
Michael M. Pompian

DESCRIPTION

The book that applies behavioral finance to the real world

Understanding how to use behavioral finance theory in investing is a hot topic these days. Nobel laureate Daniel Kahneman has described financial advising as a prescriptive activity whose main objective should be to guide investors to make decisions that serve their best interests. The reality? That's easier said than done. In the Second Edition of Behavioral Finance and Wealth Management, Michael Pompian takes a practical approach to the growing science of behavioral finance, and puts it to use for real investors. He applies knowledge of 20 of the most prominent individual investor biases into "behaviorally-modified" asset allocation decisions. Offering investors and financial advisors a "self-help" book, Pompian shows how to create investment strategies that leverage the latest cutting edge research into behavioral biases of individual investors. This book:

• Shows investors and financial advisors how to either moderate or adapt to behavioral biases, in order to improve investment results and identifies "the best practical allocation" for investment portfolios. Using these two sound approaches for guiding investment decision-making, behavioral biases are incorporated into the portfolio management process

• Uses updated cases studies to show investors and financial advisors how an investor’s behavior can be modified to improve investment decision-making

• Provides useable methods for creating behaviorally modified investment portfolios, which may help investors to reach their long term financial goals
• Heightens awareness of biases so that financial decisions and resulting economic outcomes are improved

• Offers advice on managing the effects of each bias in order to improve investment results

This Second Edition illustrates investors' behavioral biases in detail and offers financial advisors and their clients practical advice about how to apply the science of behavioral finance to improve overall investment decision making.

ABOUT THE AUTHOR

Michael M. Pompian, CFA, CFP, is a partner at Mercer Investment Consulting, a firm serving institutional and private wealth clients. Prior to joining Mercer, he was a wealth management advisor with Merrill Lynch and PNC Private Bank, and served on the investment staff of a family office. Pompian is a Chartered Financial Analyst (CFA), a Certified Financial Planner (CFP), and a Certified Trust Financial Advisor (CTFA). He is also a member of the CFA Institute (formerly AIMR) and the New York Society of Security Analysts (NYSSA). He holds a BS in management from the University of New Hampshire and an MBA in finance from Tulane University. Pompian is a regular speaker on the subject of behavioral finance and has published several articles on the subject. He is married with three sons and can be reached at michael.pompian@mercer.com.

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