Your Personal Money Manager
Pearson Capital, Inc.

INVESTMENT LETTER

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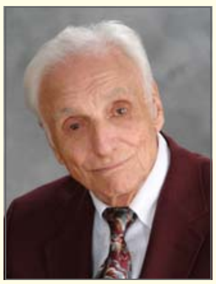
September 2007

FEATURED STOCKS

Ametek, Inc	Cognizant Tech
Bucyrus Intl	First Cash
China Med	Infosys Tech
China Petrol	Lab Corp

GROWTH & INCOME

Singapore (ETF)	China (ETF)



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Donald E. Pearson
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Investment Letters are complimentary to our clients with managed accounts!

EXPERIENCED SHOPPER

By Donald Pearson

Today is not the day to be fresh out of college, or on the job for a year or so and making monumental decisions managing a large stock account or mutual fund. Our team sifts through the vast amount of data available to us, and decisions are made using this information combined with our many years of experience. As market conditions continue to change, utilizing every resource helps with the ultimate decisions. Every crisis or stock market problem usually faces assorted challenges, but with this comes opportunity, too. One must have the wisdom and discipline to wait for it, as well as identify it when it presents itself. One day the issue at hand is a problem to be dealt with, and the next day it's created a sale. The reality of it is the target or company we're pursuing hasn't changed, only the perception of the investors.

I guess the good news here is once we've correctly identified the situation we can begin to manage it. It's not relevant that we get our stock selected at the bottom of its pullback, we've only got to purchase within a reasonable amount of time before the price rises too much. Many great companies have occasional pullbacks because of market perception or correction, based upon humans reacting to feelings or facts. Either way, the opportunity many times knocks at our doorstep.

Is opportunity knocking today? I think it is. Although the indexes hit new highs earlier this year, this month the market has had significant pullback accompanied with volatility. Issues and problems are written about by many analysts, while others continue to acknowledge opportunity. If I were quizzed as to my opinion, this would be my response: I believe that company earnings are the most important single component to access where we are in today's market. Although many were talking last month of the Dow hitting 15,000 this year, they have since silenced; but with a little good news, the market will take off again, and they'll be heard from once more. The fact is we are really in great shape based on past history if we focus on companies and not the overall market.

This doesn't mean we don't have housing problems or mortgage issues. In many cases these sectors have dragged down many banks and financials. Today is not the day, but at some point in the future these sectors will become the opportunity. People like our research group will stay focused. They must make that decision for us, because it'll be a great sale when it occurs. I'm always asking for the opinion of my realtor friends and associates who monitor this sector closely, because we'll all prosper if and when we select correctly. Perhaps the right way to analyze the market is the same way one does grocery shopping. When I know the aisle I am in has no sales, I begin to look through the rest of the store.

One only need comb the overall market for many current sales. Today the P/E for S&P stocks average around 17 based upon the past 12 months of reporting. Back in 2000 P/Es were around 30 and they've continued to come down as actual earnings have continued to climb. Knowing that earnings are growing faster than actual stock prices, great values are available for one who knows how to select the fruit. To be successful one must simply fill the shopping cart with quality companies from both here and abroad. Along with this and identifying specific sectors and countries, one can maintain a quality portfolio and minimize volatility. This doesn't mean we won't have pullbacks with day-to-day volatility, this simply says selecting individual companies or ETFs displaying value and growth should

Continued on Page 5

P A T I E N C E

It is important when investing in any particular stock to check it out thoroughly. One should check the type of business, the earnings, the prospective earnings, the growth rate, and the price in relation to all of these factors. After getting all this done and the purchase has been made, a new factor steps into the picture: PATIENCE. Patience is a virtue, and, to be successful, an investor must become virtuous. Some years ago when my sister was working in our office, she started investing as she was privy to all of the information we were using. I suggested that she buy a certain stock which she did. Six months later the stock was selling at the same price, and we had found another that looked very good. She wanted to trade but I argued against it. She insisted, and she prevailed. Two months later her original stock was up 20 percent in price, but her new one was still at the price she bought it. I never could get her to have patience.

