MORAN WEALTH MANAGEMENT®

Monthly Digest

SEPTEMBER 2025

MORANWM.COM

Your Vision. Our Solutions.

THOMAS M. MORAN, AIF®
CHAIRMAN | CEO | CIO

Insights From Our Founder

Dear Valued Clients,

September has a reputation as one of the toughest months for markets, yet 2025 has defied the script. The S&P 500 climbed 3.5% month-to-date through September 23, marking its best start to September since 2013. This advance comes against the backdrop of the Federal Reserve's first rate cut since December 2024, a move that has rippled through equities, bonds, and currencies. In this update, we examine the Fed's decision, the disconnect between index gains and market breadth, the growing concentration of returns in mega-cap technology, and how investors might position for resilience in this environment.

THE FEDERAL RESERVE: A MODEST FIRST STEP

The Federal Reserve lowered the federal funds target range by 25 basis points, bringing it to 4.00%–4.25%. This decision followed slowing job growth, signs of a cooling labor market, and inflation that remains above the Fed's long-term target despite moderating from its recent peaks. Importantly, the Fed's updated projections—its so-called "dot plot"—signal two additional cuts may come before year-end.

For households, the immediate effect is modest: borrowing costs for mortgages, home equity lines, and credit cards are easing slightly, while yields on money market funds and CDs are adjusting lower, though remain historically attractive. For portfolios, the picture is more complex. Equity market outcomes following Fed cuts have historically hinged on whether the economy avoids recession. In expansions, technology stocks have delivered average gains of 35% in the 12 months after a cut; in recessions, the same sector has historically declined 19%. This underscores the need for diversification and measured positioning.

For a deeper dive into the Fed's decision, we encourage you to read our recent insights post, *What the Fed's Rate Cut Means for Your Wallet and Your Portfolio*, available here.

MARKET PERFORMANCE: STRONG RETURNS, NARROW LEADERSHIP

Equity markets have responded positively in September, but leadership has been narrow. Of the ten sessions so far when the S&P 500 closed higher this month, breadth was negative seven times, meaning more stocks fell than rose even as the index gained. By contrast, many of September's down days saw positive breadth, with more stocks rising even as the index closed lower. This disconnect highlights the growing influence of a small group of mega-cap stocks on overall market returns.

Since 1990, breadth and price have only diverged on 10.5% of trading days. In September 2025, this unusual split has occurred on 63% of sessions so far. For context, this year already counts 26 instances of the S&P 500 rising on negative breadth—tying 1998 and 2000, and trailing only 1995 (31 days) and 2024 (also 31 days). If trends persist, 2025 could finish with the highest number of such divergences on record.

For investors, the path forward depends on whether leadership broadens out. A true broadening would mean a rotation away from the handful of mega-cap technology stocks that have dominated performance and into areas that have lagged: quality large caps outside the top tier, mid- and small-cap companies, value-oriented sectors, and quality dividend payers. These groups historically participate more fully in rallies during easing cycles, providing durability when market gains extend beyond the concentrated few.

CAP-WEIGHTED VS EQUAL-WEIGHTED: THE CONCENTRATION CHALLENGE

A defining feature of the current cycle is the dominance of mega-cap technology. The cap-weighted S&P 500 has surged into overbought territory, widening its lead over the equal-weighted index by roughly 11 percentage points since the April lows. The ten largest companies now account for about 40% of the S&P 500's market capitalization, giving them disproportionate sway over index performance.

History underscores the risk. Of seven bull markets since 1990, equal weight outperformed in five, thriving when leadership broadened. The only exceptions were the Dot Com boom and today's AI rally—both defined by concentrated enthusiasm in tech giants.

Bear markets often reverse this relationship. From 2000 to 2002, equal weight held steady while cap weight lost over 40%. An equal-weight investor at the March 2000 peak was still positive two years later, while cap weight remained deeply negative. Equal weight lagged in the Financial Crisis and COVID crash, when smaller stocks were hit hardest, but regained an edge in the 2022 downturn as speculative excess unwound.

