Why Morgan Bradford Financial

Since 1987, We believe that precious metals have an important role to play in the well rounded investment portfolios, not simply in the short term, but over a span of time that links one generation to the next. It follows, therefore that while short term profitability is as essential to our economic survival as it is to yours, our primary focus is on the long term.

Service

There are literally thousands of suppliers and brokers of precious metals in the Western world. At Morgan Bradford, our objective is to set our standards above industry standard. That 's why we employ no clerks, no order takers, no counter personnel. Every client, on every transaction, is served by a precious metals professional who not only knows the market intimately, but is dedicated to maintaining the highest standards of professional integrity and service.

Dedication

Your Morgan Bradford account representative is ready to serve your investment needs before and after you become a client. Whether or not you have purchased metals through us, please feel free to use our toll-free line (800) 541-4343, at any time, for quotes up-to-the-minute information, or expert analysis of the economy or the market.

Historical parallels: reserv

The lessons of history

The history of reserve currencies demonstrates important lessons for China. A reserve currency country undoubtedly wields power, but this goes hand in hand with considerable responsibilities and can expose it to major setbacks. It cannot be ruled out that the Chinese authorities have decided to build up gold reserves as a deliberate hedge against the possibility that the rise of the renminbi as an internationally significant currency will be neither linear nor problem-free. History suggests there may be a causal link between a likely increase in renminbi use as an international reserve currency in the next 10 years and a similar rise in the role of gold.

The only previous significant transition between reserve currencies — the ending of sterling's pivotal role in the 1960s — also saw an increase (albeit temporary) in gold's monetary use. Gold was accumulated in French reserves in a deliberate (yet ultimately unsuccessful) attack on the status of the dollar, and was sold by the British authorities to pay off earlier international balance of payments loans. With monetary influence now spread among a much larger number of countries and institutions around the world, parallels with the past should not be taken too far. But the record suggests that an uncertain time of evolution from one reserve currency to another may encourage gold to advance in monetary usage.

The interplay of political and monetary influence is another lesson of history. Ever since money was first introduced, there have from time to time been dominant currencies. Their dominance has depended on the power of the issuer or on the reputation of the currency and its metal content. However, this use of currencies is different from what we mean by a reserve currency. Dominant currencies in past ages were used both for international trade, and also internally in preference to domestic currencies that were frequently debased or unreliable.

A reserve currency in the modern sense of the word signifies a currency held as partof the foreign exchange reserves of central banks and other monetary authorities; a currency that is used in trade, not only with the issuing country but also among countries that do not include the issuer; and a currency that is used in official investment and financial transactions.
The existence of a reserve currency presupposes international trade between countries with different currencies. While there have historically been dominant currencies in east Asia, the area's traditionally larger contiguous empires and more limited international trade made the question of a reserve currency irrelevant until more modern times. From this perspective, there have only been two dominant reserve currencies, sterling from the late 18th Century until (somewhat arbitrarily) 1976; and the dollar since (again somewhat arbitrarily) the end of the First World War.

While the dollar and sterling coexisted as major reserve currencies for a lengthy period, they were never truly 'equal'. Rather, sterling declined constantly in importance, reflected in major events such as Britain's departure from the Gold Standard in 1931, the Second World War, the run on sterling when convertibility was briefly restored in 1947, the American-led assault on sterling in the wake of the Suez Crisis in 1956, the devaluation in 1967 and the British government's request for IMF support in 1976. This was mirrored by the rise in the importance of the dollar, surviving the breakdown of the Bretton Woods system in the early 1970s. Sterling's history, especially its tortuous decline, does not provide a propitious precedent for a stable, multi-currency reserve system.

erve currencies in the past

The early international monetary system

In the sense that central banks also held gold, gold was also a reserve currency. However, it should be noted that for the first of the past two centuries, the bulk of gold was not held by central banks but was in private hands. If a country was on the Gold Standard, much of the country's gold would circulate in the form of coin.

As an example, the Bank of England held £10m worth of gold in its reserves in 1857; but the stock of gold coins in circulation was worth up to £50m. It was only after the First World War, when the Gold Standard de facto had been replaced by the Gold Exchange Standard, that central banks held more financial gold than the private sector.

If we date the beginning of the 'reserve currency era' to the aftermath of the Napoleonic Wars, the international monetary system was, by modern standards, relatively straightforward. Only one major country, the UK, was on the Gold Standard, while the US was on a bi-metallic standard. Other countries were generally on silver or even on paper standards. The limited amount of gold in existence is shown by the fact that the Bank of England tended to have gold reserves of between 50 and 100 tonnes and occasionally considerably less, with the only other major central banks of the time, the Banque de France and the Swedish Riksbank, holding less than 10 tonnes.

