

FEATURED STOCKS

Catepillar, Inc	Novartis AG
Middleby Corp	Oracle Corp
Morningstar, Inc	Strayer Edu
Nordstrom, Inc	Thermo Fisher

GROWTH & INCOME

Canada (ETF)	Europe (ETF)
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LIVING LONGER *By Donald Pearson*

The average age of life for all of us continues to expand. Back in 1874, old age was considered to be only forty-seven

years. In the sixties it extended to seventy, and today it is common to know people in their eighties and nineties. Younger people today may exceed one hundred, simply because improvements will continue to become available through new drug discoveries, medical care, and education.

Knowing this, here's a few very challenging questions we need to ask ourselves. How will this life extension impact us financially, and are we preparing properly? How devastating would it be if we outlived our money?

The solution is very simple. Proper planning today should circumvent this from happening. Delaying retirement for a few years would be one way to help ourselves. We should also continue to manage our investment portfolios for growth. Even if bonds are a part of one's portfolio, and supplementing retirement living with account withdrawals are necessary, a large part of the portfolio should still pursue growth.

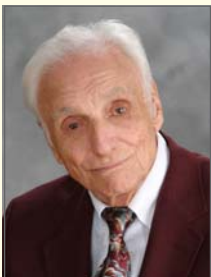
Bonds will not keep you ahead of inflation today, and the products now being offered as alternatives to seniors should also be carefully researched, because, in my opinion, they are not going to get the job done. The SEC receives tens of thousands of calls every year from older Americans who have already fallen prey to the unscrupulous, or have been sold investments they don't understand. Annuities salespeople continue to attach incentives trying to make their annuity work for their target. "Sign up and you'll not worry anymore about losing your money to the stock market." I don't agree, and suggest that you check carefully the charges and penalties, as well as the commission paid to the salesperson for all annuities. Many have other built-in costs that are referred to

as additional loads and surrender charges.

After doing your homework, you may believe an annuity is right for you, but consider these other reasons why I don't. Annuities cannot predict our futures, and things in our lives may change in the years ahead. If this is the case and cash is needed in two or three years, an exit or surrender fee of about 5-8% would be charged. I expect knowing the salesperson received a commission higher than this for selling it to me would really aggravate me, especially because I need the money. Unforeseen medical expenses or family issues can never be forecasted. Also, one might die too soon and not receive the proper allocation, as most annuities end at death and our heirs would receive nothing.

A well-balanced growth account, built with the intent of minimizing risk, should return over 10 percent on average. This should be the net after all trading cost and management fees have been taken out, and all yields have been factored in. Yes, we will have periods when it will go up and other times down in value, but over a ten-year period we should see the account value more than double in size, and all the money always belongs to you with no strings attached.

If you had the unforeseen issues I referenced above, and invested through Pearson Capital, it's one phone call to us, five business days, and the funds are transferred into your personal account. With inflation demanding we grow our principle over 6% annually or allow our quality of life to suffer in the years ahead, the choice to me becomes very simple. Invest for growth carefully. This has been our mission and it will continue to be so. Become internationally diversified, look for companies with a history of continuous growth, and invest a minimal amount. The many US companies within the S&P, along with the global ETFs, should generate the growth needed to provide us a wonderful retirement and allow us to pass to our love ones whatever amount we so decide.



Walter D. Pearson
Chairman



Donald E. Pearson
President



Sandra Alberti
Publishing President

Investment Letters are complimentary to our clients with managed accounts!

KEEP AN OPEN MIND

It is important in the investment field to keep an open mind. As time goes on we find that, like it or not, things have changed and we have gone along with the tide. No longer do we go out to the barn and saddle up the horse; someone invented the automobile. No longer do we get out the shaving bowl and brush each morning as someone devised preparing the froth in advance in a little can. Somebody else invented a little electric "lawnmower" which does away with the necessity of both the lather and razor – just run it over your face and presto! The job is done.

