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FROM THE SAVANNAH TO SPREADSHEETS

HOW EVOLUTION SHAPES INVESTMENT ANXIETY

75,000 years ago. The African savannah. A lone homo sapiens, tracking the herd. The high dry wind brushes the grass, then suddenly, slightly louder in the middle distance, a rustle. The early human's nervous system kicks into high alert, just south of panic, not necessarily because there is a predator, but because there might be one. The cost of a false alarm? This fleeting spike of adrenaline. The potential cost of complacency? Death. That trade-off hardwired us to detect threats where none might exist, and to act as if uncertainty itself were dangerous.

Today, that same neural architecture governs the members of all boardrooms and investment committees across the world. But now, that muted crunch in the grass may be a tweet about interest rates, or a sensational headline. The predator? Market volatility, geopolitical unrest, or the next quarterly drawdown. The result? Anxiety, second-guessing, and decision-making under emotional duress, often at the expense of long-term goals.

Behavioral finance calls this loss aversion, a central concept in Prospect Theory, which posits that the potential pain of shorter-term underperformance looms far larger than the potential satisfaction of a more-assured longer-term decision. And just as primitive instincts cause us to occasionally see patterns and meaning in random noise and images, new technologies can trigger even more powerful illusions that our minds are ill-equipped to handle biologically. Almost without thinking, by default, we attribute intent to markets, algorithms, and AI models—systems that reflect and reconstitute, but do not "think." The anthropomorphic misinterpretation that the market "knows" something, or that an AI agent "understands," mirrors the same bias that makes volatility feel more threatening than it is.

Further, our brains, so effective for short-term survival, often falter when faced with slow-burning, systemic risks that unfold quietly and lack a singular trigger, even when these pose the greater danger, treating immediacy as urgency and delays as irrelevance. This mismatch explains why a tweet about interest rates can trigger widespread panic, while climate change, demographic shifts, or the erosion of institutional trust struggle to command attention.

Counteracting these layered illusions, biological compounded by the digital, is essential for institutions tasked with translating capital into long-term impact. And it starts with understanding the key difference between fear and anxiety.

> **THE REAL PROBLEM OF HUMANITY IS THE FOLLOWING: WE HAVE PALEOLITHIC EMOTIONS, MEDIEVAL INSTITUTIONS, AND GOD-LIKE TECHNOLOGY.**
>
> E.O. WILSON,
> HARVARD BIOLOGIST

Fear vs. Anxiety: Misreading the Signal

Fear is a physical response to a clear and immediate threat. Anxiety is different; it's a mental simulation of a threat that might occur. Neuroscientist Joseph LeDoux, known for his early work on fear circuits in the brain, later revised his definition to describe what he termed a "threat detection system," cautioning that the feeling of fear comes after cognitive interpretation, not before. This distinction is critical. A market correction could absolutely warrant prudent action rooted in fear after careful deliberation. But anxiety, driven by news cycles, imagined downturns, or pattern-seeking in algorithmic output, can lead to overreaction and premature de-risking (or vice versa); just as we mistakenly attribute consciousness to chatbots that mimic reasoning, misjudging fluency for feelings, we misread each market movement as a sign of deeper intent towards some definite, coordinated end, but in modern financial systems, continuously listening to such noise can lead us astray.

Harvard-trained sociologist Martha Beck describes this phenomenon as an "anxiety spiral." Basically, our brains are wired to pay more attention to potential threats than to neutral or positive signals. In the digital world, this impulse gets hijacked; news algorithms, financial dashboards, and social media don't intentionally provoke panic, but because they're optimized for engagement, they highlight the most emotionally charged content. The scarier or more urgent something sounds, the more likely we are to see it and click, and click again, and keep clicking.

But it doesn't stop there. Once we're primed by anxiety, that's when we begin to assign meaning to give our worries greater coherence. We start interpreting market volatility as if it had intent ("the market is nervous," or "the market is punishing us"), confusing reactivity for agency. We treat the system as if it's thinking when it's really just reflecting.

It's like driving in heavy rush-hour traffic when someone cuts into your lane without signaling. Your heart jumps, and your first instinct might be, "that driver did that on purpose, what a jerk," and to get angry. But maybe they had looked but didn't see you. What if they were reacting to another erratic driver, trying to avoid debris, or just overwhelmed by the chaos? (Or just maybe, it was your fault.) The crucial point is that their move likely didn't have anything to do with you personally; it was reactive, a single node responding to a complex, overloaded scheme in the midst of working itself out. The better move is to pause, recognize your reaction, and not turn a moment of uncertainty into a story of threat or an unnecessarily aggressive response. Otherwise, you're not just braking, you're spiraling.

