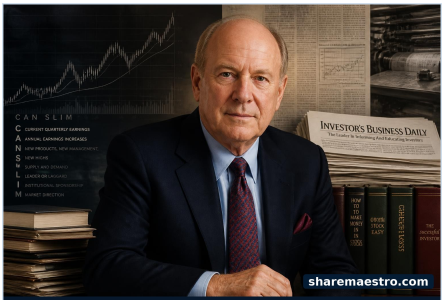
INVESTOR | CAN SLIM GROWTH INVESTING

William O'Neil Turned Growth Investing Into a Daily Operating System



William J. O'Neil built CAN SLIM by joining earnings acceleration, price-volume discipline, and a publishing machine for growth investors.

William J. O'Neil fused earnings acceleration, price-volume analysis, market timing, and publishing into CAN SLIM, a method that still shapes how growth investors think about leadership, risk, and discipline.

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In brief

William J. O'Neil was more than the author of a popular investing acronym. He built a research business, a national financial newspaper, and a durable rule set around the idea that the market's biggest winners could be studied before they became obvious.

- O'Neil's central innovation was to combine fundamental growth, relative strength, institutional demand, and broad market direction into one repeatable operating system.
- CAN SLIM grew from model-book research into past stock-market winners, not from an attempt to buy statistically cheap shares.
- His record includes a dramatic early personal-account gain and a strong 1967 mutual-fund year, but also uneven fund-management results and no comprehensive audited public track record for the method.
- Investor's Business Daily was part newspaper, part data product, and part distribution machine for O'Neil's investing discipline.
- The useful part of O'Neil's legacy is its insistence on process, sell rules, leadership, and market regime; the dangerous part is the temptation to treat chart patterns as prediction rather than evidence.

Performance markers

Personal-account gain	20-fold in 26 months William O'Neil + Company and O'Neil Securities describe O'Neil increasing his own account 20-fold before founding his firm in 1963.

Famous early stake account	$5,000 to $200,000 Bloomberg's obituary, citing Jack Schwager's Market Wizards account, described O'Neil parlaying $5,000 into $200,000 through concentrated trades.
O'Neil Fund 1967 result	116% gain Bloomberg reported that the O'Neil Fund gained 116% in 1967, making it that year's most successful mutual fund by FundScope's measure.
New USA Fund result through 1996	67% gain Bloomberg reported that New USA gained 67% through 1996, ahead of the average growth fund but behind the S&P 500.
AAII CAN SLIM No Float screen	13.4% annual gain since 1998 vs. 7.3% for the S&P 500 AAII reported these figures as of February 27, 2026 for its O'Neil CAN SLIM No Float screening model.
IBD sale to News Corp	$275 million News Corp announced in March 2021 that it agreed to acquire Investor's Business Daily from O'Neil Capital Management for $275 million.

Charts and timelines

Risk	
Loss cutting	7% to 8% stop discipline
Whipsaw risk	Many small losses possible
Record risk	No complete audited public CAN SLIM record
Pattern risk	Charts can be overread

Timeline	
Begins brokerage career	Hayden, Stone & Co.
Founds research firm	William O'Neil + Co.
NYSE seat	Age 30
Daily Graphs	Chart and data product
Investor's Daily	National business newspaper
How to Make Money in Stocks	CAN SLIM book reaches mass market
News Corp acquisition	IBD sold for $275 million
Death	O'Neil dies at 90

Philosophy	
C and A	Current and annual earnings growth
N	New product, management, condition, or high
S, L, I	Supply-demand, leadership, institutional sponsorship
M	Market direction

Performance	
Early personal account	20-fold in 26 months
O'Neil Fund	116%
New USA Fund	67% cumulative gain
AAII No Float screen	13.4% annualized vs. 7.3% for S&P 500

The man who made charts look like a business plan

In William J. O'Neil's world, a stock was never just a ticker. It was a file of quarterly earnings, annual growth, sponsorship, volume, relative strength, industry context, and market pressure. A chart was not decoration. It was the condensed record of what buyers and sellers had already decided with capital. Long before retail investors could screen thousands of stocks from a phone, O'Neil was building a business around the conviction that the next great winner left clues in the behavior of the last great winners.

That idea made him an unusual figure in American finance. He was a stockbroker who became a data entrepreneur, a trader who became a publisher, a growth investor who insisted that selling mattered as much as buying, and a conservative newspaper owner whose most durable contribution was not political argument but an investing grammar. CAN SLIM, the acronym he made famous, gave individual investors a checklist. More important, it gave them a sequence: find superior growth, confirm market demand, buy leadership, and respect the general market.

