

Your Personal Money Manager

Pearson

INVESTMENT LETTER

Published Monthly Since 1982
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FEATURED STOCKS - AUGUST 2011

Growth Stocks:

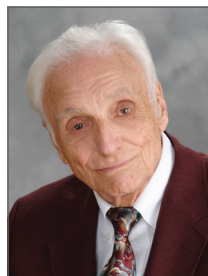
Autozone
DirectTV
NVE Corp

Value Stocks:

Dover Corp
Metlife
Oracle Corp
Staples

Income Stocks:

Ares Capital
Dynex Capital
Coca-Cola



Walter D. Pearson
Chairman



Donald E. Pearson
President



Ann Hathaway
Account Manager

Fear, Faith & Fortune

By Donald Pearson

This article is written several days before the August 2 deadline for repairing our sovereign debt issue, so I cannot tell you at this time what it will look like once it is done, or not done. I can tell you we were in a very similar position in 1995, and our legislators figured it out in the eleventh hour, and the catastrophe that was predicted was avoided. One can only hope the powers in place will figure this out again. Our country has always maintained a Triple A rating since this measurement was put in place in 1941. This is the measurement that places the United States as the benchmark of financial leadership. If a reduction were given to the US today, our cost to borrow would increase significantly; thus, another slowdown with our growth and prosperity.

We all watched the NFL go through something similar, and they were able to work together and figure out how to solve their issues. Football is now beginning without any major setback. Perhaps our legislators could learn from this, or better yet, perhaps we could ask the football committee to travel to Washington and take over for them. Compromise is the solution. I have repeatedly said, all we need do to solve these issues that seem to present such challenges is give our decision makers the same benefits they have decided work for us. As an example, we wouldn't be quibbling about healthcare if the plan they are working to put in place for us were the same one

they and every member of their family receives every day. Thus, problem solved.

Even though we continue to navigate through a time of great uncertainty, our country continues to be the finest place on earth to live. Inflation rises, costs increase, but we as investors can still maintain a quality of life, and we can continue to prosper. The road to success is utilizing the fundamentals we continue to outline. Have faith in the mechanics of our system, become a value investor, keep your eye on the ball, and be prepared to make necessary changes as needed.

As value investors, we continue to look for companies that are undervalued with tremendous upside potential and minimal downside risk exposure. As this quarter reporting period is nearing completion, about 82% of companies have reported favorable earnings. With this information one can research and buy the leaders rather than buy mutual funds or the stock market. Imagine finding a company that you could invest in that soon will become the largest corporation in the world replacing Exxon-Mobil because of its ongoing success. Exxon-Mobil's value of \$416 Billion today is second to none. Today Apple's value is \$374 Billion and closing quickly on the leader. Again, they have had another record-setting earnings period, and this makes three consecutive years of the same. The ironic part is it appears their best, or most profitable, period for this year will be later in the second half rather than the results already

posted. A new product scheduled for release in September, and other new products already introduced earlier this year generating additional revenue, continue to add to their ongoing wealth and prosperity. Today Apple has a cash reserve of \$62 Billion. With this amount of reserve they could purchase many companies if their management felt this could lead to additional growth. To try to put their size and wealth into prospective, they are larger today than Intel and Microsoft combined. While others in their field are continuing to be downgraded, AAPL continues to prosper. Research in Motion and Nokia are two feeling the crunch today, while AAPL continues their conquest. Knowing that their growth rate by our measurements is twice what their P/E is, we believe this is a must for all portfolios. Even those portfolios focused on income and yield should maintain a small amount. This is another example of what sets our way of building portfolios apart from the mutual fund world. We can make exceptions when we believe a company is this spectacular. We have featured this many times in the last year. August of last year the stock was recommended at \$257.25 and this month it is featured again at \$390.48. Last year we placed a price appreciation target of \$400 on this for year-end or into the first quarter of 2012, and we have now raised this by another 15% to \$460. Simply said, this is value investing, leading to good fortune. **DP**

Investment Letters are complimentary to our clients with managed accounts!

SOME YEARS AGO

Changes have been wrought in these United States that could never come about except by planning, and that planning done by groups that had nefarious plans on tap. Everything has happened so gradually that it has been difficult to spot. But for a person who is able to look back fifty years, it is much more evident.

