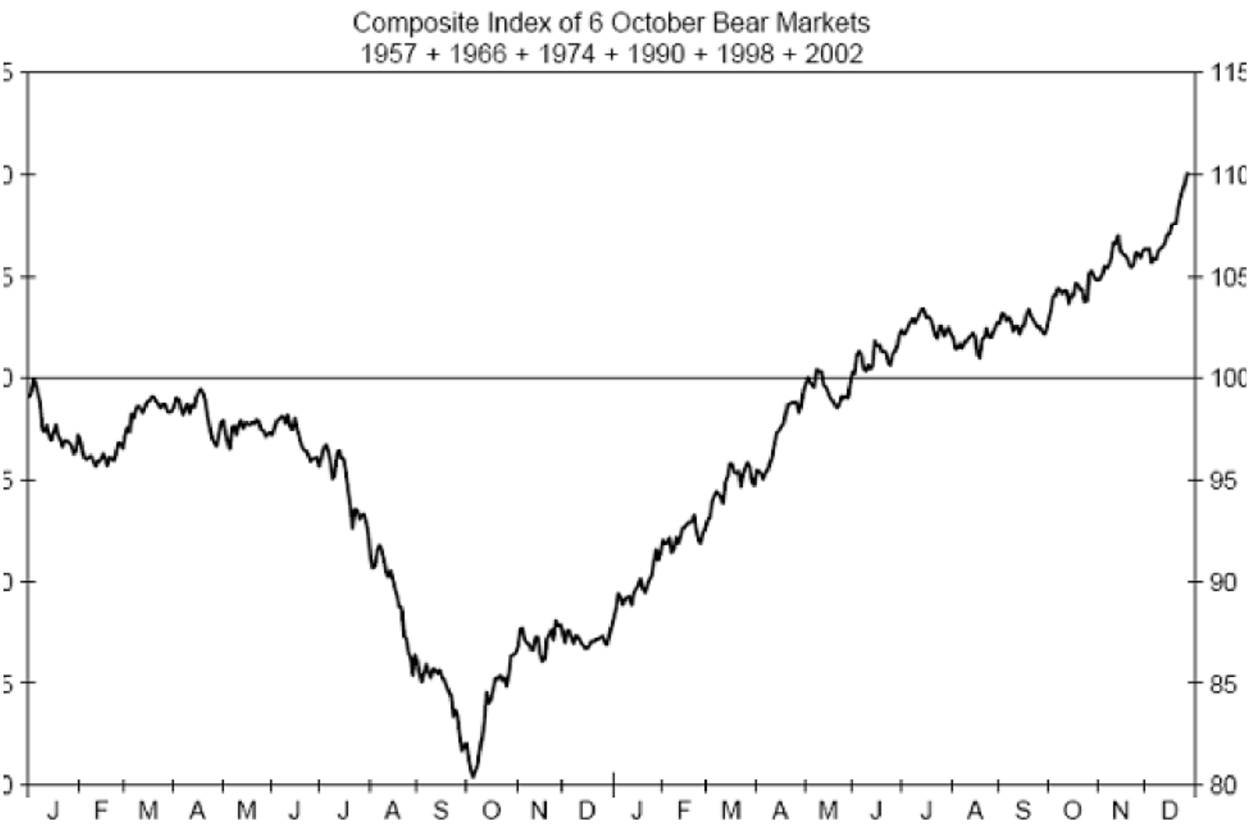
Third Quarter Bulletin

At the end of September the portfolios of our long term clients were up after fees 70% plus.

We outperformed the Canadian market in the Third Quarter ending September 30, 2008; the market was down a lot which meaning we were down by less. This year has seen a bear market as in one-third of equity market years throughout history. When equity markets rise, following such a decline, they more than recover their losses. Bond, income and hedge funds also experienced large declines and they may not necessarily recover.

See the Chart below. This shows six bear markets that bottomed in mid October. Positive earnings start the beginning of the next rally. This is followed by a huge rally starting in January. We are at the average decline of these previous six and believe from top business people we speak that it can be the same.



Source: TD

Wise Capital holds a very diversified portfolio of solidly double-digit profitable institutions with very clean balance sheets. In a bear market, all news is exaggerated and good news ignored. For example, price targets on fertilizer stocks, with record profitability were lowered by one brokerage firm to 70% above current prices, and the stocks were hammered. This is largely emotional and does not reflect facts and sane investors will prevail as always. The vast bulk of the market is institutionally run and does not jump in and out of the market. Institutions have long timeframes and act accordingly. There is more than $1.3 trillion in government stimulus being pumped into the US system, and very large amounts in the rest of the world. The markets have already discounted even a severe recession when we are closer on the US side to recovery, and the stocks we are holding are cheap. From the distressed debt, there are many healthy banks, huge sovereign country pools of cash, and other funds looking at once-in-lifetime opportunities.

To use a football analogy, in the middle of a game, one does not change the game plan. Large declines do happen, and markets always recover and reward investors. On average, those who do not time do 2% plus better per annum. To go out of the market truncates growth, and crystallizes taxes.

The Canadian banks have fared relatively well and the peak-trough decline for the four main banks we own are as follows:

TD: 18%

Bank of Nova Scotia: 12%

Laurentian Bank: 7%

Royal Bank: 16%

These are price declines only. Meanwhile, 5% in dividends have been collected mitigating this.

We have most recently added to gold and a bit to the banks. We have lowered our large overweight in insurance.

At the end of September our long term clients previous to mid 2003 were up after fees 70% plus. *We expect to be be making money for our clients quickly, capturing the upside when the market certainly rallies.*