



5 All-Star Stocks on Fire

By Matt Koppenheffer
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When the clock's ticking down and the game's on the line, which of your teammates do you trust to sink a winning shot? Sure, you could dish the rock to your resident superstar -- but what if he's playing ice-cold at the moment? Instead, you pass to the guy with the hot hand, the one who'll be deemed *en fuego* tomorrow on ESPN.

Momentum investors are looking for stocks in a similar state of sizzle. But momentum alone will only get you so far. I prefer to find [high-quality stocks](#) that also have some positive inertia on their side. It's like kicking the ball out to your team's superstars when they do have a hot hand.

To find these league-leading winners, I cross-referenced a simple momentum screen with data from The [Motley Fool's CAPS](#) investing community. Each of the companies below is up 30% or more over the past year, now trades within 5% of its 52-week high, and has been [rated highly](#) by CAPS players.

Stock	12-Month Change	Percent Below 52-Week High	CAPS Rating
Ebix (Nasdaq: EBIX)	141.1%	2.1%	*****
Hill International (NYSE: HIL)	131.0%	4.3%	*****
Momenta Pharmaceuticals (Nasdaq: MNTA)	71.1%	4.8%	****
Varian Medical Systems	43.5%	2.6%	*****
Fomento Economico Mexicano (NYSE: FMX)	35.0%	1.7%	*****

Sources: Yahoo! Finance, Capital IQ, and [CAPS](#) as of Aug. 4.

At first glance, this sure looks like a high-quality group. But as always, I highly advise taking a close look before you throw a bounce pass toward any of these stocks.

A shining light in insurance

A quick look around the insurance playing field -- from **Allstate** (NYSE: [ALL](#)) and **AIG** (NYSE: [AIG](#)) all the way to **Berkshire Hathaway** (NYSE: [BRK-A](#)) -- shows a sector with a bad case of acid reflux. Capital markets are tough, competition for customers has heated up, and investments are hurting.

[Ebix](#), however, has been saying "nuts" to the industry downturn. How? Well, it cheats a little. Though it's in the insurance industry, it's not actually writing policies or investing float. Instead, it's providing insurance companies and brokerages with some slick software packages that help them manage their business and connect with each other.

Through a combination of acquisitions and organic growth, the company delivered some sweet second-quarter results. Revenue rose more than 80% from the prior year, while net income soared 150%. Two major acquisitions -- Telstra eBusiness and IDS -- played a significant part in this growth, but it's particularly notable that the company managed to up its operating margin to 38% for the first half of 2008, from 24% in the year-ago period.

Fewer than 300 CAPS have rated Ebix so far, but 286 of them think that the stock is an outperformer. One of these Ebix bulls is [MichaelinWA](#), who rated the stock in late July [and said](#):

The fundamentals just look too good to pass up. The [return on equity] and [return on assets] are excellent, so it seems to me that the growth is growth that is costing the company less to create. That seem like you're getting growth with value; a nice combo. The company has a fairly long history rather than being some new kid on the block. Although the stock has had along run, the P/E is reasonably low for this level of growth. The insurance industry is huge, so I'm figuring there is a big market here.

Fielding your team

Do you think any (or all!) of these companies deserve a place on your All-Star team? You can share your thoughts on Ebix, or check out more of what your fellow Fools had to say about it or any of the other stocks above, by stopping by [CAPS](#). And while you're there, take a peek at few more of the 5,500-plus other stocks our community rates.

I think I heard a boo-yah somewhere out there -- thanks, Stuart Scott!