



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

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) and **Air Canada** ([TSX:AC](#)) have both been making headlines of late. Both names are capable of considerable upside. At the same time, the [risks](#) are quite elevated amid continued COVID-19 headwinds.

Indeed, the former Canadian play, an enterprise software company in the midst of a historic turnaround, has endured two separate Reddit-driven rallies to [unprecedented](#) heights. Even BlackBerry's managers were confused as to why their share prices were taking off so steeply. Indeed, fellow Reddit meme stock and WallStreetsBet favourite, **AMC Entertainment** was the rising tide that lifted all meme stocks, so to speak.

A tale of two high-upside Canadian stocks

Air Canada is a top Canadian air travel recovery play that could easily double if the COVID-19 pandemic ends at some point in 2022. With COVID-19 variants of concern (like Delta and Lambda) being discovered across various parts of the globe, though, it seems likely that the pandemic will continue to be highly unpredictable. And the odds of eliminating the horrific coronavirus appear to be falling by the day.

Indeed, Air Canada is one of the riskiest and more aggressive Canadian reopening stocks out there. But when balanced with a resilient stock as a part of a balanced barbell portfolio, AC stock may make sense to hold, even at this most uncertain of market crossroads.

Air Canada stock has been a turbulent ride, but the 52-week trend is higher. As for BlackBerry, which is coming off its second Reddit spike, the stock is actually nearing a digestible valuation at just \$12 and change. Throw in the potential for another near-term spike into the equation, and it becomes more apparent that BlackBerry is a superior bet for long-term investors and traders alike.

But which is right for your portfolio? Let's have a closer look.

Air Canada

If you don't like turbulence, you're not going to like Air Canada, even though people are growing optimistic over the vaccine's potential to crush COVID-19. Indeed, herd immunity may require more than having 70% of the population vaccinated. The magic number may be much higher. I've heard some folks throwing around 90%, which, while somewhat realistic for Canada, may not be the case where the world is concerned, at least over the medium term.

As long as there's a risk of COVID-19 spread, Air Canada will continue to face a very choppy ascent. If you can buy on the big dips and sell at the peaks, AC stock is a great name for traders. As for long-term investors, I think it's really tough to formulate a thesis, given COVID-19 mutations. But for those willing to hold for at least five years, I'm not against buying at these depressed levels. Just make sure you have a high pain tolerance!

BlackBerry

BlackBerry seems easier for most investors to digest, as the stock approaches single-digit territory. Indeed, the stock is nearing the Street-high price target amid its descent since those June highs. For a software company with a great leader at the helm and medium-term catalysts, I'd argue that 6.7 times sales is not at all a high price to pay for a meme stock.

The company still has yet to prove itself to skeptical analysts on the Street. But if you're like Prem Watsa and are willing to buy and ignore the company for years at a time, you might just be able to profit profoundly from the transformative story. And as a wild card, WallStreetBets might pump the name in the future for reasons that have nothing to do with the fundamentals. Such a spike should be a chance for investors to take profits and buy back at lower prices.

In any case, I like BlackBerry slightly more than Air Canada here. However, I'm not against owning both as a part of a diversified portfolio.

CATEGORY

1. Coronavirus
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