



## This Important Investing Superpower Will Help Make You Rich

### Description

Let's talk a little bit about Warren Buffett and how the Oracle of Omaha has found success over the years.

Buffett has certain qualities that make him excellent at his craft, even as he approaches 90. Some of the investing superpowers B

uffett possesses include a razor-sharp mind that can construct discount cash flow models in his head, a terrific memory, decades of experience, and the ability to make difficult decisions that might impact the portfolio years into the future.

Unfortunately, most of us don't have that kind of ability. We're mere mortals with average minds and just a little bit of capital. But that doesn't mean we shouldn't look for an edge over other investors. We can still harness our own investing superpowers.

In fact, there's one important investing superpower that every investor can easily possess. This mindset will really make a difference over the long term. In fact, it's one of the biggest reasons why Warren Buffett ended up insanely wealthy.

### The most important investing superpower

Warren Buffett is very quick to point out all the advantages he's had.

Buffett was born in 1930, which ensured he could pursue investing as a full-time career. Had he been born 500 years earlier, that option wouldn't have existed. He also repeated the benefit of the United States growing into a true superpower — a rising tide that lifted virtually all boats. And he was able to learn from some of the best investors of all-time, including his mentor Benjamin Graham.

Considering when Buffett grew up, it's little wonder that he's been consistently bullish on stocks for 60 or 70 years. He's witnessed some pretty remarkable changes during his lifetime. He's been around long enough to remember just how far we've come.

This all brings me to Buffett's most important investing superpower. Perhaps the most important factor behind the greatest investor of all time has been a simple optimism bias.

## What exactly is an optimism bias, anyway?

There are two types of investors. The first is a glass-half-full kind of person, an individual who believes everything will work out in the end. The other looks at the world a lot more critically, convinced that a [market crash](#) or other calamity is just around the bend.

In other words, in one corner we have bullish investors and in the other we have bearish investors.

The interesting thing is bearish investors often sound much smarter than bulls. A bullish argument about a stock might be as simple as "this is a good company trading at a reasonable valuation." A bearish argument that focuses on specific issues the company might face sounds a whole lot better.

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is a terrific example of this investing superpower at work. Shopify bulls — myself included, I'm long the stock — I don't really much care about the company's [ridiculously high valuation](#).

We see a company that sets out to exceed customer expectations at every turn. It's creating an e-commerce moat that gets stronger by the day. If you're looking to sell online, Shopify is the best option.

Shopify bears, meanwhile, have all sorts of reasons why the stock should be worth much less than it is today. The first thing they point at is valuation, of course. But Shopify has always had a high valuation. Today is no different than months or even years ago.

Bears also point out Shopify's growth is slowing, and the company doesn't have much expertise in the verticals in which it's expanding, such as financial services for its merchants.

Even though the bears sound a lot smarter — in this writer's opinion, anyway — Shopify bulls have made a lot of money. Shares have doubled off March lows and are up 187% over the last year.

## The bottom line

Remember, stock markets tend to go up over time. Our portfolios should be positioned accordingly.

An optimism bias doesn't mean blindly picking stocks and hoping they go up. It still entails doing your research. But rather than sitting on your hands during uncertain times like today, someone with this investing superpower is putting cash to work with the confidence that everything will work out in the end.

This little trait is what separates successful investors from ones that just can't get ahead.

## CATEGORY

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2. Tech Stocks

## TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

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