

Heritage Capital, LLC

News Release

For Immediate Release

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Onwards and Upwards in May and June

Says Paul Schatz of Heritage Capital

WOODBIDGE, CT – April 12, 2007 – May and June have the potential to be “monster” months for investors, says investment strategist Paul Schatz, President of Heritage Capital in Woodbridge, CT. “Virtually every mediocre to poor quarter for the market in an uptrend has been followed by an above-average quarter,” he explains. “Add in the extreme bearishness we saw at the bottom in early March and potential is there for a significant rally into the third quarter.”

All but two of Heritage Capital’s investment strategies overcame the first quarter’s volatility to report solid gains. The firm’s flagship Rydex Sector program led with a net gain of 4.52% for the quarter. Heritage’s Gold program was up 4.47%, followed by the Tiger Short-term NASDAQ program with a gain of 1.12%. Heritage’s Spectrum Asset Allocation strategy was up 1.16% for the quarter while its Diversified growth program lost -3.85% and the Stable Income program was down .64%. Returns are net of all fees.

“We had a bad couple of weeks in January, when some of our strategies were short while the market kept gaining. On March 6 all of our models turned positive and we loaded up on equities, going 100% long, literally catching the bottom of the decline. It was one of those days when you can confuse luck with skill,” said Schatz. “From there it was all up.”

Schatz started the first quarter anticipating a big decline, but the market still surprised him. “The overall decline for U.S. equities was only 5-6%, yet we saw levels of pessimism that you would expect with an 8-13% decline,” he said. “When the market started down, everyone wanted to lock in profits. It was like trying to fit a pack of elephants through the door at the same time.”

The extreme level of pessimism set the stage for a strong rally, which Schatz expects to see continue into the third quarter. “From March 6 through June 30, there’ll be no better place to be than equities,” he said. “The caveat is that the higher the market goes, the worse the decline will be later in the year.”

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Schatz is looking for above average gains in foreign markets, especially emerging markets, with technology stocks having a dramatically higher quarter along with good gains in the NASDAQ. His favorite sectors are semiconductors and telecom, along with consumer staples and basic materials. Although Schatz anticipates oil will continue to move higher, rallying energy stocks, he does not expect the sector to be the “best bang for the buck.”

“I would not be in bonds. With the economy showing more growth than anyone anticipated and a whiff of inflation in the air, bonds are facing a strong headwind. I would also avoid banks, especially the regionals.” According to Schatz, the sub-prime debacle is not over. Credit deterioration will continue to spread into the higher quality financial institutions with regional banks taking it on the chin.

“The Fed will eventually step in to save the banks, but not until the fourth quarter,” he said.

Volatility is the name of the game in 2007, Schatz continues to maintain. “Buy-and-hold investors may come out with a gain at the end of the year, but it’s going to be a bumpy ride. To do well in 2007 and limit the level of risk you expose your portfolio to, you have to take an active approach. If you can lock in gains and ride out the declines in a cash position, the potential for a very good year increases dramatically.”

Heritage Capital follows an active investment approach in all of its models, shifting investment positions to take advantage of trends developing in the market, or to avoid periods of greater risk. Client accounts are typically allocated among the different strategies based on the individual’s risk profile.

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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