of the Diamond are also recorded showing angles and percentages for cut diamonds; but angles and percentages are for diamond cutters and graders. Simply put, when looking at a diamond, if it doesn't catch your eye or if it doesn't flash in the light, it's probably not well cut. Good cutting is what brings fire to the ice.



Diamond certification

Before being purchased, many diamonds (and all Anderson Parker Rose Diamonds) are sent to a third party laboratory for a comprehensive evaluation; a process known as **diamond certification**. A reputable lab is one staffed by professional gemmologists who specialize in diamond grading. Each diamond certificate issued is uniquely numbered, and corresponds to one individual diamond. From that point forward, the diamond and certificate (laminated to prevent tampering or damage) will travel together from seller to buyer.

Laboratory certification provides an impartial judgment of the characteristics and quality of each diamond. This certification (called a grading report or dossier by GIA) gives the purchaser added confidence that the diamond received is as described by the seller. The diamond certificate is also valuable for insurance purposes, as it provides a professional, independent evaluation of the diamond.

A laboratory certification is not an appraisal. An appraisal seeks to establish the value of an item, mainly for insurance purposes. A diamond certificate does not evaluate a diamond's market value, only its characteristics and quality. That said, diamond certification from a reputable laboratory is invaluable in generating an accurate appraisal.

Anderson Parker Rose sells only diamonds which have been certified by a recognised Gemmology Laboratory. Most of the gems sold by Anderson Parker Rose are certified by the Gemmological Institute of America (GIA). GIA is the world's oldest, largest, and one of the most respected independent laboratories. Unlike some other labs, GIA is not owned or partially owned by diamond wholesalers or retailers, and is a non-profit organization. GIA actually developed the "4 C's" diamond grading system

(used almost universally today) to provide truly objective standards in the evaluation of a diamond.

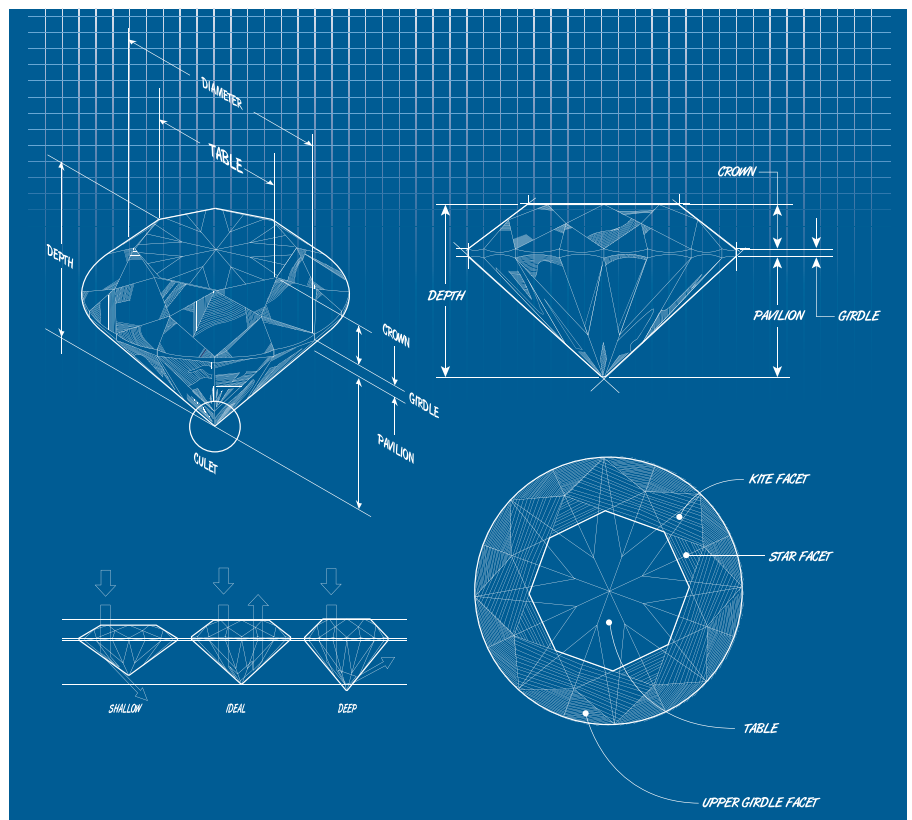
Every Anderson Parker Rose Diamond is accompanied by its Grading Report or Dossier. These diamond grading certificates may be viewed prior to purchase, please see *Independent Checking of Authenticity* on page 8.

