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Recapping the “experts” picks in 2006

One of our favorite things to do on New Year’s week-end is to go over predictions of some of Wall Street’s highest paid executives and investment services.

Robert Doll, President and Chief Investment Officer, Merrill Lynch—He predicted that the Republicans will retain control of Congress.

Motley Fool Investment Newsletter—XM Satellite radio will finish the year at higher prices, in reality it was the poorest performer in the NASDAQ 100.

Melody Hobson from ABC News Good Morning America predicted the stock market would be a bust in 2006.

Rick Bensignor, chief technical strategist at Morgan Stanley predicted “a major correction if not a bear market”

Value Line stock research director, Steve Sanbourn didn’t expect the market in 2006 to finish much above where it started the year, in fact the S & P was up about 13%.

Ralph Acampora, head of research at Knight Capital Group predicted that the Dow could go as low as 8400 in 2006.

Abby Joseph Cohen of Goldman Sachs, Henry Dickson of Lehman Brothers and Tobias Levkovich of Citigroup all predicted the S & P 500 will rise by almost 10%.

That’s pretty good prediction but its off by 30%.

The point in highlighting these predictions is not to embarrass people but to take predictions about the future with a grain of salt. This is the time of the year where will be inundated with predictions. Don’t listen to these predictions, nobody knows where the market is headed in 2007. What we do know is that over the long term the equity markets provide us with the best returns. Here’s a prediction I am confident in giving, for as long as we are all alive capitalism will be the dominate economic system in the world. In this system we get a return for putting capital at risk.

Thanks Mr. Market for a great 2006

A year like this makes us really love what we do. All of our clients enjoyed great market returns and higher fixed income returns. It was a very successful year and we are looking forward to 2007.

As a firm we grew rapidly experiencing an almost 50 percent increase in assets under management. A special thanks to all of our clients who referred business to us in 2006. If you are happy

with your relationship with us please don’t forget to refer us to your family, friends and co-workers. All of us at Schorpp Capital wish you a happy and healthy New Year.

Investing Tip of the Quarter

Look out for Mortgage Tricks

1. *Beware of products that seems too good to be true. Many brokers advertise special teaser rates that could lead to negative amortization.*
2. *Ask about prepayment penalties. As a client you should never enter into a mortgage that has a prepayment penalty. Too many mortgages don’t have this type of restriction.*
3. *Never sign a contract that an origination fee must be paid if the loan doesn’t close.*

2006 performance of Various Asset Classes

SPY (S&P500)	+12%
QQQQ (Nas100)	+5%
DJIA	+15%
Russell 2000	+27%
Hang Seng	+35%
10yr. Treasury Interest Rate	+8%
AMEX OIL Index	+18%