

JULY 2021

# MORAN MONTHLY DIGEST

## Insights From Our Founder

I hope your summer is off to a good start and you are enjoying the much awaited return to normalcy. Please take time to read through this month's edition of our newsletter to keep up to date with our thoughts about the market and happenings around the office.

Although season is winding down, we continue to be active with client meetings. This summer, we are welcoming three interns and two new hires, one of which is a previous intern. We are planning several summer seminars in our Moran Center for Financial Education. You can find an upcoming schedule on page 5 of this newsletter. We hope to see you there if you are in town and we are excited to offer more year-round events for our clients.

In my conversations with clients this month, there was one topic that seemed to be at the forefront of everyone's mind – inflation. And with good reason: there are signs that inflation is around the corner, but the question remains when, and how high? Throughout May and June, fiscal stimulus talks continued to be in focus, but following the narrative from the Fed, the market seems to believe that current inflationary pressures should be transitory. In June, Fed Chairman Jerome Powell's comments emphasized there is a great deal of uncertainty regarding inflationary data, but that the Fed expects to raise the federal funds rate from zero to 0.6% by 2023. He also indicated that the Fed expects the high inflation readings will start to abate as we head into the latter half of this year. We continue to expect that over the short-to-medium term we could continue to see strong equity markets. Heading into the latter half of 2022 and into 2023, we believe that we could see more turmoil in the equity markets resulting from higher interest rates, increased inflation and a general slowdown of the economy.

As always, please let us know if you have any questions or if we can be helpful in any way. It is our pleasure and privilege to serve you, and we appreciate the trust that you have placed in us.

Cheers,  
Tom



Thomas M. Moran AIF®  
Founder, Chief Executive  
Officer, Senior PIM  
Portfolio Manager



### WHAT'S INSIDE

Monthly Market  
Commentary

What's New at Moran  
Wealth Management

Upcoming Events and  
Seminars



## MONTHLY MARKET COMMENTARY

Many of us opt to “Buy American” as a mark of patriotism, and this mentality also applies to the investment world. Essentially, investors have the tendency to overinvest in stocks from their home country as domestic companies are more recognizable. Investing in international equities, on the other hand, is often overlooked, but we believe it is critical to a well-balanced approach to investing. As economies globally rebound from the COVID-19 pandemic, there may be many opportunities that lie outside of our bias to invest domestically. We believe the catalysts for success in international investing are apparent: global economic improvements, a weaker U.S. dollar and attractive valuations across global equities. Let’s take a brief look at some opportunities and risks associated with international investing.

- **Decreased Correlation:** domestic and international stocks are not perfectly correlated and may result in lower volatility.
- **Lower Concentration:** Diversifying among different countries may reduce concentration risk in your portfolio.
- **Potential Growth Opportunities:** Gross Domestic Product (GDP) in North America has averaged 1.63% from 2001-2020 compared to 5.12% GDP growth in Emerging Markets(1). With over 80% of the world’s population in Emerging Markets, this trend will likely continue.
- **Attractive Valuations:** Overall, stocks in Developed International and Emerging Markets trade significantly cheaper than U.S. securities. As a U.S.-based investor, a weakening U.S. dollar could improve overall returns.

- **International Markets Have Lagged for Over a Decade, But We Believe They Are Coming Back:** The S&P 500 Index has produced total annualized return of 13.7% over the last 10 years, nearly 3x that of the 5.4% annualized total return of the MSCI EAFE Index(2). However, from November 9, 2020 through December 29, 2020, the MSCI EAFE gained 11.8%, 4.5% greater than the S&P 500.
- **Many U.S. Companies are Already Multinational:** The large-cap stocks that dominate the U.S. stock market have become globally diversified themselves: about 1/3rd of the revenue for the S&P 500 companies comes from outside the US and in some years, above 40%(2).

Please keep in mind investing in foreign securities presents certain risks not associated with domestic investments, such as currency fluctuation, political and economic instability, and different accounting standards. This may result in greater share price volatility. These risks are heightened in emerging markets. We believe finding international and emerging market equities with the best return potential requires a diligent and active investment approach, especially given the wide range of performance, earnings and valuations brought on by the pandemic. At Moran Wealth Management, we offer various Private Investment Management (PIM®) investment options through Tom Moran, Founder, Chief Executive Officer, Senior PIM Portfolio Manager, if you are looking to diversify globally, including:

- [International Select Developed and Emerging \(ISDE\)](#)
- [Global Balanced \(GBAL\)](#)
- [Global Dividend \(GDIV\)](#)
- [Global Equity \(GEQT\)](#)
- Small Cap Value International (SCVI)

(1) A Global Perspective: The Possibilities in International Equity Investing by Jenna Ross. <https://www.visualcapitalist.com/a-global-perspective-the-possibilities-in-international-equity-investing>

(2) What History Tells Us About The Future Performance of International Stocks by Mark Hulbert. <https://www.marketwatch.com/story/what-history-tells-us-about-the-future-performance-of-international-stocks-2021-04-02>

Index returns are not fund returns. An index is unmanaged and not available for direct investment. Past performance is no guarantee of future results.

