Behavioral Finance

CFA三级培训项目

讲师：

Reading 7

The Behavioral Finance Perspective

Case: Mimi Fong

- Mimi Fong, CFA, a private wealth manager with an asset management firm, has been asked to make a presentation to her colleagues comparing traditional and behavioral finance. She decides to enliven her presentation with statements from colleagues and clients. These statements are intended to demonstrate some key aspects of and differences between traditional and behavioral finance.
- Statement 1
- (from a colleague): "When new information on a company becomes available, I adjust my expectations for that company's stock based on past experiences with similar information."

Case: Mimi Fong

- Statement 2
- (from a client): “When considering investments, I have always liked using long option positions. I like their risk/return tradeoffs. My personal estimates of the probability of gains seem to be higher than that implied by the market prices. I am not sure how to explain that, but to me long options provide tremendous upside potential with little risk, given the low probability of limited losses.”
- Statement 3
- (from a client): “I have always followed a budget and have been a disciplined saver for decades. Even in hard times when I had to reduce my usual discretionary spending, I always managed to save.”

Case: Mimi Fong

- Statement 4
- (from a colleague): “While I try to make decisions analytically, I do believe the markets can be driven by the emotions of others. So I have frequently used buy/sell signals when investing. Also, my 20 years of experience with managers who actively trade on such information makes me think they are worth the fees they charge.”
- Statement 5
- (from a colleague): “Most of my clients need a well-informed advisor to analyze investment choices and to educate them on their opportunities. They prefer to be presented with three to six viable strategies to achieve their goals. They like to be able to match their goals with specific investment allocations or layers of their portfolio.”

Case: Mimi Fong

- Statement 6
- (from a client): “I follow a disciplined approach to investing. When a stock has appreciated by 15 percent, I sell it. Also, I sell a stock when its price has declined by 25 percent from my initial purchase price.”
- Statement 7
- (from a client): “Overall, I have always been willing to take a small chance of losing up to 8 percent of the portfolio annually. I can accept any asset classes to meet my financial goals if this constraint is considered. In other words, an acceptable portfolio will satisfy the following condition: Expected return – 1.645 × Expected standard deviation ≥ –8%.”

Case: Mimi Fong

- Which of the following statements is *most* consistent with expected utility theory?
  A. Statement 1.
  B. Statement 2.
  C. Statement 3.

Case: Mimi Fong

- **Solution: C**

  Statement 3 is most consistent with expected utility theory. The client exhibits self-control and is able to defer consumption. This client is considering short-term and long-term goals and attempting to maximize the present value of utility. In Statement 1, beliefs are being updated using heuristics rather than Bayes' formula. Statement 2 is consistent with prospect theory; the client is overweighting the probability of a high financial impact outcome (gains on options) and underweighting the probability of a loss (the option premium cost).

Case: Mimi Fong

- Which of the following statements *most likely* indicates a belief that technical anomalies exist in the capital markets?
  A. Statement 2.
  B. Statement 4.
  C. Statement 6.

- **Solution: B**

  Statement 4 indicates the belief that buy/sell signals can be used to earn excess returns.

Case: Mimi Fong

- Statement 4 is *most* consistent with:
  - A. the adaptive markets hypothesis.
  - B. a behavioral approach to asset pricing.
  - C. Savage's subjective expected utility theory.

- **Solution: B**

  Statement 4 indicates that markets can be influenced by the emotions of others (sentiment). This is consistent with a behavioral approach to asset pricing that includes sentiment such as the behavioral stochastic discount factor-based asset pricing model proposed by Shefrin.

Case: Mimi Fong

- The clients of Statement 5 *most likely* exhibit:
  - A. loss-aversion.
  - B. bounded rationality.
  - C. mental accounting bias.

Case: Mimi Fong

- **Solution: C**

  The clients discussed in Statement 5 exhibit mental accounting bias because they consider their portfolio by matching its layers to goals. The clients may not have time themselves to examine the investment universe and arrive at optimal solutions, but they rely on their adviser to do this for them. Thus, they do not exhibit bounded rationality.

