



Forget Dogecoin: 1 Canadian Value Stock That's a Better Buy

Description

Dogecoin has minted many millionaires over the past several months. Many of the newly minted millionaires may have little to no knowledge about investments. How did they clock in multi-bagger gains in a concise timespan? It was a little bit of luck and the willingness to take a gamble. Given Dogecoin could crumble like a paper bag over the weekend with little to no warning, [investors](#) must be mindful of the inherent risks in investing in a meme token like Dogecoin.

The crypto trade is showing signs of souring

Dogecoin and its bigger, more serious brother, Bitcoin, has no intrinsic value. Could such coins be capable of becoming 10-baggers from today's prices? Sure, but they could also shed north of 95% or even 99% of their value at the drop of a hat.

If you're comfortable with betting on such an all-or-nothing value proposition with a small chunk of funds you'd be willing to part with, then go ahead and punch your ticket. If you think Dogecoin or Bitcoin is the new gold or some asset that's superior to the equity markets, though, you could be in for a nasty surprise, as cryptocurrencies continue tumbling with no end in sight.

Beware of Dogecoin!

It's nice to be a firm believer in such technologies as blockchain and digital currencies. That said, one must not feel the need to go YOLO (you only live once) by betting the farm on speculative assets to get upvotes from friends of fellow investors in places like Reddit's WallStreetBets.

So, if you're a young millennial investor with cash to risk, that's great. Just make sure you're risking it in assets that provide you with the best risk/reward scenario. Billionaire investors like [Warren Buffett](#) are all about maximizing returns when adjusted for risk. By maximizing one's risk-adjusted returns, one can stay in the game for longer and maximize the effects of long-term compounding. You don't need to bet big on Dogecoin to strike it rich. All you need is the discipline to think long term and the conviction to go against the herd with the underpriced securities you have faith in.

While Bitcoin and Dogecoin have many firm believers, it remains virtually impossible to evaluate such securities given their lack of intrinsic value. They produce nothing, and there's no much (other than the technicals) to use as inputs into a discounted cash-flow model.

Those white-hot shares of Shopify look better than Dogecoin in my books

You could argue that [hyper-growth stocks](#) with nosebleed valuations such as **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) are in the same boat. Shopify doesn't yet pull in a profit, yet the stock trades at a ridiculous 40 times sales multiple. To many traditional value investors, the company is tough to value. Just because it's tough to value doesn't mean it can't be valued, though. For those willing to look way out into the future for profitability prospects, it is possible to conduct a thorough valuation.

Moreover, there's also a good chance that Shopify could grow into its lofty price-to-sales multiple, given management has demonstrated its capabilities for many years now. So, while the best growth days may be in the rear-view mirror, I still think Shopify sustain a stellar growth rate over the next decade, as it goes after a total addressable market that's still yet to be fully captured.

Stay Foolish, my friends.

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Date

2025/07/28

Date Created

2021/06/11

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