Gemmological Institute of America (GIA) Established in 1931, GIA is the world's largest and most respected non-profit institute of gemmological research and learning. GIA discovers (through GIA Research), imparts (through GIA Education), and applies (through the GIA Laboratory and GIA Instruments) gemmological knowledge to the public. With 1,200 employees, the Institute's scientists, diamond graders, and educators are regarded

as the world's foremost authorities in gemmology.

Internationally, the Institute has distinguished itself as the preeminent source of gemmological knowledge and professionalism. The GIA Diamond Grading Report is considered to be the world's premier credential of diamond quality. Many retailers provide diamond certification, however no report is as unbiased and complete as a GIA diamond grading report. Diamonds of all shapes and sizes are sent to the Institute from every corner of the globe for diamond grading and analysis.

Some famous diamonds have been graded by GIA including the Hope Diamond (45.52 carats), the Steinmetz Pink (59.60 carats), the Taylor-Burton (69.42 carats), the Allnatt (101.29 carats), the De Beers Millennium Star (203.04 carats), the Centenary (273.85 carats), and the Incomparable (407.48 carats).



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Independent Checking of Authenticity

You never need to worry about the authenticity of any Diamond purchased through Anderson Parker Rose if you take the following very simple step.

Click onto the GIA website link below and insert the GIA number and carat of the stone and you can immediately get the full Independently Verified GIA Certificate on Line at <http://www2.gia.edu/reportcheck/index.cfm>

GIA Report Check

WELCOME TO GIA REPORT CHECK

Trusted by jewelers and consumers alike, GIA Reports represent the highest standard of reliability, consistency and integrity. And now, GIA Report Check provides an additional level of assurance, allowing you to quickly and conveniently confirm that the information on your report matches what is archived in the GIA report database.

This service is currently available for GIA Diamond Grading Reports, GIA Colored Diamond Grading Reports, and GIA Diamond Dossiers® issued after January 1, 2000. If you'd like to confirm a different report, please contact a client service representative for assistance: 760-609-4300 ext. 7590, 8:00 am - 4:00 pm PST, or email: isl@service@gia.edu.

Please enter the following information:

Report Number:

Carat Weight:

+ Retrieve

If the report is dated after July 1, 2010, a PDF version of the report is available to view or download.

HELP ME FIND A NUMBER

GIA Diamond Grading Report Issue Date 2000 - Present	GIA Diamond Dossier Issue Date 2000 - Present	GIA Colored Diamond Grading Report Issue Date 2000 - Present
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GIA REPORT 14896427

GIA Report Number:

Carat Weight:

Carat Weight:

IMPORTANT LIMITATIONS

GIA Report Check is intended solely to help confirm that the report number and carat weight provided by the user of this service correspond to an existing GIA Report archived in the GIA report database. GIA does not make any representations or warranties regarding the information returned by Report Check. Report Check is not a GIA Report. Report Check and the information returned by Report Check are subject to all the notices and limitations included in the GIA Report with the report number listed above.

Buying and selling

The buying process

Step 1 Once you have received our corporate literature, one of our brokers will contact you to discuss the investment opportunity, the diamond market and identify the kind of investment grade diamond that is most suitable for you and your investment needs.

Step 2 On establishing which diamond is suitable to your investment criteria, one of our brokers will then make a reservation in your name.

Step 3 Anderson Parker Rose will then send an order form together with all relevant paperwork for you to check, sign and return to us, along with payment made payable to our receiving agent. Please note that in order to speed up the process, BACS and CHAPS payments are the preferred method.

Step 4 Once we have received cleared funds along with signed and dated paperwork including your money laundering documents, we will arrange for your diamond to be sent to you fully insured by recorded delivery. Once you have received your diamond it is your responsibility to insure it thereafter.

Please note, if you wish to see the certificate and picture of your diamond(s) before your purchase, then Anderson Parker Rose will send you details of the particular stone(s) in question. Our brokers will be able to answer all questions that you may have, giving you the confidence of conducting business with Anderson Parker Rose.

The exit strategy

As with any investment it is important to realise a return at the right time, and to be aware of the various exit strategies available to you.

The following exit strategies are available:

- Private Investors
- Collectors
- Auction Houses
- Hedge Funds and Institutions
- Jewellers
- Life Style Companies

Anderson Parker Rose will work on your behalf to sell your diamond if you wish and for this we charge a 2% selling fee.



