

Rail-Splitter Capital Management

Rail-Splitter Insights

a weekly commentary on
investing

Rail-Splitter Capital Management is focused on protecting and growing wealth for our clients. Our services are provided through Delta Investment Management a registered investment advisory firm.

We welcome discussions on how we can help you manage your assets and maximize your wealth.

Please contact us at info@rail-splitter.com or 312-724-8722.

Taking Care of Business by Year End

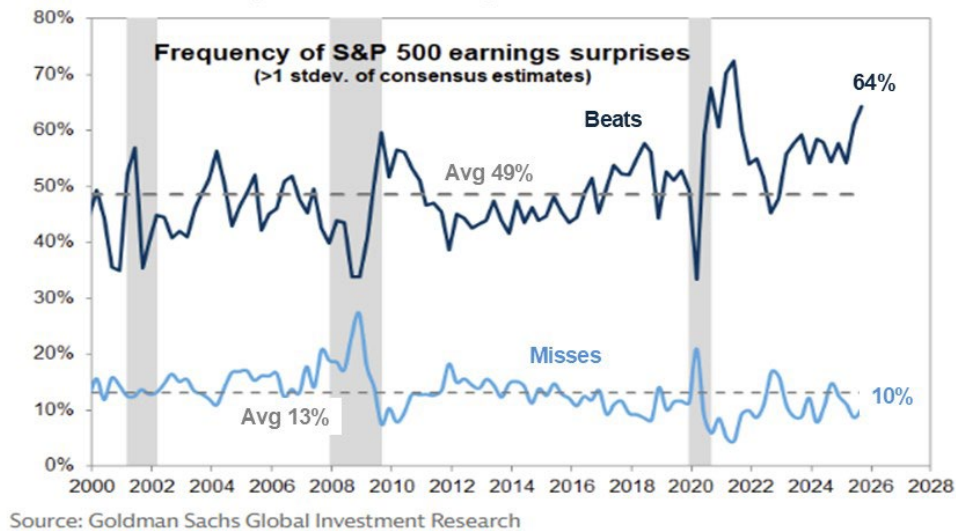
November 7, 2025

We are approaching year-end with the S&P 500 up double-digits – well above beginning-of-year consensus expectations. This week, volatility picked up, partly on profit-taking followed by a buy-the-dip response. The stock market is roughly flat versus a month ago. For intermediate trend-following momentum strategies, the loss of steady, upward slope can trigger sell signals.

For investors with longer-term horizons, several reasons to remain invested include:

- **Low near-term recession risk:** The ISM Services Index rose 52.4 from 50.0 last month, driven predominantly by new orders. Tariff headwinds appear to be down sharply from prior months, suggesting companies have digested most of the impact of new import tariffs.
- **Strong earnings reports:** 64% of S&P 500 companies that have reported beat consensus EPS by a standard deviation of estimates. Over the past 25 years, this frequency of earnings surprises has been surpassed only during the COVID reopening period (2020-2021).

Frequency of Earnings Beats and Misses



- **Earnings trajectory:** FactSet now pegs 2026 S&P 500 earnings at \$305, about 14% versus the 2025 estimate of \$268. Given the recent pace of upside surprises, the current estimates may be too conservative.
- **Buybacks resuming:** Corporate stock repurchases pick back up as earnings blackout windows end.
- **Seasonality:** We're in the strongest seasonal period for equities.
- **Policy backdrop:** The Fed Funds rate is 3.875% today. The Fed's neutral rate (not restrictive or accommodative) is 3%. Over time, potentially accelerated by a new Fed Chairman in 2026, we should expect the Fed Funds to drift toward neutral.

Year-End Checklist

As the year winds down, now is a great time to review your accounts and button up year-end items. Please review the list below and reply with anything you would like help with.

Profile & Beneficiaries

- **Contact info:** Is your mailing address, email, and phone current on all accounts? If not, log in to Schwab and update your profile. Out-of-date info can trigger trading or "move money" restrictions.
- **Beneficiaries:** Confirm beneficiaries on both retirement (IRAs/qualified) and non-qualified accounts (we highly recommend doing both). If you cannot see/do not know your beneficiaries, please check with us.

Required Minimum Distributions (RMDs)

- If you're **age 73+**, you must withdraw your 2025 RMD by December 31, 2025.

- Schwab experiences heavy year-end volume; to avoid delays, please initiate RMDs as early as possible. We highly recommend submitting any RMD request no later than December 1, 2025 to help ensure timely processing.

Qualified Charitable Distributions (QCDs)

- A QCD lets individuals age 70½+ donate from an IRA directly to a qualified charity.
- QCDs do not increase taxable income and can count toward your RMD.
- If you plan to use a 2025 QCD, please let us know soon so we can prepare the paperwork.

Tax Planning & Realized Gains/Losses

- **Tax-loss harvesting:** We can review taxable accounts for opportunities. Remember, the wash-sale rule (30 days) applies.
- **Estimated taxes:** If you make quarterly payments, your next due date is January 15, 2026.
- **Roth conversions (2025):** Conversions must be completed by December 31, 2025. Given year-end activity at Schwab, we recommend submitting paperwork by December 3, 2025; after that date, Schwab cannot guarantee processing before year-end.

Contributions & Benefits

- **401(k)/403(b):** Make any final salary-deferral changes before your last 2025 paycheck.
- **IRAs/Roth IRAs:** We'll confirm eligibility and funding strategy with you (2025 limits apply).
- **529 plans:** Consider year-end contributions (state tax benefits vary).
- **FSA/HSA:** Use remaining FSA dollars if your plan is "use-it-or-lose-it"; consider topping up HSA contributions.

