

SYVERSON STREGE

Please note this market update video was recorded about a week prior to the end of the quarter before the additional tariffs were announced and the market's significant drop last week. The S&P 500 stock index is now down close to -13.5% year to date.

The video still rightly points out that diversification has helped investors this year with bonds and international stocks having positive returns.

While the tariffs create uncertainty for the economy that could lower growth and raise inflation, here are some factors that could help to offset their effects:

- The expected new tax bill and deregulation could soften the negative growth shock. The tax bill could help offset some of the tax hikes brought on by the tariffs through lower rates and other changes to the tax code. Continued deregulation could help support the environment for businesses and potentially buffer some of the near-term impacts of the tariffs.
- Tariff rollback conversations by other countries have already started and may lead to a more even playing field over the long term. Countries that have levied tariffs against the U.S. could now consider reducing or eliminating their existing tariff positions.
- Domestic reinvestment could be a long-term tailwind for U.S. growth. Companies that have historically outsourced production could bring that business back to the U.S. and potentially foster a more active domestic economy. However, this reinvestment back into the U.S. would take time to play out and companies would need to have confidence that policies would remain in place to warrant this change.

The market could continue to drop further, but it is important to remember that we try to prepare portfolios for potential drops. We try to ensure that clients have sufficient cash and more stable investments such as bonds to continue drawing from their portfolios to meet living expenses while allowing their growth investments to recover in value.

Rest assured that we are continuing to monitor the markets and our client accounts and will act in your best interest. Please don't hesitate to reach out with any questions.



Sincerely,

Your Syverson Strege Team