Q. Evidence of Dr. Vander Weide: US versus Canadian utility risk Pages 30-39: Please provide copies of lecture slides and accompany course outlines used by Dr. Vander Weide where he teaches students at Duke that the standard deviation is an appropriate risk measure when evaluating the risk of individual securities or companies.

A. Dr. Vander Weide generally teaches students that, according to the CAPM, the forward-looking risk of investing in securities is measured by the beta coefficient. However, he also teaches that betas are difficult to measure from historical data and that there is evidence that the CAPM is not consistent with historical returns in the capital markets. Specifically, historical returns on low beta stocks have exceeded those predicted by the CAPM, and historical returns on high beta stocks have fallen short of returns predicted by the CAPM. Finally, he teaches that the historical standard deviations of returns on the S&P 500 exceed the standard deviations of returns on U.S. corporate bonds, historical standard deviations of returns on corporate bonds exceed standard deviations of returns on long-term government bonds, and historical standard deviations of returns on long-term government bonds exceed standard deviations of returns on government bills.