MORAN
WEALTH MANAGEMENT®

Monthly Digest

JULY 2026

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CHAIRMAN | CEO | CIO

Broader, and Cooler: What a consequential July told us about the second half

Last month, in our mid-year outlook, we made an argument that was easy to state and uncomfortable to hold: the market was higher, and it was narrower. The index was setting records on the strength of a remarkably small group of companies, and an investor who simply owned that index owned a concentrated bet he had never consciously placed.

We also said what we would be watching for in the second half — a broadening of participation, a less accommodating interest rate backdrop, and the moment the market began asking harder questions about what the artificial intelligence build-out actually earns on the money going into it.

July did not make us wait.

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THE ROTATION ARRIVES

Quarter-end is rarely dramatic. This one was. According to Bespoke Investment Group, the Philadelphia Semiconductor Index fell 6.3% on the first trading day of July and another 5.4% on the second, broke below its 50-day moving average for the first time since the spring, and closed the first full week of the quarter down nearly 12% — the third-worst start to a quarter in that index's recorded history.

What happened underneath the headline was more instructive than the headline. Bespoke's work shows that of the twenty best-performing stocks in the S&P 500 during the first half of the year, eighteen were lower in early July, the group down an average of 14.7%. Of the twenty worst performers over that same stretch — companies that had each shed at least a third of their value — nineteen were higher, up an average of 7.5%. Widen the lens and the pattern holds: the twenty-two stocks that had more than doubled in the first half fell an average of 14.1%, while the other 478 members of the index rose an average of 1.8%.

That is not a market coming apart. That is a market changing its mind about what it is willing to pay for. And it is worth being precise about the cause, because precision cuts against drama here. Bespoke reads the timing — almost exactly coincident with the quarterly rebalance — as profit-taking and portfolio rebalancing rather than a regime change, and we think that is the honest reading. When one sector's weight in the index swells as far as Technology's had, index funds and allocation strategies are mechanically obliged to sell it back toward target. A good deal of what looked like conviction in early July was arithmetic.

But the arithmetic is precisely the point we made in June. Concentration is not a risk that announces itself in advance. It is a risk that gets settled in a single week, quietly, by rebalancing flows that no investor ever voted on.

THE STREAK BREAKS — IN THE RIGHT DIRECTION

For three years, inflation had been an uncomfortable but stable companion, running between 2% and 4% for thirty-five consecutive months. In May it broke out of that range to the upside, reaching 4.2%, the highest reading since April 2023. History was not encouraging. Bespoke's study of prior episodes found that when these long stretches of contained inflation ended with an upside break, subsequent equity returns were materially weaker than when they ended to the downside.

We flagged that as the most important open question heading into the second half. On July 14, the Bureau of Labor Statistics answered it about as favorably as one could have asked.

Headline consumer prices fell 0.4% in June — the largest single-month decline since April 2020 — bringing the annual rate down to 3.5% from 4.2%. Consensus had been looking for 3.8%. Core inflation, which excludes food and energy, was unchanged for the month and eased to 2.6% from 2.9%, also below expectations. Shelter, which carries roughly a third of the index's weight, rose just 0.1%.

The skeptical objection is fair and deserves stating: this was largely an energy print, gasoline prices did most of the work, and energy is the least durable component of any inflation reading. But the constructive response is also fair, and we find it the more persuasive of the two. Both J.P. Morgan Asset Management and Bespoke had set out in advance why a soft June reading was likely — J.P. Morgan on the arithmetic of falling gasoline prices, Bespoke on the historical relationship between sharp two-month declines in crude and the following month's consumer price index. Both were right, and the print arrived softer than either had projected. More to the point, core inflation at 2.6% and shelter at 0.1% are not energy stories. J.P. Morgan observes that shelter alone is roughly 35% of the index, and that private rent data — Zillow's measure of new-lease rents rose just 1.7% in the year through April — argues the largest single component of American inflation is still decelerating.

