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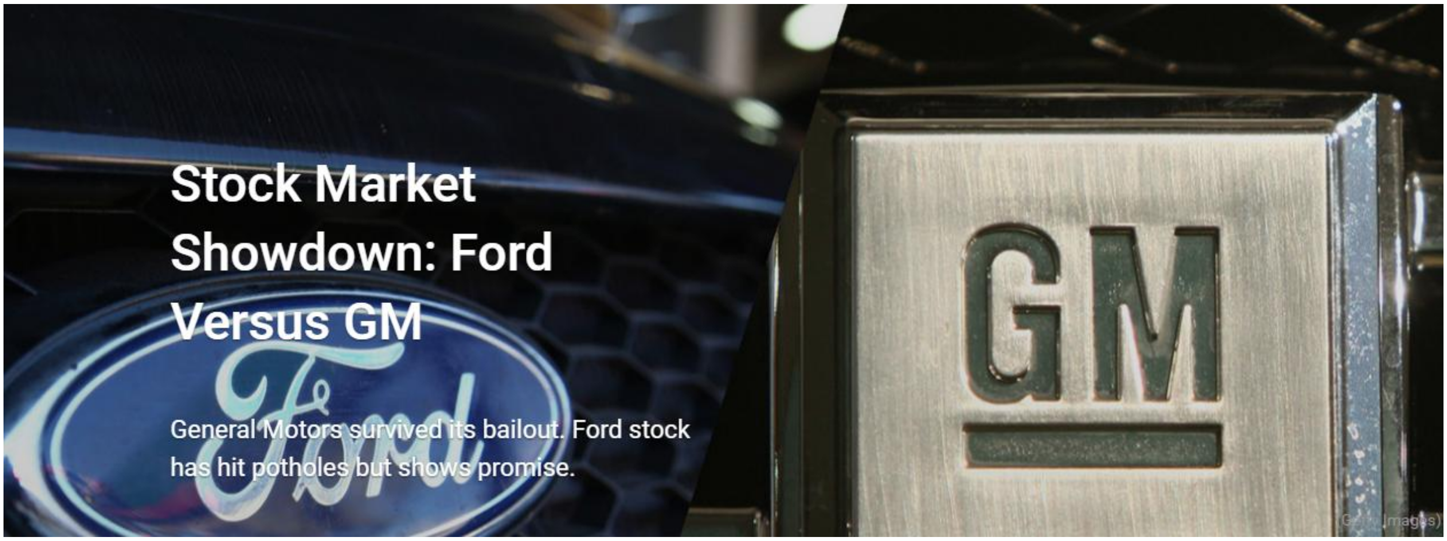

By Lou Carlozo | Contributor

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These days, the big differences between Ford Motor Co. (ticker: F) and General Motors Co. (GM) might as well convert your portfolio into a garage. You could stick a number of different cool cars in there (a strategy GM has followed with its multiple brands) or opt for one fabulous vehicle and call it good. (Ford sticks by and large to making Fords.)

OK, investors, take a deep breath and start your engines: "GM owns 13 brands: Alpheon, Chevrolet, Buick, GMC, Cadillac, Holden, HSV, Opel, Vauxhall, Wuling, Baojun, Jie Fang, and UzDaewoo in 37 countries," says Christopher Ma, director of the George Investments Institute at Stetson University in DeLand, Florida.

By contrast, "Ford's 'One Ford' plan was implemented to reduce the number of brands and platforms upon which various models are built," Ma says. "In 2007, Ford had 27 different vehicle platforms, 12 in 2015, and will drop to 8 by 2019. Today, Ford and Lincoln are the only two remaining significant global Ford brands. "

Ah, but is Ford's focus, if you will, putting gas in the tank of investors? Ma points out that from 2007 to 2015, "Ford's net profit margin has risen from 2.3 to 3.8 percent."

Meanwhile, "GM has experienced annual 6.98 percent earnings growth – versus – versus Ford's negative 0.43 percent – over the last 5 years," he notes. "Thus the difference between a house of brands and branded house strategy is simply a choice of different risk and return tradeoff."

And so as far as investors are concerned, GM and Ford, for all their shared status as legacy automakers, pretty much boil down to apples and an orange. Another huge difference separates the two: GM took an $11.2 billion government bailout through the Troubled Asset Relief Program – a move that towed the company through its 2009 bankruptcy.

