Generative model of beliefs
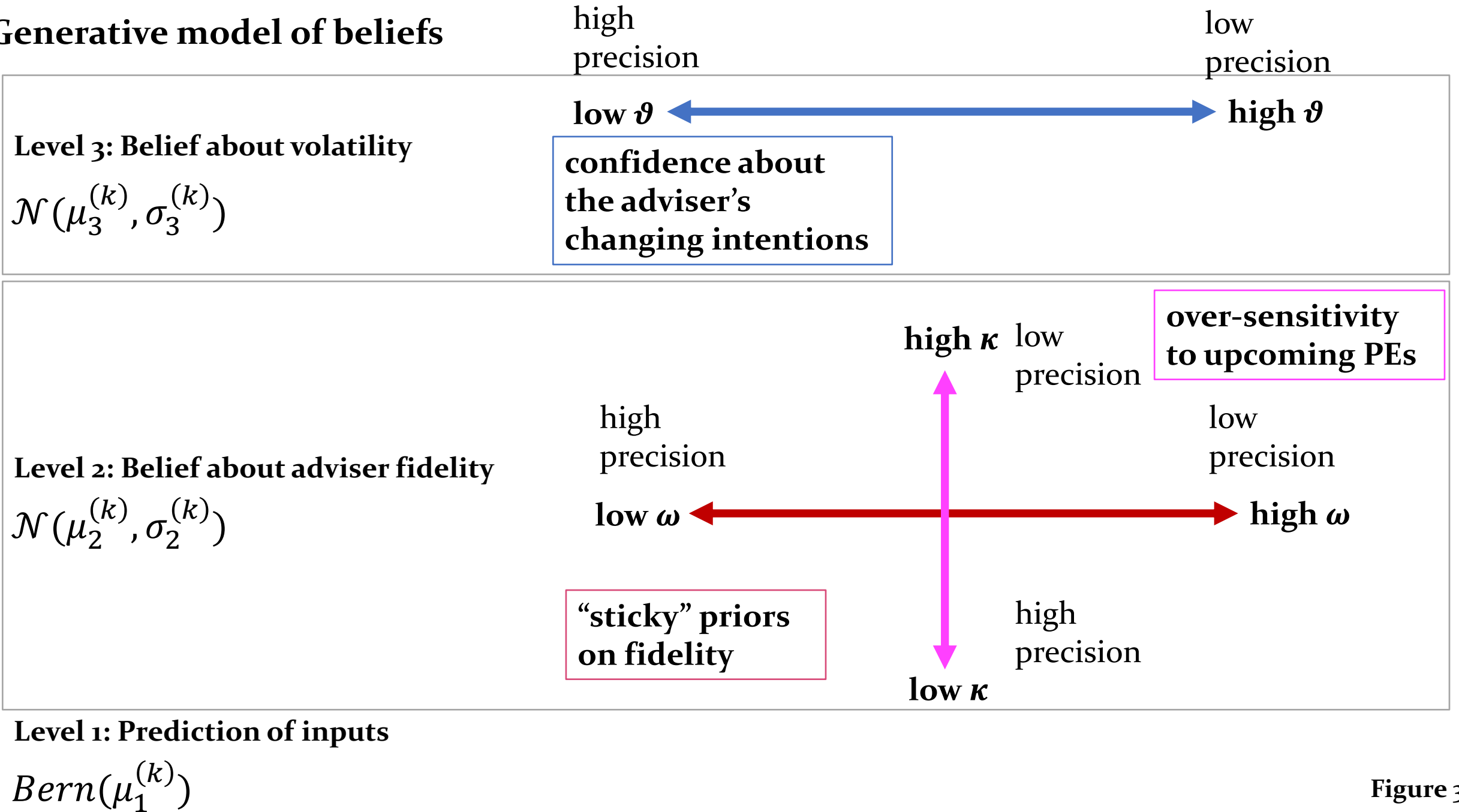
high precision   low precision

Level 3: Belief about volatility

$\mathcal{N}(\mu_3^{(k)}, \sigma_3^{(k)})$

low ϑ $\longleftrightarrow$ **high ϑ**

confidence about the adviser's changing intentions

over-sensitivity to upcoming PEs

high κ low precision

Level 2: Belief about adviser fidelity

$\mathcal{N}(\mu_2^{(k)}, \sigma_2^{(k)})$

high precision   low precision

low ω $\longleftrightarrow$ **high ω**

"sticky" priors on fidelity

high precision

low κ

Level 1: Prediction of inputs

$Bern(\mu_1^{(k)})$

Figure 3