Your Personal Money Manager

Pearson INVESTMENT LETTER

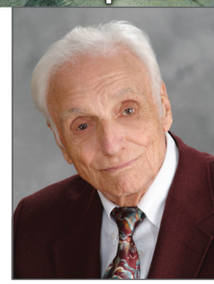
FEATURED STOCKS - MAY/JUNE 2021

VALUE STOCKS:

- Cigna Corp
- D.R. Horton Inc.
- Herbalife Nutrition Ltd
- Newmont Corporation

ETFs:

- SPDR® Dow Jones Industrial Average ETF Trust
- Health Care Select Sector SPDR® Fund



Walter D. Pearson
Chairman

Donald E. Pearson
President

Ann Hathaway
Account Manager

Times of Uncertainty

When we hear and read about the forward guidance of our economy and our country, everybody thought to be an expert has a different opinion. Whatever one may tell us another immediately disagrees with and has a completely different message. In times past we used to have our politicians and leaders working together, and through compromise good decisions were made. Although no one got everything they wanted, progress was made and growth and prosperity prevailed. Hopefully, this may soon become the normal again.

With our investments it seems to us if we stay well diversified between growth, value, and income, we will continue to prevail even through today's volatile times. We are still projecting another good year for 2021.

A good example of today's uncertainty is the latest stimulus and the effect it is causing on the economy. You may have more than one person in your household receiving benefits today from this $1.9 trillion stimulus, with many recently getting checks for $1,400. Many believe we have already done enough and these should now be stopped. The job report posted in March had over 900,000 new job placements added by employers, and we began believing this would become the new normal, but, in April these numbers were predicted, but fell to 266,000, thus disappointing everyone.

Forty-two percent of small businesses say they have jobs they cannot fill. With many months of unemployment payments available, plus another $300 weekly supplement, one could make more staying home rather than work for $9-$14 an hour. Several state governors are considering stopping these stay at home incentives as they try to get people who can work back to work as the virus appears under control today.

Bitcoin and Cryptocurrency

We are asked occasionally what is Bitcoin and have we ever invested in it, so I thought I'd try giving a brief explanation of what it is. Yes, we were invested in it a couple of years ago and sold most when it began a free fall.

Bitcoin is an 11-year-old cryptocurrency and the first of its kind. There is a finite supply and only 21 million tokens will ever be made. Nearly 19 million are in circulation already.

Is this a good investment? Here's some additional information so you can decide for yourself, because if you'd like it added to your portfolio, we can do it easily. Over the past 12 months it has been a good investment, but many experts still find it to be volatile and speculative. As far as volatility, in January it lost 25% of its value and during the pandemic sell off in 2020, when the S&P fell 34%, Bitcoin fell 49%. We invested in this in 2018 and between December 2017 and December 2018 it fell 83%. Bitcoin doesn't generate any cash flow or earnings and never will, so its price is driven purely by demand. This being very speculative, one could lose the entire amount of principal. Companies such as Pay Pal and Mastercard are currently exploring the possibility of allowing customers to pay using this method.

We have only one client with this today. I've held on to mine, and if you wanted some, we purchase Grayscale Bitcoin Trust (GBTC) currently at $44.20 as of May 10th. Other currencies make up about 30% of this sector. Today and going forward, Bitcoin is thought to be the sector leader with dominant control, so we are not speculating into others.

Value Selections

As we watch and work through today's challenges, I will continue to advocate that value selections should continue to be a larger part of our portfolios. This in no way says tech stocks or growth stocks should be eliminated. I'm simply saying adding value investments should continue to reward us today and going forward.

In today's letter you'll find as featured stocks Cigna Corp. and DR Horton, both with very low P/E's with outstanding growth potential. Two exceptionally good ETF selections displaying outstanding growth potential while featuring value are Dow Jones ETF (DIA) with companies displaying a wide range of diversity such as McDonald's, Home Depot, Boeing, Microsoft, United Health, and several others. This has been available for purchase since 1998 and has averaged a return of 9% annually and 12.8% for the past ten years.

Our other featured value ETF this month is Health Care SPDR (XLV) This ETF is category specific and features 100% healthcare. The top five companies making up more than 30% of their portfolio are Johnson & Johnson, United Health, Pfizer, Abbot Lab, and Merck. This has also been available for purchase since 1998 and has returned on average 9% annually. In the past ten years their average return has been 15.1%.

