



Forget Dogecoin: This Top Canadian Stock Turned \$10,000 Into \$450,000!

Description

Dogecoin and Bitcoin plunged in recent days, as crypto investors booked profits and ran for the hills after Elon Musk suddenly changed his tune on the crypto market.

Why did Dogecoin crash?

Dogecoin is a perfect example of why investors should be careful chasing hot trends. The cryptocurrency, which started out as a joke a few years ago to poke fun at Bitcoin, soared in recent months, as speculators chased quick gains. A look at the [Dogecoin chart](#) shows the craziness of the mania. Dogecoin's value rose from less than a penny at the start of the year to above US\$0.70, making some people suddenly rich.

Elon Musk and other business celebrities helped fuel the interest, but the billionaire just reversed his enthusiasm. Musk called dogecoin a "hustle" in a TV appearance. More importantly, he recently said **Tesla** would stop accepting Bitcoin as payment for its cars due to rising concerns that Bitcoin mining is not environmentally friendly. The announcement sent Bitcoin and other cryptocurrencies into a steep decline, highlighting the risks of speculating in the sector.

Cryptocurrencies still trade at very high levels. Investors who are sitting on profits might want to cash out and look to put the money in other opportunities.

Why Canadian National Railway is a top Canadian stock to buy

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) might not be as exciting as cryptocurrencies, but the returns the company has delivered for investors make it a rock star. The railway enjoys a wide competitive moat along its existing network, which connects ports on the Pacific and Atlantic in Canada with the Gulf Coast in the United States.

CN is an integral part of the smooth functioning of the Canadian and U.S. economies and stands to benefit as the post-pandemic recovery kicks into gear.

The railway invests billions of dollars every year on locomotives, rail cars, and network upgrades to ensure it meets rising demand for its services and operates efficiently. Although the capital program is large, CN still has ample free cash flow to give investors attractive dividend hikes and buy back shares. CN's board raised the payout by 7% for 2021.

CN's share price recently pulled back on news that it has made a bid to buy **Kansas City Southern**, a U.S. railway with lines that connect to Mexico. The market is concerned the US\$33.7 billion value of the offer, which is much higher than the rival bid from **Canadian Pacific Railway**, might be too high. In addition, a bidding war and the anticipated drawn-out regulatory reviews could distract management.

At the time of writing, CN trades for close to \$135 per share compared to \$148 last month. The acquisition distractions are valid near-term concerns, but the drop in the share price appears overdone, and the stock looks [undervalued](#) when you consider the big picture.

Long-term investors have done well with CN. A \$10,000 investment in the stock when the company went public 25 years ago would be worth more than \$450,000 today with the dividends reinvested.

The bottom line

Dogecoin, Bitcoin, and other cryptocurrencies carry significant risk. Some pundits still say they will eventually be worthless. Investing in stocks also carries risk, but buying established industry leaders like CN that have wide moats and strong track records of profit growth tends to pay off over the long haul.

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