

NELSONCORPNEWS

DECEMBER
2021

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FEATURED CHARITY OF THE MONTH

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IT'S CHRISTMAS TIME!

Christmas is the most wonderful time of the year. It's a time for visiting family and friends; a time for renewing old acquaintances. We share gifts with those we care about, reach out to those we might not know as well, and help all those in need.

Yet, one of the most common laments I hear about Christmas is that it has become such a commercialized holiday.

So, for those of you who might want to take at least some of the commercialization out of Christmas, I found some suggestions for excellent gifts that cost little to nothing.

THE GIFT OF LISTENING...
 THE GIFT OF AFFECTION...
 THE GIFT OF LAUGHTER...
 THE GIFT OF A WRITTEN NOTE...
 THE GIFT OF A COMPLIMENT...
 THE GIFT OF A FAVOR...
 THE GIFT OF SOLITUDE...
 THE GIFT OF A CHEERFUL DISPOSITION...

This Christmas season, I hope we can all give the gifts that are of the most value, that will last a lifetime, and won't be tossed aside when they get old or worn out.

These are the gifts that make Christmas truly special.

On behalf of all of us at NelsonCorp, I wish you a happy holiday season and a very merry Christmas.

David Nelson

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THINGS TO NOTE

Our monthly pocket calendars and Margo Hansen wall calendars are in! Stop by our Clinton office, 880 13th Avenue North, Monday – Friday from 8:00 a.m. to 4:30 p.m., to pick one up.

NelsonCorp Wealth Management is proud to provide dinner once again for the hard working and dedicated physicians, nurses, and staff at MercyOne on Christmas Eve. We are so grateful and very fortunate to have these kind, dedicated, and caring individuals in our community.

NelsonCorp Nuggets

The average new car purchased in September 2021 cost \$45,031, an all-time record price and up 12.1% from September 2020.

Source:
Kelly Blue Book

Read NelsonCorp Nuggets every Tuesday and Saturday on the front page of the Clinton Herald.



The Grinch is trying a new trick this year. Instead of dressing up like Santa Claus and stealing presents, he's decided to leave a little market volatility under the tree for each of us instead.

If you've been watching the markets, you know the Dow dropped 532 points on Friday, December 17 – then promptly slid another 433 points the following Monday.¹ As your financial advisor, the last thing I want is for market fear to overshadow holiday cheer. So, I thought I'd pen a short note about what's going on for you to read between hanging stockings and wrapping gifts. Like any good Christmas story, things may seem gloomy at first, but in this letter, I'll explain why, despite his best efforts, the Market Grinch still won't be able to ruin the season.

Omicron

When the World Health Organization announced a new variant of COVID-19 back in November, the market's reaction was predictable: A sharp drop, an equally sharp recovery, and then a plateau of watchful waiting. (The Dow dropped over 1,782 points between November 24 and December 1, then climbed 1,697 points over the next six days.²) That was because investors realized there was a lot we didn't

yet know about Omicron yet, including:

If it was more or less contagious than previous variants.

If it was more or less virulent than previous variants.

How effective the various vaccines would be at protecting against it.

Thanks to the heroic efforts of scientists around the world, we now know much more than we did just a few weeks ago. Unfortunately, the news isn't entirely good. As you've probably heard, early evidence – emphasis on "early" – indicates that Omicron is significantly more contagious than previous variants like Delta.³ It's also more capable of evading the body's immune response, meaning that both prior infection and existing vaccines – including the two-shot mRNA vaccines available in the United States – provide less protection against infection.⁴

The news isn't all bad, though. As of this writing, there doesn't seem to be any evidence that Omicron is more deadly than previous variants. Further, vaccines do still seem to offer significant protection against severe illness and hospitalization.⁴

But the prospect of an especially contagious variant spreading like wildfire across the globe once again has investors heading for the hills. And the reason is understandable.

Omicron's rapid rise has prompted many countries to circle the wagons again. The Netherlands has re-instituted strict lockdown measures, France has banned large events and gatherings, Denmark has closed theaters, Israel has imposed travel restrictions...you get the idea.⁵ And other countries are poised to follow suit in the coming days. Of course, every country will experience consequences in some form or fashion. As more people get sick, restaurants, shops, manufacturing plants and other businesses the world over will be forced to shut down or cut back on production. Given that most economies still haven't recovered completely from the initial stages of the pandemic, it's the last thing the world needs.

