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5 Stocks That Swayed the Skeptics

By Rich Duprey
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It pays to be skeptical when you invest. In addition to doubting what the *analysts* tell you, you often have to discount what the *companies* tell you, too. On Wall Street, going against the grain can reap huge rewards. Like baseball's greatest place hitter, "Wee Willie" Keeler, great contrarian investors such as Benjamin Graham, Warren Buffett, and John Neff "hit 'em where they ain't."

Today's new breed of contrarian investor can be found at [Motley Fool CAPS](#), where these savvy Fools are willing to see both the upside and the downside of a stock. While their often negative opinions peg them as "skeptics," their top CAPS ratings mean they're right far more often than not. And when they find a stock they actually believe will *outperform*, perhaps we should take notice.

Here are some recent picks from our list of Foolish CAPS skeptics:

Company	<u>CAPS Rating (out of 5 max)</u>	Skeptic	<u>Member Rating</u>
Microsoft (Nasdaq: MSFT)	***	BullMarketN09	99.98
Ebix (Nasdaq: EBIX)	****	epc53	98.90
Covance (NYSE: CVD)	*****	betmck	99.78
Tesoro (NYSE: TSO)	****	mavericktrading	99.93
China Life Insurance (NYSE: LFC)	****	slbutton	99.98

Just as a list of their worst stocks would not be a list of stocks to short, this list of the skeptics' favorites isn't a list of automatic buys. But these names do offer an excellent starting place for your own research of [extreme buying opportunities](#).

Overcaffeinated

Despite an operating system that has gotten mixed reviews at best, a rival in **Apple** (Nasdaq: [AAPL](#)) that can hardly do any wrong, and a mercurial captain in [Steve Ballmer](#), **Microsoft** is seen as still being able to provide market-beating results. Perhaps the optimism comes from the fact that it's no longer bound by its quixotic attempt to acquire a lackluster **Yahoo!** (Nasdaq: [YHOO](#)). A rumored \$20 billion buyback program could give a massive boost to shareholder value.

So CAPS member [RomarioH](#) sees a brighter future for the stock.

With 20B stock buyback, vista gaining more and more customers and MS finally giving up on the idea of buying Yahoo, I think they are going to go up.

Salvation at the pump

Oil refiners haven't had an easy time despite the seeming incongruity between rising oil prices and sinking share prices. It's just that the refiners have faced even steeper cost hikes than consumers. So the recent drop in crude prices has been a boon to refiners like [Tesoro](#). As oil has dropped about \$30 a barrel, Tesoro's shares have risen by more than 10%.

CAPS member [ryanvt0173](#) understood in June that higher costs were holding back Tesoro but felt there was no danger in waiting for the tide to turn.

This stock is trading for less than replacement value. Right now refining is not the place to be. High input costs and demand destruction going on. Eventually they will control supply and demand, much like the airlines are now attempting. The difference is that they will not go bankrupt in the process.

Insuring the future

The worry that state-owned enterprises like [China Life Insurance](#) may end up being bloodied and battered if the government dumps its 68% ownership stake onto the open market is [a real and present danger](#) investors need to consider. However, with the market for life insurance growing impressively, as CAPS member [omnihill](#) suggested back in May, it can still afford to lose share to its rivals and come out ahead with investors.

Largest insurance company in China. Losing market share to the number two player Ping An, but the [Chinese] life insurance market is growing at 18% per year. Even if they lose a few points of market share per year they are undervalued at current prices.

Seeing past the obvious

Skeptics know that just beyond the storm clouds lies a shimmering morning. Conversely, the sun can't shine forever, whatever the crowds may think. It pays to start your own research on these stocks on [Motley Fool CAPS](#). Read a company's financial reports, scrutinize key data and charts, and examine the comments your fellow investors have made -- all from a stock's CAPS page. What's your forecast? Drop by [CAPS](#) and tell us which stocks are your favorite contrarian picks.