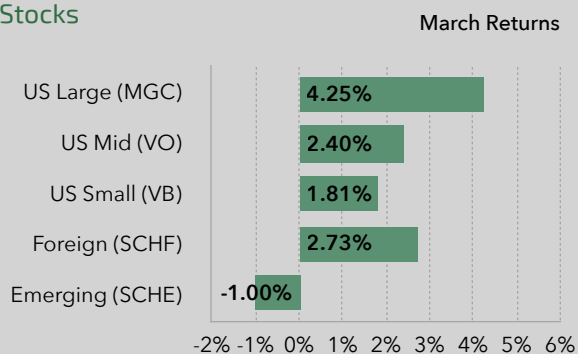


## February 2021

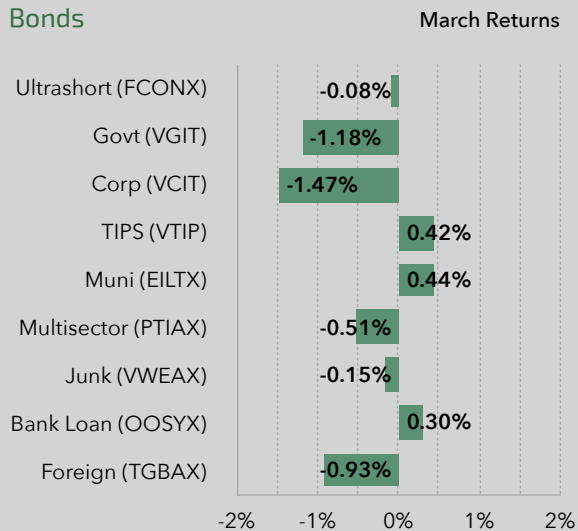
### Economic Data

- Employment rose an impressive 916,000 in March led by gains in leisure and hospitality; the unemployment rate declined to 6.0%
- Retail sales fell 3.0% for the month of February with broad weakness across all categories except gas stations
- Y/y inflation (CPI) rose three-tenths to 1.7% in February
- Existing home sales fell 6.6% in February, with a median home price of \$313,000—15.8% higher than a year ago

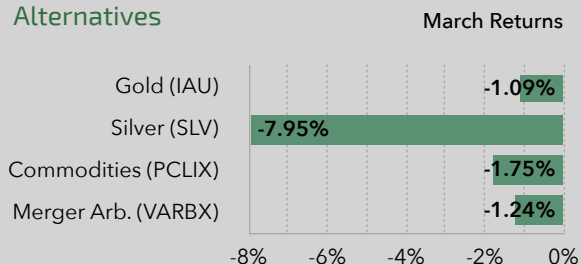
### Stocks



### Bonds



### Alternatives



Performance data provided by Morningstar.

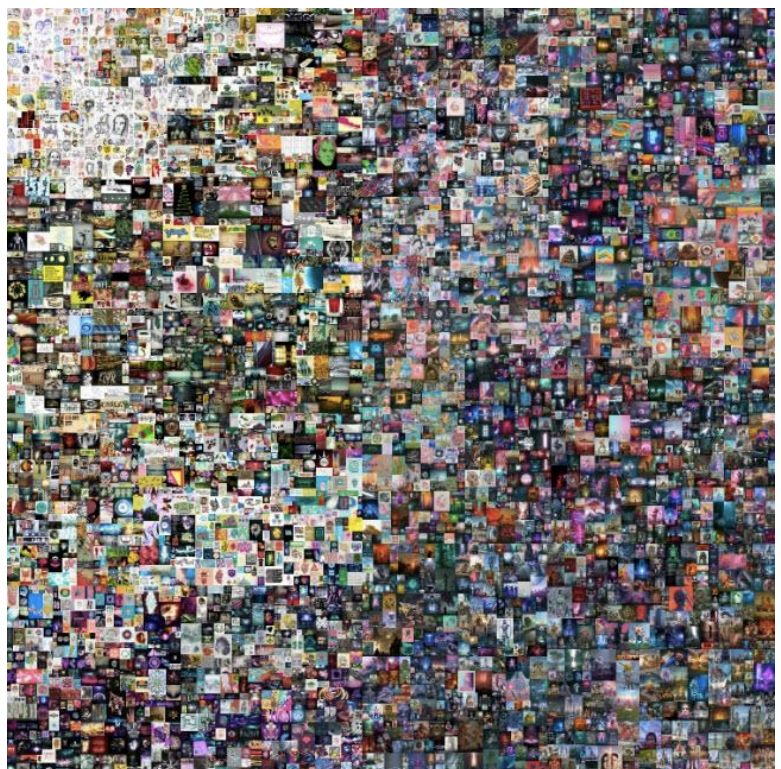
The brain uses two systems to process information. The first type is intuitive but lazy, rapidly forming judgements with no conscious input. The second system is slow, reflective, and is not guided by emotions. It is that second system — type 2 — that we want in control of our investment portfolios.