The most important cost of all this, of course, is the human cost. Every day, people's lives are being changed forever because of this awful virus. But the economic cost is what has investors reeling. Whether through more restrictions or more cases, Omicron is throwing yet another wrench into the

world's supply-chains. This, in turn, keeps prices high and worsens inflation.

It's frustrating that we have to keep talking about this, isn't it? As we enter the third year of the pandemic, it's easy to feel like we're starting over. Back to Square One. Maybe, to quote a phrase currently going around on social media, the year 2022 should be pronounced "2020, too." On the surface, it seems like the Grinch is winning.

But if I may quote a very famous doctor...

"[The Grinch] heard a sound rising over the snow. It started in low. Then it started to grow. But the sound wasn't sad! Why, this sound sounded merry! It couldn't be so! But it WAS merry! Very! Every Who down in Whoville, the tall and the small, Was singing! Without any presents at all! He HADN'T stopped Christmas from coming! IT CAME! Somehow or other, Christmas came just the same.⁶

You see, we're not back to Square One. We're not starting over – as a nation or as investors. Flash back to the March 2020. Do you remember how things felt? The virus was new and terrifying. We didn't know exactly what it did or

how it worked or what we could do about it. Now, all these months later, we know – and have – so much more. As citizens, we know how to live with the virus, and how to keep ourselves as safe as possible from it. We have vaccines and other treatments. We have experience.

As investors, we know how to handle sharp, COVID-related downturns. Of course, we don't know exactly how long volatility will last, but that doesn't matter – because we have a playbook for dealing with it. Just as we did in 2020, we're capable of going on defense as soon as the technical signals indicate it. (And we have many such indicators that we watch every single day.) Using technical analysis, we can track – and use – market trends to our advantage. Should Omicron prompt a sustained downward trend, we'll focus on preserving your principal. If necessary, we can shift assets from stock to bonds or cash if that's what it takes. This playbook helped us in 2020. It will help us in 2022 too.

That's why the Market Grinch isn't winning. It's why he never will.

So, my advice is to forget about the Grinch. Ignore the headlines. Fill your mind with visions of

sugarplums and your heart with love for the season. Be like the Whos down in Whoville. My team and I will continue keeping an eye on the markets, using the playbook we've worked so hard to assemble.

From everyone here at NelsonCorp, we wish you a Merry Christmas and a Happy New Year!

SOURCES:

¹"Stocks fall and oil sinks as storm clouds gather over global economy," CNN Business, December 20, 2021. <https://www.cnn.com/2021/12/20/investing/markets-stocks-oil/index.html>

²"Dow Jones Industrial Average Historical Prices," The Wall Street Journal, accessed December 20, 2021. <https://www.wsj.com/market-data/quotes/index/DJIA/historical-prices>

³"Why Is Omicron So Contagious?" The Scientific American, December 17, 2021. <https://www.scientificamerican.com/article/why-is-omicron-so-contagious/>

⁴"See COVID Vaccine Efficacy Against Omicron Infection, Severe Disease in One Chart," NBC, December 20, 2021. <https://www.nbcnewyork.com/news/coronavirus/see-covid-vaccine-efficacy-against-omicron-infection-severe-disease-in-onechart/3459677/>

⁵"Stocks, Oil Prices Fall on New Covid-19 Curbs," The Wall Street Journal, December 20, 2021. <https://www.wsj.com/articles/global-stock-markets-dow-update-12-20-2021-11639989846>

⁶Dr. Seuss, "How the Grinch Stole Christmas," Best Poems Encyclopedia, <https://www.best-poems.net/poem/how-grinch-stolechristmas-by-dr-seuss.html>

FOOD AND TOY DRIVE

Our food drive and toy drive were another huge success due to the generosity of our clients and friends. We filled 2 trucks with food and 2 SUVs with toys. We donated the toys to RSVP for the Holiday Network party and the food was divided between the Fulton Food Pantry and Information, Referral & Services in Clinton. In addition to the items donated, NelsonCorp also presented each organization with a check to purchase additional things that are needed.





