

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.

Retire

June 6, 2025

Are you retired? We spend much of our lives preparing for retirement, but the investment portfolios designed for that phase may not be ideal once you're retired.

If you're retired and seeking a blend of income, growth, and managed volatility, an **I-Am-Retired Portfolio** is better suited than one designed for pre-retirement.

An **I-Am-Retired Portfolio** should include:

- A mix of non-correlated asset types to reduce volatility.
- A source of stable cash to cover unexpected expenses.
- A growth component to outpace inflation.
- Attractive, steady monthly income without relying heavily on risky investments, such as below-investment-grade fixed income or illiquid, non-transparent private equity.
- Tax efficiency in taxable accounts with favorable tax treatment on monthly distributions.
- Average or below-average fund and management fees to maximize long-term performance.

We've developed an **I-Am-Retired Portfolio** with these attributes, offering daily liquidity and built primarily from top-tier exchange-traded funds from leading sponsors like Goldman Sachs, PIMCO, and Fidelity. Contact us to explore how the **I-Am-Retired Portfolio** can work for you.

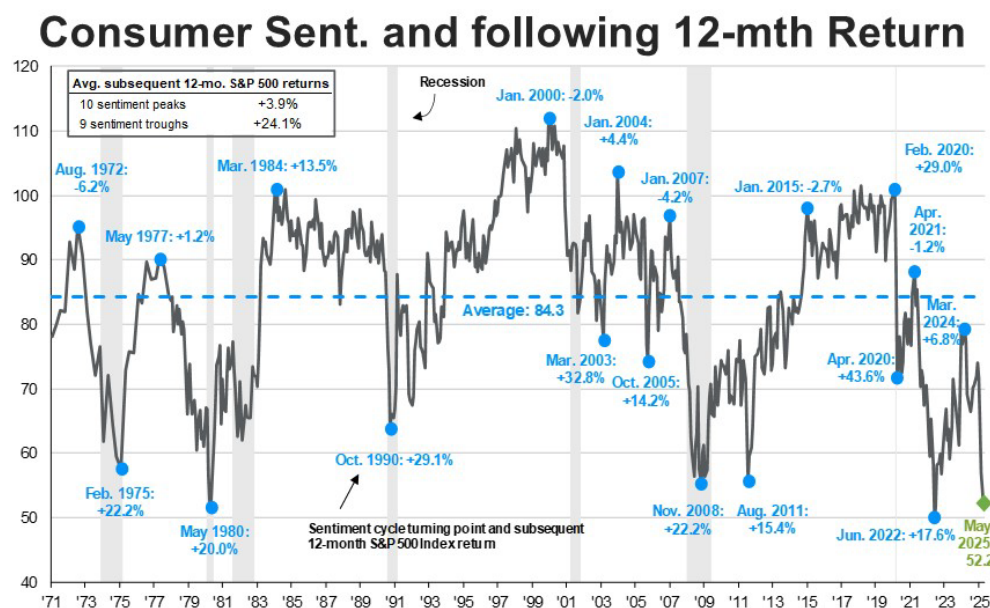
Resilience

The S&P 500 edged higher this week, sitting just 3% below its all-time high. Despite weaker economic data, the stock market has shown remarkable resilience.

The May ISM Manufacturing Index, reported on Monday, dipped to 48.5% from 48.7% in April, indicating a slightly faster contraction in manufacturing. The ISM Services PMI, reported on Wednesday, fell to 49.9% in May from 51.6% in April, below the expected 52%. This marks only the fourth time in the last 60 months that the Services PMI has dropped below 50.0%, signaling contraction.

