

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.

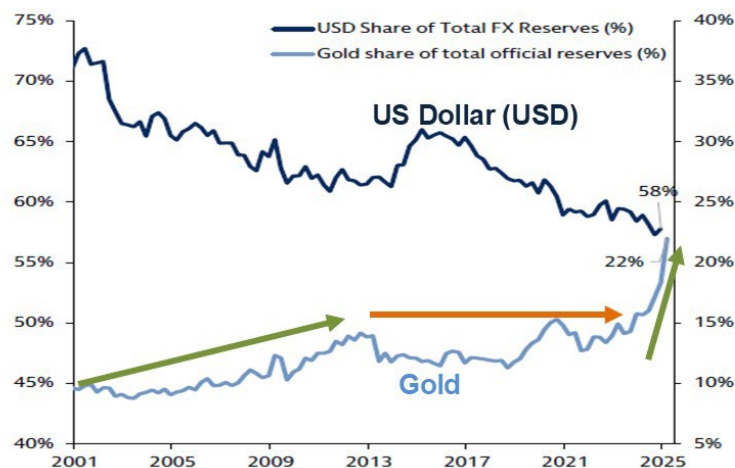
Gold Shining

October 17, 2025

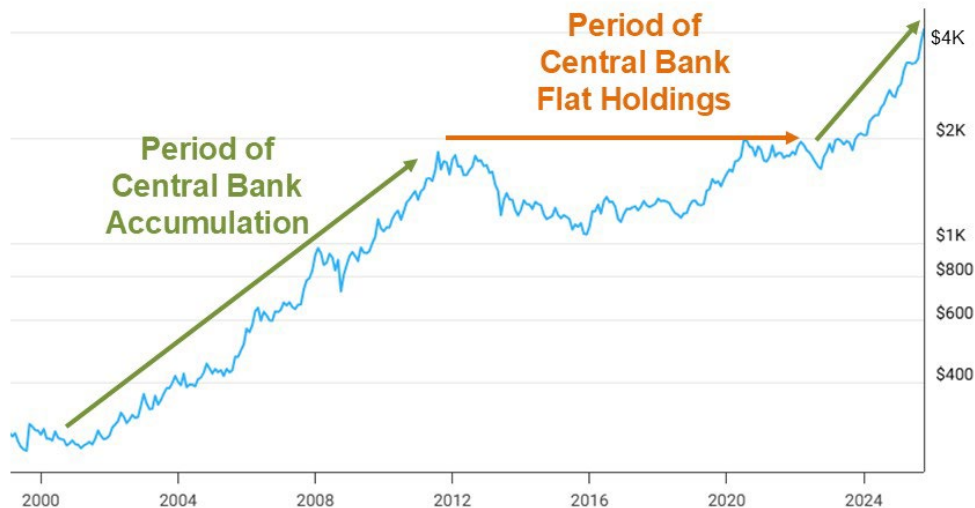
Gold is having its best year since 1979. Gold ETFs such as GLD and PHYS are up about 60% year-to-date. Gold is a commodity that does not generate earnings or pay dividends. Roughly 45% - 50% of annual demand comes from jewelry, ~10% from technology, with the remainder from investment and Central Bank reserves.

Given this year's significant appreciation, it's worth examining what's driving the move. The primary driver of gold price appreciation has been Central Bank accumulation of gold as a reserve asset. A weaker dollar and stickier-than-expected inflation are providing additional support.

Share of Global Central Bank Reserves



Inflation Adjusted Gold Price per Troy Ounce



Central Banks are accumulating gold for a plethora of reasons:

- The US dollar is down ~10% year-to-date. Gold is a way to diversify away from the dollar, the euro and other fiat currencies.
- Gold, unlike foreign-currency assets, cannot be frozen – an important consideration for countries facing potential sanctions – making it a hedge against geopolitical risk.
- Gold is highly liquid and can be converted into hard currency quickly and efficiently.
- Gold is widely viewed as an inflation hedge.

If you believe geopolitical risk, sovereign debt, inflation and dollar debasement will remain elevated for the foreseeable future, it is reasonable to expect continue support for gold prices.

Third Quarter Earnings Season (So Far)

Several of the largest banks have reported record earnings with no meaningful deterioration in credit quality. Consumers and small businesses remain healthy and resilient, and consumer spending continues to grow at a mid-single-digit pace year over year. Overall, results so far are reassuring for the state of the consumer, credit quality, and the earnings trajectory. The strong start suggests a fourth consecutive of double-digit earnings growth versus a consensus expectation of 8%.

Follow Up to Rail-Splitter Insights Time to Go Small (October 10, 2025)

Last week, we wrote that small-cap stocks (the Russell 2000 Index IWM) looked attractive based on consensus earnings expectations, relative valuation and low correlation between how individual stocks are trading. Another positive data point this week: small business hiring plans have ticked higher recently and offer another reason to be constructive about the investment prospects of smaller companies.

