Your Personal Money Manager
Pearson INVESTMENT LETTER

Published Monthly Since 1982
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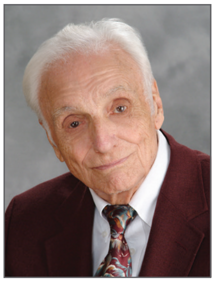
FEATURED STOCKS - AUGUST/SEPTEMBER 2019

VALUE STOCKS:	ETFs:
Comerica Inc.	Russell 1000 Growth ETF
F5 Networks Inc.	WisdomTree U.S. MidCap Dividend Fund
Old Dominion Freight Line Inc.	
UnitedHealth Group Inc.	



Walter D. Pearson
Chairman

Donald E. Pearson
President

Ann Hathaway
Account Manager

Today's Market

Every day I am asked my opinion on where the market is headed. As I tell everyone, we can predict, but no one can be certain. We can continue to do our homework and that should be a tremendous help in our ongoing decision-making. This bull market has lasted more than a decade, and this is twice the length of the average upward cycle. Many prognosticators have been telling us it's going to collapse soon, but they have been telling us this for the past five and more years. Had we listened to them we would have missed out on the very attractive gains we have enjoyed.

Are there potential issues and problems that may impact the market today? To this I would say absolutely. I'm very concerned with the trade war between the U.S. and China. Mounting tariffs could lead us into a recession at some point. Extended tariffs would raise prices to the consumer, and potentially reduce the annual gross domestic profit (GDP) growth by as much as possibly one-half a percentage point. Other issues are a global slowdown as Europe and Asia are experiencing sluggish growth. This should not be enough to derail our still-doing-well U.S. economy, but it is something to certainly keep an eye on. Recessions on average occur about every seven years and we are now over ten years without one. It appears one should not be in our short range immediate future. Indicators that are good measurement tools tell us we should be ok through this year and next.

On the favorable side, the GDP that grew more than 3% in 2018 is predicted to grow at close to 3% again in 2019 and 2020. Unemployment numbers are as low today as we can remember seeing. We should end this year and next year in the area of 3 1/3 percent while adding approximately 170,000 new jobs every month. Inflation is currently running in check and should finish the year around 1.9% this year and next, thus under control.

With this information, it would seem likely this bull market should continue through this year and into 2020 with above-average growth and performance. Obviously, any of this could change, so staying well informed and keeping your eye on the ball is most important. Only one president has ever been reelected when our economy is in recession so this leads me to believe President Trump would benefit from a deal with China. This would prove to be very good for his reelection chances and very good for the economy and the stock market. All we can do is listen and watch and continue to adjust if or when needed.

Minimum Wage

Today the federal minimum wage is $7.25 per hour. Many states and municipalities have enacted their own legislation and have increased it above this federal rate. House Democrats in Congress are preparing to vote this month on raising the federal rate which has not been raised since 2009. The process being discussed is to gradually raise the rate to $15.00 per hour, and to have this completed by 2025. The good news and the bad news with this follows:

Surveys taken on this estimate that 1.3 million could lose their jobs because of the increase, while this same group believes as many as 27 million workers would benefit with the monetary increase or pay raise as we know it. Although this minimum wage increase is to help people receive a livable wage, it is my hope that some of those additional dollars could get invested because the numbers for people reaching retirement age with good financial retirement plans are not encouraging.

For many people money has a lot to do with the decision to continue working. Many polls and surveys conclude about one quarter of Americans do not plan to retire at all. When asked how financially comfortable they feel about retirement, only 14% of Americans under the age of 50 and 29% over the age of 50 feel very well prepared.

The staggering statistic is with younger people. By comparison 56% do not feel at all prepared. Among those today who are fully retired 38% have said they felt very prepared while 25% have said they felt not very, or not at all, prepared.

I spend a great deal of time talking with many people about this. It doesn't matter if you're just starting out, or you are at the midway point in this journey, or if you're almost to the finish line, or already across it. With good financial planning, or with changes made within your portfolio, you should be able to improve your current situation. This is why I offer to talk with people and review their portfolios without any obligation or commitment from anyone. I get a great deal of satisfaction doing this. When people hear that I buy the same things for clients that I own myself, they understand it is my commitment that we truly are partnering with, and working for, them.

