

Your Personal Money Manager Pearson INVESTMENT LETTER

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FEATURED STOCKS - APRIL/MAY 2021

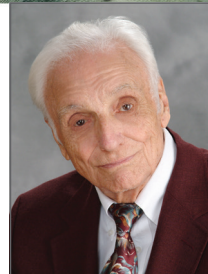
VALUE STOCKS:
Bristol-Myers Squibb Co.

GROWTH/VALUE STOCKS:
Apple Inc.

ETFs:
First Trust Water ETF
Invesco Solar ETF

INCOME STOCKS:
AT&T Inc.

GROWTH STOCKS:
Advanced Micro Devices Inc.



Walter D. Pearson
Chairman



Donald E. Pearson
President



Ann Hathaway
Account Manager

Today's Market

I know we all agree that last year was a wild year with many surprises and many changes. While we continue to work our way out of this, we can also expect more of the same for an extended period of time. We will continue to watch events and react accordingly as needed - as an example, the 2020 elections and the changes that took place. We can expect to see changes in tax regulations, global trade, and many other areas that can and will impact the stock market. Our new president created 49 executive orders that do not need Congressional approval and these can certainly affect many industries and sectors going forward.

This can be coupled with the pandemic, and the ongoing delivery of the vaccine to everyone. Many believe the economy will bounce back quickly once everyone is vaccinated, and many others, including me, believe many of the areas that are at depressed levels today may not come back to their original normal as quickly as anticipated. I also anticipate other changes and events to occur that will surprise us.

One area I believe we should be watching carefully is Value. A simple explanation of this is the majority of growth companies pay little or no dividends, while value companies place a real effort on their dividends. Many companies consistently increase theirs every year and some make special payments to shareholders.

Last year a flurry of companies suspended their dividends while dividend growth was unusually slow. The S&P index suffered 27 dividend cuts and 42 suspensions for a total of 69 negative dividend actions. On the positive side, dividend increases and/or initiations for prior year totaled 298.

As we've said many times, success is growth and value combined.

Changes Today

As we all continue following our new political leadership, we must also study all of the decisions they are making and how this will impact our society and our way of life. From an investment prospectus it's not important whether we agree or disagree with these decisions, our position here is to invest in things that should prosper and allow us to continue with financial success.

Unfortunately, by discontinuing the construction of pipelines in our country many will lose their jobs, and the alternative being proposed, and appears passing, is beginning a powerful push into wind, water, and solar.

Our position with all accounts is to best diversify between growth and value investments and utilize both individual stocks and ETFs. This month's letter has exactly this in our selections chosen. The stocks featured are Apple for value and growth, Advanced Micro for growth, Bristol Myers for value, and AT&T for income and value with their 7% yield.

We also have many quality ETFs that feature all of this too, with growth, value, and income ongoing. I have spent a great deal of research time looking for selections that should grow and prosper, predicated on the direction we are now being taken, as another way to continue our ongoing success.

On page 4 we feature two ETFs I believe will be ongoing successes. One is featuring water as their industry and the other features solar. You may see one or both of these added to your portfolio. First Water (FIW) derives a substantial portion of their revenues from the potable water and the wastewater industry. Invesco Solar (TAN) maintains, and calculates the index, which is designed to track the global solar energy equity sector.

This in no way changes our overall strategy that pursues growth investments as our primary choice.

Help Needed

Every year I try to encourage people to make decisions that will have a positive effect on their retirement and everyday way of life. A simple suggestion is, begin today by placing 15% of your income into a retirement account for your later years. We are all going to cross this threshold one day, but most will not be financially able to enjoy their retirement as they have dreamed it would or could be. So many people today believe retirement should begin when one reaches their 60s, but, unfortunately, once reaching this plateau they must continue to work. Work should be as I do, because you want to, because you enjoy what you're doing, and not because you have to.

My father tried for years to get everyone investing. The amount of money one started with was, and still is, irrelevant. We have even encouraged our clients to call Ann or myself and inquire about opening an account for your grandchildren. Others in the family could contribute to the account, and in most cases we do not receive a management fee for doing this. What's important here the child is learning how to get started, discussing the account together, and seeing how the money grows.

I also encourage those of you who may be getting a tax return of \$2,400 or more to change your deductibles and put the additional money you receive monthly into a Roth account where it can grow for you. It is important to realize the government is only returning your money and calling it a tax return, when they should actually be thanking you for using your money.

DP

THINK OF THIS

What do you think of time? Is this something you can use to your advantage? In the field of investing, time is a necessary component which is something you definitely must take into consideration. Let's look back at some of my past history which may make it plain to those who do not take time into consideration.

