

## In Remembrance of Dr. Daniel Kahneman, Our Friend, Mentor and Colleague

We have lost a friend, mentor, and colleague. Dr. Daniel Kahneman passed away on March 27, 2024.

For his work in behavioral psychology, Dr. Kahneman won the 2002 Nobel Prize in Economics—the only psychologist ever to do so.

Dr. Richard Thaler originally met both Dr. Daniel Kahneman and Dr. Amos Tversky while at Stanford for the academic year in 1977. They became best friends. Dr. Kahneman and Dr. Thaler's 40+ year friendship and collaboration enriched them and the world. Dr. Thaler founded behavioral economics by applying Kahneman & Tversky's research on prospect theory and decision heuristics, for which he won his own Nobel Prize in 2017.

Dr. Kahneman also mentored Dr. Raife Giovino, CFA, Portfolio Manager and Managing Partner at FullerThaler, when Raife was an undergraduate at Princeton. It was an introduction to Dr. Thaler from Dr. Kahneman that led to Raife receiving his PhD at the University of Chicago and eventually joining FullerThaler.

As an academic advisor at FullerThaler, Dr. Kahneman never picked a stock, but his research is a cornerstone of who we are and what we do.

Dr. Kahneman's seminal research on the anchoring heuristic—how people anchor on a convenient number and are irrationally reluctant to adjust away from it in the face of new information-- was the foundation of our earnings under-reaction (growth) strategy at the firm's inception in 1993.

In 1996, we launched our over-reaction (value) strategy based on Dr. Thaler's paper, "Does The Stock Market Overreact?". This built upon Dr. Kahneman's ground-breaking work on availability / extrapolation bias, which explains how people over-react to vivid recent events that are more "available" in memory.

Dr. Kahneman served formally as a FullerThaler board member from 2003 to 2013 and has since served as a board member emeritus. In 2011, Dr. Kahneman wrote the best-seller, *Thinking, Fast and Slow*, because he wanted people in "watercooler conversations" to improve their diagnosis of bad judgments.

Dr. Kahneman always questioned. In recent years, he pioneered "adversarial collaboration," an approach where researchers with different interpretations of existing data agree on an experiment to settle a question, and then run it together.

Dr. Kahneman never stopped working. For his 70th birthday party, he held a research symposium. At age 87, he co-authored the best-selling book, *Noise: A Flaw In Human Judgment*. Last year, at 89, he co-authored a new paper.

Dr. Kahneman will receive many well-deserved tributes. We who remain are saddened to have lost someone we love. We honor Dr. Kahneman by continuing our work and research.

Dr. Kahneman, Dr. Thaler, and Dr. Fuller at the 2017 Nobel Prize ceremony