We even offer to open accounts for our client's grandchildren with little or no management fee, simply trying to help everyone get started. If you would like to learn more about this opportunity, please call either Ann or myself. We've been doing this for some time and it's working exceptionally well for the young ones.

DP

WALTER'S WISDOM
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Necessary or not, I will repeat myself in order to get across to nonbelievers one important fact: YOUR DOLLAR GOES DOWN IN VALUE DAILY. YOU CAN DO SOMETHING TO CORRECT THIS. Buy stocks. They may go down on a temporary basis, but long term their growth will show up anyway. Look for companies that are growing and you will find that they may go down just to follow the market, but they will go back up again.

Just to clarify my expertise, I will show you one. Remember, a stock is not a bond and it may have some growth in it. Look at Apple for one. We are recommending it as a buy right now, and we have been recommending it for a long time. I bought it back in August of 1997, 60 shares for $1200.We have had many splits since then and I now have 1680 shares which are in the neighborhood of one quarter of a million dollars. And, we are still recommending it. I think everyone here has it at the present time. It is a company that has grown, and it is a company that is still growing.

What every one of you should be doing at this time is going over your individual holdings and making a note of extra cash that you may have which you could put to work. By this time you should understand that idle cash should go to work. I am also thinking along the possibility that you may have one or more of your friends you could help get started. Have you ever thought how much it would mean to them? It could make a huge difference if you explained to them a little of what you have learned here.

I have mentioned many times that it is the duty of the parents to teach their children the value of investing. Things have really changed. At one time we had Fort Knox where we kept enough gold to back up the amount of new money we issued. Today things are different. We not only cannot back up the currency but we are so far in debt that everyone agrees that it will never be repaid. What that means to you - and to me - is that we only have one way out! Opportunity Knocks! Buy stocks!

One more thing that we should take into consideration is what are you looking for? Is it income with growth, or income primarily, or could it be growth as much as possible, with no interest in the amount of income paid? Here is what you may expect: If your stock purchases have gone up 3% in a year and if your stock is paying 3%, this figures out to 6% for the year.

And now here are some companies that have increased their dividends: CAH, PAG, TSCO, UCB, CNQ, DHT, OMAB, PAAS, FOXA, FAMG, EXPD, MCHP, PSX, FMS, PBR, TKC,CNO, IEX, MAR, NTR, CCEP, HCSG, IBM, PEP, UGI, BP, ECA, ARCC, ARLP, COP, COST, AMP, EVR, XOM, GWW, INFY, TECK, MET, ETN, GWB, JNJ, MMP, PH, GS, SBS, SCCO, VET, CE, EWBC, TRV, AWK, CLB, NBL WBS, UN, CHA, GIL, SU, MPLX, CNI. LFC, QSR, NVT, NOC, LUV, VET, FDS, FCAU, CLX, PRSP, AMT, NTAP, SYBT, VFC, FAST, DXC, FLO, LCI, MOS, BBD, HDB, RY, TD, BNS BMO, CHT, GBCI, CTVA, KR, PKBK, OZK USPH, BPT, BAC, DUK, CMI, EPD, PNC, AEH, DAL, JPM, WBA, PBA, FAST, R, TGE, VET, CLB, GS, CP, IBN, BK, ENTG, PAG, MS, KEY, PPG, DFS, FFBC, ETN, HDB,APH, HCSG, UGI, WFC, CNI, ARLP, BAC, RMD, UNP, UHS, KTB, DEO, UN,BBT, RGA, NTR,LFUS, ECA, BP, PRGO, RNR,CSL, CBOE, MXIM, FTS, RDS,ABCS, QSR, RIO, STX, , C CHE, XRAY, DOV, EXPE, ENB, PBR, BHP,BBSI, CSWC, IFF.

WP

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.

 Investment letters are complimentary to our clients with managed accounts!

COMERICA INC. (CMA) NYSE PRICE $61.56

Comerica Incorporated is a financial services company. The Company's principal activity is lending to and accepting deposits from businesses and individuals. The Company's segments include the Business Bank, the Retail Bank, Wealth Management, Finance and Other. The Business Bank serves middle market businesses, multinational corporations and governmental entities by offering various products and services, including commercial loans and lines of credit, deposits, cash management, capital market products, international trade finance, letters of credit, foreign exchange management services and loan syndication services. The Retail Bank includes small business banking and personal financial services, consisting of consumer lending, consumer deposit gathering and mortgage loan origination. The Wealth Management segment offers products and services consisting of fiduciary services, private banking, retirement services, investment advisory services, investment banking and brokerage services.

