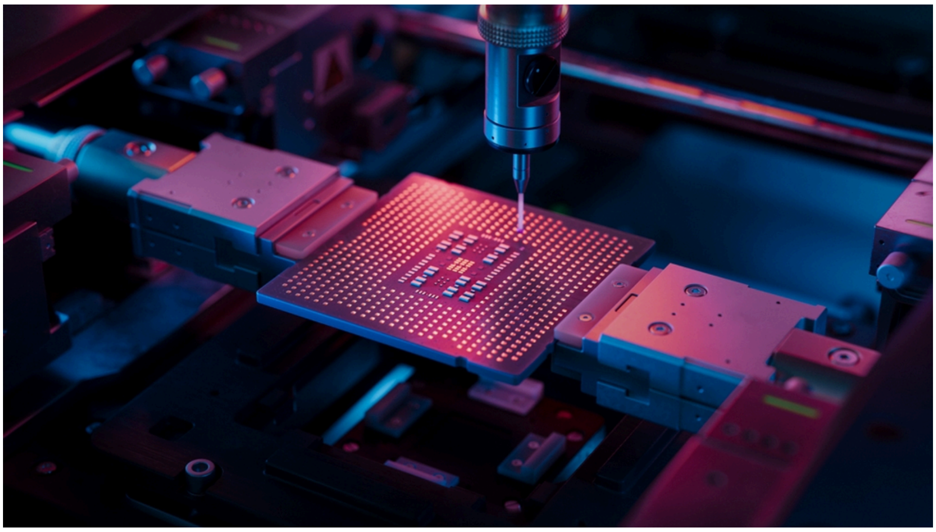
Trump's 300% semiconductor tariff threat prompts portfolio shuffle

Heather Ng
23 hours ago

As geopolitical risks rise, investment strategies are increasingly focused on onshoring, currency hedging and reducing reliance on Asia-dependent suppliers.



US President Donald Trump has reignited global trade tensions with a bold proposal to impose tariffs of up to 300% on imported semiconductors.

Though framed as a push to bolster domestic manufacturing, the idea's implications stretch far beyond trade policy, and triggered an immediate reaction across financial markets.

Institutional investors have already begun repositioning their portfolios in anticipation of the fallout.

“Institutional investors may consider a barbell strategy: overweighting onshoring beneficiaries and advanced-node leaders, while underweighting legacy-node suppliers more exposed to tariffs," Steve Alain Lawrence, CIO at Balfour Capital, told *AsianInvestor.*

Steve Alain Lawrence
Balfour Capital Group

He also recommended rotating into semiconductor equipment makers tied to US capital expenditure expansion, and using portfolio overlays such as currency hedges and options on US tech indices.

"More broadly, heightened scrutiny of geopolitical risk is essential, with investors reassessing concentration in markets most reliant on US-bound semiconductor exports," he said.

The market's behaviour has reflected this sensitivity, with US semiconductor equipment firms and onshoring plays like Intel outperforming, while stocks in South Korea and chip hub Taiwan saw sell-offs.

The event-driven volatility surrounding exemptions and carve-outs has triggered sharp market fluctuations, highlighting how policy language can impact short-term investment flows.

BROADER CONSEQUENCES

Beyond the immediate market reaction, analysts are grappling with broader macroeconomic consequences.

Andrew Zurawski
WTW

Andrew Zurawski, APAC chief economist at WTW, warned that such aggressive protectionism could undermine the US dollar and shift global capital flows.

"A key question is around what this will mean for US exceptionalism and whether that will continue," he said.

"USD weakness doesn't require foreign investors to 'Sell America'—simply not maintaining prior allocation levels could possibly pressure the dollar."

Depreciation would be most pronounced against currencies from economies with large current account surpluses, such as the EU and Japan, he added.

In Asia, governments and industries have responded swiftly. Many Southeast Asian nations are accelerating efforts to reduce reliance on US trade by deepening regional integration.

"Having faced some of the highest reciprocal tariffs, countries are looking to diversify their trade relationships and form new partnerships to strengthen regional resilience," Zurawski said.

LOOKING AHEAD

Protectionist policies may accelerate a rotation into North American supply chain beneficiaries, while prompting selective reallocation within Asia.

Balfour's Lawrence emphasised the importance of deepening intra-Asia supply chains through large regional trade partnerships like RCEP and CPTPP.


Pruksa Lamthongthong
Aberdeen Investments

"Diversifying fabrication capacity into Japan, India and ASEAN would reduce overreliance on the US market," he said.

Lawrence also pointed to the need for standardised rules of origin to safeguard backend assembly hubs in Malaysia and Vietnam.

Over the longer term, building strategic semiconductor inventories and fostering talent exchange across the region could enhance resilience against external shocks.

Pruksa Lamthongthong, head of APAC equities at Aberdeen Investments, said her firm has already adjusted its tech exposures in response to tariff-related uncertainty.

"Still, we are confident in the resilience of our current holdings," she told *AsianInvestor.*

"These companies are market leaders with strong pricing power and robust balance sheets, positioning them well to absorb potential disruptions and, if necessary, accelerate investment in US-based operations."

Valuation dynamics are also evolving. Lawrence predicted that in the short term, tariff uncertainty could lead to multiple deratings for firms with high US revenue exposure.

Over the next six to 24 months, he expects a clearer bifurcation: companies with US fabrication presence, advanced-node dominance or ties to semiconductor equipment will likely command valuation premiums, while legacy-node foundries and analogue/discrete producers may face compression.

"Scarcity-driven markets such as HBM (High Bandwith Memory) and leading-edge nodes should remain insulated, preserving premium multiples even in a fragmented trade environment," he added.

FUND MANAGERS **ASSET OWNERS** **EQUITIES**

#asia **#semiconductor** **#tariff**

RELATED ARTICLES

Investors weather Asia's political storm with tactical opportunities

Heather Ng