

Heritage Capital, LLC News Release

For Immediate Release

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Relief Is Here For Battered Investors **Says Paul Schatz Of Heritage Capital**

WOODBIDGE, CT – October 29, 2004 – The stock market should be heading higher through the end of the year, providing relief to investors whose returns have been battered by volatility and ongoing declines throughout the first three quarters of 2004, says Paul Schatz, founder and president of Heritage Capital, Inc., a registered investment advisory firm based in Woodbridge, Connecticut.

“There are so many positive indicators, that I believe once we get the uncertainty of the presidential election behind us, the market should continue the rally it started this week,” explained Schatz. Among the positive signs he sees are:

1. The market is not responding poorly to bad news, but rather taking it in stride. Higher oil prices have had a very limited impact.
2. Poor earnings are not being punished.
3. The uncertainty of the election may be keeping prices from moving higher, but it doesn't seem to be depressing values.
4. The period of November through April is seasonably a very good time for the market.

“I thought the market would be stronger by now and I am a little surprised it hasn't gone up more since the August low given all the positive indicators. But the market always tries to confound our forecasts,” said Schatz.

The one factor that could sideline a good recovery through the end of the year is the presidential election, according to Schatz. “The best thing for the market is for either George Bush or John Kerry to decisively win the election. A lengthy legal battle over the winner will be bad news for investors, as it was in 2000” he said.

Heritage Capital uses active investment strategies to manage client assets, including sector rotation and trend analysis. The firm's sector rotation strategy was up 3.04% net of all fees for the quarter, while its gold strategy and Spectrum Asset Allocation approaches were down slightly for the quarter after all fees, according to Schatz. Heritage's fixed income investment program showed a loss of -0.90% for the quarter net of fees. In comparison, the NASDAQ Composite index was down -7.4% for the quarter while the S&P 500 index lost -2.4%.

"In sideways markets, you can't make money investing in the broad market indices," said Schatz. "You've got to look for areas of opportunity and be ready to move when trends change. Two-thirds of our sector portfolios are currently in energy and energy services stocks, with the balance in finance, basic materials, transportation and banking. I think the run is largely over in energy stocks and we are in the topping process. The bond market party is over as well and while gold had a good quarter, I believe that run is also ending."

"If bonds and gold turn down, stocks will be going up strongly. Our challenge is to watch the trends and identify the strongest areas of opportunity," he said.

"My advice to investors is #1 don't be afraid to buy and #2 don't hang your hat on what has done well the prior 12 months. A leadership rotation is underway and the stocks that have outperformed to date could well be the new laggards. #3 is use stop losses. If the trend turns against you, you need to be prepared to cut your losses."

Heritage Capital, LLC is a registered investment advisory firm that utilizes an active management approach in its eight investment strategies. Active management seeks to take advantage of market cycles to position portfolios in rising asset 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 proprietary trader with Cowen & Company.

Heritage Capital offices are located at 1 Bradley Road, Suite 205 in Woodbridge, CT 06525

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