

1-TO-4

STOCK GRADING SYSTEM

Manage Your Portfolio Like a Pro

1

STRONG BUY

Buy with conviction

2

WAIT FOR IT

Right stock, wrong price

3

HOLD / WATCH

Give it a deadline

4

CUT THE CORD

Protect your capital

A simple system to keep your portfolio clean, your moves strategic, and your capital working smarter — not harder. Grade every position. Remove the emotion. Trade like a pro.

"When it comes to stocks, most people guess. We don't. We evaluate."

MR. MONEY MAXWELL

mrmoneymaxwell.com

THE SYSTEM

THE 1-TO-4 GRADING SYSTEM

One number. Clear decision. Every time.

Most investors manage their portfolios on gut feel. They hold losers because they 'might come back.' They add to overpriced favorites because they 'love the company.' They sit on dead money because making a decision feels hard.

The 1-to-4 Grading System changes that. You assign every position in your portfolio a grade — a single number that tells you exactly what to do. Buy, wait, watch, or sell. No guessing. No emotion. Just a system.

WHAT THE SYSTEM EVALUATES

FUNDAMENTALS

Balance sheet, FCF, P/E vs sector, dividend health

VALUATION

Price vs intrinsic value — is the stock cheap, fair, or stretched?

TECHNICAL

Support/resistance, moving averages, trend direction

MARKET CYCLE

Sector rotation, macro environment, timing

THE FOUR GRADES — AT A GLANCE

1

STRONG BUY

Buy more. Pyramid in. Hold.

2

WAIT FOR IT

Watch. Wait. Set alerts.

3

HOLD / WATCH

Hedge it. Set a deadline.

4

CUT THE CORD

Sell. Reallocate. Move on.

"Assign every stock a grade. Be honest. What would you do if you didn't already own it?"

ADD TO YOUR POSITION

STRONG BUY

Good company. Good price. Buy it.

WHAT IT MEANS:

This stock fits your strategy and your price. Fundamentals are solid. Price reflects value — or better. You'd happily buy more shares right now.

HOW TO SPOT IT:

- Strong balance sheet + healthy free cash flow
- P/E reasonable for its sector — not overvalued
- Price at or below intrinsic value
- Trading near weekly support or the 100/200-week MA
- Sector in rotation — market conditions are favorable

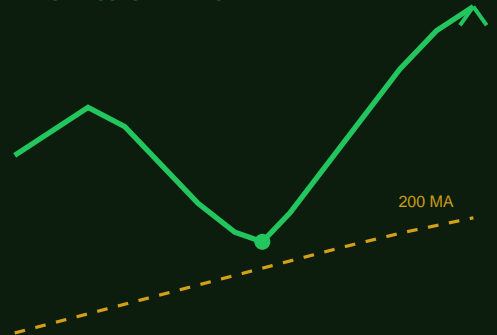
YOUR OPTIONS PLAY:

Sell cash-secured puts at or below your target entry to get paid while you wait. Once fully positioned, sell covered calls at resistance for ongoing income.

GRADE CHANGERS:

- ▼ Moves to 2: Price runs 20%+ above MAs without pullback. Valuation gets stretched.

PRICE KISSES MA → BUY



MINDSET

"This is a quality company. I'd buy more right now."

QUICK REFERENCE

Action: BUY

Review: Monthly (or on catalyst)

Options: Puts / Covered Calls

\$MAXWELL'S RULE

Pyramid in. Know your full allocation before the first share. No FOMO, no all-in.

SOLID STOCK, WRONG PRICE

WAIT FOR IT

You like the company. You don't like the price.

WHAT IT MEANS:

Nothing changed in the fundamentals — the company is still solid. But the price is either stretched too high or still falling. You have a defined entry level. You're waiting for it to come to you.

HOW TO SPOT IT:

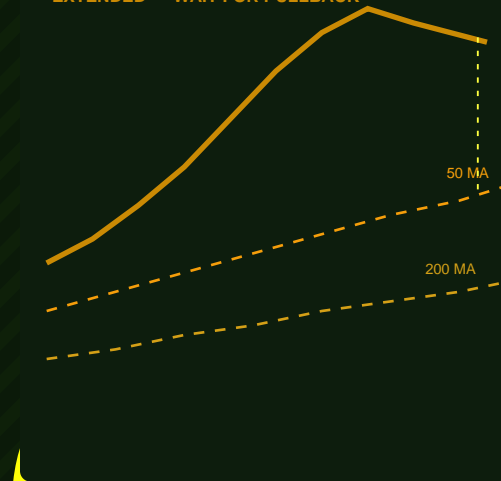
- Company quality still strong — fundamentals intact
- Price extended above all daily + weekly moving averages
- OR: In a downtrend that hasn't stabilized (falling knife)
- No near-term catalyst to justify current valuation
- Specific entry price defined with an alert set

YOUR OPTIONS PLAY:

Already own it? Sell covered calls at resistance to earn income while you wait. Watching it? Identify your target entry and be ready to sell a put at that strike.

GRADE CHANGERS:

- ▲ Moves to 1: Price pulls back to support. Valuation normalizes.
- ▼ Moves to 3: Fundamentals slip while price stays elevated.

EXTENDED — WAIT FOR PULLBACK**MINDSET**

"I like it here. I'd love it lower."

QUICK REFERENCE

Action: WAIT

Review: Monthly (or on catalyst)

Options: Puts / Covered Calls

\$MAXWELL'S RULE

Set your price alert and step away. Discipline is the strategy.

HOLD / WATCH

Not bad enough to sell. Not good enough to add.

WHAT IT MEANS:

This position isn't performing the way you expected. Earnings are flat. The sector is out of favor. The stock is trading water. You wouldn't buy it today if you didn't already own it.