The gold discoveries in North Carolina in the 1830s, California in the 1840s and Australia in the 1850s, enabled other countries to move towards the Gold Standard. Demand for gold eventually outstripped supply (notably after the US returned to gold in 1873 after its civil war-induced hiatus), causing a major deflation from 1873 to 1896 the original 'Great Depression'.

This was then alleviated by further gold finds in South Africa and Alaska. By 1914, most major economies were on the Gold Standard, only to go off gold during the First World War. Throughout this period, gold and the pound sterling were the main reserve assets.

By 1870, the size of the US economy outstripped Britain's, marking the arrival of another key actor in the international arena. By 1912, the US had overtaken the UK in terms of exports. However, the US was still dependent on the UK for trade finance. This was partly because the US did not have a central bank; but that changed with the establishment of the Federal Reserve in 1913.

The dollar did not make its international debut until after the First World War, but already during the conflict, the pound suffered a first blow when (in 1916) the British government pegged its value to the dollar. The peg required American support; when that disappeared after the end of the war, sterling's value promptly fell by one-third.

Historical parallels: reserv

Sterling's travails

*T*he 1920s saw the first clear challenge to sterling. Benjamin Strong, President of the Federal Reserve Bank of New York, pursued a deliberate policy aimed at wresting dominance away from London, notably by getting countries in trouble to source their stabilisation loans in New York. This policy was successful — by 1925 the dollar had replaced sterling as the dominant international unit — but it also brought problems. The rush to ensure that international bond loans were emitted in New York, rather than in London, led to laxer standards and (unsurprisingly) the appearance of lower-quality bonds. This is a key point for the Chinese authorities to bear in mind. If they want the renminbi to become a world reserve currency, they will have to ensure greater use of the currency. But they must also ensure robust standards for that use, as a means of maintaining confidence in the currency.

Britain's decision to 'go off gold' accelerated a diminishing role for bullion in the world monetary system. As early as 1922 it was clear that there was not enough gold to finance the growing volumes of world trade. Moreover, by 1925, the US already held 45% of all financial gold stock. Holding dollars thus became de facto equivalent to holding gold, and the world, no longer on a Gold Standard, was on a Gold Exchange Standard, where gold was no longer in daily use but remained the ultimate international monetary anchor. The main factor holding back the dollar from dominating the world economy between the wars was political rather than economic: American unwillingness to assume the burden of world leader. Similarly, the present Chinese leadership is aware of the possible drawbacks from the renminbi's development as a reserve currency — e.g. the need to run a current account deficit, the loss of control over the exchange rate and so on. Statements from Chinese financial leaders show recognition of the dangers of enacting a reserve currency policy too quickly.

Political economy to the fore

The political economy of reserve currency status was again on display after the Second World War.
The US economy became by far the largest in the world; but the US was under threat from a new implacable foe in the form of the Soviet Union. Meanwhile, Britain was exhausted. To rely on others to lead the world, while reaping the benefits, was no longer an option. The primacy of the dollar was clearly recognised in the Bretton Woods system, with currencies pegged to the dollar, and the dollar pegged to gold.

Sterling remained an important reserve currency. But two-thirds of sterling claims were held by the sterling area (primarily the British Empire and Commonwealth). These were not necessarily willing holders of sterling. When sterling convertibility, under American pressure, was restored in 1947, sterling holders rushed to convert their holdings to dollars. Controls were quickly re-imposed and maintained until 1959.

erve currencies in the past

As sterling lurched from weakness to weakness, the dollar's supremacy seemed unchallenged. From time to time, though, other currencies rose up in the wings.

The French franc had some historical claim to reserve currency status, while both the D-Mark and the yen became candidates as reserve currencies on account of their revitalised economies and strong export growth. In each case, however, there were obstacles.

Germany lacked open and deep financial markets and was in any case wary of pursuing reserve currency status, on the grounds that a D-Mark substantially traded and held outside the country could expose it to great political and economic problems. France lacked fundamental financial stability.

As for Japan, there were geopolitical issues — memories of the Second World War — that militated against willingness by Asian or European economies to use the yen. In a parallel to current Chinese attitudes, both the German and the Japanese authorities were reluctant to see their currencies take on full-blown reserve currency status on the grounds that this might subject them to strong upwards pressure that would have negated their export-led growth strategies.

