



Better Buy: Air Canada (TSX:AC) or BlackBerry (TSX:BB)?

## Description

If you're a deep-value investor, **Air Canada** ([TSX:AC](#)) and **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) are among two of the most compelling plays on the **TSX Index** right now. Both companies are in a massive slump and, if proved to be undervalued, could have a multitude of upside in an upward correction. While it's going on the hunt for deep value could be profoundly profitable when things go right, investors should be careful, because deep-value investing isn't foolproof, nor is it for the faint of heart.

Cheap stocks can always become much cheaper. Many stocks are battered for a good reason, and they could fall much further, even though there's a perceived margin of safety after a stock falls by some percentage. Moreover, deep-value investors may find themselves waiting years with nothing to show for their investment, as turnarounds could take a ridiculously long time, making deep-value investing a money-losing endeavour for all but the most patient of investors.

## Air Canada and BlackBerry: A tale of two popular Canadian turnaround stocks

If you've got the patience, the time horizon, and the temperament to initiate a position in a deep-value play, then Air Canada and BlackBerry ought to be at the top of your shopping list. Both companies have been caught offside, and their share prices been punished accordingly. As a deep-value investor, it's your job to determine whether the punishment is warranted or not.

With the [COVID-19 pandemic](#) making it that much harder to evaluate deep-value companies in affected industries, the deep-value investor's job has become absurdly hard. But for those willing to put in the homework, the rewards have the potential to be profound. So, if you're willing to put in the analysis, and a name like BlackBerry or Air Canada falls into your circle of competence, do feel free to make a move.

Let's have a closer look at each name to see which, if any, is worthy of your deep-value portfolio.

## BlackBerry

BlackBerry is a perennial underperformer that's had a considerable number of deep pullbacks en route to its transformation into a provider of enterprise software services and Internet-of-Things (IoT) technology.

In a [prior piece](#), I'd noted that BB stock was one of the cheaper ways to get into some of the hotter tech trends out there: "After a couple of stumbles and setbacks, the company that provides investors with sought-after exposure to some of the most lucrative markets out there trades more like a stalwart caught on the wrong side of a secular trend than a run-of-the-mill tech stock."

If you've got confidence in management and have the patience of a man like Prem Watsa, BlackBerry is a compelling deep-value bet, as it could prove to be one of the biggest turnaround stories of the 2020s. For now, BlackBerry is going to keep rolling with the punches brought on by COVID-19, as it looks to get all of its businesses back on the right track.

## Air Canada

Air Canada was ridiculously profitable before the coronavirus crisis. The company was gushing with cash, and even folks like Warren Buffett, a man who's been bearish on the airlines in the past, had changed his tune by taking a bite out of an industry that he'd not been a fan of in the past.

As it turned out, Buffett should have stuck with his original thesis on the airlines, as the Sage of Omaha threw in the towel on all his U.S. commercial airline stocks amid the coronavirus crisis, taking a big hit to his book in the process. In the era of the coronavirus, Air Canada can't be viewed as an economical business, with the possibility of more government-mandated travel restrictions and route cancellations amid deteriorating demand for air travel.

For now, it looks like Air Canada (and all airline stocks) is an all-or-nothing bet on the advent of an effective vaccine within the next year.

## Better buy?

Both stocks are dirt cheap, but I think BlackBerry is a better buy given it can turn its business around amid the crisis and will not be at risk of going under at the hands of COVID-19.

### CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners
4. Tech Stocks

### TICKERS GLOBAL

1. NYSE:BB (BlackBerry)

2. TSX:AC (Air Canada)
3. TSX:BB (BlackBerry)

## **PARTNER-FEEDS**

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

## **Category**

1. Coronavirus
2. Investing
3. Stocks for Beginners
4. Tech Stocks

## **Date**

2025/08/03

## **Date Created**

2020/07/14

## **Author**

joefrenette

default watermark

default watermark