

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.

Investors Confident Heading into Earnings Season

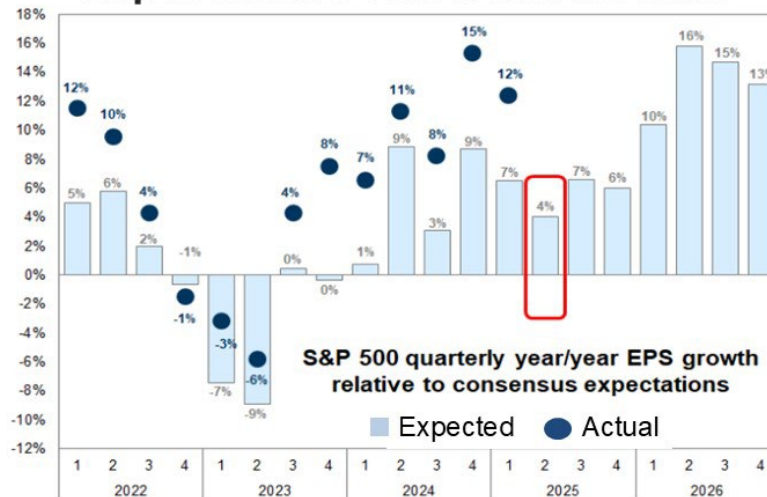
July 11, 2025

Earnings season kicks off today. 73% of S&P 500 companies will report between July 11 and August 1. Analysts forecast S&P 500 EPS year-over-year growth will decelerate to just 4% in Q2 from 12% in Q1. Consensus estimates show margins contracting sequentially, partly driven by tariffs, which explains the slowdown in corporate profit growth. Despite this, investor sentiment remains bullish.

Tech giants are leading the charge. Bellwether, AI leader Nvidia (\$4 trillion valuation) is trading at all-time highs. Microsoft, with a \$3.7 trillion valuation, is also trading at all-time highs and was upgraded to Outperform from Perform by investment bank Oppenheimer this week. JPMorgan Chase, the largest U.S. bank, has appreciated approximately 18% year-to-date and continues its upward trend. Overall, the S&P 500 has fully recovered from Liberation Day tariff announcements and is trading near all-time highs.

The chart below shows analyst S&P 500 earnings expectations relative to actual results.

Expectations vs. Actual Results

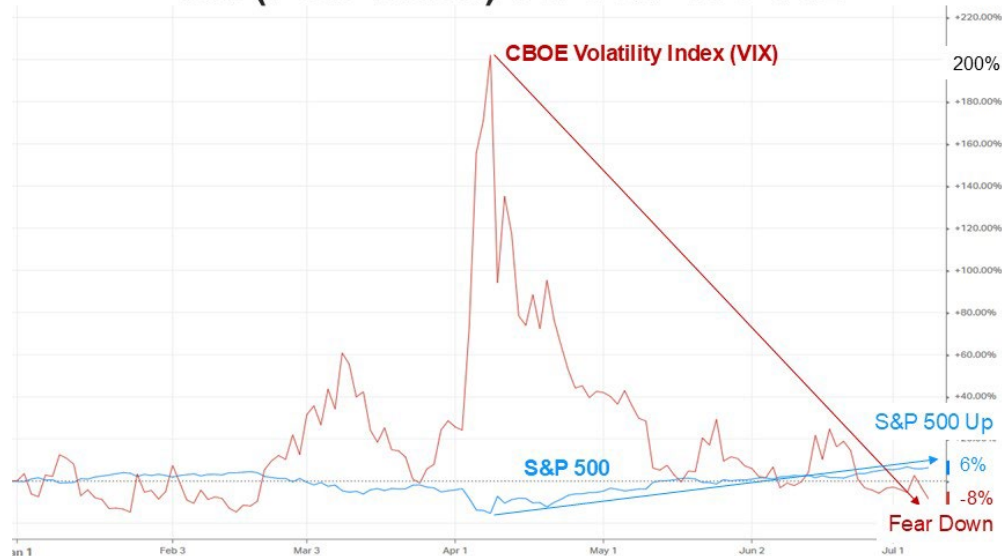


Source: FactSet, Goldman Sachs Global Investment Research

Actual results exceeded expectations in 12 of the last 13 quarters.

The decline in investor anxiety regarding potential stock market downside over the past three months as measured by the CBOE Volatility Index (VIX) ranks as one of the all-time fastest and most substantial reversals in sentiment experienced in the past 25 years.

VIX (Fear Index) vs. S&P 500 YTD



So far in 2025, retail investors have poured a cumulative \$270 billion into the U.S. stock market. JPMorgan projects an additional \$360 billion in net equity purchases by retail

investors for the remainder of the year. If tariff negotiations continue to progress in a market-friendly manner, robust retail inflows and better-than-expected earnings increase the likelihood of higher stock prices in the near term.

Retirement Investment Portfolio

Are you retired? We spend most of our lives getting ready to retire. Investment portfolios designed for retirement readiness may not be the best suited for retirement itself.

