



Behavioral Finance

Bad Habits and Good Practices (Supplement)

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Major pension funds and institutional investors have been increasingly vocal in their support of maintaining a long-term investment horizon, but this research shows that they need to be “good investors” in order to achieve optimal risk-adjusted returns over the long term. Investors don’t necessarily recognize that they need to overcome behavioral biases that may lead them to succumb to bad habits like multi-year return chasing, under-diversification and comfort seeking, says Antti Ilmanen, Principal at AQR Capital Management in London.

“We need to make investors behave better mainly for themselves but also for us (as managers),” adds Ilmanen, speaking about his article, [Bad Habits and Good Practices](#), in *The Journal of Portfolio Management*. Ilmanen is co-author with David Kabiller, Founding Principal of AQR Capital Management in Greenwich, CT, and Amit Goyal, Professor at the University of Lausanne in Switzerland.

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