About drugs: In 1939, just about NO ONE used drugs. It was practically unheard of. Today we have a problem so intense that it is practically unsolvable.

About justice: Back in the days gone by, when someone committed a crime, he was tried, sentenced, and served his time. It was rather unusual to find that someone was able, now and then, to buy off a judge. It was unheard of to be sentenced to jail because you had shot someone who was trying to break into your home. And it was not necessary for you to state that you shot because you were in fear for your life and that of your family.

About jail terms: Somewhere along about that time someone suggested that rehabilitation should go along with punishment. In the final analysis, we have gradually gone along with the parole system, and now prisoners are being furloughed to their homes. The gimmick here is that they will wear something that will tell the prison authorities when they have left their house. Some prisoners have taken the gadget off, and gone out to rape, steal, or murder again. In the old days, such a suggestion would have been laughed right out of court, and rightly so. But the authorities make it a point to introduce this type of situation gradually.

About schools: When I went to school, it was necessary to learn the multiplication tables. If I couldn't learn to multiply 6 by 8, it was a known fact that I would never be able to do the difficult ones. The teachers were hard-working, and in most cases, sincere and dedicated individuals who thought mainly of the children they were teaching. The teacher was in control of his/her classroom and discipline was accepted. In some schools today, discipline does not exist. Loud talking is accepted in class, whereas we would probably be sent to the principal's office just for chewing gum in class. New methods of teaching have been introduced, but are today's students any better than in previous times? A new system of scoring the tests, and marking papers, calls for promoting a student because it might be harmful to his self-esteem if he is held back a year. It might be of interest to mention here that the top three offenses back then in the schools were talking in class, chewing gum, and making noise. Today they are: rape, robbery, and assault. Murder is number 7 on the list!! And today the teachers belong to a union, but I cannot see any benefits accruing to either party because of this addition to affairs.

About marriage, divorce, living together unwed: Divorce has become a way of life. At one time a couple living together without being married was looked down upon, but today this has become a common way to do things. And contrary to the way things used to be, today as many as six million children come home to an empty house or apartment, or to one in which they have to take care of younger children.

About money: Back then, a four or five room bungalow would cost little more than \$3000. If financed, the interest might run 4 to 4-1/2%. People were inclined to purchase homes on the pay as you go plan, but even that was unheard of a short while before that time. Most people looked down on those who were constantly in debt, and would not even consider buying basic items on time. In those days there were no credit cards, but individual merchants would make arrangements with payments to be made by their customers. Today, debt is a way of life. Debt is being promoted to the extent that many people are putting second mortgages on their homes for vacations, or other reasons other than necessity. Today, the average monthly debt service payments have risen to over 40% of net income, up from 16% in 1960!! Years ago, no one ever heard of personal bankruptcy. But today it is a common thing. Big companies NEVER went bankrupt, but today many have filed Chapter 11. Among them are Texaco, Eastern Airlines, Public Service of New Hampshire, L T V, just to name a few. In Deuteronomy 28:43-44, Moses warned of the consequences of debt: "He shall lend to you and you shall not lend to him; he shall be the head and you shall be the tail."

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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 AUGUST 2011

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AUTOZONE INC (AZO) NYSE PRICE: \$285.45

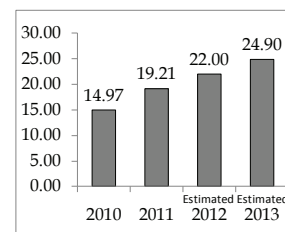
AutoZone, Inc. (AutoZone) is a retailer and a distributor of automotive replacement parts and accessories. As of August 28, 2010, the Company operated 4,389 stores in the United States and Puerto Rico, and 238 in Mexico. Each of its stores carries a product line for cars, sport utility vehicles, vans 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: 1006
Industry: Retail (Specialty)

Ratings & Recommendations Earnings per share

Current P/E Ratio: **15.8**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **B+**
Pearson Growth & Value: **B+**
Morningstar Rating: **D**
Stand & Poor Rating: **C**
The Street (analyst avg.): **N/A**



