

# Behavioural Finance and Investing – New Developments

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## Warwick Business School at the Shard



## Behavioural Finance and Investing – New Developments

WBS offers an intensive two-day research-led masterclass providing a practical overview of, and exploration of recent advances in, the new discipline of behavioural finance. This is an opportunity for investment professionals seeking a concise but clear understanding of the main areas of behavioural finance to learn about the latest research findings and how these can be incorporated in investment processes.

This masterclass has a highly participative and practical focus drawing directly on the experiences of participants. Formal sessions introduce the topics and provide an overview of recent research. A multi-media teaching approach is taken. Group work, case studies and current high profile investment issues are used to facilitate experiential learning and embed learning outcomes to give participants confidence in applying behavioural finance in their own investment decision making.

### **Who should attend?**

This masterclass is designed for fund managers looking to enhance their understanding of how behavioural finance can be applied in practice, other investors and investment consultants, investment analysts, investor relations practitioners, IFAs, and those involved in the marketing of financial services and working in the asset management industry more generally.

## **Objectives**

- To introduce recent developments in this important new area in investment and their implications for the practice of active fund management
- To help participants recognise the key role investor psychology plays in driving investment decisions and capital market behaviour
- To provide participants with a good understanding of the biases to which investment judgments are prone, and help them deal with these appropriately
- To enhance the quality of participants' investment decisions and help them understand better the decision errors of others

By the end of the masterclass participants should have a good understanding of the most important thinking in behavioural finance and the confidence to apply this learning appropriately in their own investment processes and decisions.

## **What types of questions is this masterclass designed to answer?**

- What are the key ideas in behavioural finance?
- How can we beat the biases?
- How can we improve our investment judgments and increase alpha?
- Why do private investors lose so much?
- Why do many fund managers find it difficult to beat the market?
- Why are sell disciplines so weak?
- How can behavioural finance help us exploit stock market anomalies more effectively?
- Why are investors so overconfident in their judgments and what are the consequences?
- Should we trust company management?
- Is high Active Share good for performance?
- How can we manage our clients better?
- How can we improve the marketing of financial services?

# Who Leads the Masterclass?

[Professor Richard Taffler](#) is Professor of Finance at WBS, a Fellow of the CFA Society of the UK and a leading international authority on behavioural finance and investment. He has published well over a hundred academic and professional papers and books, and is frequently quoted in the media. Much of this masterclass reflects his extensive experience in the industry and his research in this area, and also draws on the unique perspective he has from the over 50 depth-interviews with leading fund managers internationally with which he was involved written up in the jointly authored book *Fund Management: An Emotional Finance Perspective* published by the CFA Institute in 2012.

## Key Themes

### Day 1

- Introduction to behavioural finance
- Formal overview of the psychology of investment decisions
- What the cognitive psychologists teach us and applying this in practice
- Recognising and exploiting behavioural biases in the investment market place
- Behavioural finance and investment analysis
- Behavioural finance and the professional investor: enhancing investment decisions
- Why retail investors should leave it to the professionals
- Behavioural finance and the IFA
- Visiting speaker
- Case study

### Day 2

- Discussion of case study
- Behavioural finance and active v. passive fund management: the vital role of the professional fund manager
- Behavioural finance and exploiting stock market anomalies
- Stock picking skills and conviction trades
- Behavioural finance and Active Share
- Behavioural finance funds – do they deliver?
- Saving for retirement, debiasing and self-control
- Dealing with investment consultants
- The marketing of fund management services
- Round up and main takeaways

## Faculty



[Professor Richard Taffler](#) is Professor of Finance at WBS, a Fellow of the CFA Society of the UK and a leading international authority on behavioural finance and investment. He has published well over a hundred academic and professional papers and books, and is frequently quoted in the media.

In addition to behavioural finance, Richard's wide-ranging research interests cover issues of market mispricing and the exploitation of stock market anomalies, including the market's inability to deal with bad news appropriately, investment management and fund manager skill, the role gambling plays in financial markets, and the impact of CEO overconfidence and narcissism on corporate decisions and the associated investment implications. Richard is also the father of the new paradigm of emotional finance which focuses on the role investors' unconscious needs play in their investment decisions and market behaviour more generally and complements traditional and behavioural perspectives.

Richard has first-hand experience of the real needs of investment professionals, *inter alia* gained from running a very successful investment consultancy in the City for 25 years, and has experienced at first hand the contribution an understanding of behavioural finance can make to the quality of investment decisions. This, together with his continuing close engagement with the sector, informs both his research and teaching. Professor Taffler consults actively with major financial institutions and regularly lectures and runs courses on behavioural finance and related areas for leading investment houses and other organisations.

**Fee:** £1990

**Duration:** Two days

**2015 Dates:** 19 & 20 October