

Your Personal Money Manager

Pearson

INVESTMENT LETTER

Check out our NEW Web Site!

Published Monthly Since 1982
www.pearsoncapitalinc.com

FEATURED STOCKS - FEB/MAR 2017

GROWTH STOCKS:

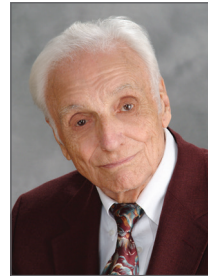
Apple Inc

VALUE STOCKS:

Allergan plc
Air Lease Corp
Creditcorp Ltd

FEATURED ETF INVESTMENTS

Vanguard Growth Index Fund
Technology Select Sector SPDR® Fund



Walter D. Pearson
Chairman



Donald E. Pearson
President



Ann Hathaway
Account Manager

EMPLOYEE UPDATE

On Feb.5, my father (Walter) enjoyed the super bowl and his 101-birthday gathering. He was also at work the next day.

YOUR 401(k) AT WORK

Today almost everyone has the opportunity to invest in some type of structured investment at their place of employment. Most do, but for those who have not taken advantage of this opportunity, you should start immediately. For those who do take advantage, a large number are underfunded. I suggest to everyone a minimum of 15% of your pretax income should be added every month and increased at every opportunity throughout your life. When your employer is matching a portion with their funding you must take the free money being offered.

Prior to the mid 1980's when 401(k)'s began many employers had pension plans or some type of structured bonus program. The pension had one advantage because it was a payout for life. Today only 13% of all private-sector workers have a traditional pension versus near 40% in 1979. Knowing that your 401(k) will be your primary source of saving for retirement, getting it diversified properly is very important. New rules are encouraging employers to offer "lifecycle" funds that become less volatile as people age. On average over the past 15 years investors saw their portfolio grow from \$43,900 in 2001 to \$331,200.

Here's an example of why I suggest continuously increasing your savings amount: A person age 25, earning \$40,000 a year saving an extra 1% monthly in their 401(k) amounts to roughly \$33.00 a month. At retirement that 1% added will produce an additional \$3,970 each year.

More than 50% of US households today are at risk of not having enough money during their retirement. When you retire you will need about 75-80% of your income to maintain your current lifestyle. For

someone earning \$50,000 annually they will need \$38-40 thousand. After social security pays you around \$25,000 you've got to be able to produce the other \$15,000 every year for the rest of your life. As time goes on and inflation continues to increase around 4% annually your contribution to yourself will have to increase.

Inflation simply means the price of goods continuing to increase. As examples, in the 1940's postage stamps were 3 cents and in 2006 they were 39 cents, and today another ten years later they're about 48 cents. Salaries back then averaged \$4,000 annually. In 2006 that amount increased to \$45,000, and today ten years later is about \$50,000. The Dow Jones back in 1944 was 143 and today is over 20,000. This is why getting invested and increasing your contribution will work for you.

I encourage our clients to share their 401(k) choices with me so I can give them some professional guidance and suggestion. If you have someone you're working with I'd suggest you do the same. If you do not and would like a second opinion or directional guidance, call me. I'd be glad to help you.

ABOUT THE APPLE

I've been told an apple a day keeps the doctor away, but I've also learned owning the apple might be one of your wisest decisions, and if you're having your money managed by us we have already made that decision for you. Our largest individual holding is Apple (AAPL) and this decision was made long ago. I mentioned at a speaking event in California that this was a definite buy and hold stock about 12 years ago when the price was around \$70.00. Since then the stock has climbed to over \$600 and then split seven for one returning to \$87. Today it has closed at its highest price ever and we continue buying for our new clients. Even if the account size is small and individual stocks are not being purchased, we

can still get this with ETFs such as VUG and XLK. In both of these AAPL is their largest holding.

With their earnings report of a few days ago announcing year over year growth in revenue and unit sales, the stock continues to climb. Their report of iPhone sales of 78.3 million is an increase of over three million year over year. Profits continue to climb also. In many countries that are having issues with currency woes such as Brazil, Russia, and Turkey, AAPL continues to have all time revenue records. Forbes rates them as the best brand on the planet worth \$154 billion and again in 2016 ranked number one as the best global brand.

As they continue to grow their ecosystem of services and applications, they continue to increase customer loyalty, as so many now are using Apple Pay and Apple Music.

Regarding their financial strength, the company has nearly a quarter trillion dollars in cash and liquid investments on its balance sheet, and brought in \$27.1 billion in cash flow from operations last quarter.

