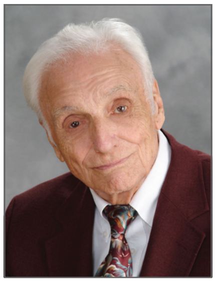
Your Personal Money Manager
Pearson
INVESTMENT LETTER
Published Monthly Since 1982
www.pearsoncapitalinc.com

FEATURED STOCKS - APRIL 2011

Growth Stocks:	Income Stocks:	ETFs:
Caterpillar	Abbott Labs	Brazil
Deere & Co	Phillip Morris	Singapore
Direct TV	Telefonica	
Research in Motion	Walgreens	



Walter D. Pearson
Chairman

Donald E. Pearson
President

Ann Hathaway
Account Manager

Difficult Decisions

By Donald Pearson

Our strategy for successful investing is buying quality companies at discounted prices predicated on present value and growth potential. Find them with low price earnings ratios (P/E), and high growth forecasts, (PEG) and you should be all set for the foreseeable future. Right? Not always. Unforeseeable events, product failure, or a whole host of other issues that will change a company's future and stock price can sometimes change the company's value over night. When this occurs it is important to make decisions immediately to support your analysis. This type of quick action in many cases can save a great deal of money within our portfolios. If you've done your homework properly, no matter the outcome, you will know over the long haul you are going to be successful.

Japan recently went through a horrific earthquake and tsunami that devastated their country. A tragedy of this magnitude, with so much loss of life and so many missing and injured persons, forced us to sell our holding in Aflac. A company we have owned for a very long time, and again featured in our March issue as a buy, was sold in its entirety a few days later. Our last time recommending AFL was March of 2009 at $16.77 with a 5.9% yield. Although recommended again last month at $58.86, we sold out around $51.00. With their business so heavily dependent upon Japan, we believe an immediate sell was in everyone's best interest. Their future earnings should be drastically reduced because of the enormous number of claims anticipated. A large mutual fund reaching the same conclusion might take up to a year to sell their holding because of rules in place for selling. We, on the other hand, once the decision is made, can push a button generating a block sell and everyone is out in minutes.

It is always unfortunate that someone's worst day can produce an opportunity for others, but this is the way of the world. Caterpillar (CAT) is one that fits this description perfectly. Their P/E is reasonable and their PEG is outstanding. We have featured this as a buy in this month's letter at $111.35 on Page 3. With the tremendous rebuilding needed within Japan, their machinery will be utilized for a very long time. Many have CAT in their portfolios already, but those who do not may see it added in the not too distant future. Our last time recommending CAT was May 2009. It was so attractive then we featured it as a growth and income stock at $35.58 yielding 5%. In only 23 months it has increased 213%. The yield has been reduced to 1.6% today, but that's only because of their outstanding increase.

Another company that we recently placed under the microscope was Research in Motion, (RIMM). They delayed the introduction to their version of the Apple iPad until April 17, of this year. Their target was originally January 1, and this has hurt their bottom line, thus shrinking profits and affecting the stock price. With their Blackberry phone losing market share to Google, one might think selling could/should be done here also. We have purchased RIMM often and continually watch for pull backs to do this. We are again making the decision this is another buying opportunity. We did exactly this in October of 2010 when the stock retreated to $48.69 and then climbed in six months to over $60.00 per share. With the current price of $56.54, a P/E of 9, and a projected growth rate exceeding 20% this appears another buying opportunity, and it will remain within our portfolios for the foreseeable future.

Apple is another that has a problem, but it is one most companies would love to own. The stock price appreciation has slowed, and the problem here is inventory. They cannot build and produce the iPad fast enough to meet the sales forecasted. If you have an Apple store in your neighborhood or area mall, walk through a few other stores first and then enter the Apple store. You'll quickly see they have most of the traffic. I did this, and while at the store I made an enquiry to purchase. I was told they are out of stock, and there is a line at the door every day to see if their scheduled delivery has arrived. I also enquired on line and found the wait time there for a delivery would be four to six weeks. As we write so often, with a P/E of 19 and a growth rate that exceeds all expectations, one can only wait for the anticipated earnings. AAPL has been, and is today, one of our "core" holdings, and this makes it suitable for everyone's portfolio.

