



Forget Air Canada (TSX:AC): This Stock Can Convert \$10,000 Into \$100,000

Description

Air Canada ([TSX:AC](#)) is the disaster story of the COVID-19 pandemic. The airline stock crashed 70% in March when the Canadian government banned international travel. The stock can take flight only when all planes of the airline fly internationally, because that is where the money is.

The Canadian government has extended [international travel restrictions until August 21](#). But even after the international borders open, there will be many precursors to maintain social distancing.

- The airline cannot fill all the seats.
- People will be reluctant to fly long distances until the COVID-19 spread is eased.
- Once the travel bans are lifted, there is a risk of a second wave of the pandemic.
- Not all countries will open up their borders at the same time.

When will Air Canada stock take flight?

All people flying internationally have to stay 14 days in quarantine. Such a long quarantine time destroys the purpose of business travel. Even if international borders open, the quarantine rule will stay unless a vaccine is found for COVID-19. Once a vaccine is developed, it will take several months to distribute it across the globe.

Many moving factors can drastically change any forecast for AC. Looking at the current scenario, North American airlines believe that air travel will remain tight for three years. If the air travel resumes to pre-pandemic levels after three years, it will take AC another four to six years to become profitable again. And unless AC shows profits, its stock will not take flight.

Warren Buffett suddenly sold [\\$6 billion worth of airline stocks](#) in April. He knew that the opportunity cost of staying invested is very high. Investing in airlines now is equivalent to funding their multi-year losses. He is better off investing in energy stocks that at least pay regular dividends.

A better stock than Air Canada

I know AC stock is cheap at \$15, which is 0.3 times its sales per share. But this valuation doesn't justify a seven- to 10-year waiting period to see some meaningful growth. Instead, you can invest in a growth stock and convert \$10,000 into \$110,000 in those 10 years.

Speaking of growth stocks, technology stocks are the best option. Many popular tech stocks, like **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)) and **Enghouse**, have grown 1,000% in the last decade. These software stocks are leaders in their respective segments. Descartes is Canada's largest provider of supply chain management solutions. It gained market share in this last decade.

After becoming a market leader, Descartes's revenue-growth rate has slowed, and so has its stock price growth. If you are seeking a 10-fold increase in 10 years, you should look for a stock that is still in its early growth years and has the potential to gain market share.

This tech stock can double your money

One such stock is **Lightspeed POS** ([TSX:LSPD](#)). The company launched its initial public offering in March 2019 and has grown 114% since then. If you'd invested \$10,000 in the IPO, your money would have more than doubled to \$21,000 in fewer than 18 months.

Lightspeed POS is a cloud-based point-of-sale (POS) solutions provider that earns money through subscriptions, commission on transactions, and hardware device sales. Like all software companies, it has a low capital requirement, and because of which it has negligible debt.

The company's revenue rose by 55% last year. However, the pandemic saw most of its customers move from physical stores to online stores. Hence, it is now enhancing its e-commerce capabilities by adding services like curbside pickup, shipping, and appointment booking.

In the post-pandemic economy, social distancing and contactless transactions will become the new normal. Lightspeed solutions will help retailers and restaurants re-open their physical stores to this new normal.

Lightspeed stock still has the potential to more than double in five years. It is advisable to invest in a high-growth stock through your Tax-Free Savings Account (TFSA) to save your 1,000% investment gain from taxes.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:AC (Air Canada)
3. TSX:DSG (The Descartes Systems Group Inc)
4. TSX:LSPD (Lightspeed Commerce)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Investing
3. Tech Stocks

Tags

1. Editor's Choice

Date

2025/08/23

Date Created

2020/08/07

Author

pujatayal

default watermark

default watermark