My sister is now deceased and these things happened in the long time past, but I think there is a lesson to be learned here for all investors. At another time I had found a bank called State Street Bank, and I convinced her to make an investment. This one went down in price and she wanted to sell. I explained to her that the company looked great and was now even cheaper. I pushed her to buy more and won that argument. I believe that all told her investment totaled about $2000. That was about 50 years ago and when my sister passed away I inherited State Street. The value of that investment today is $782,000. A company that is growing in size does not mature overnight; it takes time. The value of your stock is one thing, but the price may be altogether different. Sometimes a stock will sell for more than it is worth and sometimes it will sell for less.

When you find a stock that you feel is worth more than it is selling for, and you step forth and purchase, presuming you have done the right thing, it is necessary to bring in your number one asset, patience. Just because you have bought the stock doesn't mean that it is going to move up in price right away. It doesn't mean that it will move up shortly. What you should be concerned about is how your company is doing. If this company is growing and increasing sales and earnings you will find that after some period of time your investment will appreciate in price as the actual value has been increasing.

Each investor should be on the lookout for special situations. A special situation is something that has occurred, that gives you an opportunity to make an investment from a piece of information you have received, that you realize is going to make a tremendous difference to some company. One example might be Mattel some years ago. The stock sold in the 30's but then they decided to go into another line of toys. It didn't work out and the stock went down to $6. After a couple of years they made an announcement that they were going back to the old way. In a year or two the stock was back into the 30's. Another example: Crowell Collier was selling books and earning about $2 million each year. They were selling magazines and losing about $5 million each year. The stock was selling in the 30's but as the losses mounted it got down to $5. Then they made the announcement that they were discontinuing the magazines. This meant that the losses would be a thing of the past and there would be nothing but profits after the magazines were gone. In less than two years the stock was back into the 30's.

As you read your newspaper, watch TV, or delve into magazines, you will come across information from time to time which can be positive in the profits department if you can catch it. The problem that we all have is that sometimes we catch the information but do not make the connection, and it all goes by the board. It is important to recognize that the information which you garner could lead to bigger profits for some company. That is a special situation and you usually cannot miss.

Another thing to bear in mind is that inflation is here to stay and just like a new born baby it gets bigger each year. One of the digests that we receive gave us this information: The cost of food and energy is rising much faster than core inflation. While annual core inflation eased to 2.3% in April of 07, food costs have gone up 4.7% in the last 6 months and 6.4% in the last 3 months. Gasoline prices have rocketed by 70.1% in just the last 120 days. What this all means to you is that any money you don't need must be invested in growing companies. Investing in property can also do the job; it just means more work.

Remember – as an investor—after everything else has been done—supply patience.

By Walter Pearson

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.

"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
September 2007

AMETEK, INC (AME) NYSE PRICE: $39.99

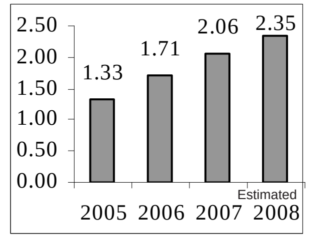
AME manufactures and markets electronic instruments and electromechanical devices in North America, Europe, Asia, and South America. It operates in two segments, Electronic Instruments Group (EIG) and Electromechanical Group (EMG). EIG manufactures various instruments for testing, monitoring, and calibration, which include aerospace engine sensors, heavy-vehicle instrument panels, analytical instrumentation, level measurement products, power instruments, and pressure gauges for the process, aerospace, industrial, and power markets. EMG produces motors, blowers, fans, connectors, and other electromechanical products or systems for commercial and military aerospace applications, as well as for defense, medical equipment, business machines and computers. AME was founded in 1930 and is based in Paoli, Pennsylvania.

Type: Growth
Sector: Industrial Goods
Institutional Holdings: 246
Industry: Ind. Electr. Equip.