So as you can see many times incidents create buying/selling opportunities, and if you are managing a portfolio, it is imperative you keep your eye on the ball and be prepared to make those decisions. If you have any friends or family doing this, you might want to pass this article on to them. Perhaps they would like to put us to work.

DP

MAKING DECISIONS

Analyzing stock:

One of the things about investing that is never easy to work out perfectly is cost. How much is this stock worth? Think of it as if you were going to buy a new car, and you liked both the Ford and the Chevy. The Ford is $2500 more, but it gives you two more miles to the gallon. It would now be necessary to get out the pencil and paper to decide which is the better buy. Then you would also consider the longevity of each and finally come down to a decision. If it turns out that you chose a clunker, your spouse would very likely remind you of the fact that she had preferred the other. The nice thing about having a managed investment account is that you are never responsible for the clunkers. The blame goes elsewhere.

When analyzing a stock it is necessary to take many things into consideration. It seems most strange when a $200 stock may actually be cheap, while a $2 stock may be vastly overpriced. A $200 stock that may be earning $2 a share may be expensive, but if it were earning $20 a share doesn't mean it is cheap. There are other factors to take into consideration. What is the growth potential? Can we expect this company to earn more money next year and for how many years thereafter? And if these earnings are going to grow, at what rate can we expect this to happen? Let's take a look at its past record, as this may help in the decision-making. After all this work is done, the time has come to look at cost and decide if it is overpriced or at a decent price to buy. Sometimes it will turn out that you have found a bargain, but there aren't too many of those around.

Adding to your investments:

One of the problems that we have with many of the accounts we handle is they never have money added to them. We are constantly working and searching out new companies in which to invest. We can buy these for new accounts but most of the older accounts seldom add more cash. We could trade one of the older issues for a newer, but that usually doesn't make much sense because it is usually trading one good buy for another. I strongly recommend that each account holder endeavor to add some cash each year. The amount isn't important. The important thing is that each of us is adding to his retirement. I am certainly looking forward to mine. I am now 95 years old and I may call it quits in 2021.

Future generations:

Another thing I keep hammering on is that I believe that each of us should accept the responsibility for educating our progeny about finance. There is no better place to learn than with a managed account, and it is a simple matter for each of us to reach down for a few dollars and start an account for them. It isn't necessary to use much money; we have no minimum requirement, as we do not want to make the job difficult. With a managed account your child will learn about inflation and what can be done on his own behalf. Another thing that comes into the picture on occasion is luck. Some time ago my grand nephew decided to become an investor. He put it off more than once and when he finally made his decision, he only had enough to buy one stock. We picked one out that looked good for the long haul but the next day some company made an offer that boosted the price 50%. We sold and he was 50% richer in a single day.

However, we think mostly on long term. Suppose you or your youngster had purchased only $800 worth of Cisco 20 years ago—that purchase is worth $44,000 today. Or we just might have purchased ESRX for either one of you. A $1000 purchase in February of 1997 is worth about $60,000 today. Time is a very important factor, and I think back to October of 1999. We had found Cognizant Technology and labeled it as a terrific buy both for value and for long-term growth. We went to work and bought it for just about everybody we could. Some time later in October of that year I felt happy about all the profits we had made for everybody including myself. I checked to see how much I had paid for mine. Lo and behold I had been so busy buying for everybody else, I hadn't bought any for myself. So I bought $900 worth in October of 1999, and that is worth $80,000 today. My bad timing cost me eighty grand as our clients had already doubled their money.

One of the greatest factors that works for the investor is time. I can look back and see the benefits that have accrued from investing over longer periods. ***WP***

Source Rating Key *for **PCI's** featured stocks:* **Pearson Investment Growth Rating** *measures long-term past and future growth.* **Pearson Value Rating** *measures current value in terms of potential for the dollar.* **Investors Business Daily** *measures growth and relative price strength.* **S&P** *measures financial quality and growth potential.* **Value Line** *measures timeliness, value and safety.*

Walter Pearson is the former President of First New England Securities, Co., Inc. and at that time, also managed the Statistical Department.
He is the author of the book, "Investing for the Millions" and Publisher Emeritus for the Pearson Investment Letter.
At this time, Mr. Pearson is Chairman of the Board of Pearson Capital, Inc.
He is a contributing columnist for various publications and is listed in Who's Who in America.

