Forget Dogecoin: 1 TSX Stock to Buy in June 2021

Description

Dogecoin, Bitcoin, and other cryptocurrencies have been on a wild ride of late, thanks in part to some playful tweets from Elon Musk.

As the crypto trade continues to sour, I'd much rather put excess cash in some of the many bargains scattered across the **TSX Index**. Just because the market averages are at or around their all-time highs does not mean there aren't opportunities for stock pickers out there. In fact, given the recent divide between growth and value, reopening and lockdown plays, or cyclical and defensives, I think contrarians have a lot to gain by going against the grain here as volatility heightens.

As for Dogecoin, nobody knows if this is the start of the big meltdown or a breather before the next leg up. The digital currency has no intrinsic value, making a fundamental analysis virtually impossible. Although the technical picture can help speculators gain an edge in the game of greater fools, I think most Canadians who aren't well-versed technicians are better off staying out of the crypto amid this recent bout of negative momentum.

Dogecoin's fragile footing seems ominous

Dogecoin investors uncomfortable with the double-digit percentage point downward moves over something as trivial as a playful tweet from Elon Musk's ought to think about taking a step back and re-evaluating just how much they're willing to risk on an apparently fragile meme coin.

At this juncture, there appear to be way too many potential negative catalysts that could be in the cards for the broader basket of cryptocurrencies like Dogecoin. As such, Canadian investors would be best advised to stick with what they know rather than chasing assets that have made many other retail investors rich.

Dogecoin is undoubtedly tempting, given it can enrich investors over a very short timespan. That said, volatility works both ways. And far too many beginners are at risk of being left holding the bag, as they chase what's hot and dump what's not.

Focusing on the risk/reward

You don't need to risk a majority (or the entirety) of your invested principal in a sexy asset like Dogecoin to punch your ticket to meaningful gains. What you do need is a longer time horizon and a contrarian mindset.

Consider **Alimentation Couche-Tard** (TSX:ATD.B), a dirt-cheap retailer that I consider to be a deep-value bargain hiding in plain sight. The company is essentially the "anti-Dogecoin." It's a "boring" convenience store company that hasn't been in the headlines as much of late.

Although the company has ample dry powder on the sidelines, the firm has been rather quiet on the M&A front.

The firm's past two elephant-sized pursuits of Caltex Australia and French grocery retail giant Carrefour both fell through pretty quickly. The latter deal was met with tremendous distaste from Couche shareholders, not just because of the lofty price tag that would have been paid but because of management's desire to get into the lower-margin grocery business.

Couche's intent to get into the grocery business is widely misunderstood, hence the vicious correction that followed the initial announcement nearly six months ago. Grocery margins are razor thin, and if Couche-Tard ever acquired a big-league grocer, its impressive margins would take a left hook to the chin. The short-term margin hit wouldn't be for nothing, though. Couche's longer-term fundamentals would be strengthened, as its c-stores benefited from purchasing a grocery supply chain.

Couche stock trades at just 15.2 times trailing earnings, which is far too low a price to pay for a defensive growth stock that could be ready to pull the trigger on its biggest acquisition to date.

Bottom line for those tempted by Dogecoin

Couche stock won't make you rich overnight, as Dogecoin could. That said, the stock appears to have a wide margin of safety and room to run, as the company aims to double net profits in five years. For an investor, that's the most you could ask for.

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