



2 TSX Stocks I Like More Than Dogecoin and GameStop

Description

We get a return of a few percentage points when we park money in bank deposits. We get returns may be in the lower teens when investing in stocks as we assume relatively higher risk. However, cryptocurrencies have delivered tens of thousands of percentage returns lately. Dogecoin, one of the top performers among leading crypto tokens, is sitting on more than 12,000% annualized return for 2021!

So, how much risk should you take as an investor? And how much return should you expect?

Dogecoin and meme stocks in 2021

And not just cryptos, there has been an extravagant excitement in stocks as well. Reddit stocks like **GameStop** and **AMC Entertainment** are still making rounds. These two have soared around 1,200% and 2,900% so far this year.

Note that almost all this surge has been fueled by social media popularity and very little due to operational or financial performance.

Although cryptos and meme stocks have delivered massive returns lately, they were even quicker to fall as well. Dogecoin has lost more than 73% from its all-time high in the last few weeks. AMC dropped around 60%, while GameStop stumbled even worse by 87% in just a few weeks in February.

As an investor, you should ask yourself if you are really comfortable with this kind of volatility. Will you be really able to enter and exit the trade at an opportune time?

The point here to note is that the price of an asset will increase reliably if it is backed by fundamentals like growing earnings, dividends, or corporate action. And if a price is increasing just because the asset is popular on social media and celebrity tweets, it means that the enthusiasm around it will wane eventually. The absurd volatility could catch you on the other side of the trade.

It is fine to keep aside a small sum for speculations and experience the flavour of the [meme stock frenzy](#)

. But if you want to [build wealth reliably](#), investing in quality stocks for the long term is one of the proven ways. It might sound boring and tedious, but it has been tried and tested for years.

Top TSX stocks to buy for long term

Consider top TSX tech stock **Constellation Software** ([TSX:CSU](#)), which has returned almost 4,300% in the last decade. An investment of \$25,000 would have made close to a million-dollar today.

The \$40 billion software giant has managed to exhibit enormous growth led by acquisitions in the last few years. The company has managed above-average growth on both revenues as well as on the earnings front all these years.

If you are looking for even higher growth and are comfortable with relatively higher volatility, consider **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). It has returned 5,700% in just the last six years. A \$25,000 investment in SHOP in 2015 would have accumulated \$1.37 million today.

Shopify has managed to increase its revenues by 76% compounded annually since 2015. It enables small- and medium-sized businesses to set up their digital stores. Importantly, it stays in the background of the e-commerce ecosystem and lets merchants keep their identities. With a large addressable market and partnerships with social media giants, Shopify could continue its superior revenue growth streak for years.

Bottom line

When it comes to investing, understand the risks and rewards. In the case of cryptos and meme stocks, I find their volatility too risky compared to the return.

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