

Your Personal Money Manager

Pearson

INVESTMENT LETTER

Published Monthly Since 1982
www.pearsoncapitalinc.com

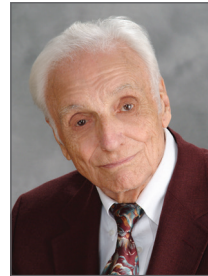
FEATURED STOCKS - APRIL 2019

VALUE STOCKS:

FMC Corp
Kennametal Inc.
Metlife Inc.
PVH Corp

ETFs:

iShares Select Dividend
SPDR® S&P Dividend



Walter D. Pearson
Chairman



Donald E. Pearson
President



Ann Hathaway
Account Manager

Your Personal Advisor

Today there are many ways one can choose a financial advisor. A lot of younger people prefer handling their own investments or using a Robo Advisor. Robo Advisors provide financial advice and investment strategies using algorithms. Once you've completed a questionnaire describing your risk, they go to work trying to get the job done on the computer. Most companies doing this charge 0.25 percent and a bit more if you'd like to converse occasionally with a human. The reason these are now popular is almost all financial companies taking on new clients have six figure minimums, and do not want to deal with those starting out with only a few thousand.

This is what makes Pearson Capital unique because we have no minimum. As my father has always said, "It's our job to help everyone." For those preferring a live financial advisor, as I would recommend to everyone, finding one that's the right fit for you is exceptionally important. I cannot stress this enough. Many hire the one closest to home or the first one they interview. I always tell everyone, talk with at least three as you search for the right fit. Many advisors have a specific strategy believing theirs is the correct way to manage - perhaps heavy into bonds while this is not your preference. Others may favor more aggressive choices than what you are comfortable with.

Financial advisors, to give advice, must pass a test to be qualified and many of these tests are different. You might ask to see their license to understand what they are allowed to do. For example, one passing the Series 7 exam can purchase things for you that meet your needs while compensating themselves with high commissions. I cannot do this. Choosing an

advisor because they are connected with a major firm might sound like a good idea, but remember, although well-branded they may not be your best fit. Another question to ask is how they are compensated. Some work on a flat rate, while others receive commissions from mutual funds they are pedaling which very much might be a conflict of interest for you.

My license as a Registered Investment Advisor carries with it a responsibility (series 65). I have a fiduciary responsibility to make the best decision for you every time, without exception. With a 1 percent management fee we work hard to grow your money as this is the way to grow ours too. I also know you want the very best for yourself as do I for myself. This is why we will always own the same things.

Retirement

Of the hundreds of people reading this article, I am sure there will be a broad range of situations regarding retirement plans. I would like to think that, upon reading this, you will find something to help you make, or improve, your decisions. For those who have a long way to go, I say save all that you can and maximize your investment opportunities. Remember, when we get there, we want to be ready, and not have to postpone our plans because we are not financially able.

For those seeing retirement around the corner, review your situation carefully. Questions you and your mate might ask are:

- First, where do we stand with debt? Can we handle unexpected expenses along with a mortgage and/or credit card debt?

- Second, do we have enough savings? You might begin by estimating your life expectancies and consider current health, genes, and lifestyle choices. Also, consider inflation growing at 3 percent annually as you work with your numbers.

- Third, do you have a plan for healthcare? The average couple retiring today at age 65 will need approximately \$250,000 to cover healthcare costs. Even when you qualify for Medicare it won't cover everything. You will still have copays and deductibles that could add up to thousands if you have serious illness or injury.

- Last, and most important, could your retirement plans be improved? It is critical to talk with your spouse before you retire, and you might try this same exercise if you have already retired. Visualize what a great day in retirement looks like. Ask yourself, when, where and what do I want in retirement? What will I be doing? What will my partner be doing? Spending more time together with family and friends? Traveling? Pursuing individual interests?

I talk to so many people today who postpone dealing with this as the window of opportunity continues to grow smaller and smaller. Many business owners think they will someday sell their business, not realizing they are the business. Unfortunately, these are the folks we see working part time jobs and probably always will in their retirement years. Whether it is us here at Pearson Capital or another advisor somewhere else, I encourage you to get professional guidance and assistance to help develop a plan for you.