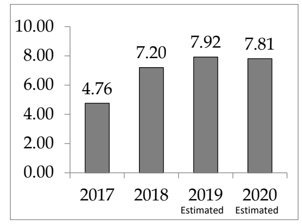
Type: Value
Sector: Financials

Institutional Holdings: 88%
Industry: Banks

Ratings & Recommendations

Current P/E Ratio: **7.7**
Annual Yield: **4.5%**
Annual Dividend: **2.68**
Investor's Bus. Daily: **B**
Pearson Growth & Value: **B+**
Stand & Poor Rating: **C**
The Street (analyst avg.): **A**

Earnings per share



F5 NETWORKS (FFIV) NASDAQ PRICE $129.20

F5 Networks, Inc. is a developer and provider of software defined application services. The Company is engaged in the development, marketing and sale of application delivery networking products that optimize the security, performance and availability of network applications, servers and storage systems. The Company's geographical segments include the Americas (primarily the United States); Europe, the Middle East, and Africa (EMEA); Japan, and the Asia Pacific region (APAC). The Company's Traffic Management Operating System (TMOS) based offerings include software products for local and global traffic management, network and application security, access management, Web acceleration and various network and application services. These products are available as modules that can run individually or as part of an integrated solution on the Company's purpose-built BIG-IP appliances and VIPRION chassis-based hardware, or as software-only Virtual Editions.

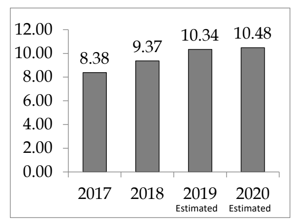
Type: Value
Sector: Information Technology

Institutional Holdings: 94%
Industry: Communications Equipment

Ratings & Recommendations

Current P/E Ratio: **16.3**
Annual Yield: **N/A**
Annual Dividend: **N/A**
Investor's Bus. Daily: **B**
Pearson Growth & Value: **B**
Stand & Poor Rating: **C**
The Street (analyst avg.): **N/A**

Earnings per share



OLD DOMINION FREIGHT LINE INC. (ODFL) NASDAQ PRICE $164.82

Old Dominion Freight Line, Inc. is a union-free motor carrier providing regional, inter-regional and national less-than-truckload (LTL) services. The Company's LTL services include ground and air expedited transportation for time-sensitive shipments, consumer household pickup and delivery and freight delivery services throughout North America. In addition to its LTL services, the Company offers a range of other value-added services that include container drayage, truckload brokerage, supply chain consulting and warehousing. As of December 31, 2016, the Company operated 226 service center locations, of which it owned 182 and leased 44. As of December 31, 2016, its network included 10 breakbulk facilities located in Rialto, California; Atlanta, Georgia; Columbus, Ohio; Indianapolis, Indiana; Greensboro, North Carolina; Harrisburg, Pennsylvania; Memphis and Morristown, Tennessee; Dallas, Texas, and Salt Lake City, Utah. As of December 31, 2016, the Company owned 7,994 tractors.

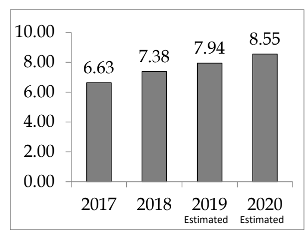
Type: Value
Sector: Industrials

Institutional Holdings: 72%
Industry: Road & Rail

Ratings & Recommendations

Current P/E Ratio: **20.6**
Annual Yield: **0.4%**
Annual Dividend: **0.68**
Investor's Bus. Daily: **B**
Pearson Growth & Value: **A-**
Stand & Poor Rating: **B**
The Street (analyst avg.): **A**

