



Air Canada (TSX:AC) Is up 54% Since March: Buy or Sell?

Description

If you had bought **Air Canada** ([TSX:AC](#)) when it truly hit the ground, and the price was \$12.15 per share in March, your capital growth from Air Canada's stock would be over 54% by now, when it's trading at \$18.8 per share. Though it's far from the amazing deal you would have gotten by selling it at its recent peak of \$23 per share (92.5% growth), it's certainly not bad for just three months of investment.

So, should you buy or sell? Or would it be better to stick with what you have and see how the future pans out for the company? Well, the safest approach is certainly staying your hand, but playing it safe is not always the best course of action.

The case for buying

The simplest case for buying is the hope that Air Canada will start operating at its pre-pandemic capacity in about three years (as per the company's projection), and the stock will hopefully follow. That's contingent upon many variables, including no more headwinds in [the airline industry](#), no second-wave of the pandemic, ease of travel restrictions in and out of the country, and the fear of flying evaporating from the masses.

Even then, buying Air Canada is a long-term game. If rapid growth is your goal, then Air Canada might not be the stock for you. This needs to be reiterated because many investors can't shake off their preconceptions about Air Canada and its history as an amazing growth stock, but that all changed when the pandemic hit. Air Canada, we see now, is a scarred survivor, not a record-breaking runner.

The case for selling

If you'd bought it at the lowest valuations, when Air Canada was trading around \$12 per share, and your current gains are at least 30% or more, and you also don't want to carry a risky stock in your portfolio, then it's a good time to sell. A much better time would have been a couple of weeks ago. But if you are willing to risk it for a few more months to see if the stock hits \$25 or more, that would be an ideal time to sell.

Foolish takeaway

If your portfolio is strong enough, regardless of Air Canada's presence in it, then I would suggest sticking with it for the time being. If the company doesn't enter bankruptcy, the stock might [eventually get better](#). Even if it doesn't reach its pre-pandemic valuation and growth pace in a couple of years, you will still get much better returns than you will get now.

Whether to sell now or not also depends upon when you bought it. If you'd bought into the company when it was literally sky high, then selling now or waiting for a few more months won't make a difference anyway. So, unless you are looking to get rid of the company or liquidate your assets for a different move, holding on to Air Canada might be the best course of action.

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