



JANUARY 2017

ESSAYS

Written by David Ferrucci

This month, tens of thousands of students across the country are pulling together material for college applications, including grades, test scores, recommendations, and essays. Of all the information required by schools, the only piece within a student's control at this stage is the essay. Everything else – as a chef might say – is fully baked. Grades are done, tests scores are done, and recommendations are also done. The essay is the final, unfinished piece of the puzzle, a piece that can be designed, constructed, reshaped, and polished by each student.

In part, admissions committees want to see how well a student can write. Mostly, however, the readers of college essays want to learn more about applicants; more than any numbers exhibited in the form of grades and test scores, and more than whether or not a teacher thinks they're a nice kid. The essay is a student's opportunity to reveal characteristics and values of importance to them.

My oldest child, Maddie, recently completed the application process, and, along the way, I perused the websites of a number of schools. Through my exploration, I stumbled across a number of essay questions that are especially introspective, and they may provoke just as much thought among adults as with teens. Here are a few of my favorites:

- What do you love to do?
- What makes you laugh out loud?
- What is the most interesting thing you have learned within the past year?
- How have you been helpful to other people?
- What have you done – or what do you do – to make your life better?
- For what are you grateful?

*For the first time,
a homework assignment...*

What do you love to do?

*What makes you laugh
out loud?*

*What is the most interesting
thing you have learned within
the past year?*

*How have you been helpful to
other people?*

*What have you done – or
what do you do – to make
your life better?*

For what are you grateful?

Before continuing with this article, read through the questions again – and again and again. Ponder each, one by one.

Did you do it?

Good!

I did too! And I found a commonality among my answers: people. Yes, I love to play golf; and, yes, certain movie scenes make me laugh out loud. However, I really love to play golf with family and friends, and, when in their company – whether on the golf course or elsewhere – I have laughed hardest. Exploring each question, somehow and somehow, people appear.

Before closing this month's feature, I would like, for the first time, to assign homework! When you have a moment, pick one of the questions above and send your answer to me via email; 2-3 sentences will be ideal! You may send your reply directly to my email address: david@ferruccicompany.com (as always, correspondences are kept in strict confidence!).

A parting thought before you tackle the homework: In ancient Rome, Janus was the god of beginnings and endings. He was depicted as having two faces, one looking to the past and the other ahead to the future. Just several days into 2017, we can each look back at 2016, and even further into the past; the questions above may be helpful with such reflection. And, your answer to the questions above may help guide you through any decisions, both big and small, over the course of the year ahead!

✓ **Don't forget your homework assignment above!**

MARKETLIGHT

Presented by Paul Ferrucci

Strong end to the year for financial markets

All three major indices were up in December, capping off positive quarterly and annual returns. The S&P 500 Index had strong returns of 1.98 percent for the month, 3.82 percent for the 4th quarter, and 11.96 percent for 2016. For the same time frames, the NASDAQ notched slightly lower gains of 1.19 percent, 1.66 percent, and 8.87 percent for the periods.

In addition to the encouraging year-end market results, companies resumed earnings growth. Per FactSet, as of December 30, the estimated fourth-quarter year-over-year earnings growth rate for the S&P 500 stood at 3.2 percent.

International markets had a more mixed year than their U.S. counterparts. The MSCI EAFE Index was up 3.42 percent in December but was down 0.71 percent for the quarter and only posted a modest 1-percent gain for the year. The MSCI Emerging Markets Index rose slightly in December, 0.29 percent, though it was down 4.08 percent for the quarter despite returning a robust 11.60 percent for the year. Technicals for both indices were weak in December.

Economic data looks promising

For the second year in a row, the Federal Reserve raised interest rates in December. This action, combined with forecasts for three rate hikes in 2017, signaled the Federal Open Market Committee's belief that the economy is strong enough to withstand a gradual normalization of interest rates.

November employment figures, reported in early December, were strong, with 178,000 jobs added. The headline unemployment rate dropped to a post-recession 4.6-percent low.

Existing and new home sales rose more than expected in November, with existing home sales climbing to their highest level since 2007. Builder confidence also improved significantly, reaching levels not seen since the mid-2000s.

Political uncertainty, domestically and abroad

Heading into 2017, there is a great deal of political uncertainty around the globe. In the U.S., the election of Donald J. Trump and a Republican Congress catalyzed stock market outperformance after the election, as investors anticipate reductions in corporate tax levels and the

deregulation of many industries. But against this backdrop is the potential for the renegotiation of trade relationships, which could hinder U.S. business.

Risks remain, but U.S. outlook is positive

The U.S. economy continues to expand at a healthy pace with solid underlying fundamentals. Undoubtedly much attention will be given to political events in 2017, and potential risks may become reality, but the U.S. remains one of the most attractive investment destinations worldwide. Although short-term volatility may occur, the right path for investors is to stay committed to a strategy. A well-diversified portfolio with a time horizon that matches investment goals is typically the best way to achieve desired financial aims.

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,
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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. © 2017 Commonwealth Financial Network®

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