Our ongoing philosophy for investing is maintaining portfolios with 70% or more with ETFs depending on size. Adding individual stock choices is also an excellent way to better diversify a portfolio and, again, size will help us make these decisions. Smaller portfolios for those beginning as startups will be all ETFs as the safety factor dictates this, unless we have had prior conversations and a specific stock choice has been requested.

In closing I will add what makes us unique is the fact we are truly partners as we own the same choices.

DP

AGAIN...

It's a little hard to decide what to say to you because whatever I say you have probably read it here before, but here goes anyway. One of the things that we have to decide is how to make the most money for our clients. Some of them have IRA accounts and some have regular accounts. The difference here is that an IRA account has no income tax to pay if we buy a stock one day and sell it for a profit along the way. First, we must think of the best way to make the most money, and we have come to the conclusion that the best way to make the most money is to buy growing companies and let them grow and grow and grow. Once this has been established, it is necessary to watch over the birdies and see if the growth rate has slowed or even terminated. Somewhere along the line a stock like Apple might stop growing and then it becomes necessary to think it out. Should it be sold and the profit taxes paid? Much depends upon the investment possibilities outstanding.

There are investment gurus who believe that it is only necessary to buy stocks that are going to rise and to sell them when the profit appears. We go along on this theory but only for a little bit. Our belief is to buy and hold for years but we are not adamant. Sometimes there is another way to make money and we are not prejudiced. Sometimes on occasion it will happen that one of your babies has fallen in price and we will look at it once again. In a situation of that kind it is necessary to reevaluate the stock and decide whether you made a mistake on the original purchase or whether everybody else is wrong and it has just become a better buy. In that case we shall buy more at a lower price if the client has money in his account or there is a good-looking trade that has appeared.

The nice thing about holding your stock for a long time appears when you decide to give money to your church. Most people who have accounts have decided to give annually rather than weekly. Where they used to give $10 a week they now give annually at whatever figure they desire and deduct the gift from their income tax. Instead of giving money they give stock on which they have profits and thus avoid the income tax. You do enjoy dodging the income tax, don't you? Or are you a friend of the IRS? Which is it? Or, maybe I can just hazard a guess.

In selecting stocks there are many ways in which to go. Thinking of it from my position means that these numerous ways abound. Think of it from your position and you can see what I mean. You have certain needs and desires that go into making up your portfolio of investments. Everyone has different ideas. You can see that my program is somewhat different from yours. The way we handle your account, as well as numerous others, is to watch out for the growth, as well as the income providers and those who were bigger once but have slipped and look as if they are striving for a comeback. After assimilating this list it is necessary to find the winners. But, if you have insisted you want nothing but high dividend payers we will do that even though we might be in disagreement.

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.*

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.

CIGNA CORP (CI) NYSE PRICE $263.95

Cigna Corporation is a health services company that offers medical, dental insurance and related products and services. The Company's segments are Evernorth, U.S. Medical and International Markets. The Company's Evernorth segment is engaged in offering coordinated and point solution health services, including Pharmacy Solutions, Benefits Management Solutions, Care Solutions, Evernorth Intelligence Solutions, and Provider Services which are provided to health plans, employers, government organizations, and health care providers. Its U.S. Medical segment offers U.S. Commercial and U.S. Government health care solutions to employers and individuals. Its International Markets segment provides a range of medical and supplemental health, life and accident benefits to individuals and employers. Its products and services include health coverage, hospitalization, dental, critical illness, personal accident, term life, medical cost containment and variable universal life.

