

Your Personal Money Manager Pearson INVESTMENT LETTER

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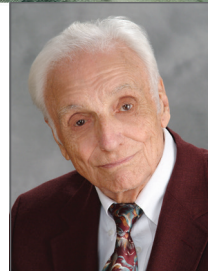
FEATURED STOCKS - AUGUST/SEPTEMBER 2020

VALUE STOCKS:

AT&T Inc.
Bristol-Myers Squibb Co.
CVS Health Corp.
Tyson Foods Inc.

ETFs:

iShares Core Dividend Growth
Vanguard Growth Index Fund



Walter D. Pearson
Chairman



Donald E. Pearson
President



Ann Hathaway
Account Manager

Looking Ahead

Everyone is looking ahead and trying to make decisions predicated on where we are going to be a year from now. As a business person, a personal investor, and a registered investment advisor for you and many others, I am trying to do the same thing to get us all the best results we can receive. You ask, what exactly does this mean? I continue to focus on the events that continue to change daily and, accordingly, make decisions with our investments that will give us the best results we can achieve.

With this virus a great deal of what we've learned to accept as everyday occurrences has changed dramatically. Thirty-eight million people have lost their jobs and many businesses have filed for bankruptcy. The stock market fell 34% in February, but the market has recovered since. For the remainder of the year where are we headed? Just read all of the prognosticators who thrive on making their predictions. It is my opinion they blow a lot of smoke and half will be right predicting gains this time and half will be wrong predicting losses. I prefer to await the market results and focus on making the adjustments needed to keep our portfolios on the right track.

Our recent bull market lasted nine years, and we all thought this was as good as it gets. Once the virus came on board a new bear market began. Many thought this was the beginning of a long bear market, and we should all learn to live with this as a part of our ongoing history. The change here that I cannot understand is another bull came forward and we began climbing again. The market's terminology of a bull market is a change of 20% upside and a bear market is negative 20% or more.

When I am asked my opinion of what or how to manage, I simply say, stay invested, hold the right investments, and you'll do exceptionally well. Since the market fell 34% in February, we have made this all back. The market has corrected and we have done even better. As I wrote in our April newsletter, I believe we will finish this year in a positive position. At that time many didn't believe this would happen as we were down over 30% at that time.

Our team and I will continue daily monitoring of the changes that are being proposed by both the Democratic Party and the Republican Party. We will do the necessary research and make changes with our holdings if and when we believe changes should be made in our best interests. Our next newsletter published in early October will better address this as much will happen in the next 45 days. We are ahead of the market since the beginning of 2020, and well ahead of the prior year.

How and Why to Diversify

We are trusted by our clients to build and manage their portfolios in the best way we can. A great deal of thought and effort goes into every decision. When I am talking to people starting with us, I always want to discuss their risk tolerance so I can better build what will replicate their performance expectations. If I don't agree with their request I will ask that we discuss this in detail before I begin. For an example, on a scale of one through ten with ten being the riskiest, older personnel like grandparents should be a 1-4, whereas older parental individuals on average should be a 4-7, while the youngest of clients can be a 7-10.

What makes us somewhat unique is I'm the one building the portfolio with the help and assistance of others within our company. I am the final decision-maker. We personally own the same selections we make for our clients, so it stands to reason we own the majority of the same choices and want the best for all of us.

Exchange Traded Funds (ETFs) are a large part of this process as we use almost no mutual funds because of their hidden costs and poor performances. Depending on the size of the account, we use primarily ETFs, and if an account is large enough, we add individual stocks. A good mixed amount of both growth and value stocks will diversify exceptionally well. As an example, Nasdaq stocks, i.e. internet companies, have been on an ongoing tear, and in the first ten days of August have dropped over 5% while financials have climbed in this timeline more than 7%. So the best of all worlds is simply be well diversified.

Another avenue worth considering is selecting risk investments that have been beaten down because of the virus or other problems and look for a huge turnaround. We have done some of this with Bloomin Brands (BLMN) and Carnival Cruise Lines (CCL) believing we'll see 50% or more upside before year-end.