"Remember the Lord your God, for it is He who gives you the ability to produce wealth. Deut. 8:18"

Toll Free: (800) 510-0329

PEARSON CAPITAL'S RECOMMENDED STOCKS FOR APRIL 2011
www.pearsoncapitalinc.com

CATERPILLAR INC (CAT) NYSE PRICE: $111.35

Caterpillar Inc. (Caterpillar) is engaged in the manufacturing of construction and mining equipment, diesel and natural gas engines, industrial gas turbines, and diesel-electric locomotives. Caterpillar operates in three principal lines of business: Machinery, Engines and Financial products. Machinery line of business includes the design, manufacture, marketing and sales of construction, mining and forestry machinery. Engines line of business includes designs, manufactures, marketing and sales of engines for Caterpillar machinery; electric power generation systems, and marine, petroleum, construction, industrial, agricultural and other applications and related parts. Financial Products principal line of business consists of Caterpillar Financial Services Corporation (Cat Financial), Caterpillar Insurance Holdings, Inc. (Cat Insurance) and their respective subsidiaries. During the year ended August 31, 2010, Caterpillar acquired Electro-Motive Diesel, Inc. (EMD).

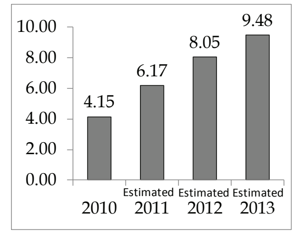
Type: Growth
Sector: Capital Goods

Institutional Holdings: 1887
Industry: Constr. & Agric. Machinery

Ratings & Recommendations

Current P/E Ratio: **26.9**
Annual Yield: **1.6%**
Annual Dividend: **$0.44**
Investor's Bus. Daily: **A+**
Pearson Growth & Value: **A-**
Morningstar Rating: **D**
Stand & Poor Rating: **B**
The Street (analyst avg.): **B**

Earnings per share



DEERE & CO (DE) NYSE PRICE: $96.89

Deere & Company, together with its subsidiaries (John Deere) operates in three business segments: agriculture and turf, construction and forestry and credit. The agriculture and turf segment manufactures and distributes a line of farm and turf equipment and related service parts including large, medium and utility tractors; loaders; combines, cotton and sugarcane harvesters and related front-end equipment and sugarcane loaders; tillage, seeding and application equipment. The construction and forestry segment manufactures, distributes to dealers and sells at retail a range of machines and service parts used in construction, earthmoving, material handling and timber harvesting. The credit segment primarily finances sales and leases by John Deere dealers of new and used agriculture and turf equipment and construction and forestry equipment.

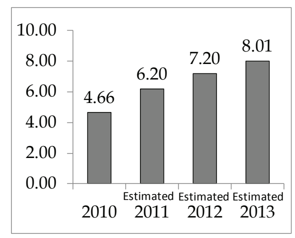
Type: Growth
Sector: Capital Goods

Institutional Holdings: 1883
Industry: Constr. & Agric. Machinery

Ratings & Recommendations

Current P/E Ratio: **19**
Annual Yield: **1.5%**
Annual Dividend: **$0.35**
Investor's Bus. Daily: **A**
Pearson Growth & Value: **A-**
Morningstar Rating: **C**
Stand & Poor Rating: **B**
The Street (analyst avg.): **B**

Earnings per share



DIRECTV (DTV) NASDAQ PRICE: $46.80

DIRECTV is a provider of digital television entertainment in the United States and Latin America. The Company operates two direct-to-home (DTH), operating segments: DIRECTV U.S. and DIRECTV Latin America (DTVLA), which are engaged in acquiring, promoting, selling and/or distributing digital entertainment programming primarily via satellite to residential and commercial subscribers. It also operates three regional sports networks (RSNs) and owns a 65% interest in Game Show Network, LLC (GSN), a television network for game-related programming and Internet interactive game playing. DIRECTV Holdings LLC and its subsidiaries (referred to as DIRECTV U.S.) is a provider of DTH digital television services. DTVLA is a provider of DTH digital television services throughout Latin America. DIRECTV Sports Networks LLC and its subsidiaries (DSN) consist of three RSNs based in Seattle, Washington, Denver, Colorado and Pittsburgh, Pennsylvania, FSN Northwest, FSN Rocky Mountain and FSN Pittsburgh.

