Q. Vander Weide Evidence (page 23) - Dr. Vander Weide states that, "the risk of investing in a company's stock is best measured by the expected variability in the return on the stock investment." How is the expected variability in the return on the stock investment determined?

A. As Dr. Vander Weide explains at page 12 in his written evidence, the expected variability in the return on a stock investment cannot be measured precisely because the expected variability depends on the investor's estimate of the probability distribution of future cash flows in all future years; and the probability distribution of future cash flows is difficult to estimate.