One month does not end an inflation cycle. But the streak broke in the right direction, and the composition underneath was better than the headline.

AND THEN OIL REMINDED US WHO IS IN CHARGE

Had July ended on the fourteenth, this would be a straightforwardly encouraging letter. It did not.

Interest rate expectations initially moved as you would expect. In the week following the inflation report, Charles Schwab noted that the market-implied probability of a rate increase at the July meeting had fallen to roughly 10% from 33% a week earlier, with September's odds easing to 60% from 86%.

Then energy markets reversed, and took the rate picture with them. Brent crude crossed $100 a barrel for the first time since late May amid renewed supply disruption around the Red Sea and the Strait of Hormuz. By July 23, futures pricing as tracked by the CME's FedWatch measure implied an 82% probability of an increase at the September meeting and 92% by December. The Federal Reserve, now chaired by Kevin Warsh, meets on July 28 and 29 with the funds rate at 3.50% to 3.75%. The June dot plot had already shown nine of nineteen officials projecting at least one increase by year-end, with the median expectation for the end of 2026 moving up to 3.8% from 3.4%.

We take no view on what the Committee should do, and we would caution anyone against mistaking a single week of futures pricing for information about the next twelve months. What we will say is that the direction of travel in rates has been consistently less friendly than consensus expected all year — and less friendly for reasons that have little to do with the health of the domestic economy. Lazard's Ronald Temple argues that developed-market yield curves are likely to steepen structurally, driven by federal deficits he expects to run 6% to 8% of gross domestic product annually for the next decade. One need not accept his forecast to find the mechanism worth understanding, because it is the mirror image of the tailwind that flattered nearly every financial asset for the better part of fifteen years.

Energy is the swing factor here, and energy is not forecastable by us or by anyone else. That is not a reason for paralysis. It is a reason to own portfolios that do not require one particular outcome in order to work.

MEANWHILE, EARNINGS DID THE WORK

Here is the part of July that drew the least attention and may prove to matter the most.

Second-quarter earnings season opened mid-month, and it is going better than expected — not in the ordinary sense that companies are clearing lowered estimates, but in the considerably rarer sense that estimates for the quarter have been rising while the quarter is being reported. According to FactSet, the blended growth rate for S&P 500 second-quarter earnings stood at 24.7% as of July 17, up from 23.2% at the close of the quarter on June 30 and 22.5% a week earlier. Positive surprises from the Financials sector were the largest single contributor.

Revenue is the more telling line, because revenue is harder to manufacture. FactSet's estimate of 12.8% revenue growth for the quarter would be the highest since the second quarter of 2022 and the second consecutive quarter of double-digit growth. And all eleven sectors of the index are reporting, or are projected to report, year-over-year revenue growth. Not two of them. Eleven.

Set that against the concern we raised in June. Our complaint about this market was never that earnings were bad — it was that the good earnings were concentrated. J.P. Morgan Asset Management's mid-year work put the divergence starkly: in the first quarter, technology and communication services grew earnings roughly 50% year over year while consumer staples and real estate managed 5% and 3%. If eleven of eleven sectors are now growing revenue, then the earnings base is widening underneath a market whose price leadership is rotating. Those two facts belong in the same sentence, and they are the most encouraging pair of facts we have written this year.

One further note, quietly favorable. FactSet puts the forward twelve-month price-to-earnings ratio at 20.3 — above its five-year average of 19.9 and its ten-year average of 19.0, but slightly below the 20.4 recorded at the end of June. The market became modestly cheaper during July, not because prices fell but because expected earnings rose faster than prices did. That is the healthiest available way for a valuation to improve.

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THE BILL FOR ARTIFICIAL INTELLIGENCE ARRIVES

In June we wrote that the question hanging over the artificial intelligence trade was never whether the technology is real, but what it earns on the capital being poured into it. In July, for the first time, the market began charging for that question rather than waiting politely for the answer.

