

Your Personal Money Manager Pearson INVESTMENT LETTER

Published Monthly Since 1982
www.pearsoncapitalinc.com

FEATURED STOCKS - OCTOBER/NOVEMBER 2021

GROWTH STOCKS:

PulteGroup Inc.

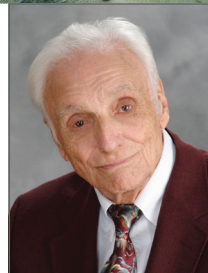
VALUE STOCKS:

Chemours Co.

ETFs:

iShares U.S. Dividend
and Buyback ETF

Vanguard Large-Cap Index
Fund ETF Shares



Walter D. Pearson
Chairman 1998-2021



Donald E. Pearson
President



Ann Hathaway
Account Manager

Through Three Quarters of 2021

As we continue through this year, the route remains very difficult. The resurgence of the Covid-19 virus due to the Delta variant has restarted many of the issues we thought were behind us. Renewed mask mandates, travel restrictions, event cancellations, and office reopenings, are a few of the many issues we all have to deal with.

Delta has scared many out of returning to the work market. August unemployment numbers are 8.4 million and, although down from the peak of 16.3 million in July of 2020, it is still significant and hampering our economy from getting back on track. Most experts in this field believe another reason the recovery is slow is because many do not want to get the vaccine. I am vaccinated, but not arguing for or against anyone making their own decision - simply passing along the information.

Prices continue to climb and inflation continues to rise. It is up about 5.3% year-to-date. The increase costs of food, energy, housing, and automobiles are leading the way, while many other categories are following suit.

One might also watch and observe our political leaders as poor or no decisions are being made to help our living environment and lifestyles. According to the numbers given to us by today's news sources, about 600,000 migrants have passed into our country through the Southern border and somewhere between 15-20% carried the virus with them. Our elected officials cannot decide on what plans to pass to help us with all these problems.

This is why I can only say we will continue doing with our investments exactly what we have been doing - using a blend of growth and value investments safely.

Retirement

Obviously, everyone reading this is in a different place. You may be many years away, getting closer, or already into and hopefully enjoying your retirement.

The Pandemic is definitely reshaping retirement. Many polled believe now they need a larger nest egg, and those getting close today have begun saving more. Others believe this hasn't changed their plans while some have begun considering working part time once they have reached their target date. I have also heard from some that they may delay their retirement date.

I can tell everyone there is not one answer that's a good fit for everyone because this is not a one size fits all. I tell everyone, especially our clients, that we should discuss this together occasionally. The reason I say this is situations change, not only through our working period, but also after one has retired. The rule of take 4% annually from your pot of wealth may not be a good fit for some while it may be for others. If you're still working and get a pay increase or promotion, perhaps adding additional funding to your retirement makes sense. I tell everyone beginning the process having 15% taken from your paycheck is a great beginning. I also offer to assist selecting with their 401k contributions to help maximize growth opportunities. For those who plan to work longer, delaying Social Security to age 70 can also add about 30% to the amount they'll be getting. One should know the choices and variables they have to select from and then make the right decision.

As I said many times, ask questions, get a professional opinion, or call me whether you're a client of ours or not. I'd be happy to help you.

Little Change

With father's passing I'd like to thank everyone who sent cards and letters to us. Many included heartfelt messages that I have shared with family. We are so appreciative of all your compliments and comments. We had, as father requested, a sendoff second to none at his community clubhouse. Many were invited and with today's virus issues we were very pleased with the turnout of around 75. Coastal Catering did a great job serving and hosting along with an open bar and free flowing champagne. It was exactly what father wanted. My son Pastor Jeffrey Pearson was in charge of the ceremony along with the military color guard in honor of my father's service in World War II, fighting in Italy in 1943-1945. Again, to everyone - thank you.

As we proceed forward, we have decided as a group to shorten the newsletter from six pages to four. We could post older articles from my father but thought this would be a better alternative. We will also reduce our recommendations of stocks from four to two and this will allow the change to take place.