### Bop, Boop, Beeple

Mike Winkelmann is a 39-year old suburban husband of a school teacher, father of two, who talks with a Wisconsin accent and drives a Toyota Corolla that he describes in colorful language that suggests he's not all that fond of it. Winkelmann graduated with a degree in computer science and started his career in somewhat ordinary fashion making corporate websites. He soon got interested in digital animation, however, and decided to start a project called 'Everydays' where he would create a new original work every single day under the pseudonym 'Beeple'. This has now been going on for thirteen years and counting, without a single day missed—not even his wedding day or the birth of his two children have interrupted the streak.

His digital art is often a scathing commentary on popular culture, politics, technology, and the way we live, frequently depicted with grotesque and disturbing imagery. Some of it is pretty cool, and some of it I don't really care for. It's definitely art, although I'm not sure I should be the arbiter of that. I got drunk on a cruise ship once and bought a painting, but that hardly qualifies me as a member of the art community.

Anyway, the first 5,000 of Beeple's 'Everydays' were put into a collage and sold at a Christie's auction last month for a staggering \$69.3 million including buyer's premium. This was done with an NFT, or non-fungible token, which is a blockchain technology the crypto art scene uses to authenticate and identify a single, unique piece of digital art. It's kind of a hard concept to wrap your brain around at first. The owner doesn't actually, like, own the art, so to speak. I mean, here is the \$69 million JPEG file if you want to look at it:





Would you like to buy the NFT for this meme I just made?

Rather, the owner of the NFT owns a sort of unique (non-fungible) digital deed to the work—a string of letters and numbers on the blockchain that can't be replaced or duplicated. I guess It's really not all that different from physical art or baseball cards. I can go online and look at any Salvador Dali painting or a Honus Wagner baseball card whenever I want. I can even download the image for free. But I don't own it. The owner of the physical versions of these things does, however they are not so much prized for their physicality, but rater their scarcity. Ultimately things are worth what the market will pay for them, so who am I to argue that this JPEG isn't worth \$69 million?

And it's not just art that has NFTs tied to it. NBA Topshot sells NFTs tied to basketball video highlights, and the company recently raised \$305 million to give it a \$2.6 billion valuation. You don't actually own the copyright to the video; anyone can watch it on YouTube for free and you won't collect royalties. You just own the NFT—like owning a basketball card but not the photo rights.

There are all sorts of other dumb things being sold as NFTs, including cat memes, Jack Dorsey's first tweet, and a New York man actually sold an NFT of his, um...fart. However, I wouldn't discount the potential for this new technology. Aside from solving a big problem that existed for

Tactical Asset Allocation					
Asset Class	Heavy Under-weight	Under-weight	Neutral	Over-weight	Heavy Over-weight
<b>Fixed Income</b>					
Duration	●				
Inflation				●	
Credit	●				
Foreign				●	
<b>Equities</b>					
Large Cap	●				
Mid Cap		●			
Small Cap	●				
Developed Intl.		●			
Emerging			●		
<b>Alternatives</b>					
Commodities					●
Hedging					●

virtual artists, I could see applications for this is the music world, in ticketing for concerts and sporting events, even a use for it in the contract work space. Maybe there will be a way to include royalties to NFTs attached to songs or movies, so you could actually earn an income stream from them. Until then, I think I'll continue to not pay for things that are free.

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## Binge Box

### Carnival Row (Amazon)

It's a Victorian era cop drama that tackles issues of race, class, immigration, politics, and sexual identity...but with faeries. And fauns and centaurs and werewolves. I can only imagine how the pitch session for this went. Anyway, it's actually pretty good. And it stars Orlando Bloom and Cara Delevingne. You can binge the first season of *Carnival Row* on Amazon Prime.

## About EmeraldSpark

EmeraldSpark Investments, LLC is a Registered Investment Adviser based in Chicago, IL. We were founded by Ryan P. Layton, CFA in 2015 to provide personalized financial planning and fiduciary investment management services to select clients. Our investment process blends the foundations of Modern Portfolio Theory with the latest research in the field of behavioral finance. We specialize in asset allocation and investment due diligence to help provide our clients with investment strategies personalized to match their specific goals and risk comfort zone.

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