

MORAN MONTHLY DIGEST

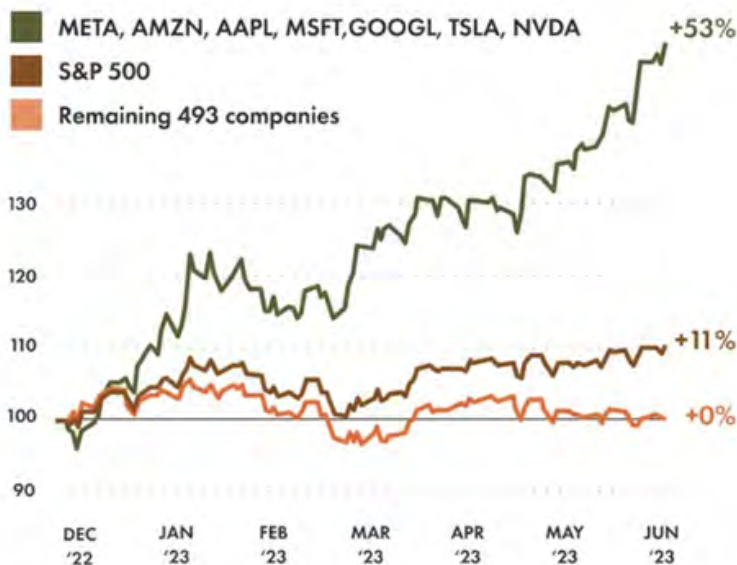
Insights From Our Founder

Dear Valued Clients,

As we navigate through the second quarter, the financial landscape of 2023 continues to evolve in unpredictable ways. As Yogi Berra famously said, "When you come to a fork in the road, take it." In this spirit, we are confronted with a metaphorical crossroad in today's financial markets.

One key divergence is the performance of the Big 7 technology and discretionary stocks (TSLA, NVDA, MSFT, GOOGL, AAPL, AMZN, META). These stocks have contributed significantly to the S&P 500's 13% year-to-date gain, while the rest of the market has experienced relatively stagnant performance. The accompanying chart below illustrates these divergent outcomes, reflecting data up until June 1st, 2023.

Big Tech's performance vs. the rest of the S&P 500
through June 1, 2023



Source: FactSet, Goldman Sachs Global Investment Research

Thomas M. Moran AIF®
Chairman | CEO | CIO

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Two key factors have contributed to this polarity. Investors, anticipating a potential banking crisis, sought refuge in the seeming safety of familiar, growth stocks. The Big 7 became the proverbial lifeboats in stormy seas. Moreover, the surge in interest in Artificial Intelligence, amplified by Microsoft's partnership with ChatGPT, has attracted further investments to these tech giants.

This narrow, tech-focused rally presents significant challenges for active managers. While it may be tempting to chase the sky-high returns of these seven stocks, history indicates that such concentrated market performance often precedes weaker subsequent performance. We believe that any attempt to overweight the Big 7 in a diversified portfolio would contradict prudent financial practices.

However, there is a silver lining to this situation. We are observing increased participation from the "other 493" stocks in the S&P 500 Index, which our strategies aim to capitalize on should this trend persist. For context, the Big 7 currently trade at a 36x P/E, whereas the other 493 are at around 15.5x P/E. Therefore, we believe investment opportunities still exist within the S&P 500, despite the Big 7 being grossly overvalued.

In parallel, the equity and bond markets have been grappling with a disconnect. While equities, according to JP Morgan Chase, are 'priced for perfection', bond markets, reflecting extended macroeconomic uncertainty, suggest a potential 20% downside risk for stocks.

MORAN MONTHLY DIGEST

Insights From Our Founder Cont.

Similarly, the outlook for the S&P 500 remains divided among top Wall Street strategists. Goldman Sachs expects gains to continue, driven by sectors beyond tech catching up. Since 1980, every one of the S&P 500's nine concentrated rallies have been followed by a broader valuation recalibration, leading to gains in other stocks. Goldman Sachs' David Kostin expects the S&P 500 to reach around 4,500 points by the end of the year, implying a potential gain of nearly 5% from its Friday close. On the other hand, Morgan Stanley's Mike Wilson, amongst the most bearish voices on Wall Street, warns of a potential bear market reminiscent of the 1940s, forecasting a 16% fall in S&P 500 earnings this year before a sharp recovery in 2024. Ultimately, only time will reveal which strategist's perspective proves accurate. As we assess the differing opinions, we find ourselves leaning more towards Morgan Stanley's prediction, as we also anticipate a decline in S&P 500 earnings. Should this scenario unfold, we expect that not all stocks will equally bear the brunt of the downturn. We believe the tailwinds currently benefiting the Big 7 stocks are unlikely to be sustained, highlighting their potential for further downside risk in comparison to other stocks. This underscores the importance of identifying opportunities in less overvalued stocks and emphasizes the need for a diversified portfolio to mitigate risks and capture potential gains in other sectors.