When we think about an **I-Am-Retired** portfolio, we believe it should have:

- A blend of non-correlated asset types to reduce volatility,
- A source of stable money to cover unforeseen cash expenses,
- A growth element to stay ahead of inflation,
- A yield that provides attractive steady, monthly income without pushing heavily into risky investments including below investment grade fixed income and illiquid, non-transparent private equity,
- Tax efficiency allows for the portfolio to be held in a taxable account with favorable tax advantages on monthly distributions.
- Average or below-average fund and management fees to allow your investments to perform for you over time.

We have developed an **I-Am-Retired** Portfolio with the attributes described above. The portfolio has daily liquidity and is constructed primarily from best-idea exchange-traded funds from major sponsors including Goldman Sachs, PIMCO and Fidelity. Give us a call if you would like to explore owning the **I-Am-Retired** portfolio.

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



"No, sweetie, we don't go to the beach. We're from New Jersey—we go to the shore."

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

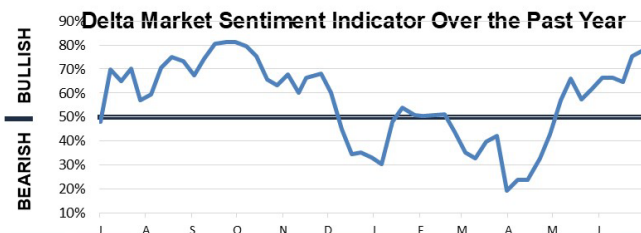
77.9

Our technical indicator increased
from 75.5 to 77.9 this week

INDICATOR STATISTICS

Consecutive Bullish Weeks:	9
Cycle Inception Date:	5/15/2025
Range:	56.9 – 77.9
Mean:	65.9
Bullish Weeks YTD:	14
Bearish Weeks YTD:	14
*S&P 500	5.7%
*DJIA	5.5%
*NASDAQ	7.6%

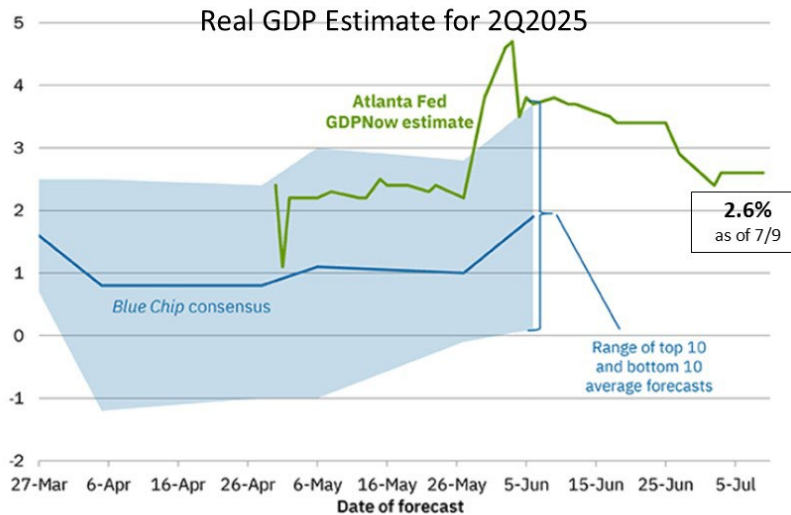
* Percentage change during current cycle



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

Evolution of Atlanta Fed GDPNow Forecast

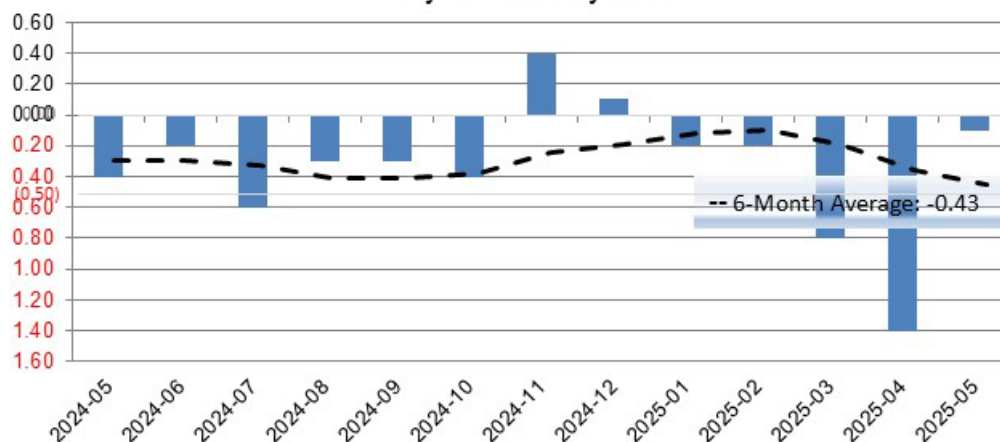
Real GDP Estimate for 2Q2025



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Leading Economic Index % Change Monthly

May 2024 – May 2025



Source: The Conference Board – last update 6/20/2025

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