

Your Personal Money Manager

Pearson

INVESTMENT LETTER

Published Monthly Since 1982
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FEATURED STOCKS - APRIL 2012

Growth Stocks:

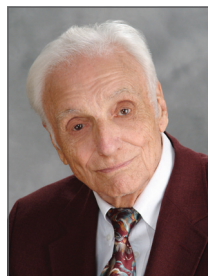
Apple Comp
Auto Zone
Big Lots

Value Stocks:

Advanced Auto Parts
Coca-Cola
Home Depot
Walmart

Income Stocks:

Gen. Electric
Hasbrow
Intel Corp



Walter D. Pearson
Chairman



Donald E. Pearson
President



Ann Hathaway
Account Manager

TODAY-TOMORROW-YESTERDAY

By Donald Pearson

This month's article will test your memory as we go back in time to when cars were without air conditioning, dimmer switches were on the floor, and Fuller Brush Salesmen went door to door selling their material. Before my father began his successful investment career some sixty years ago, he sold magazines, hearing aids, and encyclopedias door to door. When I was a young lad attending grade school, a family having a set of encyclopedias in their home was thought to be the more elite. Every few years a new book would be added to the set to update current events. Today, because of the internet, these past occupations are extinct. An entire encyclopedia can be purchased on line for considerably less, and then upgraded, or new events can be added instantly by the web host. Is there a lesson to be learned here as an investor? I believe there is, but before we go there, let me cite a few other examples.

All of us who are decision-makers, whether for ourselves, our families, or our companies, are always looking to get the most out of an investment. How many companies have invested in the yellow pages believing this would pay huge dividends with new business through additional exposure? The costs were high but the investment seemed sound. Today a yellow page book is left at your doorstep, and often recycled into the trash.

As an investor we look for companies that dominate their industry and with stock that continues to climb. Remember Polaroid? They had the finest camera, and as a one of a kind, everyone could

have their photo developed instantly. Nothing could be finer, and investors flocked to this as a solid opportunity. Residing in Massachusetts most of my life I unfortunately saw them close their doors and go out of business. How many investors were sharp enough to see this coming and withdrew their investments in a timely manner? My guess would be very few.

As I continued to grow in our family business, I began to see what made a solid investment. One of our top holdings at one time was Kodak. In 1975 they invented and introduced the digital camera. They saw little promise for this and abandoned the project. Their ongoing excellence was film and development paper, and the market belonged to them. Earlier this year Kodak filed for bankruptcy protection and their future is doubtful at best. Did you liquidate your holdings in time as the stock plummeted in the last year by more than 50%?

I can say we were ahead of the curve with these because we, as many others, learned when the tech wreck was at its prime. Companies were not making profits, the P/E had triple digit, and one had to pay up to get some of these that were climbing daily to continuous new highs. We learned through this period that an exceptional holding can excite everyone, but someone must know when to fold it.

We feature Apple (AAPL) every month. We have never done this before. We believe AAPL is one of the few that come in a lifetime of investing in which everyone can share. Their new iPhone 4 cannot be purchased in China in stores because

they cannot build them fast enough. You must get them on line. This is all new revenue. The new iPad 3 was introduced last weekend, sold three million, and is out of stock. This is also new revenue, and Apple cannot build these fast enough. Their last reporting quarter saw revenue grow at 118% over prior year. I believe we will see something close to this when they report their first quarter earning in late April or early May. It's impressive when a company becomes this dominating, but we will continue to monitor their reporting quarterly results.

Apple also announced a few days ago they will begin paying a quarterly dividend of \$2.65 (1.8 percent) to all shareholders effective September of this year. This amounts to \$45 billion over a three-year period. With their financial bank account holding \$1.4 trillion today, this is a mere drop in the bucket for them. What this also means is about 15-20% of mutual funds that do not buy an individual company stock, because it doesn't pay out a yield, will now do so. Many can and will purchase something you and I have had in our accounts for a considerable amount of time.