Case: Mimi Fong

- The client of Statement 6 is *most likely* behaving consistently with:
  A. prospect theory.
  B. expected utility theory.
  C. behavioral portfolio theory.

- **Solution: C**
  The client of Statement 6 is behaving consistently with behavioral portfolio theory. The client sells and holds a stock not because of the stock's potential, but rather from a fear of the stock declining in value and gains dissipating and an aversion to realizing losses. Loss-aversion in prospect theory is discussed from a different perspective.

Case: Mimi Fong

- The client of Statement 7 would *most likely* agree with which of the following statements?
  A. I strive for a mean–variance efficient portfolio.
  B. I construct my portfolio in layers to meet my goals.
  C. I am loss-averse and have a value function that is steeper for losses than gains.

Case: Mimi Fong

- **Solution: A**
  The client is expressing a portfolio goal that considers expected return and standard deviation. This is consistent with traditional finance and the client is likely to prefer a mean–variance efficient portfolio. There is nothing in the statement that indicates loss-aversion as opposed to risk-aversion or a preference for constructing a portfolio in layers.

Reading 8

The Behavioral Biases of Individuals

Case: Tiffany Jordan

- Tiffany Jordan is a hedge fund manager with a history of outstanding performance. For the past 10 years, Jordan's fund has used an equity market neutral strategy (long/short strategy that strives to eliminate market risk; i.e., beta should be zero) which has proved to be effective as a result of Jordan's hard work. An equity market neutral strategy normally generates large daily trading volume and shifts in individual security positions. Jordan's reputation has grown over the years as her fund has consistently beaten its benchmark. Employee turnover on Jordan's team has been high; she has a tendency to be quick to blame, and rarely gives credit to team members for success. During the past twelve months, her fund has been significantly underperforming against its benchmark.

Case: Tiffany Jordan

One of Jordan's junior analysts, Jeremy Tang, is concerned about the underperformance and notes the following:

- Observation 1

  Certain positions are significantly under water, have much higher risk profiles, and have been held for much longer than normal.

- Observation 2

  The trading volume of the fund has decreased by more than 40 percent during the past year.

- Observation 3

  The portfolio is more concentrated in a few sectors than in the past.

Case: Tiffany Jordan

- Tang is worried that the portfolio may be in violation of the fund's Investment Policy Statement (IPS). Tang brings this to Jordan's attention during a regular weekly team meeting. Jordan dismisses Tang's analysis and tells the team not to worry because she knows what she is doing. Jordan indicates that since she believes the pricing misalignment will correct itself, the portfolio will not be able to take advantage of the reversion to the mean if she sells certain losing positions. She reassures the team that this strategy has performed well in the past and that the markets will revert and the fund's returns will return to normal levels.
- Tang tactfully suggests that the team review the fund's IPS together, and Jordan interrupts him and reminds the team that she has memorized the IPS by heart. Tang contemplates his next step. He is concerned that Jordan is displaying behavioral biases which are affecting the fund's performance.

Case: Tiffany Jordan

- By taking credit for successes but assigning blame for failures, Jordan is *most likely* demonstrating:
  A. loss-aversion bias.
  B. self-attribution bias.
  C. illusion of knowledge bias.

Case: Tiffany Jordan

- **Solution: B**

  Self-attribution is a bias in which people take credit for successes and assign responsibilities for failure. Jordan attributes successful decisions to herself while poor decisions are attributed to the team. Her self-esteem affects how she looks at success and failure. Self-attribution and illusion of knowledge biases contribute to overconfidence bias, which Jordan clearly demonstrates later when she tells the team that she knows what she is doing.