DIRECTV (DTV) NASDAQ PRICE: \$50.68

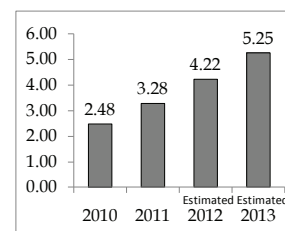
DIRECTV is a provider of digital television entertainment. The Company operates two direct-to-home (DTH), operating segments: DIRECTV U.S. and DIRECTV Latin America (DTVLA), which are engaged in acquiring, promoting, selling and/or distributing digital entertainment programming primarily via satellite 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: Growth
Sector: Services

Institutional Holdings: 1634
Industry: Broadcasting & Cable TV

Ratings & Recommendations Earnings per share

Current P/E Ratio: **18.5**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **A**
Pearson Growth & Value: **A-**
Morningstar Rating: **C**
Stand & Poor Rating: **C**
The Street (analyst avg.): **B**



NVE CORP (NVEC) NASDAQ PRICE: \$55.07

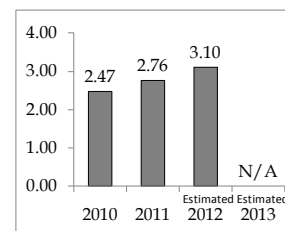
NVE Corporation engages in the development and sale of devices that use spintronics, a nanotechnology that relies on electron spin to acquire, store, and transmit information. It manufactures high-performance spintronic products, including sensors and couplers used to acquire and transmit data. The company's products include standard sensors that detect the presence of a magnet or metal to determine position or speed; and custom and medical sensors primarily for medical devices to replace electromechanical magnetic switches. It also offers spintronic couplers, including passive-input couplers, digital-input couplers, and isolated network couplers in various series. In addition, the company licenses the spintronic magnetoresistive random access memory technology, as well as provides contract research and development services. NVE Corporation sells its products through distributors primarily in the United States, Europe, and Asia. The company was founded in 1982 and is based in Eden Prairie, Minnesota

Type: Growth
Sector: Technology

Institutional Holdings: 103
Industry: Semiconductors

Ratings & Recommendations Earnings per share

Current P/E Ratio: **19.6**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **C+**
Pearson Growth & Value: **A-**
Morningstar Rating: **N/A**
Stand & Poor Rating: **N/A**
The Street (analyst avg.): **N/A**



DOVER CORP (DOV) NYSE PRICE: \$60.47

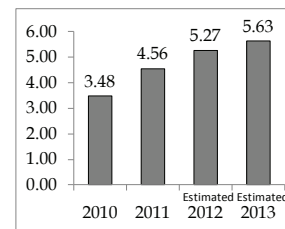
Dover Corporation (Dover) owns and operates a global portfolio of manufacturing companies providing components and equipment, specialty systems and support services for a variety of applications in the industrial products, engineered systems, fluid management and electronic technologies markets. The Company operates in four business segments: Industrial Products, Engineered Systems, Fluid Management and Electronic Technologies. The products designed, manufactured, assembled and/or serviced by the Company includes material handling equipment, mobile equipment related products, engineered products, product identification related products, energy market production and distribution products, fluid solution products, and electronic technology equipment and devices/components. In July 2011, it acquired Sound Solutions from NXP Semiconductors N.V.

Type: Value
Sector: Basic Materials

Institutional Holdings: 1287
Industry: Misc. Fabricated Products

Ratings & Recommendations Earnings per share

Current P/E Ratio: **13.5**
Annual Yield: **1.82%**
Annual Dividend: **\$1.10**
Investor's Bus. Daily: **B**
Pearson Growth & Value: **A-**
Morningstar Rating: **B**
Stand & Poor Rating: **B**
The Street (analyst avg.): **A-**



PEARSON CAPITAL'S RECOMMENDED STOCKS FOR AUGUST 2011
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METLIFE INC (MET)

NYSE PRICE: \$41.21

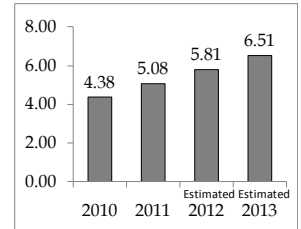
MetLife, Inc. (MetLife) is a provider of insurance, annuities and employee benefit programs, serving 90 million customers in over 60 countries. Through its subsidiaries and affiliates, MetLife operates in the United States, Japan, Latin America, Asia Pacific, Europe and the Middle East. It is organized into five segments: Insurance Products, Retirement Products, Corporate Benefit Funding and Auto & Home (collectively, U.S. Business) and International. It operates in Banking, Corporate & Other, which includes MetLife Bank, National Association (MetLife Bank) and other business activities. U.S. Business provides insurance and financial services products, including life, dental, disability, auto and homeowner insurance, guaranteed interest and stable value products, and annuities through independent retail distribution channels, as well as at the workplace. On November 1, 2010, it completed the acquisition of American Life Insurance Company (American Life).