So, in spite of the breakdown of the Bretton Woods system in the early 1970s, the dollar has remained by far the world's dominant reserve currency. Periodic talk about its toppling and replacement by other currencies or by artificial units like the IMF's Special Drawing Rights (SDR) has not been borne out by reality.

One motivation behind the creation of the euro was that it should become a reserve currency to rival the dollar. But in view of the travails attending the euro, that objective seems highly unlikely to be realised. The anticipated development of the renminbi has to be measured against the past vicissitudes of reserve currencies. There is no guarantee that the dollar will remain paramount. But becoming a successful reserve currency requires more than political ambition, economic size and geopolitical clout. The path to reserve currency status is not an easy one. And the goal, once achieved, may be less attractive than it seemed. For the renminbi, this is a cautionary tale.

There has never been a stable period of equal reserve currencies. The only shift from one dominant reserve currency to another took around 60 years. History shows that the fall in the value of one reserve currency does not necessarily translate into a rise in the value of others. Instead, turbulence for one reserve currency may well spell turbulence for all, prompting markets to seek a non-currency safe haven.

The answer, usually, is gold.

Future of gold in the interna

1. Gold will play a greater role in the future than today .

In an international monetary system with only one real reserve currency (the dollar), the role of gold has been limited. While some central banks in the past have held on to gold reserves for the purpose of having a 'final reserve', i.e. to be used to defend a currency or finance imports, this is unlikely to have been an appropriate use of resources. Where gold has had an important role, it has been seen as the ultimate safe haven, a hedge against geopolitical risk and, crucially, a hedge against the reserve currency (i.e. as a dollar hedge).

In the future, that role may again come to the fore, in view of the uncertainties created by the renminbi's gradual rise to international prominence. The role of gold is likely to be bigger in the transition period to a multiple reserve currency system than when such a system is in existence; in both cases, it will be greater than today.

- OMFIF

2. Central banks will trade gold more actively.

For gold to play a greater role in the future, it has to become more actively traded, including by central banks. These developments will to a certain extent become self- reinforcing; for gold to play a greater role it has to be traded more actively. But once gold is traded more actively, thus it plays a greater role. Outright buying and selling will go hand in hand with a more widespread use of central bank gold in official borrowing and lending operations, also as collateral in some transactions, mirroring developments in the private sector.

- OMFIF

3. Gold will not replace fiat currencies; the Gold Standard will not return.

Nostalgia for a supposed golden age of the Gold Standard, coupled with concerns about governments' ability to manipulate fiat currencies, occasionally gives rise to calls for or predictions of, a return to gold as the underlying basis for the international monetary system. This is not possible. Gold's relative scarcity means that it could only replace a fiat currency on a fractional basis. Even that is unlikely, as a legacy of history.

- OMFIF

4. Gold will increasingly become a currency hedge, not just a dollar hedge.

As the world moves towards a multi-currency system and as gold becomes de facto a part of that system, its special relationship with the dollar will wane.
The current negative relationship with the dollar will spread to other reserve currencies, making it to some extent a hedge against all fiat currencies. Gold will retain the characteristic of being an asset without being somebody's liability. Furthermore, it is likely to remain a geopolitical hedge.

- OMFIF

5. Rebalancing of gold in central bank reserves is likely.

The concentration of gold's ownership among official reserve holders can be expected to move gradually from the industrialised west towards the emerging market economies, especially in Asia. The Bundesbank, for example, has maintained gold reserves at a conspicuously stable level during the past decades, with its reluctance to sell gold partly reflecting differences of opinion with the German finance ministry over distributing the profits. If these differences were to be resolved, a move towards 'rebalancing' by the Bundesbank, for instance through selling gold directly to the People's Bank of China, would have widespread repercussions. Although the complexities of such agreements are very high, discussions on this type of arrangement may find their way on to the international agenda in coming years.

- OMFIF

6. Greater attention will be paid to geographical location of central bank gold storage.

Large Chinese banks, which are actively building vault space as a means of underpinning the country's private sector gold activities, will increasingly offer storage facilities to central banks from developed and emerging market economies to offset the west's traditional dominance in this field. Diversification of physical gold holdings will be a side-effect of a more dispersed pattern for gold buying and selling by central banks around the world.
In line with efforts to improve the tradability of gold in central bank vaults, central banks and other official institutions will pay attention to holding gold in areas where the metal can be used more readily as collateral and in other forms of transactions. Issues of convenience, reliability and cost will generate greater interest in central banks holding gold away from the traditional centres, mainly at the Federal Reserve Bank of New York and the Bank of England.