Ratings & Recommendations

Current P/E Ratio: **20.8**
Annual Yield: **0.60%**
Annual Dividend: **$0.24**
Investor's Business Daily: **A+**
Pearson Growth & Value: **B+**
Morningstar Rating: **B**
Standard&Poor Rating: **N/R**
Value Line Rating: **B**

Earnings per share



BUCYRUS INTERNATIONAL, INC. (BUCY) NASDAQ PRICE: $62.49

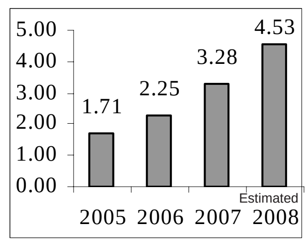
BUCY engages in designing, manufacturing, and marketing draglines, electric mining shovels, and rotary blast-hole drills used for surface mining. BUCY's equipments are used for mining copper, thermal coal, metallurgical coal, oil sands, iron ore, molybdenum, phosphate, bauxite, gold, diamonds, and uranium.The company sells machines and aftermarket parts and services directly through company personnel in the U.S. and in international markets. It also sells its products in Australia, Brazil, Canada, Chile, China, England, India, Peru, and SA through its offices and independent sales representatives. BUCY was founded as the Bucyrus Foundry and Manufacturing Company in 1880. The company changed its name to Bucyrus International, Inc. in 1996. Bucyrus International is headquartered in South Milwaukee, Wisconsin.

Type: Growth
Sector: Industrial Goods
Institutional Holdings: 175
Industry: Machinery

Ratings & Recommendations

Current P/E Ratio: **25.1**
Annual Yield: **0.32%**
Annual Dividend: **$0.20**
Investor's Business Daily: **A**
Pearson Growth & Value: **A-**
Morningstar Rating: **D**
Standard&Poor Rating: **A**
Value Line Rating: **A**

Earnings per share



CHINA MEDICAL TECHNOLOGIES, INC (CMED) NASDAQ PRICE: $34.29

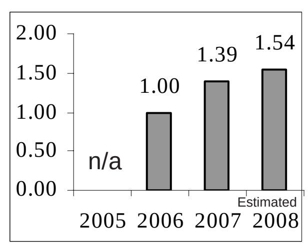
CMED, through its subsidiaries, develops, manufactures, and markets medical devices for the treatment of cancers and benign tumors in the People's Republic of China. It offers the HIFU therapy system, an ultrasound-guided ablation system that is used for the non-invasive treatment of liver, breast, and kidney tumors; solid tumors in the pelvic cavity or on bone; and tumors in the four limbs or superficial tissues. China Medical Technologies offers approximately 56 types of reagent kits for use with its ECLIA analyzer to detect various thyroid disorders, diabetes, hepatitis, disorders related to reproduction and growth, and various types of tumors, as well as to assess the effect of digoxin, a drug used for the treatment of heart failure. It sells its products through distributors. CMED was founded in 1999 and is based in Beijing, the People's Republic of China.

Type: Growth
Sector: Healthcare
Institutional Holdings: 19
Industry: Med. Instruments

Ratings & Recommendations

Current P/E Ratio: **23.1**
Annual Yield: **1.11%**
Annual Dividend: **$0.38**
Investor's Business Daily: **A+**
Pearson Growth & Value: **A-**
Morningstar Rating: **B**
Standard&Poor Rating: **N/R**
Value Line Rating: **N/R**

Earnings per share



CHINA PETROLEUM & CHEMICAL CORPORATION / SINOPEC CORP. (SNP) NYSE PRICE: $110.15

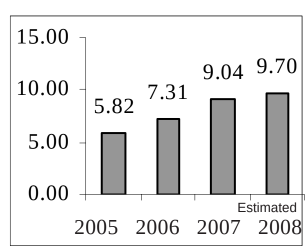
SNP (Sinopec Corp.) is an energy and chemical company, which through its subsidiaries, engages in integrated oil and gas, and chemical operations in the People's Republic of China. Oil and gas operations consist of exploring for, developing and producing crude oil and natural gas; transporting crude oil, natural gas and products by pipelines; refining crude oil into finished petroleum products.Chem. operations include the manufacture and marketing of a range of chemicals for industrial uses. Sinopec Corp.'s operating segments are exploration and production, refining, marketing and distribution, chemicals, and corporate and others. During the year ended 12/ 31/ / 06, it produced and processed approximately 40 and 146.3 mil. tons, respectively, of crude oil, distributed 112 mil. tons of refined oil products and sold approximately 29.56 million tons of chemical products.