Type: Value
Sector: Financial

Institutional Holdings: 2148
Industry: Insurance (Life)

Ratings & Recommendations Earnings per share

Current P/E Ratio: **13.7**
Annual Yield: **1.80%**
Annual Dividend: **\$0.74**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **B+**
Morningstar Rating: **C**
Stand & Poor Rating: **B**
The Street (analyst avg.): **B**



ORACLE CORP (ORCL)

NASDAQ PRICE: \$30.58

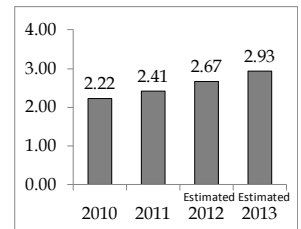
Oracle Corporation is an enterprise software company. The Company develops, manufactures, markets, distributes and services database and middleware software, applications software and hardware systems, consisting primarily of computer server and storage products. It operates in three segments: software, hardware systems and services. Its software business is consisted of two operating segments: new software licenses and software license updates and product support. Its hardware systems business consists of two operating segments: hardware systems products and hardware systems support. Its services business is consisted of three operating segments: consulting, On Demand and education. In January 2010, the Company acquired Sun Microsystems, Inc. and Silver Creek Systems, Inc. In January 2011, the Company completed the acquisition of Art Technology Group (ATG), Inc.

Type: Value
Sector: Technology

Institutional Holdings: 3413
Industry: Software & Programming

Ratings & Recommendations Earnings per share

Current P/E Ratio: **18.4**
Annual Yield: **0.78%**
Annual Dividend: **\$0.24**
Investor's Bus. Daily: **A**
Pearson Growth & Value: **A**
Morningstar Rating: **B+**
Stand & Poor Rating: **A**
The Street (analyst avg.): **A**



STAPLES INC (SPLS)

NASDAQ PRICE: \$16.06

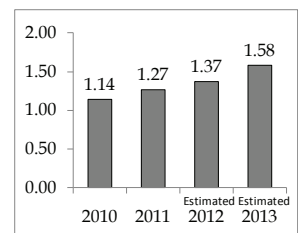
Staples, Inc. (Staples), is an office products company. As of January 29, 2011, Staples served customers of all sizes in 26 countries throughout North America, Europe, Australia, South America, and Asia. The Company operates three business segments: North American Delivery, North American Retail, and International Operations. North American Delivery segment consists of the United States and Canadian business units that sell and deliver office products and services directly to customers and businesses, and includes Staples Advantage, Staples.com and Quill.com. North American Retail segment consists of the United States and Canadian business units that operate office products stores. International Operations segment consists of business units that operate office products stores and that sells and delivers office products and services directly to customers in 24 countries in Europe, Australia, South America and Asia.

Type: Value
Sector: Consumer/Non-Cyclical

Institutional Holdings: 1369
Industry: Office Supplies

Ratings & Recommendations Earnings per share

Current P/E Ratio: **13**
Annual Yield: **2.49%**
Annual Dividend: **\$0.40**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **A**
Morningstar Rating: **A**
Stand & Poor Rating: **B**
The Street (analyst avg.): **N/A**



ARES CAPITAL CORP (ARCC)

NASDAQ PRICE: \$16.14

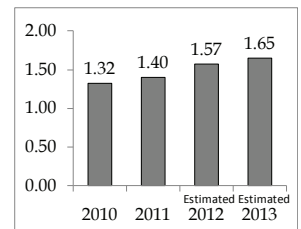
Ares Capital Corporation (Ares Capital) is a specialty finance company that is a closed-end, non-diversified management investment company. Ares Capital's investment objective is to generate both current income and capital appreciation through debt and equity investments. The Company invests primarily in United States middle-market companies. The Company invests primarily in first and second lien senior loans and mezzanine debt, which in some cases includes an equity component. First and second lien senior loans generally are senior debt instruments. Mezzanine debt is subordinated to senior loans and is generally unsecured. Its investments have generally ranged between \$20 million and \$200 million each. On April 1, 2010, the Company consummated its acquisition (the Allied Acquisition) of Allied Capital Corporation (Allied Capital). Ares Capital Management LLC (Ares Capital Management) is the investment advisor of the Company.

