

Research shows lifestyle link to investing

By Sophia Grene

To be a better investor in the current challenging environment, one needs to spend more time with friends and family, get lots of exercise and eat and sleep well.

While this may sound like the advice of any simplistic lifestyle guru, it is serious advice from Legg Mason Capital Management, based on behavioural psychology research.

According to Michael Maupoussin, chief investment strategist at Legg Mason, the current investing and economic environment is a very stressful one. Mr Maupoussin asserts that people react to stress by pulling in their time horizons

"Research suggests a normal investor time horizon is about one year, and you can be sure it is a lot shorter today," he told the Greenwich Roundtable, a non-profit research and educational organisation.

Stressed investors check their portfolios more frequently and see more losses. The propensity to feel the pain of losses as greater than the pleasure of gains leads investors to demand a higher risk premium, pushing asset prices down.

How a dose of the blues could make you smile

DOWN in the dumps? Perhaps you should try the blues.

Although long associated with negativity, the colour can send self confidence soaring, cut stress and boost happiness, a study has found.

It is thought blue's feel-good factor has roots in our evolution, with ancestors linking the colour of the afternoon and evening sky to the feeling of a day well spent, and the prospect of a good night's sleep.

But the benefits do not end there - because blue could also make our minds sharper.

Researchers from the University of Sussex exposed volunteers to a range of colours and light.

They then took part in a range of tests, designed to measure everything from memory and reaction time to physical strength. Those exposed to colour completed tests up to 25 per cent quicker. Even strength was greater.

The tests revealed blue promoted calm. Purple was also relaxing, but only for women.

Blue and green made the men feel happier, while blue, purple and orange raised female spirits.

Red was the colour least likely to make people feel happy.

Researcher Dr David Lewis said: 'By introducing more colour into our lives at this time of year, we could help banish winter blues.'