

FOR
David M.

DATE
June 2026

PROFILE
The Committed Holder

SIMULATIONS
5 of 5 completed

ABOUT THIS ANALYSIS

Why five simulations reveal more than ten conversations.

A persistent problem.

Research by Dalbar shows that the average private investor consistently underperforms the market index year after year - and for a large proportion of them, investing ultimately fails to generate positive returns. Not because they are unintelligent. Not because they do not follow the markets. Many of them read about it daily, have taken courses, and know what terms like diversification, risk management and stop-loss mean.

Yet they fail to generate consistent positive returns. And that is frustrating. Because they are trying. They adjust their strategy, try new approaches, read books. But the pattern remains the same.

Some of these investors eventually stop investing altogether - frustrated, disappointed, with the feeling that the market simply is not for them. Others redouble their efforts - reading more, analysing more, trying more. With mixed results.

The real problem is not knowledge.

Most struggling investors have already read the answer somewhere. They know you need to dare to close losing positions. They know emotions are a poor advisor. They know patience pays.

And yet they do something different at the moment it matters. Why? Because knowledge and behaviour are two different things. You can know exactly what you should do - and still do something else at the moment of decision. That is not a weakness. That is how the human brain works.

Why courses and questionnaires do not help.

The group that genuinely decides to finally achieve returns takes it seriously. They follow courses, read books, have conversations with other investors, fill in risk profiles or work on self-reflection. They look back at what they have done and try to find a pattern. That is an understandable approach. But it only works to a limited extent.

First, memory is not objective: we remember good decisions better than bad ones. Second, an investment decision is never an isolated moment. Whether you buy or sell depends on dozens of factors simultaneously: the price movement that day, how you feel, what you read the evening before, whether you are under time pressure, how large the position is relative to your total portfolio, and how much confidence you have in your own analysis at that moment. Exactly the same situation can produce a different decision a week later - because the circumstances are different.

That cannot be explained through a conversation, and cannot be measured through a questionnaire. What you need is an environment that simulates those factors - an environment where your emotions, strengths and weaknesses surface naturally, without you having to consciously think about it.

How this analysis works.

Research by Daniel Kahneman - Nobel Prize winner in Economics - shows that our brain has two systems: a fast, emotional system that makes most decisions, and a slow, rational system that we use afterwards to justify those decisions. When you ask someone how they invest, the slow system answers. But when they actually invest, the fast system decides.

The five Lostfolio simulations are designed to engage both systems. Some simulations appeal to your analytical ability: estimating probabilities, recognising patterns, weighing information. Others activate your emotional responses: how do you deal with loss, how do you respond to reward, what do you do when trust and self-interest collide. Together they build an environment in which your complete profile as an investor becomes visible - including the parts you do not see yourself.

The simulations are based on validated instruments from behavioural economics and neuropsychology: the Disposition Effect research by Shefrin and Statman, the Iowa Gambling Task by Antonio Damasio, institutional flow research by Barber and Odean, the Prisoner Dilemma structure from game theory, and the Ultimatum Game research by Guth and colleagues.

The analysis below is based on your decisions, in your order, at your moments of doubt. Not on what you filled in on a questionnaire. On what you did.

David,

I have gone through your five simulations and want to tell you a few things I noticed.

I will try to say it as clearly as possible, without beating around the bush. Not because I want to be unkind, but because that is what will be most useful for you.

YOUR INVESTOR PROFILE

The Committed Holder

If I were to summarise one thing I saw across all five simulations, it would be this: you hold on.

To positions, to your first choice, to the expectation you had when you bought something.

Persevering is sometimes exactly what you should do. But in your case I noticed that holding on was more often a feeling than a conscious choice. And that is the difference that matters.

YOUR INVESTMENT HORIZON

Short, medium or long term - and why it matters.

One of the most underestimated questions in investing is not what you buy, but how long you plan to hold it. Not because long term is necessarily better - that is a persistent misconception - but because your strategy, your risk appetite and your emotional responses are all strongly influenced by your natural horizon.

SHORT TERM

Day trading / a few days

You buy and sell within the same day or within a few days. You take advantage of small price movements and trade frequently. This requires fast decisions, strong discipline to accept losses, and the ability to completely switch off emotions. Transaction costs are high and psychological pressure is constant. For most private investors this is not a sustainable strategy.

