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5 **Q. Is it Dr. Booth's opinion that the credit crisis at the end of 2008 and early 2009**
6 **in Canada has no influence presently on the risk perceptions of current**
7 **investors contemplating investment in Canadian common equities?**

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10 **A.** Yes. Sophisticated investors are aware of the stock market's volatility and noticeably
11 in 2000-2001 we had a similar stock market experience with the bursting of the
12 internet bubble and Nortel. Dr. Booth does not believe that either those or the current
13 events have a long lasting impact.

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15 We are seeing mutual funds flow back into equities and out of money market funds
16 and increased risk appetite. Dr. Booth would judge that some small investors who
17 sold out have lost significant amounts of money and probably will never come back
18 into the market. However, the unfortunate fact is that the markets are dominated by
19 large institutions and most of the money flowing in comes from pension funds,
20 insurance companies and other contractual savers not directly from the retail investor.
21 This inflow has already prompted a huge recovery in the market from its lows in
22 March, but is only partly under way. There will be bouts of profit taking as the
23 market gets ahead of itself, but there is little question in terms of direction.
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