

- 1 **Q. Reference: Dr. Booth's Evidence, Appendix D, Page 15, Lines 18-22**
2
3 **Please confirm that the Constant Growth DCF model assumes a constant**
4 **payout ratio and that EPS, DPS, and BVPS all grow at the same constant rate.**
5
6 **A.** No. The assumption is that they all have the same long expected growth rate. There
7 can of course be short-run deviations, for example as dividends are maintained in
8 the face of unexpectedly large earnings increases or decreases.