

- 1 **Q. Does Dr. Cleary agree that investors look at both the short term and long term**
2 **investment risks? If so, please explain.**
3
- 4 **A.** This statement is obvious, since the returns on any investment will be a function of
5 expectations of short-term cash flows and valuations, which in turn reflect
6 expectations about long-term cash flows and valuations. The required returns on
7 both equity and debt investments factor into account these short-term and long-term
8 risks.