Type: Growth
Sector: Basic Materials
Institutional Holdings: 17
Industry: Idependent Oil/Gas

Ratings & Recommendations

Current P/E Ratio: **17.3**
Annual Yield: **1.87%**
Annual Dividend: **$1.42**
Investor's Business Daily: **B+**
Pearson Growth & Value: **A**
Morningstar Rating: **C**
Standard&Poor Rating: **B**
Value Line Rating: **N/R**

Earnings per share



PEARSON CAPITAL'S RECOMMENDED STOCKS FOR
September 2007

COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION (CTSH) NASDAQ PRICE: $73.51

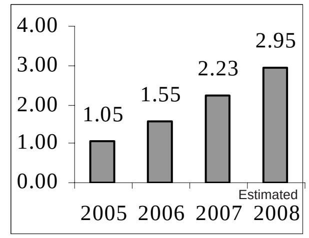
CTSH (Cognizant) is a provider of custom information technology (IT) consulting and technology services, as well as outsourcing services for Global 2000 companies located in North America, Europe and Asia. The Company's core services include technology strategy consulting, complex systems development, enterprise software package implementation and maintenance, data warehousing and business intelligence, application testing, application maintenance, infrastructure management and vertically oriented business process outsourcing (V-BPO). Cognizant's business is organized and managed primarily around four vertically oriented business segments: Financial Services; Healthcare; Manufacturing, Retail & Logistics, and Other. The Company's key service areas are IT consulting, and technology services and outsourcing services.

Type: Growth
Sector: Technology
Institutional Holdings: 528
Industry: Software/Services

Ratings & Recommendations

Current P/E Ratio: **36.4**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Business Daily: **C+**
Pearson Growth & Value: **A**
Morningstar Rating: **B**
Standard&Poor Rating: **A**
Value Line Rating: **B**

Earnings per share



FIRST CASH FINANCIAL SERVICES, INC (FCFS) NASDAQ PRICE: $21.42

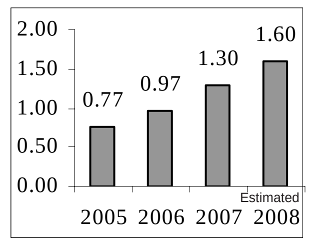
FCFS is engaged in the operation of pawn stores that lend money on the collateral of pledged personal property and retail previously owned merchandise acquired through pawn forfeitures and purchases directly from the general public. In addition to making short-term secured pawns, many of the Company's pawn stores offer cash advances and credit services. FCFS also operates cash advance stores that provide cash advances, credit services, check cashing, and other related financial services. As of 12/31/06, the Company owned and operated 252 pawn stores, 145 cash advance stores and 10 buy-here/pay-here automotive dealerships. FCFS is also a 50% owner of Cash & Go, Ltd., a TX limited partnership that owns and operates 40 financial services kiosks inside convenience stores. On August 25, 2006, the Company acquired Guaranteed Auto Finance, Inc. and SHAC, Inc.

Type: Growth
Sector: Financial
Institutional Holdings: 154
Industry: Credit Services

Ratings & Recommendations

Current P/E Ratio: **18.3**
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: **B**

Earnings per share



INFOSYS TECHNOLOGIES LIMITED (INFY) NASDAQ PRICE: $47.71

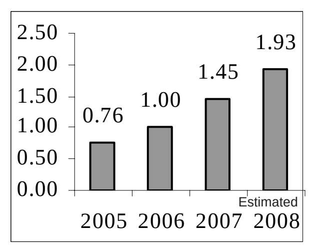
INFY is a global tech. services firm that defines, designs and delivers information technology (IT)-enabled business solutions to its clients. The Company provides end-to-end business solutions that leverage technology for its clients, including consulting, design, development, software re-engineering, maintenance, systems integration, package evaluation, and implementation and infrastructure management services. Infosys also provides software products to the banking industry. Infosys BPO (formerly Progeon Limited) is a majority owned subsidiary. Infosys Australia, Infosys China and Infosys Consulting are the Company's wholly owned subsidiaries. In June 2006, Infosys acquired the shares in Infosys BPO held by Citicorp International Finance Corporation (CIFC). As a result, Infosys effectively holds 99.98% of the equity share capital of Infosys BPO as of 03/31/07.

