

# Week in Review | Reinhart Fixed Income By Madison Investments

August 8, 2025



## Tariffs

New U.S. tariffs went into effect this week with rates ranging from 10% to 50%. Some of the more impactful rates include India (25% with a potential hike to 50% if they do not stop buying Russian oil by August 27), Canada (35% on non-exempt goods), Brazil (50%) and the EU (15%). Additionally, the potential for 100% tariffs on semiconductor chips was announced as was the elimination of the \$800 duty-free exemption.

**Our Take:** Tariffs lead to either higher prices, slower growth or both. The big questions are how high prices will go and how much growth will slow. We are about to find out, though the process will likely take some time.

## Fed Speak

It was a busy week for Fed Speak with several members reacting to the weaker-than-expected jobs report last week. San Francisco Fed President Mary Daly said the Fed will “likely need to adjust policy in the coming months,” reaffirming support for two cuts this year and leaving the door open to more if the labor market continues to soften. Minneapolis Fed President Neel Kashkari echoed that view, suggesting a cut may be appropriate “in the near term.” Governors Lisa Cook and Susan Collins also expressed concern about rising slack in the labor market and growing economic uncertainty. Meanwhile, Atlanta Fed President Raphael Bostic maintained his view that one cut is appropriate this year but warned that tariffs could create persistent upward pressure on inflation expectations.

**Our Take:** There was a noticeable shift in tone from Fed officials this week as several acknowledged growing signs of labor market weakness following the disappointing July jobs report. While most maintained a data-dependent stance, the conversation is increasingly tilting toward the need for policy adjustment.

## Municipals

S&P warned this week that a new law in Chicago designed to increase pension benefits for some police and firefighters would further strain the city’s finances. The new law could increase Chicago’s pension liabilities by approximately 32%. Chicago’s police and fire pensions are currently only about 25% funded, much lower than the average 70% funding status of other large municipal pension funds.

**Our Take:** Cities fund pensions primarily through tax revenues. Those same tax revenues also fund other city services like public schools and transit systems. Chicago is struggling to pay all its bills and has faced back-to-back annual budget shortfalls of over \$1 billion. Piling on generous pension benefits adds to the struggles and puts further pressure on Chicago’s creditworthiness.



## Contact

### Financial Advisors

888.971.7135

Find your Regional Director on our [coverage map](#) or by visiting [madisoninvestments.com/contact](https://madisoninvestments.com/contact).

### Institutional Investors and Consultants

888.971.7135

### Visit us online

[madisoninvestments.com](https://madisoninvestments.com)

## About Reinhart Fixed Income

Quality, stability, and predictability are the hallmarks of the Reinhart Fixed Income management philosophy. We believe that successful fixed income management is a product of understanding the role bonds play in a specific client's investment strategy and developing unique portfolios to meet the objectives of the client. Reinhart Fixed Income is part of Madison Investments, an independent investment manager providing active, high-quality, and high-conviction portfolios since 1974.

## Disclosures

"Madison" and/or "Madison Investments" is the unifying tradename of Madison Investment Holdings, Inc., Madison Asset Management, LLC ("MAM"), and Madison Investment Advisors, LLC ("MIA"). MAM and MIA are registered as investment advisers with the U.S. Securities and Exchange Commission. Madison Funds are distributed by MFD Distributor, LLC. MFD Distributor, LLC is registered with the U.S. Securities and Exchange Commission as a broker-dealer and is a member firm of the Financial Industry Regulatory Authority. The home office for each firm listed above is 550 Science Drive, Madison, WI 53711. Madison's toll-free number is 800-767-0300.

Any performance data shown represents past performance. Past performance is no guarantee of future results.

Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of, or guaranteed by, any financial institution. Investment returns and principal value will fluctuate.

Although the information in this report has been obtained from sources that the firm believes to be reliable, we do not guarantee its accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the firm's judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security and is not investment advice.

Madison Investment Holdings, Inc. acquired the fixed income management assets of Reinhart Partners, Inc. on June 11, 2021 and now employs the Investment Team that previously managed the assets at Reinhart. The Investment Team manages the assets using substantially the same strategies and objectives as at Reinhart. Performance information dated prior to the purchase reflects that of Reinhart Partners, Inc.

Quality refers to the bond ratings provided by the various third-party ratings agencies. Stability and predictability refer to the cash flow of individual securities and not to the market value or performance of portfolio holdings. There is no guarantee this strategy will lead to investment success.

In addition to the ongoing market risk applicable to portfolio securities, bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally, the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