That's the deeper illusion: like the overall flow of traffic, economies and machines don't have minds, despite the persistent illusion of consciousness in AI or coherence in market trends. But we behave as if they do. AI doesn't "think," it just mirrors us well enough to make us forget it doesn't. That's the trap: when systems seem smart, we start treating them like decision-makers, even when they're not. The market is no more sentient than an AI chatbot. It doesn't punish, reward, or plan. It moves. We supply the meaning. And if we're not careful, that meaning becomes the basis for missteps. Our brains, pattern-hungry and threat-sensitive, fill in any blanks with narrative, motive, and danger. The anxiety spiral feeds that storytelling reflex, and if we're not careful, that reflex starts making decisions for us.

Understanding this pattern is key to breaking it. When we stop seeing threat in every signal and intention in every algorithm, we gain the clarity to lead with purpose.

Breaking the Illusion: Human Instinct vs. Institutional Purpose

Non-profits manage capital over decades or longer. Their institutional mission, be it supporting research, educating students, or conserving land, depends on time horizons most humans individually struggle to grasp emotionally and psychologically. As such, investment oversight is often warped by short-term performance reviews, market headlines, and asymmetric social comparison.

Beck points out that we are the safest people in history, yet also the most anxious. This mismatch is structural: our brains evolved to respond in the moment, but the behavior behind patient capital deployment is relatively new. Behavioral finance expert Meir Statman highlights how frequent portfolio monitoring amplifies perceived volatility, leading to more reactive (and often suboptimal) investment behavior. In essence, the problem isn't just what the markets are doing, but how often we look, and, again, the stories we tell ourselves about what we see.

To bridge the gap between primordial instinct and modern fiduciary responsibility, institutions need more than investment discipline; they need cognitive discipline. When anxiety or fear takes over, it originates in the amygdala, a small almond-shaped structure deep in the brain that evolved to detect and respond to threats. It's fast, reactive, and essential for survival. But it doesn't distinguish between a panther in the dark and a dip in the S&P 500.

Meanwhile, the part of the brain responsible for long-term thinking, the prefrontal cortex, is slower, more deliberate, and often overridden in moments of perceived crisis. This is the core of the challenge: the amygdala sees risk; the prefrontal cortex sees opportunity. One wants to immediately fight or flee; the other wants to soberly consider the alternatives. The better fiduciaries can quiet the former and activate the latter, the more effectively they lead.

EXPOSURE TO JUST 14 MINUTES OF NEWS CONSUMPTION CAN INCREASE SYMPTOMS OF ANXIETY AND DEPRESSION, ESPECIALLY WHEN INDIVIDUALS FEEL POWERLESS TO IMPROVE THE SITUATIONS THEY HEAR ABOUT.

Source: https://mhanational.org/resources/negative-news-coverage-and-mental-health/

Luckily, there are several tools at institutions' disposal so they can build neural awareness into governance:

- **Reframe Communication Around Integrity, Not Drama -** Language doesn't just reflect reality, it constructs it. When investment committees frame short-term underperformance as failure ("we trailed the benchmark"), they trigger defensiveness and loss sensitivity. But when they emphasize principle and balance ("we're maintaining a disciplined, diversified approach even as markets become irrationally concentrated"), they reinforce clarity and conviction. The latter engages reasoning; the former activates reactivity.

- **Segment Time Horizons Explicitly -** The amygdala has no concept of duration, it only knows now. That's why behavioral "bucketing" is so powerful: it gives the brain permission to see certain assets as untouchable, removing them from the panic zone. Treating liquidity reserves and long-term capital as separate (and discussing them as such) can help keep short-term volatility from infecting long-term allocation decisions.

- **Replace Panic with Curiosity -** Fear narrows attention and accelerates reaction. Curiosity, by contrast, widens attention and sensibly slows the response, essential ingredients for successful long-term investing. Neuroscientific studies show that curiosity activates both the hippocampus and prefrontal cortex, enhancing learning, pattern recognition, and creative thinking. Taking a step back in fraught situations to ask, "What might this teach us?" shifts the brain from survival to strategy mode, helping committees process noise as useful insight rather than a threat.

