Press Release

10 April 2025

Pension funds should sit tight amid US Tariff chaos, says Quantum Advisory

Quantum Advisory, the leading independent pension and employee benefits consultancy, today urged pension funds to remain calm and avoid making hasty decisions in response to the recent US tariff crisis.

On Wednesday 2nd April the US unveiled the imposition of 'reciprocal tariffs' on trading nations, set at levels far higher than anticipated. This announcement triggered significant declines in global equity valuations. While equites have since somewhat bounded back, bond yields have also spiked and commodity prices have fallen, including gold—traditionally seen as a safe haven.

Paul Francis, Principal Investment Consultant at Quantum Advisory, added: "Following the announcement of the tariffs, global markets took a significant hit. The sharp and rapid decline signals a substantial shift towards a new economic order. While this downturn is likely solely attributable to the tariffs, some analysts argue that the decline began earlier this year, triggered by DeepSeek's open-source AI model. Perhaps that was only the embryonic phase of what now appears a full-on trade war between the two superpowers. Regardless, we now face the consequences, and schemes need to consider their options, particularly with regards to equity market diversification and positioning. The equity relief rally seen last night followed the US pausing the punishing rates of 'reciprocal tariffs' it imposed on countries other than China. It comes as a welcome development for many. But fear of what comes next remains.

"Higher tariffs erode international competitiveness, which in turn reduces global trade. This leads to job losses, rising prices, and a slowdown in economic growth. Here in the UK, the new tariffs have already wiped out the modest fiscal headroom projected in the Spring Statement. As a result, the Chancellor may be forced to break fiscal rules, potentially leading to higher taxes and/or spending cuts."

Francis added: "It's going to take a while for the global market to adapt and, as with all things investment, things could still change – both positively or indeed negatively – and quickly. Volatility of returns is high, which isn't necessarily bad, as it presents opportunities for profit. However, being on the wrong side of a trade can be costly. Making drastic changes to investment strategies based on recent developments would be a bold move. Now is not the time for major shifts. Uncertainty affects all asset classes, and there's no clear safe haven. Bond prices may fall further, and moving to cash could lock in losses and miss potential gains in equities. For those considering asset class transitions, proceed with caution. The risk of being out of the market is significant, especially with markets moving 5% in a single session. Pension funds should lean heavily on their advisors in this time."

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NOTES TO EDITORS

About Quantum Advisory

Quantum Advisory is an independent financial services consultancy that provides solution-based pension and employee benefit services to employers, scheme trustees and members across DB, DC and hybrid pension schemes as well as a variety of employee benefits arrangements.

Our core services include pension administration, actuarial consultancy, investment consultancy, secretarial services, employee benefits consultancy, communications and health and wellbeing.

Our business is built on six core values that guide our relationships - with both our clients and ourselves - as well as the services we provide. By investing in talented people and innovative systems, we aim to offer a premium service and true value for money.

We have offices in Cardiff, London, Birmingham, and Amersham.

For more information on Quantum Advisory visit www.quantumadvisory.co.uk

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