Case: Tiffany Jordan

- Which of Tang's observations is *least likely* to be the consequence of Jordan demonstrating loss-aversion bias?
  A. Observation 1.
  B. Observation 2.
  C. Observation 3.
- **Solution: C**

  Loss aversion by itself may cause a sector concentration; however, a market neutral strategy tends to focus on individual stocks without regard to the sector. The sector exposure would be mitigated with the balancing of the individual long and short positions.

Case: Tiffany Jordan

- Which of Jordan's actions *least* supports that she may be affected by the illusion of control bias?
  A. Her dismissal of Tang's analysis.
  B. Her routine of holding weekly team meetings.
  C. Her comment on market turnaround and current holdings.

Case: Tiffany Jordan

- **Solution: B**

  Holding weekly team meetings, which would indicate a willingness to listen to feedback from others, is not representative of the illusion of control bias. The illusion of control bias is one in which people believe they can control outcomes. Individuals exhibiting this bias display great certainty in their predictions of outcomes of chance events and ignore others' viewpoints. Jordan is sure that the market will turn around even though it is out of her control. She chooses not to listen to Tang who is questioning her viewpoint.

Case: Tiffany Jordan

- How does Jordan *most likely* demonstrate loss-aversion bias?
  - A. Telling the team not to worry.
  - B. Reducing the portfolio turnover this year.
  - C. Deciding to hold the losing positions until they turn around.

Case: Tiffany Jordan

- **Solution: C**

  Jordan's behavior is a classic example of loss aversion: When a loss occurs, she holds on to these positions longer than warranted. By doing so, Jordan has accepted more risk in the portfolio. Loss-aversion bias is one in which people exhibit a strong preference to avoid losses versus achieving gains. One of the consequences of loss aversion bias is that the financial management professional (in this case, Jordan) may hold losing investments in the hope that they will return to break-even or better.

Case: Tiffany Jordan

- Which of the following emotional biases has Jordan *most likely* exhibited?
  - A. Endowment.
  - B. Regret aversion.
  - C. Overconfidence.

Case: Tiffany Jordan

- **Solution: C**
  Jordan exhibits overconfidence in several ways. She ignores the analysis done by Tang. This may be because Jordan believes she is smarter and more informed than her team members, which is typical of an individual with an illusion of knowledge bias. The certainty she demonstrates that the market will revert is evidence of overconfidence. Her overconfidence is intensified by her self-attribution bias, which is demonstrated through her dealings with her team when she blames them for losses while taking credit for the gains. Finally, her portfolio's underperformance against the benchmark is a consequence of overconfidence bias.

Case: Tiffany Jordan

- Which one of the following biases did Jordan *not* demonstrate?
  A. Self-attribution.
  B. Representativeness.
  C. Illusion of knowledge.
- **Solution: B**
  B is correct. Nowhere in the scenario did it mention that Jordan classified certain information into a personalized category. Representativeness bias is a cognitive bias in which people tend to classify new information based on past experiences and classifications. Jordan is not relating the certainty about the future or her decision to hold losing positions back to something she has done or experienced in the past.

Case: Tiffany Jordan

- Which of Tang's findings is *not* a typical consequence of self-control bias?
  A. Failure to explore other portfolio opportunities.
  B. Asset allocation imbalance problems in the portfolio.
  C. A higher risk profile in the portfolio due to pursuit of higher returns.

Case: Tiffany Jordan

➢ **Solution: A**

Failing to explore other opportunities is a demonstration of status quo bias, not self-control. Self-control bias occurs when individuals deviate from their long-term goals, in this case, the investment policy statement, due to a lack of self-discipline. Jordan is not adhering to the strategy which has been successful in the past. The consequences of self-control bias include accepting too much risk in the portfolio (C) and asset allocation imbalance problems (B) as Jordan attempts to generate higher returns.