S&P 500 Bull Markets Since 1990*

		Length	% Change	
Start	End	(Days)	S&P 500	S&P 500 EW
12/29/89	3/24/00	3,738	332.2%	218.5%
9/21/01	1/4/02	105	21.4%	25.1%
7/23/02	10/9/07	1,904	96.2%	132.8%
11/20/08	1/6/09	47	24.2%	33.2%
3/9/09	2/19/20	3,999	400.5%	482.6%
3/23/20	1/3/22	651	114.4%	126.2%
10/12/22	9/19/25	1,073	86.3%	46.9%

20%+ rallies preceded by 20%+ declines.

S&P 500 Bear Markets Since 1990*

		Length	% Change	
Start	End	(Days)	S&P 500	S&P 500 EW
3/24/00	9/21/01	546	-36.8%	-12.2%
1/4/02	7/23/02	200	-32.0%	-28.5%
10/9/07	11/20/08	408	-51.9%	-56.5%
1/6/09	3/9/09	62	-27.6%	-30.9%
2/19/20	3/23/20	33	-33.9%	-39.1%
1/3/22	10/12/22	282	-25.4%	-21.3%

20%+ declines preceded by 20%+ rallies.

Source: Bespoke Investments

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The pattern is clear: cap weight dominates in narrow bubbles, while equal weight cushions the fallout. Today's AI surge mirrors the Dot Com era in both intensity and concentration. If the parallel holds, cap weight may continue to lead in the short term, but history favors equal weight once leadership narrows.

For investors, the takeaway is simple. Over time, equal weight has slightly outpaced cap weight while reducing concentration risk. With valuations stretched in the largest names, shifting some exposure toward equal weight provides a practical way to maintain equity participation while guarding against overreliance on a few stocks.

FIXED INCOME: A CHANGING YIELD LANDSCAPE

In fixed income, the Fed's move directly lowered overnight yields, and markets are now pricing in further easing. This shift benefits borrowers but challenges savers who enjoyed elevated cash yields. Short-to-intermediate bonds may see some relief as rates fall, yet inflation expectations remain a wildcard. If inflation stabilizes above target, long-term yields could stay volatile. Investors should emphasize both credit quality and duration management to balance risks in this environment.

KEY TAKEAWAYS

Despite strong market performance, risks remain evident. Economic growth has cooled from earlier in the year, and the Fed itself projects unemployment rising to 4.4% by year-end. Market leadership remains highly concentrated in mega-cap stocks, leaving the index vulnerable if this narrow group falters. Seasonality also plays a role: late September has historically been a weak period for equities, even during years with positive momentum. Beyond that, inflation trends, fiscal policy, and global trade conditions continue to add layers of uncertainty.

The Fed delivered a 25-basis-point cut, with two more projected before year-end. The S&P 500 has advanced 3.5% in September, though unusually weak breadth underscores narrow participation. Mega-cap concentration has pushed the cap-weighted index far ahead of its equal-weight counterpart, while fixed income markets are adjusting to shifting yields amid ongoing inflation risks. History reminds us that late September can bring heightened volatility, particularly after strong starts to the month.

CONCLUSION

The Fed's decision underscores a delicate balancing act: easing to support employment while managing the risk of sticky inflation. Markets have responded with enthusiasm, but divergences in breadth and growing reliance on a handful of stocks remind us that risk management is paramount. At Moran Wealth Management®, we believe success lies not in predicting each twist of the cycle but in building portfolios designed to endure. Staying diversified, disciplined, and focused on long-term objectives is the surest way to preserve and grow wealth through both rallies and pullbacks.

CLIENT UPDATES

CLIENT UPDATES

Important Year-End Required Minimum Distribution Information

The deadline for the Required Minimum Distribution (RMD) is December 31, 2025.

It's crucial to note that the IRS imposes penalties for missed distributions, which is why we aim to process all distributions by mid-December.

If we have processed an IRA distribution for you in the past, we may already have the necessary paperwork on file to proceed in accordance with those specific instructions.

