

1 **Q. Evidence of Dr. Vander Weide: US DCF risk premia, Pages 26-30: Please indicate**
2 **where he has downwardly adjusted his earnings forecast to take into account the**
3 **lower dividend growth rate.**
4

5 A. No. Since there is no relationship between the relative volatility of two variables, such as
6 earnings and dividends, and their relative arithmetic means, no downward adjustment to
7 the earnings growth forecast is required.