This 1 High-Growth Stock Is Far Better Than Meme Stocks

Description

Two events rocked the investment world in 2021. The Bitcoin mania resurfaced, and Reddit traders started a fantasy trip with meme investing. Younger investors have a fear of missing out on both money-making opportunities. However, cryptos and meme stocks are synonymous with high risk and elevated volatility.

The craze over Bitcoin receded following the catastrophic crash in May 2021. Meanwhile, the new army of retail investors continues to ditch traditional investments in favour of the so-called moonshot investing. The battle cry is to bring the prices of meme stocks like **GameStop** and **AMC Entertainment** to the moon.

On the TSX, tech stocks are booming. Canadians looking for high growth can consider the country's largest privately held fintech company. **Nuvei** (TSX:NVEI) is far better and less risky than meme stocks.

Risky strategy

Newer investors, mostly millennials and the Gen Z generation, have found a way to make a quick buck. Instead of sinking their money into slow-moving investments, retail traders take risky bets. Wall Street short-sellers lose billions on their bets. These hedge funds drive meme stock prices higher when they purchase more shares to cover their short positions.

The year-to-date gains of GameStop (+1,069.85%) and AMC (+2,648.58%) are astronomical. Still, financial experts warn that meme stocks could be very risky. Viral interest online, not business fundamentals, drive the price surge.

Potential for huge losses

GameStop was near bankruptcy in 2020, while AMC bleeds because movie theatres aren't making money during the pandemic. Thus, the meteoric rise of both is superficial. Investors can expect wild price swings. GameStop, for example, jumped 352.55% in January 2021 then fell 87.17% in February.

Even if meme stocks are in the headlines due to abnormal returns, investors should remain cautious. Meme investing is irresistible, but it's not a game. People shouldn't get so caught up in the gains and not think about the potential for losses. How could it be fun if losses are more likely than gains?

Dan Egan, vice president of behavioural finance and investing at Betterment, said, "Half the game is figuring out how to sell before it crashes." If you don't have an exit strategy, be ready to lose money.

DNA in the payment industry

Nuvei could be TSX's next shining star, given its long growth runway. The $12.89 billion company made its market debut in the COVID year. It was the largest tech IPO ever, with gross proceeds from the IPO reaching $805 million. Since going public on September 18, 2020, the share price is 101.76% higher today.

Had you invested $10,000 in Nuvei then, your money would be worth 20,175.51 on June 22, 2021. Market analysts recommend a buy market and see a potential climb from $93.11 to $116 (+24.5%) in the next 12 months. According to management, Nuvei's DNA is now in the payment industry.

The company is the payment technology partner in online retail, network marketing, and gambling or sports betting, to name a few. According to Yuval Ziv, Nuvei's digital payments managing director, the company is always a step ahead of trends, booming verticals, and emergent payment-processing developments.

Striking difference

Investors should notice the striking difference between Nuvei and the popular meme stocks. The payment industry has better growth potentials than video game retailing and movie theatre operations. If you can't afford to lose money, avoid meme stocks.

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