The clearest instances came in late-month earnings. Tesla fell 14% on July 23, its steepest single-day decline in more than a year, after capital expenditures more than doubled from a year earlier to $5.79 billion and the company guided to more than $25 billion for the year — pushing free cash flow negative for the quarter while gross margin fell short of estimates. Alphabet, having raised full-year 2026 capital spending guidance to a range of $180 billion to $190 billion, saw the same concern travel across the world: Japan's Nikkei 225 fell 2.73% in a single session as investors reassessed the broader artificial intelligence supply chain.

The sheer scale involved is what makes this a portfolio question rather than a stock-selection one. Lazard estimates that United States hyperscaler capital expenditure will exceed roughly $750 billion in 2026, an increase of more than 80% over 2025, with cumulative investment of $5 trillion to $10 trillion between 2026 and 2030. Temple's stated concern is not that the spending is foolish, but that the roadmap to an attractive return on invested capital is murky — and that with the semiconductor index having roughly doubled year-to-date through late June at a trailing multiple above sixty times earnings, a great deal of goodwill is already embedded in the price.

Which returns us to a company we discussed last month. SpaceX came public in June in the largest offering in market history, priced at $135, and reached $225.64 within days. By mid-July it had traded below its offering price, roughly 40% below that high. We would note one structural detail and then leave the matter alone: of the seventeen firms that managed the offering, at least twelve published research rating the shares the equivalent of a buy, while the notably more cautious opinions came from research shops that had no role in the transaction. Morningstar, which was not an underwriter, carries a fair value estimate of $62 — its view, not ours.

We hold no position and offer no opinion on the company's prospects. We observe only a principle that long predates this offering: when the enthusiasm and the underwriting arrive from the same address, an investor is entitled to ask who in the conversation is genuinely disinterested.

A HISTORICALLY UNHELPFUL STRETCH

Two calendar observations, offered as context rather than as forecast.

The first is that we are entering the least generous part of the year. Bespoke's work shows that the three months following mid-July have been the weakest such window on the calendar over the last twenty-five years, with a median S&P 500 decline of roughly half a percent and gains only 48% of the time — the lowest consistency of any starting point in the year. Over the last twelve years the pattern has been more pronounced still. The third quarter is historically the weakest of the four since the index's inception, and September, across the last half century, is the only month carrying a meaningfully negative average return.

The second is that the second year of a presidential term has historically been the weakest of the four, with a median S&P 500 gain since 1928 of roughly half a percent, against 9.1% in year one, 18.1% in year three and 10.7% in year four. We make no political observation and have no interest in making one. We note only that this is a long-documented pattern in the return data, and that we happen to be standing in such a year.

Seasonality is not a strategy. No one should hold cash in July on account of what Septembers have averaged since 1976. But it is a sound reason to expect a bumpier passage than the first half delivered, and to be entirely unsurprised when it arrives.

WHAT WE ARE ACTUALLY DOING

We closed last month's letter by saying that the answer to a narrow market is not to abandon it, but to own it deliberately. A month later we would put it rather more firmly, because July supplied the evidence.

Consider what the first half had already told us and the first weeks of July then confirmed. Small-capitalization stocks rose more than 22% in the first six months of the year, their best first half since 1991, after five consecutive years of trailing large caps — a losing streak that had matched the record set between 1994 and 1998. J.P. Morgan reports international equities outperforming the United States by roughly 440 basis points so far this year, following a 1,500 basis point margin last year that was the widest since 2009. And in the opening days of July, the 478 companies that were not the market's darlings rose, while the twenty-two that were fell.

An investor who owned only the story of the last three years participated fully in July's discomfort without participating in July's opportunities. An investor who owned a genuinely diversified portfolio experienced the same month very differently. That is not a hypothetical illustration about risk. It is a description of a month that just happened.

So our posture is constructive, and it is deliberate. The economic evidence improved: Bespoke's composite of economic indicators, published this month, reached its strongest net reading since October 2024, having improved in six of the last seven months, with the improvement broad-based rather than confined to inflation data. Earnings are accelerating and widening. Inflation's worst streak in three years broke in the right direction. Against all of that sits crude above $100, a central bank that may well raise rates before the year is out, a capital spending cycle whose returns remain unproven, and a calendar that owes us nothing.