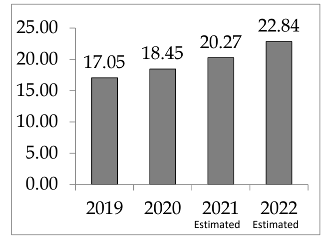
Type: Value
Sector: Health Care

Institutional Holdings: 93%
Industry: Health Care Providers & Services

Ratings & Recommendations

Current P/E Ratio: **11.2**
Annual Yield: **1.6**
Annual Dividend: **4.00**
Investor's Bus. Daily: **B-**
Pearson Growth & Value: **A**
Stand & Poor Rating: **B**
The Street (analyst avg.): **A**

Earnings per share



D.R. HORTON INC. (DHI) NYSE PRICE $94.97

D.R. Horton, Inc. is a homebuilding company. The Company has operations in 88 markets in 29 states across the United States. The Company's segments include its 44 homebuilding divisions, its financial services operations and its other business activities. In the homebuilding segment, the Company builds and sells single-family detached homes and attached homes, such as town homes, duplexes, triplexes and condominiums. The Company's 44 homebuilding divisions are aggregated into six segments: East Region, South Central Region, Midwest Region, West Region, Southwest Region and Southeast Region. In the financial services segment, the Company sells mortgages and collects fees for title insurance agency and closing services. The Company has subsidiaries that conduct insurance-related operations; construct and own income-producing rental properties; own non-residential real estate, including ranch land and improvements, and own and operate oil and gas-related assets.

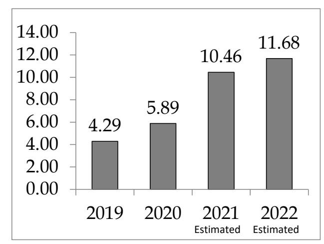
Type: Value
Sector: Consumer Discretionary

Institutional Holdings: 82%
Industry: Household Durables

Ratings & Recommendations

Current P/E Ratio: **11.5**
Annual Yield: **0.9**
Annual Dividend: **0.80**
Investor's Bus. Daily: **A+**
Pearson Growth & Value: **A**
Stand & Poor Rating: **A**
The Street (analyst avg.): **B**

Earnings per share



HERBALIFE NUTRITION LTD (HLF) NYSE PRICE $49.49

Herbalife Nutrition Ltd is a global nutrition company. The Company develops and sells weight management, healthy meals and snacks, sports and fitness, energy and targeted nutritional products, as well as personal care products. Its operating segments are based on geographical operations in six regions: North America; Mexico; South and Central America; Europe, the Middle East, and Africa (EMEA); Asia Pacific (excluding China), and China. The Company categorizes its products into five groups: weight management, targeted nutrition, energy, sports and fitness, outer nutrition, and literature, promotional and other. Its product categories include meal replacement; protein shakes; drink mixes; dietary and nutritional supplements containing herbs, facial skin care; body care; hair care products; sales tools, and educational materials.

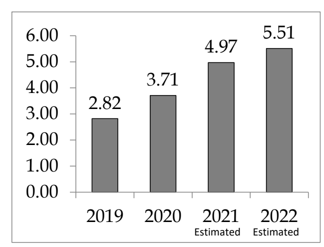
Type: Value
Sector: Consumer Staples

Institutional Holdings: 81%
Industry: Personal Products

Ratings & Recommendations

Current P/E Ratio: **13.5**
Annual Yield: **N/A**
Annual Dividend: **N/A**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **A-**
Stand & Poor Rating: **C**
The Street (analyst avg.): **B-**

Earnings per share



NEWMONT CORPORATION (NEM) NYSE PRICE $68.92

Newmont Corporation, formerly Newmont Goldcorp Corp, is a mining company, which is focused on the production of and exploration for gold, copper, silver, zinc and lead. It is primarily a gold producer with operations and/or assets in the United States, Australia, Peru, Ghana and Suriname. The Company's segments include North America, South America, Asia Pacific and Africa. Its North America segment consists primarily of Carlin, Phoenix, Twin Creeks and Long Canyon in the state of Nevada, and Cripple Creek &Victor (CC&V) in the state of Colorado, in the United States. Its South America segment consists primarily of Yanacocha in Peru and Merian in Suriname. Its Asia Pacific segment consists primarily of Boddington, Tanami and Kalgoorlie in Australia. The Company's Africa segment consists primarily of Ahafo and Akyem in Ghana. As of December 31, 2016, it had gold reserves of 68.5 million ounces and an aggregate land position of approximately 23,000 square miles (59,000 square kilometers).

