

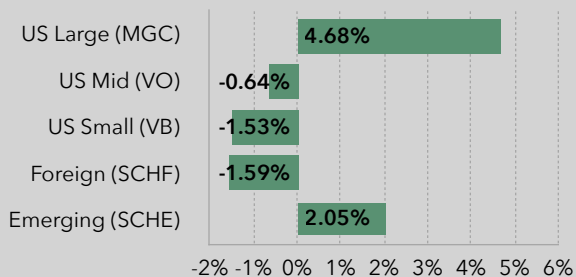
## June 2024

### Economic Data

- 206,000 jobs were added in May; the unemployment rate edged higher to 4.1%
- Retail sales were up 0.1% in May, with gas stations down 2.2% and sporting goods, hobby, musical instrument, & book stores up 2.8%
- Y/y inflation (CPI) cooled to a 3.0% pace in June, with used car & truck prices down 10.1%; the core rate (less food and energy) grew at 3.3%
- Existing home sales declined 0.7% in May and are down 2.8% y/y; the median home price rose to a record \$419,300

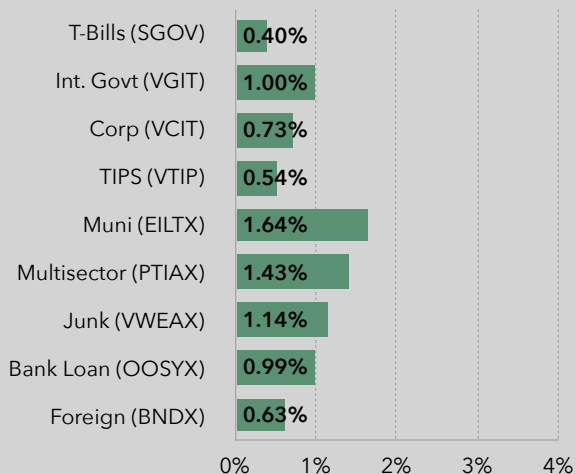
### Stocks

#### June Returns



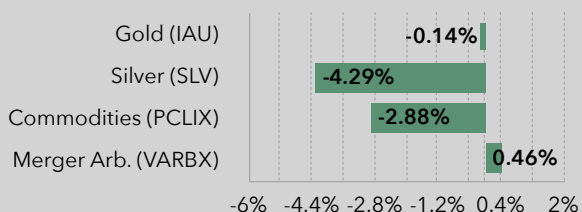
### Bonds

#### June Returns



### Alternatives

#### June 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.

### Weekend at Biden's

It's been a long time since I've seen the 80's dark comedy *Weekend at Bernie's*. I don't remember all the plot details, but the basic premise is two underlings pretend their dead boss is alive so they can party at his house in the Hamptons. Hijinks ensue. There was a sequel that wasn't very good. The third installment seems to be happening live, only with President Biden playing the role of Bernie and the Hamptons house replaced with the White House. This one isn't that funny, either.



Whatever your politics may be, it is pretty widely agreed on both sides that the debate a couple weeks ago didn't go well for President Biden. The questions surrounding whether his age and health were affecting his ability to do the job were essentially answered as he mumbled, bumbled, and trailed off over the course of 90 minutes without the help of a teleprompter to read from or aides to cover for him.

The only reason to have a debate this early—before the primary—would be to see if the president could handle it, and if he couldn't then replace him. He failed and there are many in the party and the media that are pressuring him to step aside. If he doesn't, the polling data and betting markets (PredictIt currently has Trump at 60¢ and Biden at 22¢) show that former President Trump will very likely become the second person in history after Grover Cleveland to hold the office for two non-consecutive terms. Oh, how I miss Grover Cleveland.

So that has to be our base case for investing for now—a Trump victory. As it stands, Biden won't beat him. If you're a Trump supporter, you should actually be nervous. While the poor debate showing would have been great for Trump if it happened after the Democratic convention, it is bad for him if they replace Biden with a more capable candidate. If you're a Biden supporter at this point your name is probably Hunter or Jill. If you're a democrat, your best bet is for Biden to exit the race quickly.

Stocks did really well under Trump's first term, despite the pandemic. Lower taxes and deregulation were supportive of that, although certainly not the primary reason for it. I think we can expect a similar approach for a second term.

Lower taxes without a dramatic cut in fiscal spending, however, will put increased pressure on deficits. Additionally, the general viewpoint is that single-party control over the House, Senate, and Presidency is usually not a good thing for deficits because the party's agenda is largely unchallenged. This could lead to higher interest rates and higher inflation. Potential tariff increases would also be inflationary.

I think a Trump administration would be more friendly towards merger and acquisition activity, which would be good for our merger arbitrage strategy. A decrease in regulations could also be good for the energy sector, even though energy stocks were the worst performing sector under Trump and, oddly enough, the best performing sector under Biden. I think this speaks to how we might overthink the impact a president really has on these things.

Ryan P. Layton, CFA  
p: 612-810-2230  
e: [ryan@emeraldspark.com](mailto:ryan@emeraldspark.com)

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

#### Wet Hot American Summer (Netflix)

I watched all the great summer camp movies over and over growing up, like *Parent Trap*, *Camp Nowhere*, and *Heavyweights*. It all looked like so much fun and I dreamed of going off to summer camp as a kid. Unfortunately, it was too expensive and so I just accepted it would never happen. However, last week I attended Nomad Summer Camp in Serbia and finally got to live the dream. In preparation for this epic week, I rewatched a bunch of old summer camp movies including the cult classic satire *Wet Hot American Summer*. Netflix made two series based on the movie: a prequel (*First Day of Camp*) and a sequel (*Ten Years Later*). All of it is so funny and the camp is packed with a star-studded cast.

## 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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