Investing Like a Stock Superstar: A Fundamental & Technical Approach for Identifying Promising Growth Stocks

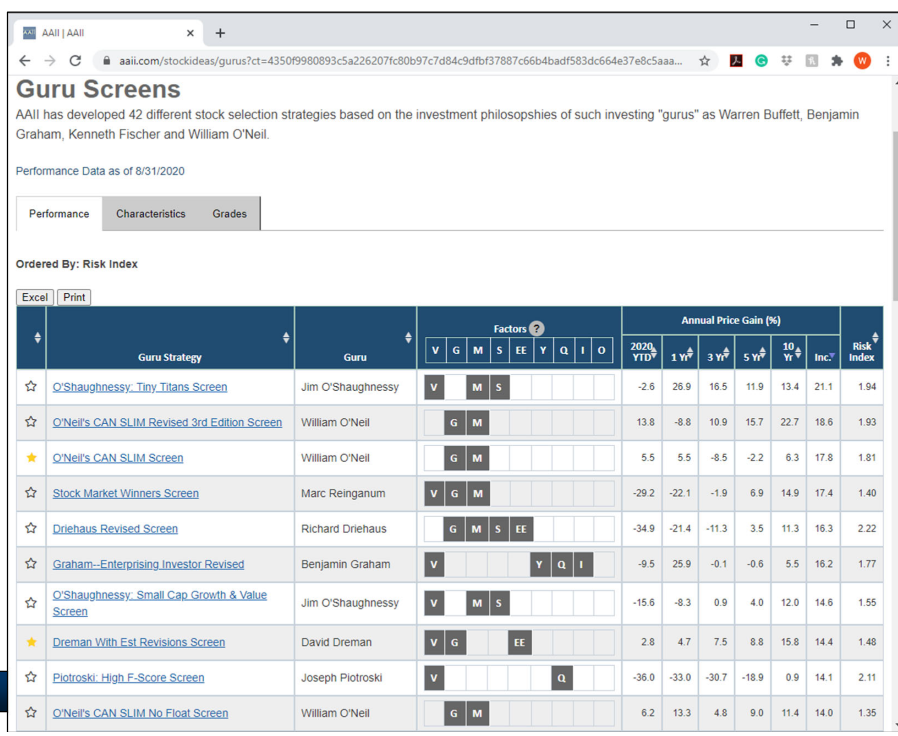
Wayne A. Thorp, CFA
Senior Financial Analyst &
Head of New Product Development
AAII
wayne@aaii.com
www.twitter.com/WayneTAAII

Stock Superstar

Definition:

An investor with a systematic approach to investing who has outperformed the market over the long term.

AAII Guru Screens



Guru Screens

AAII has developed 42 different stock selection strategies based on the investment philosopshies of such investing "gurus" as Warren Buffett, Benjamin Graham, Kenneth Fischer and William O'Neil.

Performance Data as of 8/31/2020

Performance | Characteristics | Grades

Ordered By: Risk Index

Excel | Print

Guru Strategy	Guru	Factors (V G M S EE Y Q I O)	2020 YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inc.	Risk Index
O'Shaughnessy: Tiny Titans Screen	Jim O'Shaughnessy	V M S	-2.6	26.9	16.5	11.9	13.4	21.1	1.94
O'Neil's CAN SLIM Revised 3rd Edition Screen	William O'Neil	G M	13.8	-8.8	10.9	15.7	22.7	18.6	1.93
O'Neil's CAN SLIM Screen	William O'Neil	G M	5.5	5.5	-8.5	-2.2	6.3	17.8	1.81
Stock Market Winners Screen	Marc Reinganum	V G M	-29.2	-22.1	-1.9	6.9	14.9	17.4	1.40
Driehaus Revised Screen	Richard Driehaus	G M S EE	-34.9	-21.4	-11.3	3.5	11.3	16.3	2.22
Graham--Enterprising Investor Revised	Benjamin Graham	V Y Q I	-9.5	25.9	-0.1	-0.6	5.5	16.2	1.77
O'Shaughnessy: Small Cap Growth & Value Screen	Jim O'Shaughnessy	V M S	-15.6	-8.3	0.9	4.0	12.0	14.6	1.55
Dreman With Est Revisions Screen	David Dreman	V G EE	2.8	4.7	7.5	8.8	15.8	14.4	1.48
Piotroski: High F-Score Screen	Joseph Piotroski	V Q	-36.0	-33.0	-30.7	-18.9	0.9	14.1	2.11
O'Neil's CAN SLIM No Float Screen	William O'Neil	G M	6.2	13.3	4.8	9.0	11.4	14.0	1.35

AAII | AAII

aaii.com/stocks/screens/76#passingcompanies

Passing Companies

Stocks That Currently Pass The O'Neil's CAN SLIM Screening Model

Passing companies as of 9/11/2020. Companies are ranked by Relative Strength 52wk (d)

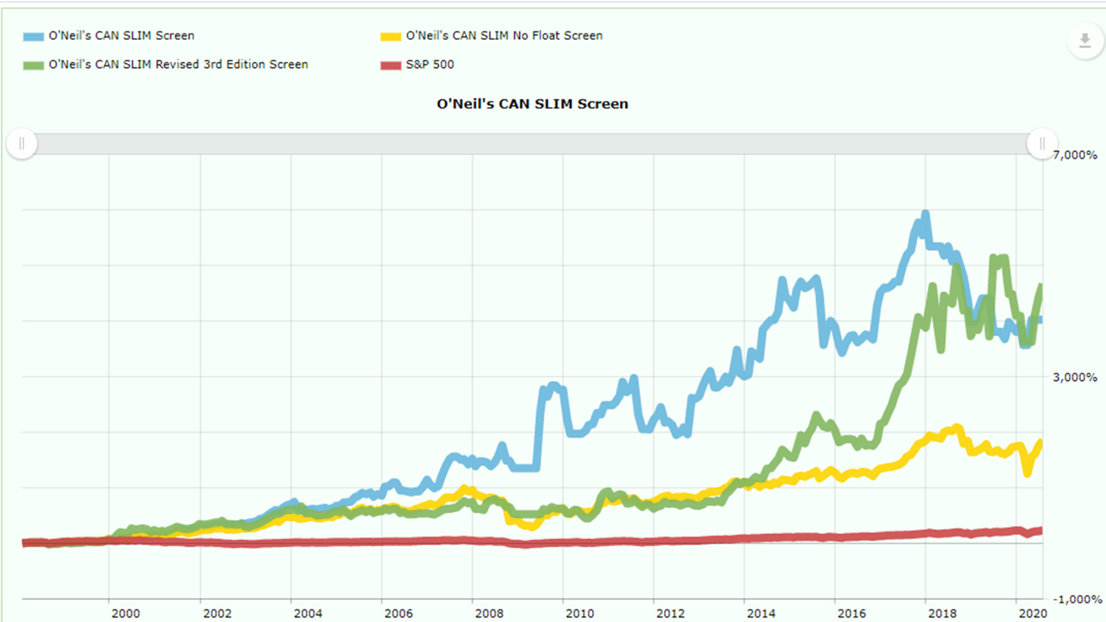
Print Excel

Company Name	Ticker	Exchange	EPS Cont-Growth from Q5 to Q1	EPS Cont-Growth from Q6 to Q2	EPS Growth Est	EPS Cont-Growth 5yr	Float	Shares Average Q1	% Rank-Rel Strength 52 week	Price as % of 52 Week High	Institutional shareholders	Institutional Ownership %
Merchants Bancorp	MBIN	M	155.1	115.1	0.0	76.0	13.246	28.7	80	92.0	136	22.4