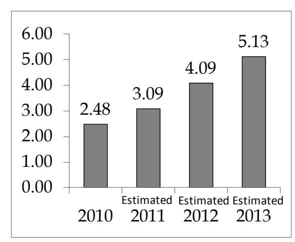
Type: Value - Growth
Sector: Services

Institutional Holdings: 1575
Industry: Broadcasting & Cable TV

Ratings & Recommendations

Current P/E Ratio: **20.2**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Bus. Daily: **A**
Pearson Growth & Value: **B**
Morningstar Rating: **D**
Stand & Poor Rating: **C**
The Street (analyst avg.): **B**

Earnings per share



RESEARCH IN MOTION LTD (RIMM) NASDAQ PRICE: $56.54

Research In Motion Limited (RIM) is a designer, manufacturer and marketer of wireless solutions for the worldwide mobile communications market. Through the development of integrated hardware, software and services that support multiple wireless network standards, RIM provides platforms and solutions for seamless access to time-sensitive information, including e-mail, phone, short message service (SMS), Internet and intranet-based applications. RIM's portfolio of products, services and embedded technologies are used by organizations worldwide and include the BlackBerry wireless solution, the RIM Wireless Handheld product line, software development tools and other software and hardware. Its subsidiaries include Research In Motion Corporation, Research In Motion UK Limited and RIM Finance, LLC. On June 2, 2010, Harman International sold its software operating systems unit, QNX Software Systems, to the Company.

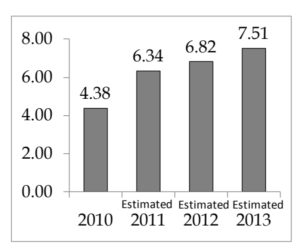
Type: Growth
Sector: Technology

Institutional Holdings: 1394
Industry: Communications Equipment

Ratings & Recommendations

Current P/E Ratio: **9.0**
Annual Yield: **0**
Annual Dividend: **$0**
Investor's Bus. Daily: **B+**
Pearson Growth & Value: **B+**
Morningstar Rating: **D**
Stand & Poor Rating: **B+**
The Street (analyst avg.): **C+**

Earnings per share



PEARSON CAPITAL'S RECOMMENDED STOCKS FOR APRIL 2011
www.pearsoncapitalinc.com

ABBOTT LABORATORIES (ABT) NYSE PRICE: $49.05

Abbott Laboratories is engaged in discovery, development, manufacture, and sale of diversified line of healthcare products. It has four segments: Pharmaceutical Products, which include a line of adult and pediatric pharmaceuticals manufactured, marketed, and sold directly to wholesalers and healthcare facilities; Diagnostic Products, which include a line of diagnostic systems and tests manufactured, marketed, and sold to hospitals and commercial laboratories; Nutritional Products, which include a line of pediatric and adult nutritional products, and Vascular Products, which include a line of coronary, endovascular, and vessel closure devices for the treatment of vascular disease. On February 15, 2010, it acquired the Solvay Group's pharmaceuticals business. In March 2010, it acquired Starlims Technologies Limited. In April 2010, it acquired Facet Biotech Corporation. On September 8, 2010, it acquired Piramal Healthcare Limited's Healthcare Solutions business.

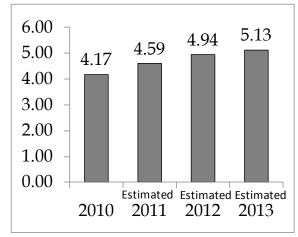
Type: Value - Income
Sector: Healthcare

Institutional Holdings: 2502
Industry: Major Drugs

Ratings & Recommendations

Current P/E Ratio: **16.5**
Annual Yield: **3.9%**
Annual Dividend: **$0.48**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **A-**
Morningstar Rating: **A**
Stand & Poor Rating: **B**
The Street (analyst avg.): **N/A**

Earnings per share



PHILIP MORRIS INTERNATIONAL INC (PM) NYSE PRICE: $65.63

Philip Morris International Inc. (PMI) is engaged in the manufacture and sale of cigarettes and other tobacco products through its subsidiaries and affiliates. The Company's products are sold in approximately 160 countries. PMI's portfolio comprises both international and local brands. Its portfolio comprises both international and local brands, which include Marlboro, Merit, Parliament, Virginia Slims, L&M, Chesterfield, Bond Street, Lark, Muratti, Next, Philip Morris and Red & White. The Company divides its markets into four geographic regions: The European Union (EU); The Eastern Europe, Middle East and Africa (EEMA); The Asia Region, and The Latin America and Canada Region. As of December 31, 2009, PMI operated and owned 58 manufacturing facilities, operated two leased manufacturing facilities, one in Korea and one in Mexico, and maintained 30 contract manufacturing relationships with third parties. In September 2009, PMI acquired Swedish Match South Africa (Proprietary) Limited.

