



“I have been struggling throughout the (traditional) financial management curriculum to reconcile the chaotic behavior I saw in the stock market with the theory I was learning, and it just wasn’t making any sense to me conceptually – now I know why!” ”

Seminar in Behavioral Finance Attendee



Capitalizing on Irrational Markets & Irrational Managers and Investors!

The Academy of Behavioral Finance

THE 2010 – 2011 SEMINARS CATALOGUE

Academy of Behavioral Finance & Economics

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The Psychology of Decision Making (Behavioral Finance) in a Nutshell!

How does the 'black box' of a brain make decisions? Think of the human brain as a filter that takes in all sorts of information and data (input) for further processing and computation; just like a computer, but a very basic computer with very limited *computational* capabilities. Our choices and decisions use the resultant computations (output). Because of our cognitive limitations, both psychologists and neuroscientists tell us that the brain may "pick and choose" the bits and pieces of info/data that it filters in – often subconsciously! The biased use of filtered input combined with the influence of emotions and mental shortcuts lead people to make seemingly poor and irrational choices. These problems are exacerbated for decisions involving higher levels of complexity and uncertainty, characteristics common to financial decisions. In a nutshell, this is the basis of the revolutionary science of financial decision-making known otherwise as behavioral finance!



Understanding psychological biases compliments the traditional finance tools. In fact, Behavioral Finance explains why we often fail to use these tools and therefore make suboptimal choices.

Available Seminar Packages for Two-Day or Week-Long Duration

GROUP A

SEMINAR 1: Investment

SEMINAR 2: Behavioral Corporate Finance

SEMINAR 3: Private (Individual) Investors And Advisors

GROUP B

SEMINAR 4: Institutional Investors

SEMINAR 5: Policy And Regulations

SEMINAR 1: Investment

The objective of this seminar is to identify and avoid key psychological errors. Specifically, it offers a clear understanding of (and an appreciation for) the underlying psychological factors and processes that result in nonoptimal decision making by financial managers and investors across different financial markets. Then it discusses the steps that managers and investors can take to mitigate these problems utilizing well developed tools and practices of theory.

DAY 1:

- The psychology of decision making under conditions of risk and uncertainty
- Neuro-Finance: How decisions are made in the brain
- Behavioral foundations of finance with special focus on perceptions of risk and reward
- Prospect theory; Loss Aversion; Disposition effect; Overconfidence; Heuristics and emotions

DAY 2:

- Valuation of assets/securities – value creation, and value destruction in the corporate world
- Price Anomalies; IPO under-pricing; Equity premium; Bubbles
- Investment and trading strategies in behavioral finance
- Mergers and acquisitions – investment lessons learned
- Financial regulation and policy

WHO SHOULD ATTEND?

The target audience for the Investment seminar is portfolio managers, security analysts, bankers, and financial advisors and consultants. A working knowledge of the financial markets and securities is required for enrollment in this seminar.

SEMINAR 2: Behavioral Corporate Finance

A study of the key psychological obstacles to value-maximizing behavior and steps that managers can take to mitigate them using the traditional tools of corporate finance. The focus of this seminar is on understanding the underlying factors and processes that result in nonoptimal decision making by financial managers.

DAY 1:

- The psychology of decision making under conditions of risk and uncertainty
- Neuro-Finance: How decisions are made in the brain
- Behavioral foundations of finance with special focus on perceptions of risk and reward
- Prospect theory; Loss Aversion; Disposition effect; Overconfidence; Heuristics and emotions

DAY 2

- Expert decision-making and the “10-year rule” of expertise
- Rational Managers/Irrational Markets and Corporate Decisions
- Rational Markets/Irrational Managers and Corporate Decisions
- Behavioral Pitfalls in Capital Budgeting and Mergers and Acquisitions
- Dividend Policy Decisions
- Agency Conflicts and Corporate Governance
- Group Decision Making – Behavioral Pitfalls

WHO SHOULD ATTEND?

