



Fearless Young Investor? This 1 Stock Could Pop Like Popcorn!

Description

Young investors need to take on more risks and not just stick with overly conservative portfolios that are better-suited for their parents' retirement funds. I believe the greatest risk a young investor could make today is not taking any risk at all. By choosing not to invest or by adopting an overly conservative strategy, a young investor pretty much surrenders their number one advantage when it comes to investing. That advantage is time, and not everybody in the investment world has it.

As a young investor, you can afford to take a loss on an investment that may go sideways. You've got all the time in the world to make up for the mistake. What you shouldn't be doing, however, is betting on speculative assets like Bitcoin, as "sexy" and novel as they may seem.

Everybody needs good watercooler material, but there's a profound difference between speculating and investing. Taking risks by speculating is never acceptable unless you're willing to acknowledge that you're essentially gambling. Risking money on an investment with a high-risk/high-reward trade-off, however, is not only a worthwhile move for a young investor, but a favoured one in my opinion.

Consider **Cineplex** ([TSX:CGX](#)), a stock that's fallen 46% from its peak. Looking at the chart, you'll think you're bottom-fishing, catching a falling knife, speculating or risking your money on a company whose industry is in secular decline.

Going against the grain is indeed risky. Video streamers are the future. The stay-at-home economy is here to stay, and as it becomes less economical for producers to go with the traditional theatrical release, movie theatre firms like Cineplex are bound to continue to suffer.

With Cineplex, you're going against the grain. You're betting against a profound trend, and while that's typically not a good idea, in the case of Cineplex, I think the public is discounting management's abilities to reinvent itself into an entirely new business.

Think **BlackBerry**-like reinvigoration. BlackBerry ditched its cellphone business and has begun to find success as a developer of enterprise software. Like BlackBerry, I believe Cineplex is about to transform for the better, and evidence suggests that this transformation has already begun.

Fellow Fool contributor Will Ashworth is bullish on Cineplex, but he thinks it's about [getting bums in seats](#). While that's the story in the nearer-term, the longer-term story is about the company's [evolution into an entertainment/amusements company](#), and that's going to happen whether or not Cineplex can keep the bums in its seats.

Foolish takeaway

In five years from now, Cineplex won't be a run-of-the-mill movie theatre company; it'll be so much more.

Cineplex is turning into an entertainment company, and it's going to find success as it rides the trend of increased consumer spending toward experiences.

Millennials aren't buying homes or new cars — they're spending money on experiences. And with Cineplex amusement offerings like Rec Room, Playdium, Topgolf and the like, I think Cineplex is a misunderstood stock that's currently in the bargain bin.

The company is gravitating away from a secular downtrend (decreased theatre attendance) and moving toward a secular uptrend (increased consumer spending towards experiences). Running away from a volcano and setting up shop elsewhere is a wise move that will likely pay massive dividends over the long haul.

For now, Cineplex will remain at the mercy of Hollywood. But over the longer-term, this dependence will erode, and the company will find success within its new niche much as BlackBerry has. If you can handle a bit of short- to medium-term pain, I think you'll stand to be rewarded as the company slowly but steadily returns to the growth track.

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