

# CFA® Exam Tips – LEVEL III

Study Tips (Out of Syllabus, for interest only)

SS3 Behavioral Finance Perspective

## *Behavioral Finance* **VS** *Traditional Finance*

	<b>Behavioral Finance</b>	<b>Traditional Finance</b>
1.	Observed investor decision	Mathematical models & theories
2.	Prospect Theory (Loss averse)	Utility Theory (Risk averse)
3.	Bounded Rationality (No perfect information)	Decision theory (Fully informed information)
4.	Satisfice	Rational



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