

1 **Q. Reference: Dr. Booth Evidence, Page 36, Lines 2-12**

2
3 **Since Dr. Booth believes that yields on long-term Canadian bonds are well**
4 **below any normal equilibrium level, would he agree that one of the underlying**
5 **assumptions of the CAPM is not being met under current market conditions,**
6 **thereby rendering the results of the CAPM less reliable than other models? If**
7 **not, why not?**

8
9 **A. Dr. Booth would agree, which is why at the moment he places minimal weight on**
10 **his simple CAPM estimate.**