Type: Value
Sector: Materials

Institutional Holdings: 81%
Industry: Metals & Mining

Ratings & Recommendations

Current P/E Ratio: **23.4**
Annual Yield: **3.2**
Annual Dividend: **2.20**
Investor's Bus. Daily: **B-**
Pearson Growth & Value: **A**
Stand & Poor Rating: **A**
The Street (analyst avg.): **A**

Earnings per share

JUST ASK ANN

We're often asked how accounts can be funded once they are open if there won't be a transfer in from another firm.

The simplest way is by check, made payable to **TD Ameritrade** and mailed in to TD offices. You simply have to write your account number on the front of the check and send it in. If you're in our area, ask Don or me for a prepaid envelope and you won't even need postage. If you're not close by, let us know and we can put some envelopes in the mail to you for deposit.

TD's address is **PO Box 650567, Dallas TX 75265-9910**

If you wish for us to make electronic payments, you can complete a Move Money form that will stay on file in your account that will verify your banking information and allow us to transfer in or out any amount of funds that you request. This form is especially helpful when dealing with withdrawals from IRA accounts that always require written notice. You can access this form online or contact me, and I will send one to you.

If you want to have funds sent directly from your paycheck, contact your HR department for their instructions. They will require your TD account number and TD's routing #021912915.

Finally, some clients prefer to handle deposits on their own, electronically. You can link your bank account directly to your Investment Account through your online access. However, this is a special feature that we need to turn on for you so a written request to us is required. Once we have your request, access is enabled, and I will send you instructions for set-up.

Keep in mind that some IRA accounts have annual limits on the amount of your contribution , so check to make sure you won't exceed that limit on auto-deposits.

SPDR® Dow Jones Industrial Average ETF Trust (DIA) NYSE ARCA PRICE $340.45

The investment seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the Dow Jones Industrial Average (the "DJIA").The Trust seeks to achieve its investment objective by holding a portfolio of the common stocks that are included in the DJIA (the "Portfolio"), with the weight of each stock in the Portfolio substantially corresponding to the weight of such stock in the DJIA.

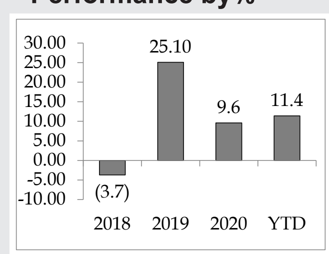
Location: USA
Type: 100% Stock

Category: Value
Industry: Diversified

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **1.7**
Annual Dividend: **5.57**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A**
Stand & Poor Rating: **C**
Morningstar: **A**

Performance by%



Health Care Select Sector SPDR® Fund (XLV) NYSE ARCA PRICE $122.83

The investment seeks investment results that, before expenses, correspond generally to the price and yield performance of publicly traded equity securities of companies in the Health Care Select Sector Index. In seeking to track the performance of the index, the fund employs a replication strategy. It generally invests substantially all, but at least 95%, of its total assets in the securities comprising the index. The index includes companies from the following industries: pharmaceuticals; health care equipment & supplies; health care providers & services; biotechnology; life sciences tools & services; and health care technology.

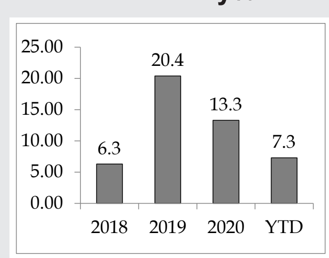
Location: USA
Type: 100% Stock

Category: Value
Industry: Healthcare

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **1.7**
Annual Dividend: **2.09**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A**
Stand & Poor Rating: **B**
Morningstar: **A**

Performance by%



Investment letters are complimentary to our clients with managed accounts!

Fed has stressed that we are still a long way from our goals. Treasury Secretary Janet Yellen recently said that interest rates will have to increase somewhat to make sure that our economy doesn't overheat, even though the additional spending is small relative to the size of the economy. She sees some price pressure over the next six months, largely due to supply-chain bottlenecks, higher energy prices, and demand for labor. However, these current and past Fed governors also stated that they will review this, as long term inflation is something that central bankers need to watch very carefully all the time.

New trends we see:

1) Chipotle, the burrito and salad bowl giant said Monday it would lift the average hourly wage for its restaurant workers to $15.

2) The overall supply chain is still disrupted, even impacting fast food companies such as Chick-fil-A.

3) Parts of the infrastructure bill may also include additional money for electric cars.