AAPL began 2011 at \$322.56 and closed the year at \$405.00, a gain of 25.6%. Since the introduction of the iPad 3 in March, the stock has shot up to \$600 thus showcasing a gain of 48% in only three months. Because of their planned buyback of ten million shares coupled with current activity, our price guidance has been raised to \$750 within 12-15 months. We will be keeping our eye on the ball.

DP

IS THIS AN UP MARKET, OR IS IT DOWN?

Is this an up market or is it down? Perhaps the question should be, is the market going up, down, or sideways? Strangely enough, my opinion is that it really doesn't matter. Suppose you have found a stock that seems to be cheap, its expected future is good, and it pays a decent dividend. How can you lose by purchasing this angel? If the market goes up, your angel should rise with it. If the market stammers along on the same straight and narrow path, your baby may even rise in price, and, if the market goes down, you should have no problem. If you have done your homework, your baby may have risen, stood still, or gone down with the market. If it has gone down far enough, you can then recheck it and buy more if it still looks positive.

The important thing to remember here is that you are not buying a stock; you are buying a company. People who are just playing the market are gamblers. You are an investor. The difference is that you know what you are doing. Your purchase is based on your opinion that the company has a good, or maybe even an excellent, future, and that it is selling at a good, or maybe even an excellent, price. The gamblers may buy your stock thinking it is going to go up right away or they may short it. That means that they are allowed to sell your stock even though they don't own it, and then they must buy it back at a later date. If there are enough people shorting your stock, it will create an artificial downturn for your baby. There are numerous other ways to gamble in the stock market, but the investor should have NO interest in any of them. It is important, however, to remember that you invest - let them gamble.

What the long term investor is doing is investing in growth and waiting. The Apple investor invested in Apple twenty years ago when it was \$5 adjusting for splits. Unlike the gamblers, he did not sell it when it got to \$10 just because he had doubled his money. This satisfied investor is now holding a \$600 stock, and the expectations are good from here. Or he might have bought Autozone fifteen years ago at \$19. Again, even though Autozone is now almost \$400 a share, the astute investor is watching and waiting. Both of these holdings are still classified as growth stocks by us and Apple has now decided to start paying dividends - just another good reason to put one's patience to the test. Remember the old saying: Patience is a virtue. Be virtuous.

Every so often there comes a time when some company is bought out by another company, and the way it is usually done is by a takeover that is agreed upon by the stockholders. The reason that the stockholders have agreed is usually that the company is offering about 50% more than the stock is being quoted in the marketplace. What this does is to give you a nice profit without trying, and at the same time it should drive home the knowledge that stocks are cheap. Many people are afraid to buy when the market is going down, but the thing to remember here is that when the market goes down you should do your best to start buying. After all, and correct me if I am wrong, but the further the market goes down, the cheaper the stocks become. If you are a married man, ask your wife when is the best time to buy.

REMEMBER, if you have an account with us, it is highly advantageous to add cash whenever possible.

WP

Management Fee:

Our fee is extracted quarterly from the account at 25% of one percent by TD Ameritrade. Immediately following any quarterly management fee extraction, it is posted within your account's history information available on line. It is also posted in your TD Ameritrade monthly statement.

Second Quarter April-May-June-see your April statement.

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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.

Information & data obtained from other sources is believed to be reliable, but its accuracy and completeness can not be guaranteed.

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)

PEARSON CAPITAL'S RECOMMENDED STOCKS FOR APRIL 2012

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APPLE INC (AAPL)

NASDAQ PRICE: \$599.55

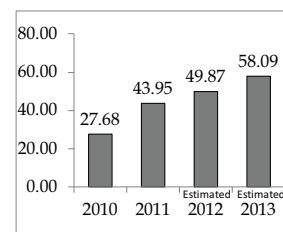
Apple Inc. (Apple), along with its subsidiaries is engaged in designs, manufactures and markets mobile communication and media devices, personal computers, and portable digital music players, and sells a range of related software, services, peripherals, networking solutions, and third-party digital content and applications. The Company's products and services include iPhone, iPad, Mac, iPod, Apple TV, a portfolio of consumer and professional software applications, the iOS and Mac OS X operating systems, iCloud, and a range of accessory, service and support offerings. It also sells and delivers digital content and applications through the iTunes Store, App Store, iBookstore, and Mac App Store. During the year ended November 24, 2011, the Company, as part of a consortium, acquired Nortel Networks Corporation's patent portfolio. In February 2012, the Company acquired app-search engine Chomp.