Earnings per share



UNITEDHEALTH GROUP INC. (UNH) NYSE PRICE $245.72

SVB Financial Group is a financial services company, as well as a bank holding and a financial holding company. The Company's segments include Global Commercial Bank, SVB Private Bank and SVB Capital. The Global Commercial Bank segment consists of the operations of its Commercial Bank, and of SVB Wine, SVB Analytics and its Debt Fund Investments. SVB Private Bank is the private banking division of the Bank, which provides a range of personal financial solutions for consumers. SVB Capital is the venture capital investment arm of SVB Financial Group, which focuses primarily on funds management. The Company, through its subsidiaries and divisions, offers a range of banking and financial products and services to clients across the United States. It offers services in the technology, life science/healthcare, private equity/venture capital and wine industries. The Bank and its subsidiaries, also offer asset management, private wealth management, brokerage and other investment services.

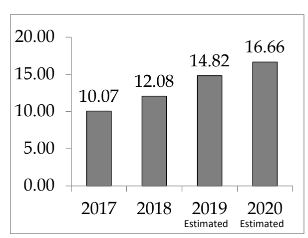
Type: Value
Sector: Health Care

Institutional Holdings: 88%
Industry: Health Care Providers & Services

Ratings & Recommendations

Current P/E Ratio: **18.3**
Annual Yield: **1.8%**
Annual Dividend: **4.32**
Investor's Bus. Daily: **B**
Pearson Growth & Value: **A-**
Stand & Poor Rating: **B**
The Street (analyst avg.): **A**

Earnings per share



JUST ASK ANN

Online access.

At least once a year I try to stress the importance of taking just a few minutes to review your account information to make sure that everything is correct and up to date.

Recently losing a couple of our long time clients brought this issue to the forefront. Accounts that were opened at TD Waterhouse prior to the Ameritrade merger (early 2000s) are most vulnerable when it comes to tracking down beneficiary designations as the platforms changed and the original documents were purged from the old system. While some paperwork can be found in the TD archives, many cannot. Documents need only be kept on file for five to seven years based on type.

When a client dies, we strive to make the transition of accounts as easy and seamless as possible, but when we or TD are not notified of necessary changes, things get tough. IRAs with assigned beneficiaries can easily be disbursed without probate according to your exact wishes, but if a beneficiary predeceases you and there are no contingent parties in place, that IRA will need to join your estate assets and be distributed as such.

So, if you know a named beneficiary has passed, if you have changed marital status, or you just decide that your annoying sibling or ungrateful child (LOL) doesn't deserve what you originally intended, NOW is the time to make those changes!

Contact me if you are not sure who is listed on your accounts. We can tell you what we have on file, or we can try to research the information. It only requires one form and your signature to update your account and give you the peace of mind that your beneficiaries are the right ones.

Please note: Non-IRA accounts do not have beneficiary designations; however, you may add a TOD (Transfer on Death) designation to name a successor to the account. This is also non-probate.

iShares Russell 1000 Growth ETF (IWF) NYSE ARCA PRICE $157.95

The investment seeks to track the investment results of the Russell 1000® Growth Index, which measures the performance of large- and mid-capitalization growth sectors of the U.S. equity market. 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. It may invest the remainder of its assets in certain futures, options and swap contracts, cash and cash equivalents, as well as in securities not included in the underlying index, but which the advisor believes will help the fund track the underlying index.

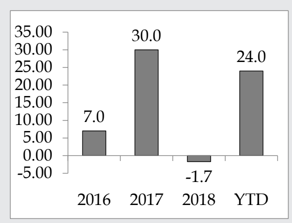
Location: USA
Type: 100% Stock

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **0.8%**
Annual Dividend: **1.26**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A**
Morningstar: **B**
The Street (analyst avg.): **N/A**

Category: Growth
Industry: Diversified

Performance by%



WisdomTree U.S. MidCap Dividend Fund (DON) NYSE PRICE $34.50

The investment seeks to track the price and yield performance, before fees and expenses, of the WisdomTree U.S. MidCap Dividend Index. Under normal circumstances, at least 95% of the fund's total assets (exclusive of collateral held from securities lending) will be invested in component securities of the index and investments that have economic characteristics that are substantially identical to the economic characteristics of such component securities. The index is a fundamentally weighted index that is comprised of the mid-capitalization segment of the U.S. dividend-paying market.

