Question #1 of 16

Question ID: 1459069

Which of the following *most accurately* describes cognitive errors?

A) They are not related to conscious thought.

B) They are due primarily to faulty reasoning.

C) They stem from feelings, impulses, or intuition.

Question #2 of 16

Question ID: 1459074

Sarah Kowalski bought a growth stock for $45 per share that subsequently fell by 35%, and she is reluctant to sell as she hopes the stock bounces back. Kowalski is *most likely* exhibiting:

A) availability bias.

B) self-control bias.

C) loss-aversion bias.

Question #3 of 16

Question ID: 1459073

Greg Brown receives new information regarding one of his stocks. This information appears to be reliable and conflicts with Brown's earlier forecast of what the stock should be trading for at this time. However, Brown does not revise his estimate of the stock's value. Brown is *most likely* exhibiting:

A) confirmation bias.

B) conservatism bias.

C) hindsight bias.

Question #4 of 16

Question ID: 1455978

Which of the following cognitive errors are *best* described as belief persistence biases?

A) Conservatism, representativeness, and hindsight biases.

B) Mental accounting, framing, and availability biases.

C) Illusion of control, confirmation, and anchoring and adjustment biases.

Question #5 of 16

Question ID: 1455977

Which of the following statements would *most likely* be classified as a cognitive error? The investor:

A) has a tendency to place information into categories.

B) tends to take more risk rather than sell a stock at a loss.

C) acts defensively when asked why he made a poor investment decision.

Question #6 of 16

Question ID: 1459075

Harvey Woodman invests in modern art. Occasionally, he sells a piece from his collection, but the process is often difficult because he gets insulted when potential buyers offer what he believes to be too little. Which bias is Woodman *most likely* exhibiting?

A) Endowment bias.

B) Overconfidence bias.

C) Mental accounting bias.

Question #7 of 16

Question ID: 1459078

With respect to asset "bubbles":

A) behavioral finance provides an overall explanation.

B) anchoring may cause investors to mitigate bubbles by reducing their market exposure.

C) hindsight bias can fuel overconfidence.

Question #8 of 16

Question ID: 1459070

Emotional biases are *most likely* to:

A) be mitigated rather than accommodated.

B) be related to faulty reasoning.

C) stem from feelings or intuition.

Question #9 of 16

Question ID: 1379946

Which of the following are considered biases due to cognitive errors?

A) Conservatism, hindsight, and framing biases.

B) Representativeness, mental accounting, and overconfidence biases.

C) Loss aversion, self-control, and regret-aversion biases.

Question #10 of 16

Question ID: 1459072

Rex Newman treats wages differently from bonuses when determining his savings and investment goals. As a result, he invests any available after-tax wages in low-risk investments while investing his bonuses in high-risk alternatives. Newman is *most likely* exhibiting:

A) availability bias.

B) framing bias.

C) mental accounting bias.

Question #11 of 16

Question ID: 1459076

Steven Murphy has a tendency of overreacting to current events and trading too much based on news or anecdotes. Which of the following biases does Murphy *most likely* exhibit?

A) Availability bias.

B) Overconfidence bias.

C) Loss-aversion bias.

Question #12 of 16

Question ID: 1459071

Compared to emotional biases, cognitive errors are *more likely* to be:

A) difficult to overcome.

B) mitigated by information.

C) related to intuition or impulses.

Question #13 of 16

Question ID: 1459077

Evidence that investors hold portfolios that are less diversified than traditional finance would suggest may be *best* explained by:

A) anchoring.

B) overconfidence.

C) fear of regret.

Question #14 of 16

Question ID: 1379948

Which of the following behavioral biases is *most likely* related to information processing?

A) Anchoring and adjustment.

B) Loss aversion.

C) Status quo.

Question #15 of 16

Question ID: 1379947

Which of the following are considered emotional biases?

A) Confirmation, control, and availability biases.

B) Anchoring and adjustment bias.

C) Status quo and endowment biases.

Question #16 of 16

Question ID: 1447019

Which of the following statements *best* describes the availability bias? An investor:

A) only notices information that agrees with their perceptions or beliefs.

B) associates new information with an easily recalled past event.

C) bases a decision on how the information is presented.