



Shamrock Equity Advisors, Inc.

WHAT WE BELIEVE MARCH 2010

With apologies to Charles Mackay, and sincere deference to Anacortes, we don't believe we're in the midst of madness or delusions, tulip or otherwise. What may be extraordinary to many, yet self evident to others, is the preponderance of "unexpected" results and unpredicted "surprises." After all, we're in a cyclical business, we are.

Recent economic weakness in the United States has come largely from home sales, goods orders and unemployment claims. Last week's sore spot was consumer confidence, which experienced a sharp drop, although we would point out that the data was not consistent with other consumer surveys, and we believe might be an aberration.

Business confidence levels have been trending upward, which suggests that the broader economy continues to improve. In the housing arena, prices have been slowly recovering, with the sharpest rebounds seen in California and the Southwest.

Of all the economic data, employment trends remain the most critical. The jobs picture will determine whether this recovery is sustainable.

We believe corporate earnings and balance sheets are supportive of companies increasing their payrolls. We have already seen improvements in productivity and business sales figures, and we think jobs growth should also resume in the months ahead.

Overall, we would paint the economic picture as one that includes strongly rebounding manufacturing activity; moderately improving consumer spending; a still-depressed housing market; ongoing declines in bank lending; slow progress on the employment front; and downward trending inflation.

We continue to believe the economic recovery remains intact, but will produce mixed data and ongoing uncertainty. From an interest rates perspective, we maintain our view that the Federal Reserve is likely to raise the Fed Funds target rate by year-end, but, at this point, is still awaiting meaningful improvements in the labor market.

At present, investors are caught between the crosscurrents of lingering debt and deflation concerns and fears over premature monetary policy tightening on one hand, and signs of improvements in economic growth and the corporate earnings landscape on the other. It comes as no surprise that we have been witnessing increased back and forth in stock prices over the past several weeks, as this bull market has matured since last year.

We believe we'll see continued uneven trading in the markets for the time being, but maintain our position that the positive factors are a sign that there is still long-term upside potential for higher-risk assets, tulips and South Seas notwithstanding.

Slainte me boyos!