



Dogecoin vs. AutoCanada Stock: Which Is a Better Buy?

Description

The cryptocurrency space has taken a breather in the last month. Despite the recent pullback, several cryptocurrencies have delivered astonishing returns in the last year. For example, Dogecoin is down over 60% from all-time highs. However, it has still gained a staggering 14,400% since the start of June 2020. So, a \$500 investment in Dogecoin one year back would be worth around \$73,000 today.

But investors should be wary of the massive risks associated with investing in Dogecoin and several other digital assets. There are also other stocks part of the TSX, such as **AutoCanada** ([TSX:ACQ](#)), that have the potential to increase your wealth over the long term and are lower-risk investments. Let's take a look if Dogecoin is a better bet compared to AutoCanada right now.

Dogecoin can lose value very quickly

When Dogecoin was trading near its record high, the meme-based cryptocurrency had gained around 27,000% on a [trailing six-month basis](#). Comparatively, it took the S&P 500 close to six decades to deliver these gains.

Cryptocurrencies have the potential to generate exponential returns in a short period of time. Alternatively, they can also burn massive investor wealth in just a few days. During previous bear markets in the cryptocurrency segment, Bitcoin and other digital assets have lost over 90% in market value multiple times.

Further, cryptocurrency enthusiasts state that the total supply of Dogecoin is not capped, and its poor economics make it a high-risk bet. Most digital assets are limited in circulation but there are [over 130 billion Dogecoins](#) that are outstanding. Moreover, 13 wallets control 50% of the total Dogecoin in circulation. This number increases to 67% if we consider the top 99 wallets, which mean Dogecoin is easily vulnerable to manipulation and pump-and-dump schemes.

Dogecoin is a cryptocurrency that has gained momentum on the back of Elon Musk's tweets, making it a hype-driven digital asset.

AutoCanada stock is up 800% since March 2020

Shares of AutoCanada have crushed the broader markets, rising 800% in fewer than 15 months. AutoCanada operates franchised automobile dealerships in several Canadian provinces as well as in the state of Illinois in the United States. It offers a wide range of automotive products and services to customers.

AutoCanada's sales were down at \$3.3 billion in 2020 compared to \$3.47 billion in 2019. The COVID-19 pandemic weighed heavily on the auto segment and AutoCanada also reported an adjusted loss of \$0.27 per share in 2020.

Analysts expect the company to increase sales by 27.3% year over year to \$4.24 billion in 2021, while adjusted earnings might improve at a significant pace to \$2.84 per share. While sales might rise 5.3% to \$4.46 billion in 2022, earnings are forecast to expand by 11.6% next year.

Despite AutoCanada's market-thumping returns in the last year, the stock is valued at a market cap of \$1.175 billion, indicating a forward price-to-sales multiple of just 0.33. Its price-to-earnings multiple of 15.3 is also attractive.

Bay Street has a 12-month price target of \$54 for AutoCanada stock, which 23% higher than the current trading price.

The Foolish takeaway

It's quite evident that Dogecoin should be a part of your portfolio if you expect the digital asset to gain momentum. But given the underlying risks of this highly disruptive space, you need to invest only as much as you can afford to lose and limit the downside. Alternatively, AutoCanada is an enticing bet for value investors who are looking to beat the market in 2021.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ACQ (AutoCanada Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Date

2025/06/29

Date Created

2021/06/01

Author

araghunath

default watermark

default watermark