

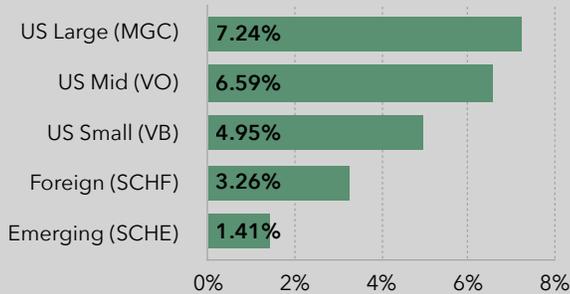
October 2021

Economic Data

- Hiring picked up in October with 531,000 jobs added to the payrolls; the unemployment rate fell to 4.6%
- Retail sales were up 0.7% for the month of September
- Y/y inflation (CPI) remains high, edging up one-tenth to 5.4% in September—the fifth month in a row at or above 5%—with energy and new vehicles rising the most
- Existing home sales rose 7.0% in September; median home price eased further to \$352,800

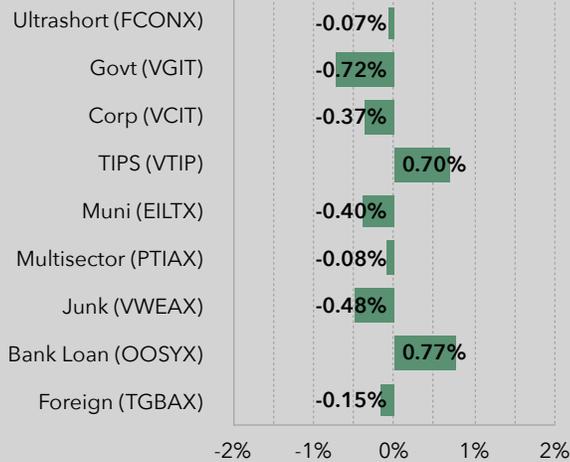
Stocks

October Returns



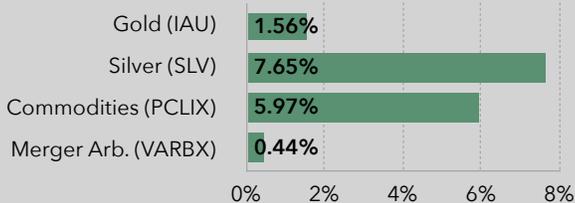
Bonds

October Returns



Alternatives

October Returns



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.

Is the Great Resignation Going to Last?



"I quit." "What?" "I quit." "Quit?" "I quit and I feel great! You should quit with me." "I should quit?" "You should quit with me right now." "We just got here." "If you want to feel how I'm feeling, quit."

That's a line of dialogue from the under-appreciated film *Daddy Day Care*. It was a scene that really captured how I felt eight years ago when I gave my notice so I could spend a year traveling the world. I imagine it's the same feeling the 4.3 million Americans had when they quit their jobs in August. The quit rate of 2.9% that month was the highest since the US Department of Labor started tracking this data in 2000. It has been dubbed the Great Resignation, or the Big Quit.

On top of that, many workers are still sitting on the sidelines. When the pandemic hit, the US labor force shrunk by 8 million in just a few weeks. 5 million have since come back as the US has opened up, but over 3 million haven't yet. The result is that companies all across the country are struggling to find workers willing to fill the current 10.4 million job openings.

Civilian Labor Force Level



Source: U.S. Bureau of Labor Statistics

This shift has given employees the upper-hand over employers, and many of them are reevaluating what they really want out of life. Some got a taste of remote work and they liked it, and are more than willing to leave a company forcing them back into the office for a better paying one that won't. Some, like the characters portrayed in *Daddy Day Care*, simply don't want to miss out on watching their children grow up just to devote their life to some company. Still others, such as meatpackers, are no longer willing to accept uncomfortable and unsafe working conditions anymore when better opportunities abound.

Another contributing factor is a lot of Americans are in really good financial shape right now thanks to the stimulus payments, expanded social safety net, and the inability to spend a lot of money during lockdowns. The question as to whether the Great Resignation can last relies heavily on how long those not collecting a paycheck can afford to hold out. There are no more "stimmy" checks on the way. Expanded unemployment benefits expired in September (or earlier). Lockdowns are over and most of the country has gone back to living their lives and spending money.

I predict the Great Resignation probably won't last forever, and we will likely see a surge in hiring over the coming months as savings dry up. The alternative is not desirable, as we could see a decline in living standards as products and services get harder and more expensive to get. In the meantime, I hope it results in higher wages and benefits, and better working conditions for those we rely on to keep the country moving.

Get Your Christmas Shopping Done ASAP

We spent last month's newsletter talking about inflation and supply chain disruptions. It does appear that things will get worse before they get better on that front. So with that in mind, maybe it might be a good idea to do your Christmas shopping before Thanksgiving instead of after.

Vampire Squid Acquisition of Folio

Most clients of EmeraldSpark use Folio as their custodian/broker. Those signing onto their accounts recently may have been confused to find themselves logging onto a Goldman Sachs website. This is because Goldman Sachs recently acquired Folio and rebranded the website with their logo. Aside from that, the only other change so far is enhanced client access to institutional share classes of mutual funds. We are hoping for further enhancements to your experience down the road. However, we have also been testing out an alternative custodian/broker called Altruist with some of our newer clients just in case. Altruist is still in the development stage, so it does not yet offer the same robust level

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

of features and functionality as Folio, but they are constantly working to build it out. Altruist does offer lower fees than Folio, making it a compelling option even in its infancy. Please let me know if you would be interested in discussing a change in custodian for your accounts with us at EmeraldSpark.

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Binge Box

Mythic Quest (AppleTV+)

If you haven't bothered to get AppleTV+ yet, I think now is the time. They still only have a small lineup of content, but the quality level is high. If you have AppleTV+ already, you've no doubt seen the delight that is *Ted Lasso* so I don't think I need to stump for it here. If you're looking for another comedy to fill the void, though, I would give *Mythic Quest* a shot. It's an enjoyable comedy that takes place in a fictional video game studio that produces a popular MMORPG. Megan Ganz, Rob McElhenney, and Charlie Day of *It's Always Sunny in Philadelphia* fame are three of the names behind the project, so if you enjoyed that show you'll probably like this, too.

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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NOT FDIC INSURED | NOT BANK GUARANTEED | MAY LOSE VALUE