

# Behavioral Finance

Understand the psychology behind the financial decisions you and others are making

**Behavioral Finance** combines the psychology of human behavior with the traditional theories of finance and economics.

This program offers a different, eye-opening view of investment practice, and will equip participants with a structural framework for analyzing how human and social, cognitive and emotional factors impact financial behavior and financial markets. The focus will be on investor behavior in markets and managerial behavior within firms. By attending this program you 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.

**Behavioral Finance** is highly recommended for investment professionals and will also benefit analysts, bankers, plan sponsors, consultants and financial advisors.

## How you will benefit

- 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 equity markets
- Distinguish between conditions in which equity investors are prone to overreact or underreact to market events
- Identify the errors and biases to which financial analysts are vulnerable
- Analyze how psychological phenomena impact corporate decisions
- Apply psychological theories of risk taking to analyze how individual investors behave
- Reduce your own vulnerabilities to making suboptimal judgments and inferior financial decisions

## Faculty

**Raghu Rau** is the Sir Evelyn de Rothschild Professor of Finance at the Cambridge Judge Business School. He has taught at a number of universities around the world, including the Institut d'Etudes Politiques de Paris (Sciences PO), Purdue University, the University of California at Los Angeles and most recently, the University of California at Berkeley. In addition, Professor Rau was Principal at Barclays Global Investors, then the largest asset manager in the world, in San Francisco from 2008-2009. He is an Editor of Financial Management, and Associate Editor of the International Review of Finance and the Quarterly Journal of Finance. His research interests lie in the area of corporate finance and market efficiency. His research has frequently been covered by the popular press including the New York Times, the Financial Times, the Wall Street Journal, and the Economist, among others. Professor Rau is Head of the Judge Business School's Finance & Accounting subject group, Director (Research) of the Cambridge Centre for Alternative Finance (CCAF) and a member of the Cambridge Corporate Governance Network (CCGN). He won the Ig Nobel Prize in Management in 2015, a prize awarded for research that makes people laugh, and then think.

	3 days
	€3500
	Investment Management
	English
	4.2/5
	16 – 18 November 2016

CE Qualified Activity  CFA Institute

This program is eligible for **18 CE credit hours** as granted by CFA Institute.

**EARLY ENROLLMENT DISCOUNT** - Enroll more than 90 days in advance and receive a 10% discount on the program fee

**ENROLL NOW**  
www.aif.nl

Program Content

Subject	Content
<b>CLASSICAL FINANCE AND BEHAVIORAL FINANCE</b>	
	<ul style="list-style-type: none"> <li>• The paradigms of finance and the roles of securities prices in the economy</li> <li>• Asymmetric information</li> <li>• Efficient markets hypothesis (EMH): Definitions</li> <li>• EMH in supply and demand framework</li> <li>• Theoretical arguments for flat aggregate demand curve</li> <li>• Equilibrium expected returns models</li> <li>• Key methodologies</li> <li>• Pro-EMH evidence</li> </ul>
<b>MOTIVATING EVIDENCE FOR BEHAVIORAL FINANCE</b>	
<b>Anomalies</b>	<ul style="list-style-type: none"> <li>• Return predictability in the stock market</li> <li>• Data mining</li> <li>• Joint hypothesis problem</li> <li>• Predictability in bonds, forex, futures, real estate and options</li> </ul>
<b>Behavioral biases that influence prices</b>	<ul style="list-style-type: none"> <li>• Definition of average investor</li> <li>• Belief biases</li> <li>• Limited attention and categorization</li> <li>• Nontraditional preferences – prospect theory and loss aversion</li> <li>• Social interaction, bubbles, and systematic investor sentiment</li> </ul>
<b>INSTITUTIONAL INVESTORS AND MARKET EFFICIENCY</b>	
<b>Why aren't the anomalies driven away by professional investors?</b>	<ul style="list-style-type: none"> <li>• Definition of arbitrageur</li> <li>• Long-short trades</li> <li>• Risk vs. Horizon</li> <li>• Transaction costs and short-selling costs</li> <li>• Fundamental risk</li> <li>• Noise-trader risk</li> <li>• Professional arbitrage</li> <li>• Destabilizing informed trading (positive feedback, predation)</li> </ul>
<b>Corporate behavior and market efficiency</b>	<ul style="list-style-type: none"> <li>• Supply of securities and firm investment characteristics (market timing, catering) by rational firms</li> <li>• Associated institutions</li> <li>• Relative horizons and incentives</li> <li>• Regulating inefficient markets</li> <li>• Biased managers</li> </ul>

“ It helps you to better understand what happens in the markets ”

- Portfolio Manager  
Banca d'Italia  
Italy

## Enrolling & Practical Information

### Enrollment requirements

AIF considers each enrollment application carefully to ensure the quality and level of the program is maintained and that participation of candidates is beneficial to both themselves and their companies. The general prerequisite for all AIF programs is the possession of an academic or equivalent degree, as well as proficiency in English and practical experience.

### How to enroll

Enrollment applications are available via [www.aif.nl](http://www.aif.nl). There is no closing date for enrollment although it is advisable to enroll early as places are limited. General Terms & Conditions of enrollment are available via [www.aif.nl](http://www.aif.nl)

### Program calendar

Program dates and information about all AIF programs are available at [www.aif.nl](http://www.aif.nl) or by contacting AIF directly.

### Accommodation

AIF has special reduced rates available for participants at nearby hotels.

### Program location

All AIF programs take place at AIF's premises in the center of Amsterdam. AIF's premises are easily accessible by public transport and car and are a 30-minute drive from Schiphol international airport and a 5-minute walk from Amsterdam's central train station.

### Program fees

Program fees include all the comprehensive program materials, books, and software that are required per program, as well as daily luncheons. Accommodation is not included.

As an educational and not-for-profit foundation, AIF is exempt from charging VAT. For clients located within the Netherlands, the AIF program fee is exempt from VAT. For other EU and all non-EU clients, VAT may be due by client to the tax authority.

### Certificates

An AIF certificate of attendance is awarded to all participants who successfully complete an AIF Open Enrollment or In-Company program.

## About Amsterdam Institute of Finance

AIF is a global financial education and innovation institute headquartered in Amsterdam. Through our programs (open enrollment and in-company) we connect ambitious professionals with the best minds in finance. Taking part in one of our programs or events is a direct investment in your personal future. Joining the AIF alumni network means connecting with the world's leading financial experts, in addition to professionals from more than 1200 organizations. Together with them we endeavor to impact your career and shape the future of finance.

This is what makes AIF and the AIF experience unique:

- We believe in responsible and sustainable finance
- AIF is a not-for-profit foundation which allows us to independently select our faculty from the world's leading business schools (such as INSEAD, NYU Stern, Berkeley, etc.) and other institutions
- Our clients, rather than profits, come first for us
- AIF delivers top quality. Our alumni give our faculty an average rating of 4.6 out of 5.0
- Enrollment in one of our programs means you become part of the AIF network which connects you to professionals in more than 110 countries
- Our programs are applicable to daily practice and prepare you for the future of finance.

## CONTACT US

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