Here’s Why Investors Are Selling WELL Health Stock

Description

Over the past few weeks, ever since the first positive vaccine news came out, we have started to see a major rebalancing of **TSX** stocks. Companies like **WELL Health Technologies** (TSX:WELL) have fallen out of favour; meanwhile, popular value investments like **Air Canada** have been soaring.

The optimism is not that surprising. After all, stock markets are always forward looking. What is slightly surprising is the degree and speed at which investors have been rebalancing their positions.

In just the last three weeks, WELL stock has fallen by more than 10%; meanwhile, distressed businesses like Air Canada have rallied by 50%.

So, what does this mean for TSX investors? Is WELL stock even worth an investment anymore now that the pandemic is in its final stages? Or should we all focus on recovery stocks that seem to have the most potential at the moment?

What to do today?

If you haven’t been positioned for a recovery, you should definitely look into doing that. However, I would strongly caution against following investors into some of the most popular stocks on the TSX.

Businesses like Air Canada or even **Cineplex** have seen significant rallies since the vaccine news came out. That means investors are either going to have to wait for a pullback in the shares or find other distressed businesses that haven’t recovered yet.

However, just because you may be increasing your exposure to some of these distressed TSX stocks that have a tonne of potential in a recovery doesn’t mean you should abandon solid long-term stocks like WELL in the process.

WELL stock as an investment

WELL is one of the top growth businesses on the TSX. Even long before the coronavirus pandemic hit, I had recommended the stock to investors multiple times. Plus, the company was named to the TSX Venture 50 list three years running.

You don't put up a strong performance like that if you aren't a high-quality, long-term stock. WELL just happened to get a tonne of extra exposure this year as a healthcare stock in the pandemic.

Long term, however, the company has a lot going for it. The company is disrupting a Canadian healthcare industry that hasn't been improved in years.

It's not just telehealth either. Electronic medical records are also a huge opportunity for the company long term, which is why the stock is such a great long-term investment.

Should you buy WELL stock today?

Despite WELL being one of the top long-term stocks on the market, you may want to hold off increasing your exposure just yet. Throughout the summer, the stock was bid up considerably as the pandemic raged on.

And although it's a high-quality long-term investment that should be worth much more down the road, I would take a wait-and-see approach for now.

The stock doesn't have much momentum and is being sold off almost daily, as investors look elsewhere for growth going into 2021.

This could create another attractive buying opportunity for long-term investors, which is what I'm waiting for myself.

Bottom line

The recent sentiment in markets has created a tonne of opportunities for investors. So, if WELL is at the top of your buy list, I would be watching it closely over the next few weeks.

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Date
2025/08/26
Date Created
2020/11/27
Author
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