



Are Reddit Stocks Calling You? Buy Well Health Stock (TSX:WELL) Instead!

Description

Reddit stocks like **AMC Entertainment Holdings** ([NYSE:AMC](#)) have been making a stir – but not for the right reasons. It's this new phenomenon that's presumably giving power back to the retail investor. But in all this madness, what do we have to gain from this? When stocks trade on anything other than fundamentals, it's a tenuous situation.

So that's why I'm recommending that we stay away from these Reddit stocks. **Well Health Technologies** ([TSX:WELL](#)) stock is a good alternative that many Motley Fool writers have written about.

Reddit stocks have nothing on Well Health stock

Well Health stock has been a top performer this past year. What was already a timely and relevant idea became even more so with the onset of the pandemic. So 2020 was a break-out year for Well Health stock but also for Well Health's business. It's an omni-channel digital health company that's changing healthcare.

The Canadian healthcare system is better for it. This is much more than we can say about Reddit stocks like AMC stock. Yes, AMC stock has been flying high. In fact, it's soared over 2,500% in 2021. But what is this *really* all about?

AMC the company doesn't fit the characteristics of a company whose stock should fly so high. It's riddled with debt. Its financials have been decimated in this pandemic. It's burning cash and its very survival is in question. Also, even in better times, AMC stock never hit this high.

Well, this is what it can mean to be a Reddit stock. The trading takes a life of its own. It's not grounded in the reality of fundamentals. It's a dangerous game. If you were lucky enough to make money off of this move, I would definitely take profits now.

Well Health stock has a bright future, unlike many of the Reddit

stocks

Let's get back to Well Health stock. It's more than 400% higher versus the beginning of 2020. Its business is booming. And its financial health and cash flow generating power are strong. It clearly has a firm place in the secular move to digitizing healthcare. Essentially, it's here to stay. Well Health stock's price movement is supported by fundamentals. It's a good place to be.



Well Health is continuing its acquisition spree. This is positioning the company as a leader in its industry. With a 150% revenue growth rate, we can see this in action. Well Health is building scale. And it's this scale that will enable the company to achieve its mission: "Personalized care which in turn improves health outcomes."

Making money on Reddit stocks does not make us right

Finally, I would just like to address something that I think is ultimately really important to understand. The short-term movements of stocks don't necessarily validate or invalidate your stock picks. Just because you buy a stock and it goes up, it doesn't necessarily mean that you were right. Alternatively, the same goes if you buy a stock that declines in the short term. That doesn't mean you were wrong, however.

We have to have the patience to let our investment thesis play out. We also can't read more into the stock price movements of Reddit stocks. [These movements are just that – random stock price movements](#). They do not tell us anything about the fundamentals of the business. It's a little similar to stock price movements in a bubble.

These are both movements that will prove to be short-lived. The market eventually goes back to fundamentals. Predicting where Reddit stocks and bubble stocks will go is difficult. It's more gambling than investing. [We at Motley Fool prefer investing.](#)

The bottom line

It seems like Reddit stocks are all the craze these days. Steer clear of these names, such as AMC stock. Only buy when valuation reflects fundamentals. And keep doing the real work. In time, this is what will pay off handsomely.

My suggestion is to buy a stock like Well Health stock instead. It's simply far more attractive here than Reddit stocks.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:AMC (AMC Entertainment)
2. TSX:WELL (WELL Health Technologies Corp.)

PARTNER-FEEDS

1. Business Insider
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