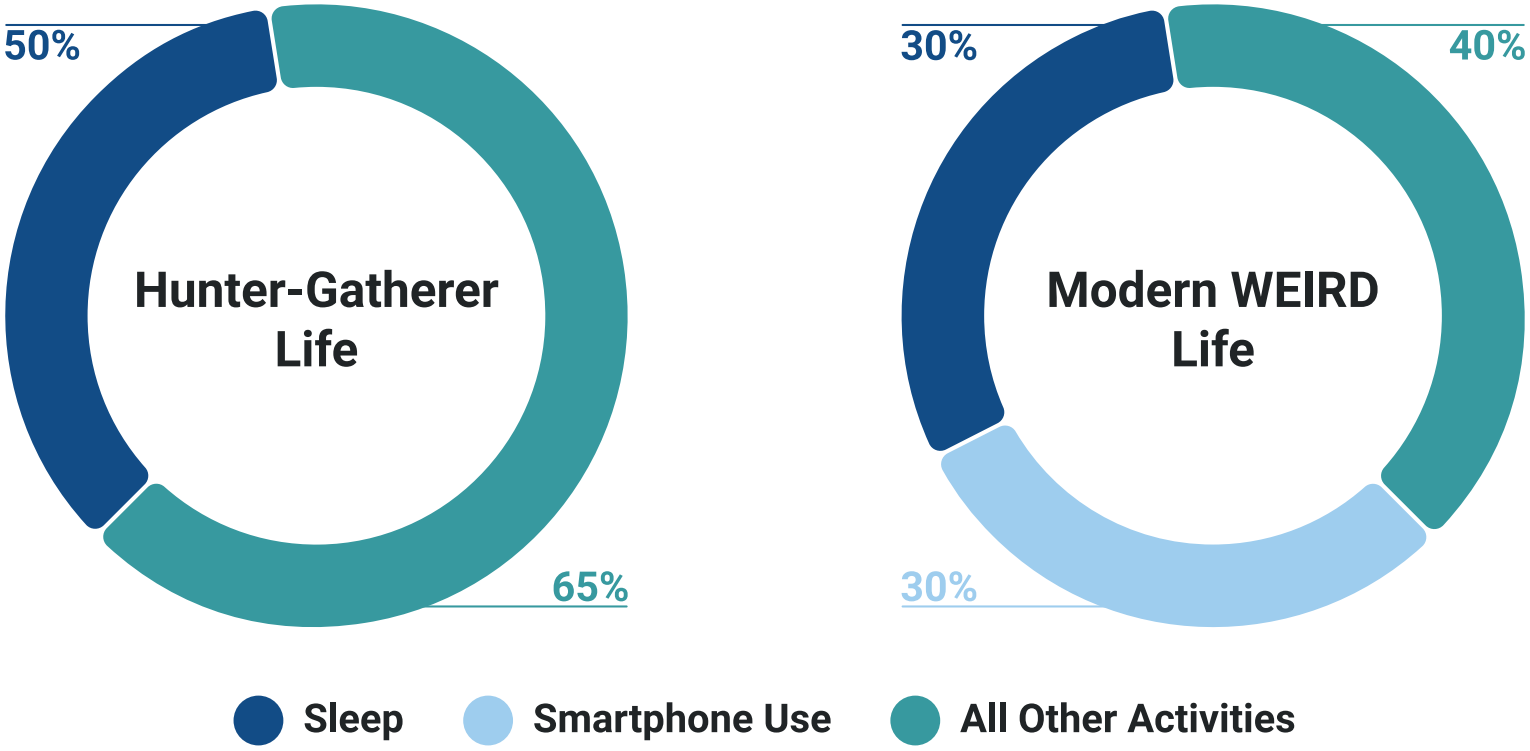
- **Strategically Reduce Monitoring Frequency to Reduce Noise Exposure -** Each portfolio review gives the amygdala a fresh chance to misread benign fluctuations as existential threats. Frequent check-ins, especially when paired with emotionally charged headlines, can feed a false sense of instability. Quarterly meetings strike a better balance: frequent enough to stay informed, but spaced to support clearer thinking and reduce reactive noise, supporting prefrontal engagement over emotional volatility. Just as important, regular reviews should resist the pull to act for action's sake. Meetings often create pressure to make a change, when in many cases, simply remaining aware and doing nothing is the wisest course; this is because patience rarely delivers the same sugar high as tinkering, even when it leads to the better outcome.

- **Anchor to Mission as the Ultimate Filter -** Purpose isn't just philosophically grounding, it's neurologically stabilizing. Studies in both psychology and neuroscience show that a clear sense of purpose reduces the physiological markers of stress, increases resilience, and enhances decision-making under uncertainty. When investment discussions begin and end with mission, the brain is supplied with an orienting principle stronger than panic.

The Market Isn't Conscious, But You Are

Markets reflect, but do not think. Algorithms calculate, but do not care. Yet our minds, trained for millennia to see agency, project stories onto these systems as if they were sentient. Anxiety thrives on that illusion.

But awareness is our evolutionary superpower and natural counterweight. Through conscious detachment, behavioral discipline, and deep mission alignment, non-profit stewards can lead from clarity, avoiding gratuitous fear. Such a perspective doesn't just lead to smart investing, it cultivates institutional wisdom; and this wisdom has the ability to reclaim the power of story, once a vehicle of unease, to provide a compass fixed towards purpose.



In WEIRD (Western, educated, industrialized, rich, democratic) societies, people spend about 25 to 30 percent of their waking hours on smartphones—a radical shift from our evolutionary history. Hunter-gatherers spent days physically active, socially connected, and immersed in nature. Today's dramatic shift fuels evolutionary mismatch, intensifying modern anxiety, loneliness, and unhappiness.Source: Mike Brooks, DALL-E / OpenAI

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