Our number one holding is Apple (AAPL), and this is within everyone's portfolio as a standalone, or if the account is very small in size, through an ETF. Apple is up over 30% YTD and is again splitting 4 for 1 the end of this month. If you currently have 50 shares within your portfolio you'll soon own 200. Back in 2014 is the last time this stock split at 7-1. Let's all enjoy this together.

DP

WAIT

Well, the time has come to write another newsletter. The problem I have is that I am not privy to any new news so what am I to do? Should I write about the man I saw walking down the street yesterday or should I concentrate upon the beautiful woman who was following him? Either way I shall leave you with severe wonderment as to what this is all about. Perhaps it would make more sense to take into account your portfolios. Okay! Here goes.

One of the things you should take into account is that if you have just started you're new here, and you probably don't understand the happenings that might take place. Now what I mean by new is less than two years because by the time your account is eight or ten years old you will understand these things much better. As a newcomer, let me explain that some of these things take a period of time before they will work out, some things happen right away. A case in point is that one day I bought a stock and it didn't move for six months. I bought it for a woman at that time and she made 50% in six months whereas it took me one year.

Time is of the essence. Looking at stocks is one thing, but finding something that makes them special is the thing that stands out. Very much like looking over people; there may be a man wearing a flashy suit or a woman that is wearing a hat that almost takes your breath away. These are things that are changing the venue. Have you experienced the same thing when looking at a stock? Have you come across the one that is different? Have you found the one that is increasing earnings every fifteen minutes? If so, get this one bought before everybody else finds it whereas the cost will have risen. On the other hand, perhaps you should have taken the time to make me aware of what is happening. Perhaps you have found a standout and you should make me aware.

I am thinking here that most of the time you sit back and let me find those stand-outs, and then you participate in whatever is made regardless of whether the profits are good or just mediocre. Do you think it will be different this time inasmuch as you are doing the selecting? Should I congratulate you on your selection or maybe it just wasn't up to snuff? I hate to disparage you even though your selection just did not tow the line. Come to think of it, the time may have come for you to take your vacation. Have you decided where you want to go? I can come up with a suggestion here. I vote for Italy. Perhaps you would say that I am prejudiced simply because I spent my war years there, but that is not the only reason. Italy is a thing of beauty. Many years ago many things were done. Do you have a better choice? Where would you rather go? Have you thought about it and have you come up with the reasoning that it was I who thought you needed a vacation? Vacations may come and vacations may go but your presence will remain. Remember, it was I who decided you needed time off. SO BE IT! ARRIVERDICI!

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.

PEARSON CAPITAL'S RECOMMENDED STOCKS AUGUST/SEPTEMBER 2020

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AT&T INC. (T) NYSE PRICE \$29.91

AT&T Inc. is a holding company. The Company is a provider of telecommunications, media and technology services globally. The Company operates through four segments: Communication segment, WarnerMedia segment, Latin America segment and Xandr segment. The Communications segment provides wireless and wireline telecom, video and broadband services to consumers. The business units of the Communication segment includes Mobility, Entertainment Group and Business Wireline. The WarnerMedia segment develops, produces and distributes feature films, television, gaming and other content over various physical and digital formats. The business units of the WarnerMedia segment includes Turner, Home Box Office and Warner Bros. Latin America segment provides entertainment services in Latin America and wireless services in Mexico. Viro and Mexico are the business units of the Latin America segment. The Xandr segment provides advertising services.