Rumor has it their next iPhone may exceed \$1,000, but with all the anticipated upgrades and new additions all of their loyal customers will be lining up to get one. I may be one of these too.

As global expansion continues to grow, India may be added to their playing field anticipating the same type of success that has been enjoyed from the growth of products in China.

Today AAPL has a P/E of 16.2 and a projected growth rate of approximately 10% for 2016 and 2017 and rated by almost everyone in this business as a strong buy. It was featured in our last month's letter at \$115.85 and again this month at \$135.84, thus an increase of over 16% year to date.

DP

PCI - The 2011 E.G. Simmons Award winner for Outstanding Community Service!

HELLO, HELLO, HELLO

In case you're not used to it, Hello again! Now that we have taken care of the greetings, I figure it is time to get down to business, and I am going to share my thoughts with you. Here goes! During our past presidential election, we had varying feelings although I think we got the better of it. What are we going to do now that everything has been decided? First of all, we have to consider the man who is going to occupy the White House for some period of time. He appears to surround himself with people who seem to be intelligent. At least that is what I have heard, and this gives me a feeling of more security than I have had for a long time.

Here is the point that bothers me to the extreme. He has not mentioned our debt or at least never when I was listening. What does he intend to do about the trillions of dollars that we owe? What can he do? I have spent a good deal of time working on this issue, but I have never been able to figure it out. As things stand, almost everyone believes we should just sweep it under the rug and go on living a somewhat normal life. Be that as it may, it is the government of the USA which stands behind our dollar. How much support can our government give when they have no cash, and are in debt so deeply that they admit they can never pay it off? Think about the millions of people who own US Government Bonds! How much are they worth? I read many publications and the one that bothered me yesterday was one that was asking a question about the 47 million Americans who are presently relying on government handouts to live. This does not help our debt.

I have recently heard that Russia has announced to all their people that the two smaller pieces of currency in that country will no longer be honored, and I understand that another country will be following suit shortly. Russia has given the population two weeks to change into the higher denominations or what they have will be of no value. Perhaps our pennies and nickels will be outsourced and will be of no value in the future. Come to think of it, they have little or no value as things stand.

These are just a couple of questions that have bothered me, and still bother. I have no answer but maybe our boy can handle it. I do not think so but the ball is in his court. His serve. I'll wait. I am expecting him to follow up on all of those promises he made before he got elected. What do you think? Will he cut taxes? Will he create more jobs? Cutting taxes would be something that would be welcomed by everyone, but it sure wouldn't help our national debt. Perhaps he should cut taxes and then pay off the national debt a little bit at a time. As I understand it, the national debt is so huge that we can never get it paid off, but it would still be a step in the right direction. What do you think? Does this make sense?

According to what I read recently, the U.S. dollar is rated more strongly than all the other currencies. Think of how your rating would be if you were \$10 million dollars in debt. What this means in my opinion, is that our country has less debt than any other country (pertaining to the income, that is). I believe we're all so far in debt that whoever holds the debt, pulls the strings.

And for those of you who are looking for an increase in income, here are those heroes which have just increased your income: CVS, PFBC, OZRK, F, SAN, FAST, LLTC, NSC, ROL, DST, SPGI, RCI, CMCSA, SCHW, NVS, LVALKS, COP, ODFL, HAS, NVO, ALK, GILD, BP CME, PRU, UPS, IR, SU.

WP

Copyright © 2007 Pearson Capital, Inc. - All Rights Reserved - Sources: Pearson Capital, Inc. research, various publications and the Internet

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 FEB/MAR 2017
www.pearsoncapitalinc.com

APPLE INC. (AAPL) NASDAQ PRICE \$135.35

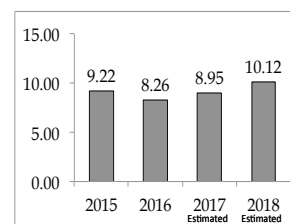
Apple Inc. designs, manufactures and markets mobile communication and media devices, personal computers and portable digital music players. The Company sells a range of related software, services, accessories, networking solutions, and third-party digital content and applications. The Company's segments include the Americas, Europe, Greater China, Japan and Rest of Asia Pacific. The Americas segment includes both North and South America. The Europe segment includes European countries, India, the Middle East and Africa. The Greater China segment includes China, Hong Kong and Taiwan. The Rest of Asia Pacific segment includes Australia and the Asian countries not included in the Company's other operating segments. Its products and services include iPhone, iPad, Mac, iPod, Apple Watch, Apple TV, a portfolio of consumer and professional software applications, iPhone OS (iOS), OS X and watchOS operating systems, iCloud, Apple Pay and a range of accessory, service and support offerings.