Reading 9

Behavioral Finance and Investment Processes

Case: Ian Wang

➢ Ian Wang, CFA, is a financial advisor at Garnier Brothers, a US money management firm. He became a financial advisor several years ago after receiving his CFA charter and currently has three high-net-worth individuals as clients. Wang is conducting his annual review of each client's investment policy statement along with their recently completed risk tolerance questionnaires. He is reflecting on their varying psychographic characteristics:

- Michael Perez is a successful 45-year-old investment banker. Wang describes Perez as a passive investor who is sensible and secure. Perez exhibits low to medium risk tolerance but often overestimates his risk tolerance. His biases include hindsight, framing, and regret aversion. On his questionnaire, Perez indicated a desire for wealth preservation while wanting to invest a significant portion of his assets in his employer's stock.

Case: Ian Wang

- Sarah Johnson is an independent-minded 45-year-old real estate developer who has historically utilized significant amounts of financial leverage. Prior to becoming a Garnier client, Johnson managed her own investment portfolio, which was concentrated in just a few stocks. Johnson exhibits a great deal of confidence and high risk tolerance. Johnson's biases include illusion of control and overconfidence. On her questionnaire, Johnson indicated a desire for wealth accumulation and an aversion to investing in non-US equities. In addition, she indicated that her risk tolerance toward a stock investment would increase significantly if she knew that more than one of Garnier's research analysts supported it.

Case: Ian Wang

- Neal Patel is a 66-year-old billionaire who accumulated his wealth by starting a successful retail business. Wang describes Patel as cautious and concerned about the future. Patel is concerned about protecting his assets and often seeks advice from those he perceives as being more knowledgeable than himself. Patel exhibits low risk tolerance. Patel's biases include endowment, loss aversion, and status quo. Patel indicated that his risk tolerance would increase significantly if he knew that an investment had the unanimous support of Garnier's Private Wealth Investment Committee.

➢ There was one common observation that Wang noted in all three questionnaires: All three clients indicated that they would perceive a company with a good growth record and good previous share price performance as a good investment.

Case: Ian Wang

➢ Once Wang completes his annual review, he revises the investment policy statement for the client's approval. After the client approves the revised policy statement, the portfolio for the client will be reviewed to determine any necessary reallocations. Wang is limited by Garnier as to the specific investment options that can be placed in a client's portfolio; only securities that are covered by Garnier's research analysts and approved by the Private Wealth Investment Committee can be placed in a client's portfolio. Garnier is confident that its analysts provide superior forecasts and ratings because they use a Bayesian approach. Garnier is also proud of its investment approval process. The Private Wealth Investment Committee regularly meets to discuss and debate each security and then votes on which will be approved.

➢ Wang is scheduled to meet with his supervisor next week to discuss the results of his annual review and recommended portfolio reallocations.

Case: Ian Wang

- When advising his clients, Wang is *least likely* to:
  A. educate Perez on the benefits on portfolio diversification.
  B. limit Johnson's role in the investment decision-making process.
  C. provide Patel with details like standard deviations and Sharpe ratios.

Case: Ian Wang

- **Solution: C**
  This would not be an effective way to advise Patel. Given Patel's information, he is likely to be more receptive to "big picture" advice that does not dwell on details like standard deviations and Sharpe ratios. He is emotionally biased and providing excessive cognitive detail will lose his attention. He needs to be convinced of his advisor's general philosophy first and then, as trust is gained, he will respond to advice and take action. (Patel is a Passive Preserver.)

Case: Ian Wang

- A traditional risk tolerance questionnaire is *most likely* to be effective as a diagnostic tool for:
  A. Patel.
  B. Perez.
  C. Johnson.

- **Solution: B**
  Perez exhibits primarily cognitive rather than emotional biases. Although risk tolerance questionnaires may fail for emotionally biased individuals and work best for institutional investors, they are generally effective for cognitive-based individuals.

Case: Ian Wang

- Which of the following behavioral biases would be *most* relevant in constructing a portfolio for Johnson?
  - A. Home bias.
  - B. Overconfidence.
  - C. Inertia and default.
- **Solution: A**
  Home bias is evident in Johnson's questionnaire. Johnson has expressed an aversion to investing in non-US equities. Familiarity with their country may lead investors to own high concentrations of domestic assets and ignore the benefits of international diversification.