The target audience for the Corporate Finance seminar is managers, bankers, portfolio managers, security analysts, and corporate consultants. Basic managerial experience along with a working knowledge of the financial markets and securities is required for enrollment in this seminar.

SEMINAR 3: Private (Individual) Investors and Advisors

The objective of this seminar is educate and train financial advisors, clients, and individual investors about the cognitive errors, psychological biases, and emotions that lead to poor investing decisions.

TOPICS INCLUDE:

- Perceptions of risk
- Neuro-Finance: How decisions are made in the brain
- Prospect theory, loss aversion, and the disposition effect
- Fear, greed, and other emotions
- Representativeness biases, familiarity biases, and other heuristics
- Optimism biases and overconfidence
- Behavioral applications to portfolios, trading, and pension decisions
- The socio-economic and demographic aspects of investment decision-making
- Risk tolerance, asset allocation, and inattention bias
- Sophistication and cognitive aging
- Social influences

WHO SHOULD ATTEND?

Financial advisors, their clients, and individual investors are the target audience for this seminar. Investing experience is required for enrollment.

SEMINAR 4: Institutional Investors

Portfolio managers, traders, and analysts are people too! Incentives and psychological biases influence the investment behavior of professionals. Recognizing and controlling these biases can mean the difference between profits and losses. The purpose of this seminar is to learn the cognitive errors of professional investors and the markets they operate in.

TOPICS INCLUDE:

- Expert decision-making and the “10-year rule” of expertise
- The psychology of decision making under conditions of risk and uncertainty
- Neuro-Finance: How decisions are made in the brain
- Heuristics and emotions
- Prospect theory; Loss Aversion; Disposition effect; Overconfidence; Limited attention effects
- Valuation of assets/securities- value creation, and value destruction in the corporate world
- Price Anomalies; IPO underpricing; Equity premium; Bubbles
- Mergers and acquisitions- investment lessons learned
- Investment and trading strategies in behavioral finance
- Derivative markets
- Incentives and tournaments
- Financial regulation and policy

WHO SHOULD ATTEND?

The target audience for the Institutional investor seminar is portfolio managers, security analysts, and traders. A working knowledge of the financial markets and securities is required for enrollment in this seminar.



SEMINAR 5: Policy and Regulations

Behavioral finance has two important links with the legal process in the formulation of new laws, policies, and regulation. First, lawmakers react to the apathy or outrage projected by constituents, which affects the degree of libertarian versus paternalism direction of the legislative process. Second, the legal process often reacts to protect consumers from predatory behavior that takes advantage of peoples' psychological biases. The objective of this seminar is to learn how these biases are manipulated and how the underlying behavioral and social influences impact both individuals and the legislative process.

TOPICS INCLUDE:

- Introduction to Behavioral and Traditional (Standard) Finance
- Neuro-Finance: How decisions are made in the brain
- Heuristics, emotions, and limited attention
- Consumer sophistication and cognitive aging
- Social and cultural influences
- Psychological influences on financial regulation and policy
- Predatory practices

WHO SHOULD ATTEND?

The target audience for this seminar is politicians and administrators, regulators, policy think-tanks, and consumer advocate groups.

Program Dates:

For current seminars please visit our web site at www.aobf.org. We will also work with you and your company and create tailor-made seminars that best fit the needs and time requirements of your business or institution. By giving us a brief description of your training needs, our Program Coordinator will contact you for immediate followup and action. Please see below for Contact Info.

Tuition:

Tuition: \$2,950.00 (US Dollars) per person for two-day seminars and: \$4,950.00 (US Dollars) per person for week-long seminars; all rates include the applicable seminar book and any other related material.

SPECIAL DISCOUNTS:

- **“Early Bird” Discount:** A 10% discount is available if registration is completed within five weeks before the start date of a seminar.
- **Corporate Discount:** A 10% discount is available to companies with a minimum registration of five individuals.
- **Academic Discount:** A 20% discount is available to full-time university faculty. (Qualified doctoral students may email us directly for special discount availability).

How To Register?

Space is limited so please register right away to reserve your seat. To register online, please visit our web site at www.aobf.org.

Contact Information:

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