One day I bought a stock at a certain price, and a year later it was selling at the same price. I did not lose confidence in it. I bought it for someone else at the same price I had paid for it. One year later it was double. Perhaps the necessary statement here should be patience, but in addition we have to have time.

Another picture of how time can work for you: In January of 1990 I bought Apple for \$35 a share. Seven years later I bought more at \$20 a share and sold the other for a tax loss. Today 30 years have passed and my \$1,200 investment is now worth more than \$500,000. This shows the value of both time and patience.

Let's look at another: A few years ago I looked at Google and it seemed to me that everyone should have it. We have some investors who are interested in income, but although this one was paying no dividend, we bought it for everyone who had cash available. Google was selling for under \$1,000. Today it is going for more than \$2,000. Where do you think it will be in the next 10 or 20 years? The thing to remember is to give it time. Have patience.

The time has come to check McDonald's. Perhaps you are aware of the issues they are having nowadays. There was a time when this was just a small growing company. Have things changed today? Let's take a look. I bought this for myself and some of you in October of 1987. I bought \$1,500 worth and it is now worth about \$60,000. This is the time to come to a decision on whether or not the time has come to sell. I commend each of you greatly because you have given the decision to us. You cannot make a mistake here. It is our decision. We are the ones to be right or wrong, and, don't think we won't hear about it if we are wrong. What goes around comes around. At any rate I have given it due consideration, and I have come to the conclusion that the stock should be held while it continues to increase.

One thing is real. It is something that pervades the investment business and that is possibility. Many times we will look at a stock and think that it is all right, but nothing in it stands out or even tilts the ball a little bit in its direction. In June of 2012 I saw MGA and it looked good enough to own, so I bought a few shares. I did not think it good enough for anyone else, but that stock which I bought for \$40 a share is now selling for \$110. There definitely is no sure thing. You may think you have found a standout, but there is no way to be absolutely sure, and that should be remembered in this business. What it does come down to is a matter of both time and patience.

Here's one that may convince you. Back in October of 1971, I put \$1,420 into a stock which was later taken over by Emerson Electric. In January of 2009 I gave away \$4,000 worth to my church. I am now receiving over \$400 quarterly in dividends. Most of us have the time, but some of us have to learn to have patience. Think of your doctor. He may not spell it the same but patients he has plenty of.

One of the very important things to remember is to add cash whenever possible. It doesn't matter whether it's a lot or a little. The big thing is that it just might make the difference in whether or not we were able to buy something on that particular day. Time and patience are important entities, but we must also have money. Be that as it may I'll see you again next month.

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 APRIL/MAY 2021

www.pearsoncapitalinc.com

APPLE INC. (AAPL) NASDAQ PRICE \$122.17

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.

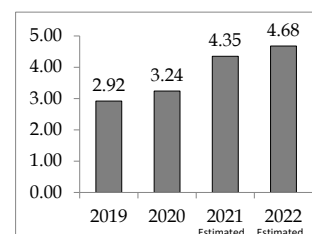
Type: Grow Value
Sector: Information Technology

Institutional Holdings: 58%
Industry: Technology Hardware, Storage & Peripherals

Ratings & Recommendations

Current P/E Ratio: **33**
Annual Yield: **.07**
Annual Dividend: **0.82**
Investor's Bus. Daily: **A**
Pearson Growth & Value: **A**
Stand & Poor Rating: **B+**
The Street (analyst avg.): **A**

Earnings per share



ADVANCED MICRO DEVICES INC. (AMD) NASDAQ PRICE \$78.40

Advanced Micro Devices, Inc. is a global semiconductor company. The Company is engaged in offering x86 microprocessors, as standalone devices or as incorporated into an accelerated processing unit (APU), chipsets, discrete graphics processing units (GPUs) and professional graphics, and server and embedded processors and semi-custom System-on-Chip (SoC) products and technology for game consoles. The Company's segments include the Computing and Graphics segment, and the Enterprise, Embedded and Semi-Custom segment. The Computing and Graphics segment primarily includes desktop and notebook processors and chipsets, discrete GPUs and professional graphics. The Enterprise, Embedded and Semi-Custom segment primarily includes server and embedded processors, semi-custom SoC products, development services, technology for game consoles and licensing portions of its intellectual property portfolio.

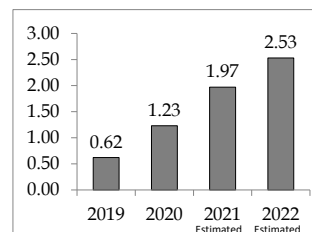
Type: Grow
Sector: Information Technology

Institutional Holdings: 75%
Industry: Semiconductors & Semiconductor Equipment

Ratings & Recommendations

Current P/E Ratio: **38**
Annual Yield: **N/A**
Annual Dividend: **N/A**
Investor's Bus. Daily: **A**
Pearson Growth & Value: **A**
Stand & Poor Rating: **B+**
The Street (analyst avg.): **A**

Earnings per share



BRISTOL-MYERS SQUIBB CO. (BMY) NYSE PRICE \$63.13

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. Its products include Empliciti, Opdivo, Sprycel, Yervoy, Eliquis, Orenicia, 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. Its subsidiaries are Celgene Corp and MyoKardia, Inc.

