



## Air Canada (TSX:AC) or BlackBerry (TSX:BB): Which Is My Top Recovery Stock?

### Description

The Canadian market has seen all types of highs and lows throughout the year so far. Earlier this year, the **S&P/TSX Composite Index** dropped a staggering 37% in just over one month. The index has since rebounded with an incredible run of close to 50% since the last week of March.

Many companies have seen share prices soar over the past five months, while others are trading well below all-time highs.

**Air Canada** ([TSX:AC](#)) and **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) are two companies that are each trading below where they began the year. While the two companies may indeed be very different, they do have one trait in common. Not only are they down on the year, but they are both down significantly from all-time highs.

Year to date, Air Canada stock is down 65%, and BlackBerry stock is down 20%.

### Why I'm an Air Canada bear

Prior to the COVID-19 pandemic hitting the world, Air Canada stock was trading at an all-time high. Unsurprisingly, as the pandemic brought air travel to an abrupt halt, the stock price dropped very quickly.

For investors who picked up shares of Air Canada at almost any point over the past decade, it's been a market beater. Prior to the pandemic hitting, Air Canada stock had returned more than 300% growth to shareholders over the past five years, and more than 2,000% growth over the past decade. With a track record like that, why am I bearish on Air Canada stock?

I do see the value in Air Canada stock at play here. But I also see a long road to recovery toward a world of travel that may look very different than what most Canadians are used to.

Investing guru Warren Buffett spoke out earlier this year about his investments in airline stocks and why he chose to sell off a majority of the shares he owned. Buffett mentioned that he believes the airline industry has [dramatically changed](#) and may take years to recover.

It's very interesting to see one of the world's most patient buy-and-hold investors sell shares due to what many investors see as a short-term pullback. This tells me that not only does Buffett see this as a long road to recovery, but even when the major airlines fully recover, the economics might not be anywhere close to as attractive as they were in a pre-COVID-19 economy.

## BlackBerry stock

Canadian tech company BlackBerry is definitely not the same company it once was. The \$3 billion company was once one of the world's largest smartphone providers. Today, BlackBerry is regarded as a top player in the cybersecurity industry.

Rather than a steep drop similar to that of Air Canada stock, BlackBerry has endured a gradual descent in its share price since trading at all-time highs more than a decade ago. That doesn't mean the future can't hold market-beating returns for the company, though.

The cybersecurity industry is expected to grow at a rate of more than 10% over the next seven years. BlackBerry is extremely well positioned today to see its market share continue to grow alongside the cybersecurity industry as a whole.

BlackBerry has [turned to acquisitions](#) to help fuel revenue growth. A recent US\$1.5 billion acquisition was made for California-based tech company, Cylance. The AI-powered company prides itself on its strong machine learning capabilities, which it uses to help detect threats before they even have the chance to occur.

## Foolish bottom line

The opportunity cost is too high for me to invest in Air Canada stock today. Canada's largest airline may eventually return to delivering market-beating returns to shareholders. I just believe that there are better investment opportunities in the Canadian market today for long-term investors, such as BlackBerry stock.

### CATEGORY

1. Investing
2. Tech Stocks

### POST TAG

1. air canada
2. air canada stock
3. airline stocks
4. blackberry
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6. cybersecurity stocks

## **TICKERS GLOBAL**

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

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