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5 Stocks Approaching Greatness

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Some companies are obviously great investments -- in hindsight. Yet for every stock out there screaming "[buy me](#)," others simply give us a nudge and a nod. How can we tell tomorrow's obviously great investments from the thousands of pretenders?

The stars' walk of fame

On [Motley Fool CAPS](#), these opportunities can be found among our four-star stocks. In CAPS' [proprietary ratings system](#), they rank higher than most of the other 5,300 starred companies, but they're just shy of superstardom. While all the attention might be focused on their five-star peers, we can sift through CAPS to find four-star firms approaching greatness. Here are a handful we've recently unearthed.

- **Telefonos de Mexico** (NYSE: [TMX](#))
- **BHP Billiton** (NYSE: [BHP](#))
- **China Green Agriculture** (NYSE: [CGA](#))
- **Hercules Offshore** (Nasdaq: [HERO](#))
- **Ebix** (Nasdaq: [EBIX](#))

Some of these names might surprise you. BHP Billiton, for example, has been a giant in the oil and gas industry for years. *Almost* great? Even familiar names can still offer some of the best opportunities. Perhaps we've just forgotten the potential they still hold. The 145,000-plus CAPS members chose these companies as [less obvious sources for tomorrow's great buys](#), so let's see why they might merit your attention.

In the sight of greatness?

Marketing its agricultural products through distributors has been a profitable structure for [China Green Agriculture](#). Now, the company has decided to sidestep the middlemen for its next phase of growth, and open its own retail stores. While this has the potential to boost sales, it also risks alienating China Green's distributor network and end-users, who might not like the layer of competition the stores represent.

Fiscal first-quarter results (ending Sept. 30) were impressive, with sales jumping 27% and operating profits rising to 55% of revenue. As business has boomed, so has China Green's stock. Shares are up 35% over the past three months, and they've rocketed more than 400% higher in the past year.

In part, that's because Chinese stocks in general have performed well. The 320 stocks that make up the [China sector](#) on CAPS have risen 140% in the last 12 months, while Fertilizer stocks are up more than 300%. Both sectors have been fueled by the likes of China Green Agriculture and **China Agritech** (Nasdaq: [CAGC](#)), which has poured on the afterburners and leaped more than 3,400% year over year. **Yongye International** (Nasdaq: [YONG](#)) hasn't been a slouch, either, rising 333% over the same period.

China Green, a [Motley Fool Global Gains](#) recommendation, even "[spiffy-popped](#)" in mid-November. That's the term Fools use to describe a one-day stock price jump greater than the original price paid for that stock. *Global Gains* originally recommended China Green Agriculture at \$2.30; after its latest earnings release, it jumped up \$3.51 in one day. Today, shares trade hands at more than \$17 each.

Of course, some investors are leery about the course China Green's stock will take going forward after such a fast price rise. CAPS member [Technodweeb](#) enumerates [several items](#) that have him worried about the company:

1. Looking at their SEC filings, the future intentions to give away 2 million in shares,

with a vote coming up soon with regard to compensation. There may be even more share give-a-ways in the future.

2. Private placement (there have been two this year) are supposed to be offered to current shareholders first. Yes, companies still do this. In Singapore, Genting did this. But with CGA the "offer" goes to some private party elsewhere.

3. Why do they keep needing the private placements? In their last one it stated for "working capital purposes". What exactly is this? The cash flow is questionable to me. I thought they had sufficient cash at this point.

Care to answer Technodweeb's concerns? Let us know in the comments section below, or go to [China Green Agriculture's CAPS page](#) and plant your own opinion there.

A great opportunity for you

Investor sentiment suggests these four-star investments still seem to be on their way to five-star greatness. Still, 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.

Sign up today for the completely [free](#) service, and let us hear your opinions about the great and almost-great companies that interest you.

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