Type: Growth
Sector: Technology

Institutional Holdings: 4835
Industry: Computer Hardware

Ratings & Recommendations Earnings per share

Current P/E Ratio: 17.4
Annual Yield: 0%
Annual Dividend: \$0
Investor's Bus. Daily: A+
Pearson Growth & Value: A+
Morningstar Rating: C
Stand & Poor Rating: B
The Street (analyst avg.): A+



AUTOZONE INC (AZO)

NYSE PRICE: \$371.80

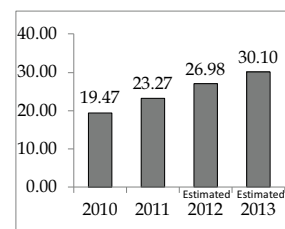
AutoZone, Inc. (AutoZone) is a retailer and a distributor of automotive replacement parts and accessories. As of August 28, 2010, the Company operated 4,389 stores in the United States and Puerto Rico, and 238 in Mexico. Each of its stores carries a product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products. As of August 28, 2010, in 2,424 of its domestic stores and 173 of its Mexico stores, AutoZone also has a commercial sales program that provides delivery of parts and other products to local, regional and national repair garages, dealers, service stations and public sector accounts. AutoZone also sells the ALLDATA brand automotive diagnostic and repair software through www.alldata.com. Additionally, it sells automotive hard parts, maintenance items, accessories and non-automotive products through www.autozone.com.

Type: Growth
Sector: Services

Institutional Holdings: 1308
Industry: Retail (Specialty)

Ratings & Recommendations Earnings per share

Current P/E Ratio: 17.6
Annual Yield: 0%
Annual Dividend: \$0
Investor's Bus. Daily: B
Pearson Growth & Value: A-
Morningstar Rating: C
Stand & Poor Rating: C
The Street (analyst avg.): B-



BIG LOTS INC (BIG)

NYSE PRICE: \$43.02

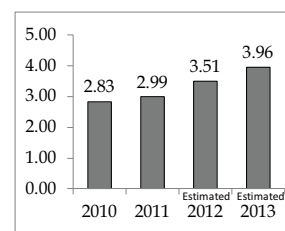
Big Lots, Inc. is a closeout retailer. The Company's merchandising categories include Consumables, Furniture, Home, Hardlines, Seasonal, and Other. The Consumables category includes the food, health and beauty, plastics, paper, chemical, and pet departments. The Furniture category includes the upholstery, mattresses, ready-to-assemble, and case goods departments. Case goods consist of bedroom, dining room, and occasional furniture. The Home category includes the domestics, stationery, and home decorative departments. The Hardlines category includes the electronics, appliances, tools, and home maintenance departments. The Seasonal category includes the lawn and garden, Christmas, summer, and other holiday departments. The Other category includes the toy, jewelry, infant accessories, and apparel departments. At January 29, 2011, it operated a total of 1,398 stores in 48 states. In July 2011, the Company acquired Liquidation World Inc.

Type: Value
Sector: Services

Institutional Holdings: 723
Industry: Retail (Specialty)

Ratings & Recommendations Earnings per share

Current P/E Ratio: 14.4
Annual Yield: 0%
Annual Dividend: \$0
Investor's Bus. Daily: B+
Pearson Growth & Value: A-
Morningstar Rating: N/A
Stand & Poor Rating: C
The Street (analyst avg.): A-



ADVANCE AUTO PARTS INC (AAP)

NYSE PRICE: \$88.57

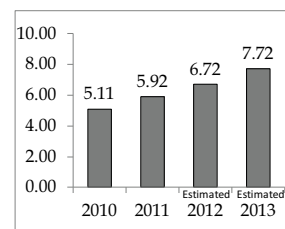
Advance Auto Parts, Inc. (Advance) is a specialty retailer of automotive aftermarket parts, accessories, batteries and maintenance items primarily operating within the United States. The Company operates in two segments: Advance Auto Parts (AAP), and Autopart International (AI). Its stores carry an extensive product line for cars, vans, sport utility vehicles and light trucks. The Company serves both do-it-yourself (DIY), and do-it-for-me (Commercial), customers. Its Commercial customers consist primarily of delivery customers for whom the Company delivers product from its store locations to its Commercial customers' places of business, including independent garages, service stations and auto dealers.

