

Your Personal Money Manager

Pearson

INVESTMENT LETTER

Published Monthly Since 1982
www.pearsoncapitalinc.com

FEATURED STOCKS - APRIL 2009

America Movil	Republic Services	ETFs:
AutoZone	ResMed, Inc	
Home Depot	Synovis Life	EEM
Johnson & Johnson	Tele Norte	SLV



Walter D. Pearson
Chairman



Donald E. Pearson
President



Sandra Alberti
Publishing President

A RECIPE FOR SUCCESS *By Donald Pearson*

In these very challenging times if we are going to be successful, we must have a strategy and a well-defined plan. Many today believe being a trader will work best, while others decide taking risk and gambling is the fastest way to achieve complete recovery. Many others believe, as I do, that quality investing is the better way, not buying into the stock market, but analyzing every company to find what appears to be a "can't miss" opportunity. If done successfully, within three years we can recover our losses without exposing ourselves to additional downside. Obviously, this carries no guarantee, but it is definitely a strategy that has proven itself time and again over the long haul.

One might ask, what makes this an opportunistic time when everything appears bleak and most of the news today is negative? Within the last three weeks the market has shown double-digit growth that may or may not sustain, but more important, the countries of the world are working together to kick-start the global markets. Nations around the world are initiating their own economic stimulus programs, as we have seen with the pullback in the price of oil and the US spending \$2.5 trillion to

motivate growth. Housing has begun to stabilize as home inventory dropped in January for the first time. Stocks have been taken down so far that they also present an outstanding value. Now it is time to decide how to do this and what makes the most sense in today's market.

Traders are people who often move in or out of a stock, based upon the news of the day. Many times the news never impacts as we think it will. Trying to maximize a profit or err on the side of safety seems the wiser route, and it's also expected to minimize loss. Although in theory this appears to be a safe and solid plan, it does run the possibility of negating the ability to reap the big reward that one who remains committed can expect.

A gambler today makes purchases using puts, calls, buy on margin, and/or day trade. If you are looking for action, this is certainly the place to find it. With this type of investing you can actually lose more than your initial investment, although those who are successful can achieve superior returns. One must have the stomach for it and accept the risk that you will become exposed to.

If you are an investor, the objective has always been to seek companies that have been performing above the market average

for three or more years, while projecting another three to five years of growth. Even in this downside economy, the fundamentals remain consistent. If we can project a stock (price) value for a company and find it to be selling 10-20% below this, we've found a candidate for the long haul. This will sound somewhat contradictory when a stock has just pulled back 30-60% within six months, but the long haul is 5-10 years. Two good examples of this would be McDonald's and General Electric. Three years from now I believe each of these stocks will have a 50% or more increase from their market price today. In fact many companies can be held for 20 years or more without a second thought. Both of these would be serious applicants for just such a strategy.

McDonalds, trading today for about \$55, recently changed its focus from opening new restaurants to boosting sales at their current locations. They have diversified their menu by adding salads and less-fattening chicken dishes. New beverages have also been added which include smoothies and premium coffees. MCD now generates 65% of their sales overseas, and the bottom line continues to improve as they continue to franchise their eateries. With a price

Continued on page 5

Investment Letters are complimentary to our clients with managed accounts!

VALUE VALUE VALUE

In the investment field one must be aware of the fact that things change, and because of that fact, it is important to change one's investment strategy in order to make a perfect fit. From the time that I started in this business more than 50 years ago, it has always been important to find companies that are going to grow. The next thing is to buy them, let them grow and make you rich. During the outcome of the high-tech industry it seemed only natural to me to get invested as rapidly as possible into as many companies as possible which were in that field. What puzzled me was that Warren Buffet, the admittedly top man of the realm, would not consider any, simply because he didn't understand them. An investor might have bought 25 shares of Cisco for \$1,000 in 1991 and would be sitting on 3600 shares today with a value approximating \$65,000.

Today the entire investment field has been turned around. Growth does not seem to be a standout. On the other hand, it seems that it may be an outstanding feature just to be able to hold one's own as one business to another. Because of the chilling outlook over the upcoming period, stock prices have been beaten down in much the same manner as using a sledge hammer. Stocks have never before gone down so far so fast. What does that mean to the investor? It simply means that there are values galore staring him in the face. Yesterday Sun Microsystems was one price and today it is 80% higher. Why is this? Another company realized that by acquiring Sun Micro it would enhance its business, so they decided to buy the company out. They also realized that the company was worth a great deal more than it was selling for, which is why they made such a large offer.