Imagine that you had bought a small piece of the action when Mr. Gillette first came out with the safety razor. Or perhaps you might have realized that horses were doomed when Henry Ford started up and put a few dollars to work with him. Depending upon how early you became a participant is the percentage profit that accrued. The really big profits to the investor come from companies that are growing and that continue to grow over time. Most investors must pay taxes on profits but there are no taxes to pay on paper profits. The tax bill is due only when

the profit is realized in the selling of the company.

There are day traders in the stock market and they are constantly buying and selling stock, creating artificial ups and downs in stock prices. This is legal but does create interesting situations. When a piece of news comes out on a company, many of these traders will jump on the stock either as a buyer or a short seller trying to make a quick profit. We suggest an altogether different approach. Unless your money is invested in IRA's where the tax man does not profit, our suggestion is to invest in long term growth. Actually, the effect of compounding can get to be mind boggling. There are stories of people who invested only a few dollars in Henry Ford's new enterprise and came out multimillionaires. More recently we might look at Cisco Systems: \$1200 invested 16 years ago is now worth just short of \$100,000.00.

What it all comes down to is that your idle capital should be invested for growth. If you have done a good job on your selecting, it then becomes a matter of time and patience. It is not overly important how the stock price reacts in the market

place; it is simply a matter of whether or not your company is able to increase its sales and earnings each year. Then too, it is not necessary to get in on the ground floor. There are numerous companies that have been able to increase both sales and earnings year after year. Most of these companies are more mature and pay dividends, which usually increase each year as well. If you can own companies like these, it is no longer necessary to sell and nail down the profits inasmuch as they continue to grow in value each year.

Going back to Cisco's performance and the power of compounding, supposing you had bought the stock at that time and Cisco showed 11 percent growth over the next 20 years. This would mean that your \$1200 of 1991 would have grown to \$100,000 by 2007 and by 2027 it would be worth just about \$1,000,000.00. And it would also mean that you had cleared all of this profit without paying ten cents to the IRS. That alone should be worth the effort. At any rate, if we are doing the job for you, we are committed to make you as much as we can and to have you pay little or no taxes.

By Walter Pearson

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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.

"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

July 2007

CATEPILLAR, INC (CAT) NYSE PRICE: \$78.30

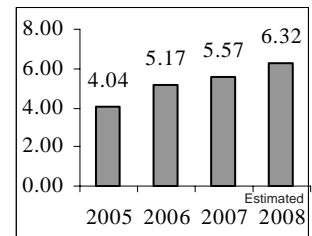
CAT manufactures construction and mining equipment, diesel and natural gas engines, and industrial gas turbines. The company operates in three business lines: Machinery, Engines, and Financial Products. The Machinery business designs, manufactures, markets, and sells construction, mining, and forestry machinery. It also engages in the design, manufacture, remanufacture, and maintenance of rail-related products, as well as offers logistics services for other companies. The Engines business line designs, manufactures, markets, and sells engines. The Financial Products business includes provision of various financing alternatives to customers and dealers for the company's machinery and engines., solar gas turbines, and other equipment and marine vessels. The company was founded in 1925 under the name Caterpillar Tractor Co.

Type: Growth
Sector: Industrial Goods

Institutional Holdings: 500
Industry: Farm & Construct.

Ratings & Recommendations Earnings per share

Current P/E Ratio: **15.6**
Annual Yield: **1.82%**
Annual Dividend: **\$0.36**
Investor's Business Daily: **A+**
Pearson Growth & Value: **B+**
Morningstar Rating: **C**
Standard&Poor Rating: **C**
Value Line Rating: **C**



THE MIDDLEBY CORPORATION (MIDD) NASDAQ PRICE: \$59.82

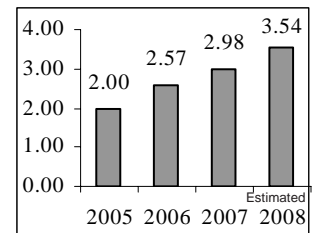
MIDD through its subsidiaries, engages in the design, manufacture, marketing, distribution, and service of a line of cooking equipment and related products primarily in the U.S. The company operates in three segments: Commercial Foodservice Equipment, Industrial Foodservice Equipment, and International Distribution. This segment sells and supports commercial foodservice equipment products in Asia, Europe, Latin America, China, India, Lebanon, Mexico, the Philippines, Russia, Spain, S. Korea, Sweden, Taiwan, and the UK. Middleby markets its products and services through sales personnel, international marketing divisions, and subsidiaries, as well as a network of independent dealers. The company was founded as Middleby Marshall Oven Company in 1888 and changed its name to The Middleby Corporation in 1985. Middleby is based in Elgin, Illinois.