The story further complicates on the international front. Global economic dynamics are intensifying as central banks in the Eurozone, China, and the U.S. make divergent moves. With the Eurozone raising rates amidst a technical recession, China cutting rates due to economic fallout of extended lockdowns, and the U.S. experiencing mixed results with falling inflation but high underlying price increases, currencies are dancing to varied tunes. Interestingly, while a weakened yuan might boost China's export competitiveness, China's markets remain less integrated into global portfolios. Instead, it's the Eurozone's perceived hawkish demeanor that U.S. investors are eyeing closely. The resulting surge in European bond yields has weakened the dollar against the euro and sterling. These currency movements have complicated the investment landscape and underlined the significant role of the dollar.

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Insights From Our Founder Cont.

In conclusion, we are witnessing an intriguing chapter in financial history unfold. It seems as if there is a delicate, multi-dimensional balancing act in play involving tech stocks, interest rates, central banks, global economies, and currencies. The unique dynamics currently playing out in the financial markets signify the necessity for active and strategic portfolio management. The focus on a handful of blue-chip stocks is contributing to a narrow and potentially unstable market rally. We are aware that the market cannot sustain a rally led by only a few large-cap stocks.

As we continue to monitor these intricate landscapes, we assure you that our commitment to strategic foresight and diligence in managing your investments remains undeterred. We appreciate your trust and look forward to our continued partnership as we collectively navigate these fascinating and challenging times.

Warmest Regards,
Tom

Thomas M. Moran AIF®
Chairman | CEO | CIO

COMMUNITY CHOICE AWARDS



We'd be honored to have your support in the **Bonita Springs**
Community Choice Awards!

Please consider nominating us under the **Finance** category for
the best **Investment Firm**.

Voting is open now through June 30!

[Click to Nominate](#)
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RECOGNITION

The SmartAsset logo is displayed in a large, white, sans-serif font against a dark blue background. The word "smart" is in white, and "asset" is in a lighter blue color. A small "TM" trademark symbol is positioned to the upper right of the word "asset".
SmartAsset

We are pleased to announce that Moran Wealth Management® has been ranked as the number one financial advisor in Naples, Florida, by SmartAsset. It has been our greatest privilege to serve the local community, acting on behalf of the client's best interest and providing a personalized approach to investing. Check out the 'Read Review' section in the link below.

<https://smartasset.com/financial-advisor/naples-fl-top-financial-advisors>

*Rankings by SmartAsset are derived from publicly accessible data and determined by various factors including AUM, client count, client-advisor ratio, firm age, and fee structure. These are updated yearly, following each firm's form ADV filing. Firms having a business relationship with SmartAsset, where SmartAsset is compensated for lead referrals, are included. Moran Wealth Management®, while previously a client of SmartAsset's services, has not been so since November 2021. Such relationships, past or present, do not affect the rankings. The featured firms have not verified, approved, or endorsed the review, nor are they accountable for its accuracy.

CLIENT UPDATES



Seasonal Clients:

Summer is here! Many of our clients will be returning to their northern residences.

To prevent any lapses in the delivery of your account statements or notices, please contact our office as soon as you know your relocation date or if you are already at your northern residence.

Your signature is required on the **Pershing Dual Address Form** to accept any changes to your accounts.

If you have any questions, please contact our office at [239-920-4440](tel:239-920-4440), where a member of our team will be happy to assist you.

FEATURED STRATEGY



Featured Strategy

Your financial advisor will begin building your portfolio by first identifying your unique investment style based on a variety of factors, such as income, risk tolerance, diversification, investment and financial goals, and preferred market exposure. This will help us select a suitable strategy for you, allowing us to use a personalized approach to asset allocation and securities selection that meets your needs and yields the desired short-and long-term results.

This month we would like to highlight our **Small Cap Value International (SCVI)**.

Our **Small Cap Value International** strategy seeks to maximize long-term returns while providing diversification from domestic equity markets. The strategy intends to invest in the shares of non-US small capitalization companies that, in the manager's opinion, are temporarily undervalued relative to their peers. The strategy also has the ability to invest in broad-market ETFs. The manager evaluates companies for inclusion in the portfolio using a quantitative framework that incorporates a variety of factors. Foreign markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.

The strategy is a complex investment vehicle and may not be suitable for all investors. It does not represent a complete investment program.

For more information check out our [Small Cap Value International Factsheet](#).

WELCOME TO THE TEAM



Vielka Burey, CFP® - Senior Client Associate

Vielka Burey embodies over 20 years of professional experience in the financial services industry. She is a Certified Financial Planner™, holding FINRA Licenses, Series 65, and SIE, in addition to the 2-15 Life, Health, & Variable Annuity Insurance license.

