

ABOVE THE FRAY

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## Tariff Trepidation

Wes Crill, PhD

Senior Client Solutions Director and Vice President

Kevin Green, PhD

Head of Investment Solutions Analytics and Vice President

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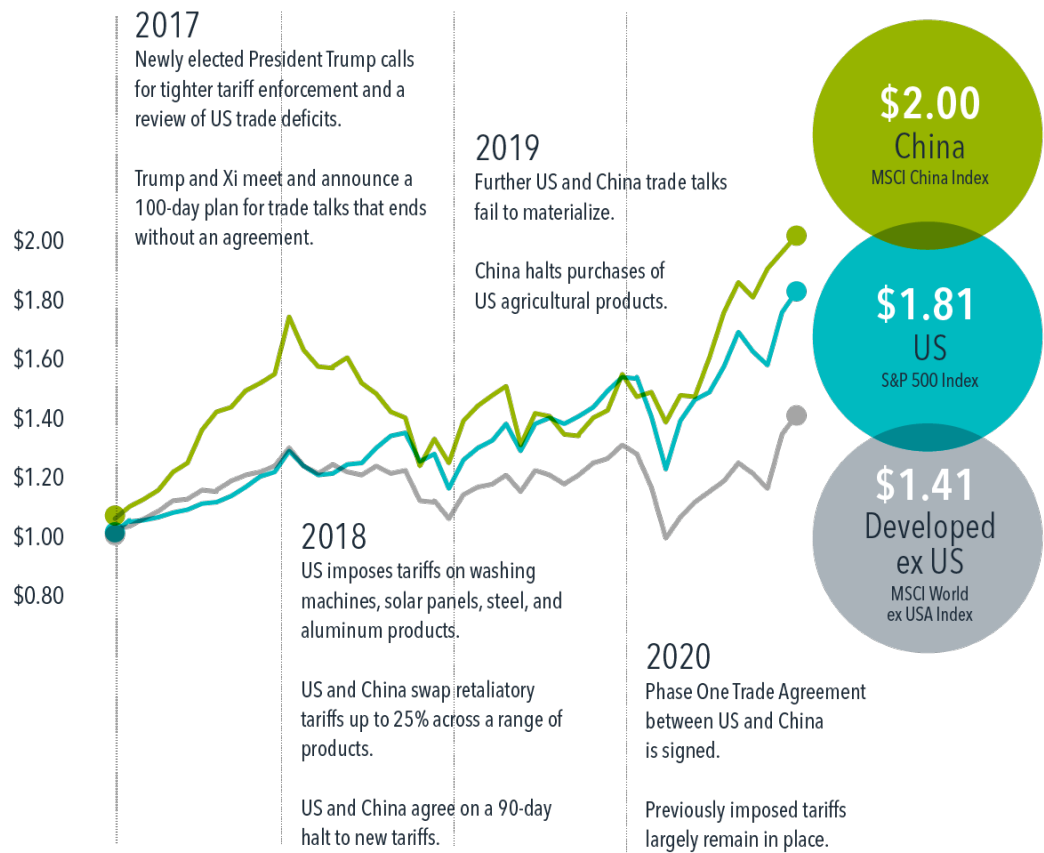
One of the focal points following the presidential election is the potential for an increase in tariffs applied to goods produced outside the US. Many investors have wondered what this could mean for markets.

One period offering perspective on this issue is President Trump's first term in office. Beginning in 2017, the administration eyed China as a target and, by 2018, began imposing tariffs across a range of products. The next couple of years saw back and forth trade discussions that eventually led to an agreement, though pre-existing tariffs remained in place. Despite all this uncertainty, both China and the US posted higher cumulative returns than the MSCI World ex USA Index over the four years of Trump's term.

Markets are forward-looking, and the economic impact from initiatives such as tariffs is likely already reflected in current market prices. When these expected developments come to pass, the effect on markets may be muted.

**Exhibit 1****Growth of \$1 During President Trump's First Term**

January 2017–December 2020

**Past performance is not a guarantee of future results.**

*In USD. Data shown from January 1, 2017, to December 31, 2020. Growth of wealth shows the growth of a hypothetical investment of \$1. Data presented in the growth of wealth chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment. Performance includes reinvestment of dividends and capital gains. MSCI China Index and MSCI World ex USA Index returns are net dividend. Tariff events data sourced from Reuters. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI data © MSCI 2025, all rights reserved. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.*

*This article originally appeared in Above the Fray, a weekly newsletter for Dimensional clients.*

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## Prediction Season

### Passive, Active, and Embracing Markets

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