



## Forget Dogecoin or AMC and Buy a Growth Stock Like Shopify Instead

### Description

The last few months have seen cryptocurrency and meme stock investors make money hand over fist. For example, the price of each Dogecoin has risen by an astonishing 15,400% in the last 12 months. These gains are despite a 60% decline in the prices of the cryptocurrency since April 2021. So, a \$500 investment in Dogecoin one year back would be worth close to \$80,000 today. Similarly, shares of **AMC Entertainment** ([NYSE:AMC](#)) have gained a staggering 2,680% year to date.

However, these investments are high-risk ones and can easily burn your capital in just a few trading sessions. For instance, cryptocurrencies have lost over 90% in market value in previous bear markets.

Further, crypto enthusiasts have warned that the supply of Dogecoin is unlimited, and its poor economics make it a very risky bet. Most cryptos, including Bitcoin, are limited in circulation. But there are already 130 billion [Dogecoins available to trade](#). Only 99 wallets control 67% of the total number of Dogecoins, making it vulnerable to manipulation.

Dogecoin is a meme-based cryptocurrency and has gained in value primarily due to a series of tweets by Elon Musk, making it nothing more than a hype-driven digital asset.

AMC Entertainment, on the other hand, has gained momentum due to a short squeeze initiated by a group of retail traders on social media platform Reddit. However, AMC's sales have been decimated amid the pandemic impacting its finances considerably. Though economies are expected to reopen in the second half of 2021, AMC will be negatively impacted by the secular shift towards online streaming that has gained pace in the past 15 months.

## Shopify stock is up 5,000% since IPO

In case you want to generate market-beating returns, it makes sense to identify quality companies that are part of rapidly expanding addressable markets instead of looking at short-term gains in high-risk assets. One top-notch growth stock is Canada's e-commerce giant **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)).

Shopify stock went public six years back and has since generated over 5,000% in cumulative returns. In the first quarter of 2021, Shopify sales were up 110% year over year, while its gross merchandise volume jumped 114% compared to the year-ago period.

The COVID-19 pandemic accelerated the transition towards e-commerce shopping, and this momentum has continued in 2021 as well. In 2011, e-commerce accounted for 4% of total retail sales in the U.S., and this figure stood at close to 14% in 2020.

Around 1.7 million merchants have set up a virtual presence on the Shopify platform, allowing the company to derive a recurring stream of sales via its subscription product. Further, Shopify has expanded its suite of services over the years to provide logistics, financial, and payment support as well.

While sales more than doubled in Q1, its [operating expenses](#) were up by just 33%, indicating the tech giant enjoys massive operating leverage. Its operating profits in the March quarter stood at \$119 million accounting for 12% of total sales. It also ended Q1 with a free cash flow of \$130 million, while its cash and debt balance stood at \$7.8 billion and \$910 million respectively, making it a top bet for long-term growth investors.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

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