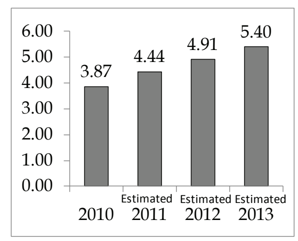
Type: Income
Sector: Consumer/Non-Cyclical

Institutional Holdings: 2773
Industry: Tobacco

Ratings & Recommendations

Current P/E Ratio: **16.8**
Annual Yield: **3.9%**
Annual Dividend: **$0.64**
Investor's Bus. Daily: **C**
Pearson Growth & Value: **B+**
Morningstar Rating: **C**
Stand & Poor Rating: **B**
The Street (analyst avg.): **B-**

Earnings per share



TELEFONICA SA (TEF) NYSE PRICE: $25.27

Telefonica SA (Telefonica) together with its subsidiaries and investees operates in the telecommunications, media and contact center industries. Telefonica basic purpose is the provision of all manner of public or private telecommunications services, including ancillary or complementary telecommunications services or related services. The Company operates in three business areas: Telefonica Spain, Telefonica Latin America and Telefonica Europe. During the year ended December 31, 2009, Telefonica Moviles Espana, SAU, a wholly owned subsidiary of the Company completed the sale of its 32.18% stake in Medi Telecom, SA. In January 2010, the Telefonica Group, through its wholly owned subsidiary, Telefonica Europe plc completed the acquisition of JAJAH.

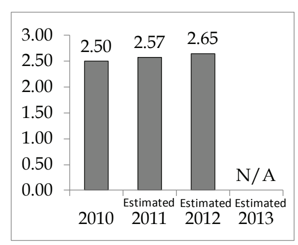
Type: Income
Sector: Services

Institutional Holdings: 186
Industry: Communications Services

Ratings & Recommendations

Current P/E Ratio: **10.1**
Annual Yield: **5.5%**
Annual Dividend: **$0.73**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **B**
Morningstar Rating: **C**
Stand & Poor Rating: **B**
The Street (analyst avg.): **B**

Earnings per share



WALGREEN CO (WAG) NYSE PRICE: $40.14

Walgreen Co. (Walgreen) together with its subsidiaries, operates a drugstore chain in the United States. The Company provides its customers with multichannel access to consumer goods and services, and pharmacy, health and wellness services in communities across America. Walgreen offers its products and services through drugstores, as well as through mail, by telephone, and via the Internet. It sells prescription and non-prescription drugs, as well as general merchandise, including household products, convenience foods, personal care, beauty care, candy, photofinishing and seasonal items. Its pharmacy services includes retail, specialty, infusion, medical facility, long- term care and mail service, along with pharmacy benefit solutions and respiratory services. In January 2010, the Company announced that it has completed the acquisition of the assets of 12 Eaton Apothecary pharmacies in the Boston area from D.A.W., Inc., a subsidiary of Nyer Medical Group, Inc.

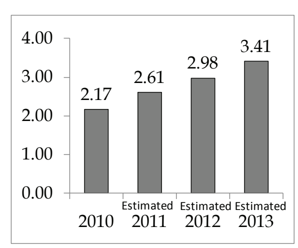
Type: Latin America
Sector: Services

Institutional Holdings: 1705
Industry: Retail (Drugs)

Ratings & Recommendations

Current P/E Ratio: **16.9**
Annual Yield: **1.75%**
Annual Dividend: **$0.17**
Investor's Bus. Daily: **B-**
Pearson Growth & Value: **B+**
Morningstar Rating: **C**
Stand & Poor Rating: **B**
The Street (analyst avg.): **B**

Earnings per share



PEARSON CAPITAL'S RECOMMENDED ETFs FOR APRIL 2011
www.pearsoncapitalinc.com

ISHARES MSCI BRAZIL INDEX FUND (EWZ) NYSE ARCA PRICE: $77.51

About this ETF

The investment seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI Brazil Index. The fund normally invests at least 95% of assets in the securities of the underlying index and in depositary receipts ("DRs") representing securities in the underlying index. It invests at least 80% of assets in the securities of the underlying index or in DRs representing securities in its underlying index. The index consists of stocks traded primarily on the BM&FBOVESPA (the Brazilian exchange).