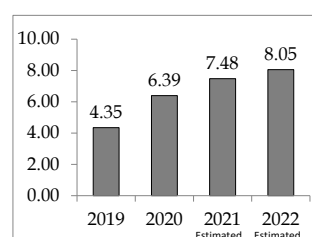
Type: Value
Sector: Health Care

Institutional Holdings: 74%
Industry: Pharmaceuticals

Ratings & Recommendations

Current P/E Ratio: **9.9**
Annual Yield: **3.1**
Annual Dividend: **1.96**
Investor's Bus. Daily: **B**
Pearson Growth & Value: **A-**
Stand & Poor Rating: **B**
The Street (analyst avg.): **A**

Earnings per share



AT&T INC. (T) NASDAQ PRICE \$30.27

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 include 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.

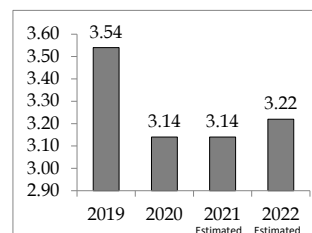
Type: Income
Sector: Communication Services

Institutional Holdings: 51%
Industry: Diversified Telecommunication Services

Ratings & Recommendations

Current P/E Ratio: **9.6**
Annual Yield: **6.8**
Annual Dividend: **2.08**
Investor's Bus. Daily: **B**
Pearson Growth & Value: **B**
Stand & Poor Rating: **C**
The Street (analyst avg.): **A**

Earnings per share



JUST ASK ANN

Friendly Reminders

*Because the tax deadline has again been extended this year, you will have until May 17 to make your 2020 contributions to your IRAs. If you have reached the age of 50, you can contribute up to \$7000.00, those under 50, \$6000.00.

One of the best places to park that retirement money is in a ROTH IRA. Since you fund this account with after tax dollars, when you are eligible to take money from the account it will not be taxed. Other IRA options use pretax money for funding and withdrawals are taxed as regular income.

There is still time to open a ROTH account if you act now. We can help you with applications and funding options to meet the deadline.

*All tax documents have been issued by TD Ameritrade. Should you need copies, you can download them from your client access or you can contact us.

*RMDs **ARE** required for 2021. All impacted clients should have received a notice from Ameritrade informing them of this. If you need to know your obligation amount, we can assist you with that. You have until December 31, 2021 to meet this obligation but, normally, TD requires that you make the request by early December in order to provide ample processing time to make that deadline.

A good way to be sure you fulfill your RMD is to set up a scheduled annual withdrawal. With a **Move Money** form we can set up a one-time event or break down your payments into monthly (or other time frames) to suit your needs. Let us know how we can help!

First Trust Water ETF (FIW) NYSE ARCA PRICE \$78.19

The investment seeks investment results that correspond generally to the price and yield (before the fund's fees and expenses) of an equity index called the ISE Clean Edge Water Index. The fund will normally invest at least 90% of its net assets (including investment borrowings) in the common stocks and depositary receipts that comprise the index. The index is designed to track the performance of small, mid and large capitalization companies that derive a substantial portion of their revenues from the potable water and wastewater industry, according to Clean Edge.

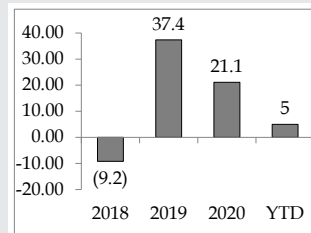
Location: USA
Type: 100% Stock

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **0.5**
Annual Dividend: **0.39**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A**
Stand & Poor Rating: **A**
Morningstar: **A**

Category: Value
Industry: Water

Performance by%



Invesco Solar ETF (TAN) NYSE ARCA PRICE \$91.77

The investment seeks to track the investment results (before fees and expenses) of the MAC Global Solar Energy Index. The fund will generally invest at least 90% of its total assets in the securities (including American depositary receipts ("ADRs")) that comprise the index. Strictly in accordance with its guidelines and mandated procedures, MAC Indexing LLC compiles, maintains, and calculates the index, which is designed to track the global solar energy equity sector.