- OMFIF

Why Invest in Gold

1. **“Gold and silver are money. Everything else is credit."** - *J.P. Morgan*

2. **"Gold is the money of kings;
silver is the money of gentlemen;
barter is the money of peasants;
but debt is the money of slaves."**

   *-Norm Franz-Alan Simpson
   senator
   Financial Sense 08/22/2014*

3. **"Paper money eventually returns to it's intrinsic value --- zero."**

   -Voltaire Public Domain

4. **"Like gold, U.S. dollars have value only to the extent that they are strictly limited in supply.”**

   But the U.S. government has a technology, called a printing press (or, today, its electronic equivalent), that allows it to produce as many U.S. dollars as it wishes at essentially no cost.

   - Ben Bernanke to the National Economists Club, 2002

5. **Gold is money**

   Gold is the best form of money that we have. It has been shown over and over again that gold does not lose its value as a store of wealth. This was demonstrated in France after the French Revolution, in Germany after the World Wars, in many South American and South East Asia countries during the last ten years and of course in Russia very recently. Those who held a significant portion of their wealth in gold suffered far less than people who had no gold.

   -Alan Greenspan 1999 and recently in 2013 and 2014

In healthy economic environments with robust growth and low inflation, many alternative assets add diversification and increase value to an investor's portfolio.
However, this does not hold true under every economic scenario.

Performance of private equity, hedge funds, natural resources, real estate and most commodities tends to be linked to the business cycle.

Private equity is influenced by the availability of discretionary income and credit. Similarly, hedge funds are influenced by risk tolerance, access to capital and positive economic growth.

Commodities are inputs into industry and manufacturing and thus subject to economic cycles.

Real estate has two components: the underlying valuation on the property and income generated; while the latter may be less susceptible to cycles, the former ebbs and flows with private and corporate wealth.

Therefore, during an economic downturn price performance of these alternative investments follows suit and their correlation to assets, such as equities, increases.

Conversely, gold's distinct characteristics stand out.

There is a growing body of evidence that confirms the unique characteristics that make gold an effective foundation asset which enhances portfolio performance, while reducing losses in times of economic turmoil.

It is a truly global asset that is influenced by economic growth of emerging economies, the activities of central banks as they manage foreign reserves, applications in new technologies, and the stability of financial markets.

Why Collateral Loan Account

Leverage is is the key to significant growth in all types of investments. At the grass roots level, most of us first experience the benefits of leverage in the area of home ownership. In a rising real state market, those that leverage a modest down payment with financing provided by a bank, savings and loan, or other mortgage lender profit to a far greater degree than those few that pay cash for their homes. The precious metals investor may choose from a wide variety of leverage or margin alternative.

Financed Equity Plus account. More and more conservative precious metals investors are looking to a third alternative, the bank financing program, a plan where the integrity of the program is backed up by lending institution or a bank.
The **Morgan Bradford Equity Plus account** is widely considered to be one of the finest of these programs.

How Equity Plus Works

The Equity Plus Account is based on one of the oldest methods of leveraging investments in existence. By the beginning of the Christian era, the range of financial services that have come to be known as banking were well established. Then, as now, those who wished to launch an enterprise or take a speculative position in metals, raw materials or foodstuffs, did so with the aid of professionals who supplied capital wherever it was needed. By the time of the Renaissance, banking as a well established industry, without which great monarch, such as England's Elizabeth first, would have had difficulty in functioning.

Today the Equity Plus strategy is quickly becoming the margin method preferred by the more conservative investor. Bearing strongly similarities to the mortgage financing common in real estate or buying stocks on margin the Equity Plus approach eliminated the need to make regular payments on investment principal. Because the Equity Plus account is fully collateralized, there is no requirement to make monthly payments on the principal. Because of the permanence of the underlying precious metals collateral, the account is renewable. No credit checks are required, thus contributing to the privacy of the investment.

Because your metal is held in secure storage by a insured bank, you can enjoy the benefits of precious metals ownership without the risk of storage in your own home or place of business. All metals acquired by **Morgan Bradford Equity Plus account** holders are held in insured segregated storage in bonded vaults. No precious metals margin program is more secure.

TYPES OF FINANCED ACCOUNTS

ACTIVE SECURED ACCOUNT:

Minimum Account value is $250,000.00.
Only U.S. 40% and 90% Silver bag(s), plus Gold, Silver, Platinum and palladium Bullion Bars and Coins can be held in this account.
All U.S. Silver bag(s) have a minimum face value of 1,000.00 U.S. dollars at any given time.
40% U.S. bag(s) consist of a meltdown value of 295 ounces of Silver while the 90% bag(s) has a meltdown value of 715 ounces of Silver.
Recommended margin rate is 70% of total account value but can be higher for commercial and corporate owned accounts.