New paperwork is required if you would like to change the federal tax withholding or if you have changed the receiving checking account this year.

You may elect to donate directly to a charitable organization from your IRA, also known as Qualified Charitable Distribution (QCD). It's always best practice to contact your tax professional to see how you may benefit from charitable giving. We recommend initiating the request early to ensure timely processing.

If you call our office and your primary contact is unavailable, we invite you to speak with any other qualified associate. Any of our operations team members can provide the exceptional service to which you are accustomed. Kindly contact us at 239.920.4440.

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Required Minimum Distribution Checklist

Deadline: December 31, 2025

1. Confirm your RMD amount
   - ☐ Review your IRA, 401(k), or other retirement account statements.
   - ☐ Your custodian can provide the required distribution amount.
2. Check paperwork on file
   - ☐ If you've taken an RMD in prior years, paperwork may already be in place.
   - ☐ New forms are required if you've changed your federal tax withholding or the receiving bank account.
3. Consider charitable giving
   - ☐ You may elect to make a Qualified Charitable Distribution (QCD) directly to a charity from your IRA.
   - ☐ Always consult your tax professional to determine if this strategy benefits your situation.
4. Plan ahead for processing
   - ☐ We recommend submitting RMD requests by mid-December to ensure timely completion.
   - ☐ The IRS imposes penalties for missed RMDs, so early action is important.
5. Know who can help
   - ☐ If you have any questions or would like to request processing, please contact our office.

CLIENT UPDATES

Paradise Awaits: Seasonal Client Updates

As fall arrives and many of our seasonal clients return, we want to extend a warm welcome back.

We also recognize the unique considerations that come with maintaining two residences and would like to share a few important reminders:

- If you have not yet done so, and you maintain two residences, our office requires a signed Pershing dual change of address form. We will be glad to prepare this for you.
- Once this form is on file, updating your seasonal address in the future will be simple—verbal authorization with a member of our team is all that is needed.
- If you use the United States Postal Service mail forwarding service, no additional notification to our office is required.

If you need to make updates or have questions, please give us a call or submit your request online.

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REGISTER FOR UPCOMING SEMINARS

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CLIENT UPDATES

Learning Opportunities This Fall

We look forward to reconnecting with you this October as we host a series of seminars designed to provide thoughtful discussions on timely financial topics.

Details on our seminar schedule and registration options will be shared soon. In the meantime, we invite you to visit our Insights page for the latest news, articles, market commentary, and additional educational resources.

We also invite you to explore our new podcast series, Quarter Over Quarter and Dime After Dime. These programs feature conversations on market trends, the economy, and practical approaches to financial decision-making, with bonus blog content on our website.

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RECOGNITIONS

Tom Moran #1 Independent Advisor in Florida, Top 10 Nationally

Moran Wealth Management® is proud to share that Tom Moran, AIF®, Chairman, CEO, and CIO, has once again been recognized among the nation's top financial advisors. Tom was ranked #9 nationally and earned the distinction of #1 Independent Financial Advisor in Florida on the prestigious Barron's Top 100 Independent Advisors list for 2025.

This recognition reflects Tom's continued leadership and dedication to serving clients with integrity, insight, and a forward-looking approach to wealth management. Barron's rankings are based on a comprehensive assessment of advisors across the country, considering factors such as assets under management, client retention, and the quality of their practice.

To read the award disclosures, click here.

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RECOGNITIONS

Moran Wealth Named Community Choice Awards Winner Again

We are honored to share that Moran Wealth Management® has once again been recognized by our community in the Naples Daily News Community's Choice Awards.

This year, our firm was named:

- Best Financial Planning Services – Naples
- Best Investment Firm – Naples
- Best Investment Firm – Bonita Springs
- Best Financial Planning Services – Fort Myers (Finalist)
- Best Investment Firm – Fort Myers (Finalist)

These awards are especially meaningful as they reflect the trust and support of the communities we are privileged to serve. We are grateful to our clients, colleagues, and neighbors for this recognition and remain dedicated to providing thoughtful financial guidance in Southwest Florida and beyond.