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None of that argues for leaving. All of it argues for owning the whole of the market rather than the corner of it that worked last year; for holding assets whose returns do not all rest on the same single assumption; and for remembering what diversification is actually for. It is not there to maximize the return in any one regime. It is there to ensure you are still standing, and still compounding, when the regime changes.

July was a reminder that regimes do change — and, far more usefully, that they can change without disaster. The market broadened. Inflation cooled. Earnings grew. The leadership that had carried the index gave back a portion of its gains without dragging the index down with it. That is not a market breaking. That is a market getting healthier.

We will take that trade.

As always, if anything here raises questions about your own plan, we welcome the conversation. That is what we are here for.

CLIENT UPDATES

CLIENT UPDATES

2026 Required Minimum Distribution (RMD) Notices Coming Soon

If you're required to take a Required Minimum Distribution (RMD) in 2026, you'll receive a courtesy notice from our Naples office in the coming weeks.

If we've processed an RMD for you in the past, we'll generally use your existing distribution instructions unless you let us know you'd like to make changes. If you'd like to update your payment method, tax withholding, or other distribution instructions, please contact our office at your convenience. We're also happy to accommodate requests based on your individual preferences and circumstances.

If you have any questions or would like to make updates before your distribution is processed, please call us at (239) 920-4440 or toll-free at (800) 240-0536.

CLIENT UPDATES

Introducing Concierge Financial Oversight by Moran Wealth

As financial life grows more complex — multiple accounts and properties, several professional advisors, a steady stream of obligations and deadlines — the challenge often isn't strategy. It's execution: the day-to-day work of coordinating and reviewing the details, so it no longer falls to any one person to hold in their head.

We're glad to introduce Concierge Financial Oversight, a new service from Moran Wealth Management® led by Devon Banning. It provides structured, discreet support for the administrative and coordination side of financial life — while leaving your independence and decision-making authority fully intact. It includes:

- Bill payment coordination and cash-flow monitoring across accounts
- A central point of coordination among your CPA, estate attorney, insurance professionals, and other advisors
- Organized records and a complete inventory of accounts, obligations, and documents
- Ongoing reporting that tracks open items and flags potential concerns for your attention
- Continuity and accountability — oversight without handing off control

The service is equally valuable for a parent or loved one whose financial life has simply become more than they should have to manage alone. For family members coordinating from a distance, it provides visibility into how the defined responsibilities are being managed — with discretion and continuity.

If you'd like to explore whether it's a fit for you or someone in your family, we invite a confidential conversation. Simply email Kory at kory.kelly@moranwm.com to learn more.

CLIENT UPDATES

Achievements Worth Sharing

Moran Wealth Management®, LLC was ranked #1 among Registered Investment Advisers (RIAs) in Southwest Florida and #[FL RANK] in the State of Florida in Financial Advisor Magazine's 2026 RIA Ranking, based on assets under management as of December 31, 2025.

This marks our third consecutive year holding the top Southwest Florida position in that ranking. The ranking is determined by reported assets under management alone; it does not evaluate investment performance, the quality of advice, or client experience. We are grateful for the work of our team and, above all, for the trust our clients place in us every day.

Ranking source and methodology. Financial Advisor Magazine's RIA Ranking is published annually in the magazine's July/August issue and is compiled by Financial Advisor Magazine and Charter Financial Publishing Network (CFPN). Placement is determined solely by total assets under management reported by participating firms through a voluntary survey; the 2026 ranking reflects AUM as of December 31, 2025. To be eligible, a firm must be an independent Registered Investment Adviser, must file its own Form ADV with the SEC, and must offer financial planning and related services to individual clients.

