

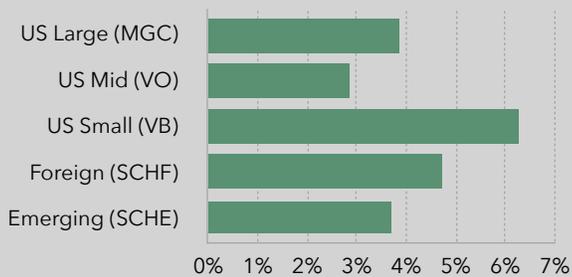
August 2025

Economic Data

- Only 22,000 jobs were added in August and the unemployment rate edged higher to 4.3%, but the headline was a ridiculous downward revision of 911,000 jobs for the year ending in March
- Retail sales were up 0.5% in July, with auto dealers up 1.7%
- Y/y inflation (CPI) was flat at a 2.7% pace in July; the core rate (less food and energy) rose for the second month in a row, to 3.1%
- Existing homes were up 2.0% in July and 0.8% y/y; the median home price fell to \$422,400

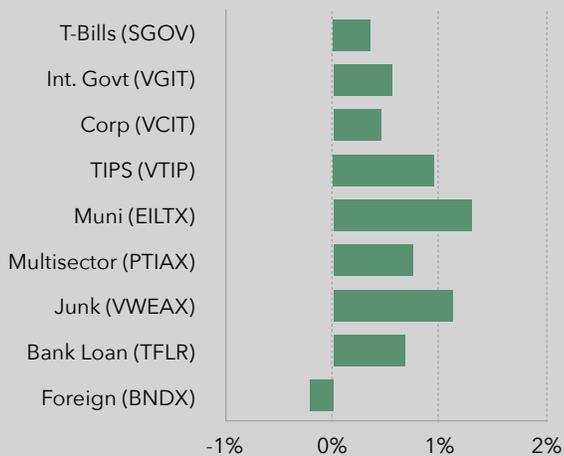
Stocks

August Returns



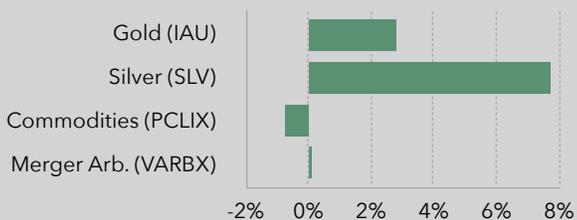
Bonds

August Returns



Alternatives

August 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.

Six Other Ways to Measure Wealth

Last month's newsletter talked about financial wealth and gave readers a few benchmarks to compare their own progress with. It's an easy way to measure perceived success as the score for everyone is denominated in dollars. The problem with measuring your wealth solely in this manner is that it's hard to know when you've reached 'enough'. You may never feel that you do.

Becoming a millionaire is probably the most common aspirational milestone people have for their financial wealth. But what happens when you get there? Well, 'multimillionaire' has a nice ring to it, doesn't it? But that's not quite yacht money, is it? Do centimillionaires have enough? But they are looking up at the billionaires, and with 3,028 of those in the world, as of 2025, according to Forbes, even that is becoming a crowded space. For people who believe money is the source of happiness, or that money is a measurement of their self-worth, there is no such thing as 'enough'. So here are six other ways we can measure our wealth beyond money.

Time Wealth. How much freedom do you have in deciding how to use your time and who to spend it with? Do you control your calendar and set your own priorities? Do you feel busy and scattered, or relaxed and focused on your priorities? Time is arguably our most precious asset. You can gain more of it by evaluating what is truly important and urgent, and doing those things now. Spend time thinking about the things that aren't urgent but are important. Delegate the things that aren't important but are urgent. And forget about the things that are not urgent or important.

Social Wealth. In the study of the so-called "blue zones"—places where an inordinately high number of people live to 100—they found that strong social networks, supportive relationships, and a sense of belonging consistently correlate with longer, healthier lives. Do you have a lot of deep, meaningful, positive relationships? Are you able to be a good friend, partner, parent, or family member to those you care about? Do you feel a sense of belonging to a community? To increase your social wealth, prioritize relationships that are supportive and a frequent part of your life. Remove the people that are net negatives in your life and consuming too much of your time. According to Dunbar's number, we only have the capacity to maintain about 150 relationships at any time. Why waste any of those on someone who brings you down? Instead, free up more of your social battery to foster relationships that are positive but not currently as frequent as you would like them to be.

Mental Wealth. Are you a curious person? Are you always trying to grow and develop? Is your work stimulating and does it give you purpose? Referencing the "blue zones" again, they talk about the Japanese concept of ikigai, which more or less means 'a reason for life'. It is found at the confluence of what you love, what you are good at, and what the world needs.

Health Wealth. Sometimes, when hiking up a mountain, I'll get passed by an octogenarian and think to myself, "that's what I want to be doing when I'm that age." Taking care of our bodies so we feel good, live long, and have enriching experiences later in life is one of the most important favors we can do for ourselves. Do you feel strong, healthy and full of energy? To increase and maintain your physical wealth, the simplest ways to start are to eat healthy foods, get quality sleep, and move your body through space.

Experiential Wealth. There is a financial planning sub-culture called FIRE (Financially Independent, Retire Early). Strict advocates for this lifestyle eschew all luxuries and comforts in their 20's and 30's and save every possible penny so they can retire early and start enjoying life then. While being financially disciplined is important, taking it to that extreme sounds horrible to me. You should eat the foods, see the places, and do the things! A life rich in diverse experiences creates a sense of abundance and makes you interesting. Experiences often foster social bonds and personal growth, too, both of which are tied to longevity.

Environmental Wealth. How does the space around you make you feel? Do you have good access to nature? Exposure to green spaces is shown to reduce stress and improve health. Are you safe and secure? Are you constantly looking over your shoulder when you walk down your street, or do you feel comfortable leaving your house unlocked at night? Do you live in your dream house—not the biggest, most expensive, or recently remodeled like the neighbor's, but the one that suits your priorities best? Billionaire Warren Buffett famously still lives in the modest Omaha home he bought in 1958 for \$31,500.

Financial wealth is very important, of course, but it isn't the only wealth goal. For those who have wealth in these other areas and appreciate the happiness it has brought them in this world, they may have something that money worshipers will never have—enough.

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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					●
Merger Arbitrage					●

Binge Box

Invasion (AppleTV+)

I've been revisiting Apple's sci-fi show *Invasion*. It's got aliens. It's got rebellious earthlings struggling to defend humanity. It's got stunning visuals. It's got some decent acting—I thought Sam Neill was the lead, but sadly he is not. I haven't recommended it before because it's a bit of a slow burn. Like, really slow. And some of the characters aren't great—just shut up, Monty! But I'm still watching it, because good character development takes time. Still slogging through it, waiting for the payoff, which I'm told is coming in the just-released third season.

About EmeraldSpark

EmeraldSpark Investments, LLC is a Registered Investment Adviser. 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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