MEDIUM TERM

Swing trading / weeks to months

You hold positions for weeks or sometimes months. You play on trends, company results or sector rotations. You have enough patience to let a position run, but also enough involvement to actively monitor. This is the horizon where behavioural patterns become most visible - because the timeframe is long enough for emotions to build up, but short enough to require regular decisions.

LONG TERM

Investing / years to decades

You buy with the intention of holding for years. You let compound interest work and worry less about daily price movements. This requires confidence in your long-term analysis and the ability to endure crashes and corrections without panicking. Long-term investing is not necessarily the best strategy for everyone - it suits a specific type of investor with a specific personality.

Your horizon based on the simulations: medium term.

Based on your decisions across the five simulations, you are naturally a medium-term investor. You have enough patience to hold a position for weeks or months - we saw this in simulations 1 and 5, where you consistently held on. But you also clearly react to short-term movements and news, which was visible in simulations 3 and 4.

Day trading probably does not suit you - the decisions are too fast and the emotional pressure too high. Pure long-term investing does not fully fit either - you need movement and regular confirmation that you are on the right track. That is not a weakness. But it does mean that a strategy that matches that medium-term horizon will suit you much better than one that forces you to do nothing for years.

Remember: there is no better or worse horizon. There is only the horizon that suits you - and the strategy that goes with it. A swing trader who tries to invest like Warren Buffett will not sustain it. A long-term investor who starts day trading will drive themselves mad.

SIMULATION 1

You vs. the Market

In this simulation you faced market situations where you had to decide: hold or sell. There was no right or wrong answer - what mattered was what you did and why.

What stood out: in four of the five rounds you chose to hold on, even at moments when there was no longer a strong reason to do so. It felt more like waiting it out than a conscious choice to stay in the position.

What I specifically noticed about you:

In round three the situation had already been negative for a while and there was no clear new information. Yet you stayed. That is a pattern I see recurring across multiple simulations: the threshold for making a decision is high for you, especially when that decision makes a loss official.

WHAT IS THIS?

Disposition Effect (Shefrin & Statman, 1985)

The Disposition Effect describes the tendency of investors to hold losing positions too long and sell winning positions too early. The reason is simple: taking a loss feels unpleasant. So we postpone it. The problem is that this delayed decision often costs you more than the loss itself.

SIMULATION 2

The Four Decks

In this simulation you could choose from four options twenty times. Each option had a hidden risk profile - some seemed attractive but were not in the long run, others were boring but structurally profitable.

You were drawn in most rounds to the options with the highest immediate reward. A big win feels good and that feeling pulls you back to the same choice. The problem is that those options performed worse over twenty rounds than the calmer alternatives.

What I specifically noticed about you:

What struck me: even after an option had disappointed you several times, you kept returning to it. You remembered the big wins better than the accumulation of small losses. In investing the total counts - not the feeling of the last big win.

WHAT IS THIS?

Somatic Marker Hypothesis (Damasio, 1994)

Neuroscientist Antonio Damasio discovered that we rely heavily on emotional signals from the past when making decisions under uncertainty. A big win leaves a positive signal in your brain that unconsciously pulls you back to the same choice - even when the data says something different. In investing this is also called "chasing excitement": you choose what feels good, not what statistically works best.

SIMULATION 3

The Invisible Force

In this simulation you saw market movements that ran directly counter to the news. Positive news, falling price. Negative news, rising price. The question was: do you understand what is really happening?

In three of the five cases you looked for the explanation in the visible news. That is logical - the news is what you can read and understand. But the real cause lay elsewhere: large institutional parties moving based on their own rules, not based on the news.

What I specifically noticed about you:

You acted on the information that was available. The problem is that the information available to private investors is rarely the information that actually moves the price. When you know that, you start looking at price movements differently - less news, more flow.

WHAT IS THIS?

Institutional Flow (Barber & Odean, 2008)

Large market parties such as pension funds and index funds represent around 70 to 80 percent of daily trading volume. They do not move based on news, but based on internal rules: maximum weights per sector, quarterly rebalancing, expiring options. When such a party sells for hundreds of millions, the price falls - regardless of how good the news is.