To read the award disclosures, click here.

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FEATURED EMPLOYEE

Celebrating Professional Excellence

Congratulations to Adam Masterson on earning his CFP® certification! This accomplishment reflects Adam's dedication to upholding the highest standards of financial planning, including rigorous education, examination, and ethical requirements.

As a CFP® professional, Adam is committed to providing clients with thoughtful guidance and a comprehensive approach to planning that supports their long-term goals. His achievement underscores the depth of expertise within our team and our ongoing commitment to excellence in client service.

To learn more about Adam and the rest of our team, please visit our website.

LEARN MORE ABOUT ADAM HERE

FEATURED MEDIA

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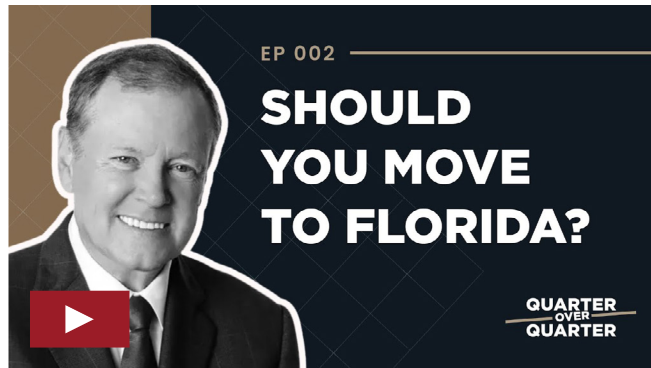
Not Yet Domiciled in Florida? We Can Help.



Successfully establishing Florida domicile can provide meaningful tax advantages, but the process requires careful documentation and deliberate action. At Moran Wealth Management®, we understand that the decision to change your state of residency carries both financial and personal implications. To support you, we've created a suite of resources designed to help you navigate the requirements and avoid costly missteps.

Within this month's feature, you will find two short videos that walk through the most important steps of the process, highlighting both the opportunities and the pitfalls that can arise along the way. In addition, we have prepared a detailed Florida Domicile Checklist available to you to use as a step-by-step guide. Whether you are evaluating the move for the first time or finalizing the last few details, these tools can help you ensure that your case for domicile is well-documented and beyond question.

For many families, establishing domicile is just one element of a broader wealth plan that also includes estate considerations, investment management, and tax efficiency. Our advisors stand ready to integrate your residency strategy into your overall financial picture, helping you make a confident transition while safeguarding your legacy.

FEATURED MEDIA

Credit Stress Broadens

Recent reporting from Reuters highlights a troubling trend in consumer finance: even the most creditworthy borrowers are beginning to fall behind on debt repayments. According to VantageScore, late repayments over 90 days rose 109% year-over-year among "superprime" borrowers (credit scores between 781–850) and 47% among prime borrowers (scores 661–780).

While these groups typically represent the most financially secure households, the data suggests that financial pressures are becoming more widespread. As VantageScore chief economist Rikard Bandebo told Reuters:

"Even though in absolute terms the increase is modest, it shows that even consumers considered the most credit-healthy are also beginning to see some stress with regard to repayments."

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HIGHLIGHTED STRATEGY

FUTR

FEATURED STRATEGY

New Horizons (FUTR)

This strategy seeks long-term capital appreciation by investing in themes that stand to benefit from current and future technology, medical, and energy advancements.

WHAT IS THE FUTR STRATEGY?

- Portfolio consists of a balanced mix of individual companies and ETFs that represent high growth potential themes such as Artificial Intelligence, Cloud Computing, Genomics, FinTech, and Nuclear Energy.
- Managed with the goal of generating long-term capital appreciation with low to moderate turnover.
- Given the targeted sector selection and above average valuation, investors should expect higher-than-average volatility.

For more information on FUTR and other strategies, please visit our website.

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.

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Where Strategy Begins

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