Case: Ian Wang

- Which investment portfolio is *least likely* to deviate from the mean–variance portfolio?
  - A. Patel.
  - B. Perez.
  - C. Johnson.
- **Solution: B**
  Perez has primarily cognitive error biases. Accordingly, it is likely that, with education, the impact of these biases can be reduced or even eliminated. Because cognitive biases dominate, Wang should seek to moderate the effect of these biases and adopt a program to reduce or eliminate the bias rather than accept the bias. The result will be a portfolio that is similar to the mean–variance portfolio.

Case: Ian Wang

- With regard to Johnson's comment relating to Garnier's research analysts, which of the following biases is *most likely* to be present in the analysts' data?
  - A. Confirmation bias.
  - B. Availability bias.
  - C. Self-attribution bias.

Case: Ian Wang

- **Solution: A**
  Confirmation bias, a cognitive bias, is the tendency for people to misread evidence as additional support for an initial hypothesis. Confirmation bias is a potential bias for analysts conducting research. It is a form of resolving cognitive dissonance that described the tendency to search for, or interpret, information in a way that confirms the analyst's prior beliefs. The additional information may not be analyzed in a rigorous way, but it can nevertheless appear to make the judgment or forecast more likely by sharing some of its general characteristics.

Case: Ian Wang

- Patel's comment in his risk tolerance questionnaire regarding the Private Wealth Investment Committee fails to recognize which bias?
  A. Social proof.
  B. Confirmation bias.
  C. Gambler's fallacy.

Case: Ian Wang

- **Solution: A**
  Social proof is a belief in which individuals are biased to follow the beliefs of a group. The structure of Garnier's Private Wealth Investment Committee indicates that they may be susceptible to a social proof bias. The committee meets to discuss and debate each security and then votes on which will be approved. Committee members may wrongly favor the judgment of others, often without being fully aware that they are doing so. The process of reaching a consensus will usually narrow the range of views. If a group decision process does not encourage private information held by individual committee members to be shared fully with others before a decision is made, the decision may fail to combine the collective wisdom of the group. There is no evidence that this committee encourages private information.

Case: Ian Wang

- The clients' common observation in their risk tolerance questionnaires is *least likely* indicative of:
  - A. herding.
  - B. home bias.
  - C. halo effect.

- **Solution: B**
  Home bias occurs when investors exhibit a strong bias in favor of domestic securities in the context of global portfolios. There is no evidence of a home bias in the clients' common observation.

Case: Empire & Associates

- Empire & Associates, an investment management firm, has been in operation since 1974. Empire utilizes a proprietary valuation model based on fundamental analysis to select individual stock and bonds, and also employs technical analysis to help identify market anomalies and momentum effects. They use the output of their fundamental and technical analyses to actively manage clients' accounts. Empire also recognizes the effects of investors' background and past experiences on investors' behaviors and decision making, and uses a behavioral alpha process to classify its clients into behavioral investor types.
- Anthony Rodriguez, investment adviser, has been tasked with transitioning three new clients' investment portfolios. Rodriguez has reviewed for each completed new client questionnaire, current portfolio, and some notes on the client. He prepares the following summaries:

Case: Empire & Associates

- Christine Blake is a 35-year old free-lance writer of several successful children's books. Her primary source of income is royalty payments. She has accumulated a portfolio with a current value of $3.6 million. Blake has always self-managed the portfolio and has confidence in her investment abilities. Blake would like to be able to make independent decisions when opportunities arise. On several occasions, Blake has found herself holding positions with sizable losses and she has been reluctant to sell when a security declines. Because of these losses and the general size of her portfolio, she is seeking professional help. She is willing to consider higher risk investments if her research identifies an attractive opportunity. Her current portfolio consists of 15 equity positions of equal dollar value, diversified across eight industries and four different countries.

