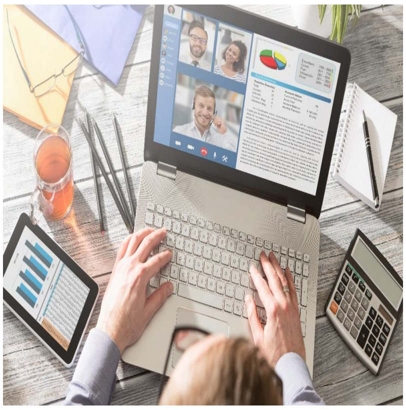

Forget BlackBerry: Canada Goose Stock Could Really Fly

Description

Forget about **BlackBerry** (NYSE:BB)(TSX:BB) stock for a moment. The white-hot Canadian Reddit stock has hogged the limelight of the media of late, and while the fundamentals are still very sound, I wouldn't attempt to jump in here, as the weak hands look to continue throwing in the towel.

Despite my confidence in CEO John Chen and the firm's long-term turnaround story, I do think the stock is trading on near-term hype that has less to do with BlackBerry's fundamentals and more to do with sheer momentum.

In any case, $15 and change looks to be more than I'd be willing to pay for the name that could become much cheaper over the coming weeks and months as the sell-off continues to drag.

In prior pieces, I set my sights on the $9-10 level as an entry point for those who were serious about holding BlackBerry shares for the long haul. Currently, analysts are less than bullish on the stock at these heights. And I don't think they'll be so inclined to hike their price targets in response to the action in Reddit's WallStreetBets.

A high-upside bet that's better than BlackBerry stock?

So, if you're patient, I do think you'll have a terrific opportunity to pounce! In the meantime, I find there to be better value in a name like **Canada Goose Holdings** (TSX:GOOS)(NYSE:GOOS) at current valuations. Over the past year, shares of the high-flying luxury parka maker have been hot, surging 44% year to date and 79% over this past year.

Undoubtedly, many Canadians were increasing their savings rate in 2020 in response to the unprecedented disruption caused by the coronavirus crisis. As the economy continues reopening and consumer confidence recovers further, I'd look for the discretionary stocks, luxury plays in particular, to really spread their wings.

Canada Goose's durable competitive advantages are too good

to ignore

Canada Goose not only has a powerful international brand but also has one of the most applaud-worthy omnichannel presences out there. The company was firing on cylinders, both with its e-commerce platform and its experiential brick-and-mortar retail locations, well before COVID-19 struck.

Unfortunately, not even the best-run discretionary retailer was prepared for the horrific pandemic that was to come. In times of turmoil, demand for $1,000 parkas just isn't there. With the tides turning and discretionary demand likely to continue picking up, I think a considerable amount of pent-up demand for winterwear could be met in the second half, especially if the world can avoid another autumn or winter lockdown.

In any case, I view Canada Goose as one of the better high-upside ways to play the "Roaring 2020s" environment. The stock is relatively expensive at 85.7 times trailing earnings, 6.5 times sales, 9.8 times book value, and 38 times cash flow, though. And the downside could be severe if we're due for another wave of horrific COVID-19 cases.

The bottom line

There's no question that Canada Goose stock is a more aggressive reopening play. But it's one that looks to be worth the risk, given the magnitude of upside to be had and the calibre of business you'll stand to get.

Stay Foolish, my friends.

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