Equity securities are subject to market risk which means their value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. Investments in equity securities are generally more volatile than other types of securities.

The PIM program is not appropriate for all investors. Please carefully review the Wells Fargo Advisors advisory disclosure document for a full description of our services. The minimum account size for this program is \$50,000.



## WHAT'S NEW AT MORAN WEALTH MANAGEMENT

### **RISK ANALYSIS AND PORTFOLIO TESTING REVIEW (RAPTR)**

We are pleased to offer our clients complimentary access to Wells Fargo Advisors' Risk Analysis and Portfolio Testing Review (RAPTR). RAPTR is a service that provides detailed risk analysis and stress testing of client portfolios and is designed to assist you with your investment planning. The risk analysis and stress testing scenarios help identify potential gaps in portfolio construction that may not be revealed by other forms of analysis. The service leverages powerful software that illustrates risks at the security, asset class and portfolio levels. By using statistical methods, while taking into account your investment objectives, the RAPTR tool evaluates the proportionate risk that an asset class, sector or security represents in the portfolio.

*RAPTR is meant to be used for educational purposes only. The projections or other information generated by Risk Analysis & Portfolio Testing Review regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time. You are encouraged to regularly review your account activity and holdings to help ensure you are positioned to meet your goals and consider new fundamental or market developments.*

### **FEATURED STRATEGY**

Click link below for Factsheet or visit our website under "Strategies"

#### **Conservative Growth**

**(CGRO):** This strategy seeks long-term capital appreciation and current income. The manager aims to achieve this goal by investing primarily in large-capitalization companies with strong earnings growth potential and attractive dividend yields.

- [Factsheet](#)
- [Risk Statistics](#)

### **RECENT MARKET RESEARCH**

Click link above or visit our website under "Resources"

## WHAT'S NEW AT MORAN WEALTH MANAGEMENT: INTERN SPOTLIGHT



**MARK FUCHS**

Hello! My name is Mark Fuchs, and I am a Summer 2021 intern for Moran Wealth Management in Naples, Florida. I was born in Augusta, Georgia and raised in Fort Myers, Florida. I played football at SMU and Bryant University, but starting in the Fall, I plan to return to my roots and pursue a BABA at the Heavener School of Business at the University of Florida. I am excited to translate the same level of work ethic and determination I displayed on the football field to the professional world. In my free time, you can usually find me on a boat fishing with friends and family. It is a privilege to be given the opportunity to intern with Moran Wealth Management and I am looking forward to gaining knowledge and building relationships this summer at the practice.



**ABIGAIL RUDDER**

Hello! My name is Abigail Rudder, and I am from Nashville, Tennessee. I am a southern girl at heart with a big love for my family and country music. (I still drive the F-150 I bought when I was 15!) I am studying Finance and Economics at the University of Florida! I serve as the Community Service chair of Tri Delta at UF. I am a director of Sister Support Ambassadors in the Panhellenic Community, where I support women battling mental and emotional health. I am involved in several organizations in the business school including Warrington Diplomats, the official ambassadors of the business school and the Business Undergraduate Mentorship Program, where I will be a mentor this fall. This spring, I was invited to participate in J.P. Morgan Chase's Early Insight Program, where I grew my love for the world of finance. I found Moran Wealth Management through my personal research on prominent advisors in Florida. I am so grateful for the opportunity to be interning with Moran this summer! I have absolutely loved getting to know everyone here, and I look forward to learning more this summer.



**CRAIG TRAPANI**

Hello to all! My name is Craig Trapani and I am a Summer 2021 intern for Moran Wealth Management. Originally from Brooklyn New York, I have spent the majority of my life here in Naples, Florida. In May 2020, I graduated from the University of Tampa with a bachelor's degree in both economics and political science. I am currently pursuing my master's in business administration at the University of Tampa through their accelerated one-year M.B.A program. I will be graduating this coming December and I am very excited to finally enter into the job market. I believe I have a proclivity towards politics, and I hope that my passion for political acumen will allow me to one day find my way into elected office to represent the people of the great state of Florida in any capacity. Interning here at Moran Wealth Management has been one of the great privileges of my life, as Mr. Thomas Moran and his team have welcomed me with open arms and have allowed me to practically apply my educational experiences to understanding financial markets in a diverse capacity. I look forward to having the opportunity to meet some of you during my time here!

# MORAN WEALTH MANAGEMENT CENTER FOR FINANCIAL EDUCATION

## UPCOMING EVENTS AND SEMINARS

Please click on the below links to register for seminars

### **Meet the Portfolio Manager**

*Thomas M. Moran AIF®,  
Founder, Chief Executive Officer, Senior PIM Portfolio Manager  
Charles E. Chesebrough, Jr. CFA®,  
Senior Vice President*

**July 15, 10am ET**

### **What We Believe Every Current Annuity Owner Should Know**

*Aaron Simpson, CFP®, CLU®, ChFC®, RICP®,  
Senior Vice President*

**July 16, 1pm ET**

## CONTACT INFORMATION

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