

Your Personal Money Manager

Pearson

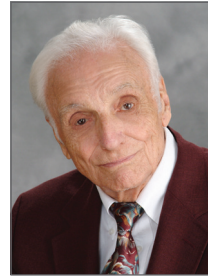
INVESTMENT LETTER

Published Monthly Since 1982

www.pearsoncapitalinc.com

FEATURED STOCKS - JANUARY 2012

Growth/Value Stocks:	Income/ETFs:	ETFs:
Apple Comp	AT&T	Gold
Baidu	Teco Electric	Silver
Int Business	Vang Div Appr	
McDonalds	S&P Dividend	



Walter D. Pearson
Chairman



Donald E. Pearson
President



Ann Hathaway
Account Manager

2011 & 2012 *By Donald Pearson*

I believe it is safe to say no one could have predicted this year, and I believe it's also fair to say no one can predict the next one. I say that because predictions are made based upon information already obtained and then analyzed, in an attempt to give future direction and strategy. This is true for all countries and businesses. The problem here is that our elected officials have become a part of our country's problems rather than the solution. Our debt increases daily, and correcting this problem is paramount. Some of the decisions being made now are only delaying the inevitable, which is to begin the compromising needed to take on this very difficult problem. The NBA and the NFL had very similar problems and continued to meet behind closed doors until the compromises were reached that drew some kind of parity, and each side could walk away believing what they accomplished was in the best interest of their leagues and their fans. What is needed here is the same type of leadership from our political decision-makers - the league being our country, and the fans being the everyday people such as you and I. With 2012 being an election year, this may, or may not, change our current gridlock, and other countries facing the same problems may, or may not, improve, but this will also play an important part.

With all of this uncertainty in our short, intermediate, and long range future, I will still give an opinion, as well as a recap of last year, even while knowing decisions

being made, or not made, may alter this considerably. I believe we will have double-digit growth with our investments next year, and keeping the majority of the portfolio here in this country will be the best strategy. Smaller than usual amounts can be spread globally, but one must choose carefully. When investing here at home choose value as your primary, while carefully blending growth and income. This is a strategy that can prevail through the good days, or the not-so-good days, if we continue to flounder, awaiting the difficult decisions needed to begin the debt reduction to again get us back on the road to prosperity. Last year I also predicted double-digit growth, and although the indexes fell short of this goal, I know it was attainable with better political decision making.

Last year at the start up I chose seven of our premiere selections to outline how effective one could be with a Roth IRA. Our foreign ETF was the biggest loser, yet the portfolio performed above the S&P with many achieving double-digit growth. You can view the graph inside and see the complete results. Since I referenced the uncertainty in today's challenging times, I thought I would take a different approach this year. I placed in this issue ten selections one could/should purchase for their account predicated on risk and need. I showcased our top growth, value, income, commodity, and ETF selections, and every portfolio has all or a significant part of them. Many say they are afraid of the stock market, and many times I

feel this way too, so we try to invest in only those companies meeting our multi-diversified formulas. All of the selections within this publication do exactly that, and I feel comfortable saying this group should outperform the indexes by a sizeable margin.

Apple and Baidu, our growth selections, were up about 20% last year and appear to have everything in place to continue this type of growth for many years to come. IBM and McDonald's, our value choices, were both up over 25% this year. These two favorites pay a bonus dividend and continuously increase it. With growth, their best days also appear to be in front of them. As we so often write, U.S. value stocks should be a large part of everyone's portfolio. For those pursuing income, both AT&T and Teco Energy pay dividends in the area of 5% while continuously improving their stock share price. Together they average a 5% increase for the past year. Our choices for commodities are gold and silver, and we purchase these through Exchange Traded Funds. These are bought for defense, yet both continue to increase significantly. The two ETF's, VIG & SDY, are purchased in both large and small accounts. Once you read about them in this letter you will quickly understand why.

So my prediction for 2012 is this: By focusing on value as the portfolio driver in a well-balanced and diversified portfolio, one will outperform a market that should grow by 8-12%.

DP

Investment Letters are complimentary to our clients with managed accounts!

