



## Are Diamonds an Investor's Best Friend?

Source – CNBC.com:

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Published: Tuesday, 16 Feb 2010 | 1:13 PM ET

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Did you give or get diamonds for Valentine's Day? If so, you may have given or received a good investment as well.



One of the big global themes that we've talked about in [Investor Brief](#) is the ever-growing demand for natural resources and how cash is flooding into resource-rich countries such as South Africa and Brazil. Everyone talks about commodities like oil, copper, iron ore and gold, but a different kind of natural resources – diamonds – have traditionally been a good investment as well.

I was reminded of this recently when I saw the famous 31-carat Wittelsbach Diamond at Graff's in New York before it went to Washington, D.C., where it is now on display next to the Hope Diamond at the Smithsonian's Museum of Natural History. Laurence Graff, the billionaire diamond dealer, now owns the famous stone after he shelled out \$24.3 million for it at a Christie's London sale in 2008.

When I viewed the diamond at Graff's, I interviewed Henri Barguirdjian, the company's president in the U.S., who told me how much diamonds increase in value over the years. Even in 2008 and early 2009, when we were all focused on the historic recession, the value of diamonds was going up. He told me of one person who bought a pink diamond for \$3 million a few years ago and recently sold it for more than \$10.5 million. What investor wouldn't be happy with that kind of return?

There was some thought that the Wittelsbach-Graff (as it's been renamed) and Hope Diamonds may have been cut from the same stone, as both are believed to have originated in India. Scientists at the Smithsonian conducted tests and found that they are not cousins but came from different stones.

Nonetheless, it is still one of the world's most famous – and valuable – diamonds with a rich (no pun intended) history. It was given by the King of Spain to his daughter for her dowry in 1664. The Wittelsbachs, members of the ruling house in Bavaria, owned it in the 1700s. The last time it was displayed was 1958 at the World Exhibition in Brussels.

I don't expect too many investing pros to recommend diamonds anytime soon, but I thought you'd like to know that something you own for enjoyment may also be a pretty good investment.