

Heritage Capital, LLC

News Release

For Immediate Release

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Onwards And Upwards... Buy The Dips Until Proven Otherwise Says Heritage Capital's Paul Schatz

WOODBIDGE, CT – October 23, 2006 - U.S. financial markets are on very solid footing through the year end, adding up to the potential for good returns for investors, says investment strategist Paul Schatz, President of Heritage Capital in Woodbridge, CT.

“Major stock market declines have never begun in the fourth quarter,” he explained. “Barring the possibility of geopolitical unrest, there are very few issues ahead that could trip up investors. I would tend to view any pullbacks as buying opportunities.”

Among the positives Schatz is looking toward for a good financial finish for the year are:

- Technology stocks have withstood the weak period of the tech cycle and are likely to move up through year end;
- After October companies are very unlikely to change any earnings forecasts until January;
- Mutual funds do most of their selling by their fiscal year end, October 31;
- Interest rates are moving down;
- A mild winter has been forecast, and
- The fall in energy prices has given people an unexpected bonus.

“I believe we are also setting up for a terrific first half in 2007,” he explained. “There’s going to be a couple of pretty good bumps in the road, but overall the next six months look good.”

Schatz discounts predictions that the U.S. is still in a bear market, maintaining that the S&P 500, Russell 2000 and mid-cap indexes will make all-time new highs next year. He draws the line at the NASDAQ Composite, however, saying that he will never see the NASDAQ regain its 2000 highs in his lifetime unless they change the components. “That’s really hard for people to accept, because they’ve been told that over time the market always comes back. But Japan’s Nikkei is a prime example of a market that is never going to reach 39,000 again in our lifetime,” said Schatz.

Schatz expects to see the greatest gains in sectors such as large cap technology, large cap financial, and small cap growth stocks. While he doesn’t have energy among his favorites, he says energy could well be setting up for a 10%

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move higher during the quarter. Bonds also have the potential to rally to their highest levels for the year.

Heritage's top performing investment strategy during the third quarter was its Tiger Short-term NASDAQ program, which gained 7.21% for the quarter. The Sentiment Program followed with 5.72%; ahead of the Tiger Intermediate-term Program at 4.43%, and the Stable Income bond strategy at 3.11%. Heritage's Select 30, which tracks the Dow Jones Industrials, was up 2.88%, slightly ahead of the firm's Blue Chip 500 program at 2.81%. Heritage's Gold program was essentially even for the quarter while its Spectrum Asset Allocation lost 3.17% for the period. Bringing up the rear, Heritage's sector strategy lost 8.98% and the Tech 100 strategy was down 9.29%. All returns are net of fees.

"If I am right in expecting a healthy market rally through year end, technology should do well," said Schatz. "Historically, in the healthiest stock market rallies, semi-conductor stocks lead the NASDAQ 100, which leads the NASDAQ Composite, followed by the S&P 500, then the Dow Industrials. If we have a healthy and sustainable rally, the lineage will continue."

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. Contrary to the belief that active management adds risk to an investment portfolio, Schatz says active management should improve risk adjusted returns.

"All markets and all sectors carry investment risk," he said. "As a manager, I am far more comfortable knowing I have the ability to step aside and miss a downturn in the market. As long as you preserve your capital, you will have an opportunity to make a profit later."

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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