O'Neil mattered because he turned a style often dismissed as seat-of-the-pants speculation into a disciplined routine. The result was not a scientific law and it was never immune to whipsaws, crowding, or overconfidence. Yet his method anticipated much of what later investors would describe in more formal language as momentum, quality growth, relative strength, and risk control. His career is best understood not as the triumph of charts over fundamentals, but as an early attempt to make the two speak the same language.

From Oklahoma and Texas to a broker's desk in Los Angeles

O'Neil was born in Oklahoma City in 1933 and raised largely in Texas, a biography that mattered to the way he later framed himself: outside Wall Street's geographic and cultural center, but determined to compete with it. He earned a business degree from Southern Methodist University in 1955 and began his professional career in 1958 at Hayden, Stone & Co. in Los Angeles. That distance from Manhattan became part of the legend. O'Neil built his system in California and eventually bought his way into the New York Stock Exchange without becoming a Wall Street clubman.

The broker's job exposed him to a central problem that would define his work. Clients wanted opinions, but opinions were plentiful and often useless. O'Neil became interested in the evidence left by successful stocks before they made their largest moves. In an era when serious market data were expensive, fragmented, and slow, he began using computers to organize and compare stocks. The ambition was radical for the time: to reduce the emotional noise of the brokerage office by finding repeatable characteristics in prior winners.

His official company biography says he became the top-performing broker at Hayden Stone, increased his own account 20-fold in 26 months, and then founded William O'Neil + Co. in 1963. Bloomberg's later obituary, drawing on Schwager's Market Wizards, described the famous account progression as a move from $5,000 to $200,000 through concentrated bets that included a short sale, an automaker, and Syntex. Such stories helped make O'Neil a trader's trader, but they also point to the tension that would follow him: the leap from brilliant individual execution to a system ordinary investors could use.

Historical precedent became his laboratory

O'Neil's great professional obsession was the model book. He studied prior market leaders not mainly to write financial history, but to create a practical template. His firm says his Model Book of Greatest Stock Market Winners aggregated evidence on more than 1,000 winners going back to the 1880s. The central question was simple and demanding: what did the great stocks look like before the public recognized them as great?

This was the opposite of the classic bargain-hunting instinct. O'Neil was not searching for statistically cheap companies with low price-to-earnings ratios or high dividend yields. He wanted companies whose earnings and sales were accelerating, whose products or management represented something new, whose prices were outperforming the market, and whose shares showed signs of institutional demand. To O'Neil, a stock reaching a new high was not automatically dangerous. It could be evidence that professional capital was building a position before the crowd caught up.

The model-book approach also created one of the method's enduring weaknesses. It studied spectacular survivors. A chart of a great winner can make the past feel inevitable, while the same pattern in real time can fail, reverse, or be overwhelmed by the general market. O'Neil tried to address that risk with sell rules, market-direction rules, and attention to volume. Still, the method's power and danger came from the same source: it trained investors to recognize the anatomy of success, even though recognition is not the same thing as certainty.

CAN SLIM, explained without the mythology

CAN SLIM compressed O'Neil's research into seven letters. C stood for current quarterly earnings, usually requiring large year-over-year gains. A stood for annual earnings growth, ideally sustained over several years. N meant something new, such as a product, management, industry condition, or price high. S referred to supply and demand, including the number of shares outstanding and the evidence of heavy-volume buying. L separated leaders from laggards. I looked for institutional sponsorship. M, the final letter, made market direction the gatekeeper.

The system's appeal was that it gave investors a way to avoid both story intoxication and pure chart worship. A company with a dramatic story but weak earnings did not qualify. A company with strong earnings but poor relative price action was not leadership. A stock breaking out in a sick market required skepticism. O'Neil wanted several kinds of evidence to line up before committing capital, and he was explicit that general market weakness could swamp even excellent stock selection.

In practice, CAN SLIM sits between growth investing and trading. It asks for fundamental improvement, but it does not ask investors to wait years through large drawdowns if the market rejects the thesis. It uses technical analysis, but not as an occult forecast. Price and volume are treated as the observable record of demand. That blend explains why O'Neil irritated purists on both sides. To traditional fundamentalists, he seemed too willing to buy expensive stocks. To technicians, he was too insistent on earnings and sales. To passive investors, he was still trying to beat a market many believed could not be beaten consistently.

The earnings half of the method

The first two letters of CAN SLIM reveal how far O'Neil was from casual momentum chasing. Current earnings and annual earnings growth were not decorative filters. They were the foundation. MarketSmith's CAN SLIM overview describes 25 percent growth in recent earnings as a starting point, with acceleration over recent periods especially valuable. Annual earnings growth of at least 25 percent for each of the last three years was also framed as an important sign of durable business strength.