Source: AAII's Stock Investor and Refinitiv. Note: blank values in fields represent "na"

AAII | AAII

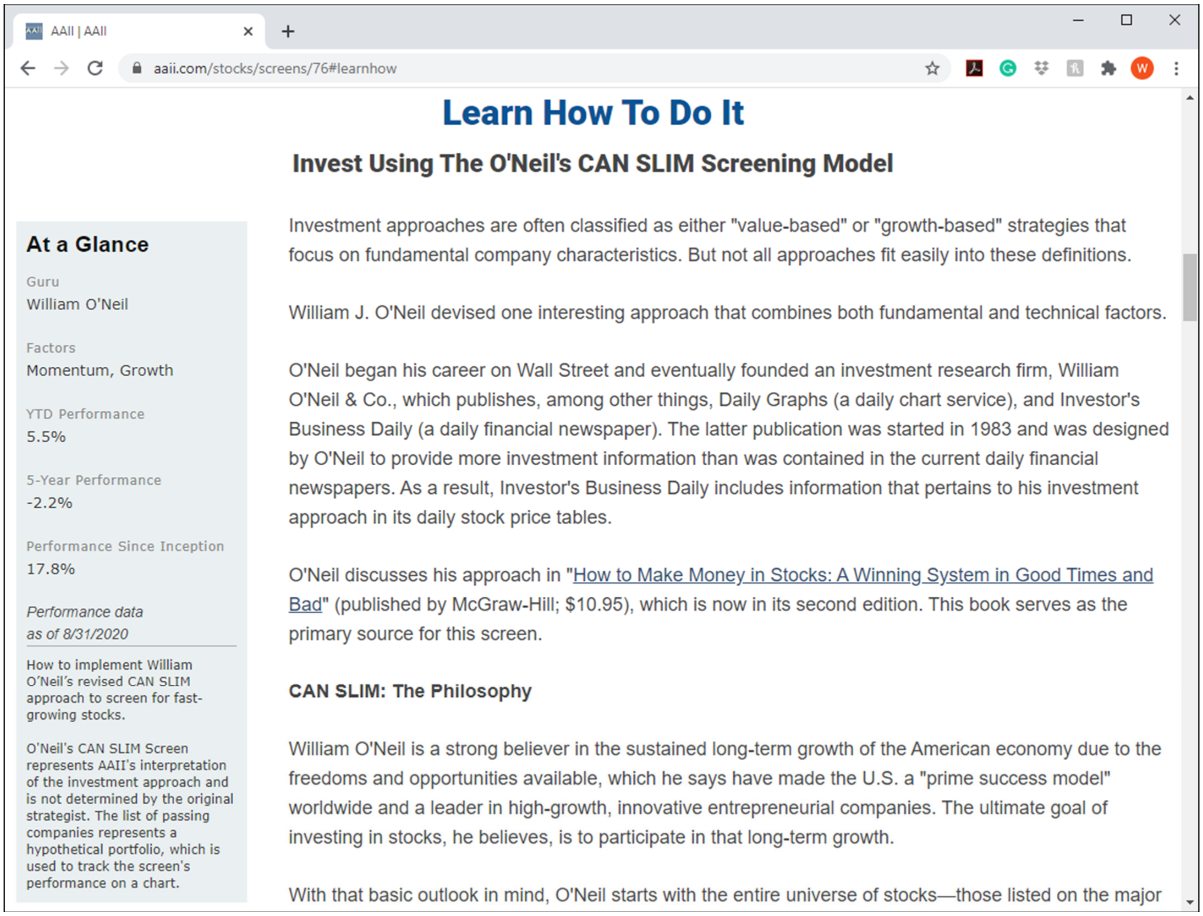
aaii.com/stocks/screens/76#passingcompanies



Export Performance Data

	Since Inception	YTD Return	5-Year Return	10-Year Return		
Performance	17.8%	5.5%	-2.2%	6.3%	Avg # of Monthly Holdings	3
+/- S&P 500	+12.0	-2.8	-14.4	-6.5	Turnover %	54.9%

Performance data as of 8/31/2020.



AAII | AAII

aaii.com/stocks/screens/76#learnhow

Learn How To Do It

Invest Using The O'Neil's CAN SLIM Screening Model

At a Glance

Guru
William O'Neil

Factors
Momentum, Growth

YTD Performance
5.5%

5-Year Performance
-2.2%

Performance Since Inception
17.8%

Performance data as of 8/31/2020

How to implement William O'Neil's revised CAN SLIM approach to screen for fast-growing stocks.

O'Neil's CAN SLIM Screen represents AAII's interpretation of the investment approach and is not determined by the original strategist. The list of passing companies represents a hypothetical portfolio, which is used to track the screen's performance on a chart.

Investment approaches are often classified as either "value-based" or "growth-based" strategies that focus on fundamental company characteristics. But not all approaches fit easily into these definitions.

William J. O'Neil devised one interesting approach that combines both fundamental and technical factors.

O'Neil began his career on Wall Street and eventually founded an investment research firm, William O'Neil & Co., which publishes, among other things, Daily Graphs (a daily chart service), and Investor's Business Daily (a daily financial newspaper). The latter publication was started in 1983 and was designed by O'Neil to provide more investment information than was contained in the current daily financial newspapers. As a result, Investor's Business Daily includes information that pertains to his investment approach in its daily stock price tables.

O'Neil discusses his approach in "How to Make Money in Stocks: A Winning System in Good Times and Bad" (published by McGraw-Hill; $10.95), which is now in its second edition. This book serves as the primary source for this screen.

CAN SLIM: The Philosophy

William O'Neil is a strong believer in the sustained long-term growth of the American economy due to the freedoms and opportunities available, which he says have made the U.S. a "prime success model" worldwide and a leader in high-growth, innovative entrepreneurial companies. The ultimate goal of investing in stocks, he believes, is to participate in that long-term growth.

With that basic outlook in mind, O'Neil starts with the entire universe of stocks—those listed on the major

Featured Stock Superstar: William O'Neil

William O’Neil’s Story

- Started his career as a stockbroker in 1958
- In 1963, O’Neil bought a seat on the NYSE (the youngest at the time ever to do so) and founded William O’Neil Co.
  - The company developed the first computerized daily securities database
- In 1972, Daily Graphs was created by O’Neil as a printed book of stock charts delivered weekly to subscribers (now called MarketSmith)
- Pioneered the use of historical precedent to analyze equities in tandem with fundamental and technical analysis
- O’Neil identified seven basic factors that occurred over and over again and in 1971, he summarized, adapted, and published his findings as “The Model Book of Greatest Stock Market Winners”
  - The approach eventually became known as CAN SLIM
- Realizing the need to deliver his time-sensitive information ahead of the competition, in 1973 O’Neil founded O’Neil Data Systems, a high-speed printing facility that pioneered the field of database publishing using state-of-the-art computer technology
- In 1984, O’Neil designed and launched Investor’s Daily (later renamed Investor’s Business Daily)
- Author of the book “How to Make Money in Stocks: A Winning System in Good Times or Bad,” which is in its fourth edition