DP

WALTER'S WISDOM
www.pearsoncapitalinc.com

Good morning to all of you. I am here to give you a piece of information. Are you listening? I am here to give you the information that makes the dividend payers more beneficial to own than the non-dividend payers. No! I've got it backwards or have I? Sorry if I seem a bit confused this morning. The time has come as it will to everyone that confusion reigns. Tell me your opinion. Are dividend payers more beneficial to own than the ones that are concentrating on growth? Have you taken into consideration that those companies that pay no dividend at the present time will usually start paying dividends in the future?

One of the things that can be very beneficial is to look into the future. It is much the same if you go back a few years when there was no television along with other things that have blossomed. Did you think about some of those newfangled ideas, and then pick out the ones that would turn out to be successful? Years ago McDonald's and Wendy's did not exist. Are you amongst the people who would have chosen those places in which to eat as well as invest? You may answer yes, but think about it. This was a new business then and very possibly would come and go. Would you possibly make the grade? Think now because it is now tomorrow. You are in a position where Wendy's is a vehicle where you can invest but the big gains were there yesterday. There are still profits to be had by getting into these vehicles even now.

Now is the time to surprise me. Pick out a company that is going to be a world beater over the next ten years. It won't be necessary to give me your reasoning or anything else. The important thing is to give me the name of your company. I will listen to you. I will expect that you have done your homework. What? You don't have it? All the time I have put in waiting for you and you are failing. What can I say? What can I do? Are you expecting me to come up with something? I have not been thinking. I have expected everything to emanate from you. Think of another - McDonald's. Buy it, watch it climb. Point it out to me. You could have bought Netflix 11-01-08 for \$1000 for 20 shares. Those 20 shares are now 280 shares which have a value of approximately \$100,000. End-ups of this kind make it very difficult to decide on income and safety or on long-term growth.

I have some important information to give you. Do not think lightly about this. I read this by a financial writer whom I respect, so think of it this way. I have got the information that from now on the banks are going to be able to print money and buy stocks. Think of what that means to the individual investor. It means that there will be more money chasing stocks which will cause prices to rise. This writer agrees with most other financial writers about the value of the dollar to be depreciating at a rate of approximately 2 percent a year. With more money coming into the picture there is a very strong possibility that stock prices will rise. This will also mean that the dollar will depreciate faster. I believe that you do understand that the value of the dollar has been depreciating each year for some time now. It is my belief that ALL spare dollars should be invested now.

What will you do? I will tell you what I will do. Invest, Invest, Invest! Much the same as I have been doing. But, do you catch onto the fact that the dollar will go down in value? Fifty years ago gas was cheaper – about twenty cents a gallon. Gas is no better now. IT'S SIMPLY THE FACT THAT THE DOLLAR IS WORTH LESS. Buy more stocks!!!!

And now the time has come for those of you to wish that all, or at least some of those that you own have increased the dividend payments. Perhaps you wish they would double payments but that's going a little bit too far. Anyway, here goes: ARCC, JCOM, LLL, WWW, BBD, FR, FLIR, MGM, NUS, RHI, SHW, TROW, MFC, TECK, BGCP, CSCO, PPL, STLD, AZN, CP, MFGP, ADI, WMT, BBL, BHP, FL, UFS, NVT, PNR, KO, DPZ, LPT, PLD, BCS, GIL, NTES, PAAS, DLR, ITT, RY, ALB, HD, TMO, BMO, BNS, BBY, DKS, HOG, SLGN, WH, CSWC CHS, BTI, ECA, ETN, RIO, TD, CSWC, NRIM, BLX, CB, GG, KSS, TOT, PBA, AMT, USPH, WYND, CNQ, JCI, DHR, GNTX, MTN, MDT, CCU, MOMO, DG, EQR, ORCL, AVGO, VET, CTRE, RTN, BBD, CEO.

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 APRIL 2019**www.pearsoncapitalinc.com****FMC CORP (FMC) NYSE PRICE \$76.29**

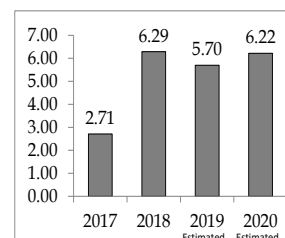
FMC Corporation is a diversified chemical company serving agricultural, consumer and industrial markets. The Company operates in three business segments: FMC Agricultural Solutions, FMC Health and Nutrition, and FMC Lithium. As of December 31, 2016, the FMC Agricultural Solutions segment developed, marketed and sold three classes of crop protection chemicals: insecticides, herbicides and fungicides. The Company's FMC Agricultural Solutions segment operates in the agrochemicals industry. This segment develops, manufactures and sells a portfolio of professional pest control, and lawn and garden products. The FMC Health and Nutrition segment focuses on nutritional ingredients, health excipients and functional health ingredients. The Company's FMC Health and Nutrition segment focuses on food ingredients, pharmaceutical excipients and omega-3 oils. The Company's FMC Lithium segment manufactures lithium for use in a range of lithium products.

