



Meme Stocks: Is the Party Finally Over?

Description

This year, there have been many unique developments in the financial markets. One of the most peculiar developments, though, has been the numerous rallies in so-called meme stocks.

Meme stocks, which first gained popularity on Reddit, saw their first major rally back in January. The rally lasted a few weeks, but as many expected, the bubble burst and these stocks mostly all sold off substantially.

These stocks were then quiet for a while before starting to rally at the end of May into early June. After their significant rally in June again, though, these stocks have been trading flat for some time. And some, like **GameStop**, have even been selling off a bit lately.

With the rally looking like it's over, many investors may be wondering if this is it. It certainly looks like the party is over. Even if these stocks don't fall right away, it looks like all the rapid growth is now behind us.

Nobody actually knows, though. That's the point of why it's so hard to speculate and trade short term. The only way to safely invest your money is to [invest for the long term](#). So, the only question should be, are the stocks worth a long-term investment at this price?

And with most meme stocks that have seen insane rallies, the answer is probably no, given how overvalued they are. Rather than consider meme stocks, I'd stick with top Canadian stocks you can actually buy as long-term investments.

Here are two of the best to buy today.

A top Canadian dividend stock

One of the top Canadian stocks I would consider as a long-term investment today is **A&W Revenue Royalties** ([TSX:AW.UN](#)).

The fund receives a top-line royalty from more than 1,000 A&W restaurants across the country. Restaurant royalty funds are some of the top investments for [dividend investors](#).

And A&W is particularly attractive because, in addition to the dividend payments, the fund has also been a top [growth stock](#).

A&W's growth has been exceptional over the last decade or so, and the company is now the second-largest hamburger restaurant chain in Canada, trailing only **McDonalds**. This is why A&W is a much better investment today than any meme stock.

Not only has it been growing its store count considerably each year, but it's also been rapidly growing its same-store sales, which is one of the most important performance indicators in the industry.

The fund saw same-store sales rise a whopping 9.8% in 2018 and 4.1% in 2019. Even 2020 only saw a 14.3% decline in same-store sales, which, in my view, through the pandemic, is an impressive performance.

Today, the stock yields more than 4.3%, and as its sales recover, that dividend will likely continue to see increases. So, rather than speculate on a high-risk meme stock today, I'd strongly consider A&W as a long-term investment.

Forget meme stocks: Buy this top retail company

Another high-quality Canadian stock you'll want to consider soon is **Leon's Furniture** ([TSX:LNF](#)).

Leon's is one of the top Canadian stocks to buy in the retail industry. And while the stock is most known for its stores selling furniture, the company does much more than just that.

The company has built an impressive vertical business, improving its supply chain and offering many services after the sale, such as insurance, repair services, and warranties.

These impressively integrated operations are paying dividends for Leon's, which is why it has such a dominant position in its industry and why it's a better long-term investment than any meme stocks.

Plus, besides the impressive business Leon's has built, it also owns stores and warehouses on some prime real estate locations. So, should the stores underperform in the future, or it becomes economically viable, the company can decide to relocate and sell these assets in prime locations.

There's a lot of potential about this top Canadian stock, so rather than speculate on risky meme stocks, I'd consider Leon's for a long-term investment.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:LNF (Leon's Furniture Limited)

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Author

danieldacosta

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