Ranking universe. The universe consists only of firms that elected to complete the survey. Firms that did not participate were not considered, and Financial Advisor Magazine does not publish the number of firms surveyed or evaluated. Rankings are therefore not a comparison against all RIAs in Florida or Southwest Florida.

Compensation. There is no fee to participate in the survey, and Moran Wealth Management® paid no compensation to Financial Advisor Magazine or CFPN in exchange for consideration for, or receipt of, this ranking. Following notification, Moran Wealth Management® paid a licensing fee for the right to display the award badge in its marketing materials. That fee was paid only after the ranking was granted and was not a condition of receiving it. Because such a payment creates an incentive for the awarding entity, it should be considered by any client or prospective client who weighs this ranking in evaluating whether to engage or continue to engage the firm.

Limitations. Rankings are based on a single quantitative measure and do not evaluate investment performance, the quality of investment advice, or client experience. Because the ranking is not derived from client outcomes, it is not representative of any one client's experience. Awards and rankings are not indicative of future results, are not a guarantee that any client will experience a particular level of results, and should not be construed as a current or past endorsement of Moran Wealth Management® by any client. By disclosing this ranking, the firm is disclosing both favorable ratings (to the extent it is ranked above other advisers) and unfavorable ratings (to the extent it is ranked below other advisers).

Methodology and the published list are available at fa-mag.com/research/ria-survey. Additional disclosures: moranwm.com/disclosures/

FEATURED CHARITY

Baker Senior Center Naples

Giving back is one of the many ways we strive to make a meaningful difference in our community. At Moran Wealth Management®, we're grateful for the opportunity to support more than 30 charitable organizations through financial contributions and volunteer efforts. We believe in raising awareness, advocating for meaningful causes, and helping provide resources where they're needed most.

This month, we're proud to spotlight the Baker Senior Center Naples, a nonprofit dedicated to enriching the lives of seniors throughout Southwest Florida.

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 state-of-the-art senior center.

For more information, please see their website: bakerseniorcenternaples.org.

FEATURED MEDIA

FEATURED MEDIA

Why High Net Worth Investors Look Beyond ETFs | Quarter Over Quarter E024

Exchange-traded funds have transformed investing by offering broad market exposure, low costs, and simplicity. For many investors, they remain an effective solution. However, as portfolios grow and planning becomes more sophisticated, additional considerations often emerge.

In this episode, Tom Moran and Don Drury discuss why some high net worth investors are looking beyond passive ETFs and how factors such as concentration risk, tax loss harvesting, charitable gifting, and estate planning can influence portfolio decisions.

WATCH THIS EPISODE ON YOUTUBE

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FEATURED MEDIA

Trump Accounts Explained: What They Are, How They Work, and Whether They're Right for Your Family

Since Trump Accounts became available for contributions on July 4, 2026, we've fielded a steady stream of questions from families: What exactly is a Trump Account? Is the government's $1,000 deposit as good as it sounds? And — the question that matters most — is it actually a good place to build wealth for a child or grandchild? Regardless of the program's name, the considerations here are financial, not political. Interest has been immediate: the IRS reported that more than four million children had been signed up by late March 2026.

Please note: Trump Accounts are a newly implemented program. IRS guidance, participating financial institutions, and account procedures may still change. This article reflects the rules available as of July 2026.

