
Behavioural Finance for Investment and Capital Allocation Decisions Course

17 – 21 October 2027
Zoom





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Ref: 109_14182 **Date:** 17 – 21 October 2027 **Location:** Zoom **Fees:** 1700 GBP

Programme Summary

Behavioural finance for investment and capital allocation decisions is a one-week training course for senior finance leaders at strategic level, culminating in a decision quality charter for the investment or capital committee they sit on. Boards approve acquisitions, capital projects and portfolio shifts under uncertainty, and predictable errors such as overconfidence, anchoring and loss aversion shape those choices. The approach moves from the psychology of judgement to diagnosis of real decisions, then to the redesign of committee processes and choice architecture. Mars Training Centre UK delivers this programme in behavioural finance.

The Business Case

Capital committed on an optimistic forecast, held too long in a losing position or spread evenly to avoid conflict destroys value quietly. Leaders who recognise how bias enters a business case or committee debate can change the evidence required and the framing of options before money is committed.

- Return on Invested Capital: Improves as forecasts are tested against reference classes and sunk costs stop driving continuation decisions.
- Portfolio Risk Exposure: Becomes more deliberate as herding, concentration and the disposition effect are monitored in holdings and mandates.
- Decision Cycle Quality: Rises as committees record assumptions, dissent and post-decision reviews in a consistent way.

Principles and Evidence Base

- Prospect Theory: Explains loss aversion, reference points and risk-seeking in losses, applied to project continuation and portfolio decisions in Session 1.
- Heuristics and Biases Research: Underpins the analysis of anchoring, availability, representativeness and overconfidence in forecasts during Session 2.
- Cognitive and Emotional Bias Classification: Separates correctable errors from emotional biases that must be adapted to, guiding the diagnostics in Session 3.
- Nudge Theory and Choice Architecture: Frames how defaults, framing and decision procedures are redesigned for committees in Session 4.



Intended Participants

- Leaders who approve or recommend capital expenditure, acquisitions and divestments.
- Members of investment, asset and liability or capital allocation committees.
- Heads of treasury and portfolio functions who set mandates, limits and rebalancing rules.
- Senior officials who oversee public investment and sovereign or pension fund allocations.

The programme serves corporate finance, asset management, banking and public sector investment.

Learning Outcomes

1. Participants will be able to evaluate investment and capital allocation decisions for the influence of loss aversion, framing and reference points.
2. Participants will be able to diagnose cognitive and emotional biases in forecasts, valuations and business cases.
3. Participants will be able to assess group dynamics, herding and authority effects in committee decision-making.
4. Participants will be able to design debiasing procedures and choice architecture for investment and capital committees.
5. Participants will be able to justify portfolio and project decisions using reference class evidence and recorded assumptions.
6. Participants will be able to construct a decision quality charter for their own committee.

Programme Structure

Day 1: Behavioural Finance and the Psychology of Risk

Why do experienced leaders depart from rational models when money is at stake?

- Expected Utility Versus Prospect Theory
- Loss Aversion and Reference Points
- Mental Accounting in Budgets and Portfolios
- Sunk Cost and Escalation of Commitment
- Market Anomalies and the Limits to Arbitrage

Day 2: Bias in Forecasts and Business Cases

How do heuristics distort the numbers that reach the board?

- Anchoring and Adjustment in Valuations
- Overconfidence and the Planning Fallacy
- Availability and Representativeness in Market Views
- Confirmation Bias in Due Diligence
- Reference Class Forecasting



Day 3: Diagnosing Investor and Committee Behaviour

Where do individual and group biases appear in real investment decisions?

- Cognitive Errors Versus Emotional Biases
- Disposition Effect and Status Quo Bias in Holdings
- Herding, Groupthink and Authority Effects
- Regret Aversion and Hindsight in Performance Reviews
- Decision Audit of Past Capital Approvals

Day 4: Designing Debiased Decision Processes

Which procedures and structures reduce predictable error in committees?

- Choice Architecture, Defaults and Framing of Options
- Pre-Mortem and Red Team Challenge
- Independent Estimates Before Group Discussion
- Decision Journals and Assumption Registers
- Rebalancing Rules and Pre-Committed Exit Criteria

Day 5: Applying Behavioural Finance to Committee Practice

How are diagnosis and process design combined into one working charter?

- Bias Profile of a Participant Committee
- Redesign of a Live Capital Approval Case
- Post-Decision Review Cycle Design
- Peer Challenge of Debiasing Proposals
- Decision Quality Charter Presentation

Methodology

The programme relies on case analysis supported by structured decision exercises. Participants work through anonymised acquisition, capital project and portfolio cases from corporate, banking and public investment settings, then compare their individual judgements with outcomes and group choices.

- Suggested activity: Estimating project costs before and after a reference class is introduced.
- Suggested activity: Running a pre-mortem on a proposed acquisition.
- Suggested activity: Auditing a committee paper for framing and anchoring effects.



Capstone Output

Each participant completes a decision quality charter for an investment or capital committee they serve. It sets out the committee's bias profile, evidence standards for proposals, challenge roles, exit criteria and a post-decision review cycle, ready to table at the next committee meeting for approval.

Frequently Asked Questions

Is behavioural finance for investment decisions suitable for leaders without a psychology background?

Yes. It suits senior finance leaders and investment committee members with experience of capital approval. It assumes a working knowledge of valuation and budgeting but no study of psychology.

Which models underpin behavioural finance for capital allocation decisions?

It draws on prospect theory, heuristics and biases research, the classification of cognitive and emotional biases, and nudge theory with choice architecture, each applied to investment and committee decisions.

How is the behavioural finance decision quality charter used at work?

You table the charter at your own committee as a proposal for revised evidence standards, challenge roles and review cycles.

How does behavioural finance for investment decisions differ from a financial modelling programme?

It examines the judgement and group processes around the numbers rather than building models.