



## \$500 Invested in Dogecoin at the Start of 2021 Would Be Worth This Much Today!

### Description

Despite a turbulent end to the last week, most [cryptocurrencies](#) have regained momentum in recent trading sessions. One of the most popular digital assets in this space is **Dogecoin**, which has gained close to 3,676% in the first 11 months of 2021. So, an investment of \$500 in DOGE at the start of the year would be worth close to \$18,500 today.

Dogecoin has in fact created massive wealth for long-term investors. Launched in 2013, the DOGE token has returned a staggering 99,000% in the last five years. If you were an early cryptocurrency adopter and invested \$500 in the DOGE token back in December 2016, your investment would be worth close to \$500,000 today.

Dogecoin is now the 10th-largest cryptocurrency in the world, valued at a market cap of US\$28.46 billion. However, past returns don't matter much to current and future investors. Despite recording astronomical gains for long-term investors, Dogecoin is also down 70% from record highs, allowing you to buy the dip.

Let's see if this meme coin has the potential to increase investor wealth in the future.

### Dogecoin is a popular meme token

While **Bitcoin** and **Ethereum** are two of the world's largest cryptocurrencies, the average monthly searches for Dogecoin on **Alphabet's** Google stand at seven million, easily outpacing the search results of both the heavyweights combined.

One of the key drivers of Dogecoin's gains in the last year was the backing of billionaires such as Elon Musk and Mark Cuban, both of whom own the digital asset. Musk, in fact, confirmed he is working with Dogecoin developers to improve the blockchain network in terms of transaction fees as well as processing times.

On the flip side, the optimism surrounding Dogecoin might also seem misplaced, as the network does not enjoy any significant competitive advantage. Its transaction fees are higher than several other

cryptocurrencies. The DOGE token is currently accepted by fewer than 2,000 merchants all around the world and the daily blockchain transactions on the network touched a three-year low in September 2021.

## What's next for DOGE investors?

Dogecoin has a first-mover advantage as it predates cryptocurrencies such as Ethereum, **Solana**, and **Cardano**. According to data from CoinMarketCap, the DOGE token is on the watchlist of more than 1.3 million users compared to Bitcoin, which is on the watchlist of 2.7 million users. Dogecoin also has more than two million subscribers on Reddit, showcasing the strength of its community.

One of the most vital characteristics of Bitcoin is that the cryptocurrency is designed to function as a medium of exchange as well as a store of value. The total number of Bitcoin that can ever be mined is limited to 21 million. Alternatively, Dogecoin is anti-inflationary, as there are already [132 billion coins](#) in circulation, and this number will increase by five billion each year, leading to erosion of the token's long-term value. Further, unlike Ethereum or Solana, Dogecoin does not allow users to [create and execute smart contracts](#) on its blockchain network.

## The Foolish takeaway

It's difficult to predict the direction of cryptocurrencies given the lack of regulation and volatility associated with this space. However, right now the risks associated with owning the DOGE token outweigh the rewards, given there are far better blockchain platforms that you can place your bets on right now.

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