Type: Value
Sector: Services

Institutional Holdings: 739
Industry: Retail (Specialty)

Ratings & Recommendations Earnings per share

Current P/E Ratio: 17.2
Annual Yield: 0.27%
Annual Dividend: \$0.24
Investor's Bus. Daily: A
Pearson Growth & Value: A
Morningstar Rating: C
Stand & Poor Rating: B
The Street (analyst avg.): A+



PEARSON CAPITAL'S RECOMMENDED STOCKS AND ETFS FOR APRIL 2012

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THE COCA-COLA COMPANY (KO)

NYSE PRICE: \$74.01

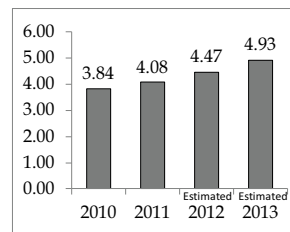
The Coca-Cola Company is a beverage company. The Company owns or licenses and markets more than 500 nonalcoholic beverage brands, primarily sparkling beverages but also a variety of still beverages, such as waters, enhanced waters, juices and juice drinks, ready-to-drink teas and coffees, and energy and sports drinks. It owns and markets a range of nonalcoholic sparkling beverage brands, which includes Coca-Cola, Diet Coke, Fanta and Sprite. The Company's segments include Eurasia and Africa, Europe, Latin America, North America, Pacific, Bottling Investments and Corporate. On December 30, 2011, the Company acquired Great Plains Coca-Cola Bottling Company (Great Plains) in the United States. During the year ended December 31, 2011, the Company acquired the remaining interest in Great Plains and Honest Tea, Inc. (Honest Tea). In December 2011, the Company acquired an additional minority interest in Coca-Cola Central Japan Company (Central Japan).

Type: Value
Sector: Consumer/Non-Cyclical

Institutional Holdings: 2950
Industry: Beverages
(Nonalcoholic)

Ratings & Recommendations Earnings per share

Current P/E Ratio: **20.1**
Annual Yield: **2.76%**
Annual Dividend: **\$2.04**
Investor's Bus. Daily: **C-**
Pearson Growth & Value: **A-**
Morningstar Rating: **C**
Stand & Poor Rating: **A**
The Street (analyst avg.): **A**



HOME DEPOT INC (HD)

NYSE PRICE: \$50.31

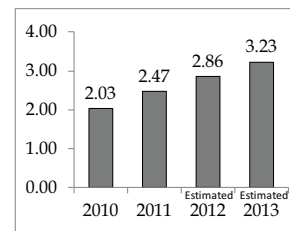
The Home Depot, Inc. (The Home Depot) is a home improvement retailer. The Home Depot stores sells an assortment of building materials, home improvement and lawn and garden products and provide a number of services. The Home Depot stores average approximately 105,000 square feet of enclosed space, with approximately 24,000 additional square feet of outside garden area. As of January 30, 2010, the Company had 2,248 The Home Depot stores located throughout the United States, including the Commonwealth of Puerto Rico and the territories of the United States Virgin Islands and Guam, Canada, China and Mexico. The Home Depot stores serve three primary customer groups: -It-Yourself (D-I-Y) Customers, Do-It-For-Me (D-I-F-M) customers and Professional Customers. In January 2012, the Company acquired Redbeacon.

