



GameStop (NYSE:GME): Do This When the Party's Over

Description

It's beginning to look like the **GameStop** ([NYSE:GME](#)) party is over. Since Monday, the stock has trended way below its all time highs, going as low as \$80. To be sure, another big push from Reddit or some other group could send the stock soaring again. But absent that, we've seen the top.

If you bought GameStop and managed to cash out at a substantial gain, you might be wondering what to do now. Depending on when you got in, you may have realized a 1,000% return or better. Even with just \$1,000 invested initially, that would leave you with a lot of cash. In this article I'll explore some ways you can invest it.

Build a diversified portfolio

If you [got lucky on GameStop](#) and are now sitting on a lot of cash, the best thing you can do is build a diversified portfolio. Betting it all on one risky stock can be profitable, but often times it just causes you to lose everything. Diversification is the key to building a portfolio that stands the test of time.

If you received, say, \$100,000 by investing in GameStop, you could build a diversified portfolio consisting of the following assets and weightings:

- Stock ETFs – 50%
- Bond ETFs – 40%
- Speculative plays like GameStop – 10%

This portfolio lets you keep the vast majority of your portfolio in risk-reduced assets while still setting aside a little money for the fun stuff. If your speculative portfolio does well, then you'll get even richer. If it doesn't then at least the other 90% of your portfolio should do fine.

Why diversification matters

Diversification matters because it helps you manage risk — specifically, “unsystematic risk.”

Unsystematic risk is the risk in any one asset. The more you diversify, the less exposed you are to this type of risk. Systematic risk—the risk in the market as a whole—remains unchanged. But half of the risk equation is substantially reduced through diversification. So, by diversifying into different assets and asset classes, you stand a better chance of holding on to the gains you realized with lucky plays like GME, compared to if you'd just doubled down on the next meme stock.

One meme stock that may have a bright future

If, after reading all of the above, you still want to try your hand at trading meme stocks, you may be in luck. While GameStop itself looks to be past its prime, there's another meme stock that may have a ways to go.

That is, the Canadian meme stock **BlackBerry Inc** ([TSX:BB](#))([NYSE:BB](#)).

BlackBerry is best known for being the company that kicked off the smartphone revolution. In the early 2000s, it launched the BlackBerry smartphone, which dominated the smartphone industry initially. Later, **Apple** ate its lunch, and BB eventually exited the smartphone business.

However, that wasn't the end of BlackBerry as a company.

After hiring John Chen as its CEO, BB pivoted to software, and began to see significant success in AI-powered applications. Among its biggest successes include:

- Getting its QNX software installed on [175 million vehicles](#).
- A major partnership with **Amazon** on electric car software.
- A recent legal win over **Facebook** on instant messaging patents.

Thanks to these and other initiatives, BlackBerry has been growing its software revenue over time. So far, actual profits have been hard to come by. But if the company keeps growing its customer base and inking lucrative deals, it may still have a future ahead of it.

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