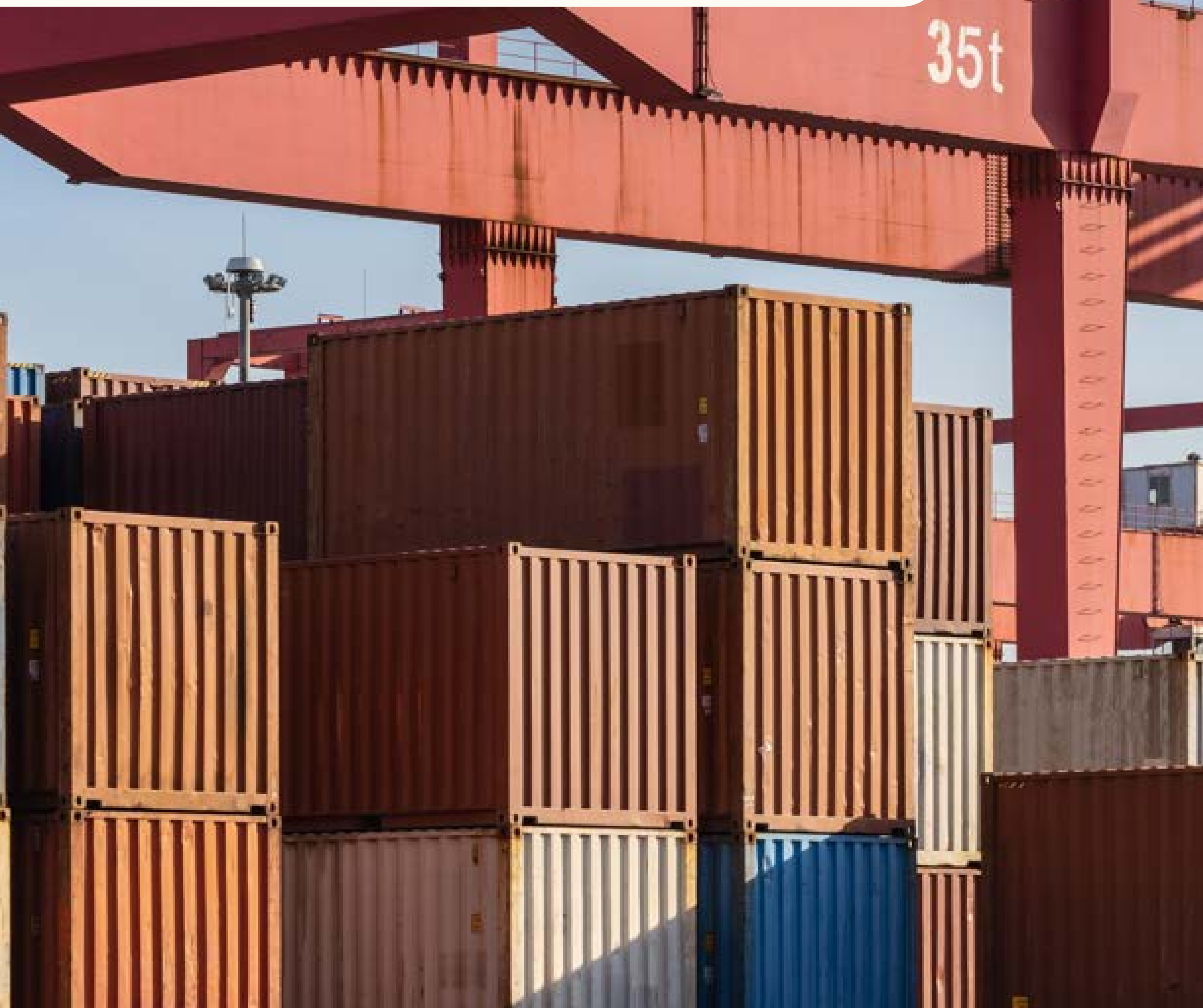
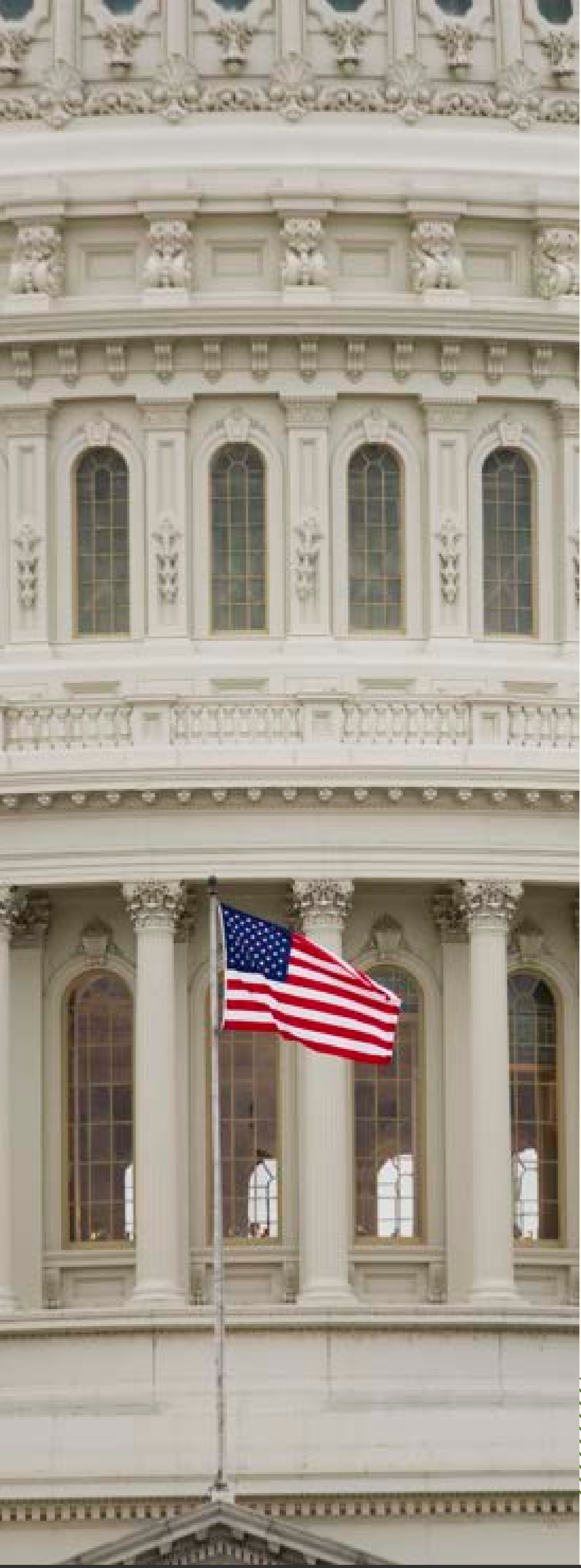
W.A. SMITH
FINANCIAL GROUP