Type: Value
Sector: Services

Institutional Holdings: 2226
Industry: Retail (Home Improvement)

Ratings & Recommendations Earnings per share

Current P/E Ratio: **20.2**
Annual Yield: **2.32%**
Annual Dividend: **\$1.16**
Investor's Bus. Daily: **A**
Pearson Growth & Value: **B+**
Morningstar Rating: **C**
Stand & Poor Rating: **D**
The Street (analyst avg.): **A+**



WAL-MART STORES INC (WMT)

NYSE PRICE: \$61.20

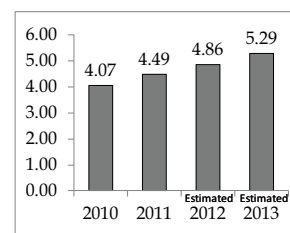
Wal-Mart Stores, Inc. (Walmart) operates retail stores. The Company operates in three business segments: Walmart U.S., Walmart International and Sam's Club. During the fiscal year ended January 31, 2011 (fiscal 2011), the Walmart U.S. segment accounted for 62.1% of its net sales, and operated retail stores in different formats in the United States and Puerto Rico, as well as Walmart's online retail operations, walmart.com. The International segment consists of retail operations in 14 countries. During fiscal 2011, the segment generated 26.1% of the Company's net sales. The International segment includes different formats of retail stores and restaurants, including discount stores, supercenters and Sam's Clubs that operate outside the United States. The Sam's Club segment consists of membership warehouse clubs in the United States and Puerto Rico, and the segment's online retail operations, samsclub.com. During fiscal 2011, Sam's Club accounted for 11.8% of its net sales.

Type: Value
Sector: Services

Institutional Holdings: 2788
Industry: Retail (Department & Discount)

Ratings & Recommendations Earnings per share

Current P/E Ratio: **13.5**
Annual Yield: **2.61%**
Annual Dividend: **\$1.59**
Investor's Bus. Daily: **C-**
Pearson Growth & Value: **B+**
Morningstar Rating: **C**
Stand & Poor Rating: **B**
The Street (analyst avg.): **A**



GENERAL ELECTRIC CO (GE)

NYSE PRICE: \$20.07

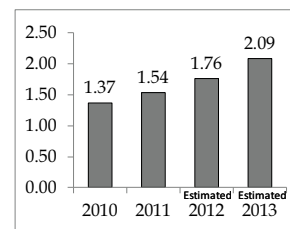
General Electric Company (GE) is a diversified technology and financial services corporation. The products and services of the Company range from aircraft engines, power generation, water processing, and household appliances to medical imaging, business and consumer financing and industrial products. It serves customers in more than 100 countries. Effective January 28, 2011, it held a 49% interest in a media entity that includes the NBC Universal businesses. Its segments include Energy Infrastructure, Aviation, Healthcare, Transportation, Home & Business Solutions and GE Capital. Effective January 1, 2011, it reorganized the Technology Infrastructure segment into three segments: Aviation, Healthcare and Transportation. On January 28, 2011, it transferred the assets of its NBC Universal (NBCU) business and Comcast Corporation transferred certain of its assets to a NBCUniversal LLC (NBCU LLC). On February 1, 2011, it acquired Dresser, Inc. On February 4, 2011, it acquired Wellstream PLC.

Type: Income
Sector: Financial

Institutional Holdings: 3512
Industry: Consumer Financial Services

Ratings & Recommendations Earnings per share

Current P/E Ratio: **16.3**
Annual Yield: **3.41%**
Annual Dividend: **\$0.68**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **B**
Morningstar Rating: **B**
Stand & Poor Rating: **B**
The Street (analyst avg.): **B**



PEARSON CAPITAL'S RECOMMENDED ETFs APRIL 2012

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HASBRO INC (HAS) NASDAQ PRICE: \$36.72