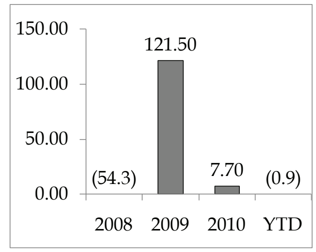
Location: Brazil
Type: 100% Stocks

Category: Large Value Blend
Industry: Materials, Energy, Finance

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **3.8%**
Annual Dividend: **$2.95**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A-**
Morningstar Rating: **C**
Stand & Poor Rating: **N/A**
The Street (analyst avg.): **N/A**

Performance by%



ISHARES MSCI SINGAPORE INDEX FUND (EWS) NYSE ARCA PRICE: $13.59

About this ETF

The investment seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI Singapore Index (the "underlying index"). The fund normally invests at least 95% of assets in the securities of the underlying index and in ADRs based on the securities in the underlying index. It invests at least 80% of assets in the securities of the underlying index or in DRs representing securities in its underlying index. The index consists of stocks traded primarily on the Singapore Stock Exchange.

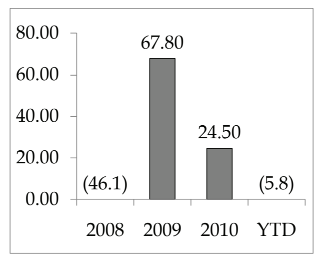
Location: Singapore
Type: 100% Stocks

Category: Large Value
Industry: Industrial Financial

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **3.3%**
Annual Dividend: **$0.45**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **B+**
Morningstar Rating: **C**
Stand & Poor Rating: **N/A**
The Street (analyst avg.): **N/A**

Performance by%



Roth IRA

I apologize to all of you who have a Roth already, but I continue to speak in front of many groups, and many people have not heard of them, and, after learning of their value, still do not have one. For those who still do not, I ask you, go to Google on your computer and type in irspublication590 and read Pages 57 through 68. It will explain the process and value for you. Most of us meet the parameters needed if we are not retired. In our January publication I recommended the "magnificent 7" specifically for those starting out. If you are 50 or younger, pick five, and for those over 50, pick six, and place $1,000 into each. A couple of tech stocks, a couple of ETFs, a commodity, and an energy stock. This is a diverse group with very high risk (BIDU) to the very low risk (TE) and several others in-between. Through the first quarter of this year the portfolio is up 12.1%, and growing with tax free profit. What are you waiting for? Get started NOW!

NAME	Symbol	Yield	Shares	Value 1/1/2011	Value 3/31/2011	Initial Investment	Current Value	$$$ Gain/Loss	%%% Gain/Loss
APPLE INC	AAPL	N/A	3	322.56	348.51	967.68	1045.53	77.85	0.9%
BAIDU INC	BIDU	N/A	10	96.53	137.81	960.53	1378.1	417.57	43.5%
GOOGLE	GOOG	N/A	2	593.97	586.76	1187.94	1173.52	-14.42	-1.2%
SILVER (ETF)	SLV	N/A	33	30.18	38.77	995.94	1279.41	283.47	25.5%
BRAZIL (ETF)	ILF	2.20%	19	53.86	53.79	1023.34	1022.01	-1.33	EVEN
S&P HIGH YIELD (ETF)	SDY	2.50%	19	51.98	54.15	987.62	1028.85	41.23	4.2%
TECO ENERGY	TE	4.60%	56	17.8	18.76	996.8	1050.56	53.76	5.4%
TOTALS	**-**	**1.30%**	**-**	**-**	**-**	**7119.85**	**7977.98**	**858.13**	**12.1%**

