

**Date of the event:**

On Wednesday 2<sup>nd</sup> December 2009  
From 1:00pm to 2:00pm

**Location:**

Luxembourg School of Finance  
University of Luxembourg  
4 Rue Albert Borschette  
2<sup>nd</sup> Floor  
Modigliani Miller Auditorium (E02-003)  
L-1246 Luxembourg

**Registrations:**

- Free seminar (with lunch included)
- Registrations by email before November 30<sup>th</sup> 2009
- At the following address :  
[caroline.herfroy@uni.lu](mailto:caroline.herfroy@uni.lu) (first name, last name, Institution)

**Information:**

Ms Caroline Herfroy  
Tel : +352 46 66 44 6335



The LSF Research is pleased to invite you to the  
Lunch Seminar:

**When Kahneman meets Manski:  
Using Framing Effects to  
interpret Subjective Expectations  
of Equity Returns**

*By Mr Guillaume Hollard*  
Associate Professor  
University of Paris I  
France

Wednesday 02<sup>nd</sup> December 2009  
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# When Kahneman meets Manski: Using framing effects to interpret subjective expectations of equity returns

*By Guillaume Hollard*

The **Luxembourg School of Finance**  
and its Team in Research

are pleased to invite you to the

**LSF Seminar**

To understand how decisions to invest in stocks are taken, economists need to elicit expectations relative to expected risk-return trade-off. One of the few surveys which have included such questions is the Survey of Economic Expectations in 1999-2001. Using this survey, Dominitz and Manski find an important heterogeneity across respondents that can hardly be accounted for by simple models of expectations formation. This paper claims that much of the heterogeneity derives from pathologies affecting respondents. Adapting a principle of dual-reasoning borrowed from Kahneman, we classify respondents according to their sensitivity to these pathologies, and find a strong homogeneity across the less sensitive respondents. We then sketch a model of expectation formation.