There are numerous companies that have been beaten down in price. In the old days it was only gamblers and risk takers who would look at what were called penny stocks, but today the investor who is looking for value should be scanning the entire horizon. In the market today there are companies that used to sell at 30, 40, or 50 dollars a share that are now selling in the one or two dollar range, and some are still paying dividends. The income return may be 5%, 25%, 50% or even as much as 400%. What this means is the marketplace has decided that the dividend will be eliminated on stock in a company that used to pay a \$4 dividend and sold at \$50 or \$60. Consequently, the stock has come down to \$1 a share, making the yield 400% unless the dividend is not paid next time.

Many of these companies have come down too far in price. Again I say, there are two ways of determining the value of a stock. The stock market is an excellent way of determining the amount that you can receive for shares owned or the price one must pay in the event of a purchase. The vitally important thing to remember is that the true value of a stock may be much higher than the market has it ticketed. This is why it is mandatory to do one's research. Bear in mind that there may be many more companies just like Sun Micro, and if you find them first, the profits belong to you.

Many investors have been hurt by the rapid deterioration of stock prices, and I would suggest, difficult as it may seem, to look on the bright side. On the positive side I do not see it possible to go much lower. At the present time it is an excellent idea to add more cash. It may be difficult or it may be impossible, but it is worth a try. Again on the positive side it is possible to get a very good return on one's investment these days. There are companies that have raised their dividend each year for the last 20 or 30 years that are paying 5-6-8% or more. Companies pay so much in the form of dividends. The yield is determined by the price of the stock. Because stocks are cheap, the yields are higher.

Try to add cash!!!

WP

Copyright © 2007 Pearson Capital, Inc. - All Rights Reserved - Sources: Pearson Capital, Inc. research, various publications and the Internet

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.

"Remember the Lord your God, for it is He who gives you the ability to produce wealth. Deut. 8:18"

PEARSON CAPITAL'S RECOMMENDED STOCKS FOR APRIL 2009

www.pearsoncapitalinc.com

AMERICA MOVIL (AMX) NYSE PRICE: \$27.07

AMX and its subsidiaries provide wireless and fixed communications services in Latin America. It provides fixed-line, wireless, and cellular telecommunications services and broadband services under the Telcel, Claro, Comcel, Porta, Codetel, and PRT names. The company offers voice services under various rate plans; data services, including short message services, multimedia messaging services, content services, Internet, data transmission services, email, news, and personalized downloads, such as ring tones and screensavers; push-to-talk services; and handsets and accessories, such as chargers, headsets, belt clips, and batteries. It also enables its customers to access email and personal information management tools, such as calendars and address books, through their handsets.

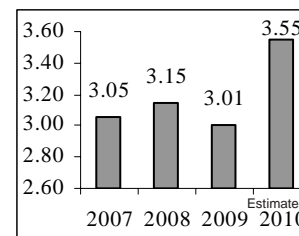
Type: Growth
Sector: Technology

Institutional Holdings: 306
Industry: Wireless Comm.

Ratings & Recommendations

Earnings per share

Current P/E Ratio: **11.0**
Annual Yield: **1.80%**
Annual Dividend: **\$0.50**
Investor's Business Daily: **A-**
Pearson Growth & Value: **A-**
Morningstar Rating: **B**
Standard&Poor Rating: **B**
Value Line Rating: **N/R**



AUTOZONE INC. (AZO) NYSE PRICE: \$162.62

AZO operates as a specialty retailer and distributor of automotive replacement parts and accessories. Its stores offer various products primarily to do-it-yourself customers for use in cars, sport utility vehicles, vans, and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories, and non-automotive products. The company also offers commercial sales program that provides commercial credit, and delivery of parts and other products to local, regional, and national repair garages, dealers, and service stations. In addition, it sells the ALLDATA brand automotive diagnostic and repair software, as well as diagnostic and repair information, auto and light truck parts, and accessories on the Web at autozone.com. As of 08/30/08, AutoZone operated 4,092 stores in the U.S. and Puerto Rico, and 148 stores in Mexico. AZO is based in Memphis, TN.

