# FINM3407 - Behavioural Finance

## Tutorial 10 Behavioural Investing

*Note:* This topic has more questions than can be covered in a 2-hour session. The questions to be covered by your tutor are indicated by an asterisk (*); the rest questions should be viewed as extra practice problems.

In this tutorial, we are going to cover the following topics: Behavioural Investing

Reference for Behavioural Investing.

*AckertDeaves Chapters 19*

- **Part One: Behavioural Investing**

1. Differentiate the following terms/concepts:

*a. Style peer groups and style investing*

*b. Style tilting and style rotation*

*c. Financial soundness and financial statements*

*d. Univariate and multivariate approaches*

**2. Describe how momentum can be refined by conditioning on the entire term structure of interest rates in the manner of the Grinblatt and Moskowitz regression model.**

**3. Describe how value investing can be refined by paying close attention to a company's financial statements.**

**4. What does the early evidence on the ability of behavioral investing to enhance performance tell us?**

**5. What is an example of an anomaly that once reported in research studies has attenuated? Is this positive or negative from the standpoint of market efficiency?**

- **Part Two: Revision**

Please refer to FINM3407 – Behavioural Finance – Practice Questions