The 3 “Big Rocks” of CAN SLIM

- Big Rock #1
  - Only buy stocks when the market is in an uptrend
  - Take defensive action as a downtrend begins
- Big Rock #2
  - Focus on companies with big earnings growth and a new, innovative product or service
- Big Rock #3
  - Buy stocks being heavily bought by institutional investors
  - Avoid stocks institutional investors are heavily selling

The CAN SLIM Concept

- To find tomorrow's big winners, look for stocks with the same traits *past winners* had just *before* their big price runs
- To know when it's time to sell, look for the same warning signs these past winners flashed when they eventually topped and began to decline

Studying History to Identify Future Winning Stocks

- O'Neil studies the biggest winners of all time to identify the common traits they have *before* they make their big price moves
  - Each letter of his CAN SLIM approach stands for one of these traits
- O'Neil also studies what happens to leading stocks *after* they've had a big run and found that they often flash similar warnings signs as they top and begin to decline

3 "BIG ROCKS" OF CAN SLIM INVESTING & 7 TRAITS OF WINNING STOCKS

Big Rock #1

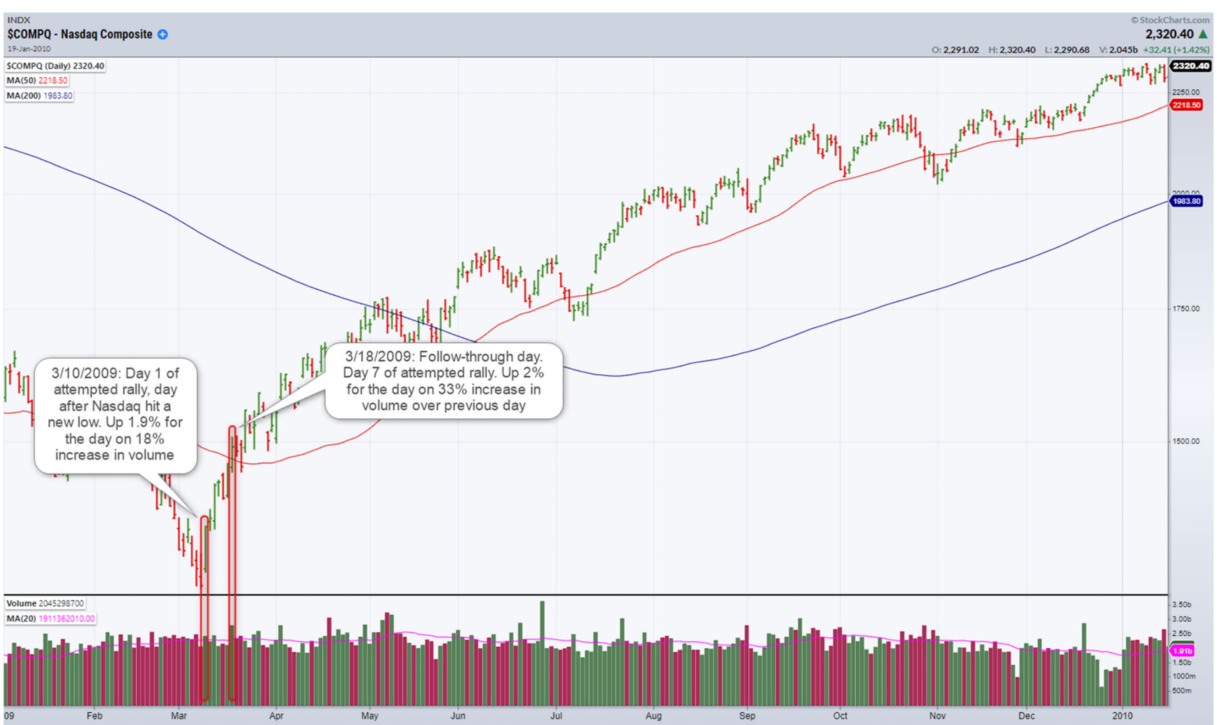
- Only buy stocks in a market uptrend & take defensive action as a downturn begins
- **M: Market Direction**
  - The "M" in CAN SLIM stands for market direction
    - Stay in sync with the direction of the overall market—Nasdaq composite, S&P 500 index, etc.
  - Although it is the last letter, it is the starting point when buying and selling stocks
  - History shows that 3 of 4 stocks follow the direction of the overall market—up and down
  - O'Neil is a strong believer in learning to read stock charts

Identifying Changes in Market Trend

- Learn to identify the two main signals of a shift in market direction
  - "Follow-through days" and "distribution days"

Start of a New Uptrend

- New Low: Look for a new low in one of the major market indexes—Nasdaq, S&P 500, etc.—when the market is in a downtrend.
- Attempted Rally: After hitting a new low, look for a day when the index closes higher on above-average trading volume (day 1 of *attempted rally*).
- Follow-Through Day: Confirmation that a new uptrend has started
  - Typically occurs sometime after day 4 of attempted rally, with many occurring on days 4–7
  - The index makes a big one-day price gain, usually 1.5% or more, on heavier volume



Sign of Weakening Market

- All uptrends eventually end
  - Distribution days—days of heavy selling—alert you that a shift may be taking place
- Distribution day is when the market closes down 0.2% or more on increasing or above-average volume
  - Flat, heavy-volume days are also considered distribution days
- An increase in the number of distribution days signals that institutional owners are selling more aggressively
- 4 or 5 distribution days over a few weeks is an indication that the uptrend is failing

Big Rock #2

- Focus on companies with big earnings growth & a new, innovative product or service
  - Big, accelerating earnings growth is O'Neil's #1 factor to look for in a stock
- **C: Current quarterly EPS**
- **A: Annual EPS**
- **N: New company, product/service, industry trend or management**

C: Current Quarterly EPS

- Earnings should be strong and accelerating in recent quarters
- Confirming elements that the company can sustain that growth
  - Solid sales growth
  - High ROE
  - Industry-leading profit margins

A: Annual EPS

- To help make sure the current quarterly growth isn't a fluke, also look for strong *annual* earnings over the last 4 to 5 years

What About P/E Ratios?

- Value investors will probably notice no mention of valuation metrics such as the price-earnings (P/E) ratio among the CAN SLIM traits
- O'Neil's studies showed that P/Es are not an important factor in a stock's movement
- O'Neil's research indicates that focusing on P/E will cause you to miss the big winners

N: New Company, Product/Service, Industry Trend or Management

- Focus on companies with something "new"
  - An innovative product or service in high demand
  - A new CEO
  - A game-changing industry trend
- New (or near) new high price
  - Stock should be near to or making a new high in price after undergoing a price correction and consolidation

Big Rock #3

- Buy stocks being heavily bought by institutional investors & avoid those they're heavily selling
  - Institutional investors are primarily mutual funds, but also hedge funds, banks, pension funds, insurance companies and other large institutions
  - "Ride their coattails"
- **S: Supply & demand**
- **L: Leader or laggard**
- **I: Institutional sponsorship**

S: Supply & Demand

- At key buy point, the best stocks will have *above-average* increases in volume
  - This shows that fund managers and other professional investors are heavily buying the stock

L: Leader or Laggard

- Focus on the top-rated stocks in the top-rated industries
- A stock becomes a true leader by showing strong earnings and innovation *AND* by being the clear leader in a top-rated industry group (where institutions are investing their money)

