



## Monthly Digest

MARCH 2026

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

## The Active Imperative: Oil Shocks, Inflation Risk, and Why Passive Indexing May No Longer Be a Safe Harbor

### **HISTORY COUNSELS PATIENCE.**

Markets have absorbed geopolitical shocks before — and typically delivered strong returns in the year that followed, provided the economy was not already fragile.

### **THE FED'S OPTIONS HAVE NARROWED BUT HAVE NOT CLOSED.**

Two rate cuts were priced in before the conflict. Futures now place a one-in-three chance of a hike instead. Critically, longer-term inflation expectations remain anchored — preserving the Fed's ability to hold rather than act.

### **THE TIDE THAT LIFTED PASSIVE INVESTING IS GOING OUT.**

Passive dominance was built on excess liquidity and narrow market leadership — both of which are fading. Rising rates and a stronger dollar add further tailwinds for broader, more diversified strategies.

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## **A MARKET UNDER PRESSURE**

The U.S.-Israel conflict in Iran, which began in late February, has triggered one of the most significant oil supply disruptions in decades. Brent crude has surged above \$119 per barrel and gasoline is approaching \$4 per gallon.

What is striking is the absence of the usual shock absorbers. Bonds have offered no shelter: the 10-year Treasury yield has risen to 4.39%, and the 30-year approaches 5%. Gold has fallen nearly 10% from its record above \$5,300 as traders liquidate to cover losses. Cash has been the only refuge.

As of Friday's close, the S&P 500 sits at 6,369 – down nearly 9% from its January high and at its lowest level in seven months. The Dow has entered correction territory. Both indexes have now fallen for five consecutive weeks, their longest losing streak in nearly four years.

Unsettling as this is, the S&P 500 remains well above where it stood a year ago. The question is not whether conditions are difficult – they are – but whether portfolios are structured to weather them.

## **MARKETS AND GEOPOLITICAL SHOCK: WHAT HISTORY SUGGESTS**

Selling during a geopolitical crisis is more often a reflex than a strategy. Looking back at major conflicts over the past six decades – from the Cuban Missile Crisis to the Gulf War to the 2003 Iraq War – the S&P 500 has consistently delivered positive returns in the twelve months following peak uncertainty. The 1991 Gulf War and the 2003 invasion of Iraq preceded index gains of 22.6% and 35.0% respectively.

The exceptions are instructive. In 2001, September 11th struck during an already-unraveling dot-com bust, compounding a downturn already underway. In 1973 and 2022, markets were also lower a year later – each time, inflation was already above 7% and policy tightening was underway. Geopolitical shocks, as a rule, do not end business cycles. Aggressive monetary tightening does. Longer-term inflation expectations remain relatively contained today, signaling that markets do not view this as a 1970s replay.

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## S&P 500 RETURNS 12 MONTHS AFTER PEAK GEOPOLITICAL RISK

Performance following major global conflicts:

YEAR	CONFLICT	12-MONTH S&P 500 RETURN
1962	Cuban Missile Crisis	35.3%
1967	Six-Day War	13.3%
1973	Yom Kippur War	-28.8%
1979	USSR / Afghanistan	8.2%
1982	Falkland Islands	49.1%
1990	Iraq / Kuwait	26.9%
1991	Persian Gulf War	22.6%
2001	September 11	-20.4%
2003	US / Iraq	35.0%
2022	Russia / Ukraine	-6.7%
2023	Israel / Hamas	34.1%

Source: Invesco, via Caldara & Iacoviello Geopolitical Risk Index. Past performance does not guarantee future results.

## THE FED'S UNCOMFORTABLE DILEMMA

Before the conflict, markets had priced in two quarter-point Federal Reserve (Fed) rate cuts by year-end. That expectation has reversed. Futures now place a one-in-three chance of a rate increase by December, and the two-year Treasury yield – the instrument most sensitive to Fed policy – has jumped half a percentage point to 3.89%.

The Fed's own projections now put headline Personal Consumption Expenditures (PCE) at 2.7% by year-end, up from 2.4% in December – and those projections predate crude oil's sharpest weekly gain in years.