Type: Income
Sector: Financial

Institutional Holdings: 234
Industry: Misc. Financial Services

Ratings & Recommendations Earnings per share

Current P/E Ratio: **4.0**
Annual Yield: **8.67%**
Annual Dividend: **\$1.40**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **B+**
Morningstar Rating: **N/A**
Stand & Poor Rating: **N/A**
The Street (analyst avg.): **B-**



PEARSON CAPITAL'S RECOMMENDED STOCKS FOR AUGUST 2011

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DYNEX CAPITAL INC (DX) NYSE PRICE: \$9.10

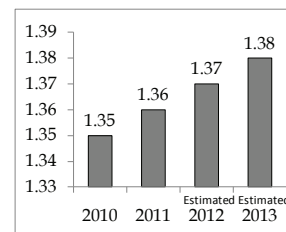
Dynex Capital, Inc. is a real estate investment trust (REIT), which invests in mortgage securities and loans on a leveraged basis. The Company invests in mortgage-backed securities (MBS) issued or guaranteed by a federally chartered corporation, such as Federal National Mortgage Corporation (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac), or an agency of the United States government, such as Government National Mortgage Association (Ginnie Mae). The Company also invests in commercial mortgage-backed securities (CMBS) and non-Agency residential mortgage-backed securities, as well as securitized residential and commercial mortgage loans. The Company financed the investments, through a combination of repurchase agreements, securitization financing, and equity capital.

Type: Income
Sector: Services

Institutional Holdings: 93
Industry: Real Estate
Operations

Ratings & Recommendations

Current P/E Ratio: **6.7**
Annual Yield: **11.87%**
Annual Dividend: **\$1.08**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **B+**
Morningstar Rating: **N/A**
Stand & Poor Rating: **N/A**
The Street (analyst avg.): **N/A**



COCA-COLA CO (KO) NYSE PRICE: \$68.01

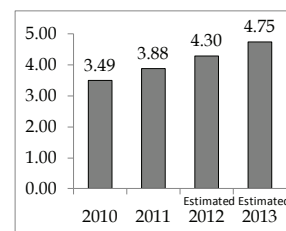
The Coca-Cola Company is a non-alcoholic beverage company. The Company owns or licenses and markets more than 500 non-alcoholic beverage brands, primarily sparkling beverages but also a variety of still beverages such as waters, enhanced waters, juices and juice drinks, ready-to-drink teas and coffees, and energy and sports drinks. It also owns and markets non-alcoholic sparkling beverage brands, including Diet Coke, Fanta and Sprite. It manufactures, markets and sells, beverage concentrates, referred to as beverage bases, and syrups, including fountain syrups (the concentrate business or concentrate operations), and finished sparkling and still beverages (finished products business or finished products operations). It operates in six segments: Eurasia and Africa, Europe, Latin America, North America, Pacific, Bottling Investments and Corporate. On October 2, 2010, it acquired the North American business of Coca-Cola Enterprises Inc. (CCE).

Type: Income
Sector: Consumer/Non-Cyclical

Institutional Holdings: 2822
Industry: Beverages
(Nonalcoholic)

Ratings & Recommendations

Current P/E Ratio: **12.7**
Annual Yield: **2.76%**
Annual Dividend: **\$1.88**
Investor's Bus. Daily: **B**
Pearson Growth & Value: **A**
Morningstar Rating: **C**
Stand & Poor Rating: **A**
The Street (analyst avg.): **A**



Continued from page 2

Someone once said that if you threw a frog into a pan of boiling water, he would jump right out, but if you put him into a pan of cold water, and slowly brought it to a boil, he would be cooked to death. Whether or not this story is true, I do not know, but I do know this: if you were to go to Wendy's or McDonald's for a hamburger, and they wanted \$1 or \$1.50 for a hamburger that you had purchased yesterday for 10 cents, the fur would fly. You, and everyone else, would be up in arms, demanding that the government do something about this. Or if you were going to buy a car, and found that the price had gone up from \$400 to \$10,000 over night, the dealers could not get away with this. The public just would not stand for it. But gradually, through the years, the dollar has been cheapened to the point that it takes about fifteen times as much to do the work of the dollar of 1939!! And very few people are complaining.