I: Institutional Sponsorship

- "Institutional sponsorship" refers to ownership of a stock by large institutions, primary mutual funds
  - The primary drivers of the overall market and individual stock prices
- Look for an increasing number of funds owning a stock
- Ownership by a few top-rated fund managers with a record of outperforming the market

"It's key to buy the better stocks mutual funds buy and avoid ones they may be selling on a heavy basis." —O'Neil

When to Sell

- O'Neil believes that the stock price will reflect changes in fundamentals long before a company reports them
- When *buying* a stock, focus on both fundamentals and the chart action
- When *selling*, focus on the chart action
- Decelerating YoY EPS growth over multiple quarters is O'Neil's primary *fundamental* sell rule

Offensive Selling: Lock in Your Profits

- Sell *most* stocks if they rise 20% to 25% above a proper buy point
- If a stock rises *over 20% within 3 weeks* from a proper buy point, hold the stock at least 8 weeks
  - Only apply 8-week rule to stocks breaking out of a base pattern

Defensive Selling: Cut Losses Short & Protect Gains

- Start taking defensive action when uptrend is under pressure or enters a correction
- Sell if a stock drops 7% to 8% below what you pay for it
- Sell following biggest single-day decline since start of stock's run on heaviest volume in months
- Sharp drop below 50-day moving average on heaviest volume in months
- Sharp drop—and close—below 10-week moving average line on heavy volume

Use Charts for Buying & Selling

"Just as doctors would be irresponsible not to use X-rays on their patients, investors are just plain foolish if they don't learn to interpret the price and volume patterns found on stock charts." —O'Neil

Why Use Charts?

- By using charts, you can see what big institutional investors are doing, since they ultimately determine the fate of stocks
- Charts show you what is really going on with a stock
  - Are fund managers buying or selling?
  - Are institutional investors supporting a stock and buying on the dips?
    - Or are they heading for the exit in increasing numbers?

3 Basic Concepts of Chart Reading

- What's the trend?
- Always check price *and* volume
- Is the stock finding support or hitting resistance?

What's the Trend?

- Which direction is the stock heading in right now?
  - Uptrend
  - Sideways
  - Downtrend
- Look at both daily and weekly charts
  - Weekly charts show longer-term trends
  - Daily charts help pinpoint specific entry and exit points
- Stocks hitting new lows tend to go lower, and stocks hitting new highs tend to go higher

Always Check Price *and* Volume

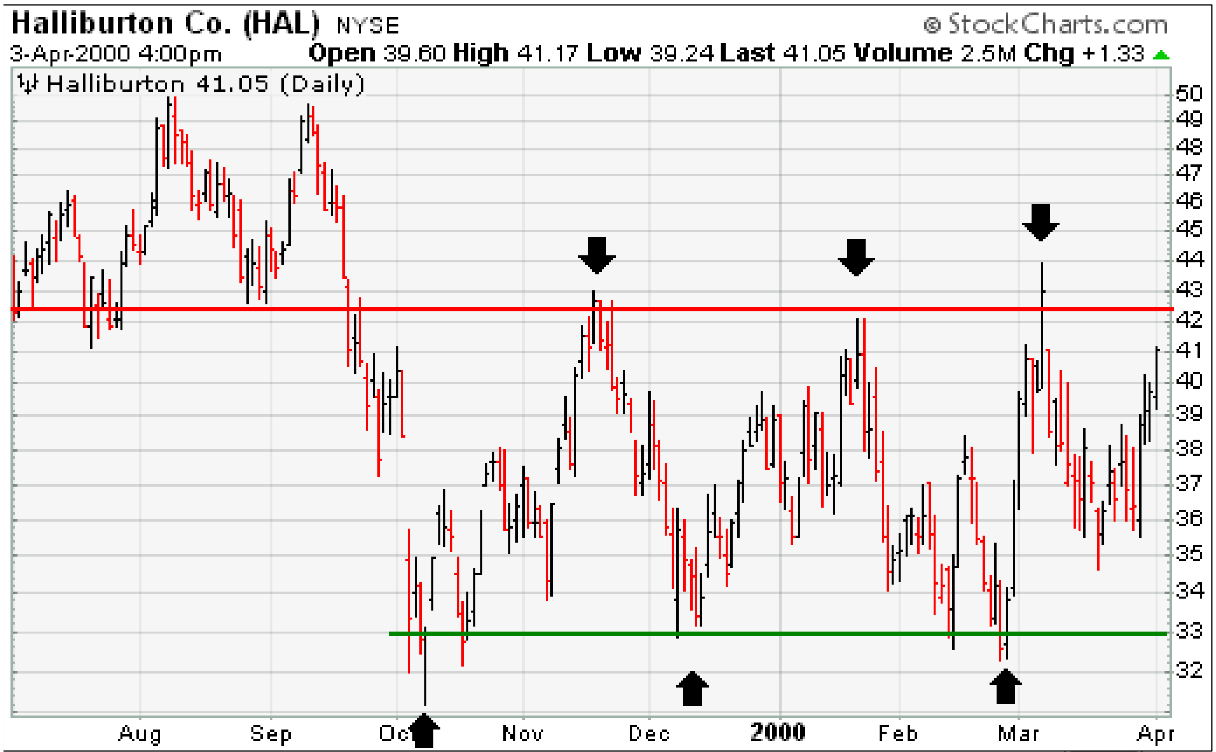
- Combining price and volume shows you what institutional investors are up to
- Track the changes in volume as the share price changes
  - Changes in volume tell you how serious the buying or selling of institutional investors really is

10-Week or 50-Day Moving Averages

- Watch price behavior around moving averages
  - 10-week line on weekly chart and 50-day line on daily chart
- Support: Institutional investors protect their positions when price pulls back to or dips below the moving average line; volume tends to be light on the pullback and strong on the rebound
- Sell-Off: Stock fails to find support at benchmark lines and falls below them on heavy volume

Support & Resistance at Specific Price Points

- Also look for support and resistance at certain price areas
- As always, pay attention to relationship between price and volume
- Often, a former support (resistance) area becomes new resistance (support) if price breaks below (above) that area