WHAT IS THE DIFFERENCE?

A LOOK AT MARKET INDICES

When we were kids, most of us were taught that “The only bad question is the one left unasked.” As a financial advisor, I’ve found that statement to be proven true time and time again. Every day, my clients ask me questions about the markets, taxes, their personal finances, you name it. Over the course of my career, I have never thought, “That’s a stupid question.” Not once.

That’s because stupid questions simply don’t exist!

Nevertheless, at some point, everyone has a question that they keep to themselves. Maybe because they’re afraid the question is so basic it would be embarrassing to ask. Maybe it’s because they feel they should know the answer already and don’t want to look ignorant.

But, when it comes to your finances, there are no bad questions. And for those of us who know the answers, our job is to make sure others know them too. For that reason, we want to occasionally address “Questions You Were Afraid to Ask.” These are common questions that many investors have, but feel uncomfortable asking. To start, let’s look at:

What’s the Difference Between the Dow, S&P 500, and NASDAQ?

You hear it every day when you turn on the news – some variation of: The Dow closed at 34,000 today. The S&P closed at 4,433. The NASDAQ rose 1.6% as tech shares...

You know all those terms refer to “the stock market.” But what, exactly, do they mean? Why is the Dow always so much higher than the S&P? Does that mean it’s better? And what makes the NASDAQ different from the others?

The good news is that the answers to these questions are really quite simple. We just need to define some terms!

The Dow, S&P 500, and NASDAQ Composite are all indexes. An index tracks the performance of a group of securities, like bonds or – in this case – stocks. Indexes are handy tools because they enable investors to compare current price levels for different segments of the market with past ones, so they can measure performance over time. Some indexes track extremely narrow segments of the market, like companies of a specific size or sector. Others are much broader.

What makes the Dow, S&P 500, and NASDAQ different from another is what each index measures. So, let’s take each one

at a time.

Dow Jones Industrial

Average: This index tracks the performance of 30 of the most prominent companies listed on stock exchanges in America. (As of this writing, think Apple, Coca Cola, and Walmart, among others.) Because it is so narrow, the Dow isn’t always a good indicator of how the overall stock market is doing. But because the companies inside the Dow are so important or well-known, many people have money invested in them. That’s why the media pays so much attention to how the Dow is doing.

S&P 500: This index measures 500 of the largest companies listed on American stock exchanges. (Quick note: A stock exchange is where traders actually buy and sell stocks. The New York Stock Exchange is the biggest and most famous, but there are many exchanges across the world.) Because the S&P 500 tracks so many more companies than the Dow, across a broad range of industries, it is often considered a more reliable snapshot of the overall economy than the Dow.

NASDAQ Composite: This index tracks nearly all the stocks listed on the Nasdaq Stock Exchange and is heavily weighted towards

technology companies.

There are plenty of other indices, too. For example, one of the most important is the...

Russell 3000: You don’t hear about the Russell as much as the previous three, but this index represents nearly the entire U.S. stock market. It includes 3,000 of the country’s largest publicly held companies. (There are also Russell 1000 and Russell 2000 indices.)

S&P/TSX Composite: This is the most important index in Canada. It tracks the performance of the 250 largest companies listed on the Toronto Stock Exchange. You can think of it as the Canadian equivalent to the S&P 500.

So, now you know why the financial media is always showing different averages for different indices when they talk about “how the stock market did today.” Because each index is measuring something different!

I hope you’ll find these answers interesting, and that some of your questions will get answered. In the meantime, have a great month!

CYBER-SECURITY

Technology has changed dramatically over the last couple of decades. For one thing, people are spending more money and time on the internet than ever before. In fact, some experts estimate that Americans are spending 30% more money online. Meanwhile, social media, teleconferencing, telehealth, and mobile payment services are playing an increasingly important role in our daily lives.

The internet makes it easier to do more things with our computers and mobile devices every single year. But with this added convenience comes an added risk: The risk of exposing our identities and financial information to cyber-thieves, hackers, and scammers. Sadly, it has become far too common an occurrence to turn on the news and hear a story about another scam that's made its way into our community. Or to switch on the radio during your morning commute and learn that some massive corporation has been hacked.