## MORAN MONTHLY DIGEST MARCH 2026

February's Producer Price Index (PPI) came in well above expectations, with broad acceleration across trade services, transportation, and warehousing – core inflation's key inputs. Core PCE rose at a 7.7% annualized rate in February, the sixth-fastest pace since 2014. Oil filtering into these categories will only compound the pressure.

The risks are real. The starting point, however, is not 1973. Unlike that episode, the U.S. economy enters this shock from a position of relative strength. The labor market remains resilient, with jobless claims falling back below 200,000 and unemployment holding under 4.5%. Against that, consumer sentiment fell in March to its lowest reading in months and new home sales fell 17.6% in January. The data are mixed, and the full economic impact of the conflict has yet to be seen. Markets, for now, see an inflation shock rather than a recession, but that view will be tested as the spring data comes in.

### **THE CASE FOR ACTIVE MANAGEMENT – MADE STRONGER BY THE MOMENT**

Recent events have reanimated a debate that has been building: whether passive index investing remains appropriate for the environment ahead.

Writing in the *Journal of Portfolio Management*, Eric Sorensen argues the conditions which made passive investing appear superior have structurally shifted. His thesis: passive dominance since 2018 was driven not by active manager failure, but by excess liquidity inflating a handful of large-stock valuations. As liquidity recedes, so does the concentration that penalized active managers.

When liquidity expands aggressively – as it did from 2020 through 2022 – capital flows into index-heavy names, concentration rises, and even skilled managers fall behind. But this dynamic is cyclical. Monetary restriction since 2023 is reducing liquidity and, with it, the artificial concentration that penalized active managers. Two further tailwinds favor broader portfolios: rising rates, which pressure mega-caps with longer earnings duration, and dollar strength, which advantages smaller domestic firms over global giants.

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### **WHAT IT MEANS FOR PORTFOLIOS**

The Iran Conflict, a constrained Federal Reserve, and historically elevated index concentration all point to the same conclusion: passive allocations deserve a second look. This is not a call to abandon equities or index funds. We believe that portfolios built for the last cycle's concentrated, liquidity-driven returns may simply be poorly structured for what follows.

Systematic, diversified active strategies – especially those with low tracking error and broad market participation – are built for precisely these conditions: declining concentration, higher return dispersion, and an environment where selectivity matters more than momentum.

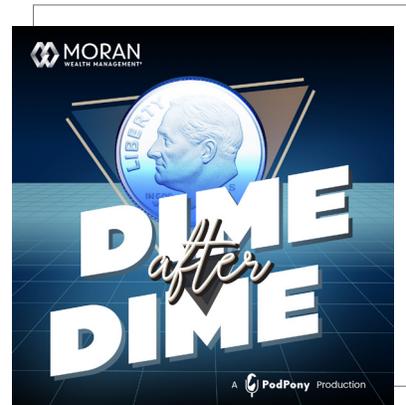
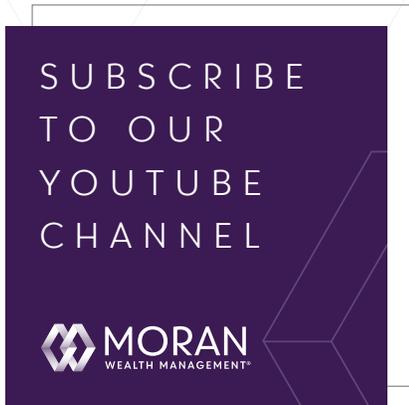
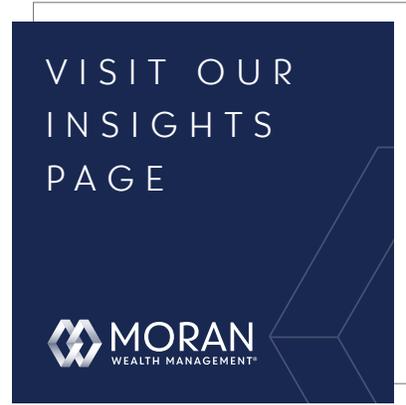
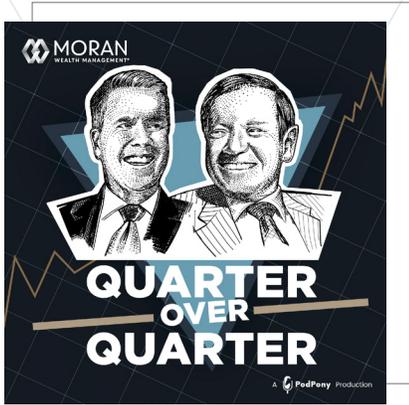
At Moran Wealth, portfolio construction begins with each client's time horizon and investment objectives. That foundation does not change with market conditions. In periods of elevated uncertainty like the present one, however, active management becomes particularly relevant. Return dispersion between stocks tends to widen, and security selection may play a more meaningful role in outcomes than it does when a handful of names are driving the entire market.

