

# DISSERTATION PROPOSAL

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## “The Effects of the Presentation of Asset Price Information on Investor Biases”

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Financial decisions are a ubiquitous aspect of life, yet retail investors exhibit a large number of biases when making decisions about how to allocate their assets. A thorough understanding of what causes these biases is still lacking. Most retail investors view very similar asset price information formats, and asset price information, across retail investor platforms, raising the question as to whether this presentation format of asset price information could contribute to the perennial biases displayed by retail investors: over-trading, under diversification, the disposition effect, and over-confidence. Two papers explore the effects of information presentation on investor behavior. In the first paper, I investigate the effects of merely adding price level graphs to summary statistics on trading, diversification and the disposition effect. I observe decisions about buying, selling, and holding assets, and examine how price graph format affects investment biases. In subsequent experiments I explore how participant trading and diversification strategies could improve with the use of different visual price graphs. In the second paper, collaborators and I show how price level graphs, compared to graphs of relative price changes, lead to perceptions that uncertainty is epistemic (knowable) rather than aleatory (unknowable), and this in turn increases the tendency for participants to predict stock price trends to continue. In follow up work we directly test how price graph format, by way of changing participants' perceptions of uncertainty, affects their over-confidence.