THE DAWN OF THE FEDERAL RESERVE

The time has come when I believe it is timely for me to write another book. I have been listening to broadcasts, and I have heard the thoughts of numerous persons in the field of finance. I think that the actions of the Federal Reserve are totally overlooked by these men. Now this could have been done purposely, or it could have been that these people just have no conception of the reasons behind the unemployment problems and the financial disasters which come upon us from time to time. Before 1916 we had no Federal Reserve, and I have found no piece in history that recounts anything like the problems we have faced since then. For one hundred and thirty-seven years we were without the Federal Reserve, and I don't believe there was any fifty-year period where the price of bread increased more than 1000%. Strangely enough, it was more likely that prices would come down.

It was the year 1913, and the Congress was slated to vote for or against allowing the creation of the Federal Reserve Bank. It was a foregone conclusion that they couldn't possibly win, as it was a known fact that most of our congressmen were dead set against the bill. Lo and behold Christmas came, and most of our congressmen took off for their homelands. The Fed's boys held a session, even though there was not a quorum as I understand it, and presto - our Fed was in. It was at that point that everything started. Some of the banks joined the Federal Reserve and some did not. In one way or another, the "Fed" convinced every bank to join because every bank in existence today is a member.

There were certain rules set up by the "Fed" that each bank had to follow, and money was loaned according to these rules. One of the "nice" things allowed at that time was a 90% margin. What this meant was that you could go to a broker with \$100 and buy \$1000 worth of stock. Believe it or not, there were shoeshine boys shining shoes for five cents who were actually stockholders at that time. This went on for some time, and there were numerous people who went in well over their heads before the roof fell in. The "Fed" decided that perhaps they had gone too far and 90% was changed to 10% overnight.

This was the beginning of the "Fed's" first cataclysm. There were people who had a few hundred dollars and bought a few thousand dollars-worth of stock, but it was much worse than that. A number of people had mortgaged their homes in order to buy their stock in quantity. Some of these people committed suicide in order to take the easy way out. One gentleman who had been a multimillionaire was wiped out entirely and went to the barroom, had a beer, and then went to the men's room and shot himself. This was 1929 and this was the way our "Fed" started the first depression. Things were so bad at that time that there were just no jobs available. Mills or larger businesses could not even talk to anyone regarding employment as most had numerous people who had to be rehired first.

New jobs were available only from smaller places and they were almost non-existent. It took about ten years to get through the worst of this, and then the war started and things began to pick up. You were given an option - you could enlist for duty or wait a while and then get drafted. In the meantime the "Fed" had been in the business of taking over the management of our economy. Somewhere along the line the "Fed" took over the printing and the management of our currency. Originally, we had a United States Dollar, and it has slowly evolved to a Federal Reserve Note. Once we had silver and gold coins, now we have junk. We also had a federal debt that gradually increased from some number of thousands of dollars to a few trillion or quadrillion - I don't think it matters how high, as it can never be paid anyhow. What is of interest to the "Fed" is interest, and this is paid as our income tax. Prior to the "Fed" we never had an income tax nor did we need one. The Constitution of the United States is the law if the land, and clearly states that only Congress has the authority to print money and regulate the value thereof.

During the period when we were income tax free, the debt had gotten to such a size that the "Fed" realized that steps must be taken to assure the payment of the interest. They thought of taxing the counties, but it was obvious to them that that would mean trouble ahead and the income tax was a more viable option. This was not going to be easy, but after they got the war started it was relatively simple to inaugurate a "Victory Tax," and it only cost 5%. Of course we all know how much that has increased. However, we are here and most likely will remain here. You can, and must, combat the hidden loss prevalent in your daily life. Inflation is here and growing. You MUST invest and you should bend every effort to increase your account. We shall do our best through investments, and you should add as much cash as you can and as often.

GOOD LUCK. We'll do our best and expect you to do the same.

WP

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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 JANUARY 2012

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APPLE INC (AAPL)

NASDAQ PRICE: \$405.00

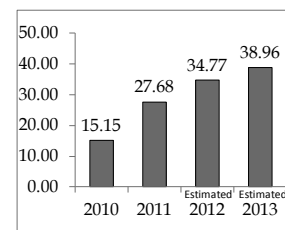
Apple Inc. (Apple) along with its subsidiaries is engaged in designs, manufactures and markets mobile communication and media devices, personal computers, and portable digital music players, and sells a range of related software, services, peripherals, networking solutions, and third-party digital content 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. The Company sells to consumers, small and mid-sized businesses (SMB), and education, enterprise and government customers. During the year ended November 24, 2011, the Company, as part of a consortium, acquired Nortel Networks Corporation's patent portfolio.