Type: Growth
Sector: Technology
Institutional Holdings: 142
Industry: Tech & Syst. Softw.

Ratings & Recommendations

Current P/E Ratio: **28.6**
Annual Yield: **0.51%**
Annual Dividend: **$0.14**
Investor's Business Daily: **B-**
Pearson Growth & Value: **B+**
Morningstar Rating: **B**
Standard&Poor Rating: **B**
Value Line Rating: **B**

Earnings per share



LABORATORY CORPORATION OF AMERICA HOLDINGS (LH) NYSE PRICE: $77.66

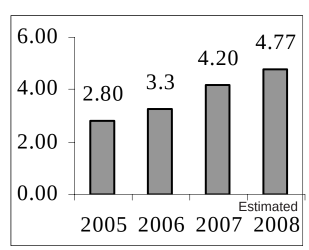
LH is an independent clinical laboratory company in the United States. The Company has a national network of 36 primary laboratories and over 1,700 service sites, consisting of branches, patient service centers and STAT laboratories, which are laboratories that have the ability to perform certain routine tests and report the results to the physician immediately. Through its national network of laboratories, the Company offers a range of clinical laboratory tests, which are used by the medical profession in routine testing, patient diagnosis, and in the monitoring and treatment of disease. In addition, the Company has developed specialty testing businesses based on certain types of specialized testing capabilities and client requirements, such as oncology testing, human immunodeficiency virus (HIV) genotyping and phenotyping, diagnostic genetics and clinical research trials.

Type: Growth
Sector: Healthcare
Institutional Holdings: 412
Industry: Med. Lab/Research

Ratings & Recommendations

Current P/E Ratio: **20.2**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Business Daily: **B**
Pearson Growth & Value: **A-**
Morningstar Rating: **C**
Standard&Poor Rating: **A**
Value Line Rating: **B**

Earnings per share



iSHARES MSCI SINGAPORE INDEX FUND (EWS) AMEX PRICE: $13.30

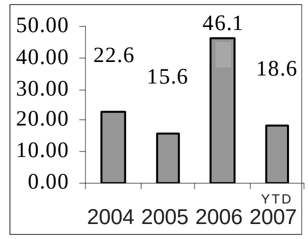
iShares MSCI Singapore Index Fund is an exchange-traded fund incorporated in the USA. The investment seeks to provide investment results that correspond generally to the price and yield performance of publicly traded securities in the Singaporean markets, as measured by the MSCI Singapore index. The 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 Singapore Stock Exchange. It is non-diversified.

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

Ratings & Recommendations

Current P/E Ratio: **N/R**
Annual Yield: **2.32%**
Annual Dividend: **$0.31**
Investor's Business Daily: **N/R**
Pearson Growth & Value: **A**
Morningstar Rating: **B**
Standard&Poor Rating: **N/R**
Value Line Rating: **N/R**

Performance by %



iSHARES FTSE/XINHUA CHINA 25 INDEX FUND (FXI) NYSE PRICE: $150.31

iShares FTSE/Xinhua China 25 Index Fund is an exchange traded fund incorporated in the USA.

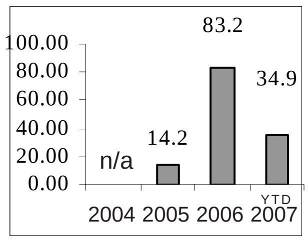
The investment seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the FTSE/Xinhua China 25 index. The fund generally invests at least 90% of assets in the securities of the index or in ADRs, GDRs or EDRs representing securities in the index. It may invest the remainder of assets in securities not included in the index. The fund also may invest other assets in futures contracts, options on futures contracts, options, and swaps related to the index, as well as cash and cash equivalents. It is nondiversified.

