

# IN THE PINK

Since WA's Argyle Mine closed in 2020, the value of pink diamonds has sky rocketed. Here Anna Cisecki, Executive Director of Australian Diamond Portfolio, explains why.



Approximately 95 per cent of the world's pink diamonds were produced at the Argyle Mine in Western Australia. Since its closure in 2020, the price of pink diamonds is rapidly increasing. Anna Cisecki from the Australian Pink Diamond Portfolio says the Australian mine produced the highest quality pink diamonds in the world. Investors are rapidly recognising this. Pink diamonds have displayed value increases every year without fail. Since the Argyle Mine closure, there's less supply and greater demand.

## WHAT CAUSES THE COLOUR VARIATION IN PINK DIAMONDS?

Pink diamonds have a certain mythical allure in some ways. Unlike with other coloured diamonds, to date, we still don't know specifically what causes their colour. Natural diamonds are formed deep within the earth when carbon is exposed to enormous heat and pressure. In the case of other coloured diamonds, if traces of another element are present, you get a coloured diamond – for example,

traces of boron will result in a blue diamond, and traces of nitrogen will result in a yellow diamond. With pinks, however, there are no other trace elements; rather, it's a twist in the lattice structure caused by an unknown fluke of nature.

## WHAT ARE YOUR CONCERNS REGARDING THE ARGYLE MINE CLOSURE IN 2020?

The closure of the iconic Argyle Diamond Mine is in essence the end

of an era in the diamond world. It's a geological masterpiece, a one-off that won't be repeated ever again. Most of us in the industry feel pretty special to have been involved in its story, as it were. That said, even though the mine has closed, its story will not just live on, but thrive in the years to come, just like the names of history's most famous artists – demand for their work lives on long after they themselves are gone.

### HAS THE CLOSURE OF THE MINE BENEFITED YOU IN ANY WAY?

Given that the Argyle Mine represented 95 per cent of the global supply of new pink diamonds each year, its closure has profound implications for investors. They were rare to begin with, but that scarcity has gone to a whole new level now, with the production of pink diamonds essentially coming to a complete halt going forward. So with no new supply coming and growing demand, prices are being driven up significantly and we foresee a pretty strong bull run on pink diamonds for the decade to come, which will of course mean that we expect trade to continue booming.

### IT'S BEEN SOME TIME SINCE THE CLOSURE, CAN YOU EXPLAIN HOW THIS HAS HAD AN IMPACT ON THE PINK DIAMOND TRADE?

In terms of the closure of the mine last year, we're definitely seeing a sense of 'fear of missing out', as it were. Demand was already strong leading up to the closure, but since the announcement that the mine had ceased operating, we've seen an almost 50 per cent increase in demand, and this is being seen across the industry. With no new pink diamonds coming onto the market in the near future, people are becoming very motivated to buy now before the chance to own one of these unique assets is gone forever. With growing demand and finite



PRETTY IN PINK: NO ONE KNOWS WHAT CAUSES SOME DIAMONDS TO BE PINK. LEFT: ANNA CISECKI COUNTS HERSELF LUCKY TO BE INVOLVED IN THE ARGYLE MINE STORY.

supply, the price of pink diamonds has risen very strongly and has outperformed almost all other asset classes, including shares, property and managed funds. We've seen an average 30 per cent growth overall across all categories of investment pinks, with the top categories of pink diamonds seeing more than 40 per cent price growth since the Argyle Mine ceased production.

### CAN YOU PREDICT WHEN OTHER MINES MIGHT RUN OUT OF SUPPLY AS WELL?

While occasional pink diamonds can be found in other mines (in Brazil, Russia and India, for example), there is no other steady supply of pinks in the entire world. The Argyle Mine was unmatched in the sheer quantity and quality of the pink diamonds it produced over the years. So even though other diamond mines might be maintaining or even increasing production, they aren't producing pink diamonds – especially of the quality Argyle is known for – in any great volume at all. As such, the implications for investment are significant. Market fundamentals dictate that when the supply of a product in high demand is cut, prices are very likely to increase.