Type: Growth
Sector: Technology

Institutional Holdings: 4541
Industry: Computer Hardware

Ratings & Recommendations Earnings per share

Current P/E Ratio: **14.6**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **A**
Pearson Growth & Value: **A+**
Morningstar Rating: **B**
Stand & Poor Rating: **B**
The Street (analyst avg.): **A**



BAIDU INC (BIDU)

NASDAQ PRICE: \$116.47

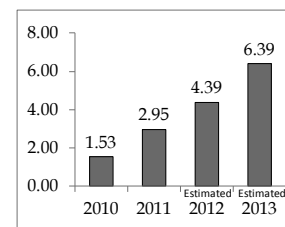
Baidu, Inc. (Baidu) is a Chinese-language Internet search provider. In November 2010, the Company established its subsidiary Baidu USA LLC (Baidu U.S.), a research and development facility controlled by Baidu Japan Inc. The Company serves three types of online participants, including users, customers and baidu union members. Baidu offers a Chinese-language search platform on its Website www.baidu.com. It provides Chinese-language Internet search services to enable users to find relevant information online, including Web pages, news, images and multimedia files. The Company designs and delivers its online marketing services primarily on its Baidu.com Website to its online marketing customers. As of December 31, 2010, Baidu had approximately 412,000 active online marketing customers. Its online marketing customers consist of small and medium enterprises (SMEs) throughout China, domestic corporations and Chinese divisions or subsidiaries of multinational corporations.

Type: Growth
Sector: Technology

Institutional Holdings: 1329
Industry: Computer Services

Ratings & Recommendations Earnings per share

Current P/E Ratio: **52.0**
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.): **B**



INTERNATIONAL BUSINESS MACHINES CORP (IBM)

NYSE PRICE: \$183.88

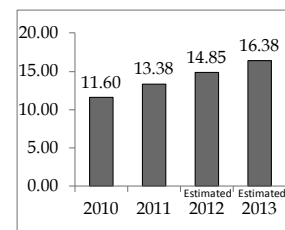
International Business Machines Corporation (IBM) is an information technology (IT) company. The Company operates under five segments: Global Technology Services (GTS), Global Business Services (GBS), Software, Systems and Technology, and Global Financing. GTS primarily provides IT infrastructure services and business process services. GBS primarily provides professional services and application management services. IBM's Software segment consists primarily of middleware and operating systems software. Global Financing invests in financing assets, leverages with debt and manages the associated risks. In April 2011, the Company acquired TRIRIGA, Inc. In October 2011, the Company acquired i2. In October 2011, the Company acquired Algorithmics. In October 2011, it acquired Q1 Labs Inc

Type: Value
Sector: Technology

Institutional Holdings: 3382
Industry: Computer Services

Ratings & Recommendations Earnings per share

Current P/E Ratio: **14.6**
Annual Yield: **1.6%**
Annual Dividend: **\$0.75**
Investor's Bus. Daily: **A-**
Pearson Growth & Value: **A+**
Morningstar Rating: **C**
Stand & Poor Rating: **A**
The Street (analyst avg.): **A+**



MCDONALDS CORP (MCD)

NYSE PRICE: \$100.33

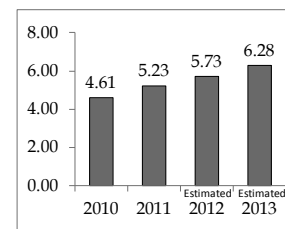
McDonald's Corporation franchises and operates McDonald's restaurants in the global restaurant industry. These restaurants serve a varied, limited, value-priced menu in more than 100 countries around the world. All restaurants are operated either by it or by franchisees, including conventional franchisees under franchise arrangements, and foreign affiliated markets and developmental licensees under license agreements. The Company and its franchisees purchase food, packaging, equipment and other goods from various independent suppliers. It offers a range of products. Independently owned and operated distribution centers, approved by it, distribute products and supplies to McDonald's restaurants. s menu includes hamburgers and cheeseburgers, Big Mac, Quarter Pounder with Cheese, Filet-O-Fish, several chicken sandwiches, Chicken McNuggets, Chicken Selects, Snack Wraps, french fries, salads, shakes, McFlurry desserts, sundaes, soft serve cones, pies and cookies.

