

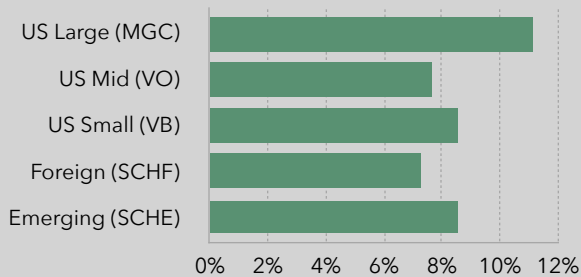
April 2026

Economic Data

- Payrolls rose by 115,000 in April and the unemployment rate was unchanged at 4.3%; federal government employment is down 11.5% from its Oct 2024 peak.
- Retail sales were up 1.9% in March, with higher gas prices pushing gasoline station sales up 15.5%
- Y/y inflation (CPI) spiked to 3.3% in March due to higher energy costs related to Iran; the core rate (less food and energy) only edged up one-tenth to 2.6%
- Existing homes were up 0.2% in April and flat y/y; the median home price rose to \$417,700

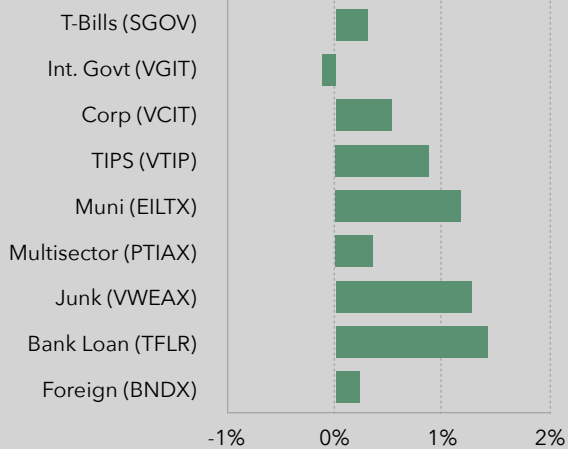
Stocks

April Returns



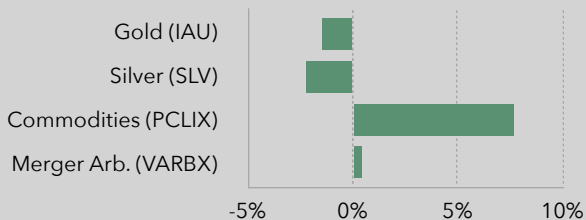
Bonds

April Returns



Alternatives

April 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.

Buy, Borrow, Die

It might surprise you that the richest man in the world, Elon Musk, is in debt. Forbes estimates his current net worth to be a staggering \$827.5 billion, but that is almost entirely tied up in his companies. He can (loosely) be described as “cash poor,” and often takes on debt to finance his lifestyle. In 2017, company filings revealed he took out \$624 million in personal loans backed by his shares in Tesla (TSLA). In 2018, he took out \$61 million in mortgages on his California properties. In 2022, around the time he was buying Twitter, he took out a \$1 billion loan against his shares in SpaceX. It is often said that the rich live off loans, not wages.

“Buy, borrow, die” is a legal tax-planning pattern used by rich people to live off their wealth while keeping their income tax bill low. It is a sort of tax arbitrage strategy where consumption is fueled by debt instead of by selling highly appreciated assets that would incur a capital gains tax, and it goes like this:

Buy: Wealthy people are usually wealthy because they purchased assets or started businesses that have gone up a lot in value. The increase in value is an unrealized capital gain, and it is not taxed until you sell.

Borrow: Instead of selling those assets to get cash (which would trigger capital gains tax), you take out loans using the assets as collateral. Loan proceeds are not considered taxable income under US tax law, so you get spendable cash without a tax bill, while the assets remain invested and (hopefully) keep growing.

Die: When the owner dies (no rush on this step), heirs get a step-up in cost basis, meaning their tax “cost” resets to the market value at death, wiping out the unrealized gains for capital gains tax purposes. Thus, capital gains tax on the lifetime appreciation can be avoided entirely, although estate taxes may still apply.

You don't need to be a billionaire to borrow against your portfolio. Altruist now offers Securities-Backed Lines of Credit (SBLOCs) through TriState Capital. Current rates are SOFR (which is 3.6% as of yesterday) + 2 to 3%, depending on the size of the line. They will lend up to 65% of the value of a diversified portfolio of mutual funds, ETFs, and common stocks. These SBLOCs are only available for non-retirement investment accounts, and you need to at least \$160,000 in pledgeable assets to qualify.

The opening process is easy, and the timeline from application to cash in your hands is about two weeks. There are no costs to set it up, and no annual renewals or expiration dates to worry about. Once the line is open, you can tap it at any time.

If an SBLOC sounds like a tool that would be useful, reach out and let's talk through whether it makes sense for you.

Portfolio Positioning

The impact of Iran on markets has, as I predicted, faded quickly. Investors have started to look through the disruption, and the S&P 500 is back to setting new all-time highs almost daily. The AI buildout has reclaimed the narrative, with little sign of abating despite plenty of concerns about a bubble.

Higher oil prices have driven strong returns for our broad commodities position, with PCLIX up 27.81% since the start of the conflict and giving portfolios a little ballast while most everything else was down. Oil prices will likely drop somewhat if a peace deal is reached, but I forecast that they will remain significantly above the levels we saw before the war for at least the rest of the year.

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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

Shrinking (AppleTV+)

Shrinking follows grieving therapist Jimmy Laird (Jason Segel), who spirals after his wife dies. He abandons professional boundaries and gets personally involved with his patients' lives. Harrison Ford plays the gruff, Parkinson's-afflicted mentor, Dr. Paul Rhoades, while upbeat Jessica Williams completes the trio of psychiatrists as Gaby.

Shrinking is a comedy first, but what elevates it is its authentic exploration of grief and healing without getting too depressing. The cast feels like a real community, and by Season 3 I felt a warm connection to them. It's good comfort television.

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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