The stats bear this out. For example:

In 2020, there were 4.8 million identity theft and fraud reports received by the FTC.²

In 2020, consumers reported losing more than \$3.3 billion related to fraud complaints.²

In 2020, an estimated 300 million people were impacted by cyber-attacks and data breaches.²

As a financial advisor, helping clients keep their finances "cyber-secure" is becoming an increasingly important part of my job. That's because safeguarding your assets is just as important as growing them. To that end, I want to ensure you and your loved ones are as protected

as possible from hackers, scammers, and identity theft.

The good news is that while the threat is real, the solution is simple. There are lots of small-but-crucial steps you can take to make yourself and your finances more "cybersecure." For instance:

- Keep all your personal and financial documents in a safe, secure place.
- Never open emails from senders you don't recognize, and never open attachments or click links.
- Don't share personal information (like your birthday, Social Security number, or bank account number) online or over the phone.
- Regularly review your credit report and other financial statements for discrepancies.
- Use strong passwords, and keep them regularly updated (preferably with the use of a dedicated password manager).
- Use antivirus protection software.
- And much more!

NelsonCorp Nuggets

The maximum Social Security benefit paid to a worker retiring at full retirement age in 2022 is \$3,345 per month, more than double the maximum benefit paid 20 years ago in 2002.

Source:
Social Security

Read NelsonCorp Nuggets every Tuesday and Saturday on the front page of the Clinton Herald.

NELSONCORP MEDIA APPEARANCES

Make sure to catch our weekly educational content featured on television, radio, and the local paper. If you missed any of it, it is available on our website at www.nelsoncorp.com.

On 4 Your Money in December we covered many topics. David Nelson discussed correlations of stocks and their relationship to volatility. Later, David talked about some of the supply chain shortages and some of the encouraging data we are seeing on that front. Then John Nelson covered the bond market and talked about what we are watching in terms of the yield curve and how it looks to be playing out differently than in past recovery cycles.



4 Your Money airs Tuesdays at 6:08 am on WHBF CBS Local 4 News, Fox 18 News at 8:00 am, and WHBF CBS Local News at 6 pm.

On Financial Focus, Nate Kreinbrink and James Nelson discussed the role that inflation plays in planning for retirement and how it impacts retirement portfolios. In another show, Nate Kreinbrink and Andy Ferguson talked about some of the tax rules that had been relaxed during the pandemic, but that should now be back on everyone's radar.



Financial Focus airs every Wednesday at 9:00 am on KROQ FM 105.9 and AM 1340.

In the Clinton Herald this month, David Nelson wrote in depth about the origins of a lot of the supply chain turmoil we have seen in 2021 as well as the implications that might have for investors. He also wrote about the taxation of mutual fund distributions and the difference between mutual funds and ETFs when it comes to making distributions of capital gains.

CLINTON HERALD

David Nelson is a guest columnist every 1st and 3rd Saturday in the Clinton Herald.

THIS MONTH'S FEATURED CHARITY IS THE CLINTON KNIGHTS OF COLUMBUS LADIES AUXILIARY

The Knights of Columbus Ladies Auxiliary supports the Knights of Columbus organization in Clinton and Camanche. Their primary project is "Wraps for Children". With the assistance of Counselors from the Clinton and Camanche elementary schools, this program provides coats, boots, snow pants, gloves and hats to children in need.

The Ladies Auxiliary also supports the efforts of the Knights of Columbus with the annual Fish Fry and Corn Boil events. The ladies make desserts to sell at these events and also assist

where needed to make things run smoothly. The monies raised through dessert sales is donated to charities including Camp Courageous for persons with intellectual and physical disabilities and Mary's House where young women who are pregnant and in need of help can go.

For more information on the projects they do or to join, please contact:

Mary Meier
(563) 259-1542



JEANS FOR CHARITY

Every Friday, the team at NelsonCorp Wealth Management wears "Jeans for Charity". In exchange for getting to wear jeans to work, we each pay a \$5 weekly fine. At the end of the month, the fines are donated to a charity. NelsonCorp will match the fines that are collected, up to \$250.



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