Type: Value
Sector: Services

Institutional Holdings: 2750
Industry: Restaurants

Ratings & Recommendations Earnings per share

Current P/E Ratio: **19.7**
Annual Yield: **2.8%**
Annual Dividend: **\$0.70**
Investor's Bus. Daily: **A+**
Pearson Growth & Value: **A+**
Morningstar Rating: **C**
Stand & Poor Rating: **A**
The Street (analyst avg.): **A+**



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PEARSON CAPITAL'S RECOMMENDED STOCKS AND ETFs FOR JANUARY 2012

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AT&T INC (T)

NYSE PRICE: \$30.24

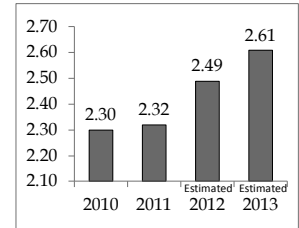
AT&T Inc. is a holding company. The Company is a provider of telecommunications services in the United States and worldwide. These include wireless communications, local exchange services, long-distance services, data/broadband and Internet services, video services, managed networking, wholesale services and directory advertising and publishing. It operates in four segments: wireless, which provides both wireless voice and data communications services across the United States and, through roaming agreements, in foreign countries; wireline, which provides landline voice and data communication services, AT&T U-Verse TV, broadband and voice services (U-Verse) and managed networking to business customers; advertising solutions, which publishes Yellow and White Pages directories and sells directory advertising and Internet-based advertising and local search, and other, which provides results from customer information services and all corporate and other operations.

Type: Income
Sector: Services

Institutional Holdings: 2960
Industry: Communications Services

Ratings & Recommendations Earnings per share

Current P/E Ratio: **15.3**
Annual Yield: **5.8%**
Annual Dividend: **\$0.44**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **A-**
Morningstar Rating: **B**
Stand & Poor Rating: **A**
The Street (analyst avg.): **A-**



TECO ENERGY INC (TE)

NYSE PRICE: \$19.14

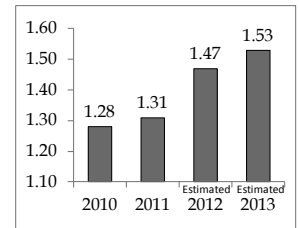
TECO Energy, Inc. (TECO Energy) is a holding company for regulated utilities and other businesses. TECO Energy owns no operating assets but holds interest in Tampa Electric Company and through its subsidiary TECO Diversified, Inc., owns TECO Coal Corporation and through its subsidiary TECO Wholesale Generation, Inc., owns TECO Guatemala, Inc. Tampa Electric Company, a Florida corporation and TECO Energy's subsidiary, has two business segments. Its Tampa Electric division (Tampa Electric) provides retail electric service to more than 672,000 customers in West Central Florida with a net winter system generating capability of 4,684 megawatts. Peoples Gas System (PGS), the gas division of Tampa Electric Company, is engaged in the purchase, distribution and sale of natural gas for residential, commercial, industrial and electric power generation customers in Florida.

Type: Income
Sector: Utilities

Institutional Holdings: 625
Industry: Electric Utilities

Ratings & Recommendations Earnings per share

Current P/E Ratio: **14.9**
Annual Yield: **4.5%**
Annual Dividend: **\$0.22**
Investor's Bus. Daily: **B**
Pearson Growth & Value: **B+**
Morningstar Rating: **C**
Stand & Poor Rating: **C**
The Street (analyst avg.): **A**



VANGUARD DIVIDEND APPRECIATION ETF (VIG)

NYSE ARCA PRICE: \$54.65

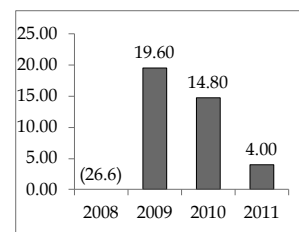
The investment seeks to track the performance of a benchmark index that measures the investment return of common stocks of companies that have a record of increasing dividends over time. The fund employs a "passive management" —or indexing—investment approach designed to track the performance of the Dividend Achievers Select Index, which consists of common stocks of companies that have a record of increasing dividends over time. It attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Location: USA
Type: 100% Stocks