Type: Growth
Sector: Information Technology

Institutional Holdings: 5874
Industry: Technology Hardware, Storage & Peripherals

Ratings & Recommendations Earnings per share

Current P/E Ratio: **16.2**
Annual Yield: **1.7%**
Annual Dividend: **2.3**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **A+**
Morningstar Rating: **C**
Stand & Poor Rating: **A**
The Street (analyst avg.): **A-**



ALLERGAN plc (AGN) NYSE PRICE \$246.93

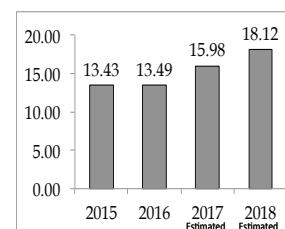
Allergan plc is a global pharmaceutical company. The Company is focused on developing, manufacturing and commercializing branded pharmaceuticals, devices and biologic products for patients around the world. The Company is also focused on developing, manufacturing and commercializing select over-the-counter (OTC) products. The Company's segments include US Specialized Therapeutics, US General Medicine and International. The US Specialized Therapeutics segment includes branded products within the United States, including medical aesthetics, medical dermatology, eye care, neurosciences and urology therapeutic products. The US General Medicine segment includes branded products within the United States, including central nervous system, gastrointestinal, women's health, anti-infective and other brands. The International segment includes products sold outside the United States. The Company is also engaged in regenerative medicines business. It offers a range of dermal matrix products.

Type: Value
Sector: Health Care

Institutional Holdings: 2762
Industry: Pharmaceuticals

Ratings & Recommendations Earnings per share

Current P/E Ratio: **6.6**
Annual Yield: **1.1%**
Annual Dividend: **2.72**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **A-**
Morningstar Rating: **B**
Stand & Poor Rating: **B**
The Street (analyst avg.): **C**



AIR LEASE CORP (AL) NYSE PRICE \$38.98

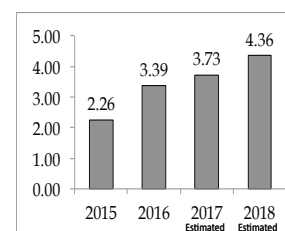
Air Lease Corporation is an aircraft leasing company. The Company is principally engaged in purchasing new commercial jet transport aircraft directly from aircraft manufacturers, such as The Boeing Company (Boeing) and Airbus S.A.S. (Airbus), and leasing those aircraft to airlines across the world. Along with its leasing activities, the Company sells aircraft from its operating lease portfolio to third parties, including other leasing companies, financial services companies and airlines. The Company also provides fleet management services to investors and owners of aircraft portfolios for a management fee. The Company provides aircraft to airline customers in various markets, such as Asia, the Pacific Rim, Latin America, the Middle East, Europe, Africa and North America. The Company owns approximately 240 aircraft, including over 180 single-aisle narrowbody jet aircraft, approximately 40 twin-aisle widebody jet aircraft and over 20 turboprop aircraft.

Type: Value
Sector: Industrials

Institutional Holdings: 416
Industry: Trading Companies & Distributors

Ratings & Recommendations Earnings per share

Current P/E Ratio: **11.7**
Annual Yield: **0.8%**
Annual Dividend: **0.30**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **A-**
Morningstar Rating: **N/A**
Stand & Poor Rating: **N/A**
The Street (analyst avg.): **N/A**



CREDITCORP LTD (BAP) NYSE PRICE \$166.66

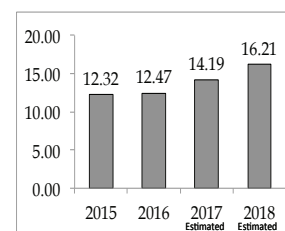
Credicorp Ltd. is a financial services holding company in Peru. The Company has four operating segments based on its products and services, which include banking, insurance, pension funds and investment banking. Its operating subsidiaries include Banco de Credito del Peru; Atlantic Security Bank, which it holds through Atlantic Security Holding Corporation; El Pacifico-Peruano Suiza Compania de Seguros y Reaseguros (Grupo Pacifico); Prima AFP S.A., and Credicorp Capital Ltd. (Credicorp Capital). Its banking business is focused on commercial and consumer loans, credit facilities, deposits, current accounts and credit cards. The Company conducts its insurance business through Grupo Pacifico. It conducts all of its pension fund activities through its private pension fund administrator Prima AFP S.A. The investment banking business units are grouped under Credicorp Capital, which carries its business under asset management, sales and trading, and corporate finance business lines.

