



## **Learning Outcomes for Session 5: Decision Making Excellence**

Cohort members should be able to:

- I. Describe common pitfalls made by money managers and asset allocators in decision making
- II. Understand the difference between a good decision and a good outcome
- III. Identify the challenges of decision making, including belief formation, bias, and inaccurate assessment
  - a. Define belief formation and understand its impact on the decision making process
  - b. Define confirmation bias, risk aversion, overconfidence, and sunk costs
  - c. Describe why making accurate assessments of past decisions is challenging
- IV. Explain the framework for making a good decision using possibilities, probabilities, and preferences
- V. Describe a decision making unit and the components of an effective decision making unit
- VI. Define cognitive diversity and its influence on the decision making process
- VII. Describe base rates and their importance in making a good decision
- VIII. Construct a pre-mortem analysis framework
- IX. Describe a quitting decision and how it compares to other decision types
- X. Create a feedback loop for improving decision quality for you and your investment team

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