A native Nicaraguan, Vielka is fluent in Spanish and English. Originally residing in Houston, her love of culture led her to the beautiful beaches of Miami, where she served on the advisory board of the Miami-Dade chapter of the Financial Planning Association. A self-proclaimed cultural food enthusiast, she also loves learning about different cultures. In her off time, Vielka also exhibits a strong passion for the arts with a talent for creating modern stained glass and dotting paint.

INTERN SPOTLIGHT



**ISABELLA
ARIAS**

Hi! My name is Isabella Arias and I am a Summer 2023 intern at Moran Wealth Management®. I was born and raised in Fort Myers, Florida but all of my family comes from Colombia. I participated in the dual enrollment program at Florida Gulf Coast University, ACE, while I was still in high school, and I am proud to have recently graduated in May 2023 earning a B.S in Finance with a Real Estate Minor. During my time at FGCU, I was a Marketing Director for an organization called Programming Board that hosts weekly events for students and a huge concert annually! I have also interned at Pulte Group and Midland Trust, competed in an Ethics Case Study Invitational hosted by the CFA Society of Tampa, served as the Secretary for a trading/investing club, and participated in a Business Mentorship program. It is an honor that my next step after graduation is interning at Moran WM and learning from the best in our area! I am excited for all the valuable experiences and relationships that are to come.



**RYAN
HERTZBERG**

Hello! My name is Ryan Hertzberg, and I am a Summer 2023 intern for Moran Wealth Management®. I grew up in Northbrook, Illinois and spent my first year and a half of college studying data science at the University of Michigan, where I served as the Secretary of Wolverine Sports Analytics. I am currently finishing up my undergraduate studies at the University of Illinois Urbana-Champaign, where I plan to receive my B.S. in Statistics and Computer Science. I am very excited to apply my background to investment management. In my free time, I love to work out and watch films and television with my friends. I am looking forward to a productive summer with the firm!

INTERN SPOTLIGHT



**JORDAN
LAW**

Hello, everyone! My name is Jordan Law, and I am thrilled to join Moran Wealth Management's 2023 summer internship cohort. As a Naples, FL native, I have developed a deep understanding and appreciation for the local community, including the love of golf. Spending countless hours on the greens has honed my skills and instilled values such as discipline, focus, and strategic thinking. Learning those values led me to pursue a BSBA in Business Administration with a minor in Entrepreneurship at UNC Chapel Hill's Kenan-Flagler Undergraduate Business School. Having just completed my first year, I have only begun to dive into the multiplicities of the finance profession. It is a privilege to be given the opportunity to work under the supervision of professionals at Moran Wealth Management®, learning more about the financial services industry and helping deliver on the firm's mission of personalized financial solutions for clients.



**ANDREW
NACHAMKIN**

Hi there! My name is Andrew Nachamkin. I'm from a tiny town called Cold Spring, NY, located in the Hudson Valley. This summer is my first time in Naples, and so far, I've really loved it. In my free time, I enjoy theater, basketball, and Nintendo games. I just finished my junior year at Williams College where I'm studying Statistics and Classics. Last summer I received a research grant to work with a statistics professor at Williams, where I really learned to enjoy data analytics and modeling, skills I hope to use and improve this summer. I am grateful for the opportunity to be an intern at Moran, and I look forward to learning from all the people here!

PHILANTHROPY



Featured Charity

Philanthropic giving is one of the many ways we can make a difference in our community. At Moran Wealth Management®, we are privileged to have served over 30 charities and counting through financial donations and volunteer efforts.

We seek to bring awareness, advocacy, and resources to those in need. Today we would like to highlight the [Baker Senior Center Naples](#).

Baker Senior Center Naples provides care, confidence and connection to seniors in Collier and southern Lee counties. Cognitive health support, geriatric mental health counseling and case management and social, wellness, and educational programs are among the services offered by BSCN in their new, 30,000 sq ft state of the art senior center on Autumn Oaks Lane in Naples.

For more information please see their website, www.naplesseniorcenter.org.



UP AND COMING

Gulfshore Playhouse

We couldn't be more excited to witness the construction of the new Baker Theatre and Education Center that will bring the highest artistic standards of professional theatre and unique educational opportunities to the local community. The 40,000-square-foot theater will feature the Moran Mainstage, named after our Founder, CEO, CIO Thomas Moran, and his wife, Sandi Moran.

The Moran's have been longtime supporters of Gulfshore Playhouse and are committed to sharing their love for the arts in SWFL. For more updates check out the link below:

<https://nextstage.gulfshoreplayhouse.org/>.

Gulfshore Playhouse Cultural Campus Walkthrough



Please feel free to call us to schedule a private meeting [239.920.4440](tel:239.920.4440).

To learn more about Moran Wealth Management® visit our [overview page](#) or our [services page](#) for more information.

Stop by our office at [5801 Pelican Bay Blvd Suite 110 Naples, FL 34108](#).

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