4) Both Amazon and McDonald's are raising initial wages to attract workers.

Key Point: The Fed is keeping things the way they are for now.

Earnings Flows:

Currently, this year's growth is going great, with many companies meeting or beating their expectations. Many companies in the S&P 500 have reported results for Q1. Of these, many have reported EPS above estimates - way above the five-year average. This is great news as we are now moving out of the current pandemic crisis. Many analysts expect double-digit earnings growth for the remaining three quarters of 2021.

As we stated earlier, the current volatility so far this month may move even higher than normal as we continue moving forward this summer. The rotation into financials, industrials, materials, energy, transportation, and leisure stocks continues. Money is moving in and out of the tech sector, as earnings expectations change for many companies that were supported by the pandemic.

In the most recent quarter:

1) California units are better positioned as they have already faced prospects of a $15 minimum wage which is going into effect on 1/1/22.

2) The price of gasoline has recently increased due to shortages in the south and east coast.

Key Point: Analysts and economists are continuing to be optimistic for the near future.

Cash Flows:

Even though earnings are doing well this year, the next few years will be influenced by how future corporate taxes are structured. The current Biden administration has already weighed in with the idea of the new corporate income tax rate. The administration has proposed raising the tax rate to 28%, but many analysts predict that it will likely be around 25%. This will help fund the administration's push for the infrastructure bill.

Even though the market recently sold off due to inflation worries, we believe that existing home sales and new home sales will remain robust, which in turn, fuels the sales of appliances, building materials, and furniture. Single-family homes have had the fastest annual sales pace in almost 15 years. The inventory of new homes is at a four-month supply. As a result of rising demand, lumber prices have surged among other items increasing the cost of a new home, so inflation is now clearly impacting new home prices. We continue to believe this to be temporary, as the supply chain issues will be remedied soon.

New trends we see:

1) Many companies including Apple are returning to their normal schedule of buying back their own shares.

2) According to the CDC, they are planning on relaxing some of their mandatory mask rules.

Key Point: Taxes and inflation are one of the many worries the market is attempting to grapple.

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%	9.5%
Dow Jones	(2.2%)	7.9%	25.1%	(6.7%)	22.3%	7.2%	11.2%
Nasdaq	5.7%	4.1%	28.2%	(4.7%)	35.2%	43.7%	3.2%
Market Average	0.9%	5.9%	24.3%	(6.0%)	28.8%	22.4%	8%

MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:

The latest Federal Market Open Committee (FOMC) statement had no major changes than were discussed in the last newsletter. It said that they want the U.S. economy to make further progress toward their goal of maximum employment and 2% average inflation before starting to reduce their bond purchases. Many economists believe that the Federal Reserve may not want to discuss tapering or stopping any rising inflation due to the economy overheating before the 2022 midterm election, since the Fed generally does not like to get involved. Overall, Fed Chairman Jerome Powell's press conference just confirmed that we remain in a great environment of strong economic growth and ultra low key interest rates for the near future.

The Fed also recently stated that they see no need yet to pull back on central bank support for the economy despite an improving outlook. The majority of local Federal Reserve governors have joined the chairman's stance and stated that the economy has some ways to go before reaching the dual mandate goals of maximum employment and inflation that averages 2%, and, for now, policy is likely on hold for some time. For example, Cleveland Fed leader Loretta Mester stated that she expects 6% to 7% economic growth and falling unemployment this year, and that depends on appropriate monetary policy which will need to be very accomodative for some time to support the broadening of the recovery. Eric Rosengren, the leader of the Boston Fed, said, "While rapid economic growth is very good news, it was, and still is, badly needed to offset the sizable shock that occurred with the Covid-19 pandemic."

The Federal Reserve doesn't believe Fed bond-buying efforts are fueling excessive risk taking in financial markets, at least to the degree that it would drive the Fed to change its stance on stimulus delivered via Treasury and mortgage bond purchases. Many believe that the achievement of sustainable inflation averaging 2% is a lot harder than many people think, so they are not in a hurry about tapering any asset buying at this time. Critics believe, however, that when it comes time for the Fed to slow the economy, these same people that are being helped will be hit first by Fed tightening, which could make it even harder than usual for the Fed to raise rates rapidly when that time is needed. Even with that idea, the

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