SIMULATION 4

Trust vs. Self-Interest

In this simulation you had to choose five times: cooperate with the market or protect yourself. Both choices had advantages and disadvantages, depending on what the market did afterwards.

Your pattern was clear: as long as things were going well, you cooperated. But after two negative rounds you consistently switched to protection. Statistically speaking, recovery often comes precisely after a few bad rounds, and then you miss it.

What I specifically noticed about you:

Your decision to protect yourself was strongly influenced by the two preceding rounds. You reacted to how things had just gone, not on an analysis of what was now best. That is a pattern that can cost you dearly at moments when the market is just about to turn.

WHAT IS THIS?

Recency Bias (Tversky & Kahneman, 1973)

Recency Bias means that we weight recent experiences more heavily than they statistically deserve. If the market falls for two weeks, further decline feels more likely than recovery - even if the data does not say that. Your brain uses the most recent information as the most reliable, which is far from always the case.

SIMULATION 5

Daring to Lose

This was the hardest simulation. In five rounds you held a losing position, and the market made you an offer each time: accept the loss now and move on, or hold on and wait for recovery.

You accepted the loss in none of the five rounds. Holding on feels like strength. But sometimes it is simply difficult to admit that something has not worked - and those two things are not the same.

What I specifically noticed about you:

The fifth round was the most revealing. The position had been bleeding for fourteen months, and you had told people about it. That combination makes it extra difficult to sell - because selling means not only accepting a financial loss, but also publicly admitting that things did not go as you expected. That is a very human barrier, but also an expensive one.

WHAT IS THIS?

Loss Aversion & Sunk Cost Fallacy (Kahneman & Tversky, 1979 / Thaler, 1980)

Loss aversion describes that losses feel on average 2 to 2.5 times as painful as equivalent gains feel pleasant. The Sunk Cost Fallacy adds to this: the more you have already invested - money, time, reputation - the harder it becomes to stop. "I have already been in this for so long" is not a reason to stay. It is actually a reason to look extra critically at whether you should still be staying.

YOUR THREE BIGGEST BLIND SPOTS

01 You would rather wait than make a decision.

In almost all simulations, waiting was your default response when things were not going well. That is understandable - postponing a decision feels safer than making the wrong one. But postponing is also a decision, just without consciously choosing it.

02 You choose what feels good immediately, even when the data says something different.

In simulation 2 you kept choosing the options with the highest immediate reward, even after they had disappointed you several times. You remembered the wins better than the losses. That is human - but it gives a distorted picture of what actually works.

03 Positions you have told others about are harder to close.

I saw this most clearly in simulation 5. Selling then feels not just like a financial loss, but also like publicly admitting you were wrong. That is a very recognisable barrier - but if you do not recognise it, it keeps you in losing positions longer than is good for you.

YOUR BEHAVIOURAL RULE

One thing you can do tomorrow.

I am not giving you ten tips. That does not work. I am giving you one thing, based on what I saw in your simulations.

Before you open a position, you write down one sentence:

I will sell this position if ____.

Fill in a specific condition there - not a feeling, but something concrete. For example: if revenue falls for two consecutive quarters. Or if the price drops below a certain level without a fundamental reason. It does not matter what the condition is, as long as it is specific enough that you can recognise it when it occurs.

When that condition then occurs, the decision is already made. You do not need to think or feel at that moment. You simply follow what you agreed with yourself in advance.

Why this works specifically for you: you make decisions based on how you feel at that moment. By writing the rule down in advance, you make the decision at a calm moment - not at the moment when the price is falling and the pressure is high.

Finally

David, the patterns I have described above are nothing to be ashamed of. Kahneman and Thaler both won Nobel Prizes precisely because this behaviour is so deeply ingrained in us. The point is not to eliminate these patterns - that simply does not work. The point is to recognise them at the moment they are playing out.

Start with that one rule. Do not try to tackle all three blind spots at once. Just write that one sentence down before you open your next position. That is enough for now - and more than most investors ever do.

Lennard Duyvesteijn

[Lostfolio.com](https://lostfolio.com) — simulation@lostfolio.com

Lostfolio — KvK 53718224 — Schipluiden, the Netherlands — This report does not constitute investment advice. All analyses are based on behavioural psychology research and simulation data.