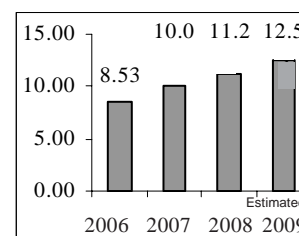
Type: Growth
Sector: Services

Institutional Holdings: 377
Industry: Auto Parts

Ratings & Recommendations

Earnings per share

Current P/E Ratio: **15.2**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Business Daily: **B-**
Pearson Growth & Value: **B**
Morningstar Rating: **C**
Standard&Poor Rating: **B**
Value Line Rating: **A**



THE HOME DEPOT, INC (HD) NYSE PRICE: \$23.42

The Home Depot, Inc. operates as a home improvement retailer primarily in the United States, Canada, and Mexico. The Home Depot stores offer building materials, home improvement supplies and lawn and garden products that are sold to do-it-yourself customers, do-it-for-me customers, home improvement contractors, tradespeople and building maintenance professionals. The company also operates EXPO Design Center stores that provide products and services primarily related to design and renovation projects. As of January 26, 2009, it operated 2,274 retail stores in 50 states in the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, 10 Canadian provinces, Mexico, and China. The company was founded in 1978 and is based in Atlanta, Georgia.

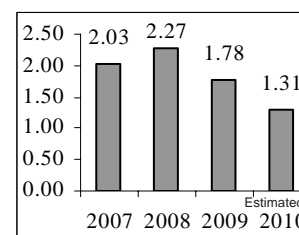
Type: Growth
Sector: Services

Institutional Holdings: 664
Industry: Home Improvement

Ratings & Recommendations

Earnings per share

Current P/E Ratio: **17.5**
Annual Yield: **3.80%**
Annual Dividend: **\$0.90**
Investor's Business Daily: **C**
Pearson Growth & Value: **B+**
Morningstar Rating: **A**
Standard&Poor Rating: **C**
Value Line Rating: **C**



JOHNSON & JOHNSON (JNJ) NYSE PRICE: \$52.60

JNJ engages in the research and development, manufacture, and sale of various products in the health care field worldwide. Its Consumer segment provides products used in baby care, skin care, oral care, wound care, and women's health care fields, as well as nutritional and over-the-counter pharmaceutical products under JOHNSON'S, AVEENO, CLEAN & CLEAR, NEUTROGENA, RoC, LUBRIDERM, LISTERINE, REACH, CAREFREE, STAYFREE, SPLENDA, TYLENOL, SUDAFED, ZYRTEC, MOTRIN IB, and PEPCID AC names. The company's Pharmaceutical segment offers products in various therapeutic areas, such as anti-infective, antipsychotic, cardiovascular, contraceptive, dermatology, gastrointestinal, hematology, immunology, neurology, etc. The company was founded in 1886 and is based in New Brunswick, New Jersey.

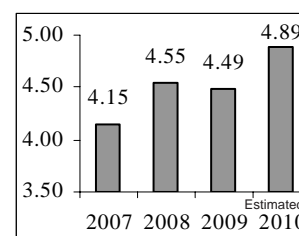
Type: Growth
Sector: Healthcare

Institutional Holdings: 1105
Industry: Drug Manufact.

Ratings & Recommendations

Earnings per share

Current P/E Ratio: **11.5**
Annual Yield: **3.52%**
Annual Dividend: **\$1.84**
Investor's Business Daily: **B**
Pearson Growth & Value: **A-**
Morningstar Rating: **A**
Standard&Poor Rating: **B**
Value Line Rating: **A**



PEARSON CAPITAL'S RECOMMENDED STOCKS FOR APRIL 2009
www.pearsoncapitalinc.com

REPUBLIC SERVICES, INC (RSG) NYSE PRICE: \$17.15

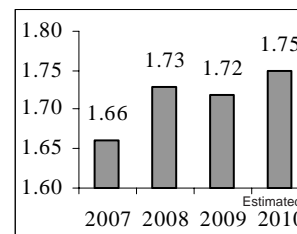
RSG provides non-hazardous solid waste collection and disposal services for commercial, industrial, municipal, and residential customers in the U.S. The company primarily engages in residential collection operations that include curbside collection of refuse from small containers into collection vehicles for transport to transfer stations or directly to landfills. Its commercial and industrial collection operations include the supply of waste containers of various sizes to construction sites and rental of compactors to large waste generators, as well as the provision of waste collection services to industrial and construction facilities on contractual basis. As of 12/31/08, it owned and operated 242 transfer stations, 213 active solid waste landfills, and 78 recycling facilities. Republic Services, Inc. was founded in 1996 and is headquartered in Phoenix, Arizona.

