Behavioural Portfolio Theory

NCCR FINRISK

Advanced PhD Course at the University of Zurich

FALL TERM 2009

1. Instructor

Enrico De Giorgi, University of St. Gallen and University of Lugano (enrico.degiorgi@usi.ch).

2. Location and dates

University of Zurich.

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<thead>
<tr>
<th>Date:</th>
<th>Time:</th>
<th>Room:</th>
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<tbody>
<tr>
<td>Monday, 17.08.2009</td>
<td>14:00-17:00</td>
<td>SOE-F-8</td>
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<tr>
<td>Tuesday, 18.08.2009</td>
<td>10:00-12:00/14:00-16:00</td>
<td>SOE-F-8</td>
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<td>Wednesday, 19.08.2009</td>
<td>09:00-12:00</td>
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<td>Wednesday, 02.09.2009</td>
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<td>Friday, 04.09.2009</td>
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3. Material


4. Course description

This course is an introduction to Behavioural Portfolio Theory. We first study some well-documented deviations of people’s behaviour from the maxims of economic rationality and the implications for portfolio selection and asset prices. We then introduce (cumulative) prospect theory, which is the most important descriptive model for decision making under risk. Finally, we discuss applications of cumulative prospect theory and other behavioural models of decision making to portfolio selection.

5. Grading

Master students: oral exam 20 minutes.
PhD students: oral exam 20 minutes and paper presentation.
6. Preliminary contents

I. Individual behaviour

Selected readings:


II. Prospect theory and other models of decision makers’ preferences

*Selected readings:*


III. Behavioural portfolio models and asset pricing

*Selected readings:*