Small Business Survey Hiring Sub-Index vs. NFP

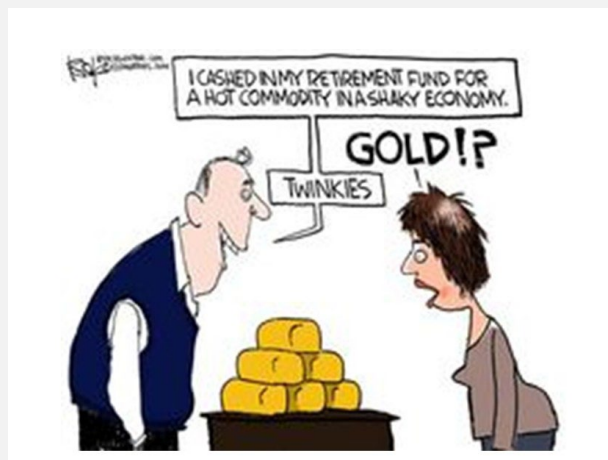


Let Us Help You Position Your Portfolio – Give Us a Call Today

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.



Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

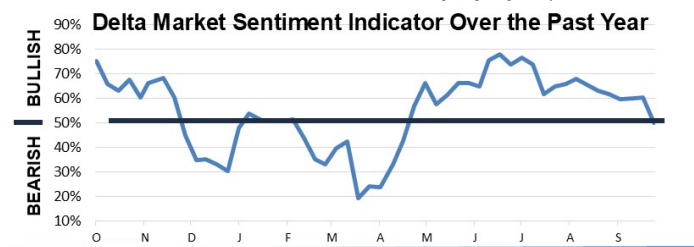
50.1

Our technical indicator decreased
from 60.4 to 50.1 this week

INDICATOR STATISTICS

Consecutive Bullish Weeks:	23
Cycle Inception Date:	5/15/2025
Range:	50.1 – 77.9
Mean:	65.1
Bullish Weeks YTD:	28
Bearish Weeks YTD:	14
*S&P 500	12.9%
*DJIA	9.3%
*NASDAQ	19.3%

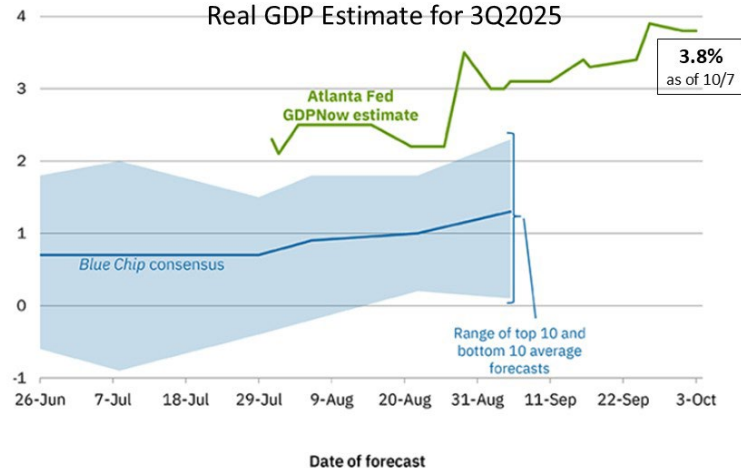
* Percentage change during current cycle



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

Atlanta Fed GDPNow Forecast

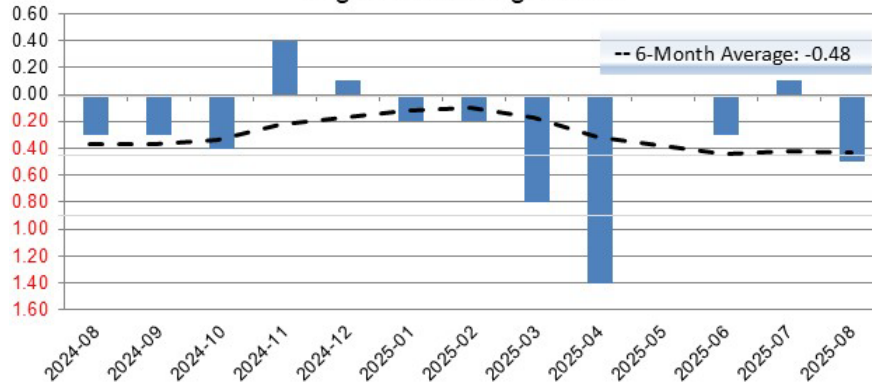
Real GDP Estimate for 3Q2025



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Leading Economic Index % Change Monthly

August 2024 – August 2025



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

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