Type: Growth
Sector: Industrial Goods

Institutional Holdings: 134
Industry: Machinery

Ratings & Recommendations Earnings per share

Current P/E Ratio: **20.1**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Business Daily: **C**
Pearson Growth & Value: **A-**
Morningstar Rating: **N/R**
Standard&Poor Rating: **N/R**
Value Line Rating: **A**



MORNINGSTAR, INC (MORN) NASDAQ PRICE: \$47.03

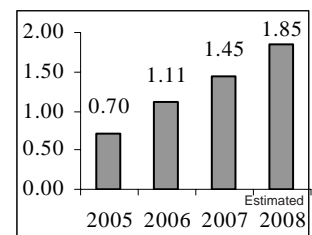
MORN provides independent investment research to investors worldwide. It offers Internet, software, and print-based products for individuals, financial advisors, and institutional clients, as well as asset management services for advisors, institutions, and retirement plan participants. The company operates in three segments: Individual, Advisor, and Institutional. The Individual segment's products include Morningstar.com, which offers membership service and Internet advertising space for individual investors. The Advisor segment's products include Morningstar Advisor Workstation, a Web-based investment planning system; and Principia, a CD-ROM-based investment research and planning software. The Institutional segment offers Investment Consulting that focuses on investment monitoring and asset allocation for funds of funds.

Type: Emerging Growth
Sector: Financial

Institutional Holdings: 88
Industry: Asset Management

Ratings & Recommendations Earnings per share

Current P/E Ratio: **36.5**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Business Daily: **C**
Pearson Growth & Value: **A-**
Morningstar Rating: **N/R**
Standard&Poor Rating: **N/R**
Value Line Rating: **B**



NORHSTROM, INC (JWN) NASDAQ PRICE: \$51.12

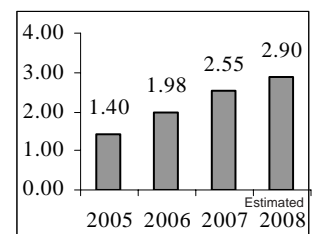
JWN operates as a fashion specialty retailer in the U.S. It sells apparel, shoes, cosmetics, and accessories through Nordstrom, Nordstrom Rack, and Last Chance retail stores, as well as through its Web site at www.nordstrom.com and catalogs. The company, through its federal savings bank, Nordstrom fsb, offers a private label card, two co-branded Nordstrom VISA credit cards, and a debit card for Nordstrom purchases. Nordstrom also operates Fashionable boutiques, which serves as a wholesaler and retailer of men's, women's, and boys' apparel and accessories with distribution to approximately 45 countries. As of 02/03/07, it operated 98 Nordstrom stores, 50 discount Nordstrom Rack stores, 2 clearance stores, and 1 free-standing shoe store, as well as 4 Fashionable boutiques in the U.S., and 36 Fashionable boutiques located in France, Portugal, and Belgium.

Type: Growth
Sector: Services

Institutional Holdings: 541
Industry: Apparel Stores

Ratings & Recommendations Earnings per share

Current P/E Ratio: **18.8**
Annual Yield: **1.07%**
Annual Dividend: **\$0.56**
Investor's Business Daily: **C+**
Pearson Growth & Value: **A-**
Morningstar Rating: **D**
Standard&Poor Rating: **B**
Value Line Rating: **B**