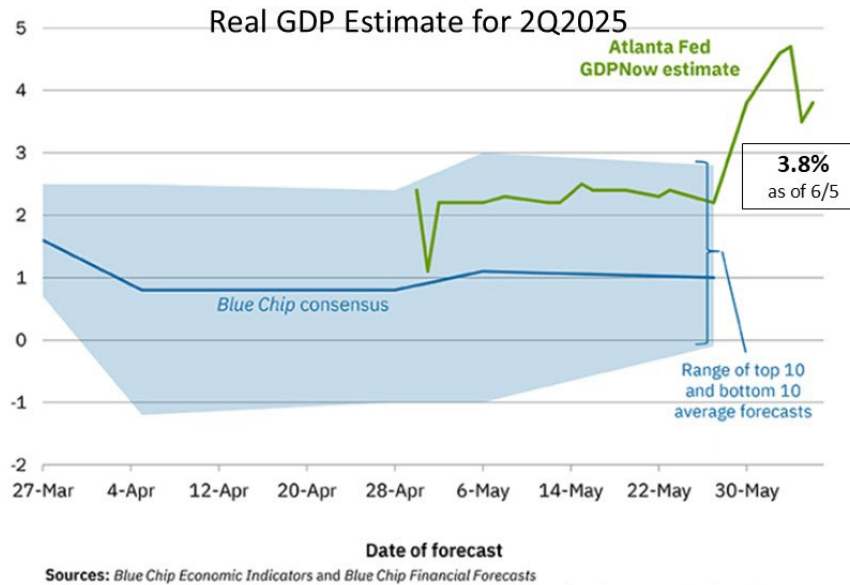
Together, manufacturing and services account for approximately 90% of the U.S. economy's activity. Contraction in both sectors would typically pressure the stock market lower.

Surprisingly, one factor supporting market resilience is consumer sentiment, which has been near its lowest level since 1971. Historically, such lows (1975, 1980, 2008, 2011, and 2022) have preceded strong 12-month market gains of 22.2%, 20.0%, 22.2%, 15.4%, and 17.6%, respectively.



Additionally, the Atlanta Fed's GDPNow model forecasts Q2 GDP growth at 3.8% far exceeding consensus expectations of ~1%. This divergence, combined with low consumer sentiment, could spark a positive market reaction. Note that Q1 and Q2 GDP readings may be skewed by tariff-related front-running, which has disrupted typical import/export patterns. April's trade deficit, for example, plummeted to \$61.6 billion from \$138.3 billion in March. While GDP calculations have complexities, a headline 3.8% growth figure in a subdued sentiment environment could drive market optimism.

Evolution of Atlanta Fed GDPNow Forecast



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

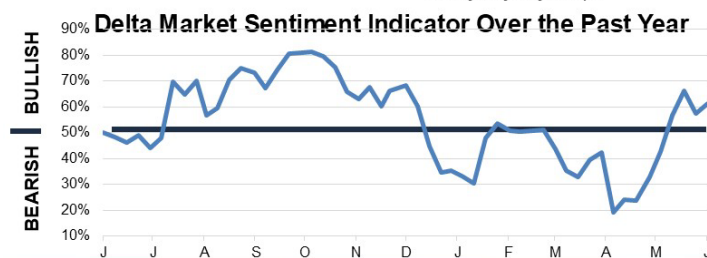
61.4

Our technical indicator increased
from 57.5 to 61.4 this week

INDICATOR STATISTICS

Consecutive Bullish Weeks:	4
Cycle Inception Date:	5/15/2025
Range:	56.9 – 66.1
Mean::	60.5
Bullish Weeks YTD:	9
Bearish Weeks YTD:	14
*S&P 500	0.9%
*DJIA	0.4%
*NASDAQ	1.8%

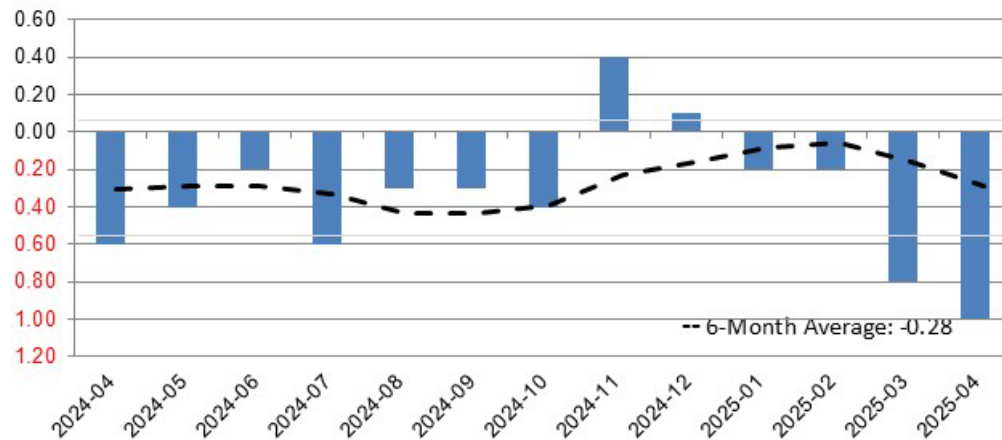
* Percentage change during current cycle



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

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