### AS AN INDUSTRY PROFESSIONAL, WHAT IS YOUR OPINION ON CHOOSING TO INVEST IN PINK DIAMONDS?

In terms of the future outlook, pink diamonds are incredibly well positioned to thrive, and not just because of the closure of the Argyle Mine. Pink diamonds have a number of characteristics that investors find greatly appealing, particularly considering the volatile economic situation we find ourselves in now. Some of these reasons are specific to the diamonds themselves as mentioned, including their rarity and physical beauty, which make them very attractive. They are also very stable, in that they don't demonstrate the volatility we've seen in equity markets, commodities or even with gold and other precious metals. So when financial markets wobble, as they invariably do, pink diamonds can typically be relied upon to maintain their value. They are also truly limited in supply, which gives them inflation-protecting qualities, and the proven history of strong long-term returns make them attractive as investments in their own right too. It's worth remembering that even when Argyle was in production, pink diamonds were growing by more than 10 per ▶



cent per year. And now, with 95 per cent of the world's annual mine production gone, and with demand continuing to rise, it is almost certain that prices will continue to rise as well, and that the next decade is likely to be incredibly rewarding for investors who put some of their money in this unique asset class.

**YOUR WEBSITE SAYS: 'AVERAGE 11.2 PER CENT GROWTH PER YEAR', AND YOU'VE ALSO SAID 'IN THE LAST 12 MONTHS, DELIVERING AN AVERAGE RETURN ON INVESTMENT OF 30 PER CENT'. COULD YOU EXPLAIN SIMPLY WHAT THIS MEANS?**

Historically speaking, growth in prices is not linear – it is not the same every year, some years pink diamonds appreciate more, some years less. The average over the past 10 years has been 11.2 per cent, per year. Growth has exploded in the year since the Argyle Mine closed and we've seen a 30 per cent price growth in the last financial year alone.

**HOW CAN BEGINNERS START TO INVEST?**

One of the most beautiful things about pink diamonds is that they are still accessible to a fairly wide audience. While it's the multimillion

dollar diamonds that tend to capture most media attention, you can certainly still buy high-quality, investment grade pink diamonds from a starting point of approximately \$20,000. That's one of the reasons why they are becoming increasingly popular with retail investors, and in particular with SMSF trustees, as diamonds are an allowable investment within a self-managed super fund.

**WHAT'S BEEN YOUR BIGGEST LEARNING SO FAR IN SUCH A HIGH-ROLLING BUSINESS?**

While we do deal with high-end investors, the majority of our customers are SMSF trustees and retail investors. The key to our success has been founded on providing high quality, transparent information about pink diamonds and an end-to-end solution that makes it easy for investors to buy, store, and sell the asset.

**THE VIBRANCY AND COLOUR DEPTH OF AUSTRALIAN PINK DIAMONDS IS SAID TO BE INCOMPARABLE. IS IT POSSIBLE TO TELL WHERE PINK DIAMONDS IN THE MARKET RIGHT NOW CAME FROM?**

Yes – pink diamonds that were both mined and cut by the Argyle Mine will be accompanied by a Certificate

**FEELING FLUSH:**  
THE VALUE OF PINK DIAMONDS HAS GROWN 30 PER CENT IN THE PAST FINANCIAL YEAR.

of Origin and Authenticity, as well as have a laser inscription with a unique ID number physically present on the diamond itself.