All transactions are subject to a 5% markup fee and a 10% maximum sale and account management commission.
Sales and account management commission is negotiable on all transactions of $250,000.00 or more.

Note:
Margin Rates can be lower for any of our accounts to avoid spending more money on interest charges.
Your account can be paid in full or partially without any penalty.
Your collateral is safely stored in an insured and secure storage facility around the globe.
These locations can be United States of America, Europe, Singapore, Canada and Hong Kong.

SELF-DIRECTED IRA OR ESA

This account is termed a Self-Directed Individual Retirement Account (IRA) or Education Savings Account (ESA). You may direct the investment of your funds within this IRA or ESA into any investment instrument approved by, or through Morgan Bradford. Morgan Bradford will not exercise any investments discretion regarding your IRA or ESA, as this is solely your responsibility. Because this is a Self-Directed IRA or ESA, no projection of the growth of your IRA or ESA can be reasonbly shown or guaranteed. The value of your IRA or ESA will be solely dependent upon the performance of any investment instrument chosen by you.

INVESTMENT OPTIONS:

This is a Self-Directed IRA or ESA; you choose the investments which will fund your IRA or ESA. Your investment choices are limited to Church Bonds, Charter School Bonds, Church Loan and Extension Fund Investments, Fixed-Rate Investments, Bank Certificates of Deposit, Money Market Funds, Mutual Funds, Publicly Traded Securities in U.S.Exchanges, Privately Offered Stock, Brokerage Accounts, REITs, Limited Liability Company Stock, Promissory Notes or Corporate Debt Offerings, American Eagle gold, silver, platinum and palladium coins, and other coins as allowed under Internal Revenue Code Section 408(m)(3) and other precious metals products that meet the minimum fineness requirements, Swiss Annuities, Treasuries and approved bank accounts outside the U.S. Examples of investments not permitted in the Self-Directed IRA or ESA are Limited Partnerships, Real Estate, Collectibles, and Viaticals.

IRA AND ESA TYPES:

Church Bond IRA or ESA - May hold only Church or Charter School Bonds. Also includes Church Loan and Extension Fund Investments where the account holder pays the fee.

Standard IRA or ESA - May hold any number or combination of Fixed-Rate Investments, Bank Certificates of Deposit, Money Market Funds, Mutual Funds, Publicly Traded Securities in U.S. Exchanges, Privately Offered Stock, Brokerage Accounts, REITs, and Limited Liability Company Stock, Promissory Notes or Corporate Debt Offerings as well as Church or Charter School Bonds.

Specialized IRA or ESA - May hold any number or combination of American Eagle gold, silver, platinum and palladium coins, and other coins as allowed under Internal Revenue Code Section 408(m)(3) and other precious metals products that meet the minimum fineness requirements, Swiss Annuities, Treasuries, Approved bank accounts outside the U.S. as well as any asset allowed in the Church Bond and/or Standard IRA or ESA.

SET-UP FEES AND CARRYING COSTS FOR IRA

Use the examples in the chart below as a guide to calculate fees due when your Morgan Bradford Precious Metals IRA is opened.

	ACCOUNT VALUE $75,000 OR LESS	ACCOUNT VALUE $100,000	ACCOUNT VALUE $150,000
One-Time Establishment Fee	**$25**	**$25**	**$25**
Annual IRA Maintenance Fee ($60 minimum fee) (Use Value x .0008 if > $75K)	**$60**	**$80**	**$120**
Annual Storage Fee ($100 minimum fee) (Use Value x .001 if > $100K)	**$100**	**$100**	**$150**
Transaction Fee	**$40**	**$40**	**$40**
	TOTAL		
INITIAL SET-UP FEES (Due when account is established)	**$225**	**$245**	**$335**
RECURRING ANNUAL FEES (Maintenance (+) Storage)	**$160**	**$180**	**$270**

Your Precious Metals IRA Maintenance and/or Storage fees may vary in the years to come according to change in account value. These fees are based on the Market Value of your account prior to the billing period.

Billing

- Maintenance Fees are assessed annually on the anniversary date in which your account is opened.
- Storage Fees are assessed annually in the month Delaware Depository first received notification of the metals to be purchased.

