



## The “Wallstreetbets” Stocks: Where Are They Now?

### Description

At the start of 2021, meme stocks began to gain popularity and mainstream media attention. The subreddit forum “Wallstreetbets” was all the hype, especially because members reported massive gains picking these so-called meme stocks.

Two of the most popular stocks that internet investors were buying were **GameStop** ([NYSE:GME](#)) and **AMC Entertainment Holdings** ([NYSE:AMC](#)).

From the beginning of 2021 to January 29, 2021, both stocks increased in value rapidly, and many investors wondered whether these stocks were high-quality investments.

GameStop saw its share price increase by over 1,500% during those few weeks.

Meanwhile, AMC’s value increased by over 500% during that stretch.

However, despite these insane rallies, me and many of my fellow Fools warned investors not to get caught up in all the euphoria. While these stocks were gaining value rapidly, they were also highly risky businesses.

Not only was there a tonne of volatility when trying to trade these stocks, but the underlying businesses were struggling, so there was no [margin of safety](#) when investing in these companies.

Seeing so many investors get caught up in the hype and invest hard-earned money in such risky stocks is one of the few drawbacks of a [bull market](#). In general, bull markets are great. During bull markets, the economy is expanding, and stocks are constantly increasing in value. However, these conditions can allow investors to speculate and forget that the market can drop off at any point.

That’s exactly what’s happened ever since. Toward the end of 2021, it became clear interest rates would need to be increased, and inflation was starting to pick up. And ever since, the market has struggled and become much more uncertain, leading these higher-risk stocks to significantly underperform.

When you buy stocks, one of the only ways to lower the risk of an investment is to [buy for the long run](#). The problem is with high-risk stocks and businesses that are struggling, you can't rely on these stocks gaining value over the long run. Often, they just continue to lose value.

This is why it's crucial to always focus on buying the highest-quality stocks and avoid taking risks buying high-risk companies.

## To maximize long-term investing returns, avoid high-risk investments such as Wallstreetbets stocks

The excitement and potential for massive gains led many investors to speculate and buy these meme stocks. However, as is often the case over the long haul, these investments rarely work out.

For starters, when you speculate on a stock and buy it after it's already gained a bunch of value, you need to find investors willing to buy it from you at an even higher price, which is often hard to do.

This is why investors should always focus on buying the highest-quality companies, even if the stocks aren't as exciting to buy.

For example, **Fortis** ([TSX:FTS](#)) is one of the lowest-risk stocks that you can consider. It hardly ever gains tonnes of value in a single year and is known more as a passive-income generator. Therefore, Fortis is not seen as an exciting investment — far from it.

However, Fortis is a high-quality company. It's a utility stock, which means it's highly reliable, and its cash flow and revenue are often highly predictable. Furthermore, Fortis is constantly expanding its business and increasing its dividend yearly.

And although Fortis may not be the most exciting stock you can buy, because it's a reliable and high-quality company, it has significantly outperformed both GME and AMC over the past two years.

For example, since the start of February 2021, a little over two years ago, AMC is down 30%, and GME is down by more than 60%. Meanwhile, Fortis stock has earned investors a total return of 12% over that stretch.

This just goes to show how important it is to buy high-quality stocks and invest for the long run. Not only does speculating on stocks create more risk, but timing the market and investing for only short periods is extremely difficult.

Therefore, no matter what's happening in markets and how much hype a stock may have, if it's not a high-quality business and doesn't offer value over the long run, investors should pass on the opportunity.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:AMC (AMC Entertainment)
2. NYSE:GME (GameStop Corp.)
3. TSX:FTS (Fortis Inc.)

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1. Business Insider
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