Please note for client security we have instructed a London based firm of lawyers “Key2Law” as a regulated independent “stake holder” to receive client monies to provide further comfort on all monetary transactions

Larger stones can be viewed in secure locations around the world; Geneva, Antwerp, New York, London and Hong Kong. At Anderson Parker Rose we go out of our way to ensure the highest level of security for our clients who wish to view and consider investing in diamonds. For obvious reasons such information is highly confidential, and it is not published anywhere so please ask for more details.

Delivery, storage and insurance - whilst we insure your investment diamond whilst it is in transit from us to you, once the stone is in your possession it is your responsibility to insure it and the general safe keeping responsibility passes to you. Therefore, before taking delivery of a diamond, clients are requested to ensure that adequate arrangements have been made for its safe keeping and insurance. Please note that if you do not wish to keep your diamond at home, then your bank will be able to provide you with a safety deposit box for a nominal cost per year. Anderson Parker Rose can advise you further with regard to both of these issues but in the interests of security for all concerned, this service is provided on a strictly confidential basis and may be subject to additional costs.

“ Investors are snapping up diamonds as hard assets in order to hedge their portfolios. Many investment consultants are recommending diamonds as “must have” assets for a secure investment portfolio ”

Diamond Investment Forecast (Jan. 2010)

Diamonds and the community – facts

Blood diamonds or conflict diamonds

These diamonds are no different from any other diamond except that they are mined in a number of war-torn regions, usually in Africa under the most dreadful working conditions, and more often than not violating basic human rights. The people responsible sell these 'blood diamonds' to fund their illegal and unethical practices; often they are rebels attempting to overthrow their governments.

Anyone knowingly or unknowingly buying 'blood diamonds', is effectively funding such military operations which will include the bribery and coercion of officials, the acquisition of guns, ammunition and other necessities of war.

The Kimberley Process was introduced by the United Nations General Assembly in 2000 as a means of certifying the origin of rough diamonds from sources which are free of conflict.

All diamonds supplied by Anderson Parker Rose have been through the Kimberley process and are certified by GIA or IGI. In order for GIA or IGI to certify a diamond they require proof from the cutters that the diamond has been through the Kimberley process.



- An estimated 5 million people have access to appropriate healthcare globally thanks to revenues from diamonds.
- Conflict diamonds have been reduced from approximately 4% to considerably less than 1% since the implementation of the Kimberley Process in 2000.
- Diamond revenues enable every child in Botswana to receive free education up to the age of 13.
- Diamonds account for 33% of the GDP (approximately \$3.3 billion) of Botswana. Since independence in 1966, the year before diamonds were discovered in Botswana, GDP annual growth rate has averaged 7% per annum.
- The diamond mining industry generates over 40% of Namibia's annual export earnings.
- The revenue from diamonds is instrumental in the fight against the HIV/AIDS pandemic in Africa.
- Major world leaders – including Nelson Mandela - have cited the importance of diamonds to the lives of African people.

FAQ

Why you should buy a real diamond and not an artificial diamond?

A: The reason is very simple. Artificial diamonds can be replicated within a laboratory and their value does not increase over time when compared with natural diamonds. A print of a masterpiece by a famous artist isn't as valuable as the original.

Can I use the diamond as jewellery?

A: Of course you can, it's your diamond and you take full ownership/control of it. It does not diminish the value and in some cases can add to it. If you wish to have it set, this is something we can help with.

Why you should buy a real diamond over investing in a diamond mining company?

A: Great care is needed here because of the 170 listed diamond mining companies; only 20 to 25 are actually producing diamonds. Also these companies are linked to market sentiment and so can be volatile as seen with recent disasters such as the Gulf of Mexico oil spill and the Chilean and New Zealand mining disasters; share prices can diminish while the commodity price either increases or remains stable.

How do I know my diamonds from Anderson Parker Rose are not from a conflict region?

A: All the stones we handle have been through the Kimberley process, and as such they have been certificated by one of the leading gemmological institutes; the G.I.A (Gemmological Institute of America) or the IGI (International Gemmological Institute).

Why you should use Anderson Parker Rose and not a Jeweller?

A: The difference between us and a jeweller is that we only deal with the top 1-2% of the diamond market and we offer full brokerage services, aiding from the buying of the stones to the sell through and valuations. We are the first point of contact for our clients about movements within the diamond industry. Even though the diamonds can be used for jewellery purpose, they are predominantly for investment use.

What is the largest diamond ever found?

A – The largest diamond ever found is the Cullinan diamond (3,106 carats).

ANDERSON | PARKER | ROSE

INVESTMENT GRADE DIAMONDS



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