Example:
For a new investor (with an account value of $75,000 or less) the fees for the first year are $225 (this is due when the account is opened) and $160 each following year. A $40 transaction fee is charged for each subsequent purchase or sale. For a small investment, this can represent excessive carrying costs. Please bear in mind, investments in precious metals do not yield any dividends and these costs must be paid annually in cash by the investor.

EXAMPLES OF ALLOWABLE PRECIOUS METALS

* Gold

American Eagle coins
U.S. Buffalo Bullion coins
Canadian Maple Leaf coins
Austrian Philharmonic coins
Australian Kangaroo/Nugget coins
Credit Suisse — Pamp Suisse Bars
Various bars and rounds .995

* Silver

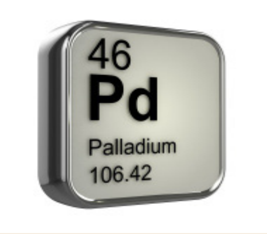
American Eagle coins
Canadian Maple Leaf coins
Austrian Vienna Philharmonic coins
Australian Kookaburra coins
Mexican Libertad
Various bars and rounds .999

* Platinum

American Eagle coins
Canadian Maple Leaf coins
Australian Koala coins
Various bars .9995

* Palladium

Canadian Maple Leaf coins
Various bars .9995



EXAMPLES OF UNACCEPTABLE PRECIOUS METALS

- Rare or Collectible Coins, including certified or "graded" coins
- South African Krugerrand
- Swiss 20 Franc
- French 20 Franc
- Belgian 20 Franc
- Mexican 50 Peso
- Chilean 100 Peso
- Italian 20 Lira
- Hungarian 100 Korona
- Austrian Corona
- U.S. Liberty
- U.S. Buffalo Proof
- Dutch 10 Guilder
- British Britannia

STORAGE OF PRECIOUS METALS

Precious Metals assets for Morgan Bradford IRAs are deposited with and stored at the Delaware Depository Service Company (DDSC).
DDSC is an exchange approved, limited liability company that provides a full range of secure storage, accounting, and shipping of precious metals to financial institutions and industrial companies worldwide.
Customer bullion is stored in DDSC's high-security vaults located in Wilmington, Delaware. Vaults are constructed and maintained in compliance with the Bank Protection Act and UL standards, and are equipped with time locks and automatic re-locking devices. Access is restricted and regulated by dual control procedures. The entire facility is protected by numerous, redundant alarm and security devices that are independently monitored 24 hours a day, 365 days a year. All activity in and around the facility is videotaped.

All IRA assets must remain within the custody of a custodian or trustee of the IRA, which means you may not take custody of the assets yourself or choose your own storage facility.
You may, however, take distribution of precious metals assets from the IRA at any time, which is a taxable event reported to the IRS and may also be subject to withdrawal penalties.
As always, consult your investment and tax advisors regarding these matters prior to taking any action.

Fancy Color Diamon

Color In diamonds, rarity equals value. With diamonds in the normal range, value is based on the absence of color, because colorless diamonds are the rarest. With fancy color diamonds—the ones outside the normal color range—the rarest and most valuable colors are saturated pinks, blues, and greens. In all cases, even very slight color differences can have a big impact on value.

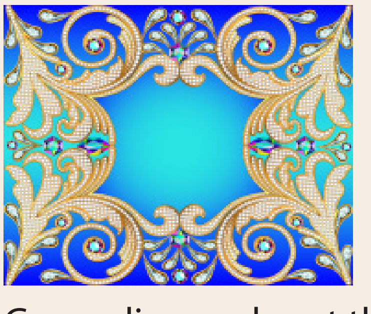
Compared to fancy yellows and browns, diamonds with a noticeable hint of any other hue are considerably more rare. Even in light tones and weak saturation, as long as they show color in the face-up position, they qualify as fancy colors. Red, green, and blue diamonds with medium to dark tones and moderate saturations are extremely rare.

Grading fancy color diamonds is complex and specialized, and it takes highly trained laboratory graders to complete the process accurately.
The GIA system for color-grading fancy color diamonds is designed to accommodate the fact that not all colored diamonds have the same depth of color. For example, yellow diamonds occur in a wide range of saturations, while blue diamonds do not. Fancy color diamonds have a range of color strength with the intense and vivid colored diamonds being the most rare.