PEARSON CAPITAL'S RECOMMENDED STOCKS FOR

July 2007

NOVARTIS AG (NVS) NASDAQ PRICE: \$56.07

NVS engages in the research, development, manufacture, and sale of health care products. The company's Pharmaceuticals division offers pharmaceuticals in various therapeutic areas. Its Vaccines and Diagnostics division develops influenza vaccines. Novartis' Sandoz division develops and produces generic pharmaceuticals along with pharmaceutical and biotechnological active substances. CIBA Vision unit offers contact lenses. Novartis has collaborations with Schering-Plough Corporation to develop and commercialize once-daily inhaled therapies that treat asthma and chronic obstructive pulmonary disease. The company offers its products to physicians, pharmacists, hospitals, insurance groups, and managed care organizations primarily in the U.S. and Europe. Novartis was founded in 1895 and is headquartered in Basel, Switzerland.

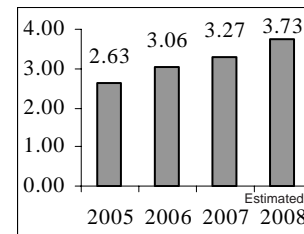
Type: Growth
Sector: Healthcare

Institutional Holdings: 305
Industry: Drug Manufacturers

Ratings & Recommendations

Current P/E Ratio: **25.6**
Annual Yield: **1.67%**
Annual Dividend: **\$0.93**
Investor's Business Daily: **C**
Pearson Growth & Value: **A**
Morningstar Rating: **A**
Standard&Poor Rating: **A**
Value Line Rating: **C**

Earnings per share



ORACLE CORPORATION (ORCL) NASDAQ PRICE: \$19.71

ORCL, together with its subsidiaries, engages in the development, manufacture, distribution, servicing, and marketing of database, middleware, and application software. The company operates in five segments: New Software Licenses, Software License Updates and Products Support, Consulting, On Demand, and Education. The New Software Licenses segment provides licenses for database and middleware software. The Software License Updates and Products Support segment provides customers with rights to unspecified software product upgrades and maintenance releases, and Internet access to technical content. The On Demand segment provides multifunctioned software and hardware management. The Education segment offers Internet-based training for use of its database, middleware, and applications software.

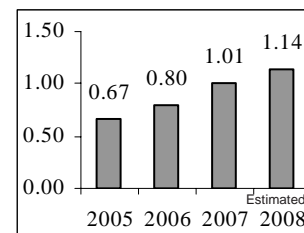
Type: Growth
Sector: Technology

Institutional Holdings: 769
Industry: Applic. Software

Ratings & Recommendations

Current P/E Ratio: **23.8**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Business Daily: **A**
Pearson Growth & Value: **A**
Morningstar Rating: **B**
Standard&Poor Rating: **A**
Value Line Rating: **A**

Earnings per share



STRAYER EDUCATION, INC (STRA) NASDAQ PRICE: \$131.71

Strayer Education, Inc., through its subsidiary, Strayer University, Inc., offers various academic programs in traditional classroom courses, as well as through Internet. It provides undergraduate and graduate degree programs in business administration, accounting, information technology, education, and public administration through 47 campuses in Pennsylvania, Delaware, Maryland, Washington, D.C., Virginia, North Carolina, South Carolina, Georgia, Tennessee, Florida, Alabama, and Kentucky. As of February 15, 2007, Strayer Education had approximately 32,500 students enrolled in its various programs. The company was founded in 1892 and is based in Arlington, Virginia.

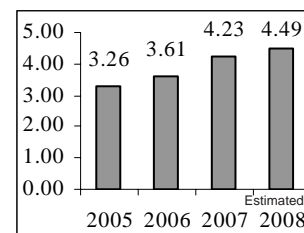
Type: Growth
Sector: Services

Institutional Holdings: 203
Industry: Education/Training

Ratings & Recommendations

Current P/E Ratio: **33.8**
Annual Yield: **0.96%**
Annual Dividend: **\$1.24**
Investor's Business Daily: **A**
Pearson Growth & Value: **B+**
Morningstar Rating: **C**
Standard&Poor Rating: **N/R**
Value Line Rating: **A**