**WHAT DO YOU PREDICT THE VALUE OF THESE DIAMONDS TO BE IN FIVE TO 10 YEARS?**

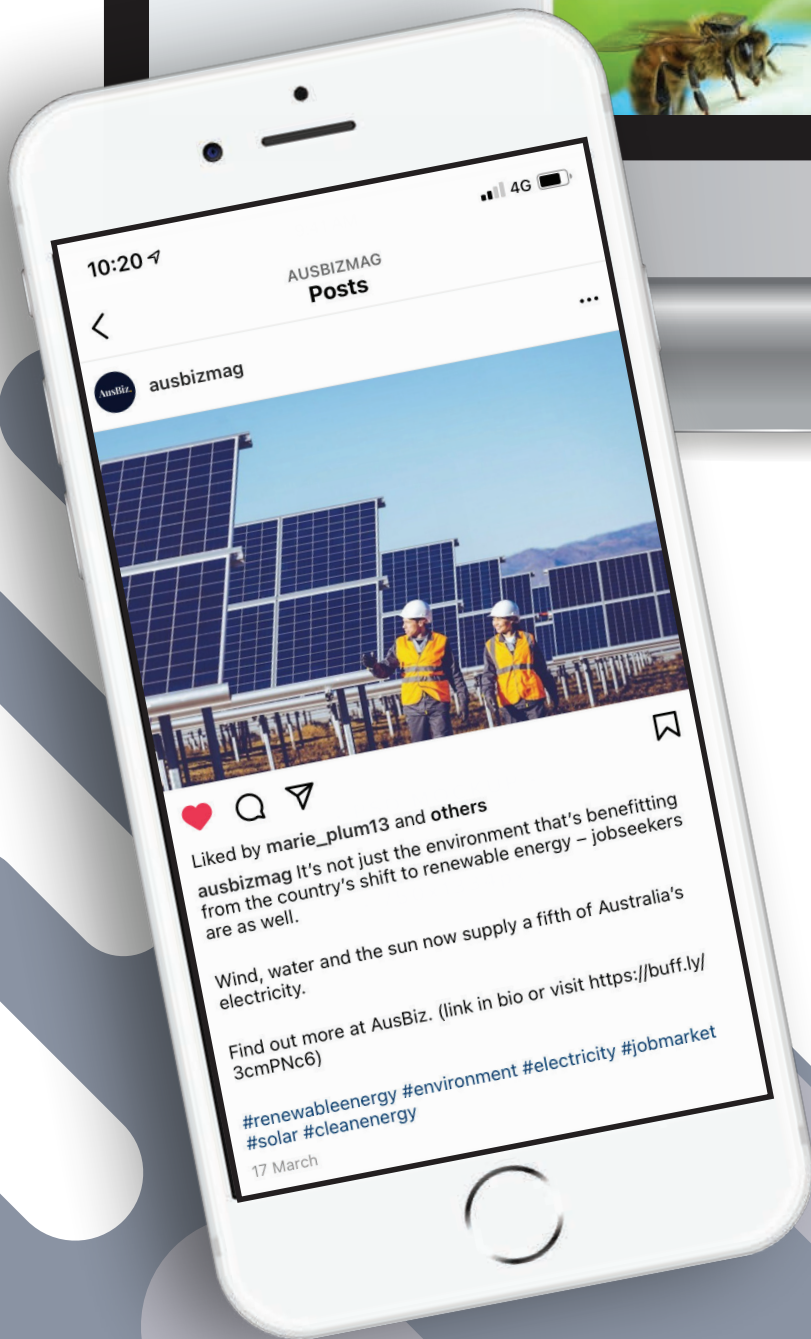
While each diamond is unique, history provides a guide of where prices will head. If pink diamonds grow by 11 per cent per annum, in line with their long-run average, then a \$50k stone will be worth closer to \$140k a decade from now. If they continue to grow at 30 per cent per annum like they have for the last year, that same \$50k stone bought today would be worth \$689k in 10 years, while 20 per cent per annum growth would see the diamond worth just over \$300k. There are no guarantees of course, but given the closure of Argyle, we are confident the next decade will be at least as rewarding as the last 10 to 15 years have been.

**ARE YOU AWARE OF ANY POTENTIAL LOCATIONS OF CONSIDERATION TO MINE PINK DIAMONDS IN AUSTRALIA AGAIN?**

There have been no new significant deposits of viable mining opportunities to replace the pink diamonds from the Argyle Mine. Hypothetically speaking, even if a new mine were to be detected in the future, it takes on average 10 to 15 years for a mine to reach the point of commercial production.

**DO YOU OWN A PINK DIAMOND YOURSELF?**

I do – I am a firm believer in the importance of owning hard assets as part of a diversified portfolio. Pink diamonds form an important portion of my own SMSF. **AusBiz.**



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