

# Wise Capital Management Inc.

*Discretionary managers providing excess returns*

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Quarterly Bulletin, September 13, 2009

## Forward Looking Returns

We believe that at this juncture, historical returns are a good starting point for planning future returns. Since WWII the major investment classes have returned the following (annualized):

Public Stocks	10.2%
T-Bills	4.5%
Bonds	5.7%

This is US data; Canadian data is estimated to be 1% higher.

Inflation has averaged 4% per year since WWII. Therefore, after taxes and inflation, stocks have clearly increased wealth.

Shorter term, inflation is expected to be rekindled by 2011 due to the unprecedented printing of money by the US and European governments. This will lead to higher nominal returns and yields across the board in marketable securities. Bond prices will suffer losses, however, in the next two years as we make this transition. Over the same period of two years, we expect stock returns to be greater than 10% each year, with our strategies exceeding this.

Therefore stocks are the place to be to earn real after-inflation and after-tax returns, now and going forward.

## Our Fees are tax deductible

It is surprising that there are some clients still not claiming this. All TDW December year-end statements have a verified total that can be used for tax deduction. To claim for previous years missed, consult a good accountant.

## Spotlight: All Cap Canadian Equity

Our All Cap strategy is 12% ahead of the market on September 11, 2009. Of late, our pooled fund, based on this strategy, is one of the best performing funds. Since last September, returns are positive, while the general market is down. Since inception, June 30, 2003, the pooled version of the strategy has generated about a 10.75% annualized return, with a high after-tax efficiency. 2009 projected taxes are only 1/5 of one percent.