3 Chart Patterns to Look For

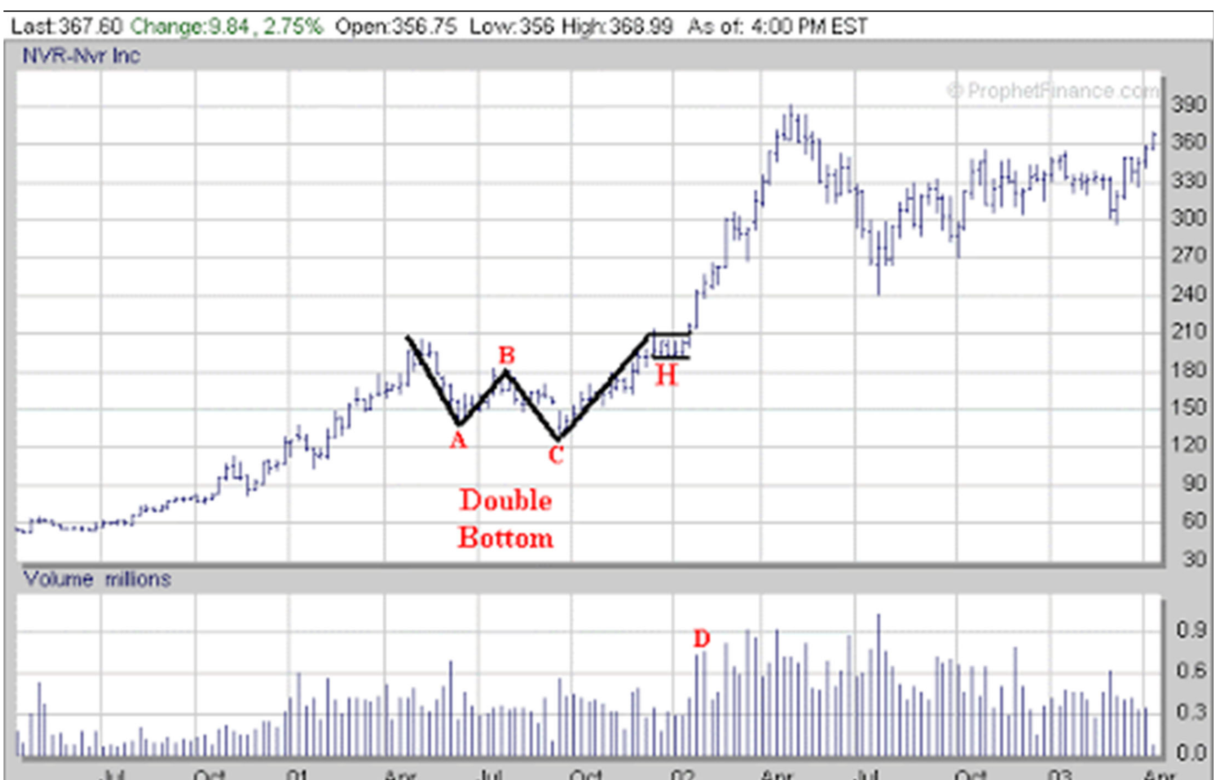
- Cup-With-Handle
  - Looks like a teacup viewed from the side
- Double Bottom
  - Looks like a lopsided "W"
- Flat Base
  - Period of sideways trading to "digest" earlier gains
  - Often occurs *after* a stock forms a cup-with-handle or double bottom

Cup-With-Handle

- Forms after a prior uptrend of 30% or more
- The bottom of the pattern represents a 15% to 30% retracement of previous high
- The base forms over a period of at least 7 weeks, but can last several months
- The handle
  - Volume in handle should be below average
  - 10% to 12% retracement from high of right side of cup
  - Should form in upper half of base
  - Peak of handle should be within 15% of high of left side of cup
- Buy within $0.10 of peak in the handle (prior resistance)
  - Buy up to 5% above breakout
- Volume on day of breakout should be at least 40% to 50% above average
- **https://www.aaii.com/journal/article/the-cup-with-handle-pattern**

Double Bottom

- Forms after a prior uptrend of 30% or more
- The bottom of the pattern represents no more than a 40% retracement of previous high
- The base forms over a period of at least 7 weeks
- Peak in middle of “W” should form in upper half of base but below left-side peak
- Buy point is $0.10 above peak in middle of “W”
- Buying range is up to 5% above peak in middle of “W”
- Volume on day of breakout should be at least 40% to 50% above average



Flat Base

- Forms after a prior uptrend of 30% or more
- The bottom of the pattern represents no more than a 15% retracement of previous high
- The base forms over a period of at least 5 weeks
- Buy point is $0.10 above peak within the base
- Volume on day of breakout should be at least 40% to 50% above average

AAII's CAN SLIM Approach

Based on criteria set out in the second edition of
"How to Make Money in Stocks"

- YoY EPS growth for latest fiscal quarter of at least 20%
- YoY EPS growth for latest fiscal quarter greater than YoY EPS growth for previous quarter
- Rising annual EPS for each of the last five fiscal years
- Average annual EPS growth of at least 25% over the last 5 years
- Price within 10% of 52-week high
- 52-week relative price performance versus S&P 500 ranks in the top 30% of all U.S.-listed stocks
- At least 5 institutional owners

AAII AMERICAN ASSOCIATION OF INDIVIDUAL INVESTORS®

PayPal

PayPal Holdings Inc. (PYPL) is a technology platform and digital payments company that enables digital and mobile payments on behalf of consumers and merchants. The company's combined payment solutions include its PayPal, PayPal Credit, Braintree, Venmo, Xoom and Paydiant products. It operates a two-sided global technology platform that links its customers—merchants and consumers—around the globe to facilitate the processing of payment transactions. PayPal enables consumers to exchange funds with merchants using funding sources, which include bank account, PayPal account balance, PayPal Credit account, credit and debit card or other stored value products. It offers consumers person-to-person payment solutions through its PayPal website and mobile application, Venmo and Xoom.

AAII AMERICAN ASSOCIATION OF INDIVIDUAL INVESTORS®

Braintree

A PayPal Service

HYPERWALLET

A PayPal Service

iZettle

venmo

A PayPal Service

xoom

A PayPal Service

C: Current Quarterly EPS

Stock Notebook #1 - Untitled

View | Overview | Multiples | Growth | Ratios | Valuations | Estimates | Fin - Qtr | Fin - Ann'l

Paypal Holdings Inc (PYPL) Price $194.600 ($212.450-$

Financial Information | Percent Change One Year Ag

		06/30/2020	03/31/2020	12/31/2019	09/30/2019
INCOME STATEMENT					
Sales	%	22.2	11.9	17.4	18.9
Cost of Goods Sold	%	15.4	19.8	17.5	19.9
Gross Income	%	30.3	2.1	17.3	17.6
Depreciation and Amortization	%	NA	NA	NA	NA
Research/Development	%	30.6	18.4	93.1	98.1
Interest Expense	%	0.0	0.0	0.0	0.0
Unusual Expenses/(Income)	%	NA	-60.3	-100.0	-100.0
Total Expenses	%	19.7	16.9	14.7	15.3
Gross Operating Income	%	34.9	-23.2	33.6	42.2
Other Expenses/(Income)	%	-240.8	144.3	14.8	383.1
Earnings Before Interest and Taxes (EBIT)	%	91.1	-59.4	26.2	-7.6
Interest Expense - non-operating	%	103.7	68.2	85.0	31.8
Pretax Income	%	90.8	-63.3	24.5	-9.2
Income Taxes	%	124.2	258.0	189.2	-76.6
Income After Taxes	%	85.9	-87.4	-10.4	5.2
Adjustments to Income	%	0.0	0.0	0.0	0.0
Income for Primary EPS	%	85.9	-87.4	-10.4	5.2
Nonrecurring Items	%	NA	NA	-100.0	NA
Net Income	%	85.9	-87.4	-13.2	6.0
EPS (Basic)	%	86.3	-87.4	-13.1	6.5
EPS (Basic) - Continuing	%	86.3	-87.4	-10.4	5.6
EPS - Diluted	%	86.4	-87.3	-12.7	6.9
EPS - Diluted Continuing	%	86.4	-87.3	-9.9	6.3
EPS - Diluted Normalized	%	91.6	-87.2	-13.7	-6.5
Dividends per Share (Total)	%	0.0	0.0	0.0	0.0

4 stocks selected - ranked by % Rank-Rel Strength 52 week, descending

Stock Notebook #1 - Untitled

View | Overview | Multiples | Growth | Ratios | Valuations | Estimates | Fin - Qtr | Fin - Ann'l | Custom | Charts

Paypal Holdings Inc (PYPL) Price $194.600 ($212.450-$82.070)