Type: Value
Sector: Financials

Institutional Holdings: 1026
Industry: Banks

Ratings & Recommendations Earnings per share

Current P/E Ratio: **12.2**
Annual Yield: **1.4%**
Annual Dividend: **2.30**
Investor's Bus. Daily: **C**
Pearson Growth & Value: **A-**
Morningstar Rating: **N/A**
Stand & Poor Rating: **N/A**
The Street (analyst avg.): **C+**



JUST ASK ANN

I need money from my account. How long does it take?

If there isn't sufficient cash in your account to cover your request, Don will have to sell some of your stock to generate the funds. The money IS NOT readily available. It takes three business days for the trades to settle and for the cash to become available to you.

If the amount of cash is available in your Individual or Joint account, we can mail you a check to your address of record immediately. We can also overnight that check, at no cost to you, as long as your mailing address of record is NOT a P.O. Box. Overnight does not apply to weekends; a request on Friday will be delivered on Monday.

If you are requesting funds from an IRA of any type, a distribution form is required for release of funds. This form is necessary to inform the IRS of your tax withholding preference. Obtaining your signature on this distribution form will add time to the delivery of your funds. Once in your file, we can mail a check as indicated above.

In both instances, when funds are available, we can direct deposit money into your bank account if we have banking information on file, saving time.

We can do an ACH (Automated Clearing House) transfer which sends funds out at the end of the business day with deposit to your bank account next day. While this transaction usually has no fee attached, YOUR BANK may hold the funds for a day or two before they become available to you.

WIRE TRANSFERS are same day availability, based on cut off times for processing. However, YOUR BANK will probably charge you a fee for this method.

TD has developed a MOVE MONEY form that can keep your preferences on file for all types of accounts that help us process your requests more efficiently. I would strongly recommend that you have this form on file, particularly if you have an IRA account. Contact me to set this up with you.

Knowing the procedure for obtaining funds from your account will help you plan better when funds are needed.

CORE ETF (EXCHANGE TRADED FUND) VANGUARD GROWTH INDEX FUND (VUG) NYSE ARCA PRICE \$119.41

The investment seeks to track the performance of a benchmark index that measures the investment return of large-capitalization growth stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Large Cap Growth Index, a broadly diversified index predominantly made up of growth stocks of large U.S. companies. The advisor 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.

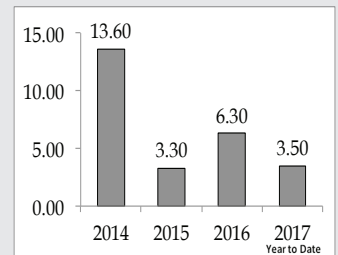
Location: USA
Type: 100% Stocks

Category: Large Growth
Industry: Technology

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **1.3%**
Annual Dividend: **1.55**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A-**
Morningstar Rating: **B**
Stand & Poor Rating: **N/A**
The Street (analyst avg.): **N/A**

Performance by%



CORE ETF (EXCHANGE TRADED FUND) TECHNOLOGY SELECT SECTOR SPDR® FUND (XLK) NYSE ARCA PRICE \$52.01

The investment seeks investment results that, before expenses, correspond generally to the price and yield performance of publicly traded equity securities of companies in the Technology Select Sector Index. In seeking to track the performance of the index, the fund employs a replication strategy, which means that the fund typically invests in substantially all of the securities represented in the index in approximately the same proportions as the index. It generally invests substantially all, but at least 95%, of its total assets in the securities comprising the index.

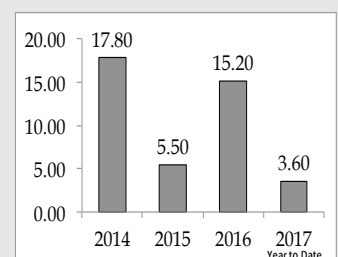
Location: USA
Type: 100% Stocks

Category: Large Growth
Industry: Technology

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **1.7%**
Annual Dividend: **0.88**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A-**
Morningstar Rating: **B**
Stand & Poor Rating: **N/A**
The Street (analyst avg.): **N/A**

Performance by%



New trends we see:

- 1) Health insurer Humana (HUM) recently said it would pull out of the Affordable Care Act (ACA) in 2018.
- 2) The stock market may continue to new highs till the end of the year.

