

- 1 **Q. Reference pages 26-33: Risk Premiums: Please confirm that Mr. MacDonald's**
2 **views on the CAPM are based on one (US based) paper that is now exactly 40 years**
3 **old.**
4
- 5 A. Mr. MacDonald does not confirm. The reference to the BJS research is in relation to a
6 specific challenge faced by the CAPM. CAPM is widely known and has been used
7 extensively in the Canadian regulatory environment.