The logic was intuitive but demanding. O'Neil wanted proof that something was already changing inside the business. He did not usually want turnaround promises, low-multiple comfort, or long explanations for why bad numbers would soon improve. He wanted reported evidence that the company was producing better results now. This preference pushed CAN SLIM toward companies with new products, new end markets, scale advantages, or a favorable industry cycle strong enough to show up in earnings per share.

There is a modern echo here in quality-growth investing, though the vocabulary differs. Today's factor researchers often discuss profitability, growth, conservative investment, and quality as characteristics associated with superior long-run returns. O'Neil was not building a multi-factor academic model, but his insistence on earnings acceleration, return on equity, and industry leadership anticipated the way many modern managers screen for companies that are both growing and being rewarded by the market. The difference is that O'Neil demanded timing evidence before buying.

Newness, scarcity, and leadership

The middle of the acronym gave O'Neil's method its aggressive personality. N, S, and L forced investors to ask whether a company had a genuine catalyst, whether the supply of stock was limited relative to demand, and whether the shares were outperforming rivals. The phrase often associated with the approach, buying high and selling higher, was not a slogan for carelessness. It was a rejection of the idea that a low price alone made a stock attractive.

O'Neil's emphasis on newness was broad. A company could have a new product, new management, a new industry condition, or even a new price high. The last point is crucial. For many investors, new highs trigger discomfort because they appear to reduce the margin of safety. For O'Neil, a valid new high emerging from a proper base could mean that institutional investors were voting with money. The market was not a courtroom where every stock waited for a fair-value verdict. It was an auction where demand could overwhelm old assumptions.

Leadership completed the thought. O'Neil wanted the strongest stocks in the strongest industry groups, not the laggards that looked statistically cheaper. The approach made CAN SLIM psychologically difficult, because it often required buying shares that felt late and avoiding shares that felt like bargains. It also introduced a failure mode. Leadership can change quickly, especially after crowded enthusiasm, regulatory shocks, or earnings disappointments. A method built to follow strength must be ready to admit when yesterday's leader has become today's distribution candidate.

Institutions, the market, and the top-down brake

Institutional sponsorship was O'Neil's recognition that mutual funds, pension funds, banks, and professional managers move prices. Individual investors could not create a major advance by themselves. They could, however, observe whether large buyers seemed to be accumulating a stock through volume and relative strength. This made I, the sixth CAN SLIM letter, a practical bridge between Main Street and Wall Street. O'Neil was telling retail investors to watch the footprints of institutions rather than envy their access.

The final letter, M, was the most important risk control in the system. O'Neil argued that most stocks follow the broad market's trend, an idea that MarketSmith summarizes as three out of four stocks moving with the market. In his framework, a confirmed uptrend created permission to buy, while a correction called for capital protection. The best stock idea could still fail if the market was in the wrong condition.

This market-direction rule is one reason CAN SLIM is more than a stock screen. A screen can find companies with strong earnings and relative strength every day. O'Neil's process asks whether the market is supportive enough to act. That makes the method discretionary at the point of application, even when the criteria look systematic. It also creates an uncomfortable discipline for active investors: sometimes the right move is not to find a clever exception, but to reduce exposure and wait.

Charts as evidence, not prophecy

O'Neil made chart reading respectable for a large audience that might otherwise have dismissed it as speculation. His charts were not merely price squiggles. They incorporated volume, earnings, relative strength, and other data in a format intended to compress a company's market record into one visual decision tool. Daily Graphs, later MarketSmith, extended this idea into a product for individual investors, while William O'Neil + Co. sold research and tools to institutions.

The cup-with-handle pattern became the most famous visual artifact of the method. O'Neil's point was not that a rounded base had magical predictive force. The pattern described a process: prior advance, correction, stabilization, shakeout, and renewed demand. A breakout on volume was meant to show that buyers were taking control after weak holders had been worn out. In the best cases, the chart and the fundamentals confirmed each other.

The danger is obvious. A pattern with a memorable name can become a story investors impose on ambiguous evidence. A breakout can fail. Volume can mislead. Algorithms can exploit visible levels. Earnings can disappoint after an apparently perfect setup. O'Neil's answer was not to deny these risks, but to insist on sell rules. The chart was evidence. The stop was humility. Without the second, the first could become a very expensive illusion.

The sell rule was the moral center

For all the attention paid to buying breakouts, O'Neil's lasting lesson may be his emphasis on losses. His widely cited rule to cut losses around 7 percent to 8 percent below a proper buy point was not a minor tactic. It was the system's moral center. The rule acknowledged that the investor would be wrong often enough that survival mattered more than pride. A method that buys volatile growth stocks has to keep mistakes small.

