

Liberation Day

Key Takeaways

- **Tariffs:** The Trump administration unveiled 10% baseline tariffs on all imports, with higher tariffs on 60 countries, pushing the effective U.S. tariff rate to 22%.
- **Economic & Market Impact:** As trade deals are negotiated and companies adjust to the new operating environment, we expect higher costs, supply chain disruptions, and increased market volatility.
- **Our Guidance:** Stick to your long-term plan. Volatility will likely be higher for a while, trade policy uncertainty will eventually abate, and we expect pro-growth policies later this year.

What We Know

President Trump announced sweeping new tariffs, fulfilling a central campaign promise to overhaul U.S. trade policy. The measures include a 10% baseline tariff on all imports, effective April 5, 2025, and higher “reciprocal” tariffs on about 60 countries with large trade imbalances, effective April 9, 2025.

The hardest hit includes Vietnam (46%), China (34% on top of existing levies), Taiwan (32%), and Europe (20%). With these changes, the effective U.S. tariff rate will jump to approximately 22% – its highest level since 1910. For China, the total rate could reach above 60%.

While the headline numbers are aggressive, the Trump administration has suggested the tariffs are a starting point for negotiation, not a fixed policy. Treasury Secretary Scott

Bessent privately told lawmakers the tariffs represent a “cap,” allowing room for adjustments if trading partners make concessions. The impact on global trade relations is uncertain, and retaliatory actions from affected nations seem likely, with Canada, China, and Europe all preparing countermeasures.

Our View

While the tariff details are now clear, the economic impact remains uncertain. The immediate effects are likely to be:

Lower Economic Growth: The new tariffs will raise production costs, especially for industries reliant on imported goods, which could lead to higher consumer prices. Many businesses may be unable to pass these costs on, therefore squeezing profit margins and slowing investment. Supply chain disruptions could also hinder production, further slowing economic growth.

Market Volatility: The new tariffs create uncertainty, causing investors to reassess the impact on corporate earnings. Higher costs and potential profit margin reductions may lead to lower earnings projections. This, combined with ongoing trade tensions, fuels investor anxiety and contributes to market fluctuations.

Looking ahead, retaliatory tariffs from major trading partners are likely. The first-quarter earnings season, which starts with banks on April 11, 2025, will provide more insight into how businesses respond. If corporate guidance becomes more cautious, we could see downward earnings revisions, leading to potential equity market pressure and multiple contractions in price-to-earnings.

What Investors Should Do

Expect continued volatility. Negotiations take time, but deals eventually get done, and companies eventually adapt to the operating environment. Right now, we’re likely

at peak uncertainty on trade policy, and as more details emerge, that uncertainty will gradually subside.

Focus on your investment plan. Long-term investment plans are designed to withstand corrections, bear markets, and recessions. But you have to stick to the plan. If you feel compelled to make changes, consider strengthening your portfolio through diversification and risk management strategies. We encourage investors to avoid emotional reactions to short-term market swings. Sticking to the plan

can be challenging, but it is the most important thing to do as an investor.

Keep a long-term perspective. While the tariff policy has introduced short-term disruptions, other pro-growth policies—including deregulation, infrastructure spending, and tax cuts—are expected later this year. These could serve as tailwinds for economic growth, but we need to navigate this period of uncertainty first.

AssetMark, Inc.

1655 Grant Street
10th Floor
Concord, CA 94520-2445
800-664-5345

Important Information

This is for informational purposes only, is not a solicitation, and should not be considered investment, legal or tax advice. The information in this report has been drawn from sources believed to be reliable, but its accuracy is not guaranteed, and is subject to change. Investors seeking more information should contact their financial advisor. Financial advisors may seek more information by contacting AssetMark at 800-664-5345.

Investing involves risk, including the possible loss of principal. Past performance does not guarantee future results. Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns. There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio. No investment strategy, such as asset allocation, can guarantee a profit or protect against loss. Actual client results will vary based on investment selection, timing, market conditions, and tax situation. It is not possible to invest directly in an index. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Index performance assumes the reinvestment of dividends.

Investments in equities, bonds, options, and other securities, whether held individually or through mutual funds and exchange-traded funds, can decline significantly in response to adverse market conditions, company-specific events, changes in exchange rates, and domestic, international, economic, and political developments.

Bloomberg® and the referenced Bloomberg Index are service marks of Bloomberg Finance L.P. and its affiliates, (collectively, “Bloomberg”) and are used under license. Bloomberg does not approve or endorse this material, nor guarantees the accuracy or completeness of any information herein. Bloomberg and AssetMark, Inc. are separate and unaffiliated companies.

AssetMark, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission.
©2025 AssetMark, Inc. All rights reserved.

7820282.1 | 04/2025 | EXP 04/2027