Case: Empire & Associates

- Margaret Neilson is a 59-year-old senior vice president of marketing for a highly successful, plastic injection corporation. Neilson has little investment experience and currently holds an $800,000 investment portfolio. Neilson has come to Empire because 80% of her portfolio is invested in the plastic injection corporation's shares that were obtained through an employee stock ownership plan. Neilson is nearing retirement and is worried about a weakening economy and the potential effect it could have on the plastic injection corporation's share price. Neilson wishes to avoid high risk situations.

Case: Empire & Associates

- Thomas Williamson is a 47-year-old surgeon; he is considered one of the world's best in his specialty, and earns several million dollars each year. Williamson recognizes that he has limited investment expertise and considers himself a low to moderate risk taker. Williamson established a brokerage account several years ago and funded it with $4 million. He has made no withdrawals from and no additional payments into the account. He selected investments by acting on the advice of other doctors and friends. This advice led him to purchase many popular stocks, and his portfolio is currently worth $3.55 million. Because he was so busy, he felt he mistimed buying and selling stocks. His current portfolio is concentrated in shares of eight US healthcare companies.

Case: Empire & Associates

- Rodriguez is meeting with Ian Carter, portfolio manager and Lila Suzuki, investment strategist, later in the week to establish an investment plan for each client. Rodriguez has worked with Carter and Suzuki on other client accounts. To facilitate discussion at the meeting, Rodriguez has emailed the summary on each client and asked that they provide some preliminary views prior to the meeting.
- Carter is a senior portfolio manager with an excellent performance record. He has expressed concern about the use of investor type classification models due to their many limitations. Carter believes that Empire's fundamental approach to analysis provides great value. However, he believes the technical analysis department is compatible with sound investment practices.

Case: Empire & Associates

- Suzuki tends to rigidly adhere to asset selections based on the proprietary valuation model. She has stated, "Sure it's a complex model, but it incorporates hundreds of different pieces of data relevant to a company; therefore, it's more thorough than any other analysis." With respect to Empire's technical analysis, Suzuki believes that the identified opportunities are not 'true' market anomalies but rather they are associated with higher risk exposures.

Case: Empire & Associates

- In establishing the portfolios for these new accounts, Rodriguez would like to address a recent memo from the technical analysis department that recommended overweighting clients' portfolios in the technology and consumer goods sectors. The memo's conclusion stated, "These sectors are depressed below their ten-year average levels. Every time that this has occurred in the past, these sectors have recovered to their mean in a short period of time." Rodriguez believes that technical analysis has the potential to uncover opportunities where there are over- or under-reactions to relevant information.

Case: Empire & Associates

- Which new client would most likely be identified as a friendly follower?

  A. Blake.

  B. Neilson.

  C. Williamson.

Case: Empire & Associates

- **Solution: C**

  Friendly followers are passive investors with low to moderate risk tolerance. Friendly followers tend to follow leads from their friends, colleagues, or advisors. They often want to be in the latest, most popular investments without regard to suitability for long-term goals. Rodriguez's notes indicate Williamson considers himself to be a low to moderate risk taker. In addition, he admits following the advice of colleagues and this advice resulted in purchase of latest, popular stocks without consideration of goals.

Case: Empire & Associates

- Carter's statement regarding behavioral classifications is *most likely* justified because individual investors generally:
  - A. exhibit characteristics of multiple investor types.
  - B. retain the same emotional biases as they become older.
  - C. exhibit primarily emotional or cognitive biases, but not both.

- **Solution: A**

  A limitation of behavioral models is that individual investors do frequently exhibit characteristics of multiple investor types. This is a limitation of behavioral models and justifies Carter's concern. Users of these models should not look for people to fit neatly into one "box" or type.

