Q. Reference: Transcript January 18, 2013
Page 225, Lines 9 -19

In what source document was ERP expressed as return on stocks minus return on bonds?

A. Mr. MacDonald confirms that the ERP calculation is based on the observed risk premium between the equity return and the yield on the long Canada bond. Only the yield on the bond is risk free.

"*the equity risk premium, or the expected return for equities in excess of a risk-free rate: ERP = E(re) – E(rf)*" was taken from page 1 of:

CFA Institute Rethinking the Equity Risk Premium: An Overview and Some New Ideas

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