How Tariffs Flow from Policy to Portfolios

A Crash Course for Retirees and Pre-Retirees





Why Tariffs Matter

Tariffs may sound like political maneuvering — the kind of thing debated in Washington or argued about on financial news channels. But tariffs have a direct line to your wallet. They set the price companies pay for the materials they need, they affect how products move through global supply chains, and they show up in the margins that determine whether a business grows or struggles.

That's why markets often react within minutes when tariffs are announced. Traders and investors know it won't take long before those costs filter into consumer prices, earnings reports, and portfolio performance.[1]

For individual investors, the lesson isn't to panic. It's to understand the chain reaction: **policy > supply chain > industry > portfolio.** If you can follow that path, you can better anticipate risks — and sometimes see opportunities others miss.

and temporary provisions may affect your tax return, check out the following changes and what each could mean to you.

What Tariffs Are

At their simplest, tariffs are taxes on imported goods.

They're calculated as a percentage of the product's value at the border and collected by the government before goods enter the country. Policymakers use tariffs for several reasons:[2]

- To raise revenue for the government.
- To protect domestic industries and jobs.
- To push back on trade practices they see as unfair.
- To create leverage in negotiations with other countries.

Why they're debated: Tariffs have been around for centuries, but opinions on their effectiveness vary. Some argue they safeguard industries; others warn they raise prices for everyone and disrupt global trade.[3]