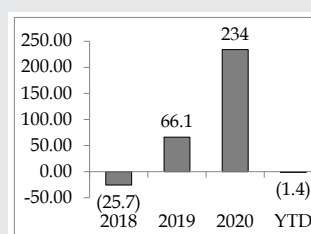
Location: USA
Type: 100% Stock

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **0.1**
Annual Dividend: **0.09**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A**
Stand & Poor Rating: **B**
Morningstar: **D**

Category: Value
Industry: Solar

Performance by%



New trends we see:

- 1) The container ship that recently was stuck in the Suez Canal has cost worldwide shipping billions of dollars in lost time and other costs.
- 2) The global supply chain is now disrupted, impacting auto manufacturing, furniture, and most consumer products.
- 3) Parts of the infrastructure bill may also include parts of the green new deal.
- 4) Covid-19 cases continue to resurface in continental Europe, so their double-dip recession persists.

Key Point: The Fed is keeping interest rates at all-time lows for the near future.

Earnings Flows:

The next quarter's earnings reports are set to begin with everyone stating that this year's growth is going higher than expected. Many economists are currently forecasting about 8% GDP growth for 2021, with revenues to grow 10%, while others believe that the S&P 500 revenue and earnings estimates are far too low. This may increase the current volatility even higher as we continue moving forward this summer. The rotation into financials, industrials, materials, energy, transportation, and leisure stocks moved money out of the tech sector.

In the most recent quarter:

- 1) Casinos, hotels, and amusement parks have increased capacity as we slowly move back to normal.
- 2) The price of oil has rebounded from all-time lows and now is moving back to its previous average.

Key Point: Analysts and economists keep raising their growth estimates this year.

Cash Flows:

Following the completion of the current round of stress tests, the Federal Reserve Board will end its temporary restrictions on most banks that pay dividends and buy back shares after June 30. Banks are finally rebounding due to both expected growth and higher interest rates.

At the same time many people are looking for potential problems for inflation in the future. Many companies may be affected. According to Professor Aswath Damodaran, "For companies with the power to pass through inflation to their customers, stable margins, but for companies without that pricing power, margins decrease."

New trends we see:

- 1) The CDC on Wednesday informed the cruise ship industry that its "no sail" order would remain in place until November 1st.
- 2) According to Louis Navallier, there were only 1.03 million homes for sale in February, the same as January and the lowest level since 1982.

Key Point: Right now we expect buybacks and dividends to return, but in the long run, inflation may cause them to shrink.



Management Fee:

Our fee is extracted quarterly from the account at 25% of one% 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	2015	2016	2017	2018	2019	2020	2021
S&P 500	(0.8%)	5.8%	19.6%	(7.1%)	28.9%	16.4%	5.8%
Dow Jones	(2.2%)	7.9%	25.1%	(6.7%)	22.3%	7.2%	7.8%
Nasdaq	5.7%	4.1%	28.2%	(4.7%)	35.2%	43.7%	2.8%
Market Average	0.9%	5.9%	24.3%	(6.0%)	28.8%	22.4%	5.5%



MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:



Earlier in the month, the Federal Open Market Committee (FOMC) reiterated that they would hold key short-term interest rates at 0% through 2023 and continue buying at least \$120 billion per month in both Treasury securities and mortgage-backed securities.

Since the middle of March, the S&P 500 fell in multiple trading days. With this weakness many people are worried about the stance by the Federal Reserve, the desire by the Biden administration to introduce additional inflation-inducing stimulus such as the transportation bill, as well as a possible new wave of COVID-19 infections throughout the United States and the world as we slowly remove restrictions and return to normal. The market has been very volatile, with both growth and value stocks going in different directions. The largest fear that people believe may happen will be a wash of inflation. Investors have stated they do not like uncertainty and how the inflation will work its way into the market, so we could see unstable moves in every direction.

However, on the other hand, U.S. Treasury Secretary Janet Yellen also echoed comments recently made by Federal Reserve Chair Jerome Powell on inflation. She downplayed fears that the \$1.9 trillion coronavirus relief bill is so big that it will cause price problems, or that it is excessive given the economy's signs of a recovery. She stated that the U.S. would return to pre-pandemic levels of employment in 2022. The central bank sharply upgraded its 2021 GDP growth forecast to 6.5%, the largest annual output since 1984, and said it expected unemployment to drop. Fed Chair Jerome Powell added that inflation was forecast to reach 2.4% this year, going back to normal levels soon afterward. They expect inflation to ease to 2% in 2022 and 2.1% in 2023, so they are sticking to their belief that recent inflationary forces are temporary. Four Fed members now see rate hikes in 2022 and seven Fed members see rate hikes in 2023 as compared to one and five, respectively, at the prior FOMC's December meeting. Fed officials have a high stake in trying to "jawbone" inflation pressures downward.

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