

1 **Q. Reference pages 26-33: Risk Premiums: Is Mr. MacDonald aware that**
2 **Damadoran's risk premium estimate for Canada, like those for all countries, is from**
3 **a US perspective where he simply adds a risk premium on top of his US market risk**
4 **premium. Does Mr. MacDonald believe this makes sense from a Canadian rather**
5 **than a US perspective?**

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7 A. Professor Damadoran provides an estimate of the risk premium for Canada of 6% without
8 the addition of a country risk premium as of June 2012. This risk premium estimate is
9 equal to the estimate for 16 other countries considered to be mature markets by Professor
10 Damadoran. Professor Damadoran uses US data as a proxy for the mature market.