

The purpose of this study was to investigate the behavioral factors that have an impact on individual equity investors' investment decision-making process together with investment performance at Pakistan's Stock Markets. Moreover, the relationship of these behavioral variables with investment decision-making process and performance are also monitored. As in Pakistan, there is limited work done in the area of behavioral finance, this study is considered to add significantly to the advancement of this field in Pakistan.

The study starts with the previous theories in behavioral finance. So, on the basis of those theories, researchers develop hypotheses. After that, these hypotheses are tested in the course of the questionnaires which are distributed to individual equity investors at Pakistan's Stock Exchanges. Then the collected data are analyzed by using statistical software. The tests used were, Exploratory Factor Analysis (EFA), Descriptive Statistics (DS), Cronbach's Alpha, Pearson Correlation Coefficient and also Multiple Linear Regression (MLR) along with Sobel Test.

The result shows that there are two main behavioral factors: Heuristic Theory (Overconfidence Bias) and Prospect Theory (Loss Aversion Bias), affecting the investment decision-making process and performance of individual equity investors. Most of the sub-variables of both behavioral biases contain high impact on the performance of equity investors. And these behavioral biases along with or without mediating variable (partial mediation exists through Sobel test) also contain positive impact on investment performance of individual equity investors at Pakistan's Stock Markets.

The findings of this study are not only helpful to individual equity investors, authors, security companies, but also for the field of behavioral finance. Because, here the only two behavioral biases (Overconfidence and Loss aversion) impact is deeply observed and conclusions are drawn.