

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.

Summer Financial Fireworks

August 1, 2025

Forget lazy summer days by the lake—this July was a financial fireworks show from start to finish! From the One Big Beautiful Bill to tariff deals to blockbuster earnings with a dash of Fed talk and economic reports, July has been anything but quiet, and this past week may be the busiest of 2025. Here's the rundown:

Tariff Agreements Galore: Ahead of the August 1 deadline, the U.S. inked a major trade deal with the EU, A new 90-day window with China and Mexico. Worse than feared came from the 35% put on Canada.

Q2 Earnings in Full Throttle: 1/3 of the S&P 500 reported, including several gorillas: Microsoft, Meta, Amazon, and Apple. Of the 883 public companies that reported, 80% delivered upside surprises, but year-on-year growth modest, mid-single digit.

Fed Stays the Course: No rate change, but two dissents - the first since 1993.

Economic Pulse: Q2 GDP grew at a robust +3.0%, beating 2.5% forecasts and significantly higher than the Blue Chip estimate of 1% at the beginning of the quarter (see GDPNow chart below), driven partly by import decline (a reversal from Q1's contraction due in large part to higher imports). July jobs was a big miss at 73K vs expectations of 100K+.

One Big Beautiful Baby Bonus

One gem nestled in the 1,116 pages of the One Big Beautiful Bill is in Chapter 2: Sec. 70204. This section establishes a new type of tax-advantaged account, called a Trump Account,

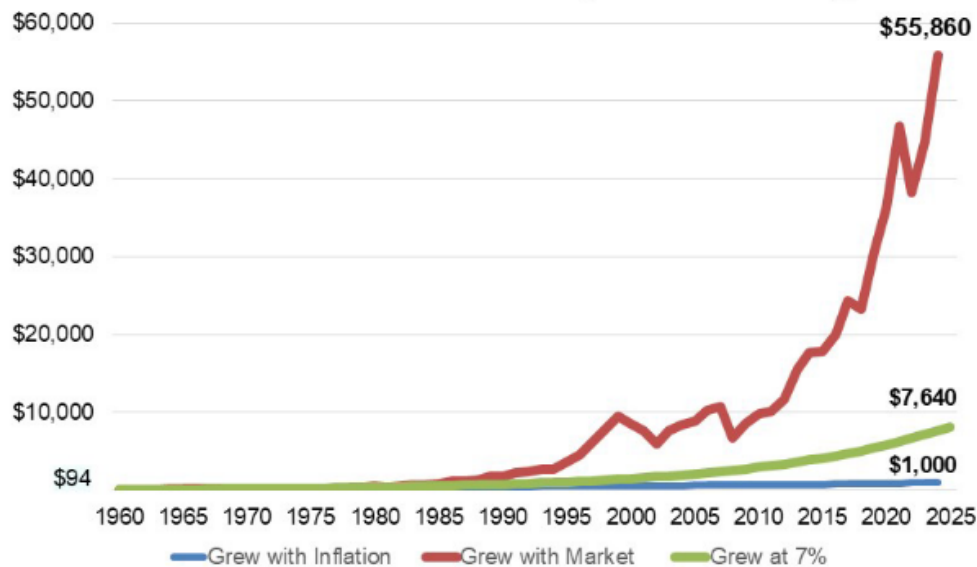
which is an individual retirement account (IRA) for individuals under 18 years old. Up to \$5,000 (adjusted for inflation) may be contributed to a Trump Account in each year before the account beneficiary reaches the age of 18 years old.

The bonus: This section also authorizes a one-time federal government deposit of \$1,000 into a Trump Account for individuals born between 2025 and 2028.. Here's the math and the power of compounding:

- \$1,000 today was \$94 in 1960 when adjusted for inflation. That works out to an average inflation rate of 3.7%.
- If one had invested \$94 and earned 7% per year, the account would be \$7,640 today.
- In an account earning stock market returns, the account would be \$55,860!

It's a pro-family policy aimed at fostering long-term wealth for education, homeownership, or entrepreneurship. Treasury Secretary Scott Bessent calls it a boost for financial literacy and economic engagement.

