

1 **Q. Reference: Dr. Booth Evidence, Page 37, Line 25 to Page 38, Line 1: Please**
2 **provide any more recent studies or surveys that support Dr. Booth's assertion that**
3 **the CAPM remains the most important model used by a company in estimating its**
4 **cost of capital.**

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6 A. Dr. Booth is not aware of any further survey research in a top journal as generally
7 it is not publishable on a regular basis, since there is limited value added. However, Dr.
8 Booth is not aware of any finance textbook that does not place the CAPM as the premier
9 model of capital equilibrium. Most textbooks only include the CAPM at the introductory
10 level and those that go on to discuss other models extend it to discuss the arbitrage
11 pricing or factor models that Dr. Booth references in his Schedule 3.

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13 Note that the AON Hewitt's capital market outlook provided by NP in answer to CA-NP-
14 269 only discusses beta as a measure of risk and includes the basic variables to
15 implement modern portfolio theory and the CAPM. This is a January 7, 2016 report.
16 There is no discussion of any other model.