Type: Value
Sector: Materials

Institutional Holdings: 92%
Industry: Chemicals

Ratings & Recommendations Earnings per share

Current P/E Ratio: **15.5**
Annual Yield: **2.1%**
Annual Dividend: **1.60**
Investor's Bus. Daily: **A-**
Pearson Growth & Value: **A-**
Stand & Poor Rating: **A**
The Street (analyst avg.): **N/A**

**KENNAMETAL INC. (KMT) NYSE PRICE \$36.81**

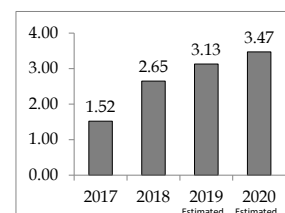
Kennametal Inc. is a supplier of tooling, engineered components and materials consumed in production processes. The Company operates through two segments: Industrial and Infrastructure. The Industrial segment generally serves customers that operate in industrial end markets, such as transportation, general engineering, aerospace and defense. The Infrastructure segment generally serves customers that operate in the earthworks and energy sectors supporting primary industries, such as oil and gas, power generation, underground, surface and hard-rock mining, highway construction and road maintenance. It provides wear-resistant products, application engineering and services backed by material science serving customers across various sectors. The Company's product offerings include a selection of standard and customized technologies for metalworking, such as metal cutting tools, tooling systems and services, as well as materials, such as cemented tungsten carbide products and super alloys.

Type: Value
Sector: Industrials

Institutional Holdings: 99%
Industry: Machinery

Ratings & Recommendations Earnings per share

Current P/E Ratio: **9.5**
Annual Yield: **2.2%**
Annual Dividend: **0.80**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **A-**
Stand & Poor Rating: **A**
The Street (analyst avg.): **B+**

**METLIFE INC. (MET) NYSE PRICE \$42.67**

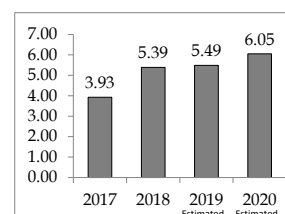
MetLife, Inc. is a provider of life insurance, annuities, employee benefits and asset management. The Company's segments include U.S.; Asia; Latin America; Europe, the Middle East and Africa (EMEA); MetLife Holdings, and Corporate & Other. Its U.S. segment is organized into Group Benefits, Retirement and Income Solutions and Property & Casualty businesses. Its Asia segment offers products, including life insurance; accident and health insurance, and retirement and savings products. Latin America offers products, including life insurance, and retirement and savings products. Life insurance includes universal, variable and term life products. EMEA offers products, including life insurance, accident and health insurance, retirement and savings products, and credit insurance.

Type: Value
Sector: Financials

Institutional Holdings: 76%
Industry: Insurance

Ratings & Recommendations Earnings per share

Current P/E Ratio: **8.6**
Annual Yield: **1.7%**
Annual Dividend: **1.7**
Investor's Bus. Daily: **C-**
Pearson Growth & Value: **A-**
Stand & Poor Rating: **A**
The Street (analyst avg.): **N/A**

**PVH CORP (PVH) NYSE PRICE \$122.33**

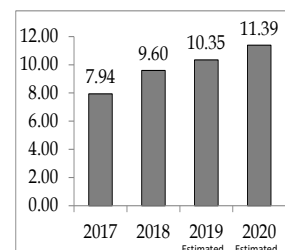
PVH Corp. is an apparel company. The Company operates through three segments: Calvin Klein, which consists of the Calvin Klein North America and Calvin Klein International segments; Tommy Hilfiger, which consists of the Tommy Hilfiger North America and Tommy Hilfiger International segments, and Heritage Brands, which consists of the Heritage Brands Wholesale and Heritage Brands Retail segments. The Company's brand portfolio consists of various brand names, including Calvin Klein, Tommy Hilfiger, Van Heusen, IZOD, ARROW, Warner's, Olga and Eagle, which are owned, and Speedo, Geoffrey Beene, Kenneth Cole New York, Kenneth Cole Reaction, Sean John, MICHAEL Michael Kors, Michael Kors Collection and Chaps, which are licensed, as well as various other licensed and private label brands. The Company designs and markets dress shirts, neckwear, sportswear, jeanswear, intimate apparel, swim products and handbags, footwear and other related products.

