

Heritage Capital, LLC

News Release

For Immediate Release

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Look For 25%+ In 2006 For The Market, Says Paul Schatz Of Heritage Capital

WOODBIDGE, CT – January 12, 2006 – In January of 2005, Paul Schatz cautioned investors not to expect much from the market in the year ahead forecasting a flat to slightly down year. For 2006, he sees a significantly different outlook. “From where I sit, it looks like a 25%+ year for the major indices,” says Schatz, founder and president of Heritage Capital, LLC, a registered investment advisory firm based in Woodbridge, CT.

“We’re going to see the market pull back into February and then really begin to run March through July. Altogether, the first eight months of the year, will give us some really wild gains,” said Schatz.

In many ways, Schatz sees similarities between 2006 and 1995, when the S&P 500 gained 37%. “The market never repeats, but it often rhymes,” he explained. “In 1994, the Federal Reserve aggressively raised rates and the market went nowhere. In 2005, the Fed aggressively raised rates and the market went nowhere. While 2006 isn’t as rosy of a scenario as 1995, it’s going to be a whole lot stronger than most people think.”

Among Schatz’s top sector picks for 2006 are biotech, energy and small caps. He recommends that investors avoid gold and stay wary of tech stocks. “Everyone is so bullish on tech stocks, that you don’t have enough fuel left on the sidelines to push prices higher than the market,” he explained. “If tech stocks get hit hard enough in the first quarter to get the bulls off the bandwagon, I would look at them more favorably.”

In 2005, Heritage Capital’s investment programs outperformed their comparable indices across the board. The firm’s sector strategy at Nationwide returned 23% net of fees, followed by its Tiger Intermediate Index Strategy at 12.27%. Heritage’s S&P 500 program returned 10.62% for the year, and the Heritage Dow strategy earned 9.15%. The firm’s Spectrum program, using asset allocation, was flat, while its gold strategy was down -1.78% and Heritage’s bond program was flat for 2005. Heritage’s newest trading

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program based on market sentiment was up 11.1% for its first full year performance. Returns are net of all management fees.

In comparison, the S&P 500 index was up 1.8%, the Nasdaq Composite Index gained 1% and the Dow Jones Industrials were down -1%.

Heritage Capital Inc. is a registered investment advisory firm that utilizes an active management approach in its investment strategies. Active management seeks to take advantage of market cycles to position portfolios in rising asset classes and avoid declining investment classes by following market trends.

“Making money in 2005 came down to effective trading,” said Schatz. “There were opportunities to bring profits out of virtually every market sector, but only if you took an active approach to your portfolio.”

Although Heritage’s investment approaches call for actively managing assets, it also has a strong capital preservation slant. “It’s always easier to make money if you avoid major losses,” said Schatz. “We want to optimize returns but with risk management. That’s one of the reasons why our gold program was down for the year. The risk reward ratio increased so much that I took on very few trades.”

In addition to being willing to actively trade market segments, Schatz says investors need to avoid the “flavor of the day” to succeed in investing. “Google is not going to \$2,000 or \$1,000. It will hit \$500 but beyond that it’s going to be like Qualcomm in late 1999. Momentum stocks inevitably end in disaster. It’s like musical chairs. You don’t want to be the last one standing with Google in your portfolio.”

Heritage Capital LLC is a registered investment advisory firm that utilizes an active management approach in its investment strategies. Active management seeks to take advantage of market cycles to position portfolios in rising asset classes and avoid declining investment classes by following market trends. Schatz has been active in the financial markets for more than 15 years, including positions as chief investment officer for a regional advisory firm and equities trader with Shearson Lehman Brothers and Cowen & Company.

Heritage Capital offices are located at 1 Bradley Road, Suite 202 in Woodbridge, CT.

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