Like AMC Stock? 2 Growth Stocks With More Secured Upside!

Description

Economic reopening is good news for the movie theatres. However, investors witnessed Reddit-pumped **AMC Entertainment's** (NYSE:AMC) price rocket to the sky to $58 a share — a height that beats the company's second-highest point of about $35 in its trading history.

The speculative stock was already on a decline before the pandemic hit. At the end of 2019, AMC stock traded at $7 per share. It doesn't take a rocket scientist to see that the stock is way overvalued now, especially when its balance sheet is weighed down by US$12.8 billion of debt versus US$10.5 billion of assets. Oh, and the company reported a net loss of US$567 million in Q1 2021 and a trailing 12-month net loss of close to US$3 billion.

AMC stock is a momentum stock. It jumps or drops significantly in a short time based on the whims of the market, driven by hordes of traders who try to follow the wave. I wouldn't be at all surprised if it came crashing down back to earth.

Right now, investors are better off considering these two stocks for more secured upside potential.

WELL Health

If you want to bet on AMC stock, you should instead put growth stocks like **WELL Health Technologies** (TSX:WELL) at the top of your buy list. The company is led by a senior management team with extensive experience.

For example, WELL Health chairman and CEO Hamed Shahbazi has more than 20 years of experience as a technology-focused operator. He also previously founded TIO Networks that was listed on the **TSX Venture Exchange** (TSXV) and subsequently acquired by **PayPal**.

The healthcare company has been modernizing the traditional healthcare system in Canada with technology. By acquiring both digital assets and primary healthcare services, the company has gained a better understanding of the operational challenges faced by overworked physicians and ultimately enabling it to iron out the kinks in the traditional healthcare system. The result will be a more efficient healthcare system with improved patient experience.

Management first got WELL Health listed on the TSXV before growing it to graduate to the TSX, where it gained greater attention from the investing community. In three years, the stock has grown investors' money at a rate of 21 times.

Of course, the growth stock has grown much bigger in scale. So, don't expect it to grow investors' money at the same rate over the next three years. However, it's definitely a much better bet than AMC stock. Analysts estimate 48% upside potential in WELL stock over the next 12 months!

Converge Technology Solutions

When I first wrote about **Converge Technology Solutions** (TSX:CTS) in March 2021, I did not expect the tech stock to do so well. In merely three months, the growth stock has appreciated 76% from approximately $5.25 to $9.27 per share at writing.

Back then, the stock was substantially undervalued on a forward basis. Today, analysts think the stock is fairly valued. However, it could actually be still substantially undervalued if you fast forward a couple of years. Whether that ends up being true or not depends on if the company continues to execute its growth strategy well, which includes M&A activities, integrations, and expansions in North America and Europe.

If you're willing to bet on ridiculously expensive AMC stock, you might as well bet on Converge stock, which is at least fairly valued, for more secured upside potential. If things go well, the tech stock could roughly triple over a few years!

CATEGORY

1. Investing
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1. Editor's Choice

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

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