Sector Technology Industry Online Services

	Current	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
PROFITABILITY								
Gross Profit Margin								
Company	44.9	44.9	46.0	48.1	47.4	51.0	52.6	51.1
% Rank	54	55	57	59	59	63		
Sector	48.4	47.8	49.1	49.0	47.7	46.1	46.4	46.1
Industry	52.6	53.0	55.0	58.6	54.8	59.5	62.2	62.4
Operating Margin								
Company	14.8	15.3	14.2	16.2	14.6	15.8	15.8	16.2
% Rank	71	69	66	69	66	68		
Sector	-0.4	-0.5	0.6	1.1	0.4	1.5	2.3	2.8
Industry	-5.3	-8.8	-7.6	-9.1	-9.2	-9.2	-8.3	-3.1
Net Profit Margin								
Company	13.4	13.8	13.3	13.7	12.9	13.3	5.2	14.2
% Rank	78	76	73	75	75	76		
Sector	-2.0	-1.5	-0.4	-1.2	-1.2	-0.2	1.3	1.9
Industry	-5.9	-9.1	-5.9	-8.2	-11.6	-11.9	-0.8	-1.6
Return on Assets								
Company	4.7	5.2	4.9	4.9	4.5	4.8	2.0	5.4
% Rank	81	78	74	73	74	74		
Sector	-3.0	-2.4	-0.8	-1.3	-0.8	-0.5	1.2	2.0
Industry	-8.0	-11.0	-7.0	-6.6	-6.5	-7.9	-4.9	-1.5
Return on Equity								
Company	15.4	15.2	13.1	11.7	9.8	11.2	5.4	NA
% Rank	76	72	65	62	59	61		
Sector	4.0	4.5	6.8	5.4	6.8	7.0	7.5	7.8
Industry	3.7	7.7	15.6	8.7	10.6	12.0	17.4	15.1

4 stocks selected - ranked by % Rank-Rel Strength 52 week, descending

A: Annual EPS

Stock Notebook #1 - Untitled

View | Overview | Multiples | Growth | Ratios | Valuations | Esti

Paypal Holdings Inc (PYPL)

Sector: Technology Industry: Online Services

	1 Year	3 Year	5 Year
Sales			
Company	15.0	17.9	17.2
% Rank	71	73	78
Sector	7.7	9.4	7.8
Industry	15.6	26.6	21.6
Gross Income			
Company	12.3	15.8	13.6
% Rank	65	69	71
Sector	9.6	9.3	7.7
Industry	16.7	23.5	21.3
Net Income			
Company	19.5	20.6	42.5
% Rank	67	68	93
Sector	-4.0	1.7	1.1
Industry	-1.9	-4.7	-2.2
EPS continuing			
Company	19.4	21.8	43.6
% Rank	63	65	91
Sector	3.6	9.0	7.1
Industry	16.6	14.7	17.1
EPS (basic)			
Company	20.6	21.8	43.6
% Rank	64	65	91
Sector	3.5	9.6	8.1
Industry	12.6	15.9	15.9
EPS diluted continuing			
Company	19.9	21.6	43.2
% Rank	63	65	91
Sector	3.9	9.2	7.1
Industry	16.9	15.2	17.1

4 stocks selected - ranked by % Rank-Rel Strength 52 week, descending

Stock Notebook #1 - Untitled

View | Overview | Multiples | Growth | Ratios | Valuations | Estimates | Fin - Qtr | Fin - Ann'l | Custom | Charts

Paypal Holdings Inc (PYPL) Price $194.600 ($212.450-$82.070)

Total | Per Share | Percent Change | Common Size

		Current	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
INCOME STATEMENT								
Sales	%	8.1	15.0	18.0	20.8	17.2	15.2	19.3
Cost of Goods Sold	%	8.3	17.4	22.7	19.2	25.9	19.0	15.8
Gross Income	%	7.9	12.3	12.9	22.5	8.9	11.9	22.6
Depreciation and Amortization	%	NA	NA	0.1	7.0	19.1	17.8	13.9
Research/Development	%	11.6	94.7	12.4	14.3	5.3	6.0	2.8
Interest Expense	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unusual Expenses/(Income)	%	7.0	-77.0	90.7	NA	-100.0	NA	0.0
Total Operating Expenses	%	8.8	13.5	20.9	18.5	18.9	15.2	19.9
Operating Income	%	4.6	23.9	3.2	34.1	8.6	15.2	16.2
Other Expenses/(Income)	%	-81.0	-52.1	-223.8	-66.7	-77.8	-485.7	0.0
Earnings Before Interest and Taxes (EBIT)	%	14.3	26.9	11.1	35.1	9.8	18.0	16.3
Interest Expense - non-operating	%	37.4	49.4	NA	133.3	NA	NA	NA
Pretax Income	%	13.4	26.2	8.0	34.9	9.6	18.0	16.3
Income Taxes	%	51.6	80.3	32.9	-2.2	-11.5	-69.1	552.7
Income After Taxes	%	5.0	18.4	5.2	41.0	14.1	193.1	-56.1
Adjustments to Income	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income for Primary EPS	%	5.0	18.4	5.2	41.0	14.1	193.1	-56.1
Nonrecurring Items	%	NA	100.0	88.9	NA	NA	NA	NA
Net Income	%	5.0	19.5	14.6	28.1	14.1	193.1	-56.1
EPS (Basic)	%	5.1	20.6	16.4	28.8	15.2	193.0	-56.2
EPS (Basic) - Continuing	%	5.1	19.4	6.8	41.8	15.2	193.0	-56.2
EPS - Diluted	%	5.3	21.1	16.3	27.8	15.1	191.3	-56.2
EPS - Diluted Continuing	%	5.3	19.9	6.7	40.7	15.1	191.3	-56.2

4 stocks selected - ranked by % Rank-Rel Strength 52 week, descending

N: New Company, Product/Service, Industry Trend or Management

Stock Notebook #1 - Untitled

View | Overview | Multiples | Growth | Ratios | Valuations | Estimates | Fin - Qtr | Fin - Ann'l | Custom | Charts

Paypal Holdings Inc (PYPL) Price $186.020 ($212.450-$82.070)

Description | Prices | Share Statistics | DRPs

Share Info	Index	Rank
Shares Out. (M)	1173.000	
Float (M)	1173.012	97
Market Cap ($M)	219487.6	100
Beta	1.14	
Shares Per ADR	NA	
Split Date	NA	
Split Factor	NA	