Everything else will remain as is. Chris will continue to give his overall view and opinion of the economy along with an opinion of a quality stock or two. Ann will continue writing her column trying her best to educate and help everyone from an administrative position, and I will continue trying to share with everyone quality ETFs along with where I believe we are and where I think we are headed with facts and information I believe relevant in today's economy. The message is, as always, we remain partners working together.

DP

PEARSON CAPITAL'S RECOMMENDED STOCKS OCTOBER/NOVEMBER 2021

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CHEMOURS CO. (CC) NYSE PRICE \$25.67

The Chemours Company is a provider of performance chemicals. The Company's principal products include titanium dioxide (TiO₂) pigments, refrigerants, industrial fluoropolymer resins, sodium cyanide, and performance chemicals and intermediates. The Company operates through four segments: Titanium Technologies, Thermal & Specialized Solutions, Advanced Performance Materials, and Chemical Solutions. The Titanium Technologies segment is a provider of TiO₂ pigment, a premium white pigment used to deliver whiteness, brightness, opacity, and protections in a variety of applications. The Thermal & Specialized Solutions segment is a provider of refrigerants, propellants, blowing agents, and specialty solvents. The Advanced Performance Materials segment is a provider of high-end polymers and advanced materials. The Chemical Solutions segment is a North American provider of industrial chemicals used in gold production, industrial, and consumer applications.

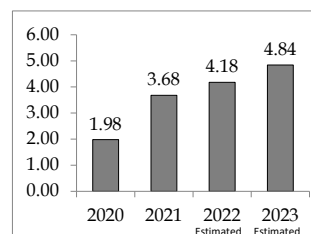
Type: Value
Sector: Materials

Institutional Holdings: 77%
Industry: Chemicals

Ratings & Recommendations

Current P/E Ratio: **17**
Annual Yield: **3.4**
Annual Dividend: **1.00**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **A-**
Stand & Poor Rating: **A**
The Street (analyst avg.): **A**

Earnings per share



PULTEGROUP INC. (PHM) NYSE PRICE \$46.55

PulteGroup, Inc. is a homebuilder in the United States. The Company's segments include Homebuilding and Financial Services. Its Homebuilding operations are engaged in the acquisition and development of land primarily for residential purposes within the United States and the construction of housing on such land. Its Financial Services segment consists of mortgage banking, title and insurance brokerage operations, through its Pulte Mortgage LLC (Pulte Mortgage) and other subsidiaries. Pulte Mortgage arranges financing through the origination of mortgage loans. The Company's subsidiaries are engaged in the homebuilding business. It offers a product line to meet the needs of homebuyers in its focused markets. The Company, through its brands, Centex, Pulte Homes, Del Webb, DiVosta Homes, John Wieland Homes and Neighborhoods, and American West, offers a range of home designs, including single-family detached, townhouses, condominiums and duplexes.

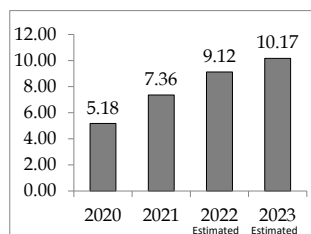
Type: Growth
Sector: Consumer Discretionary

Institutional Holdings: 87%
Industry: Household
Durables

Ratings & Recommendations

Current P/E Ratio: **7.7**
Annual Yield: **1.2**
Annual Dividend: **0.56**
Investor's Bus. Daily: **D**
Pearson Growth & Value: **C**
Stand & Poor Rating: **B**
The Street (analyst avg.): **B**

Earnings per share



ISHARES U.S. DIVIDEND AND BUYBACK ETF (DIVB)

The investment seeks to track the investment results of the Morningstar® US Dividend and Buyback IndexSM. The fund generally will invest at least 80% of its assets in the component securities of its underlying index and in investments that have economic characteristics that are substantially identical to the component securities of its underlying index. The underlying index is designed to provide exposure to U.S.-based companies that return capital to shareholders through either dividend payments or share buybacks.