Type: Growth
Sector: Industrial Goods

Institutional Holdings: 468
Industry: Waste Management

Ratings & Recommendations Earnings per share

Current P/E Ratio: **16.1**
Annual Yield: **4.30%**
Annual Dividend: **\$0.76**
Investor's Business Daily: **B+**
Pearson Growth & Value: **B-**
Morningstar Rating: **C**
Standard&Poor Rating: **B**
Value Line Rating: **C**



RESMED, INC (RMD) NYSE PRICE: \$35.34

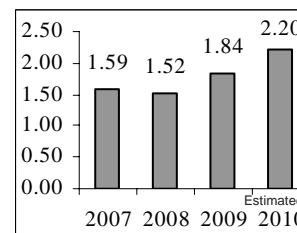
RMD through its subsidiaries, engages in the design, manufacture, and marketing of equipment for the diagnosis and treatment of sleep-disordered breathing and other respiratory disorders. Its portfolio of products for the treatment of obstructive sleep apnea and other forms of sleep-disordered breathing include airflow generators, diagnostic products, mask systems, headgear, and other accessories, such as cold passover humidifiers, carry bags, and breathing circuits. The company also offers data communications and control products, such as the ResLink, ResControl, ResControl II, TxControl, ResScan, and ResTraxx modules that facilitate the transfer of data and other information to and from the flow generators. The company was founded in 1989 and is based in Poway, California.

Type: Growth
Sector: Healthcare

Institutional Holdings: 249
Industry: Med. Appliances

Ratings & Recommendations Earnings per share

Current P/E Ratio: **22.7**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Business Daily: **A+**
Pearson Growth & Value: **B**
Morningstar Rating: **B**
Standard&Poor Rating: **B**
Value Line Rating: **A**



SYNOVIS LIFE TECHNOLOGIES, INC (SYNO) NASDAQ PRICE: \$13.84

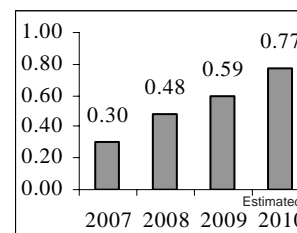
SYNO a medical device company, engages in the development, manufacture, marketing, and sale of products for the surgical treatment of diseases. Its products include implantable biomaterial products and devices for microsurgery and surgical tools, which are used to reduce risk and/or facilitate critical surgeries. The company's biomaterial products include Peri-Strips that are biomaterial stapling buttress used as reinforcement at the surgical staple line; Tissue-Guard, which is used to repair and replace damaged tissue in cardiac, vascular, thoracic, and neurologic procedures; and Veritas Collagen Matrix for use in surgery to repair and replace soft tissue. Synovis Life Technologies sells its products through direct sales force and independent distributors primarily in the United States, Europe, Canada, and the Asia Pacific region.

Type: Growth
Sector: Healthcare

Institutional Holdings: 84
Industry: Med. Appliances

Ratings & Recommendations Earnings per share

Current P/E Ratio: **26.1**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Business Daily: **B**
Pearson Growth & Value: **B**
Morningstar Rating: **N/R**
Standard&Poor Rating: **N/R**
Value Line Rating: **C**



TELE NORTE LESTE PARTICIPACOES (TNE) NYSE PRICE: \$13.84

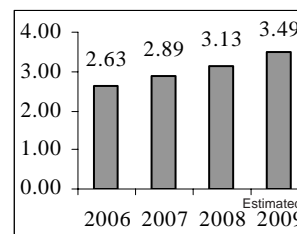
TNE a telecommunications company, together with its subsidiaries, provides telecommunication services in Brazil and S. America. The company offers local fixed-line services in Region I, II, and III, including installation, monthly subscription, measured service, collect calls, and supplemental local services; network usage services, such as interconnections; and mobile telecommunications services. The company serves residential clients; small, medium, and large companies; and governmental agencies. As of December 31, 2007, its mobile network covered 986 municipalities in Region I consisting of 4,795 active radio base stations; and 15.9 million mobile subscribers. The company was founded in 1998 and is based in Rio de Janeiro, Brazil.