Earnings per share



THERMO FISHER SCIENTIFIC, INC (TMO) NYSE PRICE: \$51.72

TMO provides analytical instruments, equipment, reagents and consumables, software, and services for research, manufacture, analysis, discovery, and diagnostics. It operates through two segments, Analytical Technologies, and Laboratory Products and Services. The Analytical Technologies segment offers scientific instruments. The Laboratory Products and Services segment offers laboratory equipment, including sample preparation, environment storage and handling equipment, and laboratory workstations. TMO serves pharmaceutical and biotechnology companies, hospitals and clinical diagnostic labs, universities, research institutions, government agencies, and environmental and industrial process control settings in the U.S. and internationally. The company, formerly known as Thermo Electron Corp., was founded in 1956 and is based in Waltham, MA.

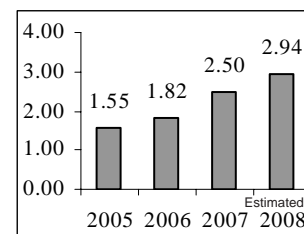
Type: Growth
Sector: Conglomerates

Institutional Holdings: 608
Industry: Conglomerates

Ratings & Recommendations

Current P/E Ratio: **56.8**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Business Daily: **A-**
Pearson Growth & Value: **A-**
Morningstar Rating: **C**
Standard&Poor Rating: **A**
Value Line Rating: **N/R**

Earnings per share



PEARSON CAPITAL'S RECOMMENDED STOCKS FOR

July 2007 - ETFs

iSHARES MSCI CANADA INDEX FUND (EWC) AMEX PRICE: \$29.86

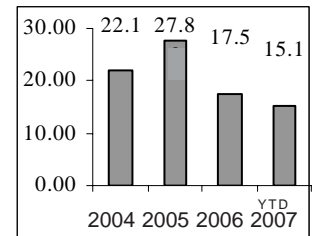
Fund Profile

iShares MSCI Canada Index Fund is an exchange-traded fund incorporated in the USA. The Fund's objective is to provide investment results that correspond to the performance of publicly traded securities in the Canadian market, as measured by the MSCI Canada Index. The investment seeks to provide investment results that correspond generally to the price and yield performance of publicly traded securities in the Canadian market, as measured by the MSCI Canada index. The fund normally invests at least 95% of assets in the securities of its underlying index and in ADRs based on the securities in its underlying index. It uses a representative sampling strategy to try to track the index. The index consists of stocks traded primarily on the Toronto Stock Exchange. It is nondiversified.

Fund Family: iShare, Inc Type: ETF
Category: Foreign Large Value Industry: Diversified

Ratings & Recommendations Performance by %

Current P/E Ratio: **N/R**
Annual Yield: **0.96%**
Annual Dividend: **\$0.28**
Investor's Business Daily: **N/R**
Pearson Growth & Value: **A+**
Morningstar Rating: **B**
Standard&Poor Rating: **N/R**
Value Line Rating: **N/R**



iSHARES MSCI EAFE INDEX-EUROPE (EFA) NYSE PRICE: \$80.77

Fund Profile

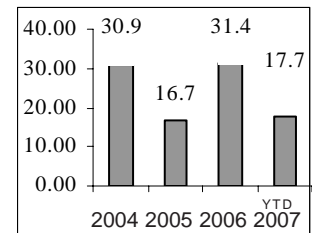
This exchange-traded fund tracks the most well-known international benchmark: the MSCI Europe, Australasia, and Far East (EAFE) Index. This ETF is designed to track the developed world's stock markets outside Canada and the U.S. The index includes equities from Australia, Western Europe, Hong Kong, Japan, New Zealand, and Singapore. It uses a representative sampling method of tracking the index, so it doesn't own the thousands of securities in the benchmark. Rather it invests in a portion of the bogy that is quantitatively constructed to match the index.

The fund invests at least 90% of assets in the securities of its underlying index or in ADRs, GDRs or EDRs representing securities in the underlying index.