HOW TO SPOT IT:

- Underperforming the market or its sector peers
- Earnings flat or declining — no clear growth story
- No meaningful catalyst visible on the horizon
- Sector out of favor in the current market cycle
- You wouldn't buy it today if you didn't already own it

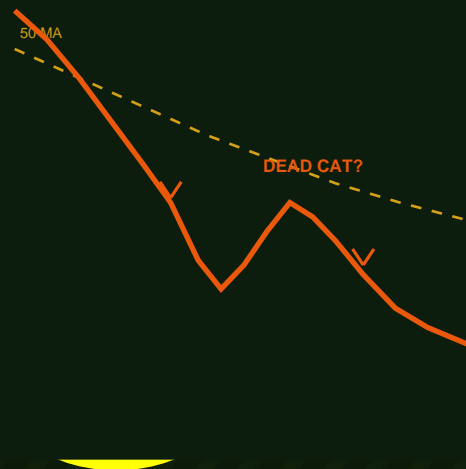
YOUR OPTIONS PLAY:

100+ shares: Sell a collar — buy a put for protection, sell a covered call for income. Under 100 shares: Set a 30-day decision date. Define what moves it to a 2. If that doesn't happen, trim or exit.

GRADE CHANGERS:

- ▲ Moves to 2: Earnings improve, sector rotates back in, price reclaims key MAs.
- ▼ Moves to 4: Earnings miss again. Dividend cut. Breaks major support.

DOWNTREND — SMALL BOUNCE



MINDSET

"Dead money, but there's still hope. Clock is ticking."

QUICK REFERENCE

Action: HOLD

Review: Monthly (or on catalyst)

Options: Collar / CSP

\$MAXWELL'S RULE

Dead money has a cost — your time and your opportunity. Give it a deadline.

SELL — IT DOESN'T BELONG

CUT THE CORD

The thesis is dead. The position should be too.

WHAT IT MEANS:

This stock doesn't belong in your portfolio anymore. The reason you bought it no longer exists. Holding it is an emotional decision, not a logical one. Capital trapped here can't work in a Grade 1.

HOW TO SPOT IT:

- Missed earnings two or more quarters in a row
- Dividend was cut or eliminated
- Thesis changed — original buy reason no longer valid
- Financial discrepancy or accounting red flag
- You chased it up and it went nowhere — or reversed hard

YOUR OPTIONS PLAY:

Close any long puts for a gain. Let covered call assignment serve as your exit. Take those proceeds directly to your Grade 1 list.

GRADE CHANGERS:

- ▲ Moves to 3 (rare): Only if a major catalyst fully reverses the thesis. High bar.

LOWER HIGHS, LOWER LOWS**MINDSET**

"No emotion. Just logic. Protect your capital."

QUICK REFERENCE

Action: SELL

Review: Monthly (or on catalyst)

Options: Close & Exit

\$MAXWELL'S RULE

No trophies for holding losers. Sell it. Buy something better. You can always come back.

HOW TO USE THE GRADES

You're building a system. Stick to it.

You won't always be right. No one is. But you can be methodical. The more you trust the system, the less you'll second-guess your moves — and the better your results will be over time. Here's how to run it.

01 Grade Everything

Pull up your portfolio right now. Assign every position a grade from 1 to 4. Be honest. The key question: what would you do if you didn't already own it?

02 Review Monthly

Grades don't change often — and that's the point. Check each position once a month. When a grade changes, write down why. One sentence. That note makes you accountable.

03 Act on Grade 4s Immediately

Don't wait for a bounce. Don't hope it comes back. When a position drops to a 4, sell it. Stocks are liquid — you can always get back in when the story improves.

04 Let 4s Fund 1s

The money you free up from Grade 4s doesn't sit in cash. It goes directly to your Grade 1 list. Trim the underperformers. Reload on what's actually working.

05 Stay Flexible

Grades change. That's normal. A Grade 1 can become a 2 if the price gets overextended. A Grade 4 can become a 3 if the thesis improves. You're not married to any stock.

**"This system isn't about being perfect.
It's about being intentional.
And that's what separates gamblers from pros.**

1-TO-4 CHEAT SHEET

Assign a grade. Make a move. Repeat.

#01

STRONG BUY

ADD TO YOUR POSITION

- Strong balance sheet + healthy free cash flow
- P/E reasonable for its sector — not overvalued
- Price at or below intrinsic value
- Near weekly support or 100/200-week MA
- Sector in rotation — market conditions favor it

ACTION:

Buy until full allocation. Pyramid in.

★ *Know your full allocation before the first share.*

#02

WAIT FOR IT

SOLID STOCK, WRONG PRICE

- Fundamentals still solid
- Price extended above all MAs
- OR: Falling knife not yet stabilized
- Entry price defined, alert is set
- No near-term catalyst at current price

ACTION:

Watchlist. Set alerts. Hold if owned — don't add.

★ *Set your alert and step away.*

#03

HOLD / WATCH

DEAD MONEY WITH A DEADLINE

- Underperforming market or peers
- Earnings flat or declining
- No catalyst visible
- Sector out of favor
- Wouldn't buy today if you didn't own it

ACTION:

Hedge if 100+ shares. Set a 30-day decision date.

★ *Dead money has a cost. Give it a deadline.*

#04

CUT THE CORD

SELL — IT DOESN'T BELONG

- Missed earnings 2+ quarters
- Dividend cut or eliminated
- Original thesis no longer valid
- Financial red flag
- Chased it — went nowhere

ACTION:

Sell. Reallocate to Grade 1s immediately.

★ *No trophies for holding losers.*

"This system isn't about being perfect. It's about being intentional."