For the first time in decades, we're hearing rumblings of a possible trade war, as China and the U.S. engage in a tit-for-tat escalation.

Since the beginning of the year, the Trump administration has levied two rounds of tariffs on China, while threatening to add $50 million more and, most recently, an additional $100 million. China has responded with tariffs on $3 billion of U.S. goods, and has threatened more.

Lately there has been some conciliatory talk from Trump and China's Xi Jinping, though it remains to be seen if the tariffs and the threats will actually be ratcheted down. The stock market has been surging or plunging with each new announcement on the tariff front. And investors have been asking what this means for them.

First of all, I am doubtful that we will end up in a full-blown trade war with China. Trade wars ultimately hurt all the countries involved. What I see President Trump doing here is creating leverage through his threats in order to ultimately negotiate a trade deal that's favorable to the U.S. Negotiating from a position of strength, seeking to intimidate the other party, has been Trump's playbook for a long time.

Still, the fear of the unknown can impact stocks. The best way to protect your portfolio amidst all the trade-war rhetoric is by working with a financial advisor, review each of your holdings to determine which might be most at risk.

China is shrewdly targeting a range of industries in order to put heat on U.S. politicians. Their threats target the agricultural, auto and pharmaceutical industries, among others. But tariff laws can get pretty specific, targeting one kind of crop and leaving others untouched, for instance. If your portfolio doesn't have a lot of exposure to at-risk companies, you're likely to see a lot less negative impact.

Investors who are a little more aggressive might, in fact, want to buy companies whose prices have been pushed lower as a result of the back and forth on trade. On the other hand, if you are more risk-averse and dislike price volatility, you may want to consider buying "insurance" in the form of options that trigger buying or selling at a certain price threshold. Or you may want to sell

some positions outright.

The important thing is to know why you are selling, buying or hedging each holding. The greatest risk here is panicking and making emotional decisions. If you don't have a financial advisor to evaluate your holdings and walk you through your options, please reach out and we'll help.