Type: Growth
Sector: Technology

Institutional Holdings: 72
Industry: Telecomm Serv.

Ratings & Recommendations Earnings per share

Current P/E Ratio: **10.5**
Annual Yield: **11.00%**
Annual Dividend: **\$1.51**
Investor's Business Daily: **B-**
Pearson Growth & Value: **A-**
Morningstar Rating: **B**
Standard&Poor Rating: **C**
Value Line Rating: **N/R**



PEARSON CAPITAL'S RECOMMENDED ETF'S FOR APRIL 2009
www.pearsoncapitalinc.com

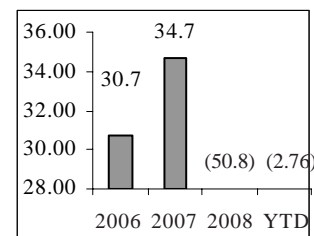
ISHARE MSIC EMERGING MARKETS INDEX (EEM) NYSE PRICE: \$24.28

The investment seeks investment results that correspond generally to the price and yield performance of the MSCI Emerging Markets index. The fund generally invests at least 90% of assets in the securities of its underlying index or in ADRs and GDRs representing such securities. The index was developed by MSCI as an equity benchmark for international stock performance.

Location: Emerging Countries Type: 100% stocks
 Category: Large Blend Industry: Diversified

Ratings & Recommendations Performance by %

Current P/E Ratio: **N/R**
 Annual Yield: **4.01%**
 Annual Dividend: **\$0.97**
 Investor's Business Daily: **N/R**
 Pearson Growth & Value: **A-**
 Morningstar Rating: **B**
 Standard&Poor Rating: **N/R**
 Value Line Rating: **N/R**



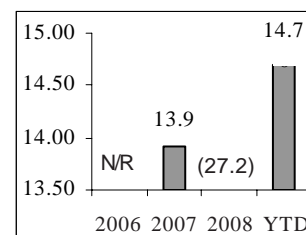
ISHARES SILVER TRUST (SLV) NYSE PRICE: \$12.85

The objective of the investment is to reflect the price of silver owned by the trust less the trust's expenses and liabilities. The fund is intended to constitute a simple and cost-effective means of making an investment similar to an investment in silver. Although the fund is not the exact equivalent of an investment in silver, they provide investors with an alternative that allows a level of participation in the silver market through the securities market.

Location: United States Type: Precious Metals
 Category: Silver Bullion Industry: Ind-Mining

Ratings & Recommendations Performance by %

Current P/E Ratio: **N/R**
 Annual Yield: **0%**
 Annual Dividend: **\$0**
 Investor's Business Daily: **N/R**
 Pearson Growth & Value: **A-**
 Morningstar Rating: **N/R**
 Standard&Poor Rating: **N/R**
 Value Line Rating: **N/R**



A RECIPE FOR SUCESS - Donald pearson - Continued from page 1

earnings ratio of 13, yielding 3.6%, this stock, like so many others today, can be held for the long haul. General Electric trades today under \$11 and has recently gone through difficult times. Their financial service has been hurt in this market downturn with 35% of their revenue coming from this sector. Although GE failed to raise their dividend for the first time in more than 30 years, the company did say they would continue as is in 2009. They also remain only one of six U.S. industrial companies with a triple-A credit rating. With a P/E of less than seven and a yield of 11% this can also be bought and held for the long haul.

As we watch GM and Chrysler struggling to remain in business, many car parts suppliers continue to grow and prosper. The average American family now keeps their car for 10 years. Look at Autozone as an example, up 20% YTD with upside projected earnings for this year and next. As new home sales continue to slow, and many remain in their current residence, another opportunity presents itself. Home Depot (HD) is currently up 5% YTD while yielding 3.7%. This is one of a long list of superior blue chip companies yielding 3% or more with a tremendous upside projected growth.