Key Point: The Federal Reserve will keep an eye on interest rates.

Earnings Flows:

February is in the middle of this quarter's earnings announcement season. Even with some companies' recent negative reports and tepid outlook, the stock market continues to move higher. The market is now attempting to price in the new presidential administration's economic agenda, thus continuing this post-election surge in the market.

At the same time, this market optimism will keep the dollar hitting new-year highs as well, and may put a crimp in the profits for the S&P 500 multinational companies in the coming quarters. Compared to last year's market backward slide in January, this year's market start looks promising.

The new trends continue:

- 1) With the overall of Frank-Dodd and other banking regulations, the financial sector may take the lead with higher potential earnings.

Key Point: The post-election rally continues to move forward.

Cash Flows:

With trillions of dollars in money parked overseas, the upcoming proposal for a tax holiday will bring money back to this country. In 2004 Congress enacted such a tax holiday for U.S. multinational companies, allowing them to repatriate foreign profits to the United States at a 5.25% tax rate. Corporations brought \$362 billion into the American economy, paying dividends to investors, repurchasing shares, and purchasing other corporations. Congress failed to pass a second version in 2009. So this year there will be another attempt for the tax holiday. Unlike before, the money overseas has grown significantly. Companies like Apple, Microsoft, and Intel will save billions in tax expenses. The taxes that will be earned from repatriation will also give the federal government a one-time boost to accomplish its stated goals of enhancing infrastructure products.

New trends we see:

- 1) Lower overall taxes will improve the cash balances of many companies.

Key Point: The tax holiday has been used before by previous administrations.

WALL STREET INDEXES

Indexes	2011	2012	2013	2014	2015	2016	2017
S&P 500	EVEN	13.4%	29.6%	11.4%	(0.8%)	5.8%	4.8%
Dow Jones	5.5%	7.3%	26.5%	7.5%	(2.2%)	7.9%	4.3%
Nasdaq	(1.8%)	15.9%	38.3%	13.4%	5.7%	4.1%	8.1%
Market Average	1.2%	12.2%	31.5%	10.8%	0.9%	5.9%	5.7%



MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:



Federal Reserve Chair Janet Yellen, while delivering prepared remarks during her semiannual monetary policy report to the Senate Banking Committee, noted continued uncertainty in the U.S. economic outlook, but at the same time stated that the central bank still sees a "gradual" pace of rate increases despite unknown fiscal policy. These remarks sent yields on long-term government bonds surging, reversing most of February's downturns in the 10-year yield. This indicates a possibility of an upcoming interest rate hike, if economic growth as it relates to the labor market accelerates and increases inflation. Previously we stated that the Fed's interest rates would be called into question, but they instead made it clear that further gradual hikes are still part of their current agenda.

Also, the future of Dodd-Frank and banking regulations are in the news, as Fed Governor Daniel Tarullo, a key official heading bank regulation efforts, announced that he plans to step down this spring, potentially opening a path for Trump to reshape Wall Street regulations. The president has stated that Dodd-Frank is on the top of his agenda, and will probably lead to quick actions to overhaul the current regulations already in place.

President Trump commented that his tax-cut plan would be unveiled in the next two to three weeks reaching the floor of the House of Representatives. Many are hoping that this upcoming plan includes major corporate tax reform if a 15% to 20% top corporate tax rate becomes law. This corporate tax package may lead companies to:

- (1) The start of cash repatriation from overseas, with a 10% repatriation tax.
- (2) Boost dividends, and create special one-time dividend payouts.
- (3) Increase stock buyback activity.
- (4) Boost earnings, and help increase growth with acquisitions.

The impact would be very positive, improving America's competitive position in the global economy, boosting economic growth, and benefiting U.S. workers with the repatriation tax for the nation's infrastructure.

Continued to page 5

Pearson Capital, Inc.

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

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

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

Stock Analyst
Chris Carothers
PearsonCapital2@yahoo.com

Account Manager
Ann Hathaway
PearsonCapital7@gmail.com

The Pearson Investment Letter
 published monthly since 1982

Editor
Roberta Wilde

Services Provided

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

Free consultation
No hidden fees

Privacy Policy
 Available online or mailed upon request.

Table of Contents

Walter's Wisdom:.....	2
Featured Stocks:	3
Featured Stocks:	4
Ask Ann	4
Market Outlook	5-6