



4707 Executive Drive
San Diego, CA 92121

1055 LPL Way
Fort Mill, SC 29715

201 Washington Street, Suite 300
Boston, MA 02108

April 4, 2025

Dear Valued Investor,

Stocks tumbled again today as China retaliated to the tariffs the Trump administration announced on Wednesday. Markets were already struggling with prospects for slower growth, which has now shifted to increasing concerns about recession should high tariffs remain in place. With markets rattled by escalating trade tensions, staying focused on the long term remains as important as ever.

Where We Are Right Now:

- **Trade Tensions Escalated:** This week, President Donald Trump announced sweeping new tariffs, including a baseline 10% tariff on all imported goods and higher reciprocal tariffs for countries with significant trade imbalances with the U.S. Notably, China faces a 34% tariff, while other nations such as Vietnam, Japan, and the European Union are also impacted with varying rates.
- **China's Retaliatory Measures:** In response, China has imposed a 34% tariff on all U.S. imports, effective April 10. China also introduced export controls on rare earth elements critical for high-tech industries and some additional actions to, in effect, pressure the U.S. into reversing course.
- **Market Reaction:** These developments have led to significant market volatility, but it is not out of the ordinary. Remember, the S&P 500 drops 14% each year from its highs, on average. That's about where we are right now. Stocks experience an average of one correction each year.

What Might This Mean for Your Investments?

While these events contribute to short-term market volatility, it's essential to recognize that such fluctuations are a natural part of a market cycle. Our approach remains focused on long-term objectives and maintaining a diversified portfolio through the ups and downs can help you navigate through periods of uncertainty.

Although it's impossible to know when the selling pressure might ease, President Trump has already begun negotiations with other countries, including Vietnam and Israel. More will come and we fully expect these tariff rates to come down in the coming months. The attention will soon turn to tax cuts, deficit reduction, and lower interest rates, which should help stocks find their footing.

Moving Forward

For long-term investors, an attractive opportunity is developing. We urge patience and caution. We do not think now is the time to lock in losses. Get ready to put some money to work, or perhaps simply rebalance. History suggests you will be rewarded over time.

We are closely monitoring these developments and assessing their potential impact on portfolios. It's important to remember that market reactions to policy changes can be swift but often stabilize as markets digest new information.

If you have any questions or concerns about your financial situation in light of these recent events, please do not hesitate to reach out. We are here to provide guidance and support to ensure your financial goals remain on track. Please contact your financial advisor with questions.

Sincerely,

Jeffrey Buchbinder, CFA
Chief Equity Strategist
LPL Research

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors or will yield positive outcomes. Investing involves risks including possible loss of principal. Any economic forecasts set forth may not develop as predicted and are subject to change.

References to markets, asset classes, and sectors are generally regarding the corresponding market index. Indexes are unmanaged statistical composites and cannot be invested into directly. Index performance is not indicative of the performance of any investment and do not reflect fees, expenses, or sales charges. All performance referenced is historical and is no guarantee of future results. Any company names noted herein are for educational purposes only and not an indication of trading intent or a solicitation of their products or services.

All index data from FactSet.

The Standard & Poor's 500 Index (S&P500) is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

All information is believed to be from reliable sources; however, LPL Financial makes no representation as to its completeness or accuracy.

This research material has been prepared by LPL Financial LLC.

Not Insured by FDIC/NCUA or Any Other Government Agency	Not Bank/Credit Union Guaranteed	Not Bank/Credit Union Deposits or Obligations	May Lose Value
--	---	--	-----------------------