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You may have seen headlines today about new tariffs, and we want to take a moment to address any concerns you might have. Our goal is to provide you with clear, straightforward information so you can feel confident about what this means for your portfolio. Here's a breakdown of the tariff news as of April 3, 2025, and its potential impact.

Why Tariffs Are Happening

The tariffs being rolled out are tied to the trade deficits the U.S. has with other countries—the bigger the imbalance, the higher the tariff on goods from that nation. The administration has stated that if other countries lower their own tariffs or make trade more fair, the U.S. is willing to negotiate these tariffs in return. One goal is to level the playing field in global trade; another goal is to bring manufacturing capacity back to the U.S.

Will Tariffs Push Prices Up?

One worry with tariffs is that they might spark inflation, which could affect your investments. While prices of imported goods may jump initially, price increases might not hit as hard as some predict:

1. **Shared Costs:** The countries we're buying from might share some of the tariff costs to keep their goods competitive here. U.S. companies selling those goods might also absorb part of the hit instead of passing it all to consumers.
2. **Currency Adjustments:** Longer term, if production moves to the U.S. and we purchase less from overseas, the U.S. dollar's value could rise compared to other currencies. A

stronger dollar can make imported goods cheaper, offsetting some of the effects of the tariffs.

A Bigger Picture for the Economy

These tariffs aren't just about trade—they're part of a plan to tackle the U.S. budget deficit. The administration aims to raise revenue through tariffs and use it to fund tax cuts and job-creating policies.

What it Means for You

Tariffs might cause some short-term ripples, but their inflationary impact is likely to be muted over time. Meanwhile, growth-focused policies could support stock market gains and economic stability, both good news for your investments.

We continue to encourage investors not to try and time the market by trading in and out of the market and instead, invest according to risk tolerance. Current events don't automatically warrant portfolio changes. According to Strategas Research, a spike in policy uncertainty on average has led to outsized gains 12 months forward. If you have questions about the strategy for your account, please contact your advisor.