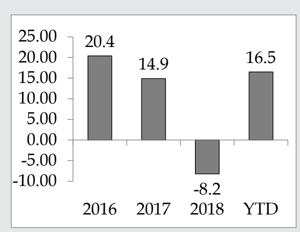
Location: USA
Type: 100% Stock

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **2.5%**
Annual Dividend: **0.84**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A**
Morningstar: **A**
The Street (analyst avg.): **N/A**

Category: Value
Industry: Diversified

Performance by%



Investment letters are complimentary to our clients with managed accounts!

New trends we see:

1) Minimum wage laws of $15 per hour are now being passed by many states.

2) The new sulfur requirements for shipping fuel may increase overall fuel prices next year.

3) Protests in Hong Kong may escalate further.

Key Point: There will be volatility in the market leading up to the next Federal Reserve meeting in September.

Earnings Flows:

August is the middle of earnings season and most companies have already reported. Of the 77% of companies in the S&P 500 that have announced their second quarter results, about 75% have beaten earnings. However, this upcoming quarter we should start seeing any recurring effects that are starting throughout the economy due to the recent trade wars and strong dollar. Just as we stated before, the Trump administration's tariffs on imports of Chinese-made goods are meant to raise the price of those products once they land in the United States; however, many companies in the short run will absorb those costs. Also the current strong dollar pushes down profits for companies based in the United States, because it makes our exports more expensive to buy abroad. It also has a negative. August and September will continue to be volatile as many will wait for the next Fed meeting to discuss about lowering interest rates. The next meeting is slated for September 18.

New trends we see:

1) Fast food companies have posted higher than expected earnings.

2) Silver has recently moved up in price.

3) Chinese companies are still doing well in this market.

Key Point: Earnings may come in worse than expected for the rest of the year.

Cash Flows:

Even with the most recent pullback in stocks, the good news is that the corporate tax cuts are still continuing with raised dividends, and increased share buybacks. Stock buybacks continue at a huge pace. S&P 500 companies are on pace for another $940 billion of stock buy-backs in 2019. Many of the big banks such as Bank of America (BAC) and Citigroup (C) are scheduled to purchase billions of dollars of their own stock over the next year. So if the banks' stocks move lower, they will be able to purchase additional shares at a lower price.

New trends we see:

1) IPO's including We work will debut on the stock market even during this pullback.

2) Even with the strengthening dollar, dividend stocks are still in demand.

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%)	15.3%
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%)	19.1%
Market Average	31.5%	10.8%	0.9%	5.9%	24.3%	(6.0%)	15.1%

MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:

After the Federal Reserve decided that they will take a decisive stand to lower interest rates as the possibility grew of a broad global slowdown in the economy, the Federal Open Market Committee (FOMC) chose to make a 25% basis point cut at the July meeting. They cited global developments, a slowdown in business investment, and muted inflation as reasons for its first key interest rate cut in 11 years. The Fed also ended its systematic selling of government securities two months earlier than planned.

Once again, here are some more reasons why they will decide to take a more dramatic approach as the chance of a more pronounced rate cut may happen in the next few meetings.

-- President Donald Trump decided to impose a 10% tariff on an additional $325 billion worth of goods on September 1, but held back on main items such as cell phones and shoes until December 15. This threat of escalation has generated a lot of volatility in markets, and the current tariffs are causing a decrease in the projected earnings of many companies. In return for the sudden tariffs, the Chinese currency weakened, causing concern of a slowdown throughout Asia. In that environment, we expect further gains in the dollar and further lows in many other countries in the world including the Euro.

-- Economic conditions worldwide recently turned very negative. The yield on the benchmark ten-year Treasuries recently went under the two-year rate, a rare bond market phenomenon that has been a reliable indicator of economic recessions. Investors, worried about the state of the world economy, rushed to long-term safe haven assets, pushing the yield on the benchmark thirty-year Treasury bond to a new record low. There have been five inversions of the two-year and ten-year yields since 1978 and all were precursors to a recession within a two-year period.

-- The current Brexit situation in Great Britain coupled with China's currency devaluation has made long term interest rates in Europe move to negative levels. The British pound approached its lowest level relative to the U.S. dollar in the past 34 years. As new Prime Minister Boris Johnson proceeds toward Brexit on October 31, no new negotiations have started.

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The Pearson Investment Letter
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