This was also where O'Neil differed from many long-only growth investors. He did not romanticize holding through every decline. He wanted investors to distinguish between normal volatility and a failed purchase. If a stock broke down soon after a breakout, the market had delivered information. The proper response was not to argue with it. Loss control allowed a portfolio to stay in the game long enough for a few large winners to matter.

The rule has costs. Stops can shake investors out near temporary lows. Repeated small losses can accumulate in choppy markets. Taxable accounts face friction, and active trading requires emotional and operational discipline. But the principle remains powerful because it treats risk as something decided before the investor becomes desperate. In O'Neil's system, selling was not an afterthought. It was the price of seeking outsized gains.

Portfolio construction in a method built for movement

CAN SLIM does not fit neatly into the diversified, low-turnover model many financial planners prefer. It is selective, active, and sensitive to market conditions. O'Neil's best-known examples often involved concentrated exposure to leading growth stocks, with cash playing an important role when conditions deteriorated. That makes the approach closer to an operating discipline than a static allocation policy.

The portfolio logic follows from the system's mathematics. If many trades are cut quickly and only a minority become major winners, the investor must allow winners enough room to drive results. Excessive diversification can dilute the impact of the rare exceptional stock. Too much concentration, however, can turn a failed breakout or earnings gap into severe damage. O'Neil's approach therefore lives in a difficult middle ground: focused enough to matter, but disciplined enough to survive.

This is one reason the method has always been easier to describe than to execute. It requires screening, chart study, position sizing, sell discipline, and awareness of the broad market. It asks investors to be aggressive and defensive, sometimes within the same week. The investors most likely to misuse it are those who remember only the exciting half: the breakout, the leader, the huge historical winner. The less glamorous half is the routine of cutting mistakes and sitting out hostile markets.

The record: spectacular evidence, uneven proof

O'Neil's personal record contains numbers that became part of his mythology. His firm says he increased his own account 20-fold in 26 months. Bloomberg's obituary cites the better-known version of the story: $5,000 became $200,000 through a sequence of bold trades. In 1967, the O'Neil Fund reportedly gained 116 percent, making it that year's most successful mutual fund by FundScope's measure.

Yet the longer public record is less clean than the legend. Bloomberg reported that O'Neil struggled to maintain the O'Neil Fund's stellar performance and eventually sold it in 1975 after assets fell from a peak of $49 million to $6 million. His later New USA fund gained 67 percent through 1996, outperforming the average growth fund but not the S&P 500, before its assets were sold to MFS Investment Management in 1997. Those facts do not invalidate the method, but they complicate hero worship.

Independent screen evidence is more favorable but still needs context. AAII has tracked versions of O'Neil's CAN SLIM approach since 1998. As of February 27, 2026, AAII reported that its O'Neil CAN SLIM No Float screening model had an annual gain since inception of 13.4 percent versus 7.3 percent for the S&P 500 over the same period. A screen, however, is not a full trading life. It may not capture taxes, investor behavior, liquidity, exact timing, or the psychological cost of drawdowns.

Investor's Business Daily was the distribution system

O'Neil's largest business innovation was to turn his method into daily infrastructure. He founded Daily Graphs in 1972 to give individual investors chart and data tools. He founded O'Neil Data Systems in 1973 to deliver time-sensitive information quickly. In 1984 he launched Investor's Daily, later Investor's Business Daily, a national business newspaper built around market data, stock tables, charts, and the investing framework that carried his name.

The newspaper was a challenge to the financial press as well as to Wall Street. A 1992 Los Angeles Times profile noted that O'Neil believed traditional stock tables emphasized data, such as dividend yield and price-to-earnings ratios, that were not central to identifying winners. His paper emphasized relative strength, volume, and industry popularity. For readers, it made the market feel sortable. For critics, it blurred the line between journalism, data service, and investment system.

The business endured long enough to become valuable in the digital era. In 2021, News Corp agreed to acquire Investor's Business Daily from O'Neil Capital Management for $275 million and place it under Dow Jones. The company said IBD had a revenue base more than 90 percent digital, nearly 100,000 digital subscribers, and 10.8 million average monthly unique visitors on Investors.com in February 2021. O'Neil had started with print tables and charts. The franchise ended up looking like a modern subscription-data business.

Criticism, conflicts, and the limits of belief

The strongest criticism of O'Neil's public record is that CAN SLIM does not have a complete, audited, long-term track record directly attributable to O'Neil's own capital. The Los Angeles Times made that point in a 2006 profile, while also showing how deeply the method had entered investor culture. The absence of a clean record matters because the method's examples are often drawn from huge historical winners, which can make the process feel more deterministic than real-time investing allows.