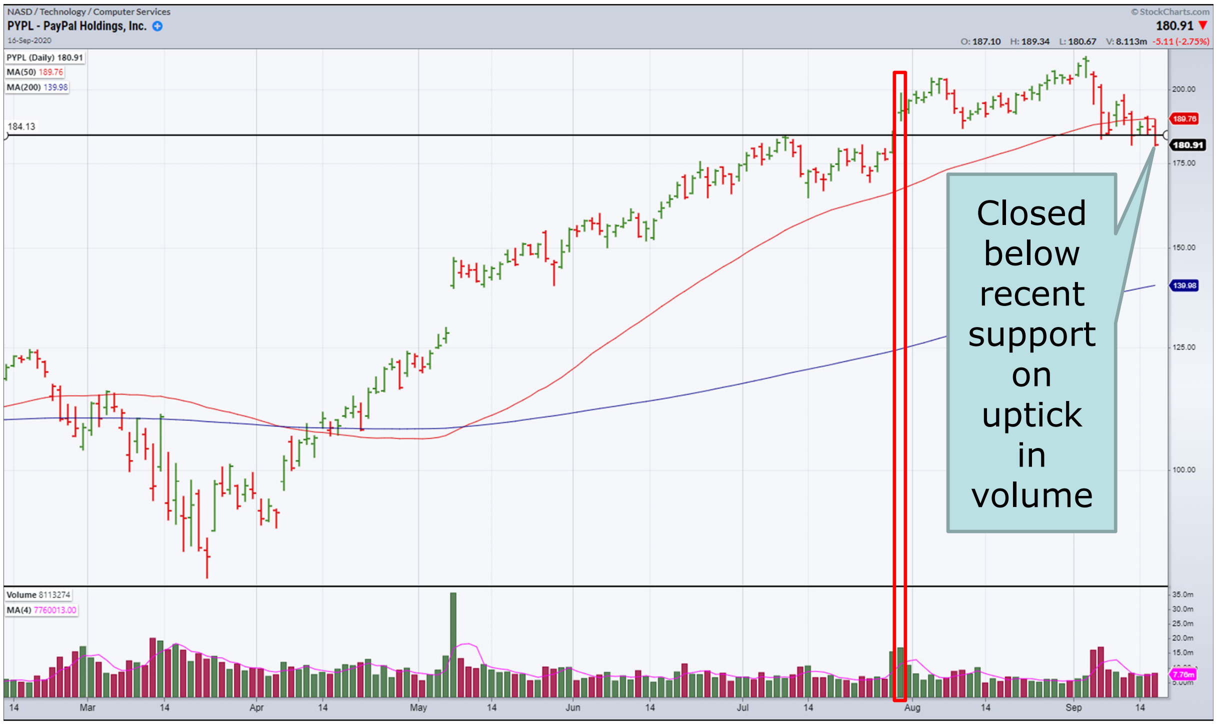
Volume	Avg. Shares (K)	Rank
Daily	9369	97
Monthly	161490	96

Activity	Purchases	Sales	% Owned	Number
Institutions - Shares (K)	64170	61406	86.6	2735
Insiders - Shares (K)	57	278	0.1	
- Transactions	11	7		

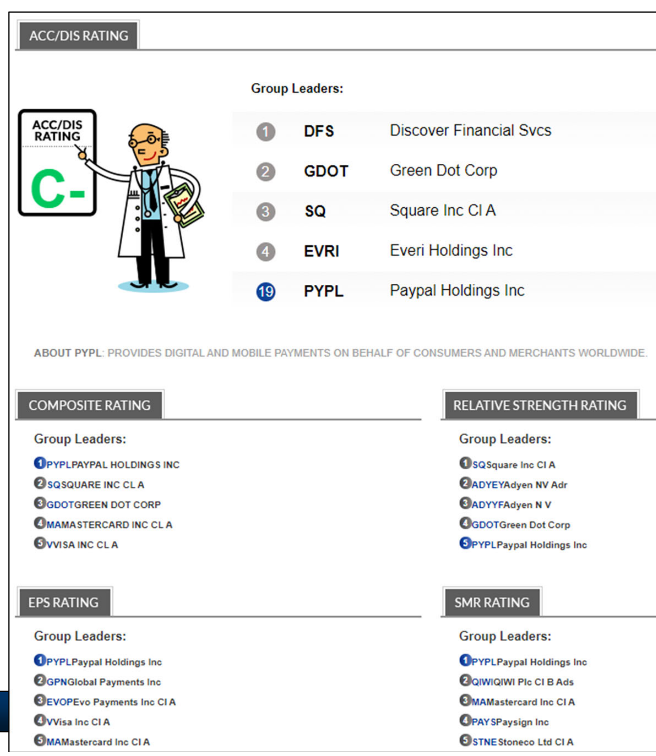
Relative Strength	(S & P 500)	Rank	**Price Change** (%)
4 Week	-4.83	43	-4.39
13 Week	5.66	74	15.38
26 Week	42.11	81	90.07
52 Week	54.39	90	74.63

6172 stocks selected - ranked by Company name, ascending

S: Supply & Demand



L: Leader or Laggard



AAII AMERICAN ASSOCIATION OF INDIVIDUAL INVESTORS

I: Institutional Sponsorship

PayPal Holdings Inc (PYPL) Owne ×

morningstar.com/stocks/xnas/pypl/ownership

Ownership Major | Concentrated | Buying | Selling | Funds | Institutions

Name	Morningstar Rating	% Total Shares Held	% Total Assets	Total Ownership: Trend Prev. 8 Qtrs	Current Shares	Change Amount
Invesco QQQ Trust	★★★★★	1.14	1.95		13,455,353	↑49,350
T. Rowe Price US Large-Cap Core Grwth Eq	★★★★★	0.96	2.50		11,311,097	↑875,500
T. Rowe Price Blue Chip Growth	★★★★★	0.96	2.50		11,311,097	↑875,500
Fidelity® 500 Index	★★★★★	0.89	0.85		10,458,797	↓11,319
Vanguard Institutional Index I	★★★★★	0.86	0.85		10,134,477	↓114,550
Fundsmith Equity I Acc	★★★★★	0.84	4.66		9,933,265	↓286,555
Edgewood Growth Instl	★★★★★	0.78	6.04	—	9,177,102	↑412,703
iShares Core S&P 500 ETF	★★★★★	0.75	0.82		8,879,884	↓22,688
American Funds New Perspective A	★★★★★	0.68	1.40		8,045,151	↑473,100
Technology Select Sector SPDR® ETF	★★★★★	0.45	2.88		5,315,382	↑41,031
Vanguard Total Stock Mkt Idx Inv	★★★★	2.84	0.72		33,374,008	↓91,389
Vanguard 500 Index Investor	★★★★	2.06	0.85		24,213,609	↓146,216
SPDR® S&P 500 ETF Trust	★★★★	1.05	0.83		12,384,021	↓74,235
Vanguard Growth Index Investor	★★★★	0.79	1.43		9,254,553	↓19,627
Capital Group New Perspective Comp	★★★★	0.68	1.40		8,045,151	↑473,100
T. Rowe Price Growth Stock	★★★★	0.51	1.83		6,038,034	↑311,500
T. Rowe Price US Growth Stock Composite	★★★★	0.51	1.77		6,038,034	↑311,500