Type: Value
Sector: Consumer Discretionary

Institutional Holdings: 96%
Industry: Textiles, Apparel & Luxury Goods

Ratings & Recommendations Earnings per share

Current P/E Ratio: **13.6**
Annual Yield: **0.1%**
Annual Dividend: **0.15**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **A-**
Stand & Poor Rating: **A**
The Street (analyst avg.): **N/A**



JUST ASK ANN

LAST CALL!

Just a reminder as the tax season wraps up. If you want to make that contribution to your IRA for the year 2018, you only have a few days left. The money **MUST** be in your account by April 15. If you need assistance in making a deposit, please contact me a.s.a.p. There are several options available.

For 2018, if you are under the age of 50 you may contribute up to \$5500; those over 50 may contribute \$6500.

The **third cycle of corrected** Consolidated Form 1099 has been mailed to impacted clients.

Any information provided by the issuer by the close of business on March 15, 2019, regarding income reallocation of \$100 or more was included in the clients' last corrected Consolidated 1099 forms. TD does not issue a corrected 1099 form if the income allocation results in a change of less than \$100.

4th Correction Cycle - April 9, 2019 (By Close of Business)

Reports reclassified income that was reported to TD Ameritrade between March 16, 2019 and April 5, 2019.

Please note that we were given a list of securities that had not been reported and since that list did not include any of our current holdings, we believe that there should be no further corrections for our clients.

iShares Select Dividend ETF (DVY) NASDAQ PRICE \$98.02

The investment seeks to track the investment results of the Dow Jones U.S. Select Dividend Index composed of relatively high dividend paying U.S. equities. The fund generally invests at least 90% of its assets in securities of the underlying index and in depositary receipts representing securities of the underlying index. The underlying index measures the performance of a selected group of equity securities issued by companies that have provided relatively high dividend yields on a consistent basis over time.

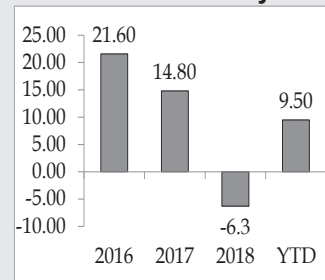
Location: USA
Type: 100% Stock

Category: LGE Value
Industry: Diversified

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **3.4%**
Annual Dividend: **3.29**
Investor's Bus. Daily:
Pearson Growth & Value: **A+**
Morningstar: **A**
The Street (analyst avg.):

Performance by%



SPDR® S&P Dividend ETF (SDY) NYSE ARCA PRICE \$99.28

The investment seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the S&P High Yield Dividend Aristocrats Index. The fund generally invests substantially all, but at least 80%, of its total assets in the securities comprising the index. The index is designed to measure the performance of the highest dividend yielding S&P Composite 1500® Index constituents that have followed a managed-dividends policy of consistently increasing dividends every year for at least 20 consecutive years.

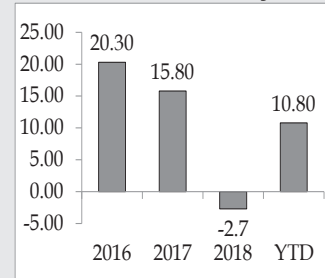
Location: USA
Type: 100% Stock

Category: LGE Value
Industry: Diversified

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **2.5%**
Annual Dividend: **2.44**
Investor's Bus. Daily:
Pearson Growth & Value: **A+**
Morningstar: **A+**
The Street (analyst avg.):

Performance by%



New trends we see:

- 1) The European Union has been affected also by the Brexit situation.
- 2) Oil has rebounded from its lows and is heading higher.
- 3) Germany is now predicting a slowdown in their economy.
- 4) China has restarted talks again for its trade deal.