Case: Empire & Associates

- Given Neilson's behavioral investor characteristics, the *most* effective approach in advising her would include providing her with:
  - A. frequent reports of the portfolio return and risk measures.
  - B. information detailing how Empire selects individual securities.
  - C. information about how Empire will help her meet her investment goals.

Case: Empire & Associates

- **Solution: C**

  Neilson would be classified as a guardian or passive-preserver investment type and these investors are more receptive to “big picture” advice. Passive preservers display predominantly emotional biases and the focus of advice should be on addressing these emotions. Describing how the investment relationship will help her to accomplish her retirement goals would seem most appropriate.

Case: Empire & Associates

- Blake’s portfolio would *most likely* indicate which behavioral bias?

  A. Home bias.

  B. Loss aversion.

  C. Investing in the familiar.

Case: Empire & Associates

- **Solution: B**

  Loss aversion is a bias in which people tend to strongly prefer avoiding losses as opposed to achieving gains. The disposition effect, which includes an emotional bias to loss aversion, will encourage investors to hold on to losers, causing an inefficient and gradual adjustment to deterioration in fundamental value. On several occasions, Blake has found herself holding positions with sizable losses, and she has been reluctant to sell when a security declines. This suggests that Blake may exhibit loss aversion bias.

Case: Empire & Associates

- Suzuki's rigid adherence to the proprietary valuation model *most likely* exhibits overconfidence in Empire's fundamental analysis due to:
  A. availability bias.
  B. self-attribution bias.
  C. an illusion of control.

Case: Empire & Associates

- **Solution: C**
  An illusion of control is a behavioral bias of someone who believes that he or she can know more than others simply by acquiring information. This may result in collection of too much information. While this data may not add to the accuracy of the forecast, it does reinforce the confidence placed in that forecast. Suzuki's endorsement of the complex valuation model which relies on large amounts of data most likely would give her an illusion of control.

Case: Empire & Associates

- The recent technical analysis department memo is *most likely* evidence of:
  A. anchoring.
  B. a confirmation bias.
  C. the gambler's fallacy.

Case: Empire & Associates

- **Solution: C**

  The gambler's fallacy is a cognitive behavioral bias in which an analyst wrongly projects a reversal to a long-term trend. This reflects a faulty understanding about the behavior of random events. The analyst expects a pattern that has diverged from the long term average to reverse within a specific period of time. The memo's statement that technology and consumer goods sectors should rebound within a short time period demonstrates the gamble's fallacy.

Case: Empire & Associates

- Blake's portfolio *least likely* reflects:
  A. home bias.
  B. a disposition effect.
  C. naïve diversification.

- **Solution: A**

  Home bias occurs when an investor exhibits an emotional attraction to a stock that may be enhanced by the proximity of the headquarters to the investor. This creates portfolios that show strong bias in favor of domestic equities in the context of global portfolios. Blake's portfolio is diversified among four different countries and therefore would not indicate a home bias.

Case: Empire & Associates

- Whose statement regarding the technical analysis department is most accurate?
  A. Carter.
  B. Suzuki.
  C. Rodriguez.

- **Solution: C**

  Momentum can be partly explained by short-term under-reaction to relevant information, and longer term over-reaction and thus supports Rodriguez's view that the technical analysis department has value.

问题反馈

- 如果您认为金程**课程讲义/题库/视频**或其他资料中**存在错误，欢迎您告诉我们，**所有提交的内容我们会在最快时间内核查并给与答复。
- **如何告诉我们？**
  - 将您发现的问题通过电子邮件告知我们，具体的内容包含：
    - ✓ 您的姓名或网校账号
    - ✓ 所在班级（eg.1906CFA一级长线无忧班）
    - ✓ 问题所在科目（若未知科目，请提供章节、知识点）和页码
    - ✓ 您对问题的详细描述和您的见解
  - 请发送电子邮件至：academic.support@gfedu.net
- **非常感谢您对金程教育的支持，您的每一次反馈都是我们成长的动力**。后续我们也将开通其他问题反馈渠道（如微信等）。