



3 Quality Stocks That Missed the Rally

Description

Investors must be feeling downright giddy looking at their brokerage statements nowadays.

Since the market bottomed in 2009, the **S&P/TSX Composite Index** is up 90%. Picking winning stocks has felt as easy as throwing darts at a board.

However, there have been some companies left behind, many undeservedly so. For investors willing to shift through what others have overlooked, there are many great values to be had. Here are three top names that have missed the rally.

Enerplus

The past five years have been tough on **Enerplus** ([TSX: ERF](#))([NYSE: ERF](#)). The overhaul of Canadian tax rules, the Great Recession, and North America's shale revolution has completely transformed the energy industry. While those developments created enormous opportunities for some companies, it was former royal trusts like Enerplus that came out on the wrong end of this change.

However, under the leadership of Ian Dundas, Enerplus is transforming itself from a steady income payer into a more growth-focused exploration and production company. The firm is spending heavily in fast growing shale plays — namely the Bakken and the Marcellus. Other opportunities — such as spacing wells closer together, drilling into additional oil producing zones such as the Three Forks, and exploiting new recovery methods like waterflooding — are speeding up the company's expansion.

All of this means that Enerplus, along with its other shale drilling peers, have bright growth outlooks in the upcoming years. However, unlike its rivals, Enerplus pays you while you wait. Today, the stock yields 4.6% and investors should expect that dividend to rise further as the company expands.

Cameco

After years in the doldrums, uranium prices are finally moving higher and that means triple-digit gains could be ahead for **Cameco** ([TSX: CCO](#))([NYSE: CCJ](#)).

As resource investors know, the uranium industry has been in the midst of a depression for a few years now. Following the disaster at Fukushima power plant, sentiment toward the sector has been sagging ever since. And after a number of countries like Japan and Germany started to reevaluate the role of nuclear power within their energy strategies, uranium prices plummeted.

While sentiment in the industry might be bad today, the sector's outlook is solid. Right now, spot uranium is selling for below the production cost of many miners. On the demand side, growing countries like China and India are turning to nuclear power to fuel their economies.

There are also positive developments at Cameco itself. In March, the company announced that production has started at its Cigar Lake facility, the largest high-grade uranium mine in the world. As the company ramps up to full production, it could be a catalyst for the stock.

Barrick Gold

Barrick Gold ([TSX: ABX](#))(NYSE: ABX) is the poster child of everything that has gone wrong in the mining industry.

When commodity prices surged a few years ago, management destroyed billions of dollars in shareholder capital chasing overpriced acquisitions into new industries. The company abandoned the idea of carefully selecting growth opportunities and instead chased every new venture it could, regardless of profitability.

However, Barrick is starting to get its act together. Cost-cutting efforts have reduced the average cost it pays to mine gold to U.S. \$833 per ounce, down U.S. \$100 over the past year. Asset sales have also shored up the balance sheet.

Barrick is also cleaning up its act in the boardroom. Peter Munk, the quarterback behind the company's disastrous expansion, has retired along with a number of directors who had close ties to him. The company has also hired a more conservative CEO, Jamie Sokalsky, who has made it clear that he's focused on profitability and not building empires at shareholders' expense. That bodes well for the share price.

There are bargains to be had picking through the names others leave behind. All of the stocks above are trading at discounts to their peers and that valuation gap could be eroded as management proves their mantle to investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:CCJ (Cameco Corporation)
3. NYSE:ERF (Enerplus Corporation)
4. TSX:ABX (Barrick Mining)
5. TSX:CCO (Cameco Corporation)
6. TSX:ERF (Enerplus)

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