AAII AMERICAN ASSOCIATION OF INDIVIDUAL INVESTORS®

M = Market Direction

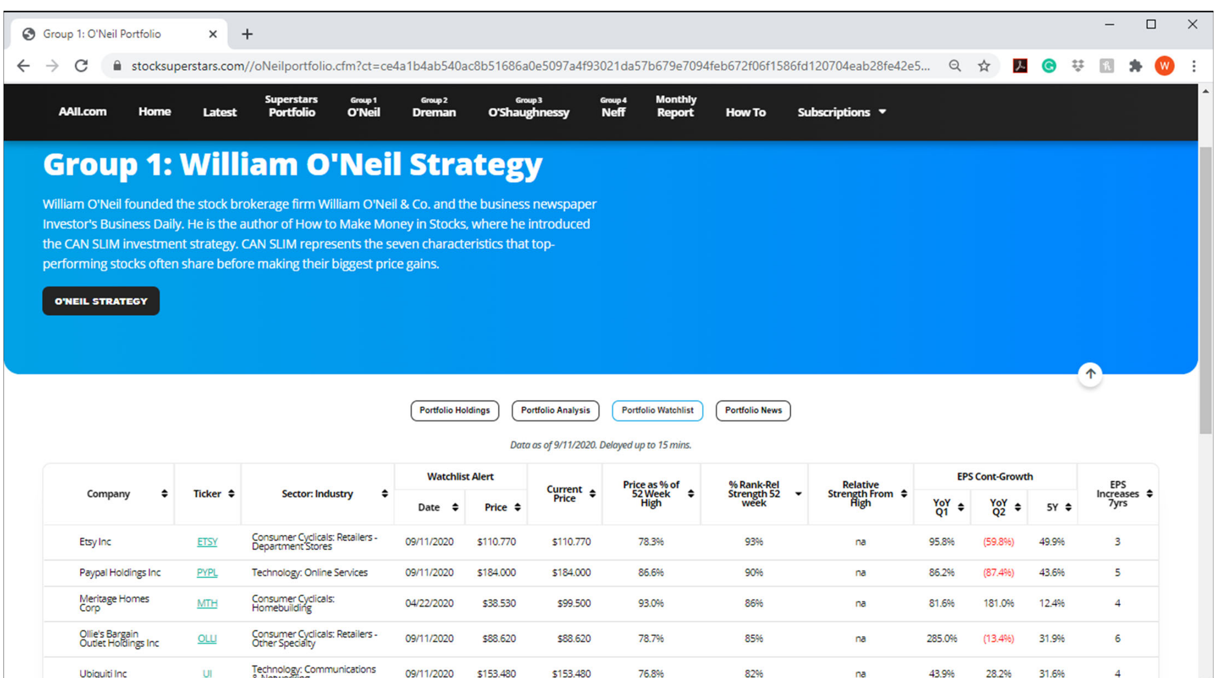

NASD / Technology / Computer Services
© StockCharts.com
PYPL - PayPal Holdings, Inc.
182.63
16-Sep-2020 1:51pm
O: 187.10 H: 189.34 L: 182.30 V: 4.052m -3.39 (-1.82%)
PYPL (Daily) 182.63
MA(50) 189.80
MA(200) 139.99
Volume 4051770
MA(20) 7522949.00
Apr
May
Jun
Jul
Aug
Sep


NASD / Technology / Computer Services
© StockCharts.com
PYPL - PayPal Holdings, Inc.
183.55
16-Sep-2020 2:10pm
O: 186.00 H: 190.45 L: 182.30 V: 19.058m -0.45 (-0.24%)
PYPL (Weekly) 183.55
MA(10) 189.33
MA(40) 142.50
181.20
Volume 19058448
MA(4) 32729609.00
Jul
Oct
2019
Apr
Jul
Oct
2020
Apr
Jul

STOCK SUPERSTARS REPORT

- O’Neil’s CAN SLIM approach is the cornerstone for the Group 1 O’Neil portfolio & watchlist for the Stock Superstars Report (SSR)
- 10-stock portfolio & watchlist
- Stocks must meet criteria of AAII’s CAN SLIM screening strategy
- Additional criteria for liquidity
- Qualitative vetting
- Quant-driven sell rules

O’Neil Portfolio Watchlist



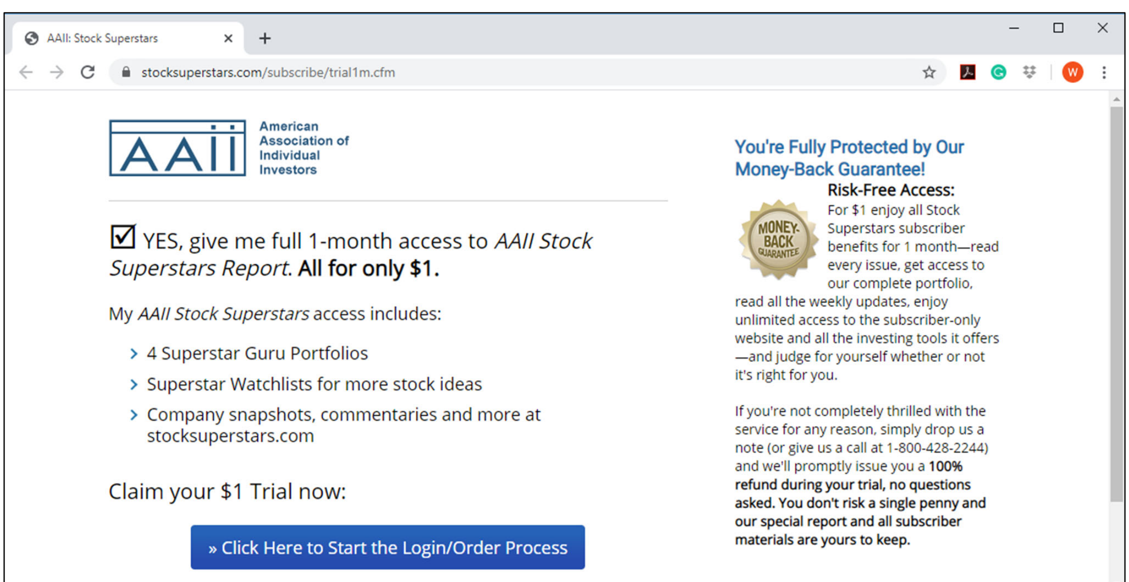
Company	Ticker	Sector: Industry	Watchlist Alert		Current Price	Price as % of 52 Week High	% Rank-Rel Strength 52 week	Relative Strength From High	EPS Cont-Growth			EPS Increases 7yrs
			Date	Price					YoY Q1	YoY Q2	5Y	
Etsy Inc	ETSY	Consumer Cyclicals: Retailers - Department Stores	09/11/2020	$110.770	$110.770	78.3%	93%	na	95.8%	(59.8%)	49.9%	3
Paypal Holdings Inc	PYPL	Technology: Online Services	09/11/2020	$184.000	$184.000	86.6%	90%	na	86.2%	(87.4%)	43.6%	5
Meritage Homes Corp	MTH	Consumer Cyclicals: Homebuilding	04/22/2020	$38.530	$99.500	93.0%	86%	na	81.6%	181.0%	12.4%	4
Ollie's Bargain Outlet Holdings Inc	OLLI	Consumer Cyclicals: Retailers - Other Specialty	09/11/2020	$88.620	$88.620	78.7%	85%	na	285.0%	(13.4%)	31.9%	6
Ubiquiti Inc	UI	Technology: Communications & Networking	09/11/2020	$153.480	$153.480	76.8%	82%	na	43.9%	28.2%	31.6%	4

Disclaimer

- AAII's superstar guru screens are inspired by their works and philosophies
- However, the various superstars were not involved in the creation of these screens and the passing companies do not necessarily reflect stocks they would invest in

$1 Trial for Today's Attendees

https://tinyurl.com/SSR-trial



Thank You!

Contact me at wayne@aaii.com
with questions or comments
about this presentation

Upcoming Webinars

- **Which Is the Best 1-, 2-, 3- and 4-Fund Strategy?**
  - Wednesday, September 23, 7:30 p.m. (Central)
  - Presented by Paul Merriman
- **Update on The AAII Way Project**
  - Wednesday, September 30, 7:30 p.m. (Central)
  - Presented by Charles Rotblut, *AAII Journal* Editor

Register at www.aaii.com/webinars