



## Warren Buffett: It's Silly to Gamble With Stocks

### Description

Warren Buffett's long-time friend and the vice-chair of **Berkshire Hathaway** [Charlie Munger once said](#), "Stock picking is like gambling: those who win well seldom bet, but when they do, they bet heavy."

Of course, by comparing stock picking to gambling, he did not mean to imply that it is gambling in his eyes. Otherwise, Munger would have been a proponent of the recent **GameStop** situation that fizzled out after leaving a substantial mark in equity markets.

Charlie Munger said it's "really stupid to have a culture which encourages [so] much gambling in stocks."

### Substantial problems for the stock market

Buffett's friend did not hold back regarding his comments on the episode that gripped Wall Street roughly a month ago. He did not think that the short-selling chaos caused by an army of individual investors congregating on various social media platforms to upend short bets by professional investors was a wise move.

The reason that professional investors placed their short bets on the company was due to its imminent decline. The underlying company did not have the fundamentals to succeed, and it was fated to fizzling out. Treating the stock market as a game can have dangerous implications, as the episode with GameStop showed.

Billions were lost, and the entire market was disrupted due to the move.

Buffett made a comment regarding the situation as well, saying, "A lot of people like to gamble in the stock market. It is insane. To risk starting all over again and losing everything is madness."

### Strong stock pick to consider for your portfolio

The likes of GameStop may resurface in the future in the form of other stocks. However, like GameStop, the situations will likely fade away due to a lack of fundamentals supporting the immense growth. If you are looking for stocks that could provide you with excellent long-term returns to grow your wealth, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) could be an excellent asset to consider.

A staple in most investor portfolios with a long-term horizon, the company is one of the most resilient dividend-paying stocks on the **TSX**. The company took a significant beating with the onset of COVID-19, like the broader market. However, its economic moat is wide enough for the bank to ride out the wave and continue to thrive after the dust settles.

It is the largest among the Canadian Big Six banks in terms of its market capitalization, and it could be one of the safest bets in a historically [well-performing financial sector](#). The company has seen significant revenue come through its wealth and commercial management sector. It is also in the process of entering emerging markets, promising the bank immense growth in the future.

## Foolish takeaway

Investing in RBC may still be a bet, in some sense of the word, but it is not akin to gambling in a casino. When you bet in a casino, you stand to lose everything you have bet on a game of chance. Royal Bank of Canada is not a speculative bet. It is a renowned financial institution with a performance history spanning over 100 years.

It has strong fundamentals supporting its rising valuation, and the underlying business has strong potential for growth. It could be an ideal asset to consider adding to your portfolio to align with the likes of Buffett and Charlie Munger.

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adamothonman

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