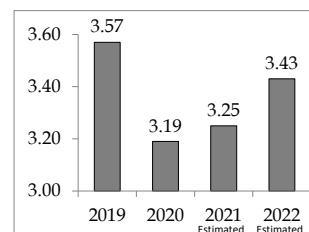
Type: Value
Sector: Communication Services

Institutional Holdings: 53.8%
Industry: Diversified
Telecommunication Services

Ratings & Recommendations

Current P/E Ratio: **18**
Annual Yield: **6.9**
Annual Dividend: **2.08**
Investor's Bus. Daily: **B**
Pearson Growth & Value: **B**
Stand & Poor Rating: **B**
The Street (analyst avg.): **A**

Earnings per share



BRISTOL-MYERS SQUIBB CO. (BMY) NYSE PRICE \$63.24

Bristol-Myers Squibb Company is engaged in the discovery, development, licensing, manufacturing, marketing, distribution and sale of biopharmaceutical products. The Company's pharmaceutical products include chemically synthesized drugs, or small molecules, and products produced from biological processes called biologics. Small molecule drugs are administered orally in the form of a pill or tablet. Biologics are administered to patients through injections or by infusion. The Company's products include Empliciti, Opdivo, Sprycel, Yervoy, Eliquis, Orencia, Baraclude, Hepatitis C Franchise, Reyataz Franchise and Sustiva Franchise. It offers products for a range of therapeutic classes, which include virology, including human immunodeficiency virus (HIV) infection; oncology; immunoscience, and cardiovascular. Its products are sold to wholesalers, retail pharmacies, hospitals, government entities and the medical profession across the world. The Company's subsidiary is Celgene Corp.

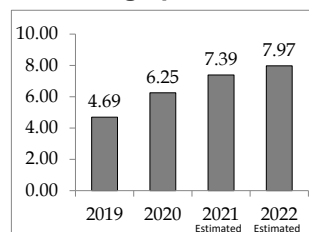
Type: Value
Sector: Health Care

Institutional Holdings: 74.8%
Industry: Pharmaceuticals

Ratings & Recommendations

Current P/E Ratio: **10.3**
Annual Yield: **2.8**
Annual Dividend: **1.80**
Investor's Bus. Daily: **B+**
Pearson Growth & Value: **A-**
Stand & Poor Rating: **B**
The Street (analyst avg.): **A**

Earnings per share



CVS HEALTH CORP. (CVS) NYSE PRICE \$64.70

CVS Health Corporation, together with its subsidiaries, is an integrated pharmacy healthcare company. The Company provides pharmacy care for the senior community through Omnicare, Inc. (Omnicare) and Omnicare's long-term care (LTC) operations, which include distribution of pharmaceuticals, related pharmacy consulting and other ancillary services to chronic care facilities and other care settings. It operates through three segments: Pharmacy Services, Retail/LTC and Corporate. The Pharmacy Services Segment provides a range of pharmacy benefit management (PBM) solutions to its clients. As of December 31, 2016, the Retail/LTC Segment included 9,709 retail locations (of which 7,980 were its stores that operated a pharmacy and 1,674 were its pharmacies located within Target Corporation (Target) stores), its online retail pharmacy Websites, CVS.com, Navarro.com and Onofre.com.br, 38 onsite pharmacy stores, its long-term care pharmacy operations and its retail healthcare clinics.

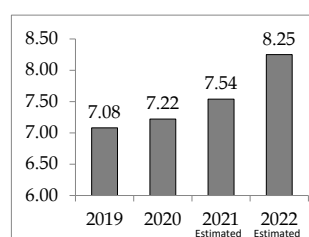
Type: Value
Sector: Health Care

Institutional Holdings: 75.5%
Industry: Health Care
Providers & Services

Ratings & Recommendations

Current P/E Ratio: **10.3**
Annual Yield: **3.1**
Annual Dividend: **2.00**
Investor's Bus. Daily: **A**
Pearson Growth & Value: **A**
Stand & Poor Rating: **A**
The Street (analyst avg.): **A**

Earnings per share



TYSON FOODS INC. (TSN) NYSE PRICE \$64.60

Tyson Foods, Inc. is a food company, which is engaged in offering chicken, beef and pork, as well as prepared foods. The Company offers food products under Tyson, Jimmy Dean, Hillshire Farm, Sara Lee, Ball Park, Wright, Aidells and State Fair brands. The Company operates through four segments: Chicken, Beef, Pork and Prepared Foods. It operates a vertically integrated chicken production process, which consists of breeding stock, contract growers, feed production, processing, further-processing, marketing and transportation of chicken and related allied products, including animal and pet food ingredients. Through its subsidiary, Cobb-Vantress, Inc. (Cobb), the Company is engaged in supplying poultry breeding stock across the world. It produces a range of fresh, frozen and refrigerated food products. Its products are marketed and sold by its sales staff to grocery retailers, grocery wholesalers, meat distributors, warehouse club stores and military commissaries, among others.