As always, our focus is aligning those decisions with each client's objectives, risk tolerance, and time horizon. For investors willing to look beyond the index, the opportunity set is broader than it has been in years.



# **CLIENT UPDATES**

# MORAN MONTHLY DIGEST MARCH 2026



## CLIENT UPDATES

# Spring has Sprung

As tax season progresses and the first quarter nears its close, March serves as a timely reminder to ensure financial strategies remain coordinated and forward-looking.

We're now in the heart of our seminar season, and we look forward to connecting with many of you in person. Our seminar series explores labor market trends, inflation, market valuations, and more! These educational sessions offer the opportunity to hear directly from Tom Moran, AIF®, ask questions, and engage in thoughtful discussions with our team. [Click here to reserve your seat today.](#)

Looking for a more tailored perspective? Our team is available for individual consultations to address your unique circumstances. [Schedule a complimentary meeting with one of our advisors.](#) We'll review your current strategy and explore potential opportunities for consideration. For additional perspectives, we invite you to explore our [Insights page](#) where you can find educational podcasts, videos, and articles from our team.

**BARRON'S  
ADVISOR**

**Top 1500  
Financial Advisors  
2026**

CLIENT UPDATES

## Tom Moran Ranks in Barron's Top 1,500 Financial Advisors 2026

This year marks another milestone as Tom Moran has once again been named to Barron's prestigious "Top Advisors" list. This continued recognition reflects a deep-rooted dedication to client service, disciplined investment management, and long-term financial planning.

With more than three decades of experience, Moran has built a distinguished career grounded in professionalism, integrity, and results-driven strategies. His approach to wealth management emphasizes customized financial planning, risk management, and a long-term investment philosophy designed to help clients navigate evolving market conditions. Read the full ranking here: [2026 Top 1500 U. S. Financial Advisors Ranked by State](#).

The Barron's Top 1,500 Financial Advisors ranking is based on data provided by participating advisors and their firms. Barron's verifies this information through regulatory databases and applies a proprietary ranking methodology that considers factors including assets under management, revenue, and quality of practice. Investment performance is not a criterion in the rankings. Inclusion in the ranking is not indicative of future performance and is not representative of any one client's experience. The ranking should not be construed as an endorsement of any advisor. Barron's is a registered trademark of Dow Jones & Company, L.P.

CLIENT UPDATES

# Achievements Worth Sharing

We're proud to share two recent recognitions that reflect the strength of our firm and the leadership our clients count on.

## INC. REGIONALS: SOUTHEAST (2026)

Moran Wealth Management® has been named to the Inc. Regionals: Southeast list for 2026, recognizing the fastest-growing private companies in the region. The Inc. Regionals spotlight businesses that have achieved strong, sustained growth over a two-year period while contributing to local economies through job creation, innovation, and long-term impact. While we serve clients nationwide, we're grateful to continue growing alongside the individuals, families, and communities we serve.

## FOUR LEADERS. ONE STANDARD OF EXCELLENCE.

We're also proud to announce our 2026 Five Star Wealth Managers:

- **Tom Moran, AIF®** – Chairman, CEO and CIO
- **Richard "Aaron" Simpson, CFP®, ChFC®** – Senior Vice President
- **Michael Mongin, CPWA®** – Senior Vice President
- **Corey Grant, CFP®, ChFC®** – Senior Vice President

These honors reflect leadership, experience, and our continued commitment to serving clients with a fiduciary-first standard.