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

Ratings & Recommendations

Current P/E Ratio: **N/R**
Annual Yield: **0.87%**
Annual Dividend: **$1.31**
Investor's Business Daily: **N/R**
Pearson Growth & Value: **A+**
Morningstar Rating: **N/R**
Standard&Poor Rating: **N/R**
Value Line Rating: **N/R**

Performance by %



Experienced Shopper

Continued from Page 1

minimize it.

An example of this is Wal-Mart. We recommended this last month with a P/E of 15 and a projected five year growth rate of 12%. We chose this because WMT will continue to expand overseas, while prioritizing investor returns, and this is a strategy projecting growth and value for years to come. Parker Haniffin (PH) was also recommended last month with a P/E of 16 and a five year projected growth rate of 12%. Both of these companies have yield at or above 1% and continue to increase their dividend. We've found many more of these and you'll see them added to portfolios as each opportunity presents itself. The objective is double digit growth, under-valued when purchased, and with us three years from now. It won't always work like this, but it's an outstanding goal which should prove to be a winning formula.

If quality companies can be built into a portfolio combined with ETFs that replicate our international markets and sectors, we should be poised for growth for years to come. It is a given by almost all investors that China is the country one must be invested in today for long and short range success. Many other countries are offering above-average growth possibilities, too. Today Singapore, India, Canada, Australia, Japan, Europe, and Asia are the countries we should own. This is the consensus of our entire research group. With the growing diversity of ETFs becoming available, one can select by sector, country, or a combination of both. Short term and intermediate growth will occur outside of this country faster than here at home for the foreseeable future. Our recommendation is a portfolio of about 30-60% outside of the US, and properly selected ETFs are a great way to do this. As we utilize our entire research group's expertise, we are building the growth/value portfolio that displays the appropriate mix based upon risk, reward, and safety.

DP

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%	+3.9%
Dow Jones	(7.1%)	(16.8%)	25.3%	3.2%	(0.61%)	16.3%	+7.2%
Nasdaq	(21.1%)	(31.5%)	50.0%	8.6%	1.37%	9.5%	+7.5%
Russell 2000	1.0%	(21.6%)	45.4%	17.0%	3.32%	17.0%	+ 0.7%
Our CD Buster		8.1%	56.7%	22.8%	(Disputed)	1.8%	+4.8%
CD Annual Average	3.0%	2.3%	1.5%	1.5%	3.5%	5.0%	+3.3%

MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:

The Federal Reserve has responded to the bank credit crunch and last Friday attempted to reliquefy the mortgage market by cutting the discount rate from 6.25% to 5.75%. Mortgages are being repriced as banks are realizing the true risks in their mortgage portfolios. On one hand, the Federal Reserve has lent a helping hand to the banks, but, on the other hand, they have not as of yet given any help to the consumer by lowering interest rates. By next year however, many more homeowners will have their adjustable mortgages change sharply upward to a higher payment causing more foreclosures. These same homeowners will not be able to refinance because of the tightening mortgage market. The Federal Reserve is waiting to see what impact this will have on the economy.

Key Point: *Once again, the Fed may be forced to lower interest rates.*

Earnings Flows:

Mortgage banks are warning that some of their assets are riskier than they thought they should be. This has not yet affected their earnings for next quarter; however, each financial firm has to assess its portfolio on a case by case basis. Besides the mortgage problems, many companies continue to meet or exceed estimates. A lot of positive earnings have come from overseas. Companies like China Life insurance have nearly doubled their earnings this year compared to last year. ETFs such as China (FXI) are reaching new highs.

Key Point: *In spite of the mortgage problem, earnings are continuing to grow.*

Cash Flows:

Private equity firms are having a hard time raising money to buy out public companies. This will slow down the buyout buzz. However, free cash flows are still strong, and companies like Microsoft (MSFT) are continuing their buyback plans without a problem. Many companies will slow down, and instead of expanding, will use their cash to buy back stock and raise dividends.

Key Point: *Companies are starting to slow down in making acquisitions.*

Additional Note:

Right now the current problems affecting the United States markets have not had a huge affect on the overseas markets. But over the long term, it may have a lagging effect.

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Table of Contents

Walter's Wisdom: 2
Featured Stocks: 3
Featured Stocks: 4
ETF's: 5
Market Outlook / Pub.Notes: 6