

Buying Checklist

Does Your Stock Pass or Fail?

Make sure the 3 "Big Rocks" of the CAN SLIM® System are in place before you buy. Use this checklist to make sure they are, and to see if your stock has the CAN SLIM traits big winners typically display just before a major price move.

You can find pass, neutral or fail ratings for most of these criteria using [IBD Stock Checkup](#) on [Investors.com](#).

Big Rock # 1: Only buy stocks in a market uptrend. Take defensive action as a downtrend begins.

- ☐ Market in confirmed uptrend

Big Rock # 2: Focus on companies with big earnings growth and a new, innovative product or service.

- ☐ Composite Rating of 95 or higher
- ☐ EPS Rating of 80 or higher
- ☐ EPS growth 25% or higher in recent quarters
- ☐ Accelerating earnings growth
- ☐ Average Annual EPS growth 25% or more over last 3 years
- ☐ Sales growth 20% - 25% or higher in most recent quarter
- ☐ Return on equity (ROE) of 17% or higher or pre-tax margin of 15% or more
- ☐ SMR® Rating (Sales + Margins + Return on Equity) of A or B
- ☐ New products, service, or management
- ☐ Among the top-rated stocks in its industry group
- ☐ Ranked in top 40–50 of IBD's 197 industry groups

Big Rock # 3: Buy stocks being heavily bought by institutional investors. Avoid those they're heavily selling.

- ☐ Increase in number of funds that own the stock in recent quarters
- ☐ Accumulation/ Distribution Rating of A, B or C
- ☐ Relative Strength Rating of 80 or higher
- ☐ Share price above \$15
- ☐ Average daily volume of 400,000 shares or more

Chart Analysis: Buy stocks as they break out of the common patterns that launch big moves.

- ☐ Breaking out of sound base or alternative buy point
- ☐ Volume at least 40% to 50% above average on breakout
- ☐ Relative strength line in new high ground
- ☐ Within 5% of ideal buy point

Adapted from *How to Make Money in Stocks - Getting Started* by Matthew Galgani
www.investors.com/GettingStartedBook