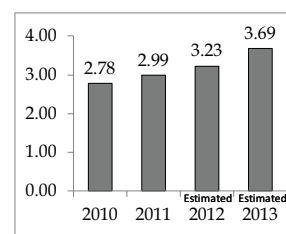
Hasbro, Inc. (Hasbro) is engaged in providing children's and family leisure time products with a range of portfolio of brands and entertainment properties. Hasbro entertainment offerings include television programming and motion pictures, and licensed products, ranging from traditional to high-tech and digital, under brand names, such as TRANSFORMERS, PLAYSKOOL, NERF, LITTLEST PET SHOP, MY LITTLE PONY, G.I. JOE, TONKA, MILTON BRADLEY, PARKER BROTHERS, CRANIUM and WIZARDS OF THE COAST. In addition to product offerings under Hasbro-owned brands or brands which if not entirely owned are broadly controlled by the Company, offerings may include products branded and developed under licensing arrangements with third parties, such as BEYBLADE, MARVEL, SESAME STREET and STAR WARS product offerings. The Company markets its brands under the primary product categories: boys' toys; games and puzzles; girls' toys, and preschool toys.

Type: Income
Sector: Consumer Cyclical

Institutional Holdings: 1027
Industry: Recreational Products

Ratings & Recommendations Earnings per share

Current P/E Ratio: **12.9**
Annual Yield: **3.88%**
Annual Dividend: **\$1.44**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **B**
Morningstar Rating: **N/A**
Stand & Poor Rating: **B**
The Street (analyst avg.): **B**



INTEL CORP (INTC) NASDAQ PRICE: \$28.12

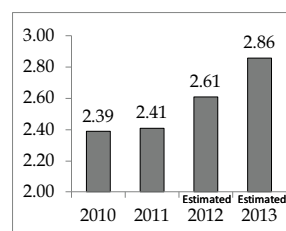
Intel Corporation designs and manufactures integrated digital technology platforms. A platform consists of a microprocessor and chipset. It sells these platforms primarily to original equipment manufacturers (OEMs), original design manufacturers (ODMs), and industrial and communications equipment manufacturers in the computing and communications industries. The Company's platforms are used in a range of applications, such as personal computers (PCs) (including Ultrabook systems), data centers, tablets, smartphones, automobiles, automated factory systems and medical devices. On February 28, 2011, it acquired McAfee, Inc. In August 2011, the Company formed a wholly owned subsidiary, Intel Federal LLC. During the year ended December 31, 2011, it sold the remaining interest in Micron. On February 2012, QLogic Corp. sold the product lines and certain assets associated with its InfiniBand business to the Company.

Type: Income
Sector: Technology

Institutional Holdings: 3668
Industry: Semiconductors

Ratings & Recommendations Earnings per share

Current P/E Ratio: **11.8**
Annual Yield: **2.98%**
Annual Dividend: **\$0.84**
Investor's Bus. Daily: **A**
Pearson Growth & Value: **A-**
Morningstar Rating: **C**
Stand & Poor Rating: **C**
The Street (analyst avg.): **A+**



The Tale of the Tape

Our top choices within five different sectors were featured in our January newsletter. The sectors were growth, value, income, ETFs, and commodities. Although one can lose money at any time when investing, we believe it is necessary to own individual stocks as a part of your hopefully well diversified portfolio. We recommend this strategy so one can stay ahead of an inflation rate growing at 5-8% annually. Results to date with those selected for growth, value, income, and safety are recorded below. Note the yield (dividend) has not been added with the portfolio's performance. The additional revenue would cover all trading costs and management fees if you were to open a management account with us.

NAME	Symbol	TYPE	Yield	Value 1/1/2012	Value 3/31/2012	\$\$\$ Gain/Loss	%% Gain/Loss
APPLE COMPUTER	AAPL	GROWTH	N/A	405.00	599.55	194.55	48.1%
BAIDU INC	BIDU	GROWTH	N/A	116.47	145.77	29.30	25.2%
INTERNATIONAL BUSINESS MACHINE	IBM	VALUE	1.60%	183.88	208.65	24.77	13.5%
McDONALDS CORP	MCD	VALUE	2.80%	100.33	98.10	-2.23	-2.2%
AT&T	T	INCOME	5.80%	30.24	31.23	0.99	3.3%
TECO ENERGY	TE	INCOME	4.50%	19.14	17.55	-1.59	-8.3%
VANGUARD (ETF) DIV. APPLICATION	VIG		2.70%	54.65	58.55	3.90	7.1%
S&P HIGH YIELD (ETF)	SDY		4.10%	53.87	56.64	2.77	5.1%
Gold (ETF)	GLD	COMMODITY	N/A	151.99	162.12	10.13	6.7%
SILVER (ETF)	SLV	COMMODITY	N/A	26.94	31.38	4.44	16.5%
TOTALS	-		2.15%	1142.51	1409.54	267.03	23.4%

