

Investing in Gemstones



It is a common pursuit to try and make money earned, to work harder and yield handsome returns; be it by way of asset creation – immovable property, land etc, or buying gold or by investing in attractive stock options and mutual funds. There is an old adage that goes – “*Christians put their trust in words, Jews in precious stones, and pagans in herbs*” and there is no doubting who the frontrunner in creating wealth is!

Gemstones have been a preferred way of squeezing a large pile of cash into the most compact asset that can be carried in a pocket—a veritable asset whose value has only increased going by the historical data. Historical values of colored gemstones suggest an exponential increase in value.

While diamonds have been marketed well and have become a well-known investment proposition, colored gemstones are relatively lesser known but pack in more punch than the sparkly diamonds, their gravity defying per carat sale values overshooting diamonds by several notches.

Examples,

- 1) An unheated Ceylon sapphire known as *The Blue Belle Of Asia* of 392.52 carats sold for **USD: \$17.3 million** at Sotheby's Geneva in 2015 and set a new world record price for an unheated Ceylon sapphires at **USD: \$44,090 per carat.**



- 2) A 17.16-Carat Kashmir Sapphire and Diamond Ring sold for \$4.06 Million Dollars, an equivalent to \$236,404 per carat.



- 3) This exceptional one of a kind 11.66 Ct Alexandrite in this ring is describe by experts as plum red at night and teal green during daylight. This ring was sold at Christie's Geneva magnificent jewels sale in **2011 for USD: \$421,501** [\$36,150 Per Carat)



Daylight



Incandescent
light

Alexandrite itself is an extremely rare color changing variety of chrysoberyl. It's **finest dual colors are a vivid grass green in daylight and an intense raspberry red in incandescent light**. That combination promoted the romantic description, Emerald by day, ruby by night. Originally discovered in Russia's Ural Mountains in the 1830s by miners. Since red and green were the colors of the imperial Russian flag, the stone was named "Alexandrite" after the empire's Czar Alexander II. It's now found in Sri Lanka, East Africa, and Brazil, but fine material is exceptionally rare and valuable. This gem's color transformation is so striking that the phenomenon itself is often called "**The Alexandrite Effect.**"

- 4) The below stone is a fine example of a padparadscha sapphire. Weighing 20.84 ct, it sold at Christie's auction in 2005 for US\$374,400. [\$18,000 Per Carat). As of this year (2018) per carat price has increased up \$50,000 per ct for fine quality.



The rarest and most expensive sapphire is the pink-orange padparadscha from Sri Lanka. In fact, it's the rarest, and most prized form of sapphire. It is also one of the most expensive gems in the world.

Is investing in gemstones an option for you?

A gemstone that is at least above 2 carats of weight is a contender for the investment category and must command a market value of over \$3000. It has to have the rarity factor soundly addressed in order to be able to guarantee handsome returns over a period of time.

Precious gemstones are a very attractive investment option if one is a connoisseur or are an aesthete with a taste for finer things. It appears to be the best option especially when tremors in any of the areas - fluctuating value of dollar, Real estate, Precious metals, Bonds and mutual funds - gives you the jitters. Gemstones are a product of nature that takes hundreds of millions of years to form – it is not a created-on-demand product but a rare, precious, durable and incredibly beautiful one that promises wealth, fortune ownership and a notional gain as well (usually an outcome of owning jewels, expensive art etc.)

What one needs to know?

One has to be an extremely aware and astute buyer when it comes to purchasing of gemstones, especially of the really expensive variety.

- Buying from a trusted vendor is the first step and it should be backed with running checks on credentials and history.
- Establishments with brick and mortar offices reaffirm faith of the buyer in a big way.
- A fair knowledge of gemstones – itself is a big advantage.
- Independent lab certifications – from reputed gem labs can ensure in a big way that one is getting one's money's worth – natural precious gems.
- A gemstone chosen for buying should be fairly rare – while emeralds, rubies and sapphires easily fall in this category, many semi-precious gemstones like amethyst, citrine, garnet etc. are available more widely, command a relatively lesser price and therefore may not be investment worthy

Pitfalls

Wherever there is big money or profits, there are equally big chances of fraudsters lurking around, waiting for a quick fortune! Only natural, treatment free gemstones qualify for being investment grade gemstone. Treated gemstones, synthetic gemstones and imitations are often sold by attaching myths or alluring sobriquets. For instance, a water sapphire is an Iolite. It is not a blue sapphire! ‘Evening emerald’ is a peridot and not an emerald! Risk is proportional to return and even though gemstones offer high returns, they are also risky investment unless and until, there is guidance from expert **gemologists!**

Though gemstones are not as liquid as gold, a high-quality Burmese ruby or Ceylon sapphires will always retain its value.