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EFFECTIVE CLIENT COMMUNICATIONS

# Implications of Investor Behaviour

Christian Newton, Regional Director and Vice President

MODERATED BY:

Eleanor Kirkpatrick, Regional Director

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Quiz: Which of the following is not a quality of a robust investment philosophy?

- a) Remain diversified
- b) Let emotion overwhelm reason
- c) Focus on what you can control
- d) Look beyond the headlines



Photo credit Alexandre Hamada Possi (Flickr)

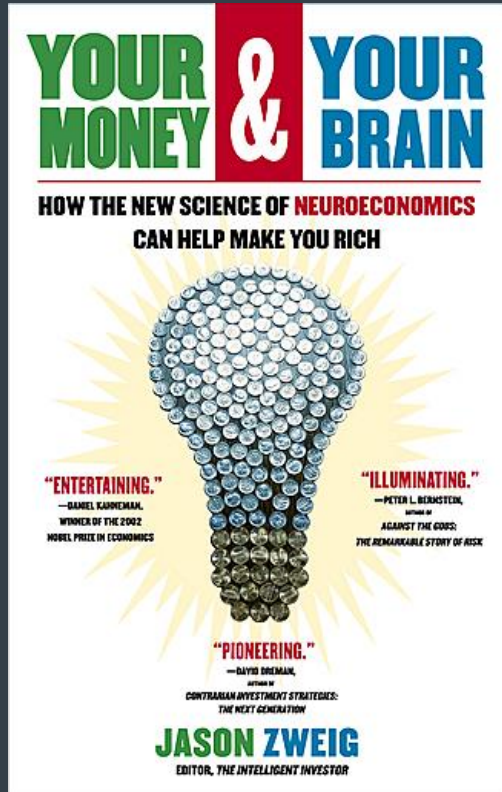








# The Psychology of Investor Behavior



“. . . emotion overwhelms reason.”

“Financial losses are processed in the same areas of the brain that respond to mortal danger.”

# Cognitive Biases

Overconfidence

Illusion of control

Loss  
aversion

Regret avoidance

# Cognitive Biases and the Conflict They Lead to

Attribution

Anchoring

Framing

Overconfidence

Illusion of control

Loss  
aversion

Regret avoidance



# Framing: The “Linda” Experiment

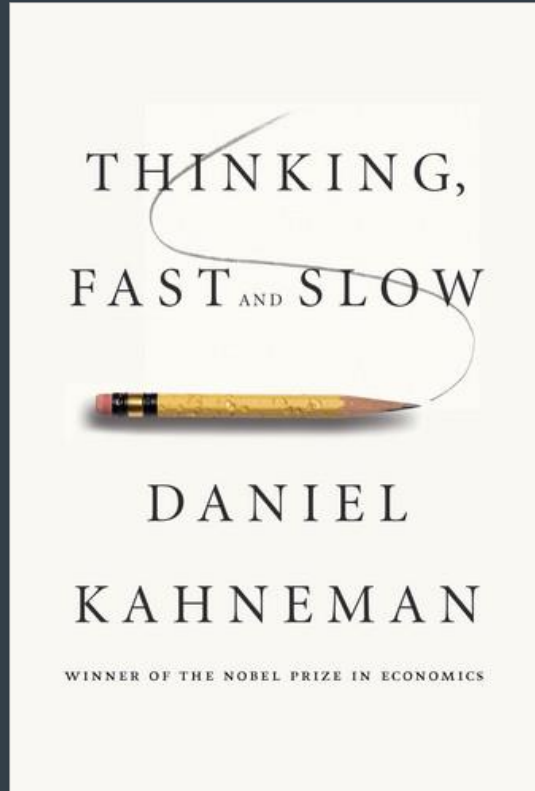
Linda is 31, single, outspoken, and very bright. She majored in philosophy. As a student, she was deeply concerned with issues of discrimination and social justice. She participated in antinuclear demonstrations.

Which is more likely?

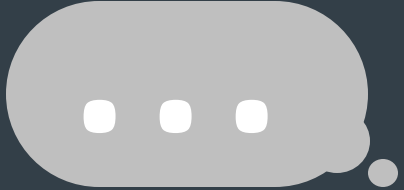
1. Linda is a bank teller.

2. Linda is a bank teller and active in the feminist movement.

# Daniel Kahneman's Perspective



“This is the essence of intuitive heuristics: when faced with a difficult question, we often answer an easier one instead, usually without noticing the substitution.”



Our choice as investors...

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**Quiz:** Which of the following are cognitive biases?

- a) Overconfidence
- b) Illusion of control
- c) Loss aversion
- d) Regret avoidance
- e) All of the above



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**Quiz:** Which of the following are potential conflicts that cognitive biases lead to?


- a) Attribution
- b) Anchoring
- c) Framing
- d) All of the above

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A core equity portfolio focused on the premiums can go beyond a market index and help retirement investors achieve better outcomes.

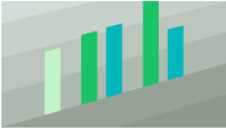
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### Savina Rizova Is Named One of Barron's 100 Most Influential Women in US Finance



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### Why the Benefits of Betting on Industries and Countries Are Few and Far Between



BROWSE BY *topic* *format* *use*

SORT BY: NEWEST

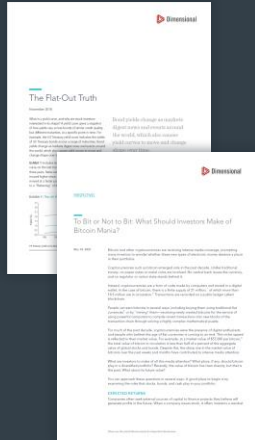
709 items



# A Diverse Set of Communication Materials



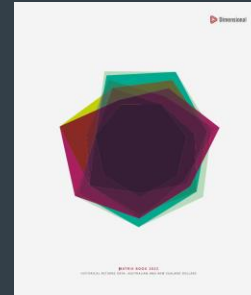
4S Messaging Framework & Workshops



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“One-Pagers”



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‘Short & Sweet’ Emails



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**Tue, 25 – Wed, 26 July**

1.00pm – 3.15pm AEST (Both days)

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