

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.

The Big Four

June 13, 2025

The S&P 500 has drifted higher in June and is less than 2% below its all-time high. What is pulling the market higher are the four horsemen: earnings, jobs, inflation and tariff talks.

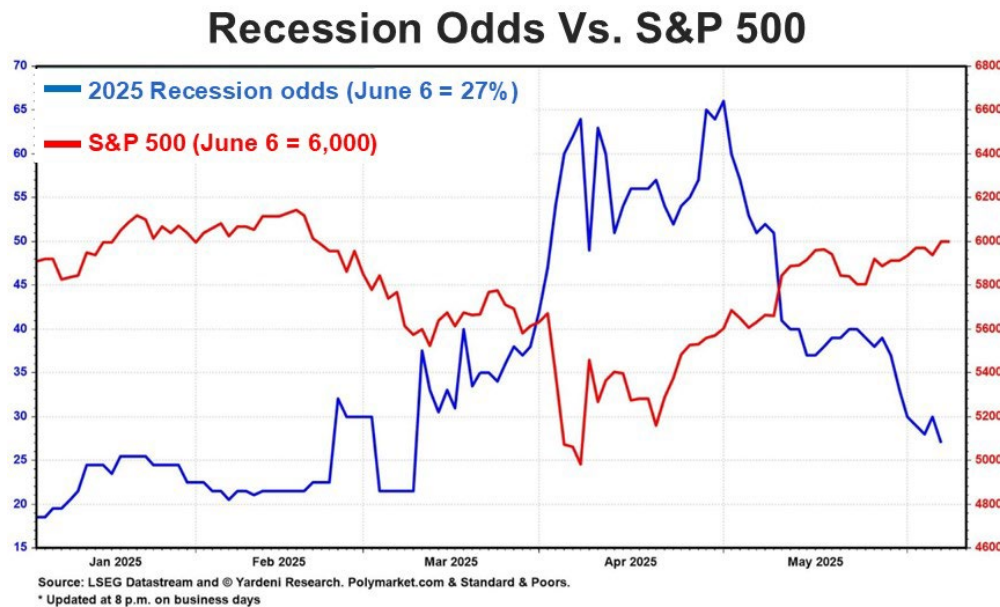
Earnings: For the first quarter, earnings per share of S&P 500 companies rose 12.7% year-over-year. The Wall Street consensus analyst expectation was for a 6.5% increase. This was the seventh consecutive quarter of earnings outperformance.

Inflation: Total CPI was up 0.1% month-over-month in May versus consensus expectations of 0.2% and after increasing 0.2% in April. Core CPI, which excludes food and energy, was up 0.1% month-over-month versus consensus expectations of 0.3% and after increasing 0.2% in April. On a year-over-year basis, total CPI was up 2.4%, versus 2.3% in April. Core CPI was up 2.8% year-over-year, versus 2.8% in April.

Jobs: On Friday of last week, we learned that the unemployment rate is 4.2% and average hourly earnings rose by 0.4%, which translated into a better-than-inflation 3.9% year-over-year growth rate. Strong employment and wage gains should keep consumers spending and the economy on a growth trajectory.

Tariffs: U.S.–China trade talks in London led to China supplying rare earth elements to the U.S. immediately and a pull back in the tariff rate from 145% to 55%. Bloomberg is reporting that a deal between the U.S. and the European Union could be forthcoming making the July 9 deadline less important. Reuters noted that an interim deal with India might be announced by the end of June.

Polymarkets.com, the largest prediction/betting market on future events, shows the odds of a recession are back down to 27% from a recent peak of 66% on May 1.



The fear is economic activity has been pulled forward as consumers and businesses attempt to “get ahead” of tariff price increases and inflation is subdued as tariff price increases have yet to take full effect. Having a wall of worry for the market to climb is generally positive for equity prices. The underlying strength of the U.S. consumer and the job market continues to surprise and should allow equities to continue to climb higher as the tariff risk subsides.

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

Happy Father's Day!



"Your mom cooks the chicken, but your dad makes it dance."

