

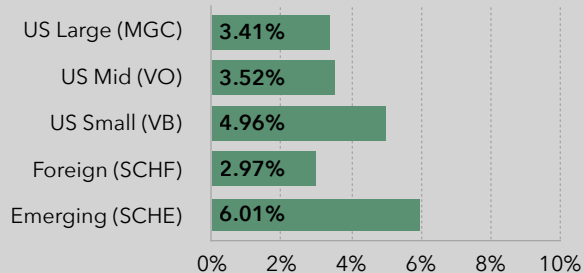
July 2023

Economic Data

- 187,000 jobs were added in July, and the unemployment rate edged down to 3.5%
- Retail sales were up 0.2% in June; the index was dragged down by a 2.4% decline in department stores
- Y/y inflation (CPI) fell yet again in June, this time to just 3.0%, while the core rate (less food and energy) clocked in at 4.8%
- Existing home sales fell 3.3% in June and are down 18.9% y/y; median home price, however rose to \$410,000

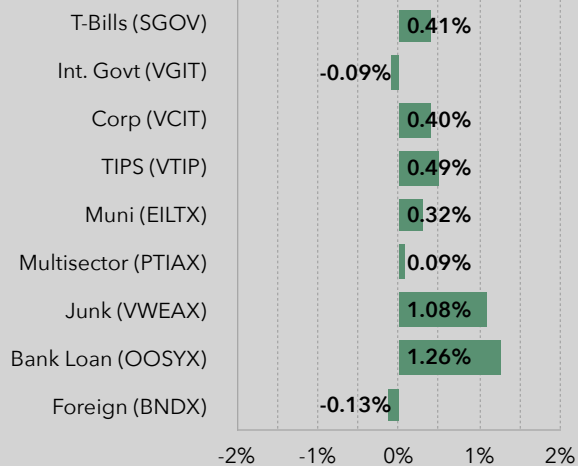
Stocks

July Returns



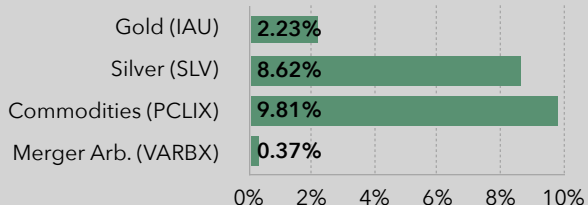
Bonds

July Returns



Alternatives

July 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 not guided by emotions. It is that second system — type 2 — that we want in control of our investment portfolios.

Barbie and Other Brand IP Blockbusters

Last Wednesday I threw on a pair of pink shorts and a pastel blue v-neck and went to the cinema with a couple friends to see *Barbie*. I thought it was a really good film that did not shy away from making fun of the iconic product it is based on. My friends and I had a great time and shared a lot of laughs. I would recommend seeing it, but with over \$1 billion in worldwide box office sales, my guess is you already have.

Barbie is by no means the first stab at turning a toy or brand or other intellectual property (IP) into a movie. Lego has done it with four enjoyable films and Hasbro has found quite a bit of financial success with seven (ugh) regrettable Transformers movies. The recent *Super Mario Bros. Movie* was a second and far better attempt at it by Nintendo (NTDOY). There are also biopic films like *The Founder* (McDonald's), *The Social Network* (Facebook), and a Cheetos movie (haha!) called *Flamin' Hot*. There are dozens and dozens of other examples, I'm sure, but *Barbie* somehow feels like a watershed moment. As if we are about to get flooded by an onslaught of these types of brand IP movies. It will probably get annoying after a while, but at least it beats seeing yet another superhero movie.

Mattel (MAT) said they didn't make the Barbie movie to sell toys and other merch, but it will definitely help them do just that. If you're wondering what to get me for Christmas, I probably wouldn't mind a \$60 "I am Kenough" hoodie (because I am). With 45 (no, seriously) films in the pipeline from other Mattel IP including Hot Wheels, Polly Pocket, and even a Vin Diesel Rock 'Em Sock 'Em Robots movie, the company is just getting started.



Student Loans

At the end of June the Supreme Court ruled by a vote of 6-3 that the Biden administration overstepped its authority last year when it announced that it would cancel up to \$400 billion in student loans. So that's dead and buried. But, as I discussed in my June newsletter, the administration's proposed Income-Driven Repayment (IDR) plan was not part of that decision so it is still alive.

After the ruling, the Department of Education released details on the new IDR plan, which it calls the Saving on a Valuable Education (SAVE) Plan. This is a modification of the existing REPAYE plan, but it will essentially replace the alphabet soup of all four current, confusing IDR plans. The new plan will cap monthly payments at 5% (down from 10%) of discretionary income (225% of the federal poverty level, up from 150%) for undergraduate loans. Those who also have graduate loans will pay a weighted average of the original balances of their loans, with 10% on graduate loans. It also includes an interest rate subsidy that prevents negative amortization, so borrowers would not see loan balances increase while they are making payments, even if those payments are \$0. After 20 years of payments for undergrad and 25 years for graduate loans, the remaining balances on the loans are forgiven.

If you would like to discuss how these changes impact you and develop the best repayment strategy for you, please reach out.

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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					●

Binge Box

Our Universe (Netflix)

Nature documentaries are my favorite type of show to watch before a nap or bed, particularly those narrated by Britain's national treasure, David Attenborough. His calming voice always relaxes me and helps me doze off. America's answer to Attenborough's soothing narration is Morgan Freeman. Freeman may not have the extensive naturalist resume of Attenborough, but his voice is absolutely butter. *Our Universe* is a new nature documentary on Netflix narrated by Freeman that explores the interconnectedness of our planet's living creatures with that of the forces of the universe. Starlight, gravity, lunar cycles, elements, and water all play a key role, and the history of the cosmos is explored alongside the animals.

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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