I believe as outlined, if we buy companies with superior management, producing quality products, with solid business plans, that today are grossly undervalued and have yields of 3% or more, we will get through this difficult period and back where we were within two to four years.

WALL STREET INDEXES

Indexes	2003	2004	2005	2006	2007	2008	YTD
S&P 500	26.4%	9.0%	3.0%	13.6%	3.6%	(40.0%)	(11.7)%
Dow Jones	25.3%	3.2%	(0.6%)	16.3%	6.4%	(33.4%)	(13.3)%
Nasdaq	50.0%	8.6%	1.4%	9.5%	9.8%	(42.1%)	(3.1)%
Russell 2000	45.4%	17.0%	3.3%	17.0%	(2.8%)	(38.2%)	(12.1)%
Market Average	36.8%	9.4%	1.8%	14.1%	5.6%	(38.4%)	(10.1)%



MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows: The Federal Reserve has finally cut interest rates



to multi-year lows, and has indicated that they will continue to keep it that way by intervening directly. The program includes \$300 billion to be spent on U.S. Treasuries, up to \$750 billion in mortgaged-backed securities, and \$100 billion in other securities. This will allow banks breathing room to improve their balance sheets, and give a jumpstart for the economy. Many analysts were surprised the Fed decided to buy Treasuries in the open market because it sets up the expectations that the dollar is going to be lower sooner rather than later, either through devaluation and/or inflation. Oil and other dollar-denominated commodities could pave the way toward higher prices. Right now though, housing prices continue to slide with the estimate by some economists to fall an additional twenty percent. Until housing prices stabilize and move higher, the recession will continue. After things stabilize, loans will likely get hit with higher interest rates, as the Fed goes into inflation-fighting mode to battle the increasing costs for food, energy, and other commodities.

Key Point: *The Fed is jumping directly into the market.*

Earnings Flows: First quarter earnings have come through with many stocks warning or guiding lower. Before the intended stimulus package, expect lower earnings for next quarter as well. Analysts are prepared for this and have already lowered their estimates to meet the new reality. However, stocks move in tandem with expectations, and the market will probably move higher in anticipation of higher earnings. Any positive surprise would move stocks even higher. Healthcare stocks have good growth, closely followed by consumer staples, and then utilities. With the Fed intervention, multinational stocks that thrive on a weak dollar are a good bet, as currency translation can make a big difference in their profits.

Key Point: *Stocks move on earnings expectations.*

Cash Flows: Companies with solid cash flows are more valuable than ever in this bear market. Those who invest will benefit from the high yields and improving economic conditions. A firm with lots of cash will be able to take advantage of this situation, as its weaker competitors will be greatly weakened or forced out of business. These companies will be able to scoop up the bargains that become available and gain market share. A good example of this is IBM and Sun Microsystems.

Key Point: *Companies with cash will benefit in this downturn.*

Additional Note:

Bonds of banks and other companies are the cheapest they have been in years, as the current worries have them trading with high yields. Although risk continues, those with patience may benefit in the long run.

Pearson Capital, Inc.

P.O. Box 3739
Apollo Beach, Florida 33572
 Tel: (813) 641 - 7575
 Fax: (813) 641 - 7755
Toll Free: (800) 510-0329
www.pearsoncapitalinc.com

1628 White Arrow Drive
 Dover, Florida 33527
 Tel: (813) 659 - 2560

Chairman Of The Board
 Head Of Investment Research
Walter D. Pearson
 E-mail: PearsonCap@aol.com

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

Stock Analyst
Chris Carothers
PearsonCapital2@yahoo.com

Account Manager
Ann Hathaway
PearsonCapital7@gmail.com

The Pearson Investment Letter
 published monthly since 1982

Publishing President
Sandra Alberti
PearsonCapital@aol.com

Editor
Roberta Wilde

Services Provided

Managed Accounts:
 Individual - Joint - Custodial
 Corporate - Partnership - Trust
 IRA's; Roth - Trad - College - SEP
 401(k) & 403(b) Rollovers - Transfers

Management fee of 1% annually
 for accounts of \$25,000 or more
 (2% for smaller accounts)

Free consultation
No hidden fees

Privacy Policy

Table of Contents

Walter's Wisdom:	2
Featured Stocks:	3
Featured Stocks:	4
Featured ETFs:	5
Market Outlook:	6