Fund Family: iShare Trust Type: ETF
Category: Foreign Large Blend Industry: Diversified

Ratings & Recommendations Performance by %

Current P/E Ratio: **N/R**
Annual Yield: **1.91%**
Annual Dividend: **\$1.53**
Investor's Business Daily: **N/R**
Pearson Growth & Value: **A+**
Morningstar Rating: **B**
Standard&Poor Rating: **N/R**
Value Line Rating: **N/R**



CLASS ACTION LAW SUITS

In a perfect world we would never have to deal with class action lawsuits, but unfortunately it is an ongoing part of investing. When a company is thought to commit some type of wrongdoing, this process begins. Stockholders who purchased within the time outlined are given the opportunity to join the class action, bring a complaint against the company themselves, or do nothing at all.



If you read the class action complaint that you receive in the mail, it will detail what the lawyers representing the group believe the infraction is and how they plan to pursue the litigation. Most of these cases take a long time, years, rather than weeks or months, to settle. When people ask me what to do, my reply is always the same. It doesn't cost you anything to fill out the paperwork and join the group as a plaintiff, but I do not know anyone personally who has ever received anything back from one of these suits. In the few class actions that I know of, the company usually agreed to the necessary changes needed to fix the infraction in question. Whatever the monetary settlement, if there is one, it first pays the expenses accrued and then the lawyers.

If you have a large stake in a company and believe you were misrepresented, you might consider doing something on your own, rather than joining the class action. If you continue to own the stock, believing this is a sound investment and a good company, you might consider doing nothing, because any litigation that is dragged out may negatively affect the price of the stock.

If you received one for Doral Financial recently, would like to participate, and cannot find the information requested, we will send to you the information necessary to complete the paperwork if you call us with this request. If at any time in the future you receive another, you can call us and we'll do it for you again. We are always here to help and assist our clients.

WALL STREET INDEXES

Indexes	2001	2002	2003	2004	2005	2006	2007/YTD
S&P 500	(13.3%)	(23.4%)	26.4%	9.0%	3.0%	13.6%	+6.1%
Dow Jones	(7.1%)	(16.8%)	25.3%	3.2%	(0.61%)	16.3%	+7.6%
Nasdaq	(21.1%)	(31.5%)	50.0%	8.6%	1.37%	9.5%	+7.8%
Russell 2000	1.0%	(21.6%)	45.4%	17.0%	3.32%	17.0%	+5.9%
Our CD Buster		8.1%	56.7%	22.8%	(Disputed)	1.8%	+6.8%
CD Annual Average	3.0%	2.3%	1.5%	1.5%	3.5%	5.0%	+2.5%

MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:

After the Fed postponed rate changes in previous sessions, they hinted that inflation is on the rise. The expectations of a rate reduction have been pushed off 'til the middle of next year. Increases in the cost of food, oil, and medical care are keeping the Fed locked in a tightening mode, while banks overseas are increasing interest rates. Bill Gross, head of PIMCO bond funds, recently stated that the sub-prime loan problems will spill over to the rest of the economy and cause problems. Demand for corn is also causing additional inflation issues.



Key Point: Economic problems are forcing the Fed to take action.

Earnings Flows:

We are now at the end of the beginning of third quarter earnings season. Most companies will start reporting in the middle of July, so there is a period of time where some companies will pre-warn before reporting starts. The market may move sideways during the first few weeks. Once that is over, the market usually rallies during the middle of July into August. According to Standard and Poor's, the S&P 500 is at a 12 percent discount to the average market; the P/E ratio for the S&P 500 has contracted from a high of 28 in 2000 to a low of 17 today.

Key Point: July starts a mid-year market rally.

Cash Flows:

Private equity firms are now taking themselves public so investors can buy into their companies. Some critics believe that this may be a top of the recent private equity bubble. In order to entice investors, companies are recapitalizing themselves and buying back their own stock. Home Depot (HD) and Best Buy (BBY) are buying back over 25 percent of their own stock and raising their dividend.

Key Point: Private equity companies are going public.

Additional Note:

The United States and Israel are still debating on whether to attack Iran. Some people in the White House want to continue with stronger sanctions instead of direct confrontations.

Management Fee:

Our fee is extracted quarterly from the account at 25% of one percent 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.

Third Quarter July-August-September-see your July statement.

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