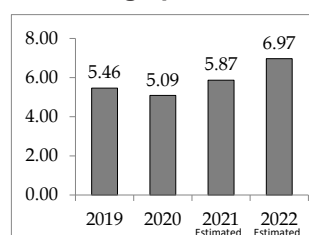
Type: Value
Sector: Consumer Staples

Institutional Holdings: 83.5%
Industry: Food Products

Ratings & Recommendations

Current P/E Ratio: **13.1**
Annual Yield: **2.6**
Annual Dividend: **1.68**
Investor's Bus. Daily: **B+**
Pearson Growth & Value: **A-**
Stand & Poor Rating: **A**
The Street (analyst avg.): **B**

Earnings per share



Over 50 Years of Investment Experience

JUST ASK ANN

TD Ameritrade has upgraded our Advisor services platform. Unfortunately for us 'old dogs' trying to navigate the new system is quite daunting. Right now we still have access to the old version, but I am truly trying to master the new one knowing that someday the old will disappear.

The same holds true for the Client site. At this time, you still have choices on the platform you use, but I suspect at some time the original AdvisorClient will go away. In light of this, I thought I'd give you some information on using this new site.

For starters, you can always log in from our website, www.pearsoncapitalinc.com, by clicking on the upper right hand tab that says **LOG INTO TD AMERITRADE**. It will take you directly to the website. If you want to go directly to TD, please use www.advisorclient.com - NOT - tdameritrade.com as this is only for retail customers, not those under the management of an Advisor.

Once you log in, your home page will display the current value of your account (or the combined value if you have more than one account). You can also see the change in value during the day when the market is open. This page shows your positions, allocations, and a graph of the value history.

The upper tabs can navigate you to all your DOCUMENTS: statements, trade confirmations, and tax documents. The MY PROFILE tab lets you monitor your passwords, preferences, and Account and Contact Information. This is an important place as here you can change all your personal info, address, phone number, email, etc. Please be sure to keep this up to date! You will also see your beneficiaries on any IRA accounts or TODs on regular accounts (if you have them set up) but, you cannot change these online. You must submit written forms to make these changes.

If you ever want any personal assistance on navigating the website, give me a call. I'd be happy to walk you through the process.

iShares Core Dividend Growth ETF (DGRO) NYSE ARCA PRICE \$40.61

The investment seeks to track the investment results of the Morningstar® US Dividend Growth IndexSM. The fund generally will invest at least 90% of its assets in the component securities of the underlying index. The underlying index is a subset of the Morningstar® US Market IndexSM, which is a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded U.S. stocks.

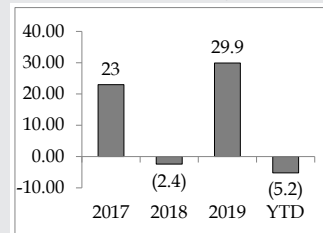
Location: USA
Type: 100% Stock

Category: Growth
Industry: Diversified

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **2.5**
Annual Dividend: **.98**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A**
Morningstar: **A**
The Street (analyst avg.): **N/A**

Performance by%



Vanguard Growth Index Fund ETF Shares (VUG) NYSE ARCA PRICE \$223.44

The investment seeks to track the performance of a benchmark index that measures the investment return of the CRSP US Large Cap Growth Index. The fund employs an indexing investment approach designed to track the performance of 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.

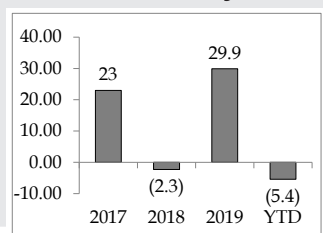
Location: USA
Type: 100% Stock

Category: Growth
Industry: Diversified

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **0.8**
Annual Dividend: **1.71**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A**
Morningstar: **B**
The Street (analyst avg.): **N/A**

Performance by%



Earnings Flows:

The month of August is the middle of this current quarter's earnings season. Many technology companies are leading the way with great earnings and revenues. This has indeed been the case for the NASDAQ index and the S&P 500 as they are just 5% off their all-time high. At the same time, the Fed keeps pumping more money into its bond buying programs. The U.S. dollar is now at its weakest level since June 2018. In earnings season, a weak U.S. dollar is good news for the large multinational companies that dominate the S&P 500, since it helps boost their international sales and underlying earnings. This may help broaden the overall rise in the market past the current dominance of stocks in the technology sector.

The market will likely continue to focus on the earnings announcements toward the middle of the month. For this quarter we do not expect too much guidance as companies are still recovering from the total shutdown of the economy. The good news is that many companies will see easy next quarter expectations. And, talk of a vaccine that can be delivered on a wide scale will trigger a huge buying spree into hotels, restaurants, airlines, cruise ships, casinos, materials, and brick and other retail.

New trends we see:

1) Five stocks now account for 40% of the NASDAQ's total weighting and 20% of the S&P 500's overall weighting.

2) Existing home sales surged 20.7% in June to an annual rate of 4.72 million, one of the largest jumps in recent memory.

Key Point: Earnings news from this quarter was better than expected.

Cash Flows:

Although scheduled stock buybacks and dividend raises by major corporations over the past few months have either been postponed or canceled, there are a few companies such as Apple (AAPL) and Berkshire Hathaway which have done the opposite. Both companies have large cash positions and decided to purchase stocks during the selloff, benefiting shareholders. Each still can do so this quarter as well, but we expect a possible purchase of another company instead. Also good news is that since the Fed has lowered interest rates, many companies like AT&T (T) are refinancing their corporate debt in today's low-rate environment. This helps them refinance existing debt to maintain their generous dividends and boost earnings per share in the long run.

New trends we see:

1) We expect many stocks will increase dividends and/or buy back stocks in the beginning of next year.

2) The 10-year Treasury bond hit its lowest level in the American Treasury's 234-year history

Key Point: We should see more companies refinance with lower interest rates.



WALL STREET INDEXES

Indexes	2014	2015	2016	2017	2018	2019	2020
S&P 500	11.4%	(0.8%)	5.8%	19.6%	(7.1%)	28.9%	4.4%
Dow Jones	7.5%	(2.2%)	7.9%	25.1%	(6.7%)	22.3%	(2.3%)
Nasdaq	13.4%	5.7%	4.1%	28.2%	(4.7%)	35.2%	23.1%
Market Average	10.8%	0.9%	5.9%	24.3%	(6.0%)	28.8%	8.4%



MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:



In our last newsletter we discussed a stimulus plan of about \$3 trillion that may be in the works. At this moment, the House of Representatives and the Senate are at a deadlock of how much money the current programs should get. The two main factors are the amount of money that will go to the states and the amount of unemployment insurance. Due to inaction, the president has issued multiple executive orders to help those in need. In the last three months over 45 million workers and independent contractors have filed jobless claims, so any inaction may lead us to a rocky recovery.

Since the Fed will keep key interest rates low through 2022, their next main goals are to help provide liquidity to the economy and keep full employment. The most recent statement by the Federal Open Market Committee (FOMC) said that the Fed is committed to using its full range of tools to support the U.S. economy in this challenging time, thereby promoting its maximum employment and price stability goals. The Fed believes it could be some years before we get back to full employment. The Fed would maintain its key interest rates between 0 percent and 0.25%

New trends we see:

- 1) Saudi Arabia recently cut oil production to the United States.
- 2) India's border clash with China in June is likely to accelerate a trend where New Delhi continues to build and strengthen strategic partnerships with the United States.
- 3) China may be developing a new pact with Iran worth \$400 billion.

Key Point: The Fed is continuing to hold interest rates low for the economy to go back to normal.

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