Category: Large Value
Industry: Diversified

Ratings & Recommendations Performance by%

Current P/E Ratio: **N/A**
Annual Yield: **2.7%**
Annual Dividend: **\$0.34**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A+**
Morningstar Rating: **A+**
Stand & Poor Rating: **N/A**
The Street (analyst avg.): **N/A**



SPDR S&P DIVIDEND ETF (SDY)

NYSE ARCA PRICE: \$53.87

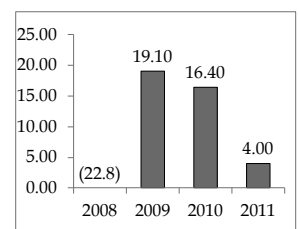
The investment seeks to provide investment results that, before expenses, correspond generally to the total return performance of an index that tracks the performance of publicly traded issuers that have historically followed a policy of making dividend payments. The fund employs a replication strategy in seeking to track the performance of the S&P High Yield Dividend Aristocrats Index. It generally invests substantially all, but at least 80%, of total assets in the securities comprising the index. The fund may invest in equity securities that are not included in the index, cash and cash equivalents or money market instruments.

Location: USA
Type: 100% Stocks

Category: Large Value
Industry: Diversified

Ratings & Recommendations Performance by%

Current P/E Ratio: **N/A**
Annual Yield: **4.1%**
Annual Dividend: **\$0.51**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A**
Morningstar Rating: **B**
Stand & Poor Rating: **N/A**
The Street (analyst avg.): **N/A**



PEARSON CAPITAL'S RECOMMENDED ETFS JANUARY 2012

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SPDR GOLD TRUST (GLD) NYSE ARCA PRICE: \$151.99

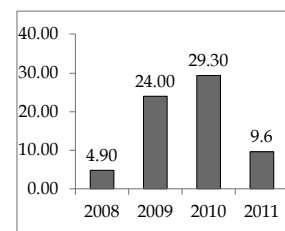
The investment seeks to replicate the performance, net of expenses, of the price of gold bullion. The trust holds gold, and is expected to issue baskets in exchange for deposits of gold, and to distribute gold in connection with redemption of baskets. The gold held by the trust will only be sold on an as-needed basis to pay trust expenses, in the event the trust terminates and liquidates its assets, or as otherwise required by law or regulation.

Location: USA
Type: Other

Category: Commodity
Industry: Commodity

Ratings & Recommendations Performance by%

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



ISHARES SILVER TRUST (SLV)

NYSE ARCA PRICE: \$26.94

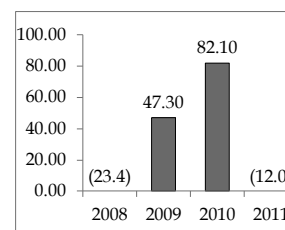
The investment seeks to reflect the price of silver owned by the trust less the trust's expenses and liabilities. The fund is intended to constitute a simple and cost-effective means of making an investment similar to an investment in silver. Although the fund is not the exact equivalent of an investment in silver, they provide investors with an alternative that allows a level of participation in the silver market through the securities market.

Location: USA
Type: Other

Category: Commodity
Industry: Commodity

Ratings & Recommendations Performance by%

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



NAME	Symbol	Yield	Shares	Value 1/1/2011	Value 12/31/2011	Initial Investment	Current Value	\$\$\$ Gain/Loss	%%% Gain/Loss
APPLE INC	AAPL	N/A	3	322.56	405.00	967.68	1215.00	247.32	25.6%
BAIDU INC	BIDU	N/A	10	96.53	116.47	960.53	1164.70	204.17	21.3%
GOOGLE	GOOG	N/A	2	593.97	645.90	1187.94	1291.80	103.86	8.7%
SILVER (ETF)	SLV	N/A	33	30.18	26.94	995.94	889.02	-106.92	-10.7%
BRAZIL (ETF)	ILF	4.20%	19	53.86	42.57	1023.34	808.83	-214.51	-20.9%
S&P HIGH YIELD (ETF)	SDY	4.10%	19	51.98	53.87	987.62	1023.53	35.91	3.6%
TECO ENERGY	TE	4.50%	56	17.80	19.14	996.80	1071.84	75.04	7.5%
TOTALS	-	1.80%	-	-	-	7119.85	7464.72	344.87	4.8%

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.

First Quarter January-February-March-see your January statement.



On December 10, 2011, the collection party for the 6th annual **South Shore Toys for Tots** toy drive was held at the local VFW Post #6287 and, again, was deemed a huge success!