CBOE CONSOLIDATED LISTINGS PRICE \$39.19

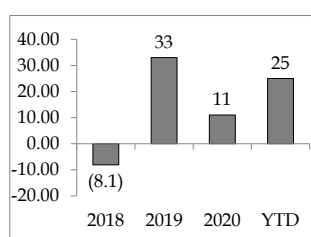
Location: USA
Type: 100% Stock

Category: Value
Industry: Diversified

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **1.7**
Annual Dividend: **0.69**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A**
Stand & Poor Rating: **A**
Morningstar: **A**

Earnings per share



VANGUARD LARGE-CAP INDEX FUND ETF SHARES (VV) NYSE ARCA PRICE \$200.92

The investment seeks to track the performance of the CRSP US Large Cap Index that measures the investment return of large-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Large Cap Index, a broadly diversified index of large U.S. companies representing approximately the top 85% of the U.S. market capitalization. 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.

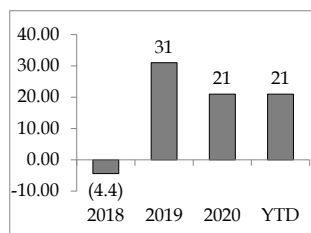
Location: USA
Type: 100% Stock

Category: Blended
Industry: Diversified

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **1.3**
Annual Dividend: **2.55**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A**
Stand & Poor Rating: **A**
Morningstar: **A**

Earnings per share



JUST ASK ANN

Just when you think Covid is turning a corner, this variant sneaks in and throws a wrench into the works!

As you know, we had returned to mailing out billing notices but now we are back to square one. Due to possible infections and exposures, I will not be permitted to visit the printing company to oversee this quarter's billing. In light of this, should any individual require a copy of their [billing notice](#), please contact me and I will be sure to get one sent out to you.

Please remember that the management fee can always be viewed online in your history and also in the October statement that will be mailed to you from TD Ameritrade at the end of the month. I will also be happy to provide an annual management fee report upon request for tax purposes.

A little clarification regarding RMDs for new Beneficiary **IRA** accounts. If you become the recipient of this type of account after 1/1/2020 (specifically the deceased's date of death), you no longer have an annual RMD obligation. **HOWEVER**, it is now required that you must empty the account within 10 years. That means you may take a lump sum or divide it up into yearly or other periodic withdrawals at your discretion. The only stipulation is that the balance is zero by the end of the 10th year.

This does not apply to anyone who has already been taking a Beneficiary RMD. Depending on the option you chose at the opening of the account you will be obligated to lifetime RMDs or the five-year rule.

MARKET VIEW *Continued from page 4*

PHM cannot build homes fast enough to meet strong demand. Home buying was consistently strong during the last quarter across the United States, with its main market strength in adult communities.

On July 26, 2021, PHM entered partnership with Invitation Homes (INVH) to build single-family rental homes. PHM expects to expand into this growing market, starting with 1,000 homes to build for rent in southern California, Florida, Georgia, North Carolina, and Texas. Their goal is to expand to 7,500 rental homes over a period of five years.

In the most recent quarter:

1) Many Chinese stocks are still hampered by increased regulations from the new antitrust rules and regulations from the Chinese government.

Key Point: This upcoming quarter will indicate what the trend is for the rest of the year.

Cash Flows:

According to a recent article in Yahoo finance, the Standard and Poor 500's quarterly buybacks are now approaching an all-time high, as many companies have gotten back to normal from the Covid crisis and are returning to the prior buyback targets they have previously set. Buybacks with the top 20 issues of the S&P

500 account for over half of this past quarter's buybacks. Apple continued to be number one for buybacks as it not only spent the most of any issue, but it ranked second highest in S&P history. For the quarter, the company spent \$25.6 billion, up 36% from Q1 2021's \$18.8 billion and second only to its record \$27.6 billion in Q4 2020.

