



Robinhood IPO: A Bet on Meme Stock Supremacy?

Description

The trading and investment platform **Robinhood** has been in the investor spotlight of late. Indeed, retail investors have piled into meme stocks in a way that most (including me) didn't see coming. The rise of zero-fee platforms like Robinhood that allow for partial share ownership have changed the game. Accordingly, investors are looking with great anticipation of Robinhood's upcoming IPO.

Robinhood is expected to go public sometime in Q2 2021. While some may see this IPO as a means to ride the meme stock wave, there are other meme stocks out there that provide just as much leverage to this trade. Indeed, I think one Canadian stock that fits the bill is **Cineplex** ([TSX:CGX](#)) today.

Those wondering whether to invest in Robinhood may really be asking if retail investing has legs. In such an environment, I think checking out stocks like [Cineplex](#) makes sense.

Cineplex: The Canadian meme stock to watch

Currently, Robinhood has more than 20 million users on its platform. They include a significant market share among millennials looking to pick the next **AMC Entertainment** ([NYSE:AMC](#)).

In Canada, zero-fee trading has been less quick to catch on. However, retail investors domestically have looked to profit on these meme stock trades as much as those in the U.S.

Cineplex is certainly a premier reopening play. Similar to U.S.-based meme stock peer AMC, Cineplex has seen some pretty impressive stock price moves of late. These pale in comparison to AMC's rise, but the thesis is basically the same.

Coming out of the pandemic, investors are betting that moviegoers will flock to cinemas like never seen before. We've all been pent-up too long, and we're dying to catch a movie. We've all probably watched everything we want to on our streaming platforms and want to get out of the house — by any means necessary. That's a relatively simple thesis that makes sense, and investors are jumping on it right now.

Similar to AMC, Cineplex's revenues have plummeted this past year. However, as with all turnaround

plays, all eyes will be on how fast revenue can recover in this post-pandemic world we'll (hopefully) be seeing soon.

Conclusion

Like AMC, Cineplex is a company with the potential to provide “meme-stock-like” returns, if the reopening goes well. That said, there remains a tremendous amount of downside risk with these stocks, given the amount of optimism that's price in today.

Accordingly, investors should be careful with buying such stocks at these levels today. The excitement around investing from retail investors is great. I think that the rise of Robinhood and other trading platforms aimed at millennial investors should be encouraged. However, buying any stock purely on momentum or speculation is inherently risky. Investors should practice proper discipline in sizing positions accordingly.

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TICKERS GLOBAL

1. NYSE:AMC (AMC Entertainment)
2. TSX:CGX (Cineplex Inc.)

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