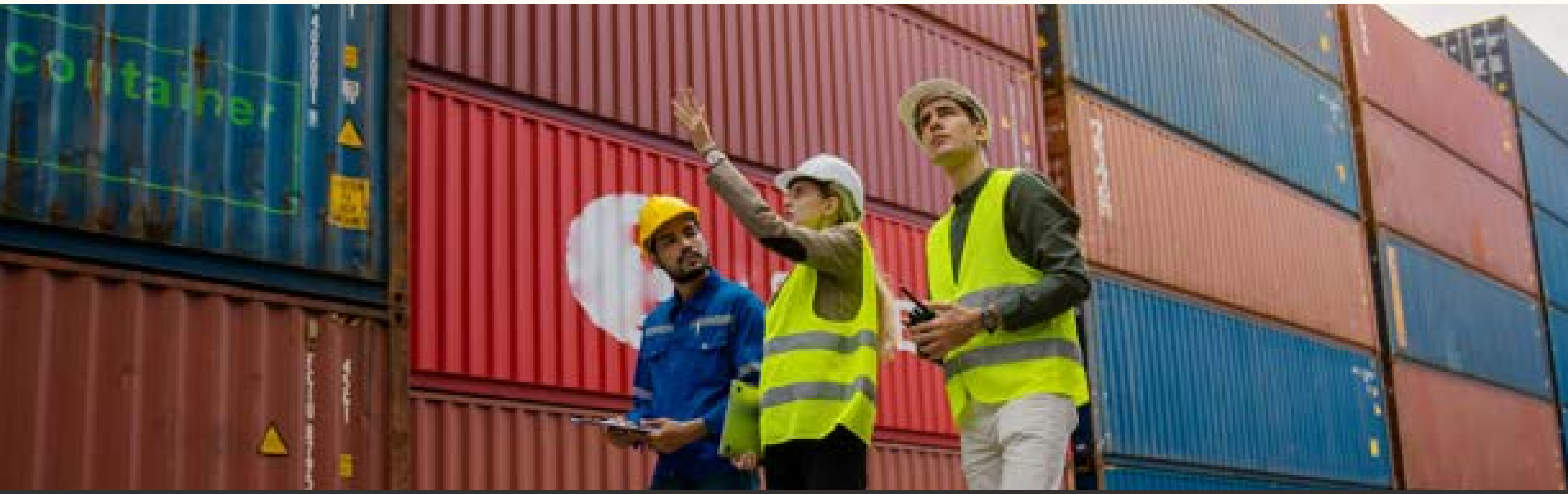
Supply Chains Under Pressure

A supply chain is the complete journey of a product — from raw material to final sale. When tariffs drive up the cost of imports, supply chains bend and sometimes break as companies scramble to adjust.[6]

Businesses facing higher import costs typically choose between three strategies:[7,8]

- Shift to domestic suppliers. This can strengthen local industries but may raise prices if domestic supply is limited.
- Bring production in-house. Firms invest in their own facilities to reduce reliance on imports.
- Redesign products or processes. Companies change how something is made, using alternative materials or methods.

The result: Long-standing supplier relationships may end. Entire product lines can slow or be restructured. And ripple effects often hit not just one company but entire sectors.



Winners and Losers by Industry

Tariffs rarely affect all sectors evenly.

Potential winners:

- Domestic producers of the tariffed material may enjoy increased demand and stronger pricing power.[3]

Potential losers:

- Industries reliant on imports, such as auto manufacturing, electronics, and machinery, face rising costs and shrinking margins.[5]
- Retailers and consumers often absorb the shock through higher prices.

Why this matters: Markets move when certain industries face pressure while others benefit. Investors who understand which side of the line a company sits on can better evaluate its prospects.

From Tariffs to Portfolios

By the time tariffs work their way through supply chains and industries, their impact is clear in the markets:

- **Corporate profits:** Rising input costs lower margins and earnings.[1]
- **Inflation:** Companies pass costs to consumers, driving price increases.[9]
- **Market volatility:** Investors react not only to tariffs themselves but to fears of retaliation, counter-tariffs, or broader trade disputes.[1]
- **Opportunities:** Domestic producers or firms less exposed to global supply chains may gain new business and see improved performance.[3]

Investor Example: Suppose your portfolio is concentrated in global manufacturers that rely heavily on imports. Tariffs on steel or aluminum could cut into their profits and stock prices, leaving your holdings vulnerable. On the other hand, if you hold shares of domestic steelmakers, you may benefit from stronger demand. A diversified portfolio spreads that risk, reducing exposure to one-sided outcomes.

Lessons for Long-Term Planning

Tariffs underscore an important truth: investors cannot control policy, but they can control their preparation and response.

Understanding tariffs equips you to:[4]

- See risks before they turn into losses.
- Identify which sectors may be pressured and which may benefit.
- Keep your financial strategy flexible in the face of changing trade environments.

For individuals nearing or in retirement, flexibility is especially valuable. Tariffs can change expenses at the grocery store, reshape industry performance in your portfolio, and influence inflation. None of these are things you can eliminate — but they are things you can prepare for.

Key takeaway: Tariffs are one example of how global events reach individual investors. By staying informed, you can protect your plan from unnecessary shocks and position yourself to take advantage of opportunities others overlook.

RETIREMENT TUNE-UP financial review

For a Deeper Dive into your Retirement Goals...

Book Your Free Retirement Tune-Up™ financial review today to explore your financial goals and preparedness for retirement.

