



GameStop or BlackBerry: How to Play the Recent Meme Stock Rally

Description

Why doesn't everyone invest in meme stocks? After all, they have the wherewithal to multiply money by hundreds and thousands of times, right? The embattled **GameStop** returned 4,000% in just a few weeks earlier this year. **AMC Entertainment** is also sitting on decent gains of 1,450% for the year! That's way better than reading about [Warren Buffett](#), holding a stock for decades, and pocketing a 10% gain per year, isn't it?

Well, it's not!

Betting on meme stocks?

Let's try to look at the other side. Both AMC and GME were equally fast to drop after their quick surges in January this year. AMC dropped around 60%, while GameStop tumbled even worse by 87% in just a couple of weeks. So, those who got in a bit late in the rally, probably around the end of January, might have been burnt bad and booked heavy losses.

Canadian tech titan **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) also saw a similar movement. The stock surged from \$8 to \$36 in early January and fell back to \$12 in the subsequent weeks when the euphoria was over.

The point here is to note that even if you are very active on Reddit and quick to act on comments of the subreddit WallStreetBets, there is still an enormous timing risk involved. That's why Warren Buffett once said, "only when the tide goes out do you discover who's been swimming naked."

BB stock on the rise again

There has been a renewed interest among Redditors about those same stocks. BlackBerry has surged 15%, while GameStop is already up 40% this week. The suddenly increased trading volume and Redditors' comments [underline](#) another meme stock rally.

It does not make any sense to jump into the rally merely because a stock is popular on social media. The ludicrous volatility could catch you on the other side of the trade.

I believe BlackBerry offers an attractive proposition for long-term investors. With its expertise in AI and endpoint security management, it will likely outperform when 5G and electric vehicles become mainstream.

It is okay to set aside a small sum for speculations. But if you want to build a reserve reliably and consistently, invest in quality stocks that create value in the longer term. It might sound boring and tedious, but it has been tried and tested for years.

Top TSX stock to buy today

For example, consider Canadian tech titan stock **Constellation Software** ([TSX:CSU](#)). It operates a fleet of vertical market software companies and has been a substantial wealth grower for decades. The stock has surged more than 4,000% since 2011. If you'd invested \$25,000 in CSU stock in 2011, you would have accumulated more than \$2 million today.

Constellation Software has vast operations that generate stably growing profits. This pushed the stock higher, ultimately creating [value for shareholders](#).

The stocks you invest in must have strong fundamentals to create wealth in the long term and must not only be popular on social media, because as the exuberance wanes, the stocks will fall like a knife and make a fool of those swimming naked.

CATEGORY

1. Investing
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TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
3. TSX:CSU (Constellation Software Inc.)

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