Ford, by contrast, did not take any government funds, though the help GM and Fiat Chrysler Automobiles (FCAU) received arguably kept it afloat because the bailout ensured the survival of the U.S. auto parts industry.

Those who kicked off 2012 with faith in GM have thus far been handsomely rewarded. Since New Year's Day that year, GM stock is up 54 percent, now trading at just above $31 a share. Over the same period, Ford stock is up half as much – trading at more than $13 a share – but has fallen from some promising peaks along the way. In late February last year, share prices reached $16.34, and in July 2014, nearly $18.

As for the present, making a big decision on Ford or GM stock equates to pacing the new car lot and eyeing the bright, shiny goods feeling hopeful yet cautious.

Jeff Windau, a senior equity analyst with Edward Jones and based in St. Louis, says there's good news in the consumer marketplace: "The auto industry has had a strong rebound in sales since the recession. Yearly U.S. sales volumes have grown from 11.6 million vehicles sold in 2010 to 17.3 million in 2015. This has been supported by expanding volumes around the world."

That established, sales have been treading water so far this year. "As we are hitting record-high volume numbers, the growth rates are beginning to slow, which is raising concerns given the cyclical nature of the business," Windau says.

In the midst of this environment, analysts hold generally positive opinions on Ford. Four call it a "strong buy," but seven label it a "hold" and one a "sell." GM shows a slight advantage, with five analysts calling it a strong buy, one a buy, and eight a hold.

But Ford has also suffered some financial setbacks of late. Despite market capitalization of $53 billion, its stock has declined more than 14 percent over the last year, says Gary Tsarsis, clinical assistant professor at the University of Pittsburgh's Katz Graduate School of Business.

"Bank of America is the most recent big firm to issue a report on the company: They downgraded Ford stock from buy to neutral," Tsarsis says.

Yet if Ford has reached a fork in the road, then high-tech could literally provide the proper turn signal.

Ford just recently announced an investment in Pivotal Software, a private cloud computing and software company valued at $2.8 billion. "This falls under Ford's Smart Mobility subsidiary," announced in March, Tsarsis says. "The strategy of this group and this sort of investment is basically an app that helps drivers with parking, remote access to their cars and other technology services."

That said, Ford hasn't pulled onto Easy Street just yet with this initiative, which could take years to mature and realize significant gains.

In fact, GM may be ahead on the meeting the future demands on the industry.

"On a comparative basis, we prefer GM going forward," says Jerry Braakman, chief investment officer of First American Trust in Santa Ana, California. "The company has innovative products, including the Chevy Bolt, a 200-mile electric vehicle meant to compete with Tesla (TSLA)."

Chevrolet's forward progress with the Bolt has been so strong that Tesla has mounted an apparent counter-move. It introduced its Model 3 with much hype in Los Angeles at the end of March. The car is seen by industry observers as a move to challenge the Bolt, but Tesla faces an uphill battle. The Model 3 isn't scheduled to hit the street any sooner than late 2017, while the Bolt is at least a year ahead of that schedule.

Starting with former GM executive Bob Lutz – who famously said a decade ago "the electrification of the automobile is inevitable" – the automaker "has been a significant believer in EVs, and although it's still a small segment of the overall market, it's important not to ignore and fall behind," Braakman says.

Still, both companies have been dogged by a Wall Street peanut gallery that finds old-guard domestic automakers boring when compared to, say, newfangled high-tech monoliths.

"Ford and GM have both had excellent runs operationally," says Charles Sizemore, a portfolio manager on Covestor and founder of Sizemore Capital Management in Dallas. "Sales have been robust and profits have followed. Yet Wall Street seems unduly pessimistic about their prospects going forward, pricing in pretty significant sales declines."

Another reason for the pessimism revolves around a bad accident that hasn't even happened yet: skyrocketing interest rates.

"Yes, rising interest rates – if they ever actually happen – are bad for auto sales, which depend on credit," Sizemore says. "I get that. But if the economic outlook is as bad as the prices of auto stocks suggest, then U.S. stocks should not be trading at a Shiller price-to-earnings ratio of 26. So either investors are wrong about auto stocks – or they're wrong about the rest of the market."

And so, without a checkered flag in sight, both companies continue to race ahead – even if it's meant many a pit stop for both.

As Ma says, "Given the expected repeat of 2015 into 2016 in the U.S. auto market, a continued strengthening economy especially in South America and China, stable and low gas prices, both Ford and GM are considered a good buy – with GM in the lead."