A \$10,000 Investment on January 1, 2012 has a 1st Quarter Value of \$12,340 with a gain of 23.4%

WALL STREET INDEXES

Indexes	2006	2007	2008	2009	2010	2011	2012 YTD
S&P 500	13.6%	3.6%	(40.0%)	23.5%	12.9%	EVEN	12.0%
Dow Jones	16.3%	6.4%	(33.4%)	18.8%	11.0%	5.5%	8.1%
Nasdaq	9.5%	9.8%	(42.1%)	43.9%	16.9%	(1.8%)	18.7%
Market Average	14.1%	5.6%	(38.4%)	27.9%	13.8%	1.2%	12.9%



MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:

As the stock market has rebounded nicely over the last three months, long term interest rates have also

gone back up as well. This is good news for us right now as I had previously envisioned us stuck in a continuous flat growth rate where real GDP would not grow for years. The banks are finally starting to muddle through their real estate mess and making loans to people, albeit not at the previous pace they used to have. Real estate pricing is finally beginning to hold. This will bode well for the U.S. private sector, as it starts to get a stable foothold. The U.S. public sector economy (government debt) problems are still a few years away.

Meanwhile, Europe's real estate disasters - Spain, Portugal, and Ireland - are mixed in with their public sector problems all at one time. Ireland in their grand wisdom decided to have their government take on their bank debts completely. This mixed everything into the grand stew of toxic European debt. The European Central bank (ECB) now sees most of Europe with slow or contracting economic growth.



Key Point: *Will our economic growth start our move toward a stronger dollar?*

Earnings Flows:

April gets us ready for first quarter earnings. The key thing to look for is not the current earnings report, but what expectations companies will have in relation to future quarters. In the first three months of the year analysts always have higher expectations coming into the first quarter, but then lower them to a more workable figure. That is already happening in the context of lower expected growth in

Europe and a perceived material slowdown in China. On the other hand, lower commodity prices, except for oil, are benefiting retail and the chemical companies, and the next phase of technology from Apple and Microsoft are in full swing. What I keep hearing is the idea of a further divergence, with America starting to come back, and China and international markets at the same time starting to soften. We have already been slowly making the move toward the U.S. with ETFs such as the dividend payer DVY, as it invests in quality blue chip American companies such as IBM and McDonald's. This may add to my idea that a stronger dollar will be beneficial to the American consumer, as the U.S. shopper still drives the world economy. The only sticking point will be if rising oil prices cause us to pull back on future buying. A move toward \$5 gasoline puts us back into the direction of a possible slowdown or a recession.

Key Point: *Will oil prices put a debt in the comeback of the American consumer?*

Cash Flows:

Apple is finally using its large cash position to initiate a ten billion dollar dividend and buy back ten billion dollars worth of stock. Most investors are looking toward this as a beginning point for Apple as the company looks toward ways to use its growing cash hoard. As an investor, we like to see the company use its excess money to pay a dividend, since buying another company, or using it to grow excessively, often takes away from a company's commitment and focus toward the needs at hand. I have seen that time and again with companies such as Hewlett Packard (HP) in which they invested greatly in expanding into a new market and ended up with disastrous results. HP decided to buy mobile device maker Palm, but sat on its technology, and then tried to get into the tablet market, only to jump back out of it right after making a huge commitment. At the same time, it was thinking of getting out of the PC business altogether. Not only is that a waste of precious cash flows, it leads to problems with the existing lines of products. After getting rid of their previous CEO, their new one, Meg Whitman (previously from Ebay) now has to deal with trying to not lose market share to their rivals.

Key Point: *Prudent use of cash is a great and wonderful thing.*

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