

Confirmation Bias

- **Clear Definition:** Confirmation bias is the tendency for people to seek out, interpret, and favour information that confirms their pre-existing beliefs or hypotheses. Simultaneously, individuals tend to ignore, distort, or place less importance on information that challenges their views.

- **Actionable Coping Strategies:**

1. **Deliberately Seek Opposing Viewpoints:** Actively search for information that contradicts your initial thesis. For example, if you believe a company is a "buy," find a report from a fund that recommends it as a "sell" and read their analysis.

2. **Have Your Thesis Challenged:** Ask a trusted peer, such as a friend, professor, or another investor, to spend time actively attacking the key points of your investment thesis. This external critique can help reveal weaknesses you may have overlooked due to your own bias.