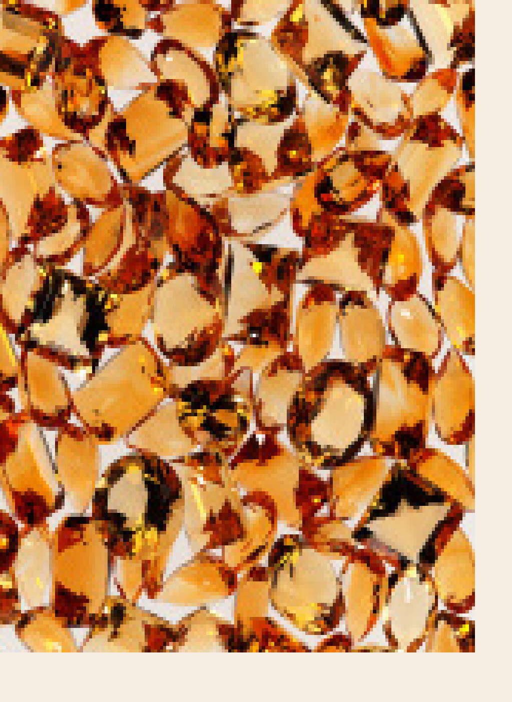
Diamonds with red or reddish colors are extremely rare and highly valued. Pure pinks are more popular than diamonds that are purplish, orangy, brownish, or grayish. Trade professionals market some very attractive stones in this category as "rose-colored," and some stones with purplish tints as "mauve" diamonds.

ond Quality Factors

Blue diamonds are extremely rare.
They generally have a slight hint of gray, so they're rarely as highly saturated as blue sapphires. Their color is caused by the presence of boron impurities
—the more boron, the deeper the blue.



Fancy green diamonds are typically light in tone and low in saturation. Their color often appears muted, with a grayish or brownish cast. The hue is generally in the yellowish green category. In most green diamonds, the hue is confined to the surface, and rarely extends through the entire stone. That's why cutters try to leave as much of the natural rough around the girdle as possible.
Green diamonds get their color when radiation displaces carbon atoms from their normal positions in the crystal structure. This can happen naturally when diamond deposits lie near radioactive rocks, or artificially as a result of treatment by irradiation. Naturally colored green diamonds are extremely rare. Because of their rarity and the very real possibility of treatment, green diamonds are always regarded with suspicion and examined carefully in gemological laboratories. Even so, advanced gemological testing can't always determine color origin in green diamonds.



Brown is the most common fancy diamond color and also the earliest to be used in jewelry. Second-century Romans set brown diamonds in rings. In modern times, however, they took some time to become popular.
Brown diamonds were typically considered good only for industrial use until the 1980s, when abundant quantities of them began to appear in the production of the Argyle mines. The Australians fashioned them and set them in jewelry. They gave them names like "cognac" and "champagne."
Brown diamonds range in tone from very light to very dark. Consumers generally prefer brown diamonds in medium to dark tones with a warm, golden to reddish appearance. They generally show a hint of greenish, yellowish, orangy, or reddish modifying colors.

Fancy Color Diamond Quality Factors

Yellow is diamond's second most common fancy color. Yellow diamonds are sometimes marketed as "canary." While this isn't a proper grading term, it's commonly used in the trade to describe fancy yellow diamonds.

Until the late 1990s, there was not much demand for black diamonds. But designers started using them in jewelry, especially contrasted with tiny colorless diamonds in pave settings, and they began to gain in popularity.

Fancy white diamonds also exist. They have a milky white color. Sometimes white diamonds are cut to display beautiful opalescent flashes of color.

There are also gray diamonds. Most of them contain a high level of hydrogen as an impurity element, which probably causes their color.

Clarity

With fancy color diamonds, color is the dominant value factor. Even diamonds with numerous inclusions that result in a low clarity grade are prized by connoisseurs if they display attractive face-up color. Of course, inclusions that threaten the gem's durability can lower a fancy color diamond's value significantly. Fancy color diamonds can exhibit color graining, which is considered an inclusion.

Cut

Size and shape are two aspects of cut that can influence diamond color. The larger a diamond is, or the deeper its pavilion, the farther light can travel in it. This can often lead to a richer, more intense color.

The style of the cut can also influence color. Cutters discovered that certain styles—typically mixed cuts like the radiant—can intensify yellow color in diamonds that are toward the lower end of the D-to-Z color-grading scale. When carefully fashioned as radiant cuts, many yellow-tinted stones —at one time called "cape" by the trade—can become fancy yellows when viewed face up. This perceived improvement in color increases the price per carat. As an added benefit, the radiant style provides higher yield from the rough than a standard round brilliant.

Fancy color diamonds are often cut into fancy shapes.

Carat Weight

As with diamonds in the normal D-to-Z color range, large fancy color diamonds are rarer and more valuable than small ones.