Let us put it this way. Each time you buy a hamburger for \$1.50, you are paying \$1.40 tribute to the bankers and the Federal Reserve.

Skeptics thought that Norman Dodd was a "conspiracy nut" when he reported his 1953 conversation with Rowan Gaither, the then president of Ford Foundation. The idea that the Ford Foundation could be using its grant-making power to "so alter our lives in the United States that we may comfortably merge with the Soviet Union," and doing so under the directives from the White House, was preposterous!

Who are the people at the top? Robert Welch used to call them the "insiders. No matter who is at the top, or how things come out, it is my firm belief that you will be in much better shape if you have money. Growth stocks will build capital. Invest in growth stocks.

WP

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%	2.7%
Dow Jones	(0.6%)	16.3%	6.4%	(33.4%)	18.8%	11.0%	4.9%
Nasdaq	1.4%	9.5%	9.8%	(42.1%)	43.9%	16.9%	3.9%
Market Average	1.8%	14.1%	5.6%	(38.4%)	27.9%	13.8%	3.8%



MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:

Federal Reserve Chairman Ben Bernanke's leadership appointment was based on the firm idea that we were heading into a deflationary period, not an inflationary one. An expert in Japan's economy, he was chosen to guide the country through this difficult phase. The high debt of the developed countries in Western Europe, America, and Japan, lead some to believe that bond holders from developing countries will stop buying bonds and demand higher interest rates. That may happen in the long run, but the world is still very interdependent on each other and has deep long-term partnerships that will eventually change over time, but not right now. Bernanke's point of view also envisions what some see as a deeper move to globalization, where technological advances and use of temporary and overseas workers will keep wages flat or even decline. Without increases in wages, commodity prices are still reflective of supply and demand, not just an alternative currency, as others speculate. Based on this premise, I expect our dependent partner China to also slow down, as deflationary pressures will affect not only Asia, but also Australia, Brazil, Mexico, and Canada.



Key Point: *We will find out if China's slowdown will be a soft or hard landing.*

Earnings Flows:

August winds down the second quarter earnings season. Even though most companies are doing well and hitting expectations, the tempered enthusiasm is joined with worry involving the debt issues in the U.S. and Europe and how these will affect the market. The summer rally so far has fizzled as the leadership stocks, such as Apple (APPL), show great earnings, but the market has not really responded as buyers are not as aggressive as they normally are at this time of year. The good news is that so far this quarter, most of the major international companies are still benefiting from global growth and the depreciating dollar. If there is any global slowdown, this will strengthen the U.S. dollar and then create a greater headwind for these same stocks to continue to appreciate. This slowdown may play off in the next few quarters, but like any coiled spring, I expect to see some type of rally before Christmas.

Key Point: *The summer rally so far has turned into a no-show as worries about long term debt continue.*

Cash Flows:

As one of our stocks, Intel, has just raised its dividend again, I am being reminded constantly that if the market continues to move sideways it will affect both short and long term expectations of future returns. This also mimics our viewpoint toward long and short term interest rates. Our goal as shareholders is not just to see the market appreciate in value, but for us to also see our investments grow as we seek total return. Companies do this by increasing book value through acquisitions, initiating stock buybacks, or increasing dividends. I like the idea of a company increasing its dividend. It shows that management sees its current and long term prospects as very positive. It shows that management is keen on its partnership with its shareholders. And for me, it makes valuating the stock easier, and it is overall a more transparent experience. While a company's earnings growth may fluctuate wildly, its dividend growth rate is usually pretty constant. Management is not just in charge of the company, often they are the major shareholders as well. If economic growth is tepid, and stocks remain volatile, these major shareholders will make the right decisions to improve our stock positions.

Key Point: *Management is going to focus on total return as they see long term problems ahead.*

Pearson Capital, Inc.

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