Housekeeping & Risk

- **Cash management:** Confirm adequate emergency reserves and a competitive yield on idle cash.
- **Estate & documents:** Ensure wills, POAs, and healthcare directives reflect your wishes; verify accounts are correctly titled (e.g., to trusts where applicable).

Let Us Help You Position Your Portfolio – Give Us a Call Today

We pride ourselves on our unique and sophisticated investment strategies designed to capture the gains of the stock market while minimizing drawdowns during bear markets. If you're seeking expert guidance in your financial planning journey, we're here to assist you.

Whether you're a seasoned investor looking to optimize your portfolio or someone just starting to explore investment opportunities, our team is dedicated to providing tailored solutions to meet your financial goals.

To learn more about how we can help you navigate the complexities of the financial markets and achieve your investment objectives, we invite you to reach out to us. You can give us a call at (312) 724-8722, visit our website at www.rail-splitter.com, or simply email us at info@rail-splitter.com.



"We need to stop sharing one set of clothes."

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BEARISH

THIS WEEK'S NUMBER IS

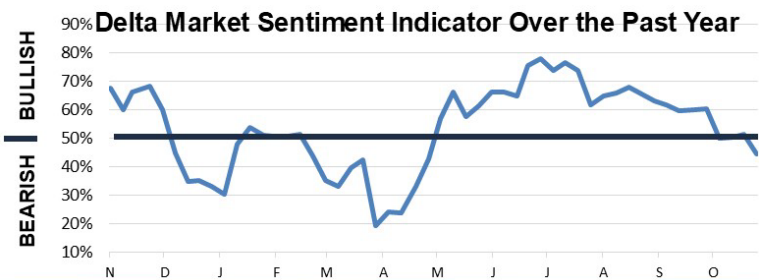
44.5

Our technical indicator decreased
from 51.3 to 44.5 this week

INDICATOR STATISTICS

Consecutive Bearish Weeks:	1
Cycle Inception Date:	11/6/2025
Range:	44.5
Mean::	44.5
Bullish Weeks YTD:	30
Bearish Weeks YTD:	15
*S&P 500	NA%
*DJIA	NA%
*NASDAQ	NA%

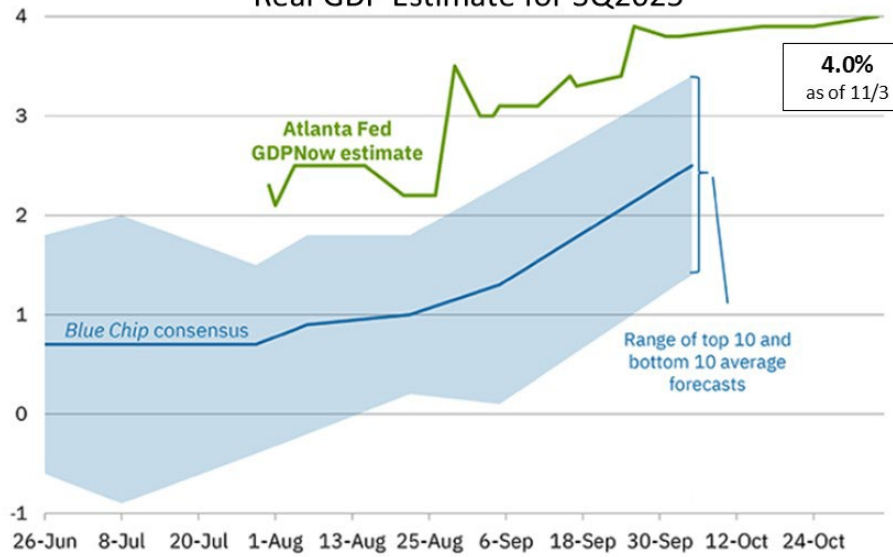
* Percentage change during current cycle



Delta Market Sentiment Indicator (MSI) is published weekly in *Barron's*

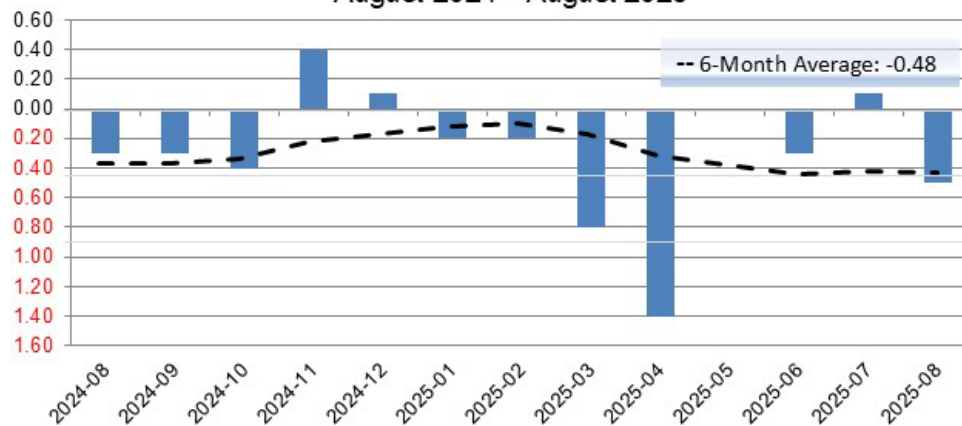
Atlanta Fed GDPNow Forecast

Real GDP Estimate for 3Q2025



Leading Economic Index % Change Monthly

August 2024 – August 2025



Source: The Conference Board – last update 9/18/2025

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