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*Psychological Aspects of
the Disposition Effect:
An Experimental Investigation*

Carmen Lee

This thesis focuses on the so-called disposition effect, one of the most intriguing phenomena in decision making under risk, particularly in financial markets. The disposition effect describes the investors' tendency to hold their losing investments too long and sell their winning investments too early. Previous studies regarding the disposition effect primarily focus on comparing the propensity of selling in the gain versus the loss domain, but little is known about the investors' decision-making process in a more realistic dynamic setting with multiple decision moments. A key question remains unanswered: what are the determinants of investors' decisions to sell their winning or losing investments in a dynamic setting? This thesis attempts to gain new insight into the key drivers of investors' decisions to sell their investments.

Carmen Lee (1981) obtained her bachelor's degree in Business Administration from the Hong Kong University of Science and Technology in 2003. After graduating from the Research Master program in Social Psychology at the Vrije Universiteit Amsterdam, she started her PhD studies at the Marketing and Finance departments in 2006.