WALL STREET INDEXES

Indexes	2005	2006	2007	2008	2009	2010	YTD
S&P 500	3.0%	13.6%	3.6%	(40.0%)	23.5%	12.9%	5.3%
Dow Jones	(0.6%)	16.3%	6.4%	(33.4%)	18.8%	11.0%	6.4%
Nasdaq	1.4%	9.5%	9.8%	(42.1%)	43.9%	16.9%	4.8%
Market Average	1.8%	14.1%	5.6%	(38.4%)	27.9%	13.8%	5.5%

MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:
QE2 will end soon, and we are expecting interest on long term bonds to rise once the Fed stops buying back treasuries. Most advisers' expectations are to cut back or stop buying bonds, for as interest rates rise, the prices of current bonds will decrease as buyers will demand more yield. Everyone though is predicting that Chairman Bernanke will continue to focus on keeping short term interest rates low until he sees that the economy is on solid footing. However, the Fed is not just focused on the economy itself but unemployment as well. As globalization takes effect, more jobs will be sent overseas from the service and knowledge portions of the economy. My estimation is that the Fed will continue lowering the value of the dollar to kill two birds with one stone. It begins to eliminate part of our spiraling debt and lower the cost of doing business to bring jobs back into the United States, especially in the exporting industries.

Key Point: *QE2 will end causing current long term interest rates to end.*

Earnings Flows:
April is the start of first quarter earnings reports. Most companies are destined to beat or match current expectations. However, it is the next quarter that is up in the air. In my opinion the market is in a traditional trading range, where it is not overly priced. However, there are earnings pitfalls to watch for. First, stimulus spending by central banks is fueling the fire for higher commodity prices. This is already affecting some stocks such as Sysco (SYY) that are at the moment absorbing those costs while still trying not to pass those increases on to its customers. Oil has also moved up to about $105 a barrel. Second, the crisis in Japan may have temporary issues with companies such as GM, Ford, and others dependent on critical parts and supplies for products. Third, stocks have already met their year over year comparisons when comparing 2010's earnings with 2009's. This year's will be harder to beat. If a stock has had a nice run, any expectation that is not outstanding may cause that stock to trade sideways or decline for the next quarter. We will continue to look for companies or products that are in demand. One of our largest holdings, Apple, has at least a month waiting period at our local store for their iPad 2, so we continue to be bullish about select holdings. It would not surprise me if we have a market that will move with just a few narrow select stocks like Apple, Bidu, and Oracle.

Key Point: *Stocks will have significant headwinds to face in the future.*

Cash Flows:
Once again we are seeing more M&A action this quarter with the AT&T (T) and T-mobile merger. This merger will affect many people and companies as the trend of the mobile device is still in the infancy stage. Using strong cash flows, these two powerhouses stand to benefit as we move into the tablet era. I would have liked to see more competition, but both of these companies saw the benefit of combining forces. New trends will change many companies in the next few quarters. We will not be surprised to see other huge mergers in the next few months.

Key Point: *Expect another big deal.*

Please note:
1. First quarter's earnings may put the market into an extended trading range.
2. QE2's end may cause money to move into the stock market.
3. Any shock may cause a temporary pullback.

Pearson Capital, Inc.

P.O. Box 3739
Apollo Beach, Florida 33572
Tel: (813) 641 - 7575
Fax: (813) 641 - 7755
Toll Free: (800) 510-0329
www.pearsoncapitalinc.com

Chairman Of The Board
Head Of Investment Research
Walter D. Pearson
E-mail: PearsonCap@aol.com

President
Donald E. Pearson
E-mail: PearsonCapital@aol.com

Stock Analyst
Chris Carothers
PearsonCapital2@yahoo.com

Account Manager
Ann Hathaway
PearsonCapital7@gmail.com

The Pearson Investment Letter
published monthly since 1982

Editor
Roberta Wilde

Services Provided

Managed Accounts:
Individual - Joint - Custodial
Corporate - Partnership - Trust
IRA's; Roth - Trad - College - SEP
401(k) & 403(b) Rollovers - Transfers

Management fee of 1% annually
for accounts of $25,000 or more
(2% for smaller accounts)

Free consultation
No hidden fees

Privacy Policy
Available online or mailed upon request.

Table of Contents

Walter's Wisdom: 2
Featured Stocks: 3
Featured Stocks: 4
Featured ETFs: 5
Market Outlook 6