THE FERRUCCI COMPANY

balance

DECEMBER 2016

GIVE THE GIFT OF PEACE… PEACE OF MIND!

Written by David Ferrucci

With great pleasure and immense gratitude, I am happy to report 2017 will mark The Ferrucci Company's 40th year!

My father, Peter P. Ferrucci, Jr., founded our firm in 1977, believing financial peace of mind is a crucial aim in life. Realizing such peace, he asserted, is liberating!

When Peter founded The Ferrucci Company nearly forty years ago, he also believed much was at stake. Paul, Frank, and I believe the same is true today. Though many individuals, couples, and families have hired varied financial institutions to serve in an advice-giving capacity, few people are engaged in the mutual, and profound, call-to-action relationship we enjoy with you.

Today, as featured at the end of this and every monthly newsletter, The Ferrucci Company is:

A boutique firm to which families turn
for financial guidance and leadership,
freeing them to pursue their most important
goals and values.

Our statement can be divided into two parts:

- what we do
- what you do

Few people are engaged in the mutual, and profound, call-to-action relationship we enjoy together!

First, what we do… guide and lead. Families turn to us as sounding boards, coaches, counsellors, and advisors. As such, we help you, and others, make very smart decisions about money.

And, what you do… pursue your most important goals and values; whether with family and friends, or at work and play; anything and everything that is important to you.

The fulcrum of our statement is the word '*freeing*'. It is the center-point upon which our and your respective calls-to-action pivot. We have been called to guide and lead. In turn, you are called – and freed – to pursue your most important goals and values.

Through this season, when peace is a persistent theme, consider sharing with family, friends, and colleagues your experiences with The Ferrucci Company.

You just might be giving the gift of financial peace of mind to those you care about by encouraging them to put a plan in place with the help of The Ferrucci Company!

- Forward this newsletter via e-mail
- Share our recently updated website:
  www.ferruccicompany.com
- Or, call us to discuss a more personalized approach

MarketLight

Presented by Paul Ferrucci

The Election

Surprising almost everyone, the major news in November was Donald J. Trump's election as the 45th president of the United States. Almost as surprising was the market response, as U.S. stock markets rallied and bond markets sold off. Both were the opposite of what had been predicted.

Reaction was driven by two primary factors. First, the clear result and the prospect of a unified Republican government substantially reduced the political risk that had been feared from a disputed result or divided government. Second, the president-elect's proposed reforms, which include decreasing the corporate tax rate and increasing government infrastructure spending, were seen as positives for future economic growth.

The Numbers

U.S. equity markets finished November substantially up. The Dow Jones Industrial Average rose 5.88 percent, and the S&P 500 Index and the NASDAQ gained 3.70 percent and 2.59 percent, respectively.

Another major catalyst for equity performance was corporate earnings growth. Per FactSet, with 98 percent of companies reporting, the S&P 500 blended average earnings growth rate for the third quarter was 3.2 percent—the first quarter of year-over-year growth since the first quarter of 2015.

The MSCI EAFE and MSCI Emerging Markets indices were down in November. The EAFE, reflecting developed markets, lost 1.99 percent, and the emerging markets index fell 4.60 percent.

As the yield on the 10-year Treasury rose from 1.61 percent at the start of November to 2.37 percent by month-end, the Barclays Capital Aggregate Bond and Barclays Capital U.S. Corporate High Yield indices lost 2.37 percent and 0.47 percent, respectively.

The Prospects of Growth

Consumer confidence rose sharply in November. Additionally, the October retail sales report showed stronger-than-expected increases in the headline number and core report. Moreover, housing starts and existing home sales were up more than expected, and housing prices reached all-time highs.

Hiring continued to support growth, as solid gains in private employment were recorded for November. The increase in hiring points to strong job growth heading into year-end.

Looking ahead, there is some risk regarding the potential for differences between what candidate Trump said and what President Trump can accomplish. Overall, however, the major components of the Trump platform—decreasing business and consumer taxes, decreasing regulation, and increasing infrastructure investment—appear reasonably achievable. As always, a well-diversified portfolio matched to your time horizon provides the best potential for meeting your financial goals.

All information according to Bloomberg, unless stated otherwise.

The Ferrucci Company is a wealth management boutique to which families turn for financial guidance and leadership, freeing them to pursue their most important goals and values.

David Ferrucci: Over twenty-five years ago, David began helping individuals, couples, and families make balanced – and smart! – financial decisions. Earning Bachelor's and Master's degrees from Trinity College, he focused his studies within the field of behavioral finance; an academic discipline that factors human elements into traditional economic assumptions. David also earned a Master's degree from Columbia University, where he examined the complex relationship between personal finance and family dynamics. Currently, he is pursuing a Master of Philosophy degree through Wesleyan University, deepening his understanding of personal, family, community, and global matters as they relate to finances. Today, David's expertise lies in the macro-economic realm of coordinating, synchronizing, and advancing individual and family goals.

david@ferruccicompany.com
1-800-633-3051

Paul Ferrucci: Over twenty-five years ago, Paul began helping individuals, couples, and families make balanced – and smart! – financial decisions. Earning Bachelor's and Master's degrees from Trinity College, he focused his studies in the areas of financial economics, applied portfolio theory, and personal finance. Paul completed the University of Pennsylvania's Private Wealth Management Program at Wharton School, where he examined a rich assortment of personal and family case studies. Today, Paul's expertise lies in the micro-economic realm of portfolio management, cash flow management, and multi-generational asset transference; all with the aim of advancing individual and family goals.

paul@ferruccicompany.com
1-800-633-3051

balance is a monthly feature written by Paul and David Ferrucci, and presented by The Ferrucci Company for the education and enjoyment of others.

Disclosure: *Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Past performance is not indicative of future results. Diversification does not assure a profit or protect against loss in declining markets. All indices are unmanaged and investors cannot invest directly into an index. The Dow Jones Industrial Average is a price-weighted average of 30 actively traded blue-chip stocks. The S&P 500 Index is a broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. It excludes closed markets and those shares in otherwise free markets that are not purchasable by foreigners. The Barclays Capital Aggregate Bond Index is an unmanaged market value-weighted index representing securities that are SEC-registered, taxable, and dollar-denominated. It covers the U.S. investment-grade fixed-rate bond market, with index components for a combination of the Barclays Capital government and corporate securities, mortgage-backed pass-through securities, and asset-backed securities. The Barclays Capital U.S. Corporate High Yield Index covers the USD-denominated, non-investment-grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. Asset allocation programs do not assure a profit or protect against loss in declining markets. No program can guarantee that any objective or goal will be achieved.*

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This month's MarketLight authored by Brad McMillan, senior vice president, chief investment officer, and Sam Millette, investment research associate, at Commonwealth Financial Network®, and presented by Paul Ferrucci.

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David Ferrucci and Paul Ferrucci are financial advisors located at The Ferrucci Company, 2 South Main Street, Essex, CT, 06426. They offer securities and advisory services as Investment Adviser Representatives of Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Adviser. 1-800-633-3051