



## Forget Warren Buffett! Another Legendary Investor Is Bullish on Airline Stocks

### Description

Warren Buffett shocked the world when he announced that he'd sold out of all the airline stocks that he'd accumulated over the years.

Heck, Buffett scooped up a considerable chunk of shares of **Delta Airlines**, just weeks before he threw in the towel on the ailing industry over [coronavirus-related uncertainties](#). The only thing more *un*-Buffett-like than selling the airline stocks at a major loss was how quick Warren Buffett was to ditch Delta after his latest (and last) helping to the major U.S. airlines.

There's no question that the airline thesis has changed for the worst this year.

The highly profitable firms of yesteryear, such as **Air Canada** ([TSX:AC](#)), suddenly found themselves cutting capacity, raising liquidity, and battening down the hatches in an unprecedented fight for survival.

Last year, airlines may have been a sound investment by investors, including the likes of Warren Buffett. But in the age of COVID-19, they're now seen as more of a dangerous speculation that could end in tears for those who are chasing upside with no consideration for potential downside risks.

That's not to say that you should blindly follow Warren Buffett out of airline stocks like Air Canada, though, especially if you're a young investor with the [stomach](#) for an all-or-nothing bet.

## Forget Warren Buffett for a moment: Meet the market-beating airline bull, Bill Miller

For every big-league investor who's bearish, there's bound to be one that's a raging bull. Consider legendary investor (and founder of Miller Value Partners) Bill Miller, whose claim to fame is beating the **S&P 500** for 15 consecutive years between 1991 and 2005.

The man knows how to beat the market like it's nobody else's business. So, when the man speaks, it can pay dividends to listen up, even if what he says goes against the legendary Warren Buffett.

Miller is a raging bull when it comes to the airlines, going as far as saying that investors who don't own them are "making a bet against the [coronavirus] vaccine" in a virtual round table hosted by Ariel Investments.

Miller notes that people "love flying" and that once a vaccine lands that the air travel industry will come back "very, very quickly."

## Airline stocks: Betting on a vaccine

While most pundits see a slow and steady multi-year recovery for the airlines, with the odd bankruptcy en route to post-pandemic normalcy, the ultimate trajectory of the ailing air travel industry ultimately depends solely on the advent of a vaccine.

If a vaccine lands sooner rather than later, Miller (not Warren Buffett) is right on the money in that the airline industry could recover sharply than most folks on the Street expect. Perhaps airline stocks could recover over the course of weeks, rather than years once a vaccine is readily available for broad distribution.

Once people get vaccinated, the risk of contracting the deadly coronavirus will be zero, and many consumers will instantly get the green light to board the airlines again, whether for business, pleasure, or anything in between.

Moreover, there's likely to be pent-up demand for air travel once it becomes completely safe to hit the skies once again. Many people are itching to see their families and use up those accumulated vacation days. The only question is *when* the vaccine will land. If a vaccine takes years to arrive, some of the airlines could stand to be wiped out as their liquidity reserves dry up.

On the flip side, some pundits think that a vaccine will be available within a year or so. And if that's the case, a relatively liquid airline like Air Canada is a must-buy today. Once Air Canada weathers the storm, and a vaccine lands, AC stock could more than double in seemingly an instant.

## Should you follow Warren Buffett or Bill Miller when it comes to airline stocks?

Warren Buffett has had his fair share of soured investments lately. His decision to bail on airline stocks could prove to be another massive mistake if a vaccine were to arrive in a timely fashion.

If you can take near-term pain for a shot at long-term gain, Air Canada is a buy — with or without Buffett standing in your corner.

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