



Letter to Heritage Total Return Investors

Thursday, 2nd October 2008

Dear Investors,

We are writing to inform you of a potentially fraudulent activity at Petters Company, Inc, an affiliate of the Petters Group Worldwide, and a leading provider of purchase order inventory financing in the United States.

On Wednesday 24th September 2008 the offices of Petters Group Worldwide were raided by federal agents. The related court documents, released over the weekend, revealed that the investigation involves Petters Company Inc. This entity conducts a multi-billion Dollar business with a number of asset based lending funds that are involved in purchase order financing or inventory lending. The investigation alleges that Tom Petters (Chairman and CEO) and a number of associates have engaged in fraudulent activity. The scale of the alleged fraud is as yet unclear.

Heritage Total Return has marginal exposure to the purchase order inventory financing business of Petters Worldwide through its investment in an asset-based lending fund which represents around 2% of total net assets. Therefore, in the worst case scenario, the maximum possible impact of this situation on Heritage Total Return will be limited.

At the moment, we are making inquiries on what could be the extent of this alleged fraud and its impact on our exposure to the Petters group activities.

We will keep investors informed as the situation develops and more details become available.

Heritage Alternative Investments