This event, sponsored by **Pearson Capital, Inc.** is the culmination of 6 weeks of area businesses filling over 130 boxes with new, unwrapped toys for children of need in our local area. Mr. & Mrs. Claus welcomed our guests and DJ Gary provided music and acknowledged every donation dropped off by our generous visitors!

All of us at Pearson Capital want to thank everyone who participated in making this another wonderful, Christmas for these deserving children.



Don & Ann with Mr. & Mrs. S Claus



"Big" Ed Booth & Santa



Toys just kept coming!



Eric Butler & Family



Commander & Mrs. Chris Young



Pastor Charlie Lewis with Don & Ann



Lucille Scodari & Don Pearson



Peter & Alison Farnan



Betty Huth and Joe & Eileen Eletto



*Happy
New Year*



Walter & Don Pearson



**Doris Bailey &
her Celebrations Staff**



Shirley May & Bruce Schiller



Weichert Realty



Santa & Mrs. Claus



Larry Brooks with Don



SSgt William Perez & Company



Chris & Don Guiley



Shirley May & the Clauses



Laziza Lambert, Paula Zellinger & Grace Stalley



Lois Kindle & Lynn Kessel



Santa & Reagan Pulkowski

WALL STREET INDEXES

Indexes	2005	2006	2007	2008	2009	2010	2011
S&P 500	3.0%	13.6%	3.6%	(40.0%)	23.5%	12.9%	EVEN
Dow Jones	(0.6%)	16.3%	6.4%	(33.4%)	18.8%	11.0%	5.5%
Nasdaq	1.4%	9.5%	9.8%	(42.1%)	43.9%	16.9%	(1.8%)
Market Average	1.8%	14.1%	5.6%	(38.4%)	27.9%	13.8%	1.2%



MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:

The good news is that the Federal Reserve continues to do nothing and may keep interest rates low, at



least until the year 2014. Let's hope it stays that way, because its actions in the future will have huge ripple effects in the world economy. Right now it is resolved to help Europe coordinate its efforts to solve their debt burden. The European Central Bank (ECB) has offered \$641 billion in three-year one percent loans to avoid a major credit crisis. Hopefully, this action will help prevent a recession in Europe. 2012 is also an election year, as the U.S. President's race takes priority. The government will postpone any austerity measures until after the race, so expectations are that the market may go through a rally before summertime. We expect the U.S. market will stabilize once the housing market begins to be active again. Europe, on the other hand, may fall in and out of recession due to government austerity programs that are designed to get their respective governments' balance sheets back in order. This is the first step of both the U.S. and Europe to begin to solve their long term financial problems. I would concede though that this may be round one in the long struggle for western economies to start deleveraging.

Key Point: *The ECB is helping to stave off a European recession in 2012.*

Earnings Flows:

January gets us ready for fourth quarter earnings. Many people will be looking at retail to see what the U.S. consumer is doing. Technology stocks are on stand-by as Oracle had an earnings warning. Investors will be very defensive and focus on dividend-paying stocks or consumer staples that have steady long term returns. Structural unemployment, and the effects of the consumer cutting back to pay off debt, may show up on earnings numbers for the beginning of the year; however, this is probably already priced in the markets. I am hoping the commodity stocks, including oil and gasoline, will go down if world growth slows. This may help the American market to rebound in the medium to long term of this year. We shall also see media stocks do very well for 2012, as the presidential race heats up. More than one billion dollars has been raised by both parties that needs to be spent on this election year.

Key Point: *January begins a wait-and-see quarter that prepares for 2012.*

Cash Flows:

Because the economy is slowing down, many companies are focusing either on mergers or stock buybacks. We expect at least one trillion dollars worth of stock to be bought back during 2012. There is a low level of business confidence as companies have made the decision to grow slowly or be very defensive. We shall see a divergence of management - those who still seek growth and stock options that benefit, or those who see a slowing economy and the benefits of total return, stock buybacks, and increasing dividends. We are focused on managers who seek total return options, for we believe that the market will reward companies that will increase market share, while benefiting shareholders at the same time.

Key Point: *One trillion dollars will be spent on buybacks in 2012.*

Please note:

1. Fourth quarter earnings will determine the New Year.
2. 2012 is an election year.
3. There is money sitting on the sideline reading to be invested

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