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

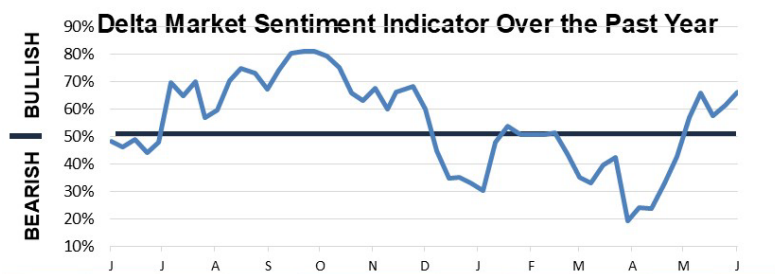
66.2

Our technical indicator increased
from 61.4 to 66.2 this week

INDICATOR STATISTICS

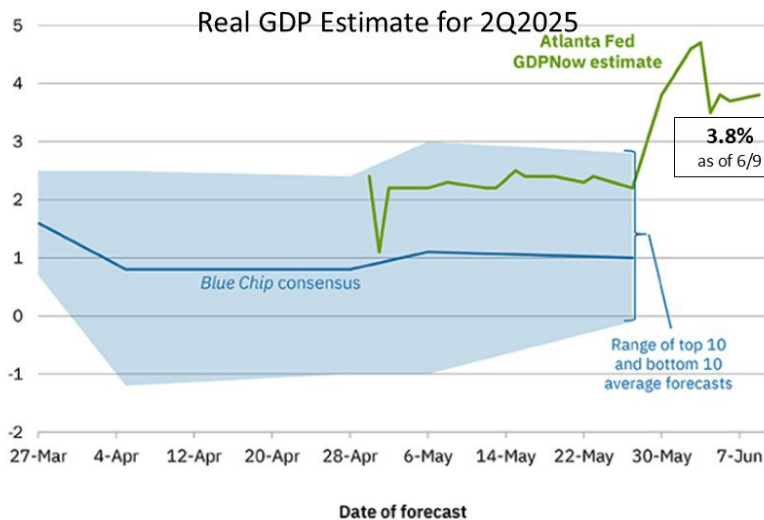
Consecutive Bullish Weeks:	5
Cycle Inception Date:	5/15/2025
Range:	56.9 – 66.2
Mean::	61.6
Bullish Weeks YTD:	10
Bearish Weeks YTD:	14
*S&P 500	2.1%
*DJIA	1.8%
*NASDAQ	3.0%

* Percentage change during current cycle



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

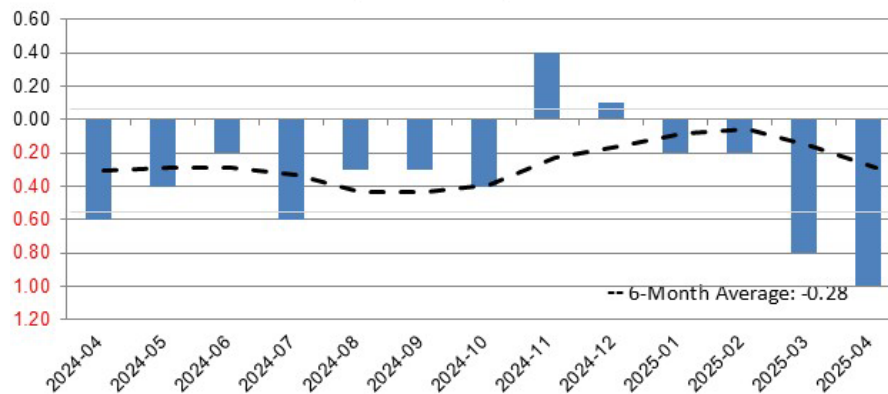
Evolution of Atlanta Fed GDPNow Forecast



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Leading Economic Index % Change Monthly

April 2024 – April 2025



Source: The Conference Board – last update 5/19/2025

Pursuant to the provisions of Rule 206(4)-1 of the Investment Advisors Act of 1940, we advise all readers to recognize that they should not assume that recommendations made in the future will be profitable or will equal the performance of past recommendations. This publication is not a solicitation to buy or offer to sell any of the securities listed or reviewed herein. The contents of this letter have been compiled from original and published sources believed to be reliable, but are not guaranteed as to accuracy or completeness. Nicholas Atkeson and Andrew Houghton are also principals of Delta Investment Management, a registered investment advisor. Clients of Delta Investment Management and individuals associated with Delta Wealth Adviser may have positions in and may from time to time make purchases or sales of securities mentioned herein.

THIS NEWSLETTER IS PROTECTED BY COPYRIGHT LAW. UNAUTHORIZED DISTRIBUTION AND/OR REPRODUCTION BY PHOTOCOPY OR ANY OTHER MEANS IS STRICTLY PROHIBITED AND PUNISHABLE BY A FINE OF UP TO \$25,000.

Copyright © 2025 Delta Investment Management, All rights reserved.

Our mailing address is:

Rail-Splitter Capital Management
200 S. Wacker Drive, Suite 2650
Chicago, IL 60606