Key Point: Recently there was an inverted yield curve in the bond market.

Earnings Flows:

Earnings have done well for this past quarter; however, worries about a global slowdown have lowered this upcoming quarter's earnings expectations. The S&P 500 has now risen 20 percent since its Christmas Eve low, after the Federal Reserve changed direction in its stance on interest rate increases. However, the overall stock market is struggling with more difficult year-over-year comparisons. According to reports, over 70 companies in the S&P 500 have issued negative guidance for this upcoming quarter. And many other companies are seeing low single-digit earnings growth for the next two quarters as well. Earnings momentum will continue to decelerate due to more difficult year-over-year comparisons.

New trends we see:

- 1) The European Union now has negative interest rates.
- 2) IPO's are now coming to market with a possible record of 240 companies.
- 3) We still see consolidation and more mergers between companies.

Key Point: There is now a slowdown in earnings.

Cash Flows:

Even though earnings expectations are slowing, partly due to the \$800 billion in stock buybacks that occurred in 2018, the corporate tax cuts are still continuing with raised dividends and increased share buybacks. We are still hoping that companies will continue their past stock buyback pace, especially now in reflection of a slowing global economy.

As we indicated previously, some lawmakers, including U.S. senators, are now criticizing this option, stating that stock buybacks are affecting the long-term strength of the U.S. economy. We believe now that this issue may be brought up again in this upcoming political campaign. When a company purchases its own stock back, it reduces the number of publicly traded shares, boosting the value of the stock. If done appropriately, we see that as a significant benefit for shareholders, both for capital gains and future dividend growth.

New trends we see:

- 1) We see undervalued stocks such as the airlines borrowing money to buy stock.
- 2) We do not expect a decrease in dividend growth.

Key Point: Buybacks will continue, even during an earnings slowdown.

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.

WALL STREET INDEXES

Indexes	2013	2014	2015	2016	2017	2018	2019
S&P 500	29.6%	11.4%	(0.8%)	5.8%	19.6%	(7.1%)	12.8%
Dow Jones	26.5%	7.5%	(2.2%)	7.9%	25.1%	(6.7%)	10.9%
Nasdaq	38.3%	13.4%	5.7%	4.1%	28.2%	(4.7%)	16.3%
Market Average	31.5%	10.8%	0.9%	5.9%	24.3%	(6.0%)	13.3%



MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:



In its most recent meeting, the Federal Reserve decided to keep interest rates on hold, and to extend any rate hikes as far as next year. In its last statement, the Fed indicated a possibility of a broad global slowdown in the economy and decided to take a wait and see approach. The Fed previously indicated that U.S. inflation was starting to increase within its 2 percent target, but now it is worried that global slowing might reverse that trend.

There is also continuing uncertainty surrounding the structure of the future U.S./China trade deal, and of the upcoming Brexit situation in Great Britain, as both deadlines were recently extended. As of this moment, both sides of each dispute are still working things out. If these situations were to worsen, either one would be highly disruptive for financial markets.

The Fed is also altering its approach to Balance Sheet Normalization, as it previously planned to sell \$50 billion in bonds each month. The FOMC is now stating that it would reduce the monthly sale of Treasury securities from \$30 billion per month to \$15 billion per month, beginning in May. It plans to stop its selling of mortgage backed securities by September 2019, and to shrink its balance sheet to approximately \$3.5 trillion in 2019. The Fed is still debating whether to use its balance sheet as a regular monetary policy tool, but, when it comes to the ongoing quantitative tightening via the runoff of bonds from the Fed's balance sheet, it looks like it will stop by the end of this year, as far as unwinding its balance sheet is concerned.

According to CNBC's Jim Cramer, "The Fed just took us one rate hike too many and now we're all paying the price." Many economists believe that every quarter-point increase in interest rates takes 6-9 months to be fully absorbed into the economy. The effects of the last four interest rate hikes have yet to be fully felt.

Three-month Treasury yields surpassed ten-year Treasury notes recently causing an inverted yield curve. This happens when short-term interest rates become higher than long-term rates. Many people believe that the inverted yield curve may be a precursor for a recession. However, the issue may very well be that international demand for Treasuries in a year of record supply is rather strong. There simply isn't any significantly positive yield in any key global government bond market, so bond buyers worldwide end up piling into the U.S. Treasury market.

Continued to page 5

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Table of Contents

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