



This Stock Could Soar If a COVID-19 Vaccine Works

Description

It is no secret that the COVID-19 crisis decimated several companies performing so well before the mandatory social distancing measures took effect.

While most of the stock market managed to move on from the initial panic, investors should realize that we are not even close to being out of trouble. The economy is still going through a rough period, and several companies in hard-hit industries might not make it to the other side of the pandemic in good shape.

As an investor, you could avoid these industries like restaurants, [real estate](#), energy companies, travel companies, and airlines. However, there is an argument that you might leave behind substantial profits should we see a timely introduction of a viable COVID-19 vaccine.

Consider the possibility

I am not suggesting that you go all-in and invest in all the hardest-hit industries under the assumption that a vaccine will be available soon, however. I will suggest that you consider taking a calculated risk with a small portion of your portfolio and invest in a company affected by the pandemic that can have a chance to see a boom in case a vaccine comes along.

It would be good to pay attention to several companies that are struggling due to the pandemic. Pick out companies that you feel could perform well if a vaccine comes out. Narrow your choices down to the companies with the financial flexibility to weather the storm without going belly up.

Once you find the right company, you should allocate a portion of your portfolio to the stock. Keep in mind that it will still be a risk, no matter how well-calculated it might be. Make sure you do not overexpose yourself and put your overall financial plan at risk. Invest only what you feel like you will not miss too much.

Simultaneously, you should primarily focus on building a more defensive portfolio to offset the losses if the risk does not pay off.

A stock you can add

A Canadian company that I would suggest looking into is **Cineplex Inc.** ([TSX:CGX](#)). A movie theatre company that has seen massive losses with the onset of COVID-19, Cineplex could stand to gain the most if a viable vaccine comes into production.

Shares of the company are trading at \$7.69 per share at writing, and is down by a massive 77% from its price at the beginning of 2020.

[The company is struggling](#) because it has no way of earning an income during this time. People are fearful of going to the cinema to watch movies. Most new productions have been halted, and Disney's likes are even releasing new movies direct on streaming services.

While the release of *Mulan* on Disney+ is a devastating blow for Cineplex, the possibility of a vaccine presents a powerful lifeline for the company.

Foolish takeaway

From the looks of things, nothing seems to be going right for the beloved Canadian movie theater company. A prolonged shutdown of its locations can cause the company to decline even further. However, if a vaccine comes into action, Cineplex could be a beneficial contrarian play for investors.

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