The Power Compounding



This matters because, according to Bankrate's 2025 report, 59% of Americans lack \$1,000 in emergency savings, and a 2024 Forbes survey found that 28% have \$1,000 or less. The baby bonus could be a game-changer for future generations. So, if you have a child or a grandchild, here is another financial incentive to help build their financial future.

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.



*"Remember, son, these are your tax-free years.
Make the most of them."*

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

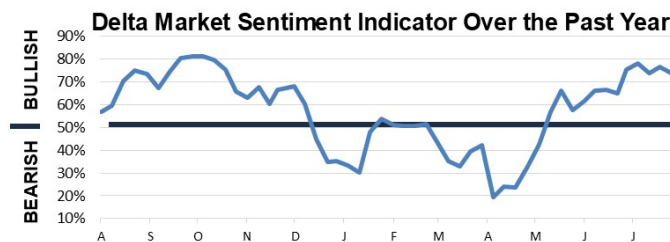
73.8%

Our technical indicator decreased
from 76.5 to 73.8 this week

INDICATOR STATISTICS

Consecutive Bullish Weeks:	12
Cycle Inception Date:	5/15/2025
Range:	56.9 – 77.9
Mean:	68.1
Bullish Weeks YTD:	17
Bearish Weeks YTD:	14
*S&P 500	8.1%
*DJIA	5.2%
*NASDAQ	11.9%

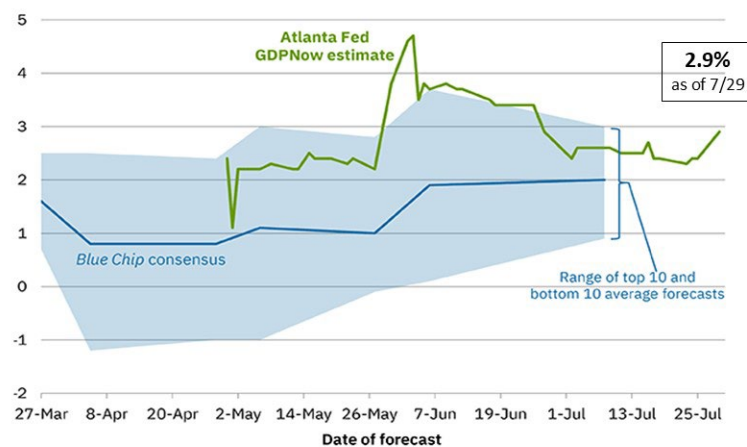
* Percentage change during current cycle



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

Evolution of Atlanta Fed GDPNow Forecast

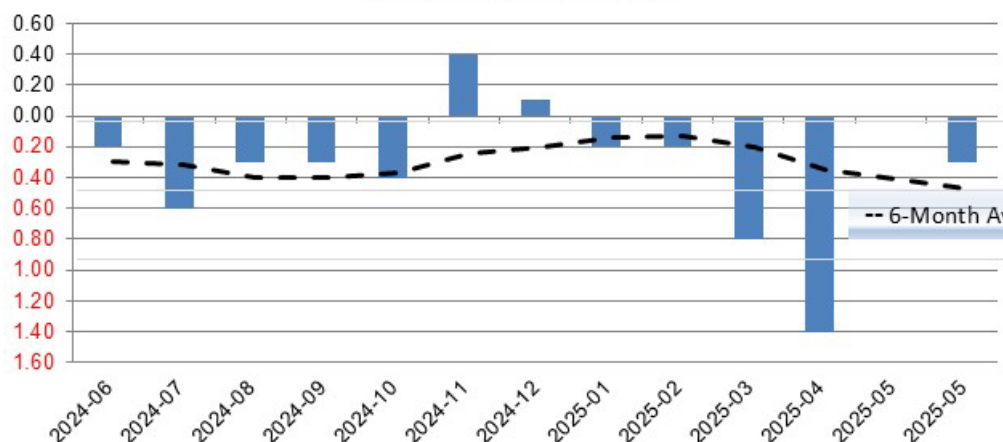
Real GDP Estimate for 2Q2025



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Leading Economic Index % Change Monthly

June 2024 – June 2025



Source: The Conference Board – last update 7/21/2025

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