Inc. Regionals: Southeast recognition is based on revenue growth over a defined evaluation period and does not evaluate the quality of services provided. Five Star Wealth Manager awards are based on an evaluation of objective criteria, including experience, credentials, and client retention. These recognitions are not indicative of future performance and should not be construed as an endorsement by any client. For additional information regarding the criteria and methodology associated with these awards, please visit our Disclosure Page.





**FEATURED  
MEDIA**

FEATURED MEDIA

## A Broader Lens on a Changing Environment

In 2026, investors are navigating a market environment shaped by evolving policy developments and significant shifts in capital investment trends. Discussions around global trade and tax policy, alongside rapid spending tied to emerging technologies, are contributing to broader market conversations.

At Moran Wealth Management®, our focus remains on helping clients interpret developments within a broader framework. Through our educational series, we explore how policy dynamics and capital spending trends intersect with business fundamentals and portfolio considerations.

This month's featured videos highlight two themes shaping investor conversations today. In [The Investor's Guide to Tariffs and Global Taxes](#), [Charles Chesebrough](#) and [Tony Stich](#) explore how global tax policy (including tariffs, minimum corporate tax rates, and VAT systems) can influence company cash flow, reporting standards, and investment returns. The conversation also touches on ADRs, and the role diversification can play in navigating international policy shifts. [AI Hype vs. Earnings: What Happens Next?](#), [Tom Moran](#) and [Don Drury](#) move beyond the AI headlines to examine how investors evaluate large-scale technology adoption. They discuss capital spending trends in chips, data centers, and infrastructure, and explore how utilization, energy demand, nuclear developments, and "picks and shovels" businesses may factor into long-term earnings potential.

In addition, we've prepared [supporting insights](#) to help you approach these themes with greater clarity. Whether you're thinking through how tariffs and global tax rules can ripple through company fundamentals or evaluating how today's AI-driven investment cycle may translate into future earnings, these resources are designed to provide perspective and encourage thoughtful decision-making.

For many investors and families, these topics connect to the same core discipline: staying focused on long-term goals while separating durable signals from short-term headlines. [Our advisors](#) are available to discuss how policy shifts and investment cycles may relate to diversification, risk management, and your long-term planning priorities.



## FEATURED MEDIA

# The Role of Estate Planning in Wealth Preservation

For high-net-worth families, building wealth is only half the journey. Without a thoughtful estate plan, assets may be impacted by taxes, probate costs, family disputes, or outdated structures. Estate planning is more than drafting a will. It's a structured, ongoing process that helps preserve wealth, clarify decision-making, and coordinate the legal and financial elements of your long-term plan. For many families, that includes proactively evaluating strategies that may help reduce estate and gift tax exposure, streamline asset transfers, and help safeguard inherited assets from potential external risks.

In this article, we outline key benefits of estate planning for wealth preservation, highlight common components of a modern estate plan (from trusts and beneficiary designations to incapacity planning), and share practical action steps for reviewing and updating your plan over time.

Moran Wealth Management® does not provide tax or legal advice. Any tax or legal information provided is general in nature and should not be construed as advice. You should consult your tax and legal professionals regarding your specific situation.

[CONTINUE READING ON OUR BLOG](#)



# **HIGHLIGHTED STRATEGY**

# SGRW

## FEATURED STRATEGY

### Small Cap Growth (SGRW)

This strategy seeks long-term capital appreciation by investing in small capitalization growth stocks.

#### WHAT IS THE SGRW STRATEGY?

- Invests primarily in equity securities of small capitalization U.S. companies.
- Portfolio holdings are evaluated based on fundamental criteria including profitability, earnings growth, and debt-to-capital ratios along with consideration for technical momentum factors.

[For more information on SGRW 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 designed to help pursue your short- and long-term financial goals.

# Where Strategy Begins

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