

Behavioral Finance

Hersh Shefrin

Objectives

Behavioral Finance offers a different, eye-opening view of investment practice. It equips participants with a structural framework for analyzing how human and social, cognitive and emotional factors impact financial behavior and financial markets. Participants will acquire a series of skills for identifying specific psychological phenomena and the manner in which these phenomena apply to your own financial decisions and those of others.

Key benefits

By attending this program, you will:

- Learn how psychological hard wiring predisposes people to make systematic mistakes about risk
- Recognize the psychological basis for irrational exuberance, irrational pessimism, animal spirits, and black swan effects in financial markets
- Distinguish between conditions in which investors are prone to overreact or underreact to market events
- Identify the errors and biases to which financial analysts are especially vulnerable
- Apply psychological theories of risk taking to analyze how individual investors behave
- Reduce your own vulnerabilities to making suboptimal judgments and inferior financial decisions

Who should attend?

This program is highly recommended for investment professionals and will also benefit analysts, bankers, plan sponsors, consultants and financial advisors.

Dates & Fees

June 18 – 20, 2012

€ 3,400



Program Content

Day 1

Psychological Foundations of Under- and Overreaction

- Main psychological phenomena that influence how investors react to new information
- Contrasting the approaches of behavioral asset pricing and traditional asset pricing
- Discussion of academic literature documenting overreaction and underreaction, and associated debate with efficient market school
- Discussion of the equity premium puzzle, irrational exuberance, and irrational pessimism

Day 2

Biases in Forecasts of Earnings, Returns, and Risk

- Biases in earnings forecasts and analyst recommendations
- Biases in forecasts of strategists
- Biases in forecasts of risk and return

Day 3

Psychological Influences on Individual Investors

- Psychological foundations of framing effects
- Framing effects, asset pricing, and psychological factors that differentiate outperformers from underperformers
- Behavioral portfolios: the factors that drive the behavior of individual investors

Faculty

Hersh Shefrin is the Mario L. Belotti Professor of Finance at Santa Clara University. His book *Beyond Greed and Fear* provides a comprehensive approach to behavioral finance, and in 2009 was recognized by J.P. Morgan Chase as one of the top ten books published since 2000. According to a 2003 article that appeared in the *American Economic Review*, he is one of the top 15 economic theorists to have influenced empirical work.

"Many of the 'traits' raised have the potential to improve your performance as a person and as a professional."

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