Fancy Color Diamond Description

Diamonds in the normal color range are colorless through light yellow and are described using the industry's D-to-Z color-grading scale. Fancy color diamonds, on the other hand, are yellow and brown diamonds that exhibit color beyond the Z range, or diamonds that exhibit any other color face-up. These rare specimens come in every color of the spectrum, including, most importantly, blue, green, pink, and red.

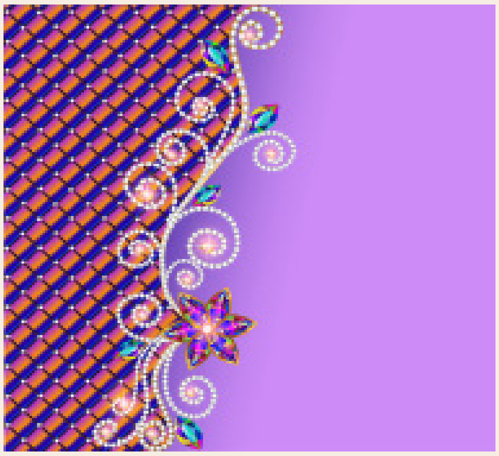
Gem diamonds in the D-to-Z range usually decrease in value as the color becomes more obvious. Just the opposite happens with fancy color diamonds: Their value generally increases with the strength and purity of the color. Large, vivid fancy color diamonds are extremely rare and very valuable. However, many fancy diamond colors are muted rather than pure and strong.

Fancy color diamonds come in almost any color you can imagine. Red, green, purple, and orange are generally the most rare, followed by pink and blue. Yellows and browns are the most common fancy colors, but they're generally less valuable than the rarer colors.

Blacks, grays, and fancy whites are considered fancies, too. Some have been fashioned into gems. The 67.50-carat Black Orloff diamond, named after the Russian Princess Nadia Vyegin-Orloff, is the most well-known example.

Spectacular prices in high-profile auctions are another factor in the increased awareness of fancy color diamonds. Not all fancy color diamonds command such high prices, however. Many people consider yellow and brown fancies less desirable than near-colorless stones of equal weight and clarity. And deeper yellows and browns are generally less valuable than other fancy colors.

Fancy Color Diamond History and Lore



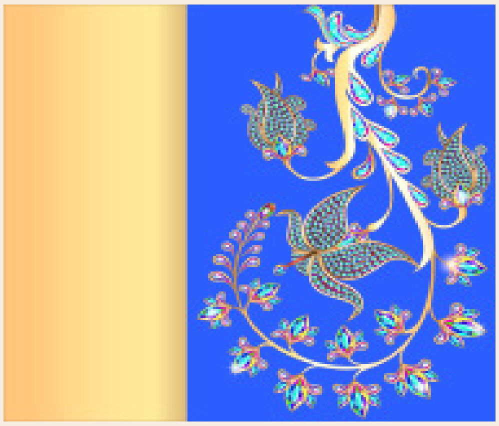
The world's first diamond color-grading system dates back to sixth-century India. The system was based on the country's ancient class structure.

Members of different status levels, or castes, were permitted to own and wear only diamonds of a specific color. Thus, diamonds served as a badge of rank.

The priests and rulers, the Brahmins, were allowed to own diamonds that were "whitest of the conch, of the lotus, or of the rock crystal" (white to colorless). The landowners and warriors were assigned diamonds that were "the brown color of the eye of the hare." The merchant class was allowed to own only diamonds that were the "pretty nuance of a petal of a kadl" (yellow). And members of the lower classes were assigned diamonds with "the sheen of a burnished sword" (gray or black). Kings, however, were free to possess diamonds of any color.

Diamond color-grading systems have evolved a lot since that time. Today, there are well-established methods for judging diamond color based on much more than a comparison to conch shells, rabbits' eyes, and flower petals. And the only restrictions to owning different colors are based on availability and affordability.

While fancy color diamonds have traditionally been a small part of the diamond business, their popularity and availability have grown in the past several decades. In the 1980s the Argyle mine in Australia began marketing its brown stones under trade names like "Champagne" and "Cognac."



Argyle reached its goal of making the public more aware of fancy color diamonds and dropped its marketing campaign in the late 1990s. Today, the Argyle mine still produces brown diamonds, but it's more famous as the world's major source of rare pink diamonds.

The most well-known historical and current sources of fancy color diamonds are India, South Africa, and Australia. Other diamond mine locations, including Brazil, Venezuela, Guyana, and Indonesia, also produce fancy color diamonds.