

1 **Q. Reference: Evidence of Laurence D. Booth, p. 60.**

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3 **Please provide a copy of the TD Economics updated report that expects bond**  
4 **investors to earn 3.5% to 4.5% and equity investors to earn a 4.5% market risk**  
5 **premium over the 10-year Canadian bond yield.**

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7 **A. Dr. Booth has discovered that TD has recently updated their long run return assumptions**  
8 **for 2024-2033 with the critical data below. The full report is attached as Dr. Booth's**  
9 **answer to NLH-CA-009.**

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11 Canadian bond returns have increased from 2-4 % to 3.5%-6.0%, whereas equity returns  
12 have increased from 4-7% to 5-8%, so the difference for the excess return expected on  
13 equities over bonds is substantially the same.  
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Table 1: Long-Term Financial Asset Returns (C\$)						
	1990-1999	2000-2009	2010-2019	2020-2023	2024-2033	
					Midpoint	Range
Cash 90-Day T-Bill	6.4%	3.1%	0.9%	1.8%	2.5%	2.0%-3.0%
Canada 10-Year Government Bond Index	10.1%	6.7%	3.7%	-3.4%	4.0%	3.5%-4.5%
ICE BofAML Canada Corporate Index*	10.6%	6.9%	4.8%	-0.7%	5.0%	4.0%-6.0%
S&P/TSX Composite Index	10.6%	5.6%	6.9%	5.9%	6.5%	5.0%-8.0%
S&P 500 (US\$)	18.2%	-0.9%	13.6%	8.8%	6.5%	5.0%-8.0%
S&P 500 (C\$)	20.8%	-4.1%	16.0%	10.8%	6.5%	5.0%-8.0%
MSCI EAFE (US\$)	7.0%	1.2%	5.5%	1.4%	6.5%	5.0%-8.0%
MSCI EAFE (C\$)	9.4%	-2.0%	7.7%	3.1%	6.5%	5.0%-8.0%
Income	10.7%	4.9%	5.3%	-0.2%	4.7%	3.9%-5.5%
Balanced	11.3%	3.8%	6.4%	1.8%	5.2%	4.2%-6.2%
Growth	12.1%	2.2%	8.1%	4.7%	5.9%	4.6%-7.2%

Source: Bank of Canada, Bloomberg, ICE Bank of America Merrill Lynch, Standard & Poor's, Toronto Stock Exchange, TD Economics.  
Asterisks(\*): Denotes that data from January 1990-June 1992 was forecasted. Data for 2023 are up to October 2023.

Table 2: Portfolio Weights					
	Cash	Fixed Income	Equities		
	90-Day T-Bill	Canada Universe Bond Index	S&P TSX	S&P 500	MSCI EAFE
Income	5.0%	65.0%	15.0%	7.5%	7.5%
Balanced	5.0%	45.0%	25.0%	12.5%	12.5%
Growth	5.0%	15.0%	40.0%	20.0%	20.0%

Source: TD Economics. The portfolio weights are chosen based on assessment of a range of investment policy statements. Various portfolios and funds will have different weightings. The weights provided here should only act as an example.