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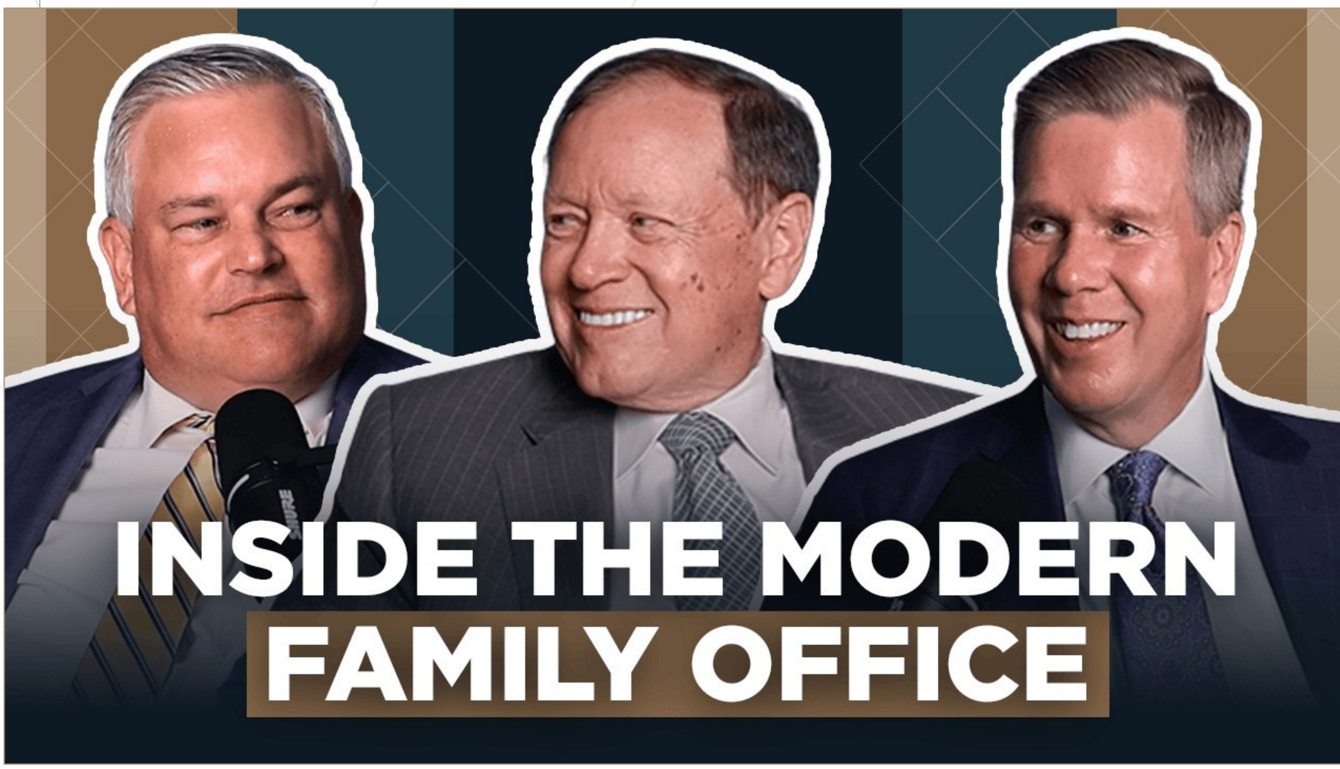

FEATURED MEDIA

Keeping It in the Family | Quarter Over Quarter E023

For many families, wealth begins as a financial outcome but eventually becomes something far more complex. As assets grow, so do the decisions surrounding them, introducing questions not just about returns, but about structure, responsibility, and long-term stewardship.

In this episode, Mike Mongin joins Don Drury and Tom Moran to explore the role of family offices and how they function as a centralized approach to managing both financial and personal complexity. The conversation outlines what defines a family office, when it may become relevant, and how different models, including single family, multifamily, and hybrid structures, attempt to balance control, cost, and expertise.

WATCH THIS EPISODE ON YOUTUBE

HIGHLIGHTED STRATEGY

VALU

FEATURED STRATEGY

Concentrated Value (VALU)

Concentrated Value is an actively managed equity strategy. Its stated objective is to seek returns in excess of the Russell 1000 Value Index over a full investment cycle — which Moran Wealth Management® defines as a complete market cycle measured peak-to-peak or trough-to-trough, typically spanning years and encompassing at least one sustained market decline and one sustained recovery.

An objective is a goal, not a projection. There is no assurance the strategy will achieve it, and the strategy may underperform its benchmark, or decline in value, over any period — including extended periods and including a full cycle.

[For more information on VALU 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.

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Strategy Begins

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