INVESTING, TRADING, OR GAMBLING?

Vajgrt Labs - Education - Lesson 3 of 72 - 5 min read - Updated Oct 21, 2026

TL;DR

- Investing is owning productive assets for years; returns come from company earnings and dividends, and time does most of the work.

- Trading is short-horizon and zero-sum after costs: your profit comes from other participants, and only a repeatable edge plus cost control can make it positive.

- Trading becomes gambling the moment there’s no written plan, no edge, and stakes you can’t afford - whatever the app calls it.

THE TAKEAWAYS

- Investing: horizon years, returns from earnings and dividends, diversification, very few decisions. Boredom is a feature.

- Trading: horizon minutes to weeks; returns (if any) from a repeatable edge executed with risk control - against other participants, after spreads and fees take their cut.

- Gambling: negative expectancy by design, no edge available; the payment is for the uncertainty itself.

- The conversion test: no written plan + a revenge entry after a loss + money needed elsewhere = gambling - even on SPY, even with charts.

RULE: If you can’t state your edge and your exit in writing before the trade, you’re not trading - you’re gambling with extra steps.

COMMON MISTAKES

- Calling any purchase on a brokerage app "investing." The app doesn’t decide; your plan and horizon do.

- Believing charts or a Greeks column turn gambling into trading. Tools don’t; a written, tested process does.

- Revenge entries - increasing size to win back a loss. The single most reliable conversion moment.

- Judging a trading "edge" on 10 trades. Sample sizes lie; the research points to 200+ trades before results mean much.

DO IT - THE CONVERSION TEST

Write the three conversion signs on a card - no written plan, revenge entry, money needed elsewhere - and keep it where you’ll trade. If any one of them is ever true, the session is gambling and it stops. You’ll formalise this as your bad-day protocol in Stage 8.

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