This month's other stock is the Chemours Company (CC). It is a leading, global provider of performance chemicals that are a key part in many products and processes in a variety of industries. They are a leader in titanium technologies, fluoroproducts and chemical solutions. Its ingredients are found in plastics and coatings, refrigeration and air conditioning, mining, and general industrial manufacturing. Its products include brands such as Teflon, Freon and Nafion, but its largest product is white pigment titanium dioxide. Titanium dioxide has its most use as a white pigment in paint. When industries that use a lot of white paint such as automotive and construction industries, for example, do well, TiO2 prices and sales rise. As the nation passes its largest infrastructure bill in history, we are expecting promising growth for this company.

New trends we see:

1) Over the next half of the year, companies will also review their dividend options as well.

Key Point: Stock buybacks for the top stocks in the S&P 500 are higher than they have been in many years.

Customized Personal Portfolios

Page 3

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.

Fourth Quarter October-November-December-see your October 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%	15.3%
Dow Jones	(2.2%)	7.9%	25.1%	(6.7%)	22.3%	7.2%	11.1%
Nasdaq	5.7%	4.1%	28.2%	(4.7%)	35.2%	43.7%	12.1%
Market Average	0.9%	5.9%	24.3%	(6.0%)	28.8%	22.4%	12.8%



MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:

In the last six weeks, the stock market has finally fallen back from its recent highs, as we see a new variant of the virus affect the United States, the continuing ongoing debates over the debt limit and infrastructure bill, as well as potential effects overseas of a default of a major Chinese real estate company. The House and Senate are now going back and forth on how much they intend to spend for the final part of the infrastructure bill, as they need key votes even though Democrats do not need Republicans due to the reconciliation process.



During the Federal Reserve's most recent Open Market Committee meeting, Fed Chair Jerome Powell did not indicate at any start date for tapering, and its \$120 billion per month in quantitative easing would continue until they see further progress toward meeting its goal of stability and full employment. We still believe that the new Covid variant will postpone any changes for Central Banks throughout the world, as they believe it is better to wait until they see better results. Critics state that the Fed always waits too long to make a decision and may cause more negative results due to their delay. When it comes to interest rates, the Fed is still targeting to make one interest rate hike in 2022 and up to three rate hikes in 2023. However, they have not mentioned when that will happen.

New trends we see:

- 1) As the economy reopens, supply chain issues continue with shortages, not just with semiconductor chips, but have now expanded to food, clothing and fuel worldwide.
- 2) The debt ceiling bill has just passed, giving lawmakers a two-month extension before they go over the options again for balancing the budget.

Key Point: The next part of the Infrastructure bill is now brought to vote by Congress.

Earnings Flows:

We are now at the beginning of the third quarter's earnings season, and at this time the market is looking forward to what is going to happen after the effects of a post-Covid economy. This quarter is focused on rising inflation due to supply chain disruptions and China issues, balanced by the continued growth in the technology sector led by the leading companies in the Standard and Poor index. The top ten companies in the index are now over a quarter of the outstanding shares. As we related before, the good news is that many stocks have held their own and, if they have not moved higher, they have started a process of consolidation and digesting the earnings of the past year. We expect the same unless we see greater earnings potential for the rest of the year.

One of our company choices this month is PulteGroup (PHM). PulteGroup is one of the largest U.S. homebuilders in annual revenues, with 2020 total revenues of \$11.0 billion. PHM targets buyers in nearly all home categories, but has recently concentrated its expansion efforts on affordable housing and on mature buyers (age 55 and over).

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Pearson Capital, Inc.

P.O. Box 3739
6431 Rubia Circle
Apollo Beach, Florida 33572
Tel: (813) 641-7575
Fax: (813) 641-7755

www.pearsoncapitalinc.com

Chairman Of The Board
Head Of Investment Research
Walter D. Pearson (deceased)

President
Donald E. Pearson
E-mail: PearsonCapital@aol.com

Stock Analyst
Chris Carothers
PearsonCapital2@yahoo.com

Account Manager
Ann Hathaway
PearsonCapital7@gmail.com

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Editor
Roberta Wilde

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