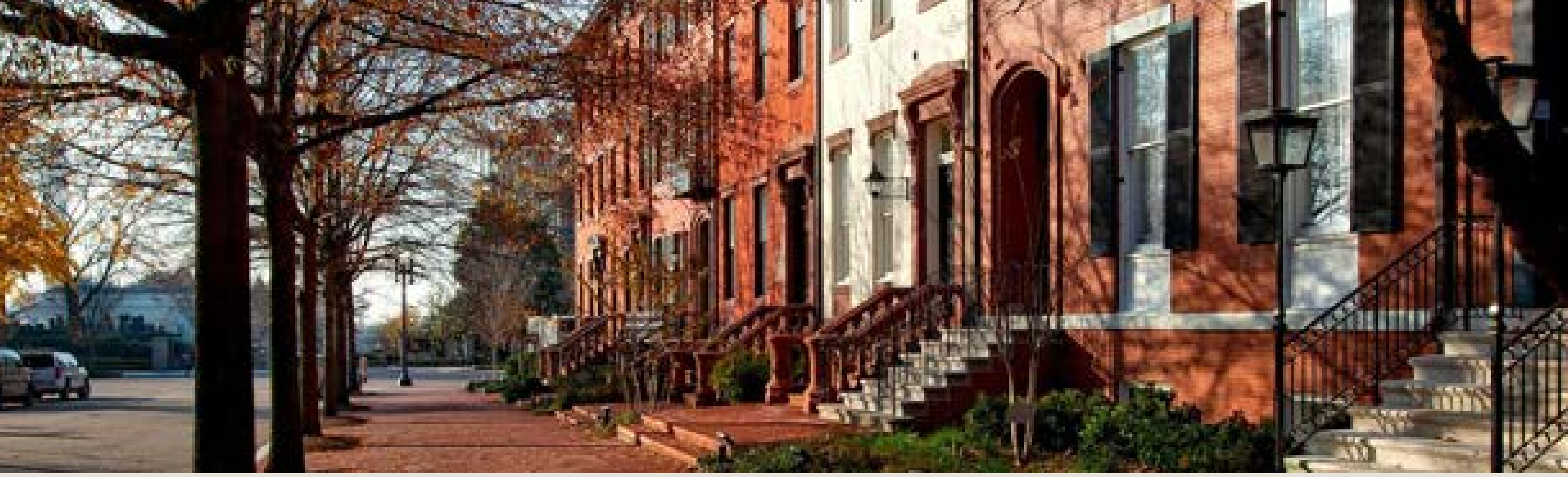
See the potential benefits:

1. Personalized Goal Review
We start by understanding your unique retirement vision.

2. Financial Snapshot
Get a straightforward view of where you stand today.

3. No-Pressure Guidance
Receive actionable insights with no obligation.

Book today at wasmithfinancial.com/retirement-tune-up



Your Next Step

Policy headlines don't have to leave you guessing. The smartest way to navigate an uncertain trade environment is with a plan built around your goals, your portfolio, and your risk tolerance.

That's what a Retirement Tune-Up™ financial review is designed to deliver. During this complimentary session, you'll:

- Stress-test your current portfolio against tariff-driven risks.
- Evaluate whether you're overexposed to global supply chains.
- Spot opportunities in sectors poised to gain from trade shifts.
- See how to keep your retirement plan adaptable in the face of future policy changes.

Schedule your review today and gain confidence that your portfolio is positioned to work with the moment — not against it.

Questions about your financial plan?

If you're concerned about the changing political environment and the possible effects on your financial future, contact us for a complimentary Retirement Tune-Up™ financial review. We can help you devise a strategy to navigate future uncertainty and help make sure you're still on the right track toward your retirement goals.

RETIREMENT TUNE-UP financial review

See the potential benefits at wasmithfinancial.com/retirement-tune-up

W.A. SMITH
FINANCIAL GROUP

For nearly three decades, W.A. Smith Financial Group has been helping families achieve financial peace of mind through personalized strategies and expert guidance. Our approach is rooted in building long-term relationships and providing tailored solutions that align with your unique goals and values.

(866) 417-4156

contact@wasmithfinancial.com

wasmithfinancial.com

Disclosure

SOURCES

1. UC Riverside, 2025 — https://news.ucr.edu/articles/2025/03/24/economist-assesses-tariff-impacts-stock-market-trade

2. PBS, 2025 — https://www.pbs.org/newshour/economy/5-things-to-know-about-tariffs-and-how-they-work

3. Georgia State University, 2024 — https://news.gsu.edu/2024/10/15/are-tariffs-good-or-bad-for-the-economy/

4. The Budget Lab at Yale, 2025 — https://budgetlab.yale.edu/research/state-us-tariffs-june-1-2025

5. Reuters, 2025 — https://www.reuters.com/markets/commodities/where-does-us-get-its-steel-aluminum-2025-02-10/

6. Darden School of Business, University of Virginia, 2025 — https://news.darden.virginia.edu/2025/03/11/supply-chains-explained-how-they-work-and-why-tariffs-can-strain-them/

7. Orderful, 2025 — https://www.orderful.com/blog/impact-of-tariffs-on-supply-chain

8. C.H. Robinson, 2025 — https://www.chrobinson.com/es-ar/resources/blog/steel-and-aluminum-tariffs-supply-chain-impact/

9. Federal Reserve, 2025 — https://www.federalreserve.gov/econres/notes/feds-notes/detecting-tariff-effects-on-consumer-prices-in-real-time-20250509.html