There were also business and editorial concerns. O'Neil owned a research service, data products, a newspaper, and at times investment-management operations. A 1992 Los Angeles Times article raised the potential conflict inherent in a publisher who also operated in the investment business. O'Neil's defenders could argue that his products were transparent about their method and that market data were the core offering. The concern still belongs in the record, because finance journalism and investment promotion can sit uncomfortably close together.

Finally, there is the ideological dimension. Investor's Business Daily developed a strongly conservative editorial voice. The 2006 Los Angeles Times profile described that stance and the paper's op-ed emphasis. For investors, the more relevant question is whether the editorial identity affected the market methodology. O'Neil's stock system was empirical in ambition, but his media company was never a neutral civic institution. That combination made him both influential and polarizing.

What modern factor investing confirms and what it does not

O'Neil did not write in the language of factor premiums, but parts of his method now look familiar to quantitative investors. Momentum research has documented the tendency of recent winners to continue outperforming over intermediate horizons, while AQR's work on value and momentum found evidence across markets and asset classes. O'Neil's relative-strength requirement was a practical version of the same instinct: do not assume weakness is opportunity when strength is available.

Quality research offers another bridge. AQR's Quality Minus Junk paper defines quality through traits such as profitability, growth, safety, and payout, and documents historical risk-adjusted returns for quality-minus-junk strategies in the United States and globally. O'Neil's version was less formal and more growth-oriented, but he clearly wanted businesses with superior earnings, sales, margins, and returns. CAN SLIM can be read as quality growth plus momentum plus timing, filtered through a chartist's eye.

Modern research also cautions against overstatement. Factor premiums can suffer long droughts, weaken after publication, and become crowded. Momentum can reverse violently. Quality companies can become overvalued. Breakout systems can be whipsawed by high-speed markets and macro shocks. O'Neil's defenders can fairly say that he built risk controls to handle those problems. His critics can fairly reply that risk controls do not turn an active process into certainty. The evidence supports pieces of the method, not every discretionary judgment made in its name.

The disciples and the infrastructure he left behind

O'Neil's influence is visible in the language many growth traders still use: bases, breakouts, relative strength, accumulation, distribution, leaders, laggards, follow-through days, and cutting losses. His books carried the method into households. His newspaper made it a daily habit. His data companies gave investors tools to practice it. This was not merely a set of trades. It was an ecosystem.

The professional world also recognized the technical-analysis side of his contribution. The CMT Association lists O'Neil as a founder, entrepreneur, and author whose work advanced historical precedent, fundamental and technical analysis, and the O'Neil Methodology. His company biography notes a 2018 CMT Association Lifetime Achievement Award. For a field long treated skeptically by much of academia, O'Neil helped show that technical analysis could be integrated with earnings data and institutional research rather than practiced as folklore.

His philanthropic afterlife was tied to the same belief in markets and information. SMU, his alma mater, remembered him as a benefactor who supported higher education, journalism, and research. The O'Neil Center for Global Markets and Freedom was established at SMU in 2008 through a gift from William and Fay O'Neil. That detail fits the arc: a man who built a career studying market winners ended up funding institutions devoted to markets, freedom, and business education.

What remains useful, and what remains dangerous

O'Neil's durable lesson is that stock picking is not only a question of what a company is worth. It is also a question of whether the business is improving, whether the market is recognizing that improvement, whether institutions are accumulating shares, and whether the broad market is favorable. That multi-layered view remains useful in a market where narratives travel instantly and price can outrun slow fundamental analysis.

His second useful lesson is that risk control must be built into the method, not added after pain begins. Growth investing attracts optimism. O'Neil's system forced optimism to face a line in the sand. The 7 percent to 8 percent stop rule may not suit every mandate, tax situation, or time horizon, but the principle behind it is enduring: decide what would prove the trade wrong before the trade becomes an identity.

The dangerous lesson is the temptation to confuse pattern recognition with prediction. O'Neil studied winners so intensively that his followers can sometimes see destiny in a chart that is only showing possibility. CAN SLIM works best as a discipline of evidence, probability, and loss control. It works worst as a promise that the next stock with a proper base will become the next great American growth story. O'Neil's genius was to systematize ambition. His warning, embedded in the sell rules, was that ambition without defense is just leverage with better vocabulary.

Disclosure

Educational financial journalism and market research only. Not financial, investment, trading, tax, or legal advice. Market data and analysis may be delayed, incomplete, or inaccurate.

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