
Rise of the Meme Stocks in 2021: Is the Fad Here to Stay?

### Description

Yes!

Like it or not, the meme stock "fad" might not go out of fashion any time soon. The regulatory bodies (mainly SEC) across the border are scrutinizing market activity surrounding the so-called meme stocks, and they probably already have (or will) go through subreddit conversations with a fine-tooth comb to ensure there is no foul play (insider trading) or efforts to manipulate the market.



Unless these investor "rallies" behind highly shorted stocks are found illegal, there is really nothing regulatory bodies or even the targeted companies themselves can do. And especially now, when retail investors who target highly shorted meme stocks are seeing actual results, like hedge funds closing and more robust requirements for shorting stocks.

So it's improbable that meme stocks are going away anytime soon. But that doesn't mean you should bet on them. The high-risk, high-reward strategy is fine if you have disposable cash. But instead of betting with your hard-earned money, consider sticking to tried and tested growth stocks.

## An independent power generation company

**Capital Power** (TSX:CPX) is an Edmonton-based independent power generation company with 26 facilities and a combined generation capacity of 6.4 GW. The portfolio consists of natural gas facilities, solar and wind farms, waste heat, and landfill gas. Currently, the company is operating some coal-based power plants as well, but it has plans to go off-coal by 2023.

The stock has been growing quite steadily for the past five years. Its five-year compound annual growth rate (CAGR) of 24.9% is enough to turn your $10,000 investment about $30,000 in about five years (if the company can sustain its current growth pace).

The stock is a bit above overpriced right now, but if you consider the impressive 4.9% dividend yield and its Dividend Aristocrat status, the company seems well worth the price.

But an even better reason to consider Capital power is its green focus, which places it in an ideal position for future growth.

## A U.S.-based tech company

The venture capital exchange has quite a few powerful growth stocks, and one of them is **Hamilton-Thorne** (TSXV:HTL), a U.S.-based precision laser company. The company has a few product lines, all focused around the company's proprietary laser technologies (five different technologies). It sells products in around 75 different countries and about 1,000 different clinics.

Two even stronger points in Hamilton Thorne's favour are that it has penetrated its relative niche market quite extensively, and a hefty portion of its revenues is generated by consumables, a potentially evergreen source.

The best thing about this company's growth is its consistency, especially in the last five years. The CAGR is beyond impressive at 61.4%, which is enough to double your money in less than two years. The price is high but well justified by the enormous growth potential.

## Foolish takeaway



Meme stocks are a powerfully attractive phenomenon. And there is no denying that they can be a fantastic catalyst to catapult your portfolio valuation in a matter of days and weeks by buying and selling a meme stock at the right times.

But getting the timing right is almost a fluke for investors that are "tuned-in," and the risk is unusually high, especially if you buy high.

**CATEGORY**

1